

THE IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) ADOPTION ON KEY FINANCIAL RATIOS IN NIGERIA

Adedoyin Isola Lawal^{1*}, Ezekiel Oseni², Abiola A. Babajide³, Bukola Lawal-Adedoyin⁴, Faith Bonetipin⁵

^{1*}Senior Lecturer and Immediate Head, Department of Accounting and Finance, Landmark University, Nigeria; ²Adjunct Professor, Department of Banking and Finance, University of Lagos, Nigeria; ³Professor, Dept. of Banking and Finance, Covenant University, Ota, Nigeria; ⁴Graduate Student Department of Accounting and Finance, Landmark University, Nigeria; ⁵Graduate Student, Department of Accounting and Finance, Landmark University, Nigeria.
Email: ^{1*}lawal.adedoyin@lmu.edu.ng, ²zikoseni@yahoo.com, ³abiola.babajide@covenantuniversity.edu.ng, ⁴Lawal.bukola@lmu.edu.ng, ⁵bonetipin.faith@lmu.edu.ng

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Abstract

Purpose: This study examined the effects of the adoption of the International Financial Reporting Standard (IFRS) on the quality of financial statements of agro-allied firms in Nigeria.

Methodology: Battery of unit root test techniques and co-integration tests were deployed to examine the existence of long-run impact of relevance and reliability of financial reporting as provoked by IFRS adoption. The study made use of Panel Fully Modified Least Square techniques to examine the nature of the relationship between the Pre-IFRS and Post-IFRS adoption periods.

Main Findings: The study noted that IFRS adoption has a substantial effect on the reliability and relevance of financial statements.

Implications: The findings of this study help in shedding light on the impact of the IFRS on financial statements' reliability and relevance of listed agro-allied firms in Nigeria.

Novelty: This study offers a unique understanding of the impact of IFRS adoption on financial ratios in Nigeria.

Keywords: *International Financial Reporting, Agro-allied, Financial Ratios, Stock Exchange, Relevance, Reliability.*

INTRODUCTION

This research evaluates the degree to which the International Financial Reporting Standard (IFRS) influences the quality of financial statements measured through the qualitative characteristics of financial reporting with a focus on the agricultural sub-sector of the Nigerian economy. The adoption of International Financial Reporting Standard (IFRS) is based on the fact that it is expected to improve the financial statements information and relevance. The International Financial Reporting Standard represents a single set of global accounting standards "based on principles" because they create some universal rules, and they also establish some specific accounting standards (Ayopo et al, 2015, Ayopo et al 2016a, Ayopo et al 2016b; Adetiloye et al, 2016; Aboud and Roberts (2018)).

International Accounting Standard (IAS) was established in 1973 and was coordinated by the International Accounting Standards Committee (IASC) who regulates its standards. IASC's main objective is to control or even reduce the dissimilarities between the domestic accounting regulations and to ensure that financial statements can be compared with other entities from other countries. Companies listed on foreign stock markets can be able to compare their financial statements, thus allowing investors, shareholders, and creditors to make decisions. IASB substituted IASC in April 2001 and IASB accepted and continued to create all IASs. While IAS is no longer established, the existing ones are still effective until they are absorbed or amended by IASB and the developments of new standards are called IFRS (Clarkson, (1995); DeFond, Gao, Li and Xia (2019)).

However, financial reporting can only be considered useful only if it has the following qualitative characteristics: relevance, reliability, verifiable, understandable, etc, with relevance and faithful representation serving as the fundamental characteristics while others are the enhancing characteristics. From 2012, all the entities listed on the Nigerian Stock Exchange markets are mandated to prepare financial statements according to the International Financial Reporting Standards (IFRS). IFRSs was adopted gradually, starting with the credit institutions.

Furthermore, even though the Statement of Accounting Standard was used during the period preceding IFRS adoption, it failed to account for agricultural activities even though agriculture is the core of the nation's economy. Several studies were carried out on the impact of IFRS on the quality of financial statements on different sectors of the economy such as insurance, Banks, etc. This has created a dearth of literature on the impact of IFRS on financial quality statements on Agriculture and Agro-allied firms in Nigeria. It is against this setback that this study aims to examine the comparison between the qualitative characteristics of financial reporting and IFRS on Agriculture firms.

