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POTENTIAL EFFECTS OF THE ADOPTION AND IMPLEMENTATION OF INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS (IFRS) IN NIGERIA

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Abstract
The objective of this study is to examine 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 potential for yielding greater benefits than current GAAP, improve business performance management and impact on other business functions apart from financial reporting. The study also finds 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.

Keywords: Adoption, implementation, business functions, compliance, business performance mangement, gaap (sas)

Introduction

International Financial Accounting Standards (IFRS) are a principles based set of standards that establish broad rules and also dictate specific treatments. IFRS consists of (i) IFRS issued after 2001; (2) International Accounting Standards (IAS) issued before 2001 (3) Interpretations originated from the International Financial Reporting Interpretation Committee (IFRIC) issued after 2001;(4)Standards Interpretation Committee (SIC) issued before 2001 and (5) Framework for the Preparation and Presentation of Financial Statements.

The Framework for the Preparation and Presentation of Financial Statements describes the principles underling IFRS. It is the foundation of IFRSs. IFRS financial statements consist of : (1) statement of financial position (2) comprehensive income statement; (3) statement of changes in Equity (SOCE) or a statement of recognized income expenses (SORIE); (4) cash flow statement; (5) notes (including Summary of the significant accounting policies).

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. Much more significant is the impact of the set of standards on a company's organization, philosophy, business structure compliance to the standards, performance management, internal control and so on. These issues form the main theme of this study. Consequently, the questions which this study seeks to answer are: (1) Do IFRS confer greater benefits than the existing GAAP? (2) Will IFRS have any significant impact on other business functions outside accounting and finance, (3) Will IFRS have any significant impact on performance management (4) Is there any relationship between IFRS and compliance with accounting standards? (5) Is there any relationships between IFRS and accounting complexities?

The remaining part of the study is divided into six parts. Part 1 reviews the related literature and develop the hypotheses while Part 11 explains the research method adopted. Pat 111 deals with the presentation of the results- the analysis of the data and the testing of the hypotheses. Part 1V summarizes the findings while Part V discusses the results. Part VI deals with the conclusion and the recommendations.

Literature review

There is abundant literature on international accounting harmonization which covers areas such as: the degree of harmonization (Tay and Parker, 1990; Emenyonu and Gray, 1996; and Murphy ,2000); whether international accounting harmonization is appropriate (Hove, 1986; Cairns, 1997; Flower, 1997) and the degree of compliance with IFRS (Cairns, 2001; Street and Gray, 2001).

According to Succher and Jindrichovska (2004), there has been sparingly little academic empirical research on what has happened when IFRS are implemented within a country, though there are recent world bank reports on the subject (ROSC 2001, 2002a, 2002b, 2002c, 2002d, 2003a 2003b,). The objective of the world bank report are to assess the comparability of national accounting and auditing standards with International Accounting Standards (IASs) and International Standards on Auditing respectively and the degree to which corporate entities comply with established accounting and auditing standards in the country (World Bank, 2004).

Another area which has been neglected in the literature and studies is the impact of IFRS implementation on the company itself which is the subject of the current study the remaining part of this literature review will there concentrate on this.

Benefits of IFRS Vgaap

International accounting literature provides evidence that accounting quality has economic consequences such as costs of capital (Leuz and Verecchia 2003), efficiency of capital allocation (Bushman , Piotroskv, and Smith, 2006; Sun ,2006) and international capital mobility (Yung and Guenther, 2002). Also economic changes are likely to have similar consequences as Land and Lang (2002) document that the purpose of financial reporting is essentially is to reduce information asymmetry between corporate managers and parties contracting with their firm (Watts, 1998; Ball 2001) and financial reporting reduces in formation asymmetry by disclosing relevant and timely in formation (Frankel and Li, 2004)

Awarding to Bhattacharjee and Islam (2009), improvement in the information environment following change to IAS and IFRS is contingent on at least two factors. First, improvement is based upon the premise that changes to IFRS constitute change to GAAP that induces higher quality financial reporting. Barth, Landsman and Lang (2006) find that firms adopting IFRS have less earnings management, more timely loss recognition and more value relevance of earnings, all of which they interpret as evidence of higher accounting quality. Second, accounting system is a complementary component of the country's overall institutional system (Ball, 2001) and is also determined by firm's incentives for financial reporting.

