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Assessment of IPSAS-Accural Basis Assets and Depericiation on Quality Financial Reporting of Government

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ABSTRACT: Traditionally, most governments prepare their financial statements using the cash basis of accounting, but due to limitations of cash basis of accounting global public financial management reforms have encouraged the adoption of more comprehensive accounting frameworks. This paper evaluates IPSAS-Accrual basis of assets and depreciation reporting on quality financial reporting of government from the perspective of LGAs in Kogi State, Nigeria. Survey research design was employed for the study. The population of the study is made up of the entire 350 staff of internal audit and account departments. Stratified random sampling techniques were adopted. Findings reveal that accrual basis asset reporting and Accrual basis depreciation reporting by government has a positive and significant effect on the quality of financial reporting of LGAs in Kogi State; with p value (0.00) less than 0.05 level of significance and a coefficient of 0.346 and p value (0.001) less than 0.05 level of significance and a coefficient of 0.401respectively. The paper recommends that government should provide enabling environment for compliance, facilities and enforce implementation of all relevant IPSAs for quality financial reporting.

KEYWORDS: IPSAS, Accrual-basis, Cash-basis, Asset Reporting, Depreciation Reporting, Quality financial Reporting.

INTRODUCTION

Financial reporting in the public sector is an essential mechanism for ensuring transparency, accountability, and efficient management of public resources. [47] Governments are responsible for managing large volumes of public funds and assets on behalf of citizens; therefore, the preparation and presentation of reliable financial information is necessary to enhance public trust and support effective decision-making. Traditionally, most governments prepare their financial statements using the cash basis of accounting, which records transactions only when cash is received or paid.

But due to limitations of cash basis of accounting global public financial management reforms have encouraged the adoption of more comprehensive accounting frameworks. One of the most significant reforms in this regard is the introduction of the International Public Sector Accounting Standards (IPSAS) developed by the International Public Sector Accounting Standards Board (IPSASB). IPSAS are a set of internationally recognized accounting standards designed to improve the quality, comparability, and credibility of financial reporting in the public sector. These standards provide guidance on the recognition, measurement, presentation, and disclosure of financial transactions in government financial statements. [39]

Among the various frameworks within IPSAS, the accrual basis of accounting has received considerable attention due to its ability to provide a more complete picture of government financial activities. On an accrual basis, transactions are recorded when they occur rather than when cash is exchanged. This approach enables governments to recognize assets, liabilities, revenues, and expenses and depreciate appropriately in the period in which they arise, thereby improving the accuracy and completeness of financial information. Consequently, accrual-based IPSAS enhances important qualitative characteristics of financial reporting such as relevance, reliability, comparability, and faithful representation. [48]

One of the major features of accrual-based IPSAS is the proper recognition and measurement of government assets. According to IPSAS 17 on Property, Plant and Equipment, an asset should be recognized when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the asset can be measured reliably. [38] The recognition of assets on the accrual basis improves the completeness and reliability of financial statements by ensuring that all resources controlled by the government are properly recorded and disclosed.

Another important aspect of asset accounting under the accrual basis of IPSAS is depreciation. Depreciation refers to the systematic allocation of the depreciable amount of an asset over its useful life. The purpose of depreciation is to reflect the consumption of an asset's economic benefits or service potential over time. Under IPSAS, the depreciable amount of an asset is calculated as the cost of the asset less its residual value, and this amount is allocated over the expected useful life of the asset using an appropriate depreciation method. [22] This process ensures that the cost of assets is matched with the periods that benefit from their use, thereby improving the accuracy and relevance of financial information.

Although the cash basis is simple to apply, it has been widely criticized for its inability to provide comprehensive information about government assets, liabilities, and long-term financial commitments. As a result, stakeholders may not have a complete understanding of the true financial position of government institutions. [47] Concerns about poor financial reporting quality in the public sector have been linked to issues such as weak accounting systems, inadequate disclosure practices, and limited professional capacity among public sector accountants. In some cases, government financial reports have been criticized for lacking completeness and reliability, which may result in poor policy decisions and inefficient allocation of public resources. [27] These challenges highlight the need for improved accounting standards and stronger financial reporting frameworks in the public sector.