Gaps in Literature

Although, many studies have been carried out that relate to the research topic. It has been discovered that a few of those researches relate to Nigeria. Many of those researches carried out relate to Pakistan, Malaysia, Poland, Unites States,

only a fraction relates to Nigeria. Also, out of the ones relating to Nigeria, no researcher has focused on the Agricultural sector (even though Nigeria is an agrarian economy) to the best of our knowledge, the emphasis has always been on banks, manufacturing, insurance firms, etc. Therefore, this study seeks to evaluate the effect of IFRS on the quality of financial statements on the Agricultural sector listed in the stock market in Nigeria.

Objectives of the Study

The main objective of this work is to study and measure the effects of the adoption of International Financial Reporting Standards (IFRS) on the quality of financial statements measured through the qualitative characteristics of the financial statements of the listed Nigeria Stock Exchange Market for Agricultural Allies. The specific goals are:

1. To determine whether any significant difference exists between the Pre-IFRS and Post-IFRS financial statements of the Nigerian exchange-listed agro-allied firms.
2. To ascertain whether any significant difference exists between the reliability of Pre-IFRS and Post-IFRS of financial statement of Agribusinesses listed on the stock exchange in Nigeria.
3. To explore the long-term connection between the reliability and significance of the Nigeria Exchange market listed Agro-allied.

Research Questions

This research answers the following questions:

1. Does any significant difference exist between the relevance of Pre-IFRS and Post-IFRS of Financial statements of Nigeria-listed agro-allied firms?
2. Does any significant difference exist between the Reliability of Pre-IFRS and Post-IFRS financial statements of Agribusinesses listed on the stock exchange in Nigeria?
3. To what extent is the long run connection between relevance and reliability of Agribusinesses listed on the stock exchange in Nigeria?

Significance of the Study

This study provides a comprehensive document that examines the impact of International Financial Reporting standards on the quality of financial statements. This study helps the Agricultural sector to appreciate the need for the adoption of IFRS in the preparation and presentation of financial statements based on the quality to achieve an optimum result and to be used by decision-makers in terms of performance and relevance. It serves as an available knowledge to researchers to aid further research and expand the knowledge of Accountants in the quality of IFRS on Financial accounts.

LITERATURE REVIEW

This section reviews the extant literature on the subject matter, we provide an overview of two theoretical frameworks that govern our study, reviewed the existing empirical literature, and identified the gaps in the literature.

Stakeholders Theory

Stakeholder theory asserted that a stakeholder is any group of individuals who may be affected or influence the achievement of the goals of the organization. [Freeman \(1984\)](#) argued that public entities have a broad emphasis on transparency, rather than following the agency's specific theory. [Jones, \(1995\)](#) and [Roberts and Mahoney \(2004\)](#) [Friedman & Miles](#) this argument by saying that stakeholder theory is a result of sociology and organizational sciences recognizing a good number of other stakeholders within an organization (see also [Friedman & Miles 2001](#); [Donaldson and Preston 1995](#); [Friedman and Miles,2006](#); [Dahunsi et al, 2019a](#); [Lawal et al, 2018a, 2018b](#); [Isola et al, 2015](#)).

The idea of shareholder theory can be traced to [Friedman \(1970\)](#) when he said the business of business is business and that there is only one responsibility of entity and it is to use its profit to increase the shareholders' value. The model of the traditional Anglo-American theory is to maximize profit and protect the interest of shareholders. Shareholder theory's main concern is the maximization of the wealth of the shareholders, which corporations are expected to achieve by generating the largest possible stream of earnings over the long-term ([Friedman and Miles, \(2001\)](#)). For the stakeholder framework, this study uses the shareholder theory because entities preparing a financial statement in Nigeria need to maximize shareholder's wealth through IFRS adoption.

Empirical Framework

Some of the relevant empirical literature are reviewed in this section.

[Pierk \(2018\)](#) examined the motivating factors to adopting IFRS among firms listed on the European Exchange-regulated markets as influenced by the impact of Initial Public Offers (IPOs). The study calibrated freedom to choose between local GAAP and IFRS into its framework; and offers a good description of the regulatory environment. The study also examines the choice to voluntarily adopt IFRS within the European exchange-regulated markets.

