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The Effects of International Financial Reporting Standards on the Quality of Financial Statements in Nigeria Listed Companies

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ABSTRACT: The study of the effects of international financial reporting standards on the quality of financial statements in Nigeria listed companies seeks to understand how the implementation and adherence to the accounting standards influence the overall quality of financial reporting by entities. Additionally, it explored the implications of non-compliance or selective application of such standards on the accuracy and transparency of financial statements. The study adopted cross-sectional design which comprise of the 151 companies that were listed in the 11 sectors on the Nigerian Stock Exchange. Purposive random sampling technique was used to select 400 respondents from five selected companies. The statistical instrument employed to examine the different hypotheses presented in the study is the analysis of variance (ANOVA). The Statistical Package for Social Sciences (SPSS) tool, version 20, was used to examine the data. The result shows that faithful presentation of financial statements, and comparability of financial statements have significant effect on the relevance, verifiability, timeliness, understandability and hence quality of the financial statements in selected companies in Nigeria. The study recommends that companies should endeavour to adhere to international financial reporting standards in the preparation and presentation of their financial statements in order to remain competitive globally and for effective and aggregate control of cash and budget management and for accurate financial statements.

KEYWORDS: Accounting standards, financial statements, IAS, GAAP, Accounting policies

INTRODUCTION

Tandiayu & Triani (2023) affirm that reliability, relevance, understandability, completeness, objectivity, timeliness and equity are metrics used to evaluate the quality of financial statements. Generally, standards for preparing financial statements are dictated within national boundaries and this is known as Generally Accepted Accounting Principles (GAAP). GAAP are alternative postulates, principles, assumptions and methods adopted by a reporting entity in the preparation of financial statements. They are a set of rules and guidelines that govern the preparation of financial statements. However, international financial reporting standards consist of accounting standards globally employed to foster international accounting congruence and symmetry, comparability and consistency in the way financial transactions are treated and reported. Onaolapo and Adebayo (2023).

The effect of the international financial reporting standards on the quality of financial statements is a critical area of study within the field of accounting. The standards are designed to ensure consistency, transparency, and comparability in financial reporting, thereby enhancing the quality and reliability of financial information for decision-making purposes. It seeks to understand how the implementation and adherence to accounting standards influence the overall quality of financial reporting by entities. Additionally, it explores the implications of non-compliance or selective application of accounting standards on the accuracy and transparency of financial statements.

The financial statements prepared by the accountants is based on conventions, concepts and principles such as: entity, going concern, periodicity, realization consistency, matching concept, historical cost. These concepts are fundamental to financial reporting standards and presentation of financial statements, disclosure of fundamental financial concept.This is due to the fact that financial statements are intended for a wide range of users, particularly shareholders. They are an essential instrument for evaluating reporting enterprises, but only if they clearly reveal the significant financial accounting standard that were used in their preparation.

The Effects of International Financial Reporting Standards on the Quality of Financial Statements in Nigeria Listed Companies

Standard accounting practices require publicly traded companies to follow certain accounting rules when presenting financial statements so that the users of the statements can easily compare different companies. Private companies are also often required by banks and shareholders, for example, to present information according to their specified rules.

Overall, the study of the effect of International financial reporting standards on the quality of financial statements is essential for advancing our understanding of how regulatory frameworks shape the integrity and trustworthiness of corporate financial reporting. The accounting standards are developed to ensure a high degree of standardization in the published financial statement. They provide the necessary information about how financial reporting information should be gathered, prepared and presented in order to improve the value of its contents and facilitate thorough understanding.

Statement of the Problem

Globalization has made preparation and presentation of uniform and consistently predictable published financial statements of companies a necessity. Comparison of performance of entities across national boundaries is also a strong point for establishment of financial standards.

This study on the effects of international financial reporting standards on the quality of the financial statement would address the challenge of having different accounting standards and presentation especially for publicly traded entities.

Objectives of the Study

The objectives of this study is to examine the effects of international financial reporting standards on the quality of financial statements of companies. The specific objectives of the study are to:

1. Ascertain the influence of presentation of financial statements based on international financial reporting standards on the relevance, verifiability, timeliness and understandability of the financial statements in selected companies.
2. Determine the effect of accounting event on the comparability of the financial statements prepared in accordance with the international financial repowering standards in selected companies

Research Questions

In order to determine the effect of the international financial reporting standards on the quality of the financial statements, it is appropriate to test the following questions;

1. How does presentation of financial statement using the international financial reporting standards affect the relevance, verifiability, timeliness and understandability of the financial statements in the selected companies?
2. What are the effects of accounting event on the comparability of financial statements in accordance with the international financial reporting standards in selected companies?