According to ball (2005), the fundamental economic function of accounting standards is to provide agreement about how important commercial transactions are to be implemented. Ensuring disclosure quality of financial information is also mandatory for reducing information asymmetry and solving agency problems in the corporate sector.

Existing literature documents improvement in accounting quality following voluntary IFRS adoption (Barth , *et al*,2006, Gassen and Sellbom, 2006; Hung and Subramanyam, 2007; Barth *etl al*, 2008) to reduced information asymmetry between manager and shareholders and it can be evidenced by proper assets and earnings management, lower cost of capital and high forecasting capability by the investors about firm's future earnings Gordon (2008) listed the benefits from adoption of IFRS as(i)Better information for shareholders;(ii)Better information for regulators; (iii)Enhanced comparability; (iv)Improved transparency of results; (v)Increased ability to secure cross-border listing ;(vi)Better management of global operations and (vii)Decreased cost of capital

However, there are alternative views that the adoption of IFRS would imply major reporting changes and likely lead to lower reporting quality. This view is based on arguments that many important differences between the two standards remain (Benston, *et al,* 2006); that IFRS offer more discretion and less guidance and hence more room for earnings management, and that they are less tested and comprehensive than GAAP (SEC, 2005; Leone,2008) the foregoing Leeda us to the first Hypothesize that:

***H1**: IFRS will provide greater benefits than the current GAAP (SASs)*

Impact on business functions

The detailed internal management reporting will put more pressure on information gathering and it might uncover hidden management reporting aspects of business models in addition to increasing costs and time spent on information accumulation. The new formats provide an opportunity to re-examine the importance and effectiveness of internal management reporting. According to PWC (2004) the low internal controls at this stage of the change process should now be ringing bells in boardrooms. According to them, until companies implement full controls and procedures in line with IFRS requirements, they won't be able to derive benefits from it.

According to Accenture (2008), although it is widely known that IFRS is more than an accounting change, the breadth and depth of the potentials IFRS impacts may surprise many executives. According to the Survey conducted by Accenture in 2008, IFRS adoption will affect technology in vital areas across the enterprise. This leads us to the next hypothesis that;

H2: There is a significant relationship between IFRS implementation and changes in business functions.

Effects on performance management

Financial reporting is the window though which capital markets view a business performance. According to Rusnak (2009), as a business responds to the demands and opportunities of IFRS conversion, revisiting its fundamental business performance management (BPM) processes will likely prove worthwhile. According to him, the ultimate gauge of whether corporate performance is well managed is the strength of its link between strategy and execution. If BPM is well managed, the company realizes benefits as a result of having all its employees and managers on the same page.

Many elements of the BPM ecosystem will be impacted as a result of IFRS conversions. According to Rusnak, successful organizations will need to consider several questions as they rethink BPM post- IFRS (i) How will the capital markets view our new IFRS -centred performance?;(ii)How will our target setting process change?; (iii)How extensive are the changes going to be regarding our reporting environment?. Rusnak concluded by noting that how a company answer these question will necessarily impact all four realms in which its external performance is monitored: Regulatory environment, competitive environment, customer sentiment and capital markets and investor sentiment.

According to Ernst and Young (2009), an IFRS conversion requires a fundamental business decision regarding the extent to which management performance measures are allowed to diverge from the reported results of the enterprise. Prabhakar (2009) carried out a study on the impact of IFRS on management accountants. He surveyed all known IFRS users among the Australian top-500. First, he finds that IFRS has impacted positively on the effectiveness of management accounting processes.

