

## IFRS Adoption And Performance Of Quoted Consumer Goods Manufacturing Companies In Nigeria

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### ABSTRACT

Globalization has strengthened the need for the world-wide harmonization of accounting and financial reporting standards for the benefit of users and preparers of the financial reports. This study seeks to investigate the Adoption of International Financial Reporting Standards (IFRSs) by Nigerian Quoted Consumer goods Manufacturing Companies with the view of establishing empirically, the appropriateness or otherwise of the adoption in relation to the performance of the companies. An ex-post-facto research design was adopted for the study. Secondary data were obtained from the audited annual financial reports of ten (10) of such manufacturing companies purposively selected from the population of manufacturing companies listed on the Nigerian stock exchange for a period of five (5) years (2010-2014). The data analysis was done using the pooled OLS estimator through the aid of Stata software version 11. The findings show that there is no significant relationship between the adoption of IFRS and performance of manufacturing firms listed on the Nigerian Stock Exchange. However, the findings of this study might have been affected by the choice of accounting policies of the companies under investigation and some environmental factors such as the economic, socio-cultural, political and legal factors. Hence, one can therefore assert that, although the adoption of IFRS is not significantly related to the performance of Nigerian Quoted Consumer goods Manufacturing Companies, extant literature established that adoption of IFRS is worthwhile in view of the fact that it enhances better accountability, comparability, transparency and as well, improves the quality of financial reporting, however, IFRS is not an end in itself but a means to an end.

**Key words:** Harmonization, Accounting Standards, IFRS, Tobin's q, ROA

### INTRODUCTION

Globalization in the business world today, has strengthened the need for the world-wide harmonization of Accounting Standards on which financial reporting can be based for the benefit of users and preparers of the financial reports. Harmonization is a process of increasing the compatibility of accounting practices by setting limits on how much they can vary (Lakmal 2014). In the words of Financial Accounting Standards Board (FASB) (2010), *harmonization* means reducing differences among the accounting principles used in major capital markets around the world. Fritz and Lämmle (2003) affirmed that the international harmonization of Accounting Standards is a process, which brings international Accounting Standards into some sort of agreement, in order to achieve a common set of accounting principles. They documented that 7000 European companies as at the period of their study, have to use the International Accounting Standards (IAS) in the European Union (EU) from 2005. On this note, Lakmal (2014) opines that harmonized accounting standards are free of logical conflict, and as such, improves financial information comparability across nations. This is because,

comparable, transparent and reliable financial information is fundamental for an efficient and integrated capital market, however, lack of comparability will discourage cross border investment as a result of uncertainty about the credibility of the financial statements (Fritz and Lämmle 2003).

According to Financial Accounting Standards Board (FASB) (2010), the notion of harmonization was replaced in the 1990s by the concept of *convergence*—the development of a unified set of high-quality, international accounting standards that would be used in at least all major capital markets. However, the concept of convergence first arose in the late 1950s in response to post World War II economic integration and related increases in cross-border capital flows. Obazee (2007) in Odia and Ogiedu (2013) contend that accounting convergence could occur in two ways viz: i) by adoption ii) by adaptation. Adoption simply refers to the replacement of national accounting standards with the International Accounting Standards Board's (IASB's) standards while adaptation could be referred to as a modification of the standards issued by International Accounting Standards Board (IASB) so as to suit the peculiarities of national markets and the economy at large, without any compromise to the IASB's accounting standards, disclosure requirements and basis of conclusions. In the words of Odia & Ogiedu (2013), convergence is meant to bring standards like the US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRSs) closer or harmonize them to produce identical standards.

Jeno (2010) asserts that financial accounting harmonization is a product of market (which the accounts serve) integration hence, global accounting standards would enable the world's stock markets to become more closely integrated into a single market and when such is the case, the transaction costs for investors and the cost of capital for firms in that market would be lower because, before the adoption of IFRS, differences in international reporting practice was a major barrier to efficient international investment, monitoring and contracting (Jeno 2010). In this vein, Shil, Das, & Pramanik (2009) argued that accounting standards harmonization will be of benefit to the world economy in the following ways: facilitation of international transactions and minimization of exchange costs by providing increasingly "perfect" information; standardization of information to the world-wide economic policy-makers; by improving information in the financial markets; and by improving government accountability.