Research Hypotheses

The following null hypothesis were tested in this research work:

1. H_0: Presentation of financial statements based on international financial reporting standards have no significant effect on the relevance, verifiability, timeliness and understandability of the financial statements in the selected companies?

2 H_0: There is no significant effect of accounting event on the comparability of financial statements prepared in accordance with the international financial reporting standards in selected companies.

Significance of the Study

This study is a very important and the significance lies in its contribution to fostering a financial reporting environment characterized by accuracy, transparency, reliability, comparability, and decision usefulness. This is essential for regulatory compliance, building stakeholder trust, enabling informed decision-making, and reinforcing the fundamental role of financial reporting in the functioning of businesses and financial markets.

Scope of the Study

This study will cover the effects of international financial reporting standards on the quality of financial statements of companies listed on the Nigeria stock exchange.

LITERATURE REVIEW

The Concept of Financial Accounting Standards

Financial Accounting Standards serve as a foundation for the process of creating financial statement, ensuring consistency in their presentation. In addition, accounting standards facilitate the understanding and comparison of the financial statements of different companies by users, which benefits auditors (Dumisani, 2019). Comparability characteristics will be provided by the adherence of accounting standards in the financial statement presentation. According to Huang and Yan (2020), the application of accounting standards in the financial statement presentation process will enhance the financial statements' quality and dependability, resulting in a lower cost of capital. It will also provide a high degree of comparability.

Accounting standards are described by Izedonmi (2001) as an information system that generates financial and monetized data for use in making decisions related to the economy, society, and politics. He claims that the purpose of developing statements of accounting standards is to guarantee a high level of uniformity when releasing financial statements. The technique offers the essential guidelines for preparing and presenting accounting information in a way that maximizes its value and promotes comprehensive interpretation. Accounting standards are helpful to all users of accounting information in addition to ensuring a high level of uniformity and standardization in the reporting of organizations' financial statements. Financial accounting standards, which comprise rules, principles, and regulations that must be followed when recording, evaluating, and disclosing financial transactions, are used by businesses when preparing and presenting financial statements. Financial accounting standards is designed to guarantee the relevancy, comparability, and reliability of the financial statements of a business.

Presentation of Financial Statements

The overall requirements for financial statements are outlined in IAS 1 Presentation of Financial Statements, along with the minimum requirements for their content and structure. Key concepts such as accrual basis of accounting, going concern, and the distinction between current and non-current assets are also covered. A complete set of financial statements must include a statement of cash flows, a statement of changes in equity, a statement of profit or loss and other comprehensive income, and a statement of financial condition, according to the standard.

The objective of IAS 1 (2007) is to specify how general purpose financial statements should be presented in order to guarantee comparability with prior period financial statements from the entity as well as with financial statements from other entities. IAS 1 lays forth the general criteria for financial statement presentation, together with guidelines for their format and minimal standards for their content. Other Standards and Interpretations establish standards for identifying, quantifying, and disclosing particular transactions.

All general purpose financial statements that are prepared and presented in compliance with International Accounting Standards must apply IAS1 as their presentation standard. Financial statements with a general purpose are meant to serve users who are unable to request reports that are tailored to their own information needs. These consist of those that are presented separately or in conjunction with another public document, like a prospectus or annual report. The preparation and presentation of financial statements is the responsibility of the board of directors or another governing body of the company.

Financial statement components

- Statement of financial position (balance sheet) at the end of the period,
- Statement of profit and loss and other comprehensive income for the period (presented as a single statement, or by presenting the profit and loss section in a separate statement of profit and loss, immediately followed by a statement presenting comprehensive income beginning with profit and loss) and
- Statement of changes in equity for the period are all included in a complete set of financial statements.
- A cash flow statement for the period
- Notes that includes an overview of key accounting policies and further explanatory notes
- Comparable information that the standard requires.

IAS 1 requires that an entity use the accrual basis of accounting for preparing its financial statements, with the exception of cash flow information. The accrual basis of accounting recognizes events and transactions as they happen, records them in the accounting records, and reports them in the financial statements of the relevant period.

Accounting Event

An accounting event is referred to as a change in an item that needs to be recognized in the financial statements of the organization. An accounting event occurs each time the business gets or uses cash, or changes an entry in its accounting records. A change in assets, liabilities, revenues, expenses, or owner's equity is typically involved in accounting events, which might be internal or external. A change in the business's external environment is referred to as an external event. Examples include increases in prices for goods or services rendered to the company, as well as calamities like floods that have an impact on suppliers. Internal events are shifts that take place within the company, like depreciation and amortization, or the use of raw materials in the production of a product. An accounting event is referred to as any financial event that could affect the account balances in a company's financial statements is often referred to as an accounting event. Usually, it involves a dependable, meaningful, and quantifiable transaction. The company's financial statements, which comprise the income statement (revenues, expenses) and balance sheet (assets, liabilities), are then updated with events that satisfy these requirements.