In response to the limitations of the cash basis system, global public financial management reforms have encouraged the adoption of more comprehensive accounting frameworks. The adoption of accrual-based IPSAS has been widely promoted by international organizations such as the World Bank, the International Monetary Fund (IMF), and other development partners as part of broader public financial management reforms. Many countries, including both developed and developing economies, have either adopted or are in the process of adopting IPSAS to align their public sector accounting practices with international best practices. The implementation of IPSAS is expected to strengthen fiscal discipline, improve financial management, and enhance accountability in the management of public resources. [17]

The treatment of assets and depreciation under the accrual basis of IPSAS is particularly important for governments because public sector entities often manage significant volumes of infrastructure and long-term assets. Proper recognition and depreciation of these assets provide a realistic assessment of government financial sustainability and improve accountability in the management of public resources. By accurately reflecting the value and consumption of assets over time, accrual-based IPSAS enhances the reliability, comparability, and usefulness of government financial reports for stakeholders such as policymakers, investors, and citizens. [48] This paper therefore evaluates IPSAS-Accrual basis of assets and depreciation on quality financial reporting of government from the perspective the LGAs in Kogi State, Nigeria.

LITERATURE REVIEW

Financial Reporting Quality of Government (FRQOG)

Financial reporting generally refers to the degree to which financial statements provide accurate, relevant, and reliable information about the financial position and performance of an entity. [42] High-quality financial reporting enables stakeholders such as policymakers, legislators, investors, and citizens to assess government performance and make informed decisions regarding the allocation and utilization of public resources. Financial reporting quality in government has become an important subject in public sector accounting due to increasing demands for transparency, accountability, and efficient management of public resources. Governments manage large amounts of public funds and assets on behalf of citizens; therefore, the preparation of reliable and high-quality financial reports is necessary to ensure that public resources are used effectively and responsibly.

Financial reporting quality is often assessed using several qualitative characteristics, including relevance, faithful representation, comparability, understandability, and timeliness. Relevance implies that financial information should be capable of influencing the decisions of users by helping them evaluate past, present, or future events. Faithful representation means that financial statements should accurately reflect the economic realities of government activities without bias or misrepresentation. Comparability allows users to compare financial information across different periods or government entities, while understandability ensures that the information is presented in a clear and accessible manner. [38] When these qualitative characteristics are present, financial reports become more useful and reliable for decision-making purposes.

IPSAS Accrual Basis of Accounting

The primary objective of IPSAS is to enhance the credibility and usefulness of government financial statements by establishing uniform accounting principles and reporting standards for public sector entities around the world. [38] Among the major frameworks provided by IPSAS is the accrual basis of accounting, which has become an important reform in public sector financial management. Among the various frameworks within IPSAS, the accrual basis of accounting has received considerable attention due to its ability to provide a more complete picture of government financial activities. On accrual basis, transactions are recorded when they occur rather than when cash is exchanged. This approach enables governments to recognize assets, liabilities, revenues, and expenses

in the period in which they arise, thereby improving the accuracy and completeness of financial information. Consequently, accrual-based IPSAS enhances important qualitative characteristics of financial reporting such as relevance, reliability, comparability, and faithful representation. [48]

In Nigeria and several other developing countries, the adoption of IPSAS represents a major step toward improving the transparency and credibility of government financial reporting. Prior to the adoption of IPSAS, government financial reports often lacked uniformity, clarity, and completeness, which made it difficult for stakeholders to evaluate government performance and financial position effectively. The Federal Government of Nigeria initiated the adoption of IPSAS as part of its public sector reform agenda, beginning with the cash-basis IPSAS and subsequently transitioning toward accrual-based IPSAS. The expectation was that the adoption of accrual accounting would provide more detailed and comprehensive financial information about government operations and financial obligations. [31]

Accrual Basis Asset Reporting

The adoption of the International Public Sector Accounting Standards (IPSAS) accrual basis has significantly transformed the way governments recognize, measure, and report assets in their financial statements. Asset reporting under accrual-based IPSAS ensures that public sector entities present a comprehensive view of the resources they control and how those resources are utilized in delivering public services. Unlike the cash basis of accounting, which records transactions only when cash is received or paid, accrual accounting requires that assets be recognized when they are controlled by the entity and are expected to provide future economic benefits or service potential. [38] This approach improves the completeness, reliability, and transparency of government financial reporting.