The International Financial Reporting Standards (IFRSs) are a set of global accounting standards developed for the preparation and presentation of the financial statement of companies. Kool (2011) affirms that, the purpose of introducing a new accounting standard such as IFRS is to improve the transparency and comparability of firms and since the capital market is primarily defined by investors and creditors, this increasing transparency and comparability (as a result of change in accounting standards) will have a direct impact on the capital market reflected by a change in cost of capital and market liquidity. Based on the assertion of Jeno (2010), empirical research evidence which support the fact that uniform accounting standards increase market liquidity, decrease transaction costs for investors, lower costs of capital, and facilitate international capital formation & flow exists; and such reduced costs will in turn, lead to increased cross-listings and cross-border investments. Ocansey & Enahoro (2014) citing Irvine & Lucas, (2006) and Chai, Tang, Jiang, & Lin, (2010), reveal that several researches have confirmed that adoption of IFRS at the country level has increased direct foreign investment, high level of global market integration and improved quality accounting indicators.

The journey to IFRS adoption in Nigeria began sometime in July 2010, when the Road map for the adoption by the Federal Executive Council was approved. Upon this approval, the Financial

Reporting Council of Nigerian Act was enacted in 2011, resulting into the transformation of the Nigeria Accounting Standards Board to the Financial Reporting Council (FRC) which among other things, is charged with the responsibility of implanting the road map for the adoption of IFRS in Nigeria; therefore, Nigeria began the adoption of IFRS in 2012 and required all companies quoted on the Nigerian stock exchange and companies with significant public interest to comply in the first phase (Aganga 2013). Today, Aganga reiterated at the 10th annual Financial Reporting Council summit held in Lagos that “the adoption of International Financial Reporting Standards have enhanced the perception of Nigeria in the international community”.

However, although there are arguments that IFRSs are not relevant to developing countries, as they adopt such just because, it is a product with “network effects”, IFRS can be viewed as a high quality accounting standard when compared to most local standards, and that could assist in fostering increased comparability of financial statements by investors (Odia & Ogiedu 2013).

The recent expansion of international capital markets and availability of instantaneous global communication have placed on accounting the onus to provide useful and comparable information across international borders [Rivera, (1989) in Shil, Das & Pramanik (2009)]. However, many companies face increasing problems as a result of national differences in accounting measurements, auditing, and disclosures resulting from seeking capital outside of their home markets and investors attempting to diversify their investment internationally; in response thus, harmonization efforts increased during the 1990s which is now one of the most important issues facing accounting standard setters, stock exchanges, securities market regulators, and those who prepare or use the financial statements (Lakmal 2014). This is because it is generally believed that comparable, high quality, transparent and reliable financial information is essentially fundamental for any integrated and efficient capital market and harmonization of international accounting system according to Jen0 (2010), minimizes the information asymmetry between managers and entity owners.

Thus, there may be distorted cross-border portfolio, direct investment, and obstruction in the monitoring of management by shareholders, without a common accounting system; the contracting might be inhibited as well and the cost of these activities may be needlessly high by complex translation (Meeks & Swann, 2009 in Jen0, 2010). However, it is believed that if convergence to consistent, quality global accounting standards were achieved, problems of interpretation, implementation, and regulation (enforcement) would still persist. Based on this fact, Jen0 (2010) argues that accounting systems application by companies in different countries tends to be slightly or even bigger in differences due to the economic, political and cultural environment.

