Mandatory Adoption of International Financial Reporting Standards (IFRS) in Nigeria: The Unresolved Institutional Question

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Abstract

Preeminently, the objective of the paper is to examine the perceived impact of Nigerian institutional infrastructure (i.e. Educational Institution, Professional Accounting Bodies, Legal Framework, SEC and NASB or FRCN) on the mandatory adoption of IFRS, which took effect from January 2012. The study adopts the questionnaire survey method to seek respondents' views on the subject matter. One of the major perceived differences between IFRS and Nigerian SAS is that the former allegedly provides more discretion (i.e., less specific standards and less implementation guidance). Although more reporting discreetness is not necessarily a challenge, firms' reporting incentives, which are shaped by Nigerian institutional framework, play a foremost role in how organizations would apply the discernment under IFRS. We therefore employed Multiple Regression techniques as well as One Way Repeated Measure Analysis of Variance, in testing the two hypotheses in the paper. The result shows that four of the five institutions are ready and strong enough to support the mandatory adoption of IFRS.We recommended interalier, that the capacity of regulators (Corporate Affairs Commission,Securities and Exchange Commission, National Insurance Commission, Central Bank of Nigeria to mention but a few) must be strengthened so as to enable them to effectively deal with accounting and financial reporting practices of the regulated concerns, so that the mandatory adoption of IFRS in Nigeria, does not become a mere labeled or nominal one.

Key words: *IFRS, FRCN, Institutions, Legal framework, and SEC*

1. Introduction

The demand for a planetary set of higher-ranking financial reporting standards has long been polled by stakeholders in financial reporting. The evolution of international convergence towards a global set of accounting standards started in 1973, when 16 professional accounting bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and the United States decided to establish the International Accounting Standards Committee (IASC), which in 2001 transmuted into the International Accounting Standards Board (IASB). The IASB develops global standards and associated interpretations that are conjointly known as International Financial Reporting Standards (IFRS).

In December 2010, following the approval of the Federal Executive Council, the Nigerian Accounting Standards Board (NASB), (now designated as Financial Reporting Council of Nigeria (FRCH)) issued an implementation roadmap for Nigerian's adoption of IFRS which set a January 2012 date for compliance for publicly quoted companies and banks in Nigeria. The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission also adopted this date for compliance and has issued guidance compliance circulars to ensure full implementation of IFRS in Nigeria.

Undoubtedly, IFRS adoption will entail significant costs and will have far reaching consequence on a wide variety of stakeholders in the financial reporting process, including financial statement preparers, investors, analysts, auditors, regulators and universities. Conversion will require companies to re-align their systems, train employees and educate users of the financial statement on the changes to financial reports. Auditors will be required to implement extensive

training programs and build appropriate infrastructure to ensure that audit engagement teams are equipped to audit IFRS accounts. Polytechnics and universities will need to revamp curriculum materials to ensure that future accounting professionals receive a substantial amount of IFRS education.

The major concern in Nigeria today (in the face of these copious associated challenges) is, would 'de jure' synchronization of accounting standards (i.e. IFRS) in Nigeria lead to 'de facto' harmonization of financial reporting practices? In view of the obvious fact that reported accounting numbers are shaped by the historical, economical and institutional structure in the locale where firms are domicile.Soderstrom and Sun (2007) argue that cross – country differences in accounting quality are likely to remain, sequel to IFRS adoption, because accounting quality is a function of the firm's overall institutional infrastructure (or setting), including the legal and political system of the country where they reside.

To address this concern (i.e. IFRS adoption and institutions), we adopted the survey research approach. We thus administered questionnaire to four relevant stakeholders in financial reporting in Nigeria, namely: Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students. The questionnaire was aimed at eliciting the strength and preparedness of five Nigerian institutions (i.e. Educational Institution, Professional Accounting Bodies, Legal Framework, SEC and NASB or FRCN), in meeting the demands of the ongoing mandatory adoption of IFRS.

1.1 Objectives of the Study and Hypotheses

1.1.1 Objectives of Study

The main objective of this study is to examine the perceived impact of Nigerian institutional infrastructure (i.e. Educational Institution, Professional Accounting Bodies, Legal Framework, SEC and NASB or FRCN) on the mandatory adoption of IFRS. Other specific objectives are to:

a) examine whether Nigerian Institutional Infrastructure have the capacity to support the mandatory adoption of IFRS;
b) determine whether there is any significant difference in the perception of stakeholders concerning the capacity of Nigerian Institutional Infrastructure to support the adoption of IFRS;

1.1.2 The Research Hypotheses

For the purpose of resolving the research questions articulated above, the following hypotheses will be tested in the course of the study.