Under accrual-based IPSAS, an asset is defined as a resource controlled by a public sector entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. Service potential refers to the capacity of an asset to provide services that contribute to achieving the objectives of the government. Many public sector assets do not necessarily generate direct financial returns but are essential for service delivery, such as roads, hospitals, schools, and public infrastructure. The recognition of such assets in financial statements ensures that governments properly account for the resources used in providing public services and enhances accountability to citizens and other stakeholders. [38]

Measurement of assets is another important aspect of asset reporting under accrual-based IPSAS. When assets are initially recognized, they are generally measured at cost. After initial recognition, assets may be measured using either the cost model or the revaluation model depending on the accounting policy adopted by the entity. Under the cost model, assets are carried at their cost less accumulated depreciation and impairment losses. Under the revaluation model, assets are carried at their fair value, which may be determined through periodic valuation. The choice of measurement model affects how asset values are reported in financial statements and may influence the assessment of government financial position. [38]

The reporting of assets under accrual-based IPSAS plays a crucial role in strengthening public sector financial management. By recognizing and measuring government assets accurately, accrual accounting provides a more realistic picture of the financial position of government entities. This improved transparency enables policymakers, investors, and citizens to evaluate government performance, assess the sustainability of public finances, and monitor the efficient use of public resources.

Accrual Basis Depreciation Reporting

A critical component of accrual accounting in the public sector is depreciation reporting, which allocates the cost of tangible assets over their useful lives. [38] Depreciation under IPSAS ensures that governments and public institutions accurately reflect the consumption of assets used in delivering public services. This approach improves financial decision-making and allows stakeholders to better understand the long-term sustainability of public resources. [24] Depreciation under IPSAS represents the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is defined as the cost of an asset, or another amount substituted for cost, less its residual value. [38]

Public sector entities are required to review the useful life, residual value, and depreciation method of assets regularly to ensure that reported amounts remain realistic and reliable. Common depreciation methods permitted under IPSAS include:

(i) Straight-line method (ii) Reducing balance method (iii) Units of production methods

The choice of method should reflect the pattern in which the asset's future economic benefits or service potential are consumed by the entity. [23]

Depreciation reporting plays an essential role in strengthening public financial management. It ensures that the cost of using government assets such as infrastructure, buildings, and equipment is recognized in financial statements. This helps governments plan for asset replacement and maintenance. [24] Depreciation enhances accountability and transparency. By showing how public assets are consumed over time, stakeholders, including citizens, policymakers, and oversight institutions—can evaluate how effectively governments manage public resources. [38] Depreciation supports better budgeting and long-term fiscal planning.

Governments that recognize asset consumption can make more informed decisions regarding capital investments and infrastructure sustainability. [23]

THEORETICAL REVIEW

Institutional Theory

Institutional theory is a framework that explores how organizations are shaped by their environments. It was introduced in the late 1970s by Meyer and Rowan. The theory explains why organizations behave similarly, and how institutional pressures lead to more homogeneous organizational structures. [50] institutional theories of organizations provide a rich, complex view of organizations. In these theories, organizations are influenced by normative pressures, sometimes arising from external sources such as the state, other times arising from within the organization itself. Under some conditions, these pressures lead the organization to be guided by legitimate elements, from standard operating procedures to professional certification and state requirement, which often have the effect of directing attention away from task performance. Adoption of these legitimate elements, leading to isomorphism with the institutional environment, increases the probability of survival.

Legitimacy Theory

Legitimacy theory propounded by Dowling and Pfeffer in 1975 is derived from the concept of organizational legitimacy, which has been defined as a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy. Legitimacy theory posits that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. In adopting a legitimacy theory perspective, an entity would voluntarily report on activities if management perceived that those activities were expected by the communities in which it operates. [26, 28-29]

Empirical Review

IPSAS- Accrual Basis Asset Reporting and Quality Financial Reporting of Government

[12] examines the implication of IPSAs accrual basis of accounting on Public Sector financial reporting quality, evidence from local Government Areas in Kogi State. The study adopted survey research design. The population of the study is 350 staff of the entire twenty-one LGAs in Kogi State, while a sample size of 210 using stratified sampling was adopted. The result shows that accrual basis assets reporting exhibited positive and significant effect on government financial reporting quality. The study is like the current study but considered assets and liabilities and not depreciation reporting effect of the assets.

