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International Financial Reporting Standards (IFRS) Adoption and Performance of Money Deposit Banks in Nigeria

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ABSTRACT

The main purpose of this study is to examine the effect of international financial reporting standards (IFRS) adoption on the performance of first bank plc, Guarantee trust bank and Zenith bank plc using some financial ratios selected from three major categories of financial ratios. The population comprise of 23 commercial banks listed on the Nigerian Stock Exchange (NSE) as at December 31, 2018. Three banks were selected based on availability of data required for the investigation. This study was conducted through the comparison of ratios that were computed from IFRS based financial statements and Nigerian GAAP based financial statements. The statistical tool employed was regression analysis with the aid of statistical package for social sciences (SPSS) 20.0 version. The findings revealed that there is significant relation between IFRS adoption and financial performance with reported coefficient estimates and probability values of 0.000487(P=0.4922), -0.005935(P=0.4805), 0.009999(P=0.0696) liquidity ratio, capital ratio and IFRS respectively. Therefore, the study recommended that there should also be much more enlightenment campaigns on the potential effects of IFRS implementation by the regulatory authorities, professional bodies and government before the impact in Nigeria gets worsened and out of hand. Furthermore, companies should endeavor to use the opportunity presented by the adoption of IFRS to improve their business processes in all ramifications so as to aid uniformity and transparency.

Keywords: International financial reporting standards (IFRS), Financial reporting, Comparability, Accounting quality.

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1. INTRODUCTION

International Financial Reporting Standards (IFRS) are accounting standards developed by the International Accounting Standard Board (IASB) which has become the global platform for the preparation and presentation of public company financial statements. As a global language, IFRS is established for business dealings to enhance understanding and comparability across international boundaries. With the world's revolution into a global village, the magical aspect of globalization has led to the evolution of "global village" that we all live in now. Accounting is the language of business; and businesses around the world can no longer afford to be speaking in different languages, with each other while sharing and exchanging results of their international business activities (Holt and Mirza, 2011). The framework for the preparation and presentation of financial statements depicts the principles underlying IFRS. The IASB's IFRS Framework states that; "The objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity, that is useful to a wide range of users in making economic decisions" (IASB, 2010).

The attestation towards the adoption of IFRS is the expectation to create either in the long run or short run, an increase in shareholder's wealth. In the light of this attestation, the benefits attributed to the adoption of IFRS are innumerable and are continuously questioned by several accounting intellects. Most studies on IFRS have concentrated on it as a financial reporting issue. But financial reporting is one aspect of the total impact of IFRS on corporations. The adoption of IFRS arguably leads to more accurate, comprehensive and timely financial statement information, better comparability of financial statements and much more, transparency in reporting (Daske &Gebhardt, 2006; Ball, 2006; Barth, Jagolizer, Armstrong &Riedl, 2008; Chua & Taylor, 2008; Gebhardt & Novotny-Farkas, 2010).

Accounting theory argues that the purpose of financial reporting is essentially to reduce information asymmetry between corporate managers and parties contracting with their firm (Watts, 1977; Ball, 2001) and financial reporting reduces information asymmetry by disclosing relevant and timely information (e.g., Frankel & Li 2004). Because there is considerable variation in accounting quality and economic efficiency across countries, international accounting systems provide an interesting setting to examine the economic consequences of financial reporting. The comparison of pre-changeover Nigeria GAAP (NGAAP) to IFRS and the identification of differences between the two regimes is an important issue for users of financial statements.

