ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ITS IMPLICATION ON BANK PERFORMANCE IN NIGERIA: A COMPARATIVE APPROACH

ACHUGAMONU B UZOMA

Banking and Finance Department, Covenant University, Ota, Ogun State, Nigeria, Tel: 08180187459;

Email: **uzoma.achugamonu@covenantuniversity.edu.ng**

OLOKOYO FO

Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria

BABAJIDE AA

Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria

OWALABI FOLASHADE

Department of Accounting, Covenant University, Ota, Ogun State, Nigeria

ADETULA DORCAS

Department of Accounting, Covenant University, Ota, Ogun State, Nigeria

Abstract

This study is a comparative analysis of the impact of adopting International Financial Reporting Standard (IFRS) by deposit money banks in Nigeria and its effect on their performance. Financial ratios computed from IFRS compliant financial statement and Nigerian GAAP based financial statements were compared using fourteen (14) banks for the period between 2010 and 2013. Descriptive statistics and econometric models were used to explain the variability of the sample data around the mean; and the significance of the variables. The findings from the result revealed that the difference arising from the computation between the pair of ratios were insignificant at 5% level. The study therefore concluded that disclosing IFRS compliant set of financial statements was not the reason for a higher profit achieved by the sampled banks. Rather, such performance could have been triggered by other factors like the recapitalization and cross border listing of the affected DMBs. The study recommended among other issues that cross boarder listing of stocks of banks should be closely monitored by regulators to avert imminent abuse. It also emphasized on the need to eliminate differences and harmonize both standards to make it more comparable.

Keywords: **IFRS; Bank Performance; Nigerian GAAP; Convergence; Financial Statement**

INTRODUCTION

An Accounting Standard is a rule or sets of rules, which prescribes the methods by which accounts should be prepared and presented. Therefore, IFRS are principles that establish the general rules by which specific items in the financial statement are to be treated. The financial statement is a source of information for determining the financial position, performance, and changes in financial position of an entity. The users of financial statement (mostly investors) use information derived from financial reports to make useful and informed economic decisions that will affect their investments. The expectation therefore is that IFRS should have the potential and capacity to support and produce

qualitative and robust financial information that is timely, accurate and detailed in all ramifications. Going forward, it is expected that the full disclosure and fair presentation requirement of IFRS compliant financial statement will eliminate or reduce discrepancies arising from comparism of financial statement across national frontiers, promote transparency and enhance the quality of the financial reporting of firms involved in both local and foreign business transactions. Literatures on IFRS have shown that the dynamic risk-return preference of investors; growth and development of international financial markets and superstructures, international trade and finance as well as the emergence and development of multinational business concerns informs the major reason for the quest for convergence of global financial reporting across national boundaries. Prior to convergence, bilateral trade as well as multinational business transactions were faced with the challenges of comparing accounts prepared using different standards from trading partners. "The result emanating from such comparison reveals that financial statements no longer represent the facts they are expected to disclose. With a view to bridging the reporting gap and ensure that accounting standards from different countries are harmonized and improved upon inorder to make robust and useful financial decisions, it became imperative since the 1970s for the International Accounting Standards Board (IASB) and the European Union (EU)) to join forces together to harmonize accounting rules in different countries" [1].

Statement of Research Problem

Various studies have shown contradictory results of companies that adopted IFRS. For instance the financial report presented by Oando Plc for 2009/2010 financial year shows that financial statement prepared using Nigerian generally accepted accounting principles (GAAP) yielded 12.5% increase in revenue better than that prepared under IFRS which gained 11.5% increase. This trend however contradicts the expectations of a robust and higher quality reporting which the promoters of IFRS envisaged. It is against this background that this study seeks to investigate the performance of deposit money bank using accounting ratios calculated under GAAP and IFRS prepared financial statements respectively. The main objective of this study is to assess and compare results of performance of 14 deposit money banks using Nigerian GAAP and IFRS respectively. Other objectives will also focus on determining the effect of the adoption and non – adoption of IFRS on the growth in earnings and market value of deposit money banks. Several studies have been done on the benefits, prospects and challenges of IFRS as well as its implication on investors' expectations; however this study will compare results of performance of 14 deposit money banks using financial statements prepared under Nigeria GAAP and IFRS respectively.

LITERATURE REVIEW

Introduction

Internationalization and globalization of business entities have been identified as the major reasons that gave credence to the preparation and presentation of harmonized financial

statements across national frontiers. Globally, there is an aggressive competition for natural resources as well as market share for entities products and services culminating to dwindling or increase in returns for companies involved in international trade as the case may be. However this dwindling resource has put pressure on funds required by investors, shareholders and management to finance the cost of adopting financial statements that are prepared using national standards [2].