[37] assessed the usefulness of accrual-based financial statements in local government and the factors influencing their quality. The study adopted a quantitative approach and utilized survey data from local government officials, The findings indicated that the implementation of accrual-based financial statements, particularly through improved recognition of government assets and liabilities, positively influences the quality of financial reporting. The study equally limited its study to assets and liabilities and does not consider depreciation reporting of the assets.

[40] assessed the recognition and measurement principles of accrual-based IPSAS and their effect on the quality of corporate reporting among government-owned entities in Nigeria. The researchers used primary data collected through structured questionnaires from 244 employees of the Federal Inland Revenue Service and analyzed the data using multiple linear regression. The study found that asset recognition, measurement guidelines and comparability of financial statements under accrual-based IPSAS significantly improve the quality of reporting in government entities. The study considered only asset recognition from another domain.

[19] examined the implementation of accrual-based IPSAS in Nigerian federal ministries with emphasis on factors influencing its adoption and effectiveness. The researchers adopted a survey research design and collected data from 242 accounting staff across 29 federal ministries using structured questionnaires. Data was analyzed using binary logistic regression with STATA software. The findings showed that the implementation of accrual-based IPSAS significantly enhances transparency and reliability in government financial reporting by improving the recognition and disclosure of assets, liabilities and financial obligations in public sector accounts

[21] conducted an empirical study to evaluate the influence of accrual-based government accounting standards on the quality of financial statements in the Food Security Agency of the Indonesian Ministry of Agriculture. The study employed quantitative research design using questionnaire data from 50 respondents across central and regional work units and analyzed the data using Structural Equation Modeling with SmartPLS. The findings revealed that the implementation of accrual-based accounting standards significantly improves the quality of government financial reporting, particularly through better recognition and reporting of assets and liabilities

Similarly, [25] investigated the implementation of accrual-based accounting in the public sector of Gambia. The study adopted a qualitative research approach based on a review of public sector accounting reforms and institutional practices. The findings revealed that the adoption of accrual-based accounting enhances government accountability and transparency because it provides comprehensive information on government assets, liabilities and financial performance

[43] conducted a survey research design to examine the effect of IPSAS implementation on financial reporting quality in Nigeria and analyzed the data using Partial Least Squares (SmartPLS). The study concluded that the accrual accounting system provides more comprehensive disclosure of assets and liabilities, thereby strengthening transparency in government financial statements.

IPSAS- Accrual Basis Depreciation Reporting and Quality Financial Reporting of Government

[46] examined the impact of IPSAS adoption on the quality of financial reports in the Federal Ministry of Finance in Nigeria. The study adopted a survey research design using structured questionnaires administered to accountants, auditors and finance managers in government agencies. The study concluded that accrual accounting practices, including the systematic recognition of depreciation on government assets, improve the completeness and reliability of financial reports in the public sector.

[20] who examined the relationship between accrual-based IPSAS implementation resources and government financial reporting quality in Nigeria. The study adopted a cross-sectional survey research design and collected data from accountants and auditors across the thirty-six states of Nigeria. The study emphasized that effective implementation of accrual accounting practices, including recognition of depreciation and asset valuation, contributes to improved relevance, comparability and faithful representation of government financial statements

[18] empirically examined the implementation of IPSAS and financial reporting quality in the Nigerian public sector using a survey design. Data were collected from 417 revenue officers of Ekiti State Internal Revenue Service and analyzed using descriptive statistics, correlation and regression analysis. The results indicate that IPSAS implementation significantly improves financial reporting quality through enhanced transparency, accountability and comparability. The study emphasized that accrual accounting practices such as the systematic recognition of expenses, including depreciation of government assets, provide a more realistic picture of financial performance and resource utilization in the public sector

In another empirical investigation, [44] examined the extent of IPSAS implementation and the quality of financial reporting in Ministries, Departments and Agencies (MDAs) in Ondo State, Nigeria. The researchers adopted a survey research design. Findings showed that IPSAS implementation has a positive and significant effect on financial reporting quality in government agencies. The study also highlighted that accrual-based accounting practices, including depreciation reporting of public sector assets, enhance reliability and accountability in government financial statements

[1] examined the effect of IPSAS adoption on financial reporting quality in local governments in Lagos State using an ex-post facto research design. Secondary data obtained from government financial reports were analyzed using independent t-test and binary logistic regression techniques. The findings revealed that the adoption of IPSAS significantly improved the timeliness, comparability and understandability of financial statements of local governments. The study emphasized that accrual-based accounting, including proper depreciation reporting of long-term government assets, improves the accuracy of financial information available to stakeholders and strengthens accountability in public financial management.