The discontentment derived from globalization is as a result of the increasing disparity between the advanced western countries and advancing/less advanced countries. IFRS is an exemplification of many generations of international harmonization discourse. Prior to the adoption of IFRS in Nigeria, Nigerian Generally Accepted Accounting Principle (NGAAP) was used for preparing and reporting financial information. Notwithstanding that the theoretical basis and general principles in GAAP are corresponding with IFRS in certain areas, innumerable differences still exist. There have been arguments among accounting intellects that the adoption of IFRS can be disturbing to some countries if financial statement figures are negatively altered by IFRS adoption thereby putting those countries' companies in a competitive disadvantage in the global market. It is widely believed that the lack of proper use of

International accounting standards in affected countries of which Nigeria is a part hinders transparency and comparison in the financial statements of corporations and banks (Luqman, 2014). As a result of this, financial statements fail to provide useful and accurate information that will be used for good investment decision on a timely basis. This study is a response to the paramount need of users of financial statements to know the impact on financial performance as a result of the alteration to IFRS. This study seeks to provide solution to problem of whether the financial performance of Nigerian banks compiled under NGAAP differs significantly from the financial performance compiled using IFRS.

It is against this background that the current study seeks to appraise the effect of IFRS adoption on the quality of financial statement of five selected banks in Nigeria.

The following hypothetical statement were synthesized:

H_{01}: There is no significant relationship between IFRS adoption and financial performance of money deposit banks in Nigeria.

H_{02}: There is no significant relationship between liquidity and financial performance of money deposit banks in Nigeria.

H_{03}: There is no significant relationship between equity and financial performance of money deposit banks in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

International Financial Reporting Standard (IFRS)

International Financial Reporting Standards (IFRS) are body of prescriptive rules and guidelines with global reach and appeal which provide direction and guidance on how business enterprises in a globalised world could achieve the goal of proper record keeping, transparency, uniformity, comparability and enhancing public confidence in financial reporting (Tendeloo and Vanstraelen, 2005). They are set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements.

IFRS are issued by the international Accounting Standard Board, and they specify exactly how accountants must maintain and report their accounts. IFRS were established in order to have common language, so that business and account can be understood from company to company and country to country. Thus, failure on the part of the firm to apply the requirements of IFRS would result in inconsistencies, lack of accountability and transparency, distortion in financial reports, which in turn results into poor financial reporting practices and dissemination of accounting information that is of less value to any particular group of users. This is because the preparation and presentation of financial statements will be bereft of objectivity, reliability, credibility and comparability, and thus results in fraudulent business practices which subsequently lead to business failure and become devastating on the national economy (Atu et al., 2014).

IFRS are accounting rules ("standards") issued by the International Accounting Standard Board (IASB), an independent organization based in London, UK. Before the inception of IASB, international standards described as International Accounting Standards (IAS) were issued by the IASB's predecessor organization, the IASC, a body established in 1973 through an agreement made by professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and Ireland, and the United States of America. In 1997 after nearly 25 years of achievement, IASC recognized that to continue to perform its role effectively, it must find a way to bring about convergence between national accounting standards and practices and high-quality global accounting standards.

The new Standards setting body was renamed as International Accounting Standards Board (IASB) and since April 2001, it has been performing the rule-making function. Components of IASB structure contain- IASB, IASC Foundation, International Financial Reporting Interpretations Committee (IFRIC), previously Standing Interpretations Committee, SIC under IASC), Standards Advisory Council (SAC) and Working Groups. The IASB is better funded, better-staffed and more independent than its predecessor. The Nigeria's Federal Executive Council (FEC) gave approval for the convergence of Nigerian SAS with the IFRS from January 1, 2012.

The adoption was organized such that all stakeholders use IFRS by January 2014. According to the IFRS adoption Roadmap Committee (2010), Public Listed Entities and Significant Public Interest Entities are expected to adopt the IFRS by January 2012. All Other Public Interest Entities are expected to mandatorily adopt the IFRS for statutory purposes by January 2013, and Small and Medium-sized Entities (SMEs) shall mandatorily adopt IFRS by January 2014. Nigerian listed entities were required to prepare their closing balances as at December 31, 2010 according to IFRS. The closing figures of December 31, 2010 will become the opening balances as at January 1, 2011 for IFRS based financial statements as at December 31, 2011. The opening balances for January 1, 2012 will be the first IFRS full financial statements prepared in accordance with the provision of IFRS as at December 31, 2012.

