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A Perception Based Analysis of the Mandatory Adoption of International Financial Reporting Standards (IFRS) in Nigeria

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Abstract

Since the international financial reporting standards (IFRS) have been developed and accepted internationally, the decision of a country to embrace IFRS becomes a vitally important topic for researchers and standard setters. The preeminent objective of this 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 significance to Equity Investors' Group, Governments and Regulators, National standard setter, International Standards Setters and Donor Agencies, and various organizations engaged in accounting processes. We 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 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 we found that mandatory adoption of IFRS will have significant prospects as well as challenges on the activities of stakeholders. We 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.

Keywords: IFRS, SAS, perception, stakeholders, FRCN

INTRODUCTION

Since the international financial reporting standards (IFRS) have been developed and accepted internationally, the decision of a nation to embrace IFRS becomes a vitally important topic for researchers and standard setters. The demand for thisplanetary set of higher-ranking financial reporting standards has long been polled by stakeholders in financial reporting. The evolution of international convergence towards a global set of accounting standards started in 1973, when 16 professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States decided to establish the International Accounting Standards Committee (IASC), which in 2001 transmuted into the International Accounting Standards Board (IASB). The IASB develops global standards and associated renditions that are conjointly known as International Financial Reporting Standards (IFRS). The process gained impetus when the International Organization of Securities Commissions (IOSCO) sanctioned the IASC standards for international listings in 2000. It was further boosted by the ordinance approved by the European Union in 2002 demanding all listed companies (over 7,000) within its legal power to adopt the IFRS with effect from January 1st 2005.Whether harmonization will actually be attained, is currently up for debate.

In December 2010, following the approval of the Federal Executive Council, the Nigerian Accounting Standards Board (NASB) (now designated as Financial Reporting Council of Nigeria (FRCN)) issued an implementation roadmap for Nigerian's adoption of IFRS which set a January 2012 date for compliance, for publicly quoted companies and banks in Nigeria. The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission also adopted this date for compliance and has issued guidance compliance circulars to ensure full implementation of IFRS inNigeria.

The pressing question at the moment is whether adopting and adhering to these IFRSs will capture the underlying economics of the firm in a fashion that is acceptable to both the firm and the financial reporting employers. One of the major perceived differences between IFRS and Nigerian SAS is that the former allegedly provides more discretion (i.e., less specific standards and less implementation guidance). Although more reporting discreetness is not necessarily a challenge, firms' reporting incentives, which are shaped by Nigerian institutional framework, play a foremost role in how organizations would apply the discernment under IFRS. More so,to what extent are the prognosticated benefits of IFRS adoption (i.e. comparability, enhanced quality of financial report etc.) realizable? In view of the obvious fact that reported accounting numbers are shaped by the historical, economical and institutional structure in the locale where firms are domicile. The main objective of this paper therefore, is to elicit the opinion of stakeholders in financial reporting in Nigeria regarding the necessity for the ongoing mandatory adoption of IFRS adoption in Nigeria, in view of the many challenges associated with such adoption..

The remainder of this paper is organized as follows: Hypothesis, Literature review,Approaches to Harmonization and Roadmap of IFRS Implementation in Nigeria, Questionnaire Analysis, Methods of Data Analysis, Test of Hypothesis, and, Conclusions and Recommendations.

HYPOTHESIS

For the purpose of achieving the foregoing research objectives, the following hypotheses will be tested in the course of this study.

H_1: There is no significant difference in the perception of the stakeholders about the desirability of IFRS in Nigeria.
H_2: The mandatory adoption of IFRS will not have significant prospect on the activities of stakeholders.
H_3: The mandatory adoption of IFRS will not pose significant challenges to the activities of stakeholders.

LITERATURE REVIEW

Studies on degree of disclosure and compliance level with IAS/IFRS began approximately the year 2000, and the results showed an enormous deal of non-compliance with IAS necessities in various fields (Chamisa 2000: 267-286; Tower et al 1999:293-305, 1999; Street et al 1999:11-48). Additionally, Ramanna and Sletten (2009:1-32), in a working paper, centered on why countries embraced International Financial Reporting Standards, the authors unwrapped inter alia, that more powerful countries are less likely to adopt IFRS; a country is more likely to adopt IFRS as the proportion of IFRS adopters in its jurisdiction increases; and there is a quadratic relationship between the quality of local governance institutions and IFRS adoption, where adoption at first increases and then decreases with governance quality.