Accenture carried and a survey in 2008 on 'Preparing for IFRS standards; An opportunity for finance transformation formation' (Accenture, 2008). They find among other things that IFRS brought about a significant change to enterprise performance management capabilities. Specifically, they find significant improvement to process, technology finance workforce training in areas of planning, forecasting and budgeting, management reporting, statutory reporting and revision of metrics. There are doubts about whether these impacts of IFRS are perceived or perceivable by users in developing countries such as Nigeria. Thus the hypotheses that:

H3:There is a positive relationship between IFRS implementation and improvement in business performance management (BPM)

Accounting complexities

Financial reporting complexity is the difficulty for all stakeholders to understand the economic substance of a transition or event and the overall financial position and results of as company preparers to properly apply GAAP and communicate the economic substance of a transaction or event and the overall financial position and results of a company and other constituents that audit, analyze and regulate a company's financial reporting (Barth and Schipper, 2008).

Substantial complexities can come from the intricacies of certain transaction and or by the event themselves. By their nature , the accounting treatment for such transactions is complicated and beyond the boundaries of the regulators. Therefore from the outset it is imperative to acknowledge and distinguish between two types: (i)Complexities of transaction (eg derivatives, futures , options and swaps) and (ii) Complexities which could be amendable having been brought about by accounting standard themselves. According to Ball (2006), the issues of product complexity inducing embedded multifaceted elements which have to be split out from the underling contract and accounted for accordingly is not confined to derivative financial instrument as the host contract might be a lease or a sale or purchase contract.

The most evident of such avoidable complexities introduced by the IFRS is fair value accounting. According to Ball (2006), a major feature of IFRS is the extent to which they are imbued with fair valve accounting. The use of fair valve in IFRS has been heavily debated (Watts, 2003a; 2003b; Benston *et al,* 2006; Barth 2008). According to ball (2006) while four value accounting is in many ways conceptually appealing, it is often difficult to implement, and could be incompatible with current legal, institutional and political environments of many countries. According to Luzi, Christian and Peter (2009) , as the use of fair value estimates is often viewed as increasing the amount of discretion given to managers, the fair value debate is closely related to the issue of reporting discretion.

Christensen and Nikolaev (2008) show that around the mandatory adoption of IFRS, many UK firms abandon fair I values in favor of historical costs, while only a few German firms used the newly granted discretion and switched from historical costs to fair values as a basis for their valuation.

Area when IFRS introduce complexities accounting through fair value include revenue recognition (PWC, 2008); (ii)Financial liabilities and equity(PWC, 2004); (iii) Consolations (Neleson, 2003) .We thus hypothesize that :

H4: There is a significant relationship between IFRS and accounting complexities.

Compliance to accounting standards

There are opposing views as to whether adoption of IFRS result in increase in compliance to accounting standards. Early research on compliance with standards shows that companies or even countries adopt IFRS voluntarily because they can benefit from adoption. The first such study was carried out by Dumontiel and Raffournier (1998) on Swiss data, who 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. According to Fekete (2008), these lead to the conclusion that political costs and pressures from outside markets play a major role in the decision to apply IAS, but they not validate the hypothesis that voluntary compliance is used to solve monitoring problems between managers, shareholders, and creditors.

Hope *et al* (2006) find that countries with weaker investors protection mechanisms are more likely to adopt IFRS and therefore concluded that IFRS represent a vehicle through which countries can import investor protection and make their capital markets more accessible to foreign investors.

Research on disclosure level and compliance with IAS/IFRS began around 2000 and showed a great deal of non-compliance with IAS requirements in various fields (Cairns, 1999, El-

Gazzar *et al*, 1999; Street *et al*, 1999; Tower *et el,* 1999). Later studies focus on listed companies seeking to identify significant differences between U.S. listed and non-U.S. listed companies. Findings, indicate that the overall level of disclosure is greater for companies with U.S. listings (Street and Bryant, 2000; Glaum and Street 2003). We thus hypothesize that :

H5: There is a positive relationship between IFRS adoption and level of compliance with accounting standards.