Nigeria and IFRS Adoption

Before 2012, the Statements of Accounting Standards was used in accounting practice in Nigeria. These local accounting standards are issued in Nigeria by the Nigerian Accounting Standard Board (NASB) till 2011 in accordance with Section 335(1) of the Companies and Allied Matters Act of 1990. In the wake of financial crises in late 1990s, the international community emphasized the major role that the observance of international standards and codes of best practices in order to strengthen global financial systems. Although the Nigerian Statements of Accounting Standards (SAS) are similar to IFRS in certain respects, many differences exist. SAS promulgated by Nigeria Accounting Standard Board (NASB) were largely based on past IAS promulgated by IASC.

Due to the increasing complexity of financial reporting requirements, some of the original IASs were reviewed resulting in their amendment or withdrawal. The SASs were not reviewed or updated with the IASs/IFRSs. The significant disparities between the Nigerian SASs and IFRSs have resulted in the SAS being regarded as outdated and incomplete as an authoritative and internationally accepted guide to the preparation of financial statements. This has significantly diminished the degree of confidence on Nigerian Standards especially by international users of financial statements produced in Nigeria.

Based on the premise of NASB to promote general acceptable published financial reports and high quality accounting standards that are consistent with international practices, inaugurated a Stakeholders' Committee on the Roadmap to the Adoption of IFRS in Nigeria on October 22, 2009. In July 2010, the Nigerian Federal Executive Council approved the Roadmap to the Adoption of IFRS in Nigeria (NASB 2010)., it was shown in the report that, that it will be in the interest of the Nigerian economy for reporting entities in Nigeria to adopt globally accepted, high-quality accounting standards by fully converging Nigerian national accounting standards with International Financial Reporting Standards (IFRS) by following a Phased Transition effective January 1, 2012.

The Nigerian banking sector is made up of commercial banks and other financial institutions such as finance companies, micro-finance companies, discount houses and mortgage institutions. The Central Bank of Nigeria (CBN) regulates their activities. The CBN has authorized only 21 commercial banks to transact business in Nigeria. Out of these 14 are listed banks. Nigerian listed banks and other public and significant public interest entities were required to adopt IFRS for years beginning on or after January 1, 2012. Among the listed companies, the listed banks were the first to complete the transition and have adopted the standard for reporting.

Many other differences exist between NGAAP and IFRS apart from fair value orientation and non-controlling interest. Those include differences related to revenues, property, plant and equipment, intangibles, financial instruments, hedges, asset retirement obligations, employee future benefits, share-based compensation, leases, income tax, foreign currency translation, and strategic investments (CICA, 2009).

This study is based on a positive/inductive approach: differences in the application of standards are inferred through the examination of differences that transpire in actual financial statements of reporting Nigerian Banks. Variations in the application are possible due to the principle-based approach underlying both IFRS and NGAAP, as professional judgment plays a major role in the process of interpreting and applying principles. For example, the theoretical rational for impairment write-down (i.e. conservatism) is similar in IFRS and NGAAP, however the criteria used for identifying situations that require such a write-down differ. Since the amount of impairment losses may be material in practice, the recognition versus non-recognition of impairment losses has the potential to significantly affect profit/loss reported in the income statement. This is why empirical evidence in the application of standards is necessary to assess the real impact of differences between IFRS and NGAAP. This holds true not only for differences considered to be fundamental (such as those related to fair value accounting and non-controlling interest), but also for those considered as accessory or minor from a theoretical point of view.

Financial Reporting

Financial reporting is a formal record of the financial activities and position of a business or entity (Hennie, 2005). Relevant financial information is presented in a structured manner and in a form easy to understand and it typically includes basic financial statements, accompanied by a management decision and analysis (KPMG, 2013). The statement contents of a set of financial statements are

i. Balance Sheet: shows the entity's assets, liabilities and stock holders' equity as of the report date.
ii. Statement of Comprehensive Income: shows the results of entity's operations and financial activities for the reporting period.
iii. Statement of Cash Flows: shows changes in the entity's cash flows during the reporting period.
iv. Statement of changes in Equity or Equity statement: which reports on the changes in equity of the company for the period?

