



**ACCOUNTING REGULATIONS AND STANDARDS:
THE DEVELOPMENT AND BENEFITS OF IFRS IN NIGERIA**

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Abstract

International Financial Reporting Standards (IFRS) - a set of high-quality standards introduced by the International Accounting Standards Board in 2001 and have since been adopted by many developed countries for their accounting information system. The IFRS were inaugurated due to the global drive to ensure unified accounting reporting procedures across-country boundaries. Many accounting standards have taken the form of IFRS. Several emerging market economies have officially adopted and implemented use of the IFRS to attract an increase in foreign (and mostly, institutional) investments. The widespread adoption of the standards has made the standard to be considered as one of the greatest accounting changes ever. The article reviews accounting regulations, accounting standards and the IFRS, focusing on the development, benefits, and challenges in Nigeria. We attempt to offer answer to two research questions: What are the benefits of the adoption of the IFRS? Are there challenges confronting the use of IFRS in the Nigeria? Amongst other, we established that the uses include: the improvement accounting quality, present a good network impact by encouraging new nations to take it into consideration, attraction of foreign direct investment and bridge communication gap with stakeholders.

Keywords: *Accounting Regulations, Accounting Standards, IFRS, Accounting information system*

1. Introduction

The long-lasting policy debates on the relevance of regulations continue, particularly following the uncovering of spectacular corporate scandals in the early 2000s. Accounting regulations ensure use of dependable financial reporting systems because without it, the equity markets development may be impeded, and this may adversely affect country's ability to attract foreign investments. Effective regulation involves goal-oriented legal framework, good ethical standards, updated accounting and auditing procedure and competent financial professionals with expertise strictly related to the licensure requirements. The various aspects are crucial for the accounting professionals to efficiently accomplish their duties.

Accounting regulations are categorized into the public sector and private sector regulations. Public regulation refers to the enforcement of accounting and financial related laws by the government agencies or the state, to deal with gross negligence and fraud. Private-sector regulations refer to regulations set and enforced by private bodies or accounting firms to ensure companies compliance to professional standards and to enhance the efficiency of services. The private-sector regulations are established based on the believe that public interest in accounting would be best accompanied, if the standards setting and processes are handled by the private organisation, such as the accounting firms.

A crucial aspect of accounting regulations is accounting standards. In general, other areas of accounting regulations, including accounting - statutes, laws, rules, systems, and others, are equally important, but accounting standards may be considered, alongside accounting regulations, as 'other-side' of an unbiased coin. On one side of the coin, the accounting regulations specify how companies should maintain records, pertaining to reported income and expenses, to accomplish some goals. The goals include but not limited to the protection of workers and consumers, enhancement of market competitions, enforcement of accounting and auditing rules (Graham & Woods, 2006). On other side of the coin, the standards, comprise of 'imposed statements' on how particular types of transactions or events and operations should be reported on the financial statements. They are established to control firms and assist them to uniformly reports incomes and expenses. High-quality standards play a central role for the better-functioning and capital attracting financial markets. The use of high-quality standards may be insufficient if not supported by suitable regulations (Agyei-Boapeah & Machokoto, 2018; Kabir & Su, 2022) and effective regulatory settings (Agyei-Boapeah et al., 2020; Shruti & Thenmozhi, 2023).

In recent times, accounting standards have taken the form of International Financial Reporting Standards (IFRS) - a set of high-quality standards introduced by the International Accounting Standards Board (IASB) in 2001 and have since been adopted by many developed countries for their accounting information system (Adedokun et al., 2022; Gbadebo, 2023). Several emerging market economies have officially adopted and implemented use of the IFRS to attract an increase in foreign (and mostly, institutional) investments. The widespread adoption of the standards has made the standard to be considered as one of the greatest accounting changes ever (Leuz & Wysocki, 2016). Presently, the standards are used in over 120 nations across developing and developed countries. In Africa, South Africa was the first to adopt the standards in 2005, based on the original and purest form and are often categorised, alongside the EU nations. African countries like Zambia, Zimbabwe and Lesotho adopted it immediately the start of formal reporting in their countries, respectively, in 2007, 2011 and 2012 (Tawiah & Boolaky, 2020). Ghana and Nigeria developed the local GAAP based on IFRS before official adoption in 2007 (IFRS Foundation, 2023; Tawiah & Boolaky, 2020).