METHODOLOGY

Survey research design was employed for the study because the study relied on primary sources of data [3-16; 32-36; 45] The population of the study is made up of the entire 350 staff of internal audit unit and account department of the 21-local government area in Kogi state as at January 2025. Stratified random sampling techniques was adopted because the entire population was divided into groups based on their local government area and 10 questionnaire each were randomly distributed to the respondent in the account department and audit unit of the entire 21 local government area of Kogi State (Adavi, Ajaokuta, Ankpa, Bassa, Dekina, Ibaji, Idah, Igalamela-Odolu,Ijumu, Kabba-Bunu, Kogi, Lokoja, Mopa-muro, Ofu, Ogori-magongo, Okehi, Okene, Olamaboro, Omala, Yagba East, Yagba West). The total sample size was 210 and only 192 questionnaires were returned by the respondents.

Analytical Framework and Model Specification

Multiple regression model was be adopted as stated below:

$FRQ = \beta_0 + \beta_1 ABAR + e$

Where:

FRQ = Financial Reporting Quality

ABAR = Accrual Basis Asset Reporting

e = Stochastic term

$\beta_0 \ldots\ldots \beta_4$ = regression coefficient

Assessment of IPSAS-Accural Basis Assets and Depericiation on Quality Financial Reporting of Government

Data Presentation and Analysis

Data Presentation

Table 1: Demography of Respondents

S/N	VARIABLE	FREQUENCY	PERCENTAGE %
1	**Gender:**		
	Male	118	66.5
	Female	74	38.5
	Total	**192**	**100**
2	**Age:**		
	Below 30years	20	10.4
	31-40years	92	47.9
	41-50years	55	28.6
	Above 50	25	13.0
	Total	**192**	**100**
3	**Highest Educational Qualification:**		
	O'level	0	0
	ND/DIPLOMA/NCE	22	11.5
	HND/BSc.	100	52.1
	Postgraduate	70	36.5
	Total	192	**100**
4	**Marital Status**		
	Single	15	7.8
	Married	172	89.6
	Divorced	5	2.6
	Total	**192**	100
4	**Department:**		
	Account	173	90.1
	Audit	19	9.9
	Total	192	100

Source: Field Survey, 2025 (SPSS 23)

From the table 4.2.1 above which shows the demogr
aphic presentation of the respondents. The gender of the respondents is 118(61.5%) and 74(38.5%) male and female respectively, we concluded that the number of male more than that of female respondents. The ages of the respondents as shown from the above table, 30(10.4%) were 30years and below, 92(47.9%) were between the ages of 31 to 40years, 55(28.6%) were between 41 to 50 years, 25(13.0%) respondents were between 50years and above. We confirmed that ages 31 to 40years were the highest among the respondents. The highest educational qualifications of the respondents show that 0(0%) have O'level while 22 (11.5%) have ND/ NCE/ Diploma, 100(52.1%) have HND/BSc. and 70(36.5%)
have postgraduate. From this analysis, we confirmed that respondents with HND/BSc have the highest number. The marital status of the respondents shows that 15(7.8%) were single, 172(89.6%) were married and 5(2.6%) were divorced. Finally, the department of the respondents were also captured in the questionnaire. 173(90.1%) were in account department, and 19(9.9 %) were in audit unit. We concluded that majority of the respondents were in the accounting department.

Table 2: Reliability Test (Cronbach's Alpha)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.944	.945	16

Source: Field Survey, 2025 (SPSS 23) Output

Using the rule of Geory and Mallery (2003), table 2 above which shows the reliability test of the variables. The result for the variable shows an excellent result of 0.944. Based on this its assumed that the degree to which an instrument yields is consistent.

Analysis

How has Accrual Basis Asset Reporting (ABAR) by Government affects Financial Reporting Quality of LGAs in Kogi State?