H_1: Nigerian Institutional Infrastructures are not significantly developed to support the mandatory adoption of IFRS.
H_2: There is no significant difference in the perception of the stakeholders about the readiness of Nigerian Institutional Infrastructures to support the proposed mandatory adoption of IFRS.

2. Literature Review

There are presently two principal schools of thought in the debate on International Financial Reporting Standards (IFRS) and accounting harmonization or convergence. The First is the argument that a single global set of accounting standards helps to reduce information dissymmetry or imbalance, lowers the cost of capital, and enhances capital flow across borders. The opponents of this school of thought argue that the characteristics of local business environments and institutional frameworks mould the course and substance of accounting standards. Few of such studies are reviewed below.

Armstrong, Barth, Jagolizer and Riedl (2008) did a study titled "Market Reaction to Events Surrounding the Adoption of IFRS in Europe", with the object of unraveling European stock market reaction to events associated with the adoption of IFRS in Europe. A sample of 3,265 European firms was employed over the period 2002 and 2005. The result of the study revealed that Investors in European firms noticed that the expected benefits associated with IFRS adoption will outweigh the expected costs. The study left it to further research to determine whether the expectations were fulfilled. Similarly, Barth, Landsman, and Land (2008) conducted a study on "International Accounting Standards and Accounting Quality". The intent of the study was, to determine whether IAS was affiliated with financial reporting quality. A sample of 21 countries over a period 1994 and 2003 were engaged. The result evinced that companies that apply IAS were of higher quality than non US companies that do not.

Furthermore, Beneish and Yohn (2008), in a study captioned “Information Frictions and Investors Home Bias: A Perspective on the Effect of Global IFRS Adoption on the Extent of Equity Home Bias”, found out that the effect of the increase in foreign investments and businesses sequel to global adoption of IFRS will be small, largely due to “Home Bias”.

Hail, Leuz, and Wysocki(2010), conducted a research to observe issues surrounding IFRS adoption in the United State. The areas of focalizations include cost/benefit trade-offs, the effect on capital markets and the economy, financial reporting effects and political, regulatory and legal implications of IFRS adoption. The working paper, “Global Accounting Convergence and the Potential Adoption of IFRS by United States: An Analysis of Economic and Policy Factors”, summarized the potential benefits of IFRS adoption as “greater market liquidity, a lower cost of capital and a better allocation of capital.” The research also reveals that financial reporting will likely be enhanced and multinational firms will receive a cost advantage as they will no longer have to report under numerous sets of standards.

On the demerit side, the study evokes that a major impact will be the cost of transition to IFRS. Accordingly, the benefits to U.S. investors may not exceed costs. Furthermore, due to U.S. high quality standards GAAP, financial reporting improvement will be minor. It also suggested that these costs and benefits will vary across firms and will be difficult to trace upon adoption.

3. Institutions: Definitions and Relevance

In general sense, institutions are both formal and informal mechanisms that guide economic and social exchanges and interactions (North, 1990:4). Another way of regarding institutions is that they are mechanisms that facilitate efficient exchanges and interactions between economic players.

They therefore are the framework within which human dealings take place. They are absolutely analogous to the rules of the game in a competitive group sport. That is they consist of official written regulations as well as typically unwritten codes of conduct that underlie and supplement formal rules, such as not deliberately injuring a key player on the opposing team. And as this comparison would imply, the rules and informal codes are sometimes violated and penalty is enacted. Therefore, an indispensable part of the working of institutions is the costliness of ascertaining violations and the sternness of punishment.

3.1 The Institutions of Interest in this Study.

As earlier said at the introductory stage of this paper, we studied five institutions with a view to finding out their strengths and readiness for the mandatory adoption of IFRS in Nigeria. The choice of the five institutions is rooted in the fact that we considered them key to the adoption process, and at the vanguard of the implementation of the new standards.

(A) Tertiary Educational Institutions (TEDI)

Education is the pillar for current multifaceted accounting systems. It has been established that there is a positive association between education and the competence of professional accountant (Gernon, Meek & Mueller, 1987). The adoption of IFRS is a very strategic and critical decision; it requires a high level of education, competence, and expertise to be able to understand, interpret, and then make use of these standards (IFRSs). According to Izuagba&Afurobi(2009:605), it is expected that, in countries where the education level is low, and expertise is weak, there is very likely going to be a real barrier to the adoption of IFRS.