In a related development, [Beiruth, Favero, Murcia, Almeida and Brugni \(2017\)](#) examined the debt contracts (with a focus on debentures) of public and private firms before (2006-2008) and after (2011-2014) the adoption of IFRS in Brazil, based on 126 contracts deals comprises of 78 contracts before the IFRS adoptions and 48 after the adoption. The study observed that there is an appreciable increase in the contract's covenants after the adoption. The study further noted that the observed increase in contract covenant is only for restrictive security and non-accounting covenants, without clauses with accounting multiples. The authors noted that the adoption of IFRS in Brazil altered incentives, thus, shaped a new structure of debt contracts (see also [Lawal et al, 2019](#)).

[Mantzari and Georgiou \(2019\)](#) noted that the justification for adopting IFRS is unclear among practitioners in Greece. The study noted that practicing accountants in Greece understanding of the concepts, benefits, and superiority of the IFRS framework over existing standard is fragmented and contradictory, with the majority of practitioners viewing IFRS as a form of Europeanisation and modernization ([Lawal et al 2018c](#), [Lawal et al, 2018d](#)).

[Castro and Santana \(2018\)](#) studied the impact of IFRS adoption on the informativeness of stock market prices for the Brazilian economy. The study observed that IFRS adoption precedes a reduction in the level of the Brazilian stock prices synchronous, and that firm-level volatility relatively increased when compared with total volatility. This suggests that stock prices incorporate more firm-specific information after the adoption of the IFRS framework.

[Downes, Flagmeier, and Godsell \(2018\)](#) examined the impact of adopting IFRS on financing cost and market share and noted that IFRS impact has a positive effect on firms resulting in lower cost and increasing market shares for both the public and private firms; and that IFRS induces industry sales concentration and increases capital via both or either debt or equity windows.

For a set of Latin American economies comprises of Argentina, Brazil, Chile, Mexico, and Peru; [Moura and Gupta \(2019\)](#) examined whether mandatory adoption of IFRS impacts positively on analysts' information environment. The study noted that IFRS adoption yields a positive influence on analysts' information environment (see also [Ziji and Maroun, 2017](#)).

For the Saudi Arabi economy, [Nurunnabi \(2018\)](#) employed documentary analysis and interview techniques to examine the impact of IFRS adoption on Saudi's firms with a focus on cost and benefit analysis of the studied firms. The study noted that the benefits derived from IFRS adoption exceed the costs associated with its adoption (see also [Isola et al, 2015](#), [Nurunnabi, 2019](#); [Lawal et al, 2018b](#); [Dahunsi et al, 2019b](#)). The study also identified some key obstacles like over-reliance on Big 4 Accounting firms, inadequate coverage of the IFRS curriculum in the university among others, to IFRS adoption in the studied economy.

[Trimble \(2018\)](#) investigated the impact of mandatory IFRS adoption on accounting quality with a focus on earnings distributions, based on data sourced from 5691 firms drawn from 46 countries. The study noted that though discontinuity does not completely disappear, its impact was greatly altered. The study also examined the effect of IFRS on the magnitude of discretionary accruals and real earnings management; and observed that no systematic relationship exists for either the Pre- or Post- IFRS adoption era. These findings were also similar to the findings of [Pathirana and Jubb \(2018\)](#).

[Mongrut and Winkelried \(2019\)](#) examined the determinants of earnings opacity in the Latin American economies, to know the impact of IFRS adoptions on firms. The study noted that the effect of opacity in the region is unintendedly positive since firms substitute high-quality audit practices with the newly imposed IFRS regulatory framework, suggesting that IFRS cannot guarantee transparency in emerging markets.

For Indonesia, [Yurisandi and Puspitasari \(2015\)](#) employed paired sample tests to analyze the reporting quality of financial ratios for the Pre- and Post- IFRS adoption periods. The study noted that the adoption of IFRS enhances the quality of financial reporting and that the qualitative characteristics of relevance, understandability, and comparability level of financial data are enhanced under the IFRS regime.

[Kythreotis \(2014\)](#) employed four alternative regression models to examine the degree of relevance and reliability of firms listed in fifteen European markets that have adopted IFRS framework using ten years of data, that spanned from the year 2000 to 2009. The study first examined the level of relevance and faithful representation of financial data in a two-period model: period one is the Pre-IFRS adoption period spanning from the year 2000 to 2004; while period two is the post-IFRS adoption spanning from 2005 to 2009. The results obtained revealed that the relevancy component of IFRS is enhanced, though the reliability framework seems unchanged.