Assessment of IPSAS-Accural Basis Assets and Depericiation on Quality Financial Reporting of Government

Below are the description and presentation of the sample respondents' answers to the question in table 3.

Table 3. Effect of Accrual Basis Asset Reporting (ABAR) by Government on Financial Reporting Quality of LGAs in Kogi State Accrual Basis Asset Reporting

SN	Statement	SA	A	UN	D	SD
ABAR1	Accrual based IPSAS has made some changes to the accounting methods for assets, mostly long-term assets.	107 55.7%	75 39.1%	2 1.0%	4 2.1%	4 2.1%
ABAR2	It brings about the full disclosure of all assets and liabilities irrespective of when payment is made	95 49.5%	87 45.3%	2 1.0%	8 4.2%	0 0%
ABAR3	IPSAS require the cost of assets to be disclosed and capitalized when acquired, including property and equipment, and depreciated over their estimated life	125 65.1%	56 29.2%	2 1.0%	6 3.1%	3 1.6%
ABAR4	Government's assets generally are used to either discharge liabilities or to provide future services	97 50.5%	90 46.9%	2 1.0%	3 1.6%	0 0%

Source: Field Survey, 2025 (SPSS 23)

From the table 3 above, it shows that most of the respondent shows a level of agreement with the statement that accrual based IPSAS has made some changes to the accounting methods for assets, mostly long-term assets 55.7% (107) and 39.1 %(75) for strongly agreed and agreed respectively, 1.0 %(2) were neutral, 2.1%(4) were disagreed and 2.1%(4) was strongly disagreed that" Accrual based IPSAS has made some changes to the accounting methods for assets, mostly long-term assets"(ABAR1). 49.5% (95) and 45.3 %(87) were strongly agreed and agreed to the second statement "It brings about the full disclosure of all assets and liabilities irrespective of when payment is made (ABAR2)" while 1.0 %(2) were neutral and 4.2%(8) were disagreed. Also, 65.1 %(125) and 29.2%(56) are strongly agreed and agreed to the third statement "IPSAS require the cost of assets to be disclosed and capitalized when acquired, including property and equipment, and depreciated over their estimated life (ABAR3)" while 1 %(2) was neutral, 3.1%(6) were disagreed and 1.6%(3) were strongly disagreed. 50.5% (97) and 46.9% (90) were strongly agreed and agreed to the fourth statement "Government's assets generally are used to either discharge liabilities or to provide future services (ABAR4)" while 1% (2) were undecided and 1.6% (3) were disagreed.

Question Two: Will Accrual Basis Depreciation Reporting (ABDR) impact on the Financial Reporting Quality of LGAs in Kogi State?

Table 4. Effect of Accrual Basis Depreciation Reporting (ABDR) by Government on Financial Reporting Quality of LGAs in Kogi State Accrual Basis Depreciation Reporting

SN	Statement	SA	A	UN	D	SD
ABDR1	Depreciation is the process of systematically allocating the cost of an asset over its useful life	103 53.6%	78 40.6%	3 1.6%	4 2.1%	4 2.1%
ABDR2	The depreciable amount of an asset is expensed on a systematic basis over its useful life to surplus or deficit for each period unless it is recognized in the carrying amount of another asset	134 69.8%	49 25.5%	2 1.1%	7 3.6%	0 0%
ABDR3	Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management	127 66.1%	59 30.7%	2 1.0%	0 0%	4 2.1%
ABDR4	depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.	114 59.4%	69 35.9%	1 0.5%	0 0%	8 4.2%

Source: Field Survey, 2025 (SPSS 23)

From table 4. above, it shows that most of the respondents show a level of agreement with the statement that Accrual Basis Depreciation Reporting (ABDR) by Government **on** Financial Reporting Quality of LGAs in Kogi State. 53.6% (103) and 40.6 %(78) for strongly agreed and agreed respectively, 1.6 %(3) were neutral, 2.1%(4) were disagreed and 2.1%(4) were strongly disagreed that" Depreciation is the process of systematically allocating the cost of an asset over its useful life"(ABDR1). 69.8% (134) and 25.5 % (49) were strongly agreed and agreed to the second statement "The depreciable amount of an asset is expensed on a systematic basis over its useful life to surplus or deficit for each period unless it is recognized in the carrying amount of another asset (ABDR2)"

while 1.0 % (2) were neutral and 3.6% (7) were disagreed. Also, 66.1% (127) and 30.7% (59) are strongly agreed and agreed to the third statement "Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (ABDR3)" while 1 %(2) was neutral and 2.1%(4) were strongly disagreed. 59.4% (114) and 35.9% (69) were strongly agreed and agreed to the fourth statement "depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated (ABDR4)" while 0.5% (1) were undecided and 4.2%(8) were strongly disagreed.