According to IAS 8, the standard offers assistance in developing accounting policies for other items that produce relevant and reliable information, and it mandates adherence to any specific IFRS that applies to a transaction, event, or circumstance. While changes to accounting estimates are often accounted for prospectively, changes to accounting policies and error corrections are typically accounted for retrospectively.

Changes in Accounting Policies

According IAS 8, an entity may only make changes to an accounting policy if the changes:

- is necessary to comply with a standard or interpretation,
- Or it makes the financial statements more reliable and relevant in terms of describing how transactions, other events, or circumstances affect the entity's cash flows, financial performance, or financial situation.

Keep in mind that applying an accounting policy to a type of transaction or event that did not previously occur or that was insignificant does not constitute a change in accounting policies. A change in accounting policy is applied retrospectively if it is mandated by a new IASB standard or interpretation. If the new pronouncement does not contain particular transition provisions, the change in accounting policy is accounted for as required by that new pronouncement.

Accounting for a Change in an Estimate

An adjustment to the carrying value of an asset or liability, or related expense, as a result of revaluating the expected future benefits and responsibilities related to that asset or liability, is known as a change in accounting estimate.

When uncertainties are eliminated as more information becomes available, as additional experience is gained, or as new events occur, a change in the accounting estimate is typically the outcome. Proposed accounting treatment is applied to changes in estimates; that is, the company modifies the current and subsequent financial statements to reflect the revised estimate. Changes in accounting estimates are not factored into the financial statements of previous years.

Accounting for a Correction of an Error

Mathematical errors, misapplied accounting concepts, oversights, and deliberate misrepresentations of accounting records are examples of errors. A business must record the correction of a major error made in a prior period as a prior period restatement (adjustment) in accordance with FASB Statement No. 154.

According to IAS 8, an entity's first set of financial statements authorized for release must retroactively fix any major prior period errors found by: [IAS 8.42].

- Restating the opening balances of assets, liabilities, and equity for the earliest prior period presented,
- Or restating the comparative amounts for the prior period(s) presented in which the error occurred, if the error happened before the earliest prior period presented.

However, the entity must restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable, which may be the current period, if it is impracticable to ascertain the period-specific effects of an error on comparative information for one or more prior periods presented. [IAS 8.44]

Furthermore, the organization shall restate the comparative information to correct the error prospectively from the earliest date practical if it is impracticable to ascertain the cumulative effect of an inaccuracy on all past periods at the beginning of the current period. [IAS 8.45]

The Quality of the Financial Statement

The basic concept behind financial statement quality is that certain accounting information is more reliable and accurate than others in terms of communicating what it purports to express. Due to this, various kinds of users involved in the financial reporting chain are very interested in accounting quality. The quality of financial statements is not an indicator that can be easily quantified, as it cannot be observed directly, being based on the perception of the users of financial information. Each category of users has its own expectations and perceptions regarding what information is useful and of good quality.

According to Biddle et al. (2009), Financial accounting quality can be defined as the precision with which financial statement communicate equity investors about the expected cash flows of the company. Conversely, reporting quality describes the extent to which the financial statements of a company reflect its underlying economic condition and performance across the evaluation period (Elbannan, 2010).

The degree to which the financial statements give true and fair information about the underlying performance and financial condition is the definition of financial statement quality, according to Q. (Tang et al., 2008).

Relevance

In terms of relevance, financial information is regarded to be significant if it has the potential to influence how decisions are made. Financial information should have either confirmatory value, predictive value, or both in order to make this kind of difference in judgments.

When users can use financial information to forecast future events, it has predictive value and can be used to make their own predictions. If it offers input on earlier assessments, it has confirmatory value.

Furthermore, there is a relationship between the confirmatory and predictive values of financial information. Accounting information is useful when it can be utilized to forecast future outcomes of past or current events, as many decisions made by creditors and investors are based on these forecasts of the amount and timing of the return on an equity investment or debt instrument. Accounting information has confirmatory value when these predictions are supported by reality.

One concept that is closely related to relevance is materiality. The FASB's Conceptual Framework for Financial Reporting states that information is material if it omission or misstating it could have a significant effect on users' decisions based on the financial information of a particular reporting entity. Materiality is hence an aspect that is particular to an entity.

Faithful Representation vs Reliability

Another phrase that is used to try and define reliability is "faithful representation." It is significant that the IASB once referred to what is now known as faithful representation as reliability. According to the Conceptual Framework (1989), information possesses the quality of reliability when it is free of significant bias and errors and users may rely on it to accurately represent what it either claims to represent or what is fairly expected of it. Additionally, it covered the importance of content over form, neutrality, prudence, and completeness as elements of faithful representation. In any case, the inability of the IASB to define reliability precisely made it a complicated concept that financial information users could not completely understand.