Factors responsible for the delay or prevention of the attainment a wholly and realistic harmonized framework include but not limited to the following: (a) standards issued by the IASB are not made compulsory to adopt by members; (b) compliance to EU directives on adoption of IFRS are flexible and easily adhered to (c) most importantly amongst the factors is the lack of political will on the part of government to enforce convergence by some countries; (d) economic, political and cultural differences and belief; (e) non-inclusion and treatment of important accounting items in the local standards; (f) trade restrictions and environmental differences.

In conforming to the development and trend in the financial landscape in Africa and diaspora the Federal Executive Council of Nigeria adopted the Committees report on the road map to the adoption of IFRS. Chiefly among the reasons for the adoption were that it will enable Nigeria break all barriers to international trade; liberalize the economy; attract foreign investors thereby engendering a business friendly environment for a healthy competition with domestic firms. The planned implementation which was expected to be in three phases began in 2012 with quoted significant companies like banks to blaze the trail. The CBN and SEC also lent their support to the migration to the IFRS, as a result of this, in June 2011, the Financial Reporting Council (FRC) of Nigeria replaced the Nigeria Accounting Standard Board (NASB) as the entity responsible for setting financial reporting standards in Nigeria. In November 04, 2013, the Nigerian Stock Exchange (NSE) was admitted into the United Nation's Sustainable Stock Exchange (SSE) initiative. Thirty (30) days extension was granted to quote companies in Nigeria to align with the periodic filing obligations. The extension became necessary so as to offer some relief to businesses and advisors challenged with the adoption of IFRS.

Needless to mention that the capital and money market operations thrive on trust and confidence of investors and depositors respectively and the information flow on the performance of quoted companies engenders growth in the capital market. Such information is derived primarily from investors understanding of the financial reporting whether prepared using the IFRS or the GAAP. At present, six Nigeria's deposit money banks are listed on the London Stock Exchange (LSE) and other international stock markets. The listed deposit banks include Guarantee Trust, Access, Zenith, First Bank; Diamond and Eco Transnational –Bank formerly known as Eco Bank. GTB on the 26th of July 2007 became the first joint stock company to be listed on the London Stock Exchange and Deutshe Borse raising an IPO of US $ 750 million and US $ 500 million euro-bond in the same year. Access Bank raised USD $1billion from the LSE with market capitalization on the NSE of N231 billion; Diamond bank global depository receipt (GDR) was listed on the LSE in January, 2008; Eco bank now Eco Transnational Incorporated, an independent

regional banking company in West and Central Africa is quoted on the Ghana Stock Exchange (GSE), Nigerian Stock Exchange and the Bourse Regionale des Valeurs Mobilieres (BRVM) stock. The implication of cross border listing is that inorder to cater for the interest of both the foreign and domestic investors, these banks that joined the league of internationally recognized stocks cannot undermine the importance of adopting international financial reporting standards in preparing their financial statements. Infact, Access Bank opted voluntarily to prepare its financial statement using IFRS years before the convergence stipulated time line of January 1, 2012.

The relevance of financial reporting can only be justified when information derived from financials influences the economic decisions of user's financial reports and all stakeholders of an organization. Callao et al. [3] in their study examined whether IFRS make financial reporting more relevant for decision making in the capital market than information provided in financial statements. In their study they examined "numerous questions on how to integrate the application of IFRS in an environment that is alien to the utilization of accounting rules based on the structure and philosophy underlying international standards. The bone of contention now is whether true comparability will be achieved considering the fact that IFRS is applied only to consolidated financial statement. The issue is whether there will be an improvement in local comparability of financial information especially against the backdrop that individual financial statements and consolidated accounts of listed and unlisted groups at the domestic level are incomparable with IFRS.