(B) Legal Framework (LEFW)

There are a plethora of laws and regulations that provide legal basis for accounting and financial practices in Nigeria. However, the main legal framework for corporate reporting and auditing practice is the Companies and Allied Matters Act (1990).

Indeed, as noted by Iyoha&Oyerinde (2010:366), “Nigeria does not lack the required legal backing for her financial transactions”. However, as observed by Okaro (2004:50), the challenge with Nigerian legal frameworks is in the archaic nature of the financial rules and regulations in force in the country. The position of Okaro, is further reinforced by the assertion of Iyoha and Oyerinde, which suggests that Nigerian laws suffer from severe weakness in enforcement, compliance and regulation. This weakness was noted by World Bank (2004) which observed that “the process of adjudication on cases in Nigerian court is so slow that regulators are discouraged from seeking support from the courts and law enforcement agencies in enforcing sanctions”.

(C) The Nigeria Accounting Standard Board (NASB)

NASB (now Financial Reporting Council of Nigeria (FRCN)), sets local accounting standards under the Nigerian Accounting Standards Board Act of 2003. According to the World Bank, (2004:7-8), "Although the NASB's issued standards have statutory backing, the body itself, operated without an enabling legal authority until the 2003 enactment of the NASB Act".

The World Bank further observed that NASB lacks adequate resources to fulfill its mandate. As a government agency, NASB has relied on government subventions and has been exposed to serious budgetary constraints that hinder its performance. With these arrays of issues there becomes the need to find out the extent to which the NASB can push for the realization of the objective of adoption of IFRS.

(D) Professional Accounting Bodies (PAB)

The statutory frameworks for the accounting profession in Nigeria include the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountant of Nigeria (ANAN). The two bodies are responsible for the production of professional accountants in Nigeria. When non-qualified personnel are in charge of accounting functions and positions, the effect would certainly be 'accountability blindness' (Iyoha and Oyerinde, 2010:365). A well-developed accounting profession and system of accounting education in a given country "lead to a tradition and/or effort of providing reporting and disclosure" (Belkaoui, 1983:210).

According to World Bank (2004:8), the qualifying examinations processes of ICAN and ANAN differ. For example, it is possible in just three years after graduation for a non-accounting graduate to become a registered ANAN member. ANAN has accredited some universities and polytechnics that do not meet ICAN requirements for accreditation. This study therefore, is out among other things to find out how much this institution (Professional Accounting Bodies) can contribute to the actualization of IFRS objectives in Nigeria.

(E) The Securities and Exchange Commission (SEC)

The Securities and Exchange Commission Nigeria is the apex regulatory institution of the Nigerian capital market. On behalf of SEC, the Nigeria Stock Exchange reviews submissions by companies for compliance with the listing requirements, which include accounting standards and disclosure requirement under CAMA. The audited financial statements of a listed company are only published after approval of the Stock Exchange and de-listing is the only sanction for noncompliance. The World Bank (2004) also opined that the Securities and Exchange Commission is not yet effective in monitoring compliance with financial reporting requirements and enforcing action against violators.SEC therefore constitutes our fifth variable in testing our hypothesis one (H_1).

4. Model Specification

Mandatory adoption of international financial reporting standards (IFRS) and Nigerian institutional infrastructure can be written in a mathematical manner as follows:

IFRS = f (TEDI, LEFW, NASB, PAB, SEC)…………………………..... (1)

Assuming a linear relationship between the variables in equation one, the explicit form of Equation 1 is therefore represented as follows:

$$IFRS = \alpha_0 + \alpha_1 TEDI + \alpha_2 LEFW + \alpha_3 NASB + \alpha_4 PAB + \alpha_5 SEC + \varepsilon \quad \text{.....(2)}$$

Where:

IFRS = International Financial Reporting Standards;
TEDI = Tertiary Educational Institution;
LEFW = Legal Framework;
NASB = Nigerian Accounting Standards Board;
PAB = Professional Accounting Bodies;
SEC = Security Exchange Commission; and
ε = the error term.

The Statistical Product Service Solution Package (SPSS) was employed in performing the statistical test. More so, the foregoing variables in respect of hypothesis one (H_1) were measured using the indicator generated from the enabling instrument in deference of each of the variable. All variables were measured utilizing a five-item Likert-type scale.