Daske, Hail, Leuz and Verdi (2007) studied 3,100 companies in 26 countries under mandate to adopt IFRS in "Mandatory IFRS Reporting around the World: Early Evidence on the Economic Consequences." The objective of the study was to examine the economic effects of IFRS adoption for both voluntary and mandated adopters. The results and conclusion were as follows: (1) a company's adoption of IFRS creates unassailable economic gains in countries with uncompromising regulation over financial reporting. These benefits include an enhancement in the stock's market value, an increase in market liquidity, and a lower cost of capital. (2) Companies with foremost departures between GAAP and IFRS standards show the peachiest benefit when endorsed by a strong regulatory environment. (3) The research also investigates possible contributory factors not related to IFRS acceptation that may have engendered these economic benefits: Self-selection comes out to be a principal explanation; companies voluntarily changing to IFRS had factors unconnected to the accounting standard change that imparted them with economic benefit.

Armstrong, Barth, Jagolizer and Riedl (2008) did a study titled "Market Reaction to Events Surrounding the Adoption of IFRS in Europe", with the object of unraveling European stock market reaction to events associated with the adoption of IFRS in Europe. A sample of 3,265 European firms was employed over the period 2002 and 2005. The result of the study revealed that Investors in European firms noticed that the expected benefits associated with IFRS adoption will outweigh the expected costs. The study left it to further research to determine whether the expectations were fulfilled. Similarly, Barth, Landsman, and Land (2008) conducted a study on "International Accounting Standards and Accounting Quality". The intent of the study was, to determine whether IAS was affiliated with financial reporting quality. A sample of 21 countries over a period 1994 and 2003 were engaged. The result evinced that companies that apply IAS were of higher quality than non US companies that do not.

Chua, and Taylor, (2008) in their work titled "The Rise and Rise of IFRS: An Explanation of IFRS Diffusion" probed into the justification for the ever increasing acknowledgment of IFRS. The IFRS progress is often explained on the grounds of economy, but the researchers questioned whether there is empirical justification for economic arguments. They then proffered an alternative explanation for the origin and diffusion of IFRS that incorporates social and political factors. The researchers noted that the three economic rationale for the inexorable spread of IFRS (i.e. Transparency, quality and comparability) lack empirical support.

As for transparency, the researchers averred that periodic financial statements are just one part of the information set employed to appraise the performance of listed companies. With reference to improved quality, they situated that empirical substantiation evinces that the quality of financial reporting process has more to do with the style in which standards are enforced than differences in the standards themselves. As for the third economic rationale –Comparability, the authors posited that there is total lack of evidence to support the fact that the financial reports generated or prepared under different accounting regimes are deficient in comparability.

Some Challenges and Big Issues of Harmonization with IFRSs

According to Impey (2009:3), International Financial Reporting Standards are intricate and can be fairly difficult in application. Even where the local standards apply a similar principle as IFRS, there can be differences in the detailed application, which could have material impact on the financial statements. Other issues that need to be reflected upon include:

(a) What are the main accounting and disclosure differences between current Nigerian GAAP and IFRS?
(b) What impact will it have on accounting and reporting systems, processes, the people and the business of entities in Nigeria?
(c) Is IFRS conversion, a straight format implementation of other accounting standards?
(d) Should a road map on IFRS for Nigeria propose a quick fix or major overhaul?
(e) Is there a conversion plan available? Adequately resourced? How will the country manage misinterpretation?
(f) If IFRS turns out to be a fiasco, how prepared is the nation (i.e. the regulators, audit committees, and NASB) to manage the impasse?
(g) What impact will IFRS have on regulatory/ statutory and tax reporting in Nigeria?
(h) Concerns have been raised and yet unresolved, about the burden of IFRS for non- publicly accountable entities, such as churches and clubs, and relevance of the resulting information to lenders, vendors, credit rating agencies, family investors, development agencies and others who use SME financial statements.