Research method

The research is a structured cross sectional survey of 100 respondents in Edo State. The research is on the potential effects of the adoption of and implementation of IFRS in Nigeria, but due to resources constraints and the practical difficulty in accessing every potential respondent in Nigeria, the study was limited to Edo State, which is considered a fair representation of the whole country on issues of accounting and auditing. The respondents were drawn from among accounting lecturers, auditors and chartered accountants based in Edo State.

The five point Linkert scale was used in the design of the questionnaire, which was the research instrument. The questionnaire was designed based on information gathered from existing literature. The questionnaire consist of two parts. Part 1 contains questions on respondents' bio - data. Part 11 consists of 31 questions under five sections. Section A consists of nine(9) questions on the benefits of IFRS compared with GAAP(Statement of Accounting Standards , SAS) ; section B consists of six(6) questions on the potential impact of IFRS adoption and implementation on business functions. Section C consists of six (6) questions on the potential effect of IFRS adoption and implementation on performance management; section D consists of four(4) questions on the potential effect of IFRS adoption and implementation of compliance with accounting standards, while section E consist of five(5) questions on the potential effects on accounting complexities. To ensure the face validity of the research instrument, the questionnaire was reviewed by experts, field of accounting as recommended by Bryman and Bell (2007). In this connection, the questionnaire was reviewed by several academics in auditing and accounting as well as practicing accountants and auditors.

The data was analysed using the mean, the standard deviation and Chi-Square . The Chi-Square test is a non-parametric test which unlike the parametric test does not require the normal distribution of the variables observed. It is suitable also for small sample test and for measurements which are less than interval scales.

Results

During the data gathering exercise, a total of 100 questionnaire were distributed out of which 54 were returned. This represents a response rate of 54% which is considered adequate in the Nigeria context. The demographic characteristic of the responds are shown in Table 1 below.

Table 1: Demographic Characteristic of Respondents

AGE	FREQUENCY	PERCENTAGE
21 – 30 years	4	7.41
31 – 40 years	24	44.44
41 – 50 years	10	18.52
51 years and above	16	29.63
Total	54	100.00
Gender		
Male	36	66.67
Female	18	33.33

Total	54	100.00
YEARS WORKED		
Under 5 years	4	7.41
06 – 10years	12	22.22
11 – 15 years	20	37.04
16 – 20 years	10	18.52
21 – 25 years	6	11.11
25 years and above	2	3.70
Total	54	100.00

Source: Authors' Field Work

We now examine below the descriptive statistics of the results on sectional basis.

Benefits of IFRS compared to GAAP

The descriptive statistics on benefits of IFRS compared with GAAP shown in table 2 below

Table 2: Benefits of IFRS compared with GAAP.

S/N	BENEFITS OF IFRS COMPARED TO GAAP	SA	A	UD	D	SD	MEAN
1.	There is greater efficiency and decrease in cost of finance under IFRS than in GAAP	14 25.9%	30 55.6%	4 7.4%	6 11.1%	0 0%	3.96
2.	It is easier to raise capital under IFRS than in GAAP	12 22.2%	26 48.15%	10 18.5%	6 11.1%	0 0%	3.81
3.	IFRS provide better information for shareholders than GAAP	18 33.3%	24 44.4%	10 18.5%	2 3.75	00%	4.07
4.	IFRS provide better information for regulators than GAAP	12 22.2%	24 44.4%	14 25.9%	4 7.4%	0 0%	3.89
5.	It is easier to secure cross-border listing under IFRS than under GAAP	18 33.3%	26 48.1%	8 14.8%	2 3.7%	0 0%	4.11
6.	There is greater comparability of companies under IFRS than GAAP	16 29.6%	32 59.3%	4 7.4%	2 3.7%	0 0%	4.15
7.	Competitiveness among companies is enhanced under IFRS than GAAP.	24 44.4%	22 40.7%	4 7.4%	4 7.4%	0 0%	4.22
8.	IFRS facilitates cross- borders mergers and acquisition compared to GAAP	18 33.3%	26 48.2%	10 18.5%	0 0%	0 0%	4.12
9.	IFRS adoption leads to better integration and management of global operations than GAAP	22 40.7%	28 51.9%	2 3.7%	2 3.7%	0 0%	4.30
	Total 486 100%	154 31.69%	238 48.97%	66 13.58%	28 5.76%	0 0%	4.07
	Total Actual Score 1976	770	952	198	56	0	