4.1 Questionnaire Analysis

A total of one thousand five hundred (1,500) well-structured multi-item scale questionnaire were administered to the finance directors, preparers and users of financial reports in the (120) sampled listed companies and Accounting preceptors in (24) tertiary educational institutions. A total of (1,296) were returned, giving rise to external decline rate of 13.6%. Of the (1,296) returned, only (1,067) were found useable which gave us internal decline rate of 17.7%. In all, the combined respond rate, undermining the non-useable responses (i.e. internal decline) is 71.1%. This response rate is considered adequate for the purpose of this study. The table below shows the sectorial distribution of the companies and the tertiary educational institutions we administered the questionnaire.

Table 1 *Industrial Sector and Organizations*

Industrial/Educational Sector	No. of Organizations
Agriculture	3
Banks	20
Breweries	4
Audit Firms	4
Chemical & Paint	5
Insurance	20
Conglomerates	8
Heart Care	8
Food/Beverages & Tobacco	10
Construction	3
Petroleum (Marketing)	10
Stock Market Operators	25
Federal Universities	6
State Universities	6
Private Universities	6
Polytechnics	6
Total	144

Source*: Field Survey (2012)*

We administered the well-structured questionnaire to lecturers of tertiary educational institutions that offer Accounting programs in three of the six geopolitical zones in Nigeria. As evinced in Table 1, the tertiary educational institutions were (6) Federal, (6) State, and (6) Private Universities and (6) Polytechnics that offer Accounting as Discipline. Additionally we also administered questionnaire to (91) companies, 25 Stock Market operators (i.e Investment/firms of stock brokers) and the big four audit firms. Thus giving us a total of 144 sectors that responded to the questionnaire. The Statistical Product Service Solution Package (SPSS) was employed in performing the statistical test. More so, the foregoing variables in respect of hypothesis one (H_1) were measured using the indicator generated from the enabling instrument in deference of each of the variable. All variables were measured utilizing a five-item Likert-type scale.

4.2 Operationalization of the Variables.

It is useful to note that responses to question 7 of the questionnaire were used in operationalizing our dependent variable 'IFRS Adoption'. The choice of question 7 for operationalization of the dependent variable is informed by the fact that the desirability and relevance of IFRS to Nigerian context are logically linked to the Adoption of IFRS. On the other hand, our five independent variables were operationalized by the response to their respective multi-item scale questions in the questionnaire.

4.3 Test of Hypotheses and Analysis of Results

Hypothesis 1

The first Hypothesis tested in this study states that "Nigerian Institutional Infrastructures are not significantly developed to support the proposed mandatory adoption of IFRS". The tables below show the output of the standard multiple regression technique employed in resolving the hypothesis. The model for the regression has Mandatory adoption of International Financial Reporting Standards (IFRS) as dependent variable, while the independent variables are: Tertiary Educational

Institution (TEDI), Professional Accounting Bodies (PAB), Legal Framework (LEFW), Securities and Exchange Commission (SEC) and Nigerian Accounting Standards Board (NASB).

Table 2 *Descriptive Statistics*

	Mean	Std. Deviation	N
IFRS	3.5923	.93687	1067
TEDI	3.4566	.54832	1067
PAB	3.5831	.66226	1067
LEFW	3.5003	.62604	1067
SEC	3.5072	.61985	1067
NASB	3.4898	.62041	1067

Source*: Field Study (2012)*

Table 2, is produced by the descriptive option and it shows that the mean of all the variables are within the mid-point of our likert-scale survey instrument with the lowest being TEDI (3.4566) and highest being IFRS (3.5831). The table also reveals that there was no omission in our sample size since the number of observation remains 1067 all through.