Existing studies on IFRS adoption in Nigeria majorly focus on the banking sector, with little or no existing empirical studies on IFRS adoption on other sectors, especially, agriculture even though Nigeria is an agrarian population. For instance, [Olayinka, Eriki, and Olojede \(2017\)](#) examined the impact of IFRS adoption on the key financial ratios of 11 listed banks in Nigeria. The study also investigated the financial ratios under the existing NGAAP framework and the new IFRS regime, using the Kolmogorov-Smirnov test and Mann Whitney V-test. The results obtained shows that NGAAP provides a higher mean score for the long term solvency ratios and investment ratios; and that the IFRS regime shows a higher mean score for profitability ratios and short term solvency ratios (see also [Umoren & Enag, 2015](#);

[Zayyad, Ahmad & Mubaraq, 2014](#); [Onipe, Onyabe & Usman, 2015](#); [Emeni, Uwuigbe, Uwuigbe and Erin, 2016](#); [Otegunrin et al, 2018](#); [Lawal et al, \(2017\)](#).

In a related development, [Erin et al, \(2018\)](#) re-examined the impact of IFRS regime adoption in Nigeria with a focus on the Nigerian bank's financial report using the Wilcoxon signed-rank test as well as Normality statistical model. The results obtained were not different from that of [Olayinka et al, \(2017\)](#).

[Sanyaolu, Lawal, and Job-Olatunji \(2017\)](#) examined the significance of IFRS model adoption in Nigeria from the practitioners' point of view. The authors examined the timely responsiveness of financial practitioners to IFRS adoption measured by timeliness of financial statements. The study employed inferential statistics to analyze primary data harvested through interviews and questionnaires administered to 60 respondents comprising of mainly practicing accountants and auditors. The results obtained show that a significant relationship exists between IFRS adoption and timeliness of financial statements as well as the reliability of financial statements, though no evidence of a positive relationship exists between IFRS adoption and relevance of financial statements.

Based on the above available literature following the null hypothesis has been developed.

Research Hypotheses

Ho1: There is no significant difference between the Relevance quality of Pre-IFRS and Post-IFRS of financial statements of Agribusinesses listed on the stock exchange in Nigeria.

Ho2: There is no significant difference between the Reliability quality of Pre-IFRS and Post-IFRS financial statements of Agribusinesses listed on the stock exchange in Nigeria.

Ho3: There is no long-run relationship between relevance and reliability of Agribusinesses listed on the stock exchange in Nigeria.

METHODOLOGY

Methodology, Tools, and Analysis

Data for the studies comprises secondary data sourced from the publications of the agro-allied firms listed on the floor of the Nigerian Stock Exchange. The data were analyzed using Eviews, we analyze the descriptive statistics to measure the significant pre-IFRS and post-IFRS differences with a focus on the relevance and reliability quality of financial statements for Hypothesis one and Hypothesis two. Co-integration and Unit root test we reconducted to examine the long-run relationship of relevance and reliability. We also extend the literature by employing the use of Panel Fully Modified Least Squares (FMOLS) to examine the nature of the relationship among the constructs.

Model Specification

Measuring Relevance between the Pre-IFRS and Post-IFRS.

Model 1

$$SP_{ji} = \alpha_0 + \alpha_1 BV + \alpha_2 EPS_{ji} + \alpha_1 CFO_{it} + \alpha_2 ACC_{it} + e_{ji}$$

Measuring Reliability between the Pre-IFRS and Post-IFRS

(1)

Model 2

$$CFO_{IT+1} = \alpha_0 + \alpha_1 BV + \alpha_2 EPS_{it} + \alpha_1 CFO_{it} + \alpha_2 ACC_{it} + e_{it} (2)$$

Where SP_{it} = Share price of firm i in Year t

BV_{it} = Book value of equity of firm i in Year t

EPS_{it} = Income (before extraordinary items) per share of firm i in Year t

CFO_{it+1} = Cash flows from operating activities in t + 1

CFO_{it} = Cash flows from operating activities in firm i for year t

ACC_{it} = Accruals ($\Delta WC - DEP$) for firm i from year period t-1 to t.

α_1, α_2 = Parameters estimates (coefficient).

e_{ji} = Error term

α_0 = Constant or intercept.