It is worthy of note that financial reporting pundits are unanimous in their agreement that financial reporting practice of a country depends on several factors that include the legal, economic, cultural and historical background of a country. It could then be argued that financial reporting is not an end in its self; rather, it is intended to provide information that is used in making reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities. Therefore, this recognizes the fact that financial reports exist to satisfy the diverse information needs of numerous users such as the investors, management, employees, government, researchers, and so on.

Ratio Analysis

Ratio analysis is a commonly used tool of financial statement analysis. Ratio is a mathematical relationship between one numbers to another number. Ratio is used as an index for evaluating the financial performance of the business concern. An accounting ratio shows the mathematical relationship between two figures, which have meaningful relation with each other. Ratio can be classified into various types. Classification from the point of view of financial management is as follows: Liquidity Ratio, Activity Ratio, Solvency Ratio and Profitability Ratio. But For this study the following ratios will be considered, four key liquidity ratios, four profitability ratios, three leverage ratios and one asset quality ratio.

Okoye and Akenbor (2014) opined that it is expedient for Nigeria to adopt a global standard because many Nigerian companies have securities of foreign companies. Hence, IFRS will result to a better decision about the flow of economic capital. A number of researchers have also identified the benefit IFRS is deemed to produce. According to Mary, Okoye and Adediran (2013) the adoption of IFRS in Nigeria will open opportunities for a larger finance transformation for firm and upturn the centralization of economies of scale.

Okpala (2012) in his study perceived that IFRS will promote foreign direct investment (FDI) and economic growth in Nigeria. Taiwo and Adejare (2014) claimed that IFRS will improve financial performance, and quality of accounting records. It will also enhance business efficiency, aid resource allocation and performance planning in companies. Leuz, (2013) argued that adopting IFRS alone will not make comparing financial statement so easy because countries are different in their institutional and enforcement mechanism.

In another study, Terzungwe (2012) stated that IFRS has a broader choice of accounting policy that may be inconsistent with national legislations of Banks and Other Financial Institutions Act (BOFIA) and Companies and Allied Matters Act (CAMA). He suggests that Nigerian European Journal of Business, Economics and Accountancy Vol. 4, No. 4, 2016 ISSN 2056-6018 Progressive Academic Publishing, UK Page 90 www.idpublications.org Generally Accepted Accounting Principles (GAAP) should remain compulsory for individual company's account of listed companies but made voluntary for group account of non-listed companies.

This is in line with the adoption of International accounting standards in Germany.

In his study, Tanko (2012) revealed empirical studies that showed the adoption of IFRS do not necessarily result in better accounting quality. Herbert and Tsegba (2013) studied the economic consequence of IFRS adoption in Nigeria. They found that the major setback towards the implementation of IFRS in Nigeria is centered on limited knowledge and the absence of IFRS in accounting and auditing curriculum. They added that preparers of financial reports lack sufficient experience and understanding with the use of IFRS. It was posited that before Nigerians adoption of IFRS there should have been an efficient dialogue with renowned stakeholders so as to understand the implication of transition

2.2. Theoretical Review

Value relevance model

Value Relevance Model measures the quality of financial reporting information by focusing on the associations between accounting figures and stock market reactions (Nicholas and Wahlen, 2004). The stock price is assumed to represent the market value of the firm, while accounting figures represent firm based on accounting procedures when both concepts are (strongly) correlated, i.e. changes in accounting information correspond to changes in market value of the firm. it is assumed that earnings information provides relevant and reliable information (Nichols and Wahlen 2004). This model is used to measure variability persistence, productive ability, relevance and faithful representation of financial information

Accrual model

Accrual model focus on earnings quality measurement. Accrual models are used to measure the extent of earnings management under current rules and legislation like pre-adoption of IFRS and post-adoption of IFRS. These models assume that managers use discretionary accruals which the manager can exert some control, to manage earning (Hely and Waaahlen 1999). Earnings management is assumed to negatively influence the quality of financial reporting by reducing its decision usefulness (Brown, 1999, Tendeloo&Vanstraelen, 2005). The main advantages of using discretionary accrual to measure earnings management is it can be calculated based on the information in the annual report. In addition, when using regression models, it is possible to examine the effect of the company characteristic on the extent of earnings management.