Based on the foregoing, Ball (1995) in Odia & Ogiedu (2013) specifically argues that “internationalization will reduce some or much of the diversity in accounting rules and practices across nations, it will not eliminate it nor should it”. Ball (2006) cited by Odia & Ogiedu (2013) was of the opinion that this will have direct influence on the reporting and users’ perception of IFRS quality, since the application of IFRS will not be uniform. The big question now is; what then is the justification for the harmonization of accounting standards (International Financial Reporting Standards) in Nigeria? Hence, since the adoption of International Financial Reporting Standards in Nigeria, there exists several studies on its implementation process, challenges of the adoption, effects on cost of capital, foreign direct investment, quality of financial statements, performance of companies et cetera and the findings have been inconclusive. To this end, this study seeks to investigate the International

Financial Reporting Standards' (IFRSs) adoption and the performance of Nigerian Quoted Consumer Goods' manufacturing Companies with the view of establishing empirically, the appropriateness or otherwise of the adoption. However, the study is specifically set out to:

1. Evaluate the relationship which exists between firm value (proxied by Tobin's q) and the adoption of IFRS by quoted consumer goods' manufacturing companies in Nigeria.
2. Examine the influence of the International Financial Reporting Standards (IFRS) adoption on the performance of quoted consumer goods' manufacturing firms in Nigeria (proxied by ROA).

### Statement of Hypotheses

The hypotheses of this study are stated in null forms thus:

**Ho<sub>1</sub>:** There is no significant relationship between firm value and the adoption of IFRS by quoted consumer goods manufacturing companies in Nigeria.

**Ho<sub>2</sub>:** International Financial Reporting Standards Adoption does not influence the Return on Assets of quoted consumer goods manufacturing companies listed on the Nigerian Stock Exchange.

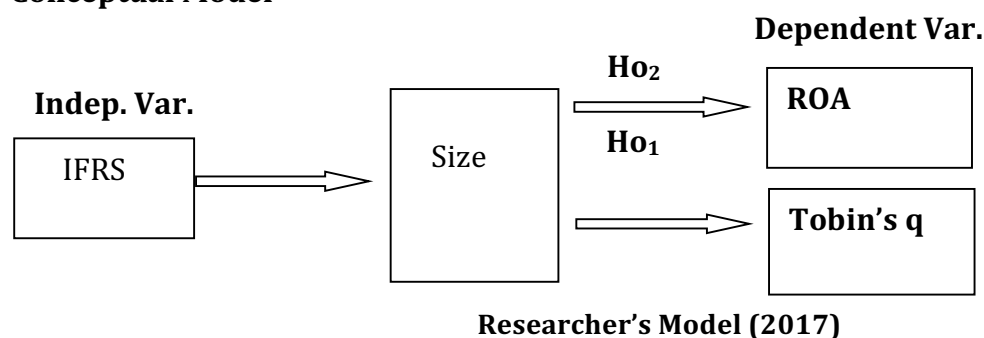
### Research Questions

1. What is the relationship between firm value and the adoption of IFRS by quoted consumer goods manufacturing companies in Nigeria?
2. How does IFRS adoption influence the Return on Assets of consumer goods manufacturing firms listed on the Nigerian Stock Exchange?

The remainder of this paper is structured as follows: section 2 presents the literature review; section 3 discusses the methodology; section 4 shows the data analysis, test of hypotheses, findings and discussion; and section 5 concludes the study.

## LITERATURE REVIEW

### Conceptual Model



### Theoretical Framework

This section reviews three major theories upon which this study is anchored on. They are: the signaling theory, the stakeholder theory and the stewardship theory.

#### Signaling Theory

According to Nwaobia (2015) in Nwachukwu, Ogundiwin & Nwaobia (eds), a major source of conflict in corporate finance and investment environment is lack of symmetric information among all investors because, it is commonly believed that those empowered with the governance of organizations have more information about the prospects and performance of the organization than other stakeholders. This theory (from financial reporting perspective) however, focused on the information disclosure behavior of managers in the presentation of

their corporate reports. It is believed that managers of well performing firms tend to disclose the performance of the organization in their financial statements with greater transparency than managers of poorly performing firms (Nwaobia, 2015) in Nwachukwu, Ogundiwin & Nwaobia (eds) (2015). The level of disclosure in this case, sends a kind of signal of healthy and unhealthy firms to the stakeholders who view and use the financial statements.