Hence the proxy for financial quality to be used in this study includes share price and Cash-flow in period T. These models were adopted in line with previous studies ([Kythreotis, 2014](#)) and are modified.

Variable Definition/Operationalization

Variable Definition

This section deals with the variables used in carrying out this research. As mentioned before it is based on the Pre and Post IFRS period, but the same sets of values are used in both periods respectively. These variables are Share price, Book- value, cash flow, earnings per share, and Accruals from 2008-2017.

Measurement of variables

Dependent Variables

1. Share Price (SP): This is the value of the publicly traded share price of a company.
2. Cash-flow (CFOT): it is the cash produced by the firm in a period.

Independent Variables

1. The Book value of Equity (BV): This is otherwise known as a company's net assets; it is used to assess a company's total equity.
2. Cash flow (CF): This is the sum of cash available for the company's operation either generated or lost.
3. Earnings per share (EPS): That is the Share attributable at the end of the financial year to the ordinary shareholder.
4. Accruals (ACCR): This is the difference between Depreciation and the changes in working capital in a particular period.

Operationalization

For this research, the following variables were adopted to measure the difference between Relevance and Reliability quality in Pre-IFRS and Post-IFRS of financial statements.

Share price = Earnings/share + Book value

$$\text{Book value} = \frac{\text{NET ASSET}}{\text{NUMBER OF ORDINARY SHARES}}$$

$$\text{Earnings Per share} = \frac{\text{PROFIT AFTER TAX}}{\text{NUMBER OF ORDINARY SHARES}}$$

Cash-flow in Period T = CASH-FLOW + ACCRUALS

Accruals = Change in Working Capital- Depreciation

APRIORI EXPECTATION

- $A_1 > 0$: There is a positive relationship between EPS and SP
 $A_2 > 0$: There is a direct relationship between BV and SP
 $A_3 > 0$: There is a positive correlation relationship between cash-flow and CFOT
 $A_4 > 0$: There is a positive relationship between Accruals and CFOT

RESULTS AND DISCUSSION

Data Analysis

Variables of descriptive statistics prepared for PRE-IFRS and POST-IFRS.

The table below summarizes the ten-year descriptive statistics of the share price, Book value, Earnings Per share, cash-flow, and Accruals. The descriptive statistics explain the mean, maximum, minimum and standard deviation for the variables under the Pre-IFRS and the Post-IFRS.

Tables 1 and 2 show the summary of descriptive statistics of the variables included in the model during the study period. As observed from the table, SP is Share Price which is the proxy for measuring Relevance. The mean of the SP in Pre-IFRS is 9.03 shown in the table and mean the for Post-IFRS is 13.89 which shows that there is an increase in relevance in the Post-IFRS and this may be as a result of an increase in EPS and BV of the firm in the post-IFRS.

Also, from the table below, CFOT is Cash-flow in period T which is the proxy for measuring Reliability. The analysis of the descriptive statistics for Reliability quality for Post-IFRS shows a significant increase in their mean from 9394 to 12745 in Post-IFRS and Pre-IFRS respectively. It also shows that the standard deviation in the Post-IFRS has been usually high which may depict unpredictable results, and which might not be stable over time.

The analysis was also fortified by the value of the skewness and kurtosis of all the variables involved in the study. All the distributions are positively skewed in the Pre-IFRS except for ACCR which notes that Accruals has an indirect relationship between Cash-flow in period T. And in the Post-IFRS they are also positively skewed except EPS and ACCR which notes that Accruals has an indirect relationship between Cash-flow in period T and EPS has an indirect relationship with Share Price.

Table 1: Descriptive statistics for Pre-IFRS (2008-2011)

PRE-IFRS						
Obs	RELEVANCE			RELIABILITY		
	SP	EPS	BV	CFOT	CFO	ACCR
Mean	9.03	4.07	4.96	9394	7749	-15996
Skewness	1.28	0.85	1.92	1.62	1.23	-3.15
Std Dev.	9.95	5.44	7.07	12904	10108	4139

Source: Author's computation (2019)

Table 2: Descriptive statistics for the year 2013-2017

POST-IFRS						
Obs	RELEVANCE			RELIABILITY		
	SP	EPS	BV	CFOT	CFO	ACCR
Mean	13.89	2.49	11.39	18770	12745	-6024
Skewness	0.067	-0.37	2.07	2.10	2.04	-2.47
Std Dev.	20.22	13.11	14.76	30962	19281	14116