Nigeria adopts the IFRS after the World Bank/IMF's recommendation to adopt the standards, based on the Report on the ROSC (2011). The recommendation stems from the anomalies observed due to the 2008 capital market crisis in the country, which was revealed to wiped away over \$13.33 billion foreign and local funders investments. The 2009 Security and Exchange Commission (SEC) report documents that a major cause of loss was the unease in assets valuation, arising from some listed firms' non-transparent and biased reporting. There was the need to improve the financial report quality to encourage capital inflow into the markets. Prior to the adoption, the country implemented reforms such as the establishment of the Financial Reporting Council of Nigeria (FRCN), and the strengthening of its accounting profession to enhance the adoption of IFRS before the adoption (Gbadebo, 2023a). It is pertinent to point out that in an incessantly evolving setting, it is not unexpected that the regulatory standards would result in some benefits, and accommodating some confronting challenges (Kent Baker et al., 2020). Despite this, there is a dearth in literature concerning thorough review of the development, challenges and opportunities in Nigeria. Available studies are concentrated on empirical evidence, reporting the quantitative findings of the effects of IFRS on earnings quality, performance of firms and the overall economic benefits (Adedokun et al., 2022; Gbadebo, 2023a, 2023b; Musa, & Sanusi, 2017; Nwaogwugwu, 2020; Odoemelam, et al., 2019; Ofoegbu & Odoemelam, 2018; Outa, et al., 2017).

A critical evaluation of accounting standards would not only provide a reference for the users of financial information but offer lessons for the development of more benefitting regulations as well as a guide toward improve financial practices, financial quality and heighten listed firm towards global opportunities. The article reviews accounting regulations, accounting standards and the IFRS, focusing on the development, benefits, and challenges in Nigeria. We attempt to offer answer to two research questions: What are the benefits of the adoption of the IFRS? Are there challenges confronting the use of IFRS in the Nigeria? The rest of the paper includes section two, which provide the contextual background related to accounting regulations and standards prior IFRS; section three links the past development leading IFRS-adoption in Nigeria. Section four provides discussion on the benefits and challenges and attempts resolve the two research questions set above. Section five covers the conclusions and offers recommendations.

2. Accounting Regulations and Standards

2.1. Accounting Regulations

Accounting regulations are simply accounting statutes, laws, rules, systems as well as accounting standards promulgated by the governmental or its legalised regulatory authority or agency. Regulations are acquired from public and/or private regulatory bodies and operate primarily for its benefit. They may involve authoritative creation of a single authority, mandated with reforms, formulation of financial rules, interpretation of the rules as well as the monitoring of compliance and imposition of penalties or sanction to defiant firms (Leuz & Wsocki, 2016). The regulations are framed to enhance the growth of competitive markets and accomplish both public and private goals. They are enacted to ensure firms use sound accounting grounds that are comprehensible to investors, auditors, and regulators.

Accounting regulations for private entities based on the Nigerian-GAAP

The NASB approves the Nigeria GAAP (the N-GAAP), based on the SAS, for the preparation of financial reports. Some of the financial regulations for the private and listed companies, which constitute the N-GAAP includes the SEC Act, Companies and Allied Matters Act of 1990, BOFI Act of 2003, and the Insurance Act of 2003:

Before the adoption of IFRS in Nigeria, there was legal and regulatory framework of accounting in respect to preparation of financial report in Nigeria. The Company and Allied Matter Act (CAMA'90) prescribe some format and content of company financial statement

disclosure requirements and auditing. It requires that the financial statement of all corporate organisations comply and adhere with the Statement of Accounting Standards (SAS) issued from time to time by the Nigerian Accounting Standard Board (NASB). This also requires that audit be carried out in accordance with the General Auditing Standards. Therefore, the adoption of IFRS in Nigeria launched in September, 2010 by the then Minister of Commerce and Industry was an advancement to already existing regulatory structure.

2.2. Accounting Standards

Unlike the laws of natural sciences, accounting principles, are man-made, and are established as standards to guide financial activities – events, items, operations or transactions. Accounting standards are common set of principles, and procedures that define systematize bookkeeping and other accounting practices, across companies and over time. The standards apply to the full breadth of the firm's financial picture, including expenses, revenue, assets, liabilities and shareholders' equity. The capital market stakeholders, including the investors, banks and regulatory agencies, as well as other users of financial information, count on these standards to ensure information about the company is relevant and accurate.