Financial reporting Quality

Table 5

SN	Question	SA	A	UN	D	SD
FRQ1	financial reporting quality represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of government entity	106 55.2%	67 34.9%	12 6.3%	2 1.0%	5 2.6%
FRQ2	The maintenance of financial reporting quality is a crucial concern for organizations due to pressure for compliance with increased regulations and legal requirements	137 71.4%	37 19.3%	8 4.2%	2 1.0%	8 4.2%
FRQ3	Financial reporting quality represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of government entity.	119 62.0%	59 30.7%	6 3.1%	5 2.6%	3 1.6%
FRQ4	financial reporting quality in the public sector is judged by how well those entrusted with management of public trust and resources are able to manage such responsibilities and render good account through an act of stewardship by way of financial statements	108 56.3%	68 35.4%	4 2.1%	7 3.6%	5 2.6%

Source: Field Survey, 2025 (SPSS 23)

From table 5 above, it shows that most of the respondent shows a level of agreement with the statement raised for financial reporting quality (FRQ). 55.2% (106) and 34.9 %(67) for strongly agreed and agreed respectively, 6.3 %(12) were neutral, 1%(2) were disagreed and 2.6%(5) were strongly disagreed that" financial reporting quality represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of government entity"(FRQ1). 71.4% (137) and 19.3 % (37) were strongly agreed and agreed to the second statement "The maintenance of financial reporting quality is a crucial concern for organizations due to pressure for compliance with increased regulations and legal requirements (FRQ2)" while 4.2 % (8) were neutral and 1.%(2) were disagreed and 4.2 % (8) were strongly disagreed. Also, 62 %(119) and 30.7%(59) are strongly agreed and agreed to the third statement "financial reporting quality represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of government entity (FRQ3)" while 3.1 %(6) was neutral, 2.6%(5) were disagreed and 1.6%(3) were strongly disagreed. 56.3% (108) and 35.4% (68) were strongly agreed and agreed to the fourth statement "financial reporting quality in the public sector is judged by how well those entrusted with management of public trust and resources are able to manage such responsibilities and render good account through an act of stewardship by way of financial statements (FRQ4)" while 2.1% (4) were undecided, 3.6% (7) were disagreed and 2.6% (5) were strongly disagreed.

Test of hypotheses

Decision rule: Accept null hypothesis if p-value > 0.05 and reject alternative hypothesis. Reject the null hypothesis if the p-value <0.05 and reject alternate hypotheses

The tables below show the result obtained from multiple regression for the hypotheses. They are interpreted accordingly

Table 6.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson

1	.584[a]	.341	.330	.46176	1.742

a. Predictors: (Constant), ABDR, ABAR

b. Dependent Variable: FRQ

From the table 6. above, The R value is 0.584 which indicates a good level of prediction of the independent variables (Accrual Basis Asset Reporting and Accrual Basis Depreciation Reporting). Also, the R^2 which is the coefficient of determination, that is the proportion of dependent variable (Financial reporting quality) that can be explain by the independent variables (Accrual Basis Asset Reporting and Accrual Basis Depreciation Reporting). The value of the R^2 is 0.341, that is the independent variables can explain approximately 34% of the dependent variable. Also, the Dubin-watson test shows a value of 1.742 which is less than 2, this implies that the model is appropriate.

Table 7.: Anova Table

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.742	3	6.914	32.426	.000[b]
	Residual	40.086	188	.213		
	Total	60.828	191			

a. Dependent Variable: FRQ

b. Predictors: (Constant), ABDR, ABAR

From table 7. above (the Anova table) which shows whether the overall regression model is of good fit or not. From the table the value of p is 0.000 which shows that the independent variables are statically significantly predict the dependent variable. This shows that the regression model is a good fit of the data.