Table3 *Correlations*

		IFRS	TEDI	PAB	LEFW	SEC	NASB
Pearson Correlation	IFRS	1.000	.413	.534	.350	.683	.373
	TEDI	.413	1.000	.603	.621	.649	.609
	PAB	.534	.603	1.000	.563	.732	.600
	LEFW	.350	.621	.563	1.000	.630	.678
	SEC	.683	.649	.732	.630	1.000	.660
	NASB	.373	.609	.600	.678	.660	1.000
Sig. (1-tailed)	IFRS	.	.000	.000	.000	.000	.000
	TEDI	.000	.	.000	.000	.000	.000
	PAB	.000	.000	.	.000	.000	.000
	LEFW	.000	.000	.000	.	.000	.000
	SEC	.000	.000	.000	.000	.	.000
	NASB	.000	.000	.000	.000	.000	.
N	IFRS	1067	1067	1067	1067	1067	1067
	TEDI	1067	1067	1067	1067	1067	1067
	PAB	1067	1067	1067	1067	1067	1067
	LEFW	1067	1067	1067	1067	1067	1067
	SEC	1067	1067	1067	1067	1067	1067
	NASB	1067	1067	1067	1067	1067	1067

Source*: Field Study (2012)*

Table 3 above gives details of the correlation between each pair of variables. It can be seen that our independent variables have some degree of (positive) relationship with our dependent variable. According to Palant (2001:143), a correlation level of a minimum of 0.3, is ideal. In our result, the variables are sufficiently correlated. However, the best correlation is the one between PAB and IFRS (i.e. 0.534), followed by PAB and LEFW (0.563). Whereas the lowest correlation is that between IFRS and LEFW (0.350), the highest exist between SEC and PAB (0.732).

Table 4 *Model Summary*[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699[a]	.489	.486	.67149

Source: Field Study (2012)
a. Predictors: (Constant), NASB, PAB, TEDI, LEFW, SEC
b. Dependent Variable: IFRS

Table1.4 shows the adjusted R square value which tells how much of the variance in the dependent variable is explained by our model. In this case, our model accounts for 48.6% of the variance in the mandatory adoption of IFRS. This value is quite a respectable one compared to the value of 46.8% gotten by Pallant, (2004:145), which was adjudged successful.

Table 5 *ANOVA*[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	457.246	5	91.449	202.813	.000[a]
	Residual	478.411	1061	.451		
	Total	935.657	1066			

Source: Field Study (2012)
a. Predictors: (Constant), NASB, PAB, TEDI, LEFW, SEC
b. Dependent Variable: IFRS

The table above reports an ANOVA, which assesses the overall significance of our model and hence, test the null hypothesis that "Nigerian Institutional Infrastructures are not significantly developed to support the mandatory adoption of IFRS" Thus, our model in this example reaches statistical significance (Sig=.000, at p<0.005).

Table 6 *Standardized Beta Coefficients*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.234	.144		1.632	.103		
	TEDI	-.011	.055	-.006	-.203	.839	.473	2.115
	PAB	.178	.048	.126	3.724	.000	.423	2.365
	LEFW	-.153	.049	-.102	-3.110	.002	.448	2.233
	SEC	1.113	.056	.736	19.847	.000	.350	2.854
	NASB	-.174	.051	-.115	-3.438	.001	.427	2.341

Source: Field Study (2012)
a. Dependent Variable: IFRS

The table above gives a measure of the contribution of each variable to the model. Our result shows that SEC has the highest impact on IFRS, followed by PAB, NASB, and LEFW. TEDI has an insignificant impact on IFRS.

Overall, the result of the standard multiple regression analysis, employed in the test of hypothesis 1, shows that: Firstly, the null hypothesis has to be rejected in favour of the alternative hypothesis, which states that "Nigerian Institutional Infrastructures are significantly developed to support the mandatory adoption of IFRS". This result is evident from table 5 on ANOVA.

Secondly, the result of the evaluation of each of the independent variables revealed a significant model ($F_{5.1061}$ =202.813, P< 0.005). Adjusted R square = 0.486. Significant variables are as shown below:

Independent Variable	Beta	P
Professional Accounting Bodies (PAB)	0.126	P < 0.005
Legal Framework (LEFW)	0.102	P = 0.002
SEC	0.736	P < 0.005
NASB	0.115	P = 0.001

Tertiary Educational Institution was found not to be Significant.

Hypothesis 2

The second Hypothesis of this study states that "There is no significant difference in the perception of the stakeholders about the readiness of Nigerian Institutional Infrastructures to support the mandatory adoption of IFRS". The stakeholders of interest here, are- Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students. We used One Way Repeated Measure Analysis of Variance in testing this hypothesis. The tables below, depicts the outcome of our tests.