QUESTIONNAIRE ANALYSIS

A total of one thousand five hundred (1,500) well-structured multi-item scale questionnaire were administered to the finance directors, preparers and users of financial reports in (120) sampled listed companies and Accounting preceptors in (24) tertiary educational institutions. A total of (1,296) were returned, giving rise to external decline rate of 13.6%. Of the (1,296) returned, only (1,067) were found useable which gave us internal decline rate of 17.7%. In all, the combined respond rate, undermining the non-useable responses (i.e. internal decline) is 71.1%. This response rate is considered adequate for the purpose of this study. The table below shows the sectorial distribution of the companies and the tertiary educational institutions we administered the questionnaire.

Table 1: Industrial Sector and Organizations

Industrial/Educational Sector	No. of Organizations
Agriculture	3
Banks	20
Breweries	4
Audit Firms	4
Chemical & Paint	5
Insurance	20
Conglomerates	8
Heart Care	8
Food/Beverages & Tobacco	10
Construction	3
Petroleum (Marketing)	10
Stock Market Operators	25
Federal Universities	6
State Universities	6
Private Universities	6
Polytechnics	6
Total	**144**

Source: Field Survey (2012)

We administered the well-structured questionnaire to lecturers of tertiary educational institutions that offer Accounting programs in three of the six geopolitical zones in Nigeria. As evinced in Table 1, the tertiary educational institutions were (6) Federal, (6) State, and (6) Private Universities and (6) Polytechnics that offer Accounting as Discipline. Additionally we also administered questionnaire to (91) companies, 25 Stock Market operators (i.e Investment/firms of stock brokers) and the big four audit firms. Thus giving us a total of 144 sectors that responded to the questionnaire. The Statistical Product Service Solution Package (SPSS) was employed in performing the statistical test.

METHODS OF DATA ANALYSIS

Our first hypothesis (H_1) which addresses whether or not there was a significant difference in the perception of the respondents (stakeholders), regarding the desirability of IFRS in Nigeria, we applied One Way Repeated Measure Analysis of

Variance, in testing this hypothesis. The stakeholders of interest here, are- Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students.

On the other hand, our second and third hypotheses ($H_2$and H_3), which focused on the likely prospects and challenges of the adoption of IFRS on the activities of stakeholders, we employed the Likelihood Ratio Test otherwise referred to as G-test or maximum likelihood statistical significance test.

TEST OF HYPOTHESES

Hypothesis One

One Way Repeated Measure Analysis of Variance, was adjudged by Motulsky (1995:37), to be a parametric alternative to Friedman Test. However, before the application of One Way Repeated Measure ANOVA, we carried out the test of Normality to find out if the data of stakeholders are normally distributed or not, since normality of data is a necessary precondition for the usage of ANOVA. Thus, the result of the Shapiro-Wilk Test of Normality is displayed in Table, 4.28 below.

Table 2.1: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
Stakeholders	Statistic	df	Sig.	Statistic	df	Sig.
PREPARERS	.113	25	.200*	.941	25	.156
AUDITORS	.100	25	.200*	.982	25	.920
CAPITALMKT	.132	25	.200*	.940	25	.148
TRAINERS	.153	25	.200*	.948	25	.233

Source: Field Survey (2012)
a. Lilliefors Significance Correction
*. This is a lower bound of the true significance.

The above table presents the results from two well-known tests of normality, namely the Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. The Shapiro-Wilk Test is more appropriate for small sample sizes (< 50 samples) but can also handle sample sizes as large as 2000, Kolmogorov-Smirnov Test does otherwise. For this reason, we made use of the Shapiro-Wilk test as our numerical means of assessing normality. The judgment under Shapiro-Wilk Test is that if the Sig. value of the Shapiro-Wilk Test is greater than 0.05, then the data is normal. If it is below 0.05, then the data significantly deviate from a normal distribution. Thus, as perspicuous from the table, the data of the four stakeholders in our study are normally distributed.

Table 2.2: Descriptive Statistics

	Mean	Std. Deviation	N
PREPARERS	3.4206	.14663	25
AUDITORS	3.1164	.55926	25
CAPITALMKT	3.8309	.10605	25
TRAINERS	3.4693	.22383	25

Source: SPSS Output (2012)

The table above shows the descriptive statistics of the four stakeholder of interest to our study, the mean, standard deviation and the N, (signifying the 25 multi-item scale questions in the questionnaire). The Capital market operators seemed the most optimistic about the IFRS adoption, while the Auditors appeared to be the least optimistic.