Source: Author's computation (2019)

Unit root test

The test for stationarity is done using the method of Augmented Dickey-Fuller Test (ADF) and Philips Perron unit root test to estimate whether the variables are stationary at the difference or first level as this is a preliminary test for the Panel Fully Modified Least Squares (FMOLS). We conducted a review using the variables (SP, EPS, BV, CFOT, CFO, ACCR). A variable is said to be stationary when it has no unit root. But when it is non-stationary, then the unit root test will be applied either at first or second difference depending on when the test is stationary. The results of unit root tests are presented in Table 3.

Table 3: Unit root tests

VARIABLES	ADF		PP	
	LEVEL	1 ST DIFFERENCE	LEVEL	1 ST DIFFERENCE
SP	0.6630	0.4703	0.9748	0.0001*
EPS	0.0865	0.3905	0.5122	0.0000*
BV	0.6542	0.1698	0.9990	0.0051
CFOT	0.9344	0.0024**	0.0003	0.0000*
CFO	0.9540	0.1976	0.0777	0.0000*
ACCR	0.5866	0.0014**	0.0164	0.0000*

Source: Author's computation (2019)

Note: * and ** indicate rejection of the null hypothesis at 1% and 5% level of significance respectively.

Table 3 shows that SP is significant at 1% level at the first level, EPS is also significant at 1% level at the first level and BV is not significant at any level. CFOT is significant at 5% level at the first difference in ADF while at 1% in PP. CFO is significant at 1% under PP and ACCR is significant at both ADF and PP At 5% and 1% respectively.

Co-integration Test

Table 4 shows the panel test for co-integration. It was used to determine the long-term variable relationship. Stationary panel tests show that both variables are non-stationary in levels and become stationary in first differences.

Table 5 summarizes the results of panel co-integration analysis among the variables using the Group rho, PP and ADF statistics. This shows that there is a long-run relationship between Reliability and Relevance quality. Thus, panel co-integration test results suggest that there is a co-integration relationship among the variables in the sample of the Agribusinesses listed on the inventory market in Nigeria.

Table 4: Test of Co-integration

Variables	Statistic	Probability
Panel v- statistic	-4.512610	0.0302
Panel rho-statistic	1.500073	0.9332
Panel pp-statistic	-4.610872	0.0000
Panel ADF-statistic	2.802614	0.9975
Panel v-Weighted statistic	-4.527283	0.0251
Panel rho-Weighted statistic	1.700367	0.9555
Panel pp-Weighted statistic	-3.871020	0.0001
Panel ADF-Weighted statistic	2.813907	0.9976
Group rho-statistic	4.260574	0.6403
Group PP-statistic	-1.612765	0.0534
Group ADF statistic	4.066247	0.0468

Source: Author's computation (2019)

Fully Modified OLS (FMOLS)

Given that the variables are co-integrated, this means there is a long-run relationship between relevance and reliability. Therefore, we estimate the long-run relationship using the Fully Modified OLS (FMOLS) approach suggested by [Pedroni \(2000, 2001\)](#) because six of the eleven variables are co-integrated.

Table 5: Fully Modified OLS (FMOLS)

Dependent Variable: SP and CFOT				
Variables	Coefficient	Standard Error	t-statistic	Probability
EPS	0.025753	0.007350	3.503802	0.0013
BV	-0.168895	0.102601	-1.646144	0.1087
CFO	0.060616	0.024622	2.461902	0.0189
ACCR	0.063864	0.019985	3.195658	0.0029
R-square: 0.920417			Adjusted R-square: 0.818021	

Source: Author's computation (2019)

Hypotheses Testing

The testing of hypotheses is used to examine the relationship between relevance quality of Pre-IFRS and Post-IFRS of financial statements and the long-run relationship between reliability and relevance. Chapter one of this study formulated the hypotheses.

Hypothesis one

Using the descriptive statistics to test for Hypothesis one states that “There is no significant difference between Relevance quality of Pre-IFRS and Post-IFRS of financial statement of Agro business listed on the stock exchange in Nigeria”.