Total Maximum core	2430
Total Minimum Score	486

Source: Authors' Field Work

From the table the total maximum score for the benefits of IFRS over GAAP is 2430. The actual score is 1976, which is 81.32%. The total number of strongly agree is 154 out of a maximum of 486. This is 31.69% of the total responses. 238 responses or 48.97% agree with the higher benefits of IFRS over GAAP. 66 responses or 13.58% are undecided while responses or 11.59% disagree. Also 28 responses or 5.762% strongly disagreed with the benefits of IFRS over GAAP. On the whole the mean of the responses is 4.07

The Impact of IFRS on business functions
Table 3 below shows the description statistics of the impact of IFRS on business functions

Table 3: **The impact of IFRS on business functions**

S/N	THE IMPACT OF IFRS ON BUSINESS FUNCTIONS	SA	A	UD	D	SD	MEAN
10.	The adoption of IFRS changes business processes and operations	14 25.9%	22 40.7%	8 14.8%	8 14.8%	2 3.7%	3.70
11.	IFRS adoption creates major opportunities for transformation in the finance function	8 14.8%	38 70.4%	6 11.1%	2 3.7%	0 0%	3.41
12.	Sourcing for finance becomes easy when IFRS is adopted	12 22.2%	26 48.2%	12 22.2%	4 7.4%	0 0%	3.85
13.	More financial information that would be of benefit to external and external stakeholders will be provided as IFRS is adopted.	12 22.2%	32 59.3%	6 11.1%	2 3.7%	2 3.7%	3.93
14.	There will be developmental changes in information technology when IFRS is adopted.	18 33.3%	26 48.2%	6 11.1%	4 7.4%	0 0%	4.07
15.	The adoption will result in a possible change or development in human resources.	16 29.6%	20 37.1%	12 22.2%	6 11.1%	0 0%	3.85
	Total Responses 324	80 24.69%	164 50.61%	50 15.43%	26 8.02%	4 1.23% B	
	Total Score (Actual) 1262	400	656	150	52	4	4.00
	Total Maximum Score	1620					
	Total Minimum Score	324					

Source: Authors' Field Work

From the table, the total maximum score is 1620 while the table minimum score is 324. The total actual score is 1262 or 79.9% of the total maximum score. This also give a mean score of 3.40. 80 responses strongly agree and this represents 24.9% of the total responses. 164 responses or 50.61% agree while 50 responses or 15.43% were undecided. 26 responses representing 8.02% of the total responses disagreed. 4 responses or 1.23.% strongly disagree

The Effect of IFRS on performance management

Table 4 shows the descriptive statistics on the impact of IFRS performance management. From the table, the total maximum score is 1620, while the total minimum score is 324. The total actual score is 1276. This gives a mean response of 3.85 and 79% of the total maximum score. 88 responses strongly agree and this represents 27.16%% of the total responses. 154 responses or 47.53%% agree while 60 responses or 18.52% were undecided. 18 responses representing 5,56%% of the total responses disagreed. 4response or 1.23% strongly disagreed.