Value Maximization Theory

This study is hinged on the value maximization theory which opines that exist basically for two main reasons. That is, to maximize profit in the short run or maximize shareholders wealth in the long-term, this implies that management or drivers of organizations business must take decisions that will enhance shareholders' wealth in the long-term. It is imperative to note that wealth maximization in this context does not imply maximizing shareholders' wealth alone; but extends to maximizing the interest of other financial claimants especially the debt and warrant holders [4]. The theory explains that all the activities of organization are profit or wealth driven even when they seem benevolent, as corporate social responsibility or given to charity. It further explains that the long run wealth maximization objectives extend to the maximization of other financial claimants like debt and warrant holders. Following from this, it can be argued that deposit money banks disclosure of IFRS compliant financial statements will result in maximizing firm's value. This assertion provides answers to our main research question and objective. This is further corroborated by the result derived from the computation of certain ratios (Profit After Tax & Total Equity) for 3 selected banks between 2011 and 2013. It was discovered that Zenith Banks PAT and ROE grew from N41.3 billion in 2011 to N83.4billion in 2013 and N372billion in 2011 to N472bilion 2013 respectively; Access Bank PAT raised from N5.2 billion in 2011 to N26.2 billion in 2013 and ROE grew from N187billion in 2011 to N245 billion in 2013. In the same vein GTB Plc PAT and equity grew from N51.7 billion to N85.5 billion and N234 billion to N329.6 billion in 2011 and 2013 respectively. It is

important to note at this juncture that the value relevance is one of the measures used in determining accounting quality of a firm.

Review of Empirical Literatures

Olawale [5] examined the "Impact of IFRS adoption on Banks Performance in Nigeria: Case Study of Access Bank" using data from primary and secondary sources. The result of the analysis showed that there is significant relationship between IFRS and banks performance. Adejoh et al. [6] examined the "Adoption of IFRS in Nigeria: Concepts and Issues" based on data obtained from survey and secondary data. The study disclosed that financial institutions and other corporate bodies have high compliance in adopting IFRS but however with little constraints. Okoye et al. [7] examined the "Effect of the Adoption of IFRS on the Stock Performance: Implications on investor's expectations". Using a stratified random sampling seven years (2006 – 2012) annual reports of the quoted banks on the NSE were examined. Their findings show that most of the banks could not generate sufficient interest earnings to cover their obligations thereby unable to satisfy investor's expectation. The study therefore concludes that the assessment of stock market performance of banks can be used to measure whether investors' expectations are satisfactory or not. Demaki [8] examined the "Prospects and Challenges of IFRS to Economic Development in Nigeria" hinging his study on the rational utility maximization theory. He found out that IFRS harmonizes the diversity in financial reporting in different countries based on the comparability of information and ease of analysis, as well as efficient allocation of resources and decrease in cost of capital. Ikpefan et al. [9] examined the benefits, obstacles and intrigues for the implementation of IFRS in Nigeria using content analysis method. The study recommended a continuous research that will metamorphose to harmonized and acceptable international standards by mutually understanding international corporate objectives as well as building human capacity that will support the preparation of financial statements in organizations.

Following from the above literatures reviewed, this study focused on a comparative analysis of Bank Performance in Nigeria through comparing ratios computed from IFRS and Nigerian GAAP based financial statements of fourteen (14) banks for the period between 2010 – 2013 using descriptive statistics and multiple regression.

DATA COLLECTION METHOD AND ANALYSIS

The population of this study comprises of 24 deposit money banks licensed by Central Bank of Nigeria while the sample size includes 14 privately owned indigenous deposit money banks currently listed on the Nigeria Stock Exchange as at December 2014. This study took a cue from previous studies and conducted the research using ratios calculated from financial statements of 14 banks quoted on the exchange and also employing descriptive statistics as well as multiple regressions to analyze the data generated. The result of the descriptive statistics is shown and explained in chapter four where individual variables were tested and specific research questions answered. The ANOVA (analysis of variance) helped to test the goodness of fit. Large residual or variance implies a poor fit

while small residual imply a good fit. The test of significance is a procedure by which the sample results are used to verify the truth or otherwise of the null hypothesis. For this study, 5% level of significance was adopted which implies a confident interval of 95%. Multiple regressions were conducted to determine the relationship of the independent variables on the dependent variable. The data points (sample size) tested were 28 respectively from each of the period that is, GAAP and IFRS. Using judgmental sampling technique this study selected 14 out of the 24 deposit money banks stratified into two periods that is (i) Nigeria GAAP and (ii) IFRS. Ratios calculated from financial reports using Nigeria GAAP were compared with ratios calculated from financial reports using IFRS. The study limited its scope to fourteen banks because of the technical suspension of some banks on the floor of the exchange and for want of financial reports of some banks which cannot be easily accessed.