### ***Stakeholder Theory***

The focus of his theory is articulated in two core questions of what is the purpose of a firm? And what responsibility do managers of firms have to stakeholders? The first question propels firms forward and allows them to generate outstanding performances (Freeman, Wicks & Parmer, 2004). The second question pushes the managers to articulate how they want to do business and specifically the kind of relationships they want to create with their stakeholders. This theory also expects managers to develop and run their firms in a way that is consistent with the demands of the theory that is, stakeholders' value maximization rather than shareholder's value maximisation.

### ***Stewardship Theory***

This theory rejects the agency theory on the relationship of agent and principal which assumes that managers do not act in the interest of shareholders but maintains that managers are not motivated by individual goals but rather, they are stewards whose motives are aligned with the objectives of their shareholders (Nwaobia, 2015) in Nwachukwu, Ogundiwin & Nwaobia (eds) (2015). The theorists believe that managers as stewards are well motivated when organizational goals are attained. This goes in line with the assertion that a steward protects and maximises shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximised (Davis, Schoorman & Donaldson, 1977:25 cited in Cullen, Kirwan & Brennan, 2006:13).

### ***Empirical Review***

Since the adoption of International Financial Reporting Standards in Nigeria, there exists several studies on its implementation process, challenges of the adoption, effects on cost of capital, foreign direct investment, quality of financial statements, performance of companies et ce tera and the findings have been inconclusive. Few of the studies have been reviewed below: Bala (2013) attempted to study the effects of IFRS adoption on the financial reports of firms listed on the Nigerian Stock Exchange, using fourteen (14) Oil and Gas firms who have their financial reports prepared and presented in compliance with the provision of IFRS in 2012 as the sample size. Two sets of financial reports of these firms were to be used for the analysis: that is, reports prepared and presented from 2009 to 2011 under the NG-GAAP or SAS (Pre-adoption period) and that from 2012 to 2014 under the IFRS (Post-adoption period). The researcher aimed at adopting a case study method involving the use of qualitative and quantitative methods; the quantitative method intended to investigate the impact of IFRS adoption on the KPIs (key performance indicators/measures) such as the gearing, liquidity and profitability in order to determine the firms' financial strengths, weaknesses and ability to honor their obligation as they fall due while the qualitative approach involves the use of interviews and questionnaire to investigate the impact of the adoption in terms of exploration and evaluation (E&E) expenditures, decommissioning of oil and gas installations expenditures, financial information disclosures as well as the overall impact on the presentation and structure of the financial reports. Empirical analyses were to be carried out on the differences followed by tests equality of means, medians and variances between each series of ratios to ascertain if the distributions differ under NG-GAAP and IFRS, after which, the relationship between the IFRS and NG-GAAP ratios would be analyzed using Least-square regressions.

However, Bala's study is inconclusive as the empirical analysis was not carried out and the findings not reported.

Jeno (2011) examined the impact of the adoption of international accounting standards on the management performance of businesses listed on the Budapest Stock Exchange in Hungary using a qualitative comparative approach which enabled him to compare the results of companies that adopted international financial reporting standards mandatorily from 2007 and those that followed national accounting rules. The pre-adoption examination period is in year of 2006 and the post-adoption is in year of 2007. A total sample of 65 IFRS adopting and 260 local (Hungarian) accounting rules user firms were examined in the study based on the financial data from published accounting statements in Budapest Exchange Trade (BET) and Hungarian Business Information database. However, mathematic-statistic methods were introduced in the course of the research and, logistic regression models were employed capturing the profitability, liquidity, dividend, leverage, growth and asset ratios as well as the size of the firms. The findings show that the selected proxies in the statement of financial position (especially for solvency and prosperity) deteriorated after the adoption of IFRS and earnings management reduced as well after the period of post-adoption. To this end therefore, he concluded that as a result of the adoption, the policy and requirements became gradually more transparent and bright; and the application of the standards as well as the implementation process became more user friendly.