Table 4: T**he Effect of IFRS on performance management**

S/N	THE EFFECT OF IFRS ON PERFORMANCE MANAGEMENT	SA	A	UD	D	SD	MEAN
16.	Executives will invest heavily in planning, budgeting, forecasting and management reporting when IFRS is adopted.	26 48.2	16 29.6	8 14.8%	4 7.4%	0 0%	4.19
17.	Companies will adopt new performance requiremens under IFRS	20 37%	26 48.1%	4 7.4%	4 7.4%	0 0%	4.15
18.	There will be improvement in target setting abilities of executives under IFRS	12 22.2%	36 66.7%	2 3.7%	4 7.4%	0 0%	4.04
19.	There will be better information for management decision under IFRS.	14 25.9%	32 59.3%	6 11.1%	0 0%	2 3.7%	4.04
20.	Many elements of the Business Performance Management (BPM) Ecosystem will be impacted as a result of IFRS implementation	6 11.15	16 29.6%	28 51.9%	2 3.7%	2 3.7%	3.41
21.	IFRS directly affects how earnings, compensation, tax liability and other key aspects of the business are accounted and reported for.	10 18.5%	28 51.9%	12 22,2%	4 7.4%	0 0%	3.26
	Total Responses 324	88 27.16%	154 47.53%	60 18.52%	18 5.56%	4 1.23%	
	Total Score 1276	440	616	180	36	4	3.85
	Total Maximum Score	1620					
	Total Minimum Score	324					

Source: Authors' Field Work

IFRS and compliance with accounting standards

Table 5 shows the descriptive statistics on IFRS and compliance with accounting standards. From the table, the total maximum score is1080, while the total minimum score is 216. The total actual score is 878. This gives a mean response of 4.06 and 81% of the total maximum score. 84 responses strongly agree and this represents38.89 % of the total responses. 84 responses or 38.89% agree while 30 responses or 13.89% were undecided. 14 responses representing 6.48% of the total responses disagreed. 4response or 1.85% strongly disagreed.

Table 5: IFRS and compliance with accounting standards

S/N	IFRS AND COMPLIANCE WITH ACCOUNTING STANDARDS	SA	A	UD	D	SD	MEAN
22.	Companies that operate or aims to operate in multiple foreign countries will be under pressure to comply with accounting standards under IFRS than GAAP	20 37%	20 37%	8 14.8%	4 7.4%	2 3.7%	3.96
23.	As a result of companies desire to have access to foreign analyst's analysis and comparison with other foreign companies alike, more companies will comply with Accounting Standards under IFRS than FAAP.	22 40.7%	26 48.25	4 7.4%	2 3.7%	0 0%	4.26
24.	The preference for accounting treatment under IFRS will increase the compliance level to accounting standards	22 40.75	20 37%	4 7.4%	6 11.I%	2 3.7%	4.00
25.	Competing companies prefer to stay aligned with their competitors and the adoption of IFRS will increase the number of competitors and increase the compliance level to accounting standards.	20 37%	18 33.3%	14 25.9%	2 3.7%	0 0%	4.04
	Total Responses 216	84 38.89%	84 38.89%	30 13.89%	14 6.48%	4 1.85%	
	Total Score 878	420	336	90	28	4	4.06
	Total Maximum Score	1080					
	Total Minimum Score	216					

Source: Authors' Field Work

IFRS and accounting complexities

The description statistics on IFRS and accounting complexities is shown in table 6 below