MODEL SPECIFICATION

In this study, the separate influences of the independent variables were used to explain and establish the effect of IFRS on bank performance. The relationship existing between the exogenous and endogenous variables is a linear relationship in which one attempts to determine the other. For this study, the model in Tanko [10] in his work "the Effect of International Financial Reporting Standards (IFRS) Adoption on the Performance of Firms in Nigeria" was adapted to measure the correlation between adoption of IFRS and bank performance. However this study is different from Tanko's [10] work because it introduced ROE as a proxy for measuring Performance and also introduced Market Value of Equity as one of the Independent Variables. Out of the ten variables used by Tanko [10] this study only limited itself to five. This is because some of the variables when tested were insignificant and uncorrelated with this study (Table 1). This study employed both statistical and regression analysis as a method of data analysis whereas others related to this employed only regression analysis and limited the number of firms sampled to less than five (5) (Table 2).

Σ Equation 1: Before adoption of IFRS (represented by 0) GAAP_2010/2011

$Perf_0 = \alpha0 + \alpha1Growth_0 + \alpha2MVE_0 + \alpha3SIZE_0 + \alpha4LEV_0 + \alpha5TATOR_0$

Σ Equation 2 :After adoption of IFRS (represented by 1) IFRS_2012/2013

$Perf_1 = \alpha0 + \alpha1Growth_1 + \alpha2MVE_1 + \alpha3SIZE_1 + \alpha4LEV_1 + \alpha5TATOR_1$

Explanation of Variables

Perf = Changes in return on equity before and after adoption of IFRS.

Growth = Measures changes in growth rate before and after adoption.

MVE = Measures changes in the market value of equity of the company. Market capitalization is used as a proxy for MVE.

SIZE = Shows the relationship between asset size and capital output ratio of the firm.

LEV = Leverage measures the ability of the firm to meet its fixed obligation. For the purpose of this study Debt ratio is used as a proxy for leverage.

TATOR = Turnover ratio measures changes in the turnover with respect to total asset.

Table 1: Measurement of Variables.

S/N	VARIABLE	FORMULAR
1	Growth	Profit After Tax/Total Equity
2	Market Value of Equity	Share Price X Share Capital
3	Size	Turnover/Fixed Capital
4	Leverage	Total Liability/Total Asset
5	Total Asset to Turnover	Turnover/Total Asset

ANALYSIS OF RESULTS

Table 2: Summary of Data Collected Before Adoption of IFRS.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Perf	28	-.0316311620	.1396257350	.017189160393	.0314426090434
Growth	28	-.8684415790	1.0944416620	.044969621357	.3154651386123
MVE	28	7308112431.0	2321856423840	184385378955.73	433463658154.944
SIZE	28	2.1267911980	35.0596667100	5.313515584929	6.0228108810474
LEV	28	.7187439860	1.1607773500	.850867570857	.0832711637653
TATOR	28	.0786195260	.1520862230	.107713958286	.0169846526520

Interpretation of Table 2

Performance ratio had a mean of 0.017 with values ranging from -0.032 to 0.140. The standard deviation for this variable was 0.031 implying that the sample banks had very different data that is widely dispersed from the mean. For Growth ratio the mean is 0.045 with values ranging from -0.868 to 1.094 with a standard deviation of 0.315 which is higher than the mean. This implies that the data for measuring growth are different and widely dispersed away from the mean. Market Value of Equity ratio had a mean value of

184385378955.78 with values ranging from 7308112431.60 to 2321856423840.00 and a standard deviation of 433463658154.94 which is higher than the mean. This implies that the data is skewed and widely dispersed away from the mean. Size ratio had a mean value of 5.314 with values ranging from 2.127 to 35.060 and standard deviation of 6.023.since the standard deviation is higher than the mean, it implies that the data is skewed and widely dispersed away from the mean. Leverage ratio had a mean value of 0.851 with values ranging from 0.719 to 1.161 and standard deviation of 0.083. Since the mean is higher than the standard deviation, it means that the data is not skewed; it is similar and close to the mean. For Total Asset Turnover ratio, the mean value is 0.108 with values ranging from 0.079 and 0.152 and standard deviation of 0.017 lower than the mean value. The implication of this is that the data set is not skewed or different from the mean. It also shows that the data set is similar to the mean since the value of the standard deviation is very small at 0.017. To fit a regression model of the dependent variable (Perf) on the independent variables; GROWTH, MVE, SIZE, LEV, TATOR, The regression parameters are estimated below:

Diagnostic Test

In appendix Table 1, the value for R-Square (R^2) is 0.580 which implies that about 58% of the variability in "Performance" can be explained by the independent variables. This indicates that on the average, growth, Market Value of equity, leverage, turnover as a percentage of total asset and size are good predictive factors for Performance.