Nyor (2012) investigated the challenges of Converging to IFRS in Nigerian money deposit banks using interview and questionnaire as means of data collection instruments for the study. Nine (9) Money Deposit Banks out of the twenty four (24) which existed in the country as at the time of study were sampled for the study. Chi-square technique was utilized for the data analysis and the findings show that there are lots of difficulties involved in converging to IFRS amongst which include huge cost outlay, that is, the cost of training the personnel to understand new global standards, cost of acquiring new accounting packages needed for the implementation, and cost of discarding former accounting packages which are not compatible with IFRS. The study concludes that Nigerian companies should converge to IFRS because, such will enhance better accountability, transparency and improve the quality of financial reporting, despite its cumbersomeness and the initial anticipated problems. However, the study recommends that Nigeria should borrow the wisdom of the Germans and make IFRS mandatory for group account of companies listed on the stock exchange while the Nigerian GAAP will still be mandatory for individual company's accounts. Also, the adoption of IFRS should be optional for group accounts of companies not listed on the stock exchange but, prohibited for individual company's account. This is because, IFRSs (being principle based standards) allow companies to utilize the methods they wish, which could create the avenue for creative accounting, that is, allowing the financial statements to show only desired results arrived at by a means of revenue or profit manipulation and hiding of financial problems in the company.

Ezeani & Oladele (2012) examined the extent to which the international financial reporting standards (IFRS) adoption could enhance the Nigerian Universities' financial reporting system. One hundred and sixty (160) senior accountants and internal Auditors in Government Universities were sampled for the study using a survey research design. The data were analyzed using mean scores and z-test score/statistics and the findings indicate that transitioning from national financial reporting standards to IFRS has the potential of creating a need for clarification on the provision of certain IFRS in relation to certain country-special circumstances. Also, as there are lots of personnel to be involved in IFRS financial instruments, there is shortage of expertise in the field of IFRS as well, which can affect not only the

institutions but also private sectors, regulators and other governmental agencies. As such, the study recommended among others that the curricula of our institutions should be reviewed to incorporate IFRS, so that accountants and auditors will be acquainted with IFRS guidelines and standards.

Odia & Ogiedu (2013) in their study of IFRS Adoption: Issues, Challenges and Lessons for Nigeria and other adopters, identified increased border-listing, globalization, attraction of foreign investment and aids, and other institutional factors as being responsible or the driving force for the adoption of IFRS. However, from the experience and lessons of firms who have already adopted IFRS, in order to prepare the stakeholders for the imminent transition and challenges and for effective adoption of IFRS, there must be an enabling institutional framework, accounting education and training, as well as efficient capacity building programme.

### **METHODOLOGY**

An ex-post-facto research design was adopted for the study. This study utilized secondary data obtained from the audited annual financial reports of ten (10) consumer goods manufacturing companies (Cadbury, Dangote, Honeywell, Nestle, Unilever, Guinness, Pz cussons, Nigerian Breweries, GSK and Lafarge Cement PLC) purposively selected from the population of manufacturing companies listed on the Nigerian stock exchange for a period of five (5) years (2010-2014). The choice for those companies at the chosen time periods was informed by data availability. The analyses were done using the pooled OLS estimator through the aid of Stata software version 11.

#### **Model specification/Measurement of Variables**

The model adopted in this study is based on the functional relationship between the dependent and the independent variables thus:  $Y=f(X)$ . The dependent variable here is the performance of quoted consumer goods manufacturing companies, measured by Tobin's q and return on asset (ROA) while the independent variable is IFRS adoption which takes the value of zero (0) in the period prior to the adoption and one (1) in the periods of adoption. However, the model is moderated by size of the firm, measured as the logarithm of total asset.

Tobin's q measures the performance of firms in the capital market and used in Nwaobia, Kwarbai and Ogundajo (2016) as

$$Q = \frac{MVE + PS + DEBT}{TA}$$

MVE: Market Value of Equity (number of ordinary shares outstanding × market price of shares)

PS: The Liquidating value of the firm's outstanding preferred stock

DEBT: The value of the firm's short-term liabilities net of its short-term asset, PLUS the book value of the firm's long term debt

TA: The Book value of total assets of the firm

However, considering the peculiar nature of the Nigerian business environment, we have adopted the market value of shares (number of ordinary shares outstanding × market price of shares) + book value of debt to book value of total assets as the measure of Tobin's q.