The standards comprise of directives, imposed by legalised accounting bodies, on how an accounting transaction, item and operation should be reported on the published financial accounts based on established principles. In accounting science, there are often different methods and principles and that can be used to treat a particular type of financial transaction or other operation and event with diverse degrees of acceptance. Because of this, financial reports of similar entities may become more or less incomparable because of the varying to approach followed. There is need for the standardisation in order to make financial statements easily comprehensible and comparably to the users, such as investors, policy makers, amongst other stakeholders in the capital markets. The standards are made through authoritative statements aimed at narrowing the differences and diversities in accounting practices. The GAAP are widely used among private and public entities in the US. The rest of the world primarily uses IFRS. Multinational entities are required to use these standards. The IASB establishes and interprets the international communities' accounting standards when preparing financial statements (IFRS, 2023a).

Apart from ensuring comparability of financial statements, accounting standards and the standard setting process have some merits including the fact that the standards serve as a protective measure to accountants and auditors, particularly, from individuals or bodies that

would pressurise them into compliance with other methods not approved by regulations. In addition, they are designed to bring consistency to accounting practices, information, and reports, as well as to guide investors and creditors in making financial decisions on prospective investments. Amongst the alternative procedures, the accounting principles adopted and legalised as standards, for the reporting of accounting information are not set arbitrarily. The standard setting process ensures that research is conducted into the several options before a decision is taken in order to enrich the quality of the standards so produced (Okaro, 2002). The standards setting processes accommodate some cultural, legislative, political as well as economic situations specific to the nation (Judge et al., 2010; Ramanna & Sletton, 2010). These factors have continued to play important roles in the formulations, adoptions, compliance as well as the effectiveness of use in reporting financial indices of companies. Some financial statements to which the standards are applicable are the cash flow statement, income statement (i.e., profit/loss account), the balance sheet, statement of accounting policies, as well as intermittent (e.g., five-year) financial summary and value-added statement.

Some arguments are often made against financial accounting standards. One of such is that the standards inhibit initiative as the decision has previously been made for the financial manager. The implementation and compliance to the standard involve extra costs, such as staff training cost, internal control reorganisation and audit cost (Abdul-Baki, 2018; Albu & Albu, 2012; Christensen et al., 2015). There are further attendant opportunity costs due to the complying with a particular procedure amongst other alternatives, and sometimes this may not have been matched by the extra benefits in terms of improved quality of reporting (Gbadebo, 2023). Another argument against the standards is that, by their very nature, they rarely take account of the peculiarities of the individual businesses. In addition, the standard setting process is usually flawed. In most cases, the process involves situations where intended standards are first of all published for comments from interested parties. This can be argued that such may lead to the final product being a watered-down version of the original intent of the standard setters. Lastly, the establishment of most international accounting standards hardly take into account the local peculiarities of individual countries.

Accounting Standards in Nigeria

In Nigeria, before the adoption of the IFRS, the accounting standards are formulated by the NASB. The NASB was inaugurated in 1982 as a parastatal in the Ministry of Commerce

charged with responsibility of setting the standards. The body is met to enforce and ensure firms' compliance to reporting standards stipulated in SAS. The NASB itself is guided by the ASB Act (2003), which stipulates that its membership are drawn from the CBN, CAC, FBIR, FMCT, FMF, NATA, NACCIMA, NDIC, NSE (Now NGX), SEC, CIBN, ICAN and the office of the Auditor-General for the Federation. The NASB is levelled with although not limited to the following primary objectives: formulation of the standards and to promote the acceptance, adoption and compliance by all users; promoting legislation to ensure that the developed standards are fully observed and the procedures for the presentation of financial reports are complied with; and, reviewing the standards to continuously reflect changes in the socio-economic setting.

The NASB's formulated standard comprises of six (6) technical parts or content the standard – introduction (part 1), definition (part 2), explanatory notes (part 3), the accounting standard (part 4), note on legal requirements (part 5), and lastly, the notes on legal requirement and compliance with relevant IAS (part 6). These are then followed by the appendix section. In setting the accounting standards, the process involves to constitute a technical committee comprising of the 13-member professional bodies nominees listed above. This is accompanied by the empanelling and assigning of steering committees of professionals for each proposed standard. The work of the steering committees is subjected to periods of exposure during which both preparers and users of financial statements have opportunity to make inputs before the standards are finalised and issued. The standards are issued once the technical committee endorses them. As part of its activities, the Board organises several educational and enlightenment activities like workshops, seminars for operators in the various industries (Nnadi, 1998).