COMPARABILITY

When making decisions, users must select amongst several options. Because of this, information is valuable if it can be compared to similar data from previous periods concerning the same or related organizations.

Comparability aids users in identifying and comprehending commonalities and differences as well as in understanding the basis of their judgments. The term also describes the ease with which different businesses can be contrasted with one another. Braam & Beest (2013) state that items pertaining to intercompany comparability and the consistent implementation of accounting principles and processes are used for assessing the degree of comparability.

While consistency and comparability are linked, they are not the same. Using the same techniques for the same items is referred to as consistency. There are two methods for doing this: for multiple companies in the same time, or for different periods within a single reporting company. Furthermore, consistency aids in achieving the goal of comparability. Comparability enables stakeholders to appropriately evaluate changes in a company's financial status (Horngren et al., 2016).

Verifiability

Verifiability is defined by the Statement of Financial Accounting Concepts as the capacity to ascertain, by means of a consensus among measures, that data accurately represents what it is intended to represent or that the selected measuring method has been applied with fairness and without bias. `Verifiability serves as a means of guaranteeing users that the information reflects the reality.

Timeliness

According to Achim & Chiş (2014),Being timely entails having access knowledge before it becomes ineffective in making decisions. In general, information loses usefulness as it becomes older. In any event, there are instances where timely information exists even after a reporting period has ended. This occurs when users are required to recognize and evaluate trends in order to forecast future events based on historical data. There have been disputes on whether timeliness is a relevant factor. Many responders emphasized that timeliness is not the same as confirmatory and predictive value when it comes to relevance. Though not as important as faithful representation and relevance, it is nevertheless desirable.

Understandability

Information can be made more intelligible by categorizing, describing, and presenting it in a clear and concise manner, according to the Conceptual Framework for Financial Reporting. Certain transactions are difficult to understand immediately because they are complex and contain a lot of details.

Any information that is accessible in these situations might aid the user in comprehending the transaction. To avoid confusing the user, the approach is to show all the information that is accessible rather than removing any information from the financial statements. The user of the financial statement is believed to have a basic understanding of business and economics as well as a willingness to carefully review the information presented. Understandability, as emphasized by Spiceland et al. (2019), guarantees that stakeholders can comprehend the information without requiring excessive effort.

Theoretical Review

These theoretical frameworks provide a basis for understanding the relationship between financial statement quality and financial accounting standards. In order to draw conclusions on how accounting standards affect the quality of financial statements, this study will make use of two theories. Agency theory and Signaling theory.

Agency Theory

One of the main theoretical frameworks for examining how financial accounting standards affect the quality of financial statements is agency theory. Jensen & Meckling (2010) state that the relationships between principals (such as shareholders) and agents (such as managers) in a company is the main emphasis of agency theory. Financial accounting standards offer a standardized set of principles for reporting financial performance, which serves as a mechanism to align the interests of principals and agents. According to Scott (2012), describes the theory as the functional relationship between the manager and shareholders as a source of capital for the business.

A contractual connection between an agent and a principal was earlier described by Jensen & Meckling. In order to provide management more authority over information and data than the owner, the owner designates management as the agent to administer the company. Information asymmetry, a term commonly used to describe the difference in data and information ownership, is closely linked to disclosure theory. Due to their investment in the company, principals who are also owners must ensure that company actions are disclosed accurately (Santoso et al., 2022).

Empirical Review

Empirical studies have examined the impact of financial accounting standards on various aspects of financial statement quality. For example, a study, conducted for three-year periods, investigates the effects of IFRS first time adoption of financial reporting quality of fifty listed companies on the Bucharest Stock Exchange and their financial statements. The main finding of this study illustrates that accrual quality—which is associated positively with financial reporting quality—has increased after the adoption of IFRS (Gajevszky, 2015).

Fasina & Adegbite (2014) used both qualitative and quantitative methods to collect primary data on the impact of international financial reporting standards (IFRS) adoption on accounting procedures in Nigeria. Applying descriptive statistics, chi-square, and analysis of variance. According to the study, there is a substantial positive relationship between the adoption of the international financial reporting standards and financial performance as a result of an organization’s cost reduction.

Also, a research by DeFond et al. (2010) analyzed how changes in accounting standards affect earnings quality in U.S. firms. The study found that stricter accounting standards led to higher earnings quality due to reduced earnings management practices.

Similarly, (Stirilita, 2021), who conducted research in Surabaya, Indonesia, with the research title The Effect of Application of Government Accounting Standards and Good Governance on the Quality of Financial Reports. The research results prove that application of Government Accounting Standards positively and significantly affect the Quality of Financial Statements.