Return on Assets: Is a ratio that shows the relative profitability of the business. It measures the efficiency of the management in utilizing the assets of the firm. The higher the ratio, the more profitable a company becomes. It is derived as  $\frac{PBIT \times 100}{TA}$

PBIT: Is the profit of the firm before interest and tax

TA: Is as defined above

The choice of size included in the model was prompted by the assertion of Ali, Hamed & Henry (2004:208) who posit that larger organisations have a greater tendency to disclose more financial information in their annual reports than smaller ones. This simply implies that large organisations are more likely to adopt the IFRS which requires more information disclosure. The model therefore goes thus:

$$\begin{aligned} \text{Tobin's } q_{it} &= \alpha_{it} + \beta_1 \text{IFRS}_{it} + \beta_2 \text{size}_{it} + \mu_{it} \\ \text{ROA}_{it} &= \alpha_{it} + \beta_1 \text{IFRS}_{it} + \beta_2 \text{size}_{it} + \mu_{it} \end{aligned}$$

Where:

Tobin's  $q_{it}$  = Tobin's  $q$  of company  $i$  at time  $t$

$\text{ROA}_{it}$  = Return on assets of company  $i$  at time  $t$

$\text{IFRS}_{it}$  = IFRS adoption by company  $i$  at time  $t$

$\text{size}_{it}$  = size of the company (measured as logarithm of total assets) of company  $i$  at time  $t$ .

$\alpha$  = Constant term

$\beta$  = coefficients of the explanatory variables

$\mu$  = composite error term

### A priori Expectation

It is expected that the adoption of IFRS (leading to mandatory information disclosure) will result to improved performance of firms listed on the Nigerian Stock Exchange. By implication,  $\beta > 0$

## DATA PRESENTATION, ANALYSIS, TEST OF HYPOTHESES AND DISCUSSION OF FINDINGS

### Data Presentation, Analysis and Test of Hypotheses

Based on the research hypotheses, the regression models of the Stata output for model one (1) are presented below:

**H<sub>01</sub>:** There is no significant relationship between Tobin's  $q$  and the adoption of IFRS by quoted consumer goods manufacturing companies in Nigeria.

**H<sub>02</sub>:** International Financial Reporting Standards Adoption does not influence the Return on Assets of quoted consumer goods manufacturing firms listed on the Nigerian Stock Exchange.

**Table one - regression result for model one**

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
ifrs	.1318394	.7861383	0.17	0.868	Prob > F = 0.4524
size	.297696	.2593339	1.15	0.257	R-squared = 0.0332
_cons	-4.383755	6.415401	-0.68	0.498	Adj R-squared = -0.0080

**Source: Researcher's data output (2017)**



**Table two – regression result for model two**

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
ifrs	-.0603204	.0490054	-1.23	0.224	Prob > F = 0.3113
size	-.0083521	.0161661	-0.52	0.608	R-squared = 0.0484
_cons	.3889747	.3999158	0.97	0.336	Adj R-squared = 0.0080

**Source: Researcher's data output (2017)**

From table one, considering the sign and magnitude of the coefficients; ifrs = 0.1318394 and size = 0.297696, it can be deduced that the value of the firms, measured by Tobin's q is positively influenced by the adoption of IFRS. That is, 0.1318394 (say 13%) increase in Tobin's q is directly attributable to the IFRS adoption. Put in another way, the adoption of IFRS will improve the value of firms and vice-versa. For the size of the firms, the coefficient is also positive indicating that the larger the size of the firm, the better the firm value. This is because, a unit increase in the size of firms will lead to a 0.297696 unit increase in Tobin's q and vice-versa.