It should be noted that even before the adoption of the IFRS, the NASB has no statutory power to enforce its standards' compliance, although in practice the standards enjoy good measure of compliance. A number of reasons promote due compliances. (a) most members of ICAN are involved in the preparation of the financial statement for their employers and due to the threat of sanctions from the body, chartered members unavoidably ensure compliance with the financial standards (b) the NSE annual merit awards for companies that outclass in the preparation of their financial reporting facilitate ensuring standards' compliance, and (c) banking regulations and regulators are strict and non-compromising, which in no small measure ensure adequate compliance especially by banking institutions.

These standards are able to combat various dubious accounting practices which were in vogue by expatriate companies affected by the indigenisation decree at the time of the board's establishment. Many of these companies transferred businesses arrangements to their local counterparts at values advantageous to themselves. It is noteworthy to reference the role of the board regarding accounting standard for the banking system, which facilitated ending the chronicle of paper proceeds and all sorts of dubious reports then by the banks. In addition, the Nigerian petroleum industry very plague by proliferation of standards reflecting the diverse background of the multinational firms, and the board also helps to bring sanity in industry. During the operational years, the board issued a number of standards with some been industry-specific standard. In particular, four (4) industry-specific standards are consisted of the standard for banks (1990), the standard for the upstream petroleum industry (1993), the standard for the Insurance industry (1998 and the standard for the downstream petroleum industry (1998). Only nineteen standards were issued in 19 years, amounting to one standard per year, on the average. These standards issued were reactions to developments in the Nigerian economy, which is identified with the peculiarities of an existence of a large informal sector. The board had performed well at different times. The NASB revised some standards that have outlived their usefulness in the light of changing circumstances in the economy. A good case in point was the instant replacement of the SAF statement with the cash flows statement as soon as it became clear that the latter statement was more relevant in assessing the liquidity position of companies. However, the board was criticized for lack of proactive approach. For instance, the introduction of the standard on banks was a reaction to communal outcries fraud regarding paper profits declared then by the banks that eventually became distressed and was liquidated. Such retroactive approach to standard setting has exposed the board to criticism of tardiness in its work. At different time, the board was faced with teething challenges that militating against the attainment of NASB's lofty objectives. This includes lack of independence been under another parastatal - the ministry of commerce and industry, inadequate finance, part-time board membership and the lack of enforcement powers over released standards (Bello, 2000).

Notwithstanding the preparation of the financial statements according to the NASB's standards, several difficulties are encountered. These include: difficulties in comparing the prepared financial statements with those of global markets firms; complications in consolidating financial reports of a group companies; high cost of preparing group's financial statements; high costs and difficulties in accessing capital global capital markets; inability of

the non-locally trained financial statements users to comprehend the reports; decline in the inflow of the foreign direct investment due to use of outdated standards, and lastly, the unattractive domestic capital market due to low-quality of the financial statements prepared based on the local standards. Impey (2017) notes that the quality of disclosures under these N-GAAP regulations are inadequate and not comprehensive to form high-quality reporting relevant to attract institutional investment from major global capital. The standards were practically incompatible with financial regulations relevant in major global financial markets. There was the necessity for a framework to boost investors' confidence by tightening regulations, and at this point, IFRS becomes inevitable (Gbadebo, 2023). Therefore, leading the country to adopt the IFRS in 2012.

3. IFRS-Adoption in Nigeria

The adoption of IFRS in Nigeria becomes inevitable because the SAS was at that time incompatible with financial regulations relevant in major global financial markets. The IFRS-adoption process in Nigeria kicked off in 2009 when the country's law makers suggest the creation of FRCN bill. Due to the proposal to migrate from the SAS (or N-GAAP) to the international standard (IFRS), a new Act to substitute the NASB Act of 2003 was created and NASB was changed to FRCN. The FRCN holds the statutory authority to establish the financial reporting procedures and principles for public interest entities, including both quoted and unquoted. Figure 4 shows the timeliness for the date of enforcement of the IFRS.