Table 7 *Multivariate Tests*[b]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
STAKEHOLDER	Pillai's Trace	.920	84.827[a]	3.000	22.000	.000	.920
	Wilks' Lambda	.080	84.827[a]	3.000	22.000	.000	.920
	Hotelling's Trace	11.567	84.827[a]	3.000	22.000	.000	.920
	Roy's Largest Root	11.567	84.827[a]	3.000	22.000	.000	.920

a. Exact statisticSource: Field Study (2012)

b. Design: Intercept , Within Subjects Design: STAKEHOLDER

Table 7 above, shows the Multivariate tests. The multivariate tests yield the same result; however, the most commonly reported statics is Wilks' Lambda. In our result, the value of Wilks' Lambda is 0.08, with a probability of .000 (which means P<0.0005). The P value is less than 0.05; therefore we can conclude that there is a statistically significant difference in the perception of the stakeholders with regards to the issue of Mandatory Adoption of IFRS and Nigerian Institutional Infrastructure. More pointedly, Wilks' Lambda=0.08, F(3,22) = 84.827, P<0.0005, multivariate eta squared =0.92.

5. Conclusions

In pursuance of the objectives of this study, relevant data were sourced, analyzed, results were obtained and discussed. Sequel to the discussion of the results, the following conclusions were drawn:

1. The result of the standards multiple regression analysis employed in testing hypothesis one shows that overall, Nigerian institutional infrastructure, are potentially strong enough to support the ongoing mandatory adoption of IFRS. Our result shows that Securities and Exchange Commission (SEC) has the highest potential impact on IFRS, followed by Professional Accounting Bodies (PAB), Nigerian Accounting standards Board (NASB), (though now designated as Financial Reporting Council of Nigeria (FRCN)), and Legal Frameworks (LEFW). On the other hand, Tertiary Educational Institutions (TEDI) had an insignificant impact on IFRS that is, it is not potentially developed enough to support the ongoing mandatory adoption of IFRS.
2. There is a statistically significant difference in the perception of the stakeholders about the readiness of Nigerian Institutional Infrastructures to support the mandatory adoption of IFRS. The stakeholders of interest were Preparers of Financial Reports, Auditors, Capital Market Operators, and Trainers of accounting students. Capital Market Operators being the most optimistic about the success of the adoption of IFRS, while Auditors seem to be the least optimistic.

6. Recommendations

The recommendations that emanates from this study which are likely to be very useful to Government, Capital Market Operators, Professional Accounting Bodies, Auditors, the ministry of Education, NASB, Central Bank of Nigeria and a host of other stakeholders in financial reporting in Nigeria are presented hereunder.

What is important is not just reporting under IFRS, but the firmness of purpose and the integrity of the financial statements, prepared for the benefits of both local and international communities. To this end, regulators of financial reporting in Nigeria must wake up to their responsibility so as to ensure that the ongoing efforts at mandatory adoption of IFRS do not become a mere "LABEL or NOMINAL" adoption. More pointedly, the capacity of regulators (Corporate Affairs Commission,Securities and Exchange Commission, National Insurance Commission, Central Bank of Nigeria to mention but a few) must be strengthened so as to enable them to effectively deal with accounting and financial reporting practices of the regulated concerns.

IFRS must as a matter of urgency, be incorporated into universities, polytechnics and Professional Accounting institutions' curricula so as to build human capacity that will support

the preparation of IFRS financial reports in the organizations. Much more, the preceptors in these institutions must firstly be schooled in the dynamics of IFRS, since the blind has never to been known to successful lead the blind.

Steps must be taken to improve the statutory framework of accounting and auditing practice in Nigeria, to make it oriented towards the protection of public interest and outdated and obsolete sections should be obliterated. Essentially, the various laws and regulations should be harmonized to conform to the demands of IFRS.

Besides International Financial Reporting Standards, the other global accounting and financial reporting features that are equally imperative to the economic development of Nigeria are:

I. High quality auditing standards;
II. Effective Quality Assurance (i.e. audit firms and profession-wide);
III. Sound Corporate Governance; and
IV. Robust Regulatory Oversight.

These factors must be pursued with the same zest Nigeria is pursuing the adoption of IFRS. Otherwise the promised or anticipated benefits of IFRS will be a mirage.

The proposal of adopting IFRSs seems to be driven by the big four audit firms. Literature documents their strong participation in the setting of IFRSs. The real issue in the case of Nigeria is that, our local accounting firms lack the expertise to foster the smooth transition to IFRS. What this means therefore is that organizations are to continue to hire the services of the big four audit firms, at overpriced cost. To address this challenge, the 94 small indigenous accounting firms should go into merger arrangements so as to be able to reasonably compete with the big four.

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