TEST OF HYPOTHESIS

We want to test if the model fitted for the data collected before the adoption of IFRS is significantly different from zero. The hypothesis tested is of the form;

H_0: The model is not significantly different from zero

Versus

H_1: The model is significantly different from zero

The result obtained is shown in appendix Table 2:

ANOVA result before adoption of IFRS

Decision rule: Reject H_0 if p-value is less than the level of significance (0.05)

Decision: We reject H_0 since the p-value generated (0.007) is less than 0.05

CONCLUSION

The regression model fitted for the data collected before the adoption of IFRS is significantly different from zero. This inference is drawn from the table above which shows that the p-value of 0.007 is less than the 5% level of significance adopted by this study. The implication of this assertion is that in the pre-adoption era, growth, leverage, market value, turnover and size are good indicators that can be used to explain the reason for changes in performance of Nigeria Banks, (Appendix Table 2).

Test for Individual Parameters

The study further want to test the regression parameters individually to know the ones that contributes to the significance of the model and the ones that are not significant. Please refer to Appendix Table 2.

The regression parameters with p-values less than 0.05 are the only ones that contributed to the significance of the model. The implication is that only GROWTH, LEV and TATOR contribute to the significance of the model while all other independent variables considered are not significant. The result is the same using the t-values and SE as criteria.

Estimate of the Regression Parameter: GAAP
Hence, the regression model is given by

$$Perf = -0.296 + 0.045 Growth + 1.531 \times 10^{-14} MVE + 0.000 SIZE + 0.238 LEV + 0.777 TATOR$$

Interpretation

As shown in Appendix Table 3, with every one unit increment in GROWTH, there will be an increase of 4.5% in Performance holding all other variables constant. For every unit increment in MVE, there is an increase of in Performance holding all other variables constant. For a unit increase in SIZE, there is an increase of 0% in Performance provided that all other variables are held constant, in other words, the variable SIZE

does not significantly affect Performance. For every unit increment in LEV, there is an increase of 23.8% in Performance holding all other variables constant. For every unit increment in TATOR, there is an increase of 77.7% in Performance holding all other variables constant.

DISCUSSION/IMPLICATION OF RESULTS

It can be seen that some variables are not statistically significant in the pre-adoption period. The corresponding p-values for all the individual variables are given in Table 2. It was shown that only GROWTH, LEV and TATOR are significant with p-values of 0.014, 0.001 and 0.024 respectively. The result is also the same using t-values or SE criteria. In the pre-adoption period, the regression model indicates that there exists a positive linear relationship between performance and all the variables under study (except SIZE which does not significantly add to the performance) based on the data used. This simply means that, the higher the GROWTH, the higher the performance and vice-versa, the higher the MVE, the higher the performance and vice-versa, the higher the LEV, the higher the performance and vice-versa, the higher the TATOR, the higher the performance and vice-versa.

It can be inferred from the above results that before the adoption of IFRS, the growth in Profit after Tax of Deposit Money Banks as a ratio of Total Equity may be attributable to other factors other than adoption of IFRS complaint statement. In a like manner also going by the result of the leverage ratios calculated it can be inferred that the ability of deposit money banks to meet its short and long term debts from its total asset may be as a result of an efficient management of its resources and not necessarily as a result of the adoption of International Financial Reporting Standard compliant set of financial statement. Also it may be inferred that the positive relationship between performance and annual turnover ratio may be attributed to the efficiency of management in the deployment of the asset of the company to generate sales. This result is corroborated with that obtained by Olawale [5] in his study "International Financial Reporting Standard Adoption & Banks Performance in Nigeria".