The adjusted R-squared = -0.0080 shows the degree of the combined influence of IFRS adoption and size of the firm on the value of consumer goods manufacturing firms listed on the Nigerian Stock Exchange. By implication, 0.0080 (0.8%) of the variation in the firm value, measured by Tobin's q is induced by IFRS adoption and size of the firms, 99.2% being attributable to other variables not included in the model.

However, the p-value of the F-statistics = 0.4524, which is > 0.05 level of significance is not significant (at all levels) signifying the non-rejection of the null hypothesis that there is no significant relationship between firm value (Tobin's q) and the adoption of IFRS by quoted consumer goods manufacturing companies in Nigeria.

From table two, the findings of the coefficients; ifrs = -0.0603204 and size = -0.0083521, it can be deduced that the performance of the firms, measured by ROA is negatively influenced by the adoption of IFRS. That is, -0.0603204 (say 6%) decrease in ROA is directly attributable to the IFRS adoption. Put in another way, the adoption of IFRS will reduce the performance (ROA) of firms and vice-versa. For the size of the firms, the coefficient is also negative indicating that if the size of the firms reduces, their performance would be impaired/reduced. This is because, a unit decrease in the size of firms will lead to a -.0083521 unit reduction in ROA and vice-versa. The adjusted R-squared = 0.0080 shows the degree of the combined influence of IFRS adoption and size of the firm on the performance (ROA) of consumer goods manufacturing firms listed on the Nigerian Stock Exchange. By implication, 0.0080 (0.8%) of the variation in the performance of listed manufacturing firms, measured by ROA is induced by IFRS adoption and size of the firms, 99.2% being attributable to other variables not included in the model.

However, the p-value of the F-statistics = 0.3113, which is > 0.05 level of significance is not significant (at all levels) indicating the non-rejection of the null hypothesis that International Financial Reporting Standards Adoption does not influence the Return on Asset of consumer goods manufacturing firms listed on the Nigerian Stock Exchange. Based on the two hypotheses therefore, one can infer that there is no significant relationship between the adoption of IFRS and performance of consumer goods manufacturing firms listed on the Nigerian Stock Exchange. This simply implies that the performance of Nigerian Quoted consumer goods manufacturing companies is not significantly dependent on the International

Financial Reporting Standards' (IFRSs) adoption however, the adoption is worthwhile or appropriate because of the various benefits accruing to such.

At this point, it is noteworthy that the findings of this study might be affected by the choice of accounting policies of the companies under investigation and some environmental factors such as the, socio-cultural, political and legal factors as well as economic factors. Also, Bala's (2013) assertion that the numerator of ratio calculations, their denominator or both might be directly affected by the difference in recognition and measurement of accounting figures under IFRS and NG-GAAP. Hence, the adoption of IFRS is not an end in itself but a means to an end.

### Discussion of Findings

The findings of this study are in line with the findings of Jeno (2011) who found that the selected proxies in the statement of financial position (especially for solvency and prosperity) deteriorated after the IFRS adoption and earnings management reduced as well after the post period of the adoption. He therefore concluded that as a result of the adoption, the policy and requirements became gradually more transparent and bright; and the application of the standards as well as the implementation process became more user friendly.

### CONCLUSION

Although there are arguments that IFRSs are not relevant to developing countries, as they adopt such just because, it is a product with "network effects", IFRS can be viewed as a high quality accounting standard when compared to most local standards, and that could assist in fostering increased comparability of financial statements by investors. Considering the fact that certain environmental factors such as the economic, political and socio-cultural factors could affect the adoption of IFRS, this study concludes that the adoption of IFRS by Nigerian manufacturing companies is worthwhile as revealed in extant literature because, it enhances better accountability, comparability, transparency and as well, improves the quality of financial reporting, however, IFRS is not an end in itself but a means to an end. The contribution of this study to knowledge is that perhaps, it is an empirical study that investigates the International Financial Reporting Standards (IFRS) adoption and performance of Nigerian Quoted consumer goods manufacturing companies with the view of establishing, the appropriateness or otherwise of the adoption. Also, the study contributes in the area of the conceptual model fully reflected in the model specification as well as the analysis technique – the use of pooled OLS.

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