Table 2.3: Mauchly's Test of Sphericity

Measure:MEASURE_1

Within Subjects Effect	Mauchly's W	Approx. Chi-Square	df	Sig.	Epsilon[a] Green house-Geisser	Huynh -Feldt	Lower-bound
Stakeholdes	.097	53.037	5	.000	.449	.466	.333

Source: Field Survey (2012)

The table above shows the Mauchly's Test of Sphericity. The univariate statistics makes the assumption of sphericity when applied in one-way repeated measure ANOVA. According to Pallant (2004:198), “the multivariate statistics however do not require sphericity”. Thus, our violation of the sphericity assumption as indicated by the Sig. value of .000 in table 2.3, will not adversely affect our one-way repeated measure ANOVA result.

Table 2.4Multivariate Tests[b]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
STAKEHOLDER	Pillai's Trace	.920	84.827[a]	3.000	22.000	.000	.920
	Wilks' Lambda	.080	84.827[a]	3.000	22.000	.000	.920
	Hotelling's Trace	11.567	84.827[a]	3.000	22.000	.000	.920
	Roy's Largest Root	11.567	84.827[a]	3.000	22.000	.000	.920

Source: SPSS Output (2012)
a. Exact statistic, b. Design: Intercept

Table 2.4 shows the multivariate tests. In this table, the value of interest is **Wilks' Lambda**and the associated probability value given in the column labeled Sig. Though all multivariate tests yield the same result, however, the most commonly reported statistics is Wilks' Lambda. In our multivariate result table (2.4), the value of our Wilks' Lambda is 0.08 with a probability value of 0.000 (which really means P<0.0005). The P value is less than 0.0005; therefore, we can conclude that there is a statistically significant difference in the perception of the stakeholders about the desirability of the mandatory adoption of IFRS. Thus our null hypothesis is rejected in favour of our alternative. This suggests that there was a change in confidence scores among the four stakeholders.

Table 3.1 Mandatory Adoption of IFRS Prospects to Stakeholders

S/N	PROSPECTS OF IFRS ADOPTION	SA	A	UD	D	SD	MODE	Std. Dev.	Skewness	Kurtosis
33.	IFRS introduction will facilitate better investment decision making in the capital Market..	306 28.7%	480 45.0%	66 6.2%	127 11.9%	88 8.2%	4	1.225	-.963	-.112
34.	The adoption of IFRS will lead to an enhanced or favorable financial measures, such as profitability, growth, leverage, liquidity, size, investment etc.	333 31.2%	450 42.2%	71 6.7%	92 8.6%	121 11.3%	4	1.294	-.994	-.162
35.	Adoption of IFRS will actuate Good Corporate Practices among Listed firms in Nigeria.	343 32.1%	437 41.0%	75 7.0%	135 12.7%	77 7.2%	4	1.225	-.936	-.180
36.	The adoption of IFRS will boost the quality and timeliness of management information.	323 30.3%	444 41.6%	85 8.0%	90 8.4%	125 11.7%	4	1.299	-.954	-.236
37.	IFRS adoption will engender better financial reporting transparency.	193 18.1%	473 44.3%	179 16.8%	119 11.2%	103 9.7%	4	1.190	-.740	-.349
	TOTAL COMPOSITE SCORE	1,498 28.08% 299.6	2,284 42.81% 456.8	476 8.92% 95.2	563 10.55% 112.6	514 9.6% 102.8	GRAND TOTA= 5,335 COPOSIT TOTAL = 1,067			

Source: Field Survey (2012)

From the table 3.1 above, the mode of the distribution is 4. Which means the highest number of respondents agree with the virtues of IFRS as articulated in the table. These position concords with the fact that the highest response to the multi- item likert scale was 'Agree'. This represented 42.81 %, while only 9.6% 'Strongly Disagree' with the proposition of IFRS in the table. Equally worthy of note, is the fact that 28.08% 'Strongly Agree' with the statements concerning IFRS, while 8.92% were 'Undecided'. The number of usable response was 1,067.