On the other hand, although the Market Value of Equity has a positive linear correlation with Performance, it does not increase performance. This can be attributable to the downward trend in the capital market for the period under review, this is so because market capitalization was used as a proxy for measuring market value of equity. The obvious reason for this poor result is attributable to the global financial crisis of 2008 and the crash in the stock prices. The pre-adoption period (2010 -2011) coincidentally is the recovery period for all quoted firms all over the world especially in Nigeria. It is expected that the volume of transaction in the stock market will not be enough to influence performance significantly hence the poor result. Also going by the negative linear correlation between performance and the Size of the firm measured as a ratio of asset size and capital output drawing upon the unpublished PhD dissertation of Stanley S Schor, as edited and published by Daniel Creamer and Martin Bernstein in their work "Capital and Output trends in Manufacturing Industries" (NBER, ISBN 0-87014 – 355-7, pg 61-67, 1954). The theory stipulates that capital output ratio tends to increase with increasing size. The scope for using labour saving machinery increases with size and large firms are likely to be in a better bargaining position for capital than small firms and therefore attract more favorable prices than small firms. The factor limiting size of small firms is usually their limited access to capital, whereas the size of large firms is limited by various order considerations. Large firms use more capital intensive methods of production than small firms which indicates that a rising capital output ratio would have been associated with increasing asset size of plant or of firm. It is important to note here that this theory applies mainly to the manufacturing industry as the banking industry use more of financial assets than real (physical) assets as experienced in the manufacturing industry. Some of the indicators of bank size may include volume of deposit, capital structure, capital base, no of branches and asset quality. In comparing the 24 banks in Nigeria vis-à-vis its competitors in South Africa, South Korea, Japan, USA and Germany. According to the Central Bank Governor, Chukwuma Soludo "Nigerian banks need to be proactive and strategically positioned to be active players and not spectators in the emerging world." as cited in Egene. Where the asset and capital base of just one bank in South Africa far outweighs the total assets of all Nigeria banks put together". It

could be inferred from this assertion that Nigeria is still lagging behind in terms of capital base, number of branches and quality of assets. For this reason Bank Size cannot be a good predictive factor for improved Bank Performance especially on the international scene. This result however seems different with that obtained by Tanko [10] in his study "The Effect of IFRS Adoption on the Performance of Firms in Nigeria" (Table 3). In his study, Size measured as a natural log of the market value of equity in millions of Naira was significant and linearly positively related to Performance.

Table 3: Summary of the data collected after adoption of IFRS.

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Perf1	28	.0865355550	.0570664330	.016738196714	.0259011355261
Growth1	28	-3.9431791510	.4388526110	-.007127351821	.7857272518304
MVE1	28	6667048960.00	860250400000.00	219176423721.4582	254154125562.24097
SIZE1	28	1.7810683400	5.0945375700	3.102012692143	1.0971795781078
LEV1	28	.0012219750	.9301025950	.806918468929	.2186601760891
TATOR1	28	.0749436150	.7730357910	.124866317643	.1278597345419

To fit the regression model, the regression parameters are estimated in Appendix Table 6.

Interpretation of Table 3

Performance ratio had a mean of 0.017 with values ranging from 0.087 to 0.057. The standard deviation for this variable was 0.030 implying that the sample banks had very different data that is widely dispersed from the mean. For Growth ratio the mean is -0.007 with values ranging from -3.943 to 0.439 with a standard deviation of 0.786 which is higher than the mean. This implies that the data for measuring growth are different and widely dispersed away from the mean. Market Value of Equity ratio had a mean value of 219176423721.46 with values ranging from 6667048960.00 to 860250400000.00 and a standard deviation of 254154125562.24 which is higher than

the mean. This implies that the data is skewed and widely dispersed away from the mean. Size ratio had a mean value of 3.102 with values ranging from 1.781 to 5.095 and standard deviation of 1.097 since the standard deviation is lower than the mean, it implies that the data is not skewed and close to the mean. Leverage ratio had a mean value of 0.807 with values ranging from 0.001 to 0.930 and standard deviation of 0.219 Since the mean is higher than the standard deviation, it means that the data is not skewed; it is similar and close to the mean. For Total Asset Turnover ratio, the mean value is 0.125 with values ranging from 0.075 and 0.773 and standard deviation of 0.128 higher than the mean value. The implication of this is that the data set is skewed or close to the mean.

Model Summary; IFRS

In Appendix Table 4, the value for R-Square (R^2) is 0.504 which implies that about 50.4% of the variability in "Performance" can be explained by the independent variables. This indicates that the independent variables can strongly predict performance.

Test of Hypotheses after Adoption of IFRS

We want to test if the model fitted for the data collected after the adoption of IFRS is significantly different from zero or not. The hypothesis tested is of the form;

H_0 : The model is not significantly different from zero

Versus

H_1 : The model is significantly different from zero

The result obtained is as shown in Appendix Table 5:

ANOVA Result for Post Adoption of IFRS

Decision rule: Reject H_0 if p-value is less than the level of significance (0.05).

Decision: We reject H_0 since the p-value generated (0.029) is less than 0.05.

Conclusion: The regression model fitted for the data after adoption of IFRS significantly different from zero.