Since the mean of the CFOT in Post-IFRS is 13.89 which is higher than the mean of CFOT in Pre-IFRS of 9.03 with a t-value 3.195658. This shows that the mean in Post-IFRS is significant so we will reject the null hypothesis of no high relationship between the relevance quality in Pre-IFRS and Post-IFRS. This further explains the appropriateness of our model specification and this has a significant relationship between IFRS and Relevance of financial statement in line with [Olayinka, Olojede & Ogundele \(2017\)](#) examines Value Relevance of pre- and post-IFRS accounting data Era: Nigerian evidence of 52 firms) for the period 2008-2015 listed on Nigerian Stock Exchange. They both have a significant increase.

Hypothesis two

There is no substantial distinction between the Reliability quality of Pre-IFRS and Post-IFRS of financial statements of Agribusinesses listed on the stock exchange in Nigeria. Since the mean of the CFOT in Post-IFRS is 12904 which is higher than the mean of CFOT in Pre-IFRS of 9394 with a t-value of 1.039773. This shows that the mean in Post-IFRS is significant so we will reject the null hypothesis of no significant relationship between the reliability quality in Pre-IFRS and Post-IFRS.

This further explains the appropriateness of our model specification and this has the substantial distinction between IFRS and financial statement reliability in line with the study findings and empirical support by [Sanyaolu, Lawal, and Job-Olatunji \(2017\)](#), which examined IFRS Financial Statement Adoption and Quality: Auditors' Perspective, Chartered

Accountants and Accounting Graduates. We, therefore, dismiss the null hypothesis and conclude that the connection between them is substantial. IFRS and Nigeria's financial statements.

Hypothesis three

There is no long-term relationship between Financial Statement Reliability and Relevance Quality.

Model one: Regression Result of the long-run relationship of relevance and other Variables of Agro-allied firms in Nigeria.

Table 6: Test of Hypothesis three- Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.460232	1.082792	3.195658	0.0029
EPS	0.025753	0.007350	3.503802	0.0013
BV	-0.168895	0.102601	-1.646144	0.1087
R-squared	0.920417			
Adjusted R-squared	0.818021			
F-statistic	9.08E+31	Durbin-Watson stat		2.225956
Prob(F-statistic)	0.000000			

Source: Author's computation using E-Views 9.0

Table 6 above shows that the Durbin-Watson statistics which is 2.225956 shows that the probability is less than 5%, the F-statistic value of 9.08 is substantial at a 10% level. The coefficient of multiple determination of share price has a statistical value of 0.920417 implying that about 92% of the total variation observed in the dependent variable is determined by the predicting variable in this study. This means that around 8% of the total variations are caused by other factors than the factors in this study.

Furthermore, the Adjusted R-squared is 0.818021 which further explains the appropriateness of our model specification and this has an important relationship between IFRS and Financial Statements Relevance.

Model two: Regression of the outcome of the relationship between Pre-IFRS and Post-IFRS and Reliability of Financial statements of the Nigerian agro-allied.

Table 7: Test of Hypothesis three- Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.323817	0.311430	1.039773	0.3054
CFO	0.060616	0.024622	2.461902	0.0189
ACCR	0.063864	0.019985	3.195658	0.0029
R-squared	0.907206			
Adjusted R-squared	0.820701			
F-statistic	4.98E+30	Durbin-Watson stat		1.955549
Prob(F-statistic)	0.000000			

Table 7 above shows that the Durbin-watson statistics which is 1.955549 shows that the probability is less than 5%, the F-statistic value of 4.98 is significant at 5% level. The co-efficient of multiple determination of share price have a statistical value of 0.907206 implying that about 90.7% of the total variation observed in the dependent variable is determined by the predicting variable in this study. This means that approximately 9.3% of the total variations are caused by other factors than the factors in this study.

The findings from hypothesis testing above revealed that International Financial Reporting Standard (IFRS) has a substantial effect on Reliability and Relevance quality after the adoption of IFRS from 2012- 2017 and this is in line with [Olayinka, Eriki, and Olojede \(2017\)](#) examines Value Relevance of pre- and post-IFRS accounting data: Nigerian evidence of 52 firms) for the period 2008-2015 listed on Nigerian Stock Exchange. Using the price regression model, they measured value relevance and returns the accounting data regression model. The findings showed that the value of accounting information is higher for the sampled firms (especially the post-IFRS adoption period). The result is also aligned with [Yurisandi and Puspitasari \(2015\)](#) analyze financial reporting quality –Before and after IFRS adoption using the NICE qualitative characteristics. They considered the relevance, reliability, and timeliness characteristics and there was a significant relationship between the relevance of the Post-IFRS financial statement.