Normative theory:

Normative theory suggest that IFRS has increased the quality of financial information in the qualitative characteristics of “Relevance ” and “Comparability as management and different governments are more likely to accurately rely on financial statements through application of the same rules as to utilising differing GAAP principles which might negatively influence financial information, (Healy &Wahlen 1999)

2.3 Empirical Review

Stakeholders round the globe had contributed to the emerging issues in respect of the application of the provisions of the International Financial Reporting Standard. Edirin and Okoro (2016) on the effect of IFRS on the financial statement of banks in Nigeria and looking into before and after IFRS adoption, found out among others that IFRS adoption significantly and positively affected the financial position of the sample banks in Nigeria and recommend as a matter of urgency to comply with the provision of IFRS and continuous training and retraining of Bankers, accountants and the preparer of financial statement Yahaya, Fagbemi and Oyeniyi (2015) looked into the effect of IFRS on the financial statement of Nigerian banks and transition to new standard was fairly disruptive for users of financial statements.

Comparability and trend analyses was impaired as the differences between IFRS and local Generally Accepted Accounting Principles (GAAP) figure presented in the financial statement leads to variances in financial ratios computed under the two regimes. The finding revealed that there is a significant effect of the adoption of IFRS on the financial statement of banks in Nigeria. It was suggested that attention should be accord to the trend analysis when comparing pre and post adoption of IFRS.

Abata(2015) strongly argued for the internationalization of the adoption of IFRS as a panacea for curbing or mitigating these financial reporting infraction. The study revealed that the quantitative differences in the financial reports prepared under GAAP and IFRS are statistically significant and the study concludes that IFRS have impacted on the financial reporting in the banking sector. Fashina and Adegbite (2014) was of the opinion that adoption of IFRS in Nigeria would be in the interest of Nigerian economy for reporting entities in Nigeria on global accepted, high-quality Accounting Standard by fully adopting the IFRS in phased transition with effect from 2013. The Central bank of Nigeria (CBN) and Securities and Exchange Commission (SEC) also adopted this date for compliance. IFRS to SMEs is to be mandatorily adopted as at January,2014.

Akinyemi (2012) in his work: the impact of international financial reporting standard adoption on financial statements, found out that many of the accounting standards relied upon in preparing financial statements had actually been outdated in relation to their International Accounting Standards (IASs) and International Financial Reporting Standards equivalents. The use of accounting information cuts across borders when common yardsticks are used in preparing the financial statements.

Nyor (2012) in his own work 'challenges of converging to IFRS in Nigeria" postulated that Nigerian companies should converge to IFRS in view of the fact that it will enhance better accountability and transparency and improve quality of reporting. Because of cumbersomeness and the initial anticipated problems of the IFRS, the study carried out by him recommended that Nigeria should adopt IFRS for group accounts of listed companies only while Nigerian GAAP should still be mandatory for individual company's accounts of listed companies and optional for group accounts of non-listed companies as it is the practice with Germany.

3. METHODOLOGY

Research Design
The study adopted an explanatory research design.

Population
The population for this work entails the entire 23 money deposit banks in Nigeria.This industry was selected because of the crucial role it plays in the economy of Nigeria. In Nigeria, this industry is one of the main contributors of the G.D.P employing a relatively large proportion of the nation's skilled manpower. On the capital market, the banking industry is a force to reckon with share of bank being the most liquid on the Nigeria stock exchange (N.S.E) and contributing the largest trading volume day-in-day-out on the exchange

Sample Size
The sample sizes for this study are three selected money deposit banks in Nigeria which has at least one branch in the 36 states of the federation.