As stated earlier, the test statistic is the Likelihood Ratio Test otherwise referred to as G-test or maximum likelihood statistical significance test, and it is defined as:

$$G^2 = 2\sum_{i=1}^{k} \text{Observed X ln}\left(\frac{\text{Observed}}{\text{Expected}}\right) \quad (1)$$

$$G^2 = 2\sum_{i=1}^{K} x_i \text{ X ln}\left(\frac{x_I}{n / k}\right) \quad (2)$$

Where:
G = Likelihood Ratio Test Statistics
ln = Natural logarithm (log to the base of e)
x = Observed frequency
n = Number of usable questionnaire. (i.e. 1,067)
k = The number of points in the likert scale questionnaire (i.e. 5)
Therefore, Expected frequency = 1,067 / 5 = 213.4
Thus,

$$G^2 = 2\{(299.6 \text{ X ln } (299.6 /213.4)) + (456.8 \text{ X ln}(456.8 /213.4)) +(95.2 \text{ X ln}(95.2/213.4)) + (112.6 \text{ X ln}(112.6 /213.4)) +(102.8 \text{ X ln } (102.8 /213.4))\} = 450.78$$

There are five rows and five columns in our table, therefore our degrees of freedom (r-1)(c-1) is 16. Hence, at α =0.05, the tabulated value for 16 degrees of freedom = 26.30.

Since the calculated value is greater than the tabulated value, we rejected the null hypothesis in favour of the alternative and hence conclude that the mandatory adoption of IFRS will have significant prospects on the activities of stakeholders. The prospects are contained in table 4.32, though by no means exhaustive.

Table 3.2: Mandatory Adoption of IFRS and Challenges

S/N	CHALLEGES OF IFRS ADOPTION	SA	A	UD	D	SD	Mode	Std. Dev.	Skewness	Kurtosis
38.	Economic and social consequences of IFRS adoption are uncertain. E.g. Corporate governance, human resource management, strategy, taxation, macroeconomic planning, development economics, sustainability management, etc., have not been fully integrated in the process of IFRS policy making.	51 4.8%	159 14.9%	276 25.9%	387 36.3%	194 18.2%	2	1.095	.426	-.532
39.	Implementation, compliance and enforcement of IFRS will vary by industry, sector and other firm types. Thus, giving rise to "SERIOUS" and "LABEL" compliance.	55 5.2%	186 17.4%	211 19.8%	330 30.9%	285 26.7%	2	1.200	.444	-.849
40.	IFRS advantages are based on weak (or complete absence of) scientific justifications.	65 6.1%	159 14.9%	185 17.3%	410 38.4%	248 23.2%	2	1.172	.602	-.555
41.	The overall monetary cost of transition to IFRS will outweigh the anticipated benefits.	72 6.7%	159 14.9%	142 13.3%	373 35.0%	321 30.1%	2	1.236	.683	-.617
42.	Financial reporting under IFRS will be subject to abuse since the standard requires exercise of judgment and estimations in many areas (i.e. IFRS being principle based and not rule based).	66 6.2%	157 14.7%	149 14.0%	363 34.0%	332 31.1%	2	1.226	.685	-.601
	TOTAL COMPOSIT SCORES	309 5.79% 61.8	820 15.37 % 164	963 18.05 % 192.6	1,863 34.92% 372.6	1,380 25.87% 276	G- Total = 5,335 = 100% COMPOSIT TOTAL= 1,067			

Source: Field Survey (2012)

Table 3.2 above, is relevant to the test of Hypothesis 3. The descriptive statistics shows that the modal response to the five anticipated challenges of IFRS is 2. This shows that the highest proportion of respondents (34.92%), disagree with the anticipated challenges, while only 5.79% "strongly agree", however, 18.05% neither agree nor disagree with the anticipated challenges. On the other hand, 15.37% of the answerers "agreed" with the likely challenges. In order to statistically test our hypothesis $H_{3,}$which declares in a supposititious fashion, that the mandatory adoption of IFRS will not pose significant challenges to the activities of stakeholder, we equally adopted the Likelihood Ratio Test Statistic, earlier described.

$$G^2 = 2 \left\{ (61.8 \text{ X } \ln(61.8 /213.4)) + (164 \text{ X } \ln(164 /213.4)) + (192.6 \text{ X } \ln(192.6 / 213.4)) + (372.6 \text{ X } \ln (372.6/213.4)) + (276 \text{ X } \ln(276/213)) \right\} = 278.28$$

Similarly, as in Hypothesis $H_{2,}$ there are five rows and five columns in our table 4.33 above, therefore our degrees of freedom (r-1)(c-1) is 16. Hence, at α =0.05, the tabulated value for 16 degrees of freedom = 26.30.