Table 6: IFRS and Accounting Complexities

S/N	IFRS AND ACCOUNTING COMPLEXITIES	SA	A	UD	D	SD	MEANSCORE
26.	There are more accounting complexities under IFRS than GAAP	14 25.9%	20 37%	18 33.3%	2 3.7%	0 0%	4.22
27.	IFRSs are imbued with complex changes requiring considerable technical expertise not readily available amongst auditors and preparers	22 40.7%	26 48.25	4 7.4%	2 3.7%	0 0%	4.26
28.	There are difficulties in the definition of and guidance of fair values	8 14.8%	14 25.9%	16 29.6%	10 18.5%	6 11.1%	3.04
29.	The issue of control under mergers and acquisition is difficult to ascertain when preparing consolidated accounts using IFRS than GAAP	2 3.7%	26 48.25	12 22.2%	10 18.5%	4 7.4%	3.22
30.	There will be difficulties in understanding and implementing the new or enhanced outsourcing arrangement for finance or other business functions under IFRS.	6 11.15%	24 44.4%	10 18.5%	8 14.8%	6 11.15	3.30
31.	There will be difficulties in implementing or upgrading other technology solution when IFRS is adopted.	14 25.9%	20 37%	18 33.3%	2 3.7%	0 0%	3.85
	Total Responses 324	66 20.37%	130 40.12%	78 24.07%	34 10.49%	16 4.94%	
	Total Score 1168	330	520	234	68	16	3.65
	Total Maximum Score	1620					
	Total Minimum Score	320					

Source: Authors' Field Work

From the table total maximum score is 1620 while the total actual score is 1168. This represents about 72.10% of the total maximum score. This also gives a mean of total responses of 3.65. 66 out of a total of 324 responses or 46.74% strongly agree while 130 or 40.13% of responses agree. 78 responses or 24.07% are undecided while 34 responses representing 10.49% agree. Only 16 responses representing 4.94% strongly disagree.

Hypothesis testing

In this section, the results obtained are used to answer the research questions relating to the hypotheses. Five hypotheses were tested using percentages, means and the Chi – Square. An alpha (α) level of 5% is assumed. Table 7 below shows a summary of the results of the hypothesis testing.

Table 7 Results of hypothesis testing

HYPOTHESIS	DEGREE OF FREEDOM(DF)	CRITICAL VALUE OF χ2	CALCULATED VALUE OF χ2	ALPHA(α) LEVEL
1	32	32.09	39.56	0.05
2	20	10.90	30.49	0.05
3	20	10.90	86.61	0.05
4	12	5.30	18.40	0.05
5	20	10.90	77.54	0.05

Hypothesis 1 says that statements IFRS adoption and implementation will provide greater benefits than the current GAAP. From the computation the calculated value of X^2 is 39.56. The critical or table value at an alpha(α) level of 0.05 and 32 degree of freedom is 22.1. Since the calculated value is greater than the table value, we reject the null hypothesis and accept the alternative hypothesis.

Hypothesis 2 says that there is a significant relationship between IFRS implementation and changes in business functions. From the computation, the Chi Square is 30.49. The critical or table value at an alpha level of 0.05 and 20 degree of freedom is 10.9. Since the calculated value is greater than the critical value, we reject the null hypothesis and accept the alternative hypothesis.

Hypothesis 3 says that there is a positive relationship between IFRS adoption and implementation and improvement to performance management. The computed value is 86.61 while the table value is 10.9. Since the calculated value is higher than the critical value, we reject the null hypothesis and accept the alternative hypothesis.

Hypothesis 4 says there is a positive relationship between IFRS adoption and accounting complexities. Appendix IV shows the copulation of the X^2 . The computed value is 18.40 while the table value is 5.23. Since the calculated value is higher than the critical value, we reject the null hypothesis and accept the alternative hypothesis.

Hypothesis 5 says that there is a positive relationship between IFRS adoption and compliance with accounting standards. The computed value is 77.53 while the table value is 10.9. Since the calculated value is higher than the critical value, we reject the null hypothesis and accept the alternative hypothesis.