Test for Individual Parameters

We further want to test the regression parameters individually to know the ones that contributes to the acceptance of and the ones that does not. We shall refer back to Appendix Table 6 for the result. The regression parameters with p-values less than 0.05 are the only ones that are significant. This in other words means only GROWTH1 and LEV1 with p-values of 0.015 and 0.036 respectively are statistically significant while the remaining three (5) variables are considered to be insignificant.

Interpretation of the Regression result for IFRS

The regression model is given by;

$$Perf_1 = 0.265 + 0.058Growth_1 + 2.253 \times 10^{-14} MVE_1 - 0.002SIZE_1 - 0.248LEV_1 - 0.268TATOR_1$$

As shown in Appendix Table 4, with every one unit increment in Growth1, there is an increase of 5.8% in Performance provided that all other variables are held constant. For every unit increment in MVE1, there is an increase of in Performance provided that all other variables are held constant. For every unit increment in SIZE1, there is a decrease of 0.2% in Performance provided that all other variables are held constant. For every unit increment in LEV1, there is a decrease of 24.8% in Performance provided that all other variables are held constant. For every unit increment in TATOR1, there is a decrease of 26.8% in Performance provided that all other variables are held constant.

DISCUSSION/IMPLICATION OF RESULTS

It can be seen that after the adoption of IFRS, some variables are still not statistically

significant. The corresponding p-values for all the individual variables are given in Appendix Table 6. It is shown that only GROWTH1 and LEV1 are significant with p-values of 0.015 and 0.036 respectively. The same result is obtained using t-values and SE as evaluation criteria.

In the post-adoption period, the regression model indicates that there exists a positive linear relationship between Performance, GROWTH1, and MVE1 based on the data used. This simply means that, the higher the GROWTH, the higher the Performance and vice-versa, the higher the MVE, the higher the Performance and vice-versa, while there are negative linear relationships between Performance and the remaining variables (SIZE1, LEV1, and TATOR1). This means that if SIZE, LEV, and TATOR are increased, there will be a drop in Performance and vice-versa.

It can be inferred from the above results that After the Adoption of IFRS, the growth in Profit after Tax of Deposit Money Banks as a ratio of Total Equity witnessed a boost. This is an indication of the fact that adoption of IFRS complaint statement disclosed all material items which engendered growth and improved performance. Likewise, the Market value of equity increased which is a pointer to the fact that the recession and recovery period in the capital market was over and investors' confidence in the stock market restored resulting to improved performance in the management of the resources of deposit money banks. This is corroborated in the work of Olawale [5] in his study "IFRS and Bank Performance in Nigeria". On the other hand, Size had a negative relationship with Performance meaning that increase in size of deposit money banks was not attributable to their adoption and presentation of IFRS compliant statement but rather it may be attributable to other factors like access to foreign capital, opening of subsidiaries abroad etc. Likewise leverage ratios calculated did not show any positive relationship with performance. This shows that adoption and presentation of IFRS complaint financial statement was not the reason for the efficient management of debts of deposit money banks but this may be attributable to other reasons like management efficiency, good corporate governance and regulatory and surveillance functions of the Central Bank of Nigeria [11]. Finally, turnover ratios calculated showed a negative

relationship with performance, this shows that other reasons may be attributable to improved performance other than increase in turn over this result is in tandem with that obtained by Abdul-Baki [4] in his study "Financial Ratios as Performance Measure: A Comparism of IFRS and Nigeria GAAP" (Table 4). It was found that higher performance of the case firm was not attributable to disclosure of IFRS complaint set of financial statement.

Table 4: Summary of Pre and Post Adoption Results.

GAAP				IFRS			
Variables	**Coefficient**	**T-Statistic**	**P-values**	**Variables**	**Coefficient**	**T-Statistic**	**P-values**
$Growth_0$	0.449	2.683	0.014	$Growth_1$	0.015	2.665	0.015
MVE_0	0.211	1.406	0.175	MVE_1	0.221	0.934	0.316
$Size_0$	0.020	0.133	0.895	$Size_1$	-0.064	-0.305	0.864
$Leverage_0$	0.631	3.697	0.001	$Leverage_1$	-2.096	-2.248	0.036
$TATOR_0$	0.420	2.441	0.024	$TATOR_1$	-1.325	-1.852	0.079
R^2_0	0.580			R^2_1	0.504		
$F\text{-statistic}_0$	3.945		0.007	$F\text{-statistic}_1$	2.899		0.029
Dependent variable: Bank performance							

From Table 4 above, it can be inferred from the P-values calculated that variables in pre-adoption era performed better than the variables in the post adoption era. This is because at 5% level of significance, Growth, Leverage and Turnover ratios are good indicators of the changes in performance of deposit money banks when compared with the post adoption era where only Growth and Leverage showed a P-value of less than 5%. Therefore it can be inferred that the adoption and disclosure IFRS complaint statement cannot be attributable to improved performance of deposit money banks [12]. Other reasons may be responsible for the improved performance of DMBs during the period under review.