Since the calculated value is greater than the tabulated value, we hereby reject the null hypothesis in favour of the alternative and thus conclude that the mandatory adoption of IFRS will pose significant challenges to the activities of stakeholders. The anticipated challenges are those issues raised in the table 4.33 and possibly more.

LIMITATION OF THE STUDY

One fundamental limitation of this study is time. A study of this nature, conducted over a certain interval of time is a snapshot dependent on conditions occurring during that time. Due to paucity of time and resources, it is usually difficult to study the entire population hence sample there from is usually studied. The nearer the sample to the population, the higher the reliability of and generalization of the study. Our sample size therefore leaves room for improvement, despite the fact that it is considered adequate going by existing literatures and various sampling techniques. Additionally, the study is Nigerian based. The outcome or result may be different, when conducted in another locale.

CONCLUSIONS AND RECOMMENDATIONS

There is a statistically significant difference in the perception of the stakeholders about the desirability of the mandatory adoption of IFRS in Nigeria. The stakeholders of interest are Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students. Capital Market Operators by our findings, is the most optimistic about the success of the adoption of IFRS, while Auditors seemed to be the least optimistic.

Additionally, it can also be concluded that mandatory adoption of IFRS will have significant prospects as well as challenges on the activities of stakeholders. Specifically the benefits derivable from the adoption of IFRS as gleaned from our study, inter alier, are: (i)IFRS introduction will facilitate better investment decision making in the capital Market. (ii) The new standards will lead to an enhanced or favorable financial measure, such as profitability, growth, leverage, liquidity, and size,(iii) IFRS will actuate Good Corporate Practices among Listed firms in Nigeria, (iv) adopting the new standards will boost the quality and timeliness of management information and (v) IFRS adoption will engender better financial reporting transparency

The recommendations that emanate from this study which are likely to be very useful to Government, Capital Market Operators, Professional Accounting Bodies, Auditors, the ministry of Education, NASB (FRCN), Central Bank of Nigeria and a host of other stakeholders in financial reporting in Nigeria are presented hereunder.

(A) What is important is not just reporting under IFRS, but the firmness of purpose and the integrity of the financial statements, prepared for the benefits of both local and international communities. To this end, regulators of financial reporting in Nigeria must wake up to their responsibility so as to ensure that the ongoing efforts at mandatory adoption of IFRS do not become a mere "LABEL or NOMINAL" adoption. More pointedly, 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.

(B) IFRS must as a matter of urgency, be incorporated into universities, polytechnics and Professional Accounting institutions' curricula so as to build human capacity that will support the preparation of IFRS financial reports in the organizations. Much more, the preceptors in these institutions must firstly be schooled in the dynamics of IFRS, since the blind has never be known to successful lead the blind.

(C) Besides International Financial Reporting Standards, the other global accounting and financial reporting features that are equally imperative to the economic development of Nigeria are:

I. High quality auditing standards;
II. Effective Quality Assurance (i.e. audit firms and profession-wide);
III. Sound Corporate Governance; and
IV. Robust Regulatory Oversight.

These factors must be pursued with the same zest Nigeria is pursuing the adoption of IFRS. Otherwise the promised or anticipated benefits of IFRS will be a mirage.

(D) The proposal of adopting IFRSs seems to be driven by the big four audit firms. Literature documents their strong participation in the setting of IFRSs. The real issue in the case of Nigeria is that, our local accounting firms lack the expertise to foster the smooth transition to IFRS. What this means therefore is that organizations are to continue to hire the services of the big four audit firms, at overpriced cost. To address this challenge, the 94 small indigenous accounting firms should go into merger arrangements so as to be able to reasonably compete with the big four.

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