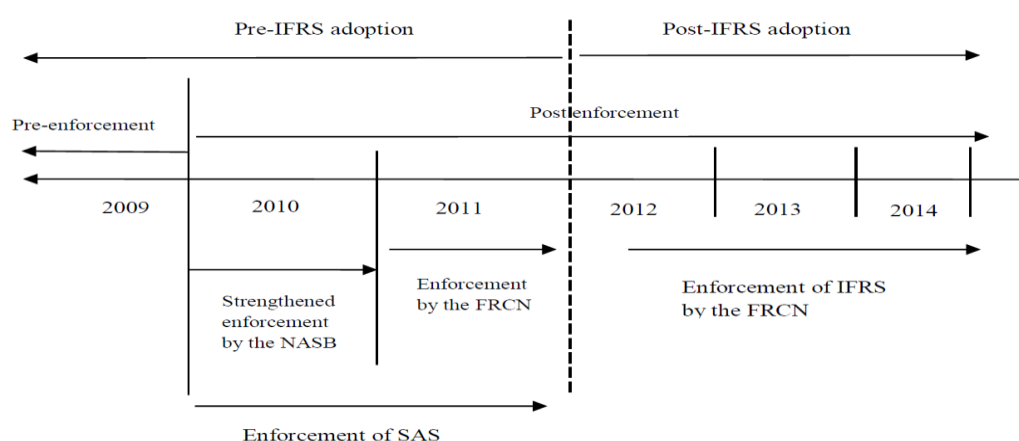


Figure 1: Effective date of IFRS-enforcement

The Federal Government appended the passed bill into law to support the adoption of IFRS that would later replace local standards (N-GAAP) on 28 July 2010. The approved Standards

were scheduled to commence differently for listed companies, other public enterprises and the SMEs. For instance, listed companies and other legal entities with considerable public interest on the adoption of IFRS, are mandated to report financial using the IFRS from January 2012, whereas other public enterprises should start from January 2013 and the SMEs, expected to adopt the IFRS for SMEs, from January 2014. The FRCN Act (2011) necessitates that the body enforces and monitors firm's compliance with all the adopted standards by the IASB.

4. Benefits and Challenges of IFRS Adoption

4.1. Benefits of IFRS Adoption

Global IFRS adoption is fueled by the belief that the advantages outweigh the drawbacks. Proponents contend that establishing a common set of international standards improves financial report comparability between nations. According to Barth's (2007) proposal, governments can lower their financial information processing costs and facilitate auditor efficiency by utilizing a single set of worldwide standards instead of several regional ones. This justification pushes nations to implement IFRS in the hopes of boosting foreign investment and promoting global trade. If a country anticipates growth in these areas, even with relatively low levels of trade and foreign capital, it may decide to adopt IFRS, using the standardized reporting structure to draw in international investment and strengthen economic integration.

(a) IFRS and Accounting Quality: Bhattacharjee and Islam (2009) through the implementation of a standardized framework for financial reporting, the adoption of IFRS in Nigeria and around the world seeks to improve accounting quality. Land and Lang (2002) have seen an improvement in accounting quality worldwide, which they attribute to forces such as globalization and the need for international accounting harmonization. Adoption of IFRS is dependent on a number of factors. The implementation of IFRS is expected to improve accounting quality due to a number of important considerations. First, the adoption of IFRS is meant to supersede current Generally Accepted Accounting Principles (GAAP) with guidelines that support better financial reporting. According to research by Barth, Landsman, and Lang (2006), for example, companies that use IFRS show less earnings management, faster loss recognition, and more meaningful earnings - all signs of better accounting quality. Second, the degree to which the accounting system is integrated with the nation's entire institutional structure determines how effective the adoption of IFRS will be (Ball, 2001). The financial reporting incentives that companies have an impact on this integration. Research has shown that voluntary adoption of IFRS has improved accounting quality by reducing information

asymmetry between managers and shareholders (Barth et al., 2006; Gassen & Sellhorn, 2006; Hung & Subramanyam, 2007). This advancement

(b) *The Network Effects of IFRS*: It's amazing how the global acceptance of IFRS can have such a good network impact, encouraging new nations to take it into consideration. A strong argument for a standardized financial reporting framework's universal appeal is the theory that its value rises with increased usage.

(c) *Attracting Foreign Direct Investment*: Adopting IFRS can result in financial statements that are more trustworthy and credible, which will increase a country's appeal to foreign investors (FDI). This is so that investors seeking environments with high potential benefits compared to risks might find surroundings with more predictability and manageability of a country's risk profile thanks to the implementation of IFRS (Abel, 2011). This conclusion was further supported by Okpala (2012), who found a substantial correlation between Nigeria's adoption of IFRS and FDI inflows, pointing to possible economic gains.