Furthermore, the work of [Kythreotis \(2014\)](#), shows that there is an increase in the quality of the financial statements of firms adopting IAS in the degree of relevance in the financial records shall be identified for the period following adoption.

The objective of this study was to assess the impact of IFRS on the quality of the Listed Agro-allied companies' financial statements. To examine whether there is any significant difference in IFRS and the financial statement's relevance quality; to determine whether there is any significant difference between IFRS and the financial statements' reliability quality. The results summary is divided into two sections. They include Theoretical and empirical findings.

THEORETICAL FINDINGS

This study reveals that both the reliability and relevance quality of the financial statement of Agribusinesses listed on the stock exchange in Nigeria has a significant difference. However, there is no doubt that several studies have been conducted on this topic and are still conducted.

Our findings are therefore in line with [Olayinka, Olojede, and Ogundele \(2017\)](#) who examined the Value Relevance of pre- and post-IFRS accounting data listed on the Nigerian Stock Exchange for the period 2008-2015. Using the price regression model, they measured value relevance and returns the accounting data regression model. Whose finding of the study revealed that the value of the accounting data for the sampled period after IFRS is more pronounced?

The result is also aligned with [Yurisandi and Puspitasari \(2015\)](#) who analyze financial reporting quality before and after IFRS adoption using the NICE qualitative characteristics. They considered the relevance, reliability, and timeliness characteristics and observed that there was a substantial relationship between the relevance of financial statements in Post-IFRS. Furthermore, the work of [Kythreotis \(2014\)](#), shows that there is an increase in the quality of the financial records of firms adopting IAS in the degree of relevance regarding the financial statements for the period following the adoption is identified.

CONCLUSION

The main objective of this study is to assess the impact of IFRS on the relevance quality of the financial statement of Agro-allied firms listed on the Nigeria stock exchange market. To deal with this, relevant information was collected and analyzed using E-views 9 in analyzing specific variables.

This study contributes to the accounting literature by focusing on Nigeria, a developing country, and the economy's Agricultural Alliance sector. Most of the previous studies focused on other sectors of developed countries and emerging economies. It is common knowledge that the relatively higher frictions in developing markets make it difficult to achieve generalized research results on developed markets. This study fills the gap. Also, since the impact of IFRS adoption on Nigerian agro-allied firms has not been accessed, this paper could form the basis for assessing the company's performance. This study fills the gap.

It should be viewed as a study of facts; opportunities are available for future research. Finally, there is no doubt that for adopting countries, IFRS has increased the comparability quality of the financial statements worldwide.

RECOMMENDATION

The recommendations derived, which may be useful and relevant for further study by accounting researchers, agencies, regulators, government, research students, etc.

1. More Agricultural firms should be programmed on the Nigeria market so that it can be recognized and also used for analysing data.
2. More research work should be carried on relating to IFRS and Agro-allied firms.
3. Enlightened campaigns for Agro-allied firms' managers and owners to embrace IFRS adoption because it increases their financial statements' relevance and reliability quality.
4. Training on IFRS would be needed by managers of Agro-allied firms to acquire the necessary skills and competence.

CONTRIBUTION TO KNOWLEDGE

It will enhance the quality of literature on the quality of finances after the adoption of IFRS. This study throws more light on the understandability of other researchers on the difference between IFRS and NGAAP of listed Agricultural related companies in Nigeria and it also serves as a benchmark for future research on this topic.

FURTHER STUDIES

Given the limitations encountered in the study, further studies should be considered focusing on the following areas:

1. This research has done the long run comparison between the reliability and relevance of financial statements. Further studies should also be done in this area because to the best of my knowledge little literature was done in line with the long-run relationship, so I had difficulty in proving my result of long-run relationships.
2. Further studies can also look at the comparison of other qualitative characteristics such as Understandability, timeliness other sectors in Nigeria.

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AUTHORS CONTRIBUTION

Author One did the conceptualization and the first and final drafts, Authors Two and Three did the Methodology and Results while Authors Four and Five did the literature review.

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