Nwogugu (2021) conducted a study that examined investor perceptions of the quality of financial statements in Nigeria's capital market following the introduction of IFRS. Because of their improved comparability with foreign rivals, investors viewed companies that adhered to IFRS as more reputable, according to the findings. Investors were given surveys in order to collect qualitative information that supported these conclusions.

Additionally, HisarPanagaribuan & colleagues did a study on the quality of financial statements and the factors that influence them (2023). According to the researcher, using financial accounting standards in the presentation of financial statements will increase the quality and reliability of financial statements by demonstrating the value of disclosing accounting information, improving comparability, and making information more symmetrical. According to the study's findings, the Planning and Environmental Finance Bureau of the National Research and Innovation Agency Thamrin-Jakarta produces financial reports that are of high quality thanks to the use of financial accounting standards.

In a 2018 study, Okafor et al. investigated how Nigerian banks' use of IFRS affected the quality of their financial statements. Over a five-year period (2012-2016), the researchers used a sample size of 15 banks listed on the Nigerian Stock Exchange. Regression analysis was used to evaluate the association between the adoption of IFRS and other financial statement quality measures, including understandability, dependability, relevance, and comparability.

The results showed a strong positive link between the general quality of financial statements and the implementation of IFRS. In particular, banks that implemented IFRS showed increased reporting and transparency, which boosted investor confidence. This study demonstrates how upholding international standards might reduce concerns about earnings manipulation and increase stakeholder confidence (Okaforet al.,2018).

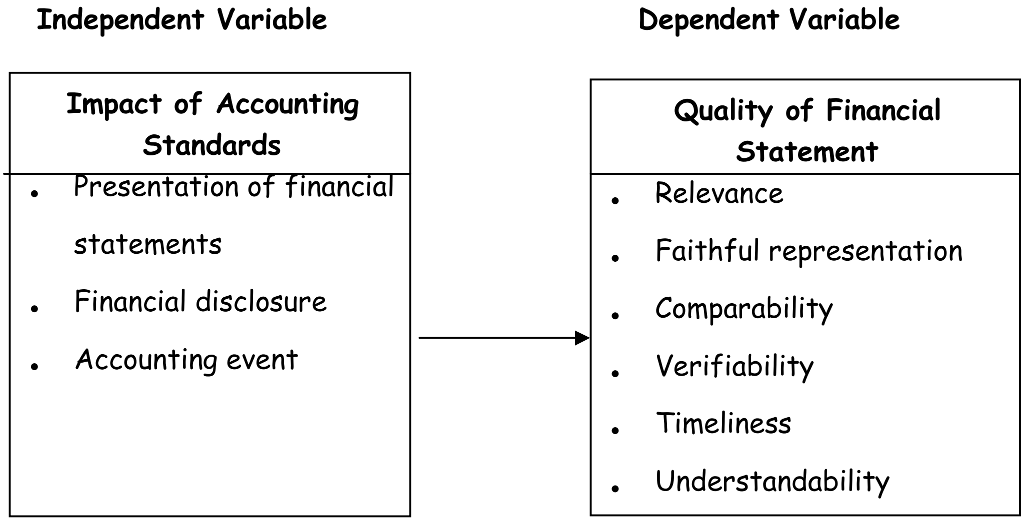
Gap in Literature

Despite extensive research on the impact of financial accounting standards on financial statement quality, there remains a gap in understanding how these standards affect specific industries or regions differently. Future studies could explore industry-specific implications or compare the effects of different regulatory regimes on financial statement quality.

Conceptual Framework

Figure 1.1: Conceptual Framework

The impact of financial accounting standards on the quality of the financial statement



Sources: Developed by the Walimbwa, E. J. (2016).

The conceptual framework model linking the independent and dependent variables is depicted in figure 1.1 above. Financial accounting standard as they relate Presentation of financial statements, financial disclosure and accounting event serve as the independent variable. The quality of financial statement, including its Relevance, Reliability, Comparability, Verifiability, Timeliness and Understandability, is the dependent variable.

RESEARCH METHODOLOGY

Research Design

The study adopted cross-sectional research design. This is because the researcher made observations at a specific time period, and the variables employed in the study cannot be manipulated.

Population of the Study

The population of this study comprise of the 151 companies that were listed in the 11 sectors on the Nigerian Exchanges Group (NGX) adhering to financial accounting standards established by regulatory organizations like the Financial Reporting Council of Nigeria (FRCN). Also included in the population group are regulators, accounting experts, and other parties involved in financial reporting in Nigeria.

SAMPLE SIZE AND SAMPLING TECHNIQUE

This study employs the use of purposive or judgmental sampling technique which is one of the non-probability sampling techniques. The technique gives meaningful insights in addressing the research questions based on the data collected, through selection of participants that are knowledgeable on the subject matter. The study utilized a sample size of one listed company each from 10 sectors out of 11 sectors listed on Nigeria stock exchange on the date of research.