Sample and Sampling Techniques

The sample used in the analysis consists of Banks that are listed on the Nigeria Stock Exchange and mandatorily adopted IFRS in 2012. They are ranked based on their market capitalization as of December 31, 2012.The2012 financial statements in IFRS and 2011 financial statements in NGAAP were available on the Banks Website.

Method of Data Collection

Annual audited financial statements were retrieved from Websites of the banks in the sample: the financial statements in IFRS were retrieved for the year of transition to IFRS (2012-2017) while those in NGAAP were retrieved for the prior year (2008-2011).

The data collection followed a three-step process: first, IFRS figures which correspond to comparative figures presented for the year prior to the shift were collected from IFRS financial statements (i.e. Statement of financial position, income statement, statement of comprehensive income/loss, and statement of cash flows). Second, NGAAP figures were collected from original NGAAP statements (published in the year prior to the shift) for the same date and period. Third, the reconciliations and explanations provided in the transition notes to IFRS statements were used to further detail differences observed in the values collected through steps 1 and 2.

Method of Data Analysis

In this Study, data is presented using both tables and diagrams. Simple, complex and compound complex frequency distribution tables were used. These are further presented on pie-charts, simple and multiple bar charts and the line graphs. Hypotheses were tested using regression analysis aided by the statistical package for social science (SPSS) 20.0 version for the analysis in order to enhance accuracy of the figures.

Model Specification

The methodology approach adopted in examining the relationship between the international financial reporting standard variables and financial performance is panel data multiple regression analysis because of it advantages over the conventional time series approach. Theoretically, the model showed that financial performance depends on international financial reporting standard.

Model adopted for this study are specified in linear forms below:

$ROA_i = \alpha_0 + \alpha_1 LR_{it} + \alpha_2 CR + \alpha_4 IFRS_{it} + \mu_i + E_{it}$

Where: ROA= Return on asset, LR=Liquidity ratio, CR=capital ratio (capital/total asset), IFRS=international financial reporting standards (Dummy:1=adoption era, 0=non adoption era)

i = cross-sectional variable from 1,2, 3,…………………………..10

t = time series variable form 1, 2, 3, ……………………………… 6

$\alpha 0$, $\alpha 1$, $\alpha 2$, $\alpha 3$ are parameter estimates corresponding to the explanatory variable and the constant term, μ_i is the cross sectional unit effect, while E_{it} is the idiosyncratic error term

4. RESULTS AND DISCUSSION

Table 4.1:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 08/19/19 Time: 21:32
Sample: 2008 2017
Periods included: 10
Cross-sections included: 3
Total panel (balanced) observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.027942	0.005774	4.839100	0.0001
LR	0.000487	0.000700	0.696643	0.4922
CR	-0.005935	0.008291	-0.715855	0.4805
IFRS	0.009999	0.005284	1.892403	0.0696

R-squared	0.139219	Mean dependent var	0.034077
Adjusted R-squared	0.039898	S.D. dependent var	0.014233
S.E. of regression	0.013947	Akaike info criterion	-5.583588
Sum squared resid	0.005057	Schwarz criterion	-5.396761
Log likelihood	87.75381	Hannan-Quinn criter.	-5.523820
F-statistic	1.401707	Durbin-Watson stat	1.531323
Prob(F-statistic)	0.026465		

Source: E-views Output

Hypotheses Testing

Variables estimated	**Coefficient**	**p-value**	**Decision**
C	0.027942	0.0001	
LR	0.000487	0.4922	Accept Ho
CR	-0.005935	0.4805	Accept Ho
IFRS	0.009999	0.0696	Accept Ho