Table 8.: Regression Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.693	.353		4.795	.000
	ABAR	.346	.082	.376	4.217	.000
	ABDR	.401	.093	.035	2.439	.001

a. Dependent Variable: FRQ

H_{O1}: Accrual Basis Asset Reporting by Government has no significant effect on the Quality of Financial Reporting of LGAs in Kogi State

From table 8. accrual basis asset reporting by government has a positive and significant effect on the quality of financial reporting of LGAs in Kogi State, the p value (0.00) is less than 0.05 level of significance with a coefficient of 0.346. This shows that accrual basis asset reporting by government can increase the quality of financial reporting by approximately 35%. This means that accrual basis asset reporting by government may boast the quality of financial reporting Based on this result we reject our null hypothesis that accrual basis asset reporting by government has no significant effect on the quality of financial reporting of LGAs in Kogi State and accept the alternate hypothesis that accrual basis asset reporting by government has significant effect on the quality of financial reporting of LGAs in Kogi State.

H_{02}: Accrual Basis Depreciation Reporting has no significant impact on the Quality of Financial Reporting of LGAs in Kogi State.

From table 8. accrual basis depreciation reporting by government have a positive and significant effect on the quality of financial reporting of LGAs in Kogi State, the p value (0.001) is less than 0.05 level of significance with a coefficient of 0.401. This means that accrual basis depreciation reporting by government may boast the quality of financial reporting. Based on this result we reject our null hypothesis that accrual basis depreciation reporting by government has no significant effect on the quality of financial reporting of LGAs in Kogi State and accept the alternate hypothesis that accrual basis depreciation reporting by government has significant effect on the quality of financial reporting of LGAs in Kogi State.

DISCUSSION OF FINDINGS

The empirical analysis shows that accrual basis asset reporting has a positive and significant effect on financial reporting quality, while accrual basis depreciation reporting has a positive and insignificant influence on financial reporting quality. This shows that accrual basis asset reporting is important to achieve quality financial reporting. From the outcome of the analysis, the study discovered that the two independent variables (accrual basis asset reporting and accrual basis depreciation reporting) have a positive and significant effect on financial reporting quality, which invariability indicated that the implication of IPSAs accrual basis of accounting on public sector financial reporting is positive and significant. Although, majority of authors that have carried out research in related areas focus on IPSAS adoption and implementation.

Therefore, [37] indicated that the implementation of accrual-based financial statements, particularly through improved recognition of government assets positively influences the quality of financial reporting. [40] found that asset recognition, measurement guidelines and comparability of financial statements under accrual-based IPSAS significantly improve the quality of reporting in government entities. [19] showed that the implementation of accrual-based IPSAS significantly enhances transparency and reliability in government financial reporting by improving the recognition and disclosure of assets, liabilities and financial obligations in public sector accounts. [21] revealed that the implementation of accrual-based accounting standards significantly improves the quality of government financial reporting, particularly through better recognition and reporting of assets and liabilities

[46] concluded that accrual accounting practices, including the systematic recognition of depreciation on government assets, improve the completeness and reliability of financial reports in the public sector. [20] emphasized that effective implementation of accrual accounting practices, including recognition of depreciation and asset valuation, contributes to improved relevance, comparability and faithful representation of government financial statements.

[18] emphasized that accrual accounting practices such as the systematic recognition of expenses, including depreciation of government assets, provide a more realistic picture of financial performance and resource utilization in the public sector. [46] highlighted that accrual-based accounting practices, including depreciation reporting of public sector assets, enhanced reliability and accountability in government financial statements

On the contrary and to the best knowledge of the researcher it has been noticed that no study has really used the proxies for independent variables used by this study and no other study has been against the establishment of the fact that the adoption or implementations of IPSAs has negatively affect financial reporting quality. Hence, the adoption of IPSAs generally has contributed to better financial reporting in Public Sector.

CONCLUSION AND RECOMMENDATION

Its evidence from the empirical analysis that the implication of IPSAs accrual basis of accounting on public sector financial reporting quality has brough improvement to the level of financial reporting quality in terms of accountability and transparency. The study concludes that accrual basis of accounting reporting should be encouraged at all levels of government establishment for quality financial reporting of government. The paper recommends that government should provide enabling environment for compliance, facilities and enforce implementation of all relevant IPSAs for quality financial reporting.

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