Using R^2 as a measurement criteria, 58% recorded for the pre-adoption era signify excellent predictive power of the models over 54% recorded for the post-adoption

period. This shows that the independent variables can better influence performance in the pre-adoption period than they can do in the post-adoption period. This result is corroborated in the study carried out by Abdul-Baki [4] in his study "Financial Ratios as Performance Measure: A Comparism of IFRS and Nigeria GAAP. It was discovered that adoption and disclosure of IFRS complaint set of financial report is not directly attributable to improved performance of deposit money banks.

FINDINGS, RECOMMENDATIONS AND CONCLUSION

The findings showed that growth in earnings using financial statements prepared under GAAP and IFRS move in the same direction and increase performance. This implies that increase in market value of equity does not result to changes in performance under GAAP and IFRS prepared financial report respectively. It is therefore recommended from this study that CBN and Financial Reporting Council of Nigeria (FRCN) should collaborate to harmonize both standards as to achieve increased growth and improved performance of deposit money banks. In conclusion, adoption of IFRS compliant set of financial statements may not be responsible for improved performance by DMBs. This short-term improvement in performance evaluation of the company's achievement using a number of financial ratios computed from IFRS and GAAP, may be attributable to other factors like their quest for foreign capital to boost their capital base and not directly as a result of improved performance. In view of the above, it is recommended that Nigeria should exercise caution in convergence with IFRS as there exists significant differences in economic, political, cultural and environmental factors of Nigeria and the western world where IFRS originated. Until the differences are harmonized it will not be reasonable to begin to make objective comparison of both standards. Adoption of IFRS is expected to improve performance and proper accounting records and quality reporting. However it seems too early in comparing both standards especially in emerging economies like Nigeria who just converged 4 years ago (that is January, 2012). There is need to allow for ample time for the full potentials and benefits of the adoption to manifest before sound judgment could be passed on the rationale for its adoption.

REFERENCES

1. Callao S, Jarne JI, Lainez JA (2007) Adoption of IFRS in Spain: Effect on the Comparability and Relevance of Financial Reporting. Journal of International Accounting, Auditing and Taxation 16: 148-178.

2. Abdulkadiri M (2013) Adoption of International Financial Reporting Standard in Developing Economy. International Journal of Business Management 7: 152-161.

3. Callao S, Jarne JI, La´ınez JA (2006) C'omo have treated groups listed espa~noles adopci'on process of IAS/IFRS? Financial Contabley Observatory 1: 32- 49.

4. Abdul-Baki Z, Uthman AB, Sanni M (2014) Financial Ratios as a Performance Measure: A Comparison of IFRS and Nigeria GAAP. Journal of Accounting and Management Information Systems 13: 82-97.

5. Olawale LS (2009) International Financial Reporting Standard Adoption and Banks Performance in Nigeria. Unpublished Journal from the Department of Accounting, Banking & Finance.

6. Edogbanya A, Kamardin H (2014) Adoption of International Financial Reporting Standards in Nigeria: Concepts and Issues. Journal of Advance Management Science 2.

7. Okoye Pius VC, Ezejiofor R (2014) The Effect of Adoption of IFRS on the Stock Performance: Implications on Investors' Expectations. Research Journal of Finance and Accounting 5.

8. Demaki GO (2013) Prospects and Challenges of International Financial Reporting Standards to Economic Development in Nigeria. Global Journal of Management and Business Research 13.

9. Ailemen IO, Akande AO (2012) IFRS: Benefits, Obstacles and Intrigues for Implementation in Nigeria", Research Journal of Finance and Accounting 3.

10. Tanko M (2012) The effect of IFRS Adoption on the Performance of Firms in Nigeria. Journal of Administrative and Economic Sciences 5: 133-157.

11. Creamer D, Bernstein M (1954) Capital and Output trends in Manufacturing Industries. NBER 355: 61-67.

12. Schor SS (1952) The Capital Product Ratio and Size of Establishment for Manufacturing Industries. (A Ph.D. Dissertation, University of Pennyslvanis, 1952) Adapted from the Source Book of Statistics of Income for 1947.