Research Instrument

The following are the tools that were utilized to get the data for the study: A questionnaire that involves asking respondents questions to gather information from users about their opinions and experiences about financial accounting standards and the quality of financial statements.

In addition to the information gathered from the questionnaire, secondary data sources such annual reports, financial statements, and regulatory documents were consulted. These resources offered unbiased information about how well businesses report financially and whether they adhered to financial accounting standards.

Validity of Research Instrument

A pilot test with a small sample of participants was carried out to verify the validity of the research instrument prior to distributing the questionnaire to the general sample population. In addition, the questionnaire's content validity was evaluated for accuracy and relevance by consulting accounting and financial specialists. The study instrument underwent refinement and improvement based on their feedback prior to its finalization for data collection

Reliability of Research Instrument

The reliability of the research instrument was evaluated using test-retest reliability analysis. To find out if consistent results are produced, a group of participants was invited to complete the questionnaire twice at various times. High response consistency is a sign of a reliable research instrument that consistently yields accurate results over time.

Administration of Instrument

The administration of research instruments involves distributing 400 questionnaires to selected participants and collecting responses for analysis. In this study, data collection involved both online surveys for convenience and face-to-face interviews for more in-depth qualitative insights. The minimal qualification for respondents was a first degree or HND. This is to guarantee that the responses are of the highest quality and that the participants are genuinely informed about the subject matter.

Administration protocols included clear instructions for participants on how to complete questionnaires accurately and guidelines for maintaining confidentiality and anonymity.

Researchers also followed up with reminders or additional communication as needed to maximize response rates and ensure data completeness.

Model Specification

The statistical instrument employed to examine the different hypotheses presented in the study is the analysis of variance (ANOVA).To test the hypothesis, we used analysis of variance (ANOVA) to determine the impact of financial accounting standard on the quality of financial statement in Nigeria. The Statistical Package for Social Sciences (SPSS) tool, version 20, was used to analyze the data.

RESULTS AND DISCUSSION

The results of data analysis, interpretation and major findings are presented as below: **Table 1: Demographic Distribution of Respondents**

Variable	Categories	Frequency	Percentage
Sex	Male Female	280 120	70% 30%
Age	20 - 30 years 31 - 40 years 40+ years	80 260 60	20% 65% 15%
Education Level	Diploma Degree Masters Ph.D	40 280 70 10	10% 70% 17.5% 2.5%
Professional Qualification	ACA FCA CAN FCNA	50 80 200 70	12.5% 20% 50% 17.5%

How long have you worked in this company?	Less than one year 1-3 years 4-6 years above 6 years	0 120 200 80	0 30% 50% 20%

The result of analysis presented in table 1 revealed the sex of the respondents. It was found that out of 400 respondents sampled for the study, 280 (70%) are male while 120 (30%) are female. This implies that both sexes are represented in the study.

The table also revealed the ages of the respondents. It was revealed that 80 (20%) are between the age of 20 - 30 years, 65% are between the age of 31-40 years and 15% of the respondents are 41 years and above. This result implies that viable young employees are engaged in the companies selected for the study.

The table further showed that majority (70%) of the respondents are degree holder, 17.5% hold master degree and 2.5% had PhD in their discipline. This implies that majority of the employees had the prerequisite qualification for effective job performance. The set of employees sampled for this study, also possess professional qualifications. It was revealed that majority had CAN (50%). This was followed by 20% who had FCA, FCNA (17.5%) and ACA (12.5%). This implies that the employees possessed professional qualifications.

Analysis of Research Question

Research Question 1: How does presentation of financial statement affect the relevance, verifiability, timeliness and understandability of the financial statements in the selected companies?

Table 1: Descriptive Statistics showing the effect of presentation of financial statement on the relevance, verifiability, timeliness and understandability of the financial statements

S/N	Items	Mean	Standard Deviation	Decision
1	Financial statements are more relevant to stakeholders due to their format.	3.89	0.69	Agreed
2	The verifiability of reported figures is improved by the simple manner of presentation.	4.90	0.30	Agreed
3	Financial statements are more beneficial for making decisions when they are presented on time.	4.70	0.40	Agreed
4	The understanding of complex financial information is enhanced by a standard structure.	4.06	0.57	Agreed
5	Users can compare information more effectively when it is presented consistently across time.	4.98	0.68	Agreed
6	Compliance to accounting standards enhances stakeholders' trust in the information that is presented.	4.00	0.42	Agreed
7	Comprehensive notes accompanying financial statements increase their overall relevance.	4.59	0.47	Agreed
8	The understanding of financial statements to nonexpert users is increased by their use of simple language	4.04	0.46	Agreed
	Grand Mean	4.08	0.41	Agreed

Mean greater than 3.00 'Agreed' otherwise 'Disagreed'