Source: Author's Computation

5. DISCUSSION OF RESULTS.

From the table above, the result of the regression presenting the R square which shows the extent of the relationship among the variables employed as 0.139219, after adjustment of for abnormalities the adjusted R Square which shows the extent in which the independent variables can explain the dependent variable is shown as 0.039898 i.e. 4% of the total variation in the dependent variable (Return On Asset) can be explained by the independent variables (IFRS Index). Also the standard error of the regression is shown as 0.013947. The natural logarithm of the likelihood function gives a probabilistic value of 87.75381. The mean and standard deviation of the dependent variable, 0.034077 and 0.014233 respectively. The Akaike information, Schwarz and Hannan-Quinn criteria have critical values of -5.583588, -5.396761 and -5.523820 respectively. The Durbin-Watson statistic is given as 1.531323, greater than the cut point of 2. This means that the residuals of the variables are generally uncorrelated.The f-statistic has an insignificant value of 1.401707 with a p-value of 0.026465 (>0.05, with confidence interval of 95%).

From the above table, the resultant regression equation is as follows:

ROA = 0.027942 + 0.0.000487LR - 0.005935CR + 0.009999IFRS + μ………….(1)

The results on table show that the Liquidity Ratio and IFRS has positive effects on the performance of banks in Nigeria while the capital ratio has a negative effect on the performance of banks in Nigeria. The results of Liquidity ratio and IFRS adoption showing a positive relationship with the performance of banks indicated that an increase in each of these variables will increase the performance of banks in Nigeria. While on the other hand, increase in capital ratio will reduce the performance of banks in Nigeria. From the p-values presented above, the results indicated that none of the variables are significant at 5% level of significance.

6. CONCLUSION

The following conclusion can be deduced from the findings of the study:

a) The importance of international financial reporting standards to financial reporting practice cannot be over emphasized. Members of the international community are interested in financial reports that have been prepared on the basis of IAS/IFRS, thereby help in attracting foreign direct investments.
b) Other benefits derivable from the adoption of IFRS include: imposition of a more comprehensive and highly detailed set of disclosure requirements than domestic accounting standards; constrain managerial discretion, improvement in accounting quality, which in turn contributes to a generally transparent firm information environment and better accounting practice.
c) Improved comparability is also one of the value-adding characteristics of IFRS as contended by most financial reporting pundits, as it will make it less costly for investors to compare and evaluate firms inside and outside industries and countries. There are however some arguments against why IFRS adoption may not have a beneficially meaningful impact on financial markets, financial institutions, investors and other users of accounting information. First, financial reporting is shaped by incentives.
d) Incentives, in turn, are influenced by the institutional structures in place. For instance, a strong investor protection regime supports a higher level of financial development with deep and liquid equity and debt markets. In such an environment, firms are not unwilling to provide greater information since it allows them to access lower cost external financing.
e) Based on the above findings it can be concluded that adoption of IFRS has notable influence on performance of commercial banks in Nigeria. Also financial ratios such as liquidity and capital ratios have significant influence on the performance of money deposit banks in Nigeria

7. RECOMMENDATIONS

The following recommendations are made based on the results of the study:

i] Strengthen the financial reporting institutional framework by further empowering theν Financial Reporting Council of Nigeria. In this regard, the paper argues that one way of invigorating and empowering the Council is by making it self-sufficient in terms of funding. This will surely engender financial autonomy on the part of this regulator and avoid a situation where the regulator gets its finances from the entities it is supposed to regulate, as it was the case during the era of the defunct Nigerian Accounting Standard Board (NASB).

ii] There should also be much more enlightenment campaigns on the potential effects of IFRS implementation by the regulatory authorities, professional bodies and government before the impact in Nigeria gets worsened and out of hand. Furthermore, companies should endeavour to use the opportunity presented by the adoption of IFRS to improve their business processes in all ramifications so as to aid uniformity and transparency.

iii] IFRS should also be included in the Accounting syllabuses of tertiary institutions and accountancy institutes in Nigeria to enhance massive educational training and retraining for students and professionals through continuing professional development programmes.

iv] The financial statements of banks should be prepared in accordance with the requirements of IFRS so as to improve the quality and public confidence of the financial statements.

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