Summary of findings

The study was carried out to examine the potential impact of the adoption and implementation of IFRS in Nigeria. From the study the fallowing findings are made : (i)IFRS will have any significant impact on business functions as compared to GAAP;(ii)There will be greater accounting complexity under IFRS than GAAP; (iii) There will be greater compliance to accounting standard under IFRS than in GAAP; (iv) IFRS will provide greater benefits than GAAP (v)There will be increased enterprise performance management capabilities under IFRS than under current GAAP

Discussion of findings

In this section, we examine the implication of the results for the issues raised on the auditors perception of fair value accounting in Nigeria. The results show IFRSs have the potential to provide greater benefits than the current GAAP. Of course there ae areas where the current GAAP would be more advantageous, but on the whole IFRSswould be more beneficial. The result shows that the adoption of IFRS will result to international capital mobility consequent upon the greater comparability of financial statements across national boundaries. IFRS will also lead to better integration with global operations compared than GAAP. In a nut shell, the adoption and implementation of IFRSs will increase accounting quality. The results are in line with the findings of Barths, Landsman and Lang(2006); Ball(2001); Gordon(20080;Hung and Subramanyam(2007)etc. The results , however, contradict the views of Benston, et al(2006), who opine that the adoption of IFRS would imply major reporting changes and likely lead to lower reporting quality.

The results also show that apart from accounting and financial reporting, the adoption of IFRS will significantly impact other functional areas, such as business process and operations, the finance function, information technology and human resources among others. Tis is in line with the findings of Accenture (2008) and PWC (2004).

One of the areas examined by the study is the potential effects of IFRS on performance management. The results show that the adoption of IFRS will impact all the realms in which the external performance is monitored, namely , the regulatory environment, the competitive environment, customer sentiment and capital markets/investors sentiments. The results are in agreement with the findings of Rusnak (2009), Ernst and Young (2009), Accenture (2008).

The next issue that was examined is the contribution of IFRS to accounting complexities. The results indicate that the adoption and implementation of IFRS will introduce substantial complexities into the existing accounting systems. One key source of the complexity is the use of fair value measurements. Our results indicate that fair values could be difficult to implement and could be incompatible with current legal, institutional and political environment of Nigeria.These findings are in agreement with the findings of Barth(2008); Luzi *et al*(2008); PWC(2008); Benston *et al(2006).*

Another area that was examined by this study is the potential effect of the adoption and implementation of IFRS on compliance with accounting standards.The result of the study indicate that the adoption of IFRS in Nigeria will result in increased compliance with accounting standards. The rational for this is tht companies will comply with ifrs because of the benefits they will derive particularly international comparability of their financial statements and the attendant advantages. The results of the study in this regard are in agreement with the findings of Hope *et al(2006);* Dumontiel and Raffournier(1998); Fekete (2008). However, the findings contradict the fings of Cairns(1999); EL-Gazzar *et al* (1999; Tower *et al* (1999).

Conclusions and recommendations

The study is on the potential effects of the adoption of International Financial Reporting Standards(IFRS) in Nigeria . The objectives are to find out whether IFRS will confer greater benefits than the current Statements of Accounting Standards(SAS)B and the impact the adoption and implementation will have on business functions, performancemanagement, compliance with accounting standards and accounting complexities. From the study, there is no doubt that IFRS will confer greater benefits than the current SAS particularly in areas of international comparability of financial statements, cross border listings, mergers and acquisitions, and ability to raise finance.

The adoption and implementation will impact many business functions like information technology, human resources management, business processes and operations. Under IFRS, companies will adopt new performance management requirements and there will be an increase in target setting. It will also affect how earnings, compensation, tax liability and other key aspects of the business are accounted for and reported on. IFRS adoption and implementation is also expected to bring about an increase in the level of compliance with accounting standards.

Flowing from the foregoing, the following recommendations are made: (i)companies should prepare adequately on all fronts for the implementation of IFRS;(ii)There should be enlightenment campaigns on the potential effects of IFRS implantation by the regulatory authorities, professional bodies and government before the effective date of implementation in Nigeria.(iii)companies should endeavour to use the opportunity presented by the adoption of IFRS to improve their business processes in all ramifications.

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