The result of analysis presented in Table 1 revealed the effect of presentation of financial statement on the relevance, verifiability, timeliness and understandability of the financial statements. It was revealed that majority of the respondents agreed with all the statements in item 1-8 as their mean responses were greater than 3.00. This implies that financial statements are more relevant to stakeholders due to their format (3.89), the verifiability of reported figures is improved by the simple manner of presentation (4.90), financial statements are more beneficial for making decisions when they are presented on time (4.70), the understanding of complex financial information is enhanced by a standard structure (4.06), users can compare information more effectively when it is presented consistently across time (4.98), compliance to accounting standards enhances stakeholders' trust in the information that is presented (4.00), comprehensive notes accompanying financial statements increase their overall relevance (4.59) and The understanding of financial statements to non-expert users is increased by their use of simple language (4.04). The grand mean value (4.08) with a standard deviation of 0.41which shows a moderate deviation from the grand mean is positive to the decision rule. This implies that presentation of financial statement affects the relevance, verifiability, timeliness, understandability and resultantly the quality of the financial statements in the selected companies.

Research Question 2: What are the effects of accounting event on the comparability of the financial statement of financial statements in selected companies?

Table 2: Descriptive Statistics showing the effects of accounting event on the comparability of the financial statement of financial statements

S/N	Items	Mean	Standard Deviation	Decision
1	The comparability of financial statements from year to year is affected by changes in accounting policies.	3.89	0.65	Agreed
2	Direct comparisons between periods or companies become more difficult when events like mergers and acquisitions occur.	4.90	0.25	Agreed
3	Implementing accounting standards consistently improves industry comparability amongst businesses.	4.70	0.35	Agreed
4	Adjustments for past period errors have an impact on comparability with historical data sets.	4.16	0.52	Agreed
5	For the purpose of comparison, disclosure of changes resulting from accounting events improves user understanding.	3.98	0.63	Agreed
6	When organizations with similar conditions apply similar accounting procedures, comparisons become more reliable.	3.97	0.39	Agreed
7	When similar transactions among firms occur using different measurement bases, users encounter difficulties when comparing the outcomes.	4.59	0.42	Agreed
8	Retrospective application of accounting events enhances long-term comparability.	4.04	0.41	Agreed
	Grand Mean Value	4.08	0.45	Agreed

Mean greater than 3.00 ‘Agreed’ otherwise ‘Disagreed’

The result of analysis presented in Table 2 revealed the effects of accounting event on the comparability of the financial statement of financial statements in selected companies. It was revealed that majority of the respondents agreed with all the statements in items 1-8 as their mean responses were greater than 3.00. This implies that the comparability of financial statements from year to year is affected by changes in accounting policies (3.89), Direct comparisons between periods or companies become more difficult when events like mergers and acquisitions occur. (4.90), Implementing accounting standards consistently improves industry comparability amongst businesses (4.70), Adjustments for past period errors have an impact on comparability with historical data sets (4.16), For the purpose of comparison, disclosure of changes resulting from accounting events improves user understanding (3.98), When organizations with similar conditions apply similar accounting procedures, comparisons become more reliable (3.97), when similar transactions among firms occur using different measurement bases, users encounter difficulties when comparing the outcomes. (4.59) and retrospective application of accounting events enhances long-term comparability (4.04). The grand mean value (4.08) in the table with standard deviation of 0.45 do not violate the established decision rule. This implies that there is effect of accounting event on the comparability and consequently the quality of the financial statements in selected companies.

Test of Hypotheses

Hypothesis 1*:* Presentation of financial statement have no significant effect on the relevance, verifiability, timeliness and understandability of the financial statements prepared in accordance with the international financial reporting standards in the selected companies?

Table 3: Analysis of Variance (ANOVA) for effect of Presentation of financial statement the relevance, verifiability, timeliness and understandability of financial statements prepared in accordance with IFRS

	Sum of Squares	df	Mean Square	F-Cal	F-Tab	Sig.
Between Groups	43.008	1	43.008	310.268	4.860	.000
Within Groups	55.169	398	.139			
Total	98.178	399				

P < 0.05 (Significant)
Source: SPSS Computation, version 20

The result presented in table 3 revealed that F-Cal (310.268), df = (1, 398), $P < 0.05$ at 0.05 level of significance was significant. This led to the rejection of null hypothesis one. Hence, presentation of financial statements have significant effect on the relevance, verifiability, timeliness, understandability and hence the quality of the financial statements in the selected companies.

Hypothesis 2: There is no significant effect of accounting event on the comparability of the financial statements prepared in accordance with the IFRS in selected companies.

Table 4: Analysis of Variance (ANOVA) for effect of accounting event on the comparability of the financial statements prepared in accordance with IFRS in selected companies

	Sum of Squares	df	Mean Square	F	F-Tab	Sig.
Between Groups	93.666	1	93.666	194.813	4.860	.000
Within Groups	3.932	398	.010			
Total	97.598	399				

P < 0.05 (Significant)
Source: SPSS Computation, version 20

The result presented in table 4 revealed that F-Cal (194.813), df = (1, 398), $P < 0.05$ at 0.05 level of significance was significant. This led to the rejection of null hypothesis three. Hence, there is significant effect of accounting event on the comparability and quality of the financial statement of financial statements because of adoption of IFRS in selected companies.

DISCUSSION OF THE FINDINGS

The finding of the study in research question one sought to determine the effect of presentation of financial statement on the relevance, verifiability, timeliness and understandability of the financial statements in accordance with the international financial reporting standards. It was revealed that financial statements are more relevant to stakeholders due to their format, the verifiability of reported figures is improved by the simple manner of presentation, financial statements are more beneficial for making decisions when they are presented on time, the understanding of complex financial information is enhanced by a standard structure, users can compare information more effectively when it is presented consistently across time, compliance to accounting standards enhances stakeholders' trust in the information that is presented, comprehensive notes accompanying financial statements increase their overall relevance and the understanding of financial statements to non-expert users is increased by their use of simple language. This implies that presentation of financial statements based on IFRS standards affects the relevance, verifiability, timeliness and understandability and consequently the quality of the financial statements in the selected companies. The test of hypothesis also confirmed that the presentation of financial statements have significant effect on the relevance, verifiability, timeliness and understandability of the financial statements in the selected companies. This finding is in line with Nwogugu (2021) that the quality of financial statements using financial accounting standards in the presentation of financial statements will increase the quality and reliability of financial statements by demonstrating the value of disclosing accounting information, improving comparability, and making information more symmetrical.

The research question two in the study sought to find the effects of accounting event on the comparability of the financial statement of financial statements prepared in accordance with international financial reporting standards in selected companies. It was revealed that the comparability of financial statements from year to year is affected by changes in accounting policies, direct comparisons between periods or companies become more difficult when events like mergers and acquisitions occur., implementing accounting standards consistently improves industry comparability amongst businesses, adjustments for past period errors have an impact on comparability with historical data sets, for the purpose of comparison, disclosure of changes resulting from accounting events improves user understanding , when organizations with similar conditions apply similar accounting procedures, comparisons become more reliable, when similar transactions among firms occur using different measurement bases, users encounter difficulties when comparing the outcomes and retrospective application of accounting events enhances long-term comparability. This implies that there is effect of accounting event on the comparability of the financial statement of financial statements in selected companies. The null hypothesis two was rejected which implies that there is significant effect of accounting event on the comparability of the financial statement of financial statements in selected companies. The finding of the study is similar with Okafor et al. (2018) that affirmed that there is a strong positive link between the general quality of financial statements and the implementation of IFRS. In particular, banks that implemented IFRS showed increased reporting and transparency, which boosted investor confidence. This study demonstrates how upholding international standards might reduce concerns about earnings manipulation and increase stakeholder confidence.

SUMMARY

This study evaluated the effects of international financial reporting standards on the quality of the financial statements in Nigeria listed companies. The study specifically ascertained the influence of presentation of financial statement on the relevance, verifiability, timeliness and understandability of the financial statement in selected companies; and determined the effect of accounting event on the comparability of the financial statements in selected companies. In view of this, two research questions and two hypotheses were raised and tested at 0.05 level of significance.

The study adopted cross-sectional design which comprise of the 151 companies that were listed in the 11 sectors on the Nigerian Stock Exchange. Purposive random sampling technique was used to select 400 respondents from five selected companies. A self-developed questionnaire was used for data collection. Experts in the field of accounting validated the face and content of the instrument and a reliability coefficient of 0.89 was obtained through split half method. Data Collected were analysed using descriptive statistics (mean & standard deviation) and ANOVA at 0.05 level significance.

The result showed that faithful presentation of financial statements, disclosure of financial statement and comparability of financial statement have significant effect on the relevance, verifiability, timeliness and understandability of the financial statements in selected companies in Nigeria.

CONCLUSION

Based on the findings of this study, it was concluded that there is effect of financial accounting standards on the quality of the company's financial statements. It was also concluded that faithful presentation of financial statements and comparability of financial statement have significant impact on the relevance, verifiability, timeliness and understandability of the financial statements in selected companies in Nigeria.

RECOMMENDATIONS

Based on the findings of this study, it was recommended that:

1. Companies should endeavour to adhere to international financial reporting standards in the preparation and presentation of their financial statements in order to remain competitive globally.
2. Companies should adopt international financial reporting standards for effective and aggregate control of cash and budget management and for accurate financial statements.

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