(d) *Bridge Communication Gap with Stakeholders*: Financial data must be presented in a way that is understandable to a wide range of stakeholders because it is used by a variety of users with different demands. IFRS, which are widely accepted around the world, greatly improve stakeholder communication. Since both present and potential investors recognize the language used for preparation, there is no need for conversion. Okpala (2012) concluded that Nigeria's adoption of IFRS will increase the trust that investment analysts and foreign investors have in the financial statements of businesses (Covrig et al., 2007).

(e) *Uniformity in Accounting Language*: The globalization of business, finance, and investment depends on the establishment of a common accounting language, which is the goal of the adoption of IFRS. The goal of this standardization is to get rid of the extra complications brought on by different reporting languages. It is commonly known that different countries have different accounting ideas, disclosure levels, and classifications for financial information. Abel (2011) used the phrase "stock," which in Commonwealth countries refers to product inventory but in North America refers to share ownership, to demonstrate this point.

4.2. Challenges of IFRS Adoption

According to Obaze (2007), cultural elements, mental frameworks, legal restrictions, educational requirements, and political influences within each country are the main factors influencing the application of IFRS worldwide. This belief that non-technical variables are important is supported by Siaga's (2012) findings, which show that just 28% of IFAC members

in Africa have implemented IFRS despite 40% of African countries having access to IFAC. This viewpoint is consistent with Daske et al, (2008) and Ball (2006). The development of several versions of IFRS is a result of the uneven adoption of IFRS (Tsakumis et al., 2009). Nobes (2006) has also brought attention to the various incentives and prospects that impact the persistence of certain IFRS practices. To ensure uniform application, addressing these issues calls for a coordinated approach to regulatory enforcement. Further impediments to convergence include differences in national tax laws and the intricacy of some IFRS standards (Larson & Street, 2004).

(a) Economy: The fact that accounting laws, both domestic and international, can and do have an impact on the economy is a major barrier to the standardization of worldwide financial reporting (Nobles & Parker, 2004). It can be unsettling for governments to cede control of a process with significant economic ramifications to an international organization over which they have little to no influence.

(b) Politics: The impact of economic forces on accounting regulations is closely related to the influence of politics on the establishment and application of international accounting standards. Governments' views regarding Standards are influenced by economic factors, whether at the industrial or national levels. This is because no government wants to be seen as working against the interests of those who have the power to remove them from office. Stigler (1971) notes that governments are made up of self-serving people who enact laws that will increase their chances of winning reelection. Special interest organizations and lobbyists that represent banks, investors, firms, or other political factions are the driving factors behind standard-setting (Enofe, 2013).

Those who lose financially when a big accounting error occurs frequently seek compensation from lobbyists. These lobbying organizations have historically placed a great deal of pressure on legislators, impeding the standard-setters' ability to appropriately address significant technical accounting issues. It is possible that nations that share Anglo-Saxon or American socio-political cultures may embrace and use worldwide accounting standards faster than former Soviet and European communist and socialist nations. Nationalistic opposition exists in some nations when it comes to eschewing native norms in favor of foreign ones. The US and several other nations' ambivalence about completely adopting international accounting and auditing standards is rooted in this mindset.

(c) Culture: Cultural variations are a major element that hinders the adoption and application of international accounting and auditing standards. These distinctions include variances in the

terminology, work ethics, work habits, and culture surrounding accounting reporting. Perera (1989) notes that when assessing the effectiveness of transferring accounting expertise from Anglo-American to developing countries, the expertise may not be successful because it is irrelevant or ineffective in the receiving country. The Anglo-American accounting models, which mirror the conditions and philosophies of Anglo-American nations, have a significant influence on worldwide accounting standards. As such, these criteria might have problems being relevant in nations whose contexts diverge from those of Anglo-American regions.

Continental Europe - which includes most EU nations with a high concentration of German corporations - remains dependent on Roman law and "insider" financing methods. For the majority of these Continental European nations, accounting rules that are customized to fit these frameworks may be more appropriate than imposing an Anglo-American accounting system. Nobes and Parker (2004) notes that a dual system might be better suitable in these situations. Under this system, companies that raise capital internationally would prepare an additional set of accounts (probably just the consolidated or group accounts) in accordance with Anglo-American-style international accounting rules, while all companies in each nation would prepare financial accounts in accordance with their historically developed domestic system.

Another important cultural factor that influences the acceptance and application of international standards is language. The original language of these standards was English. When adopting these standards, non-English speaking nations must first locate translators who are competent in both the local language and accounting and auditing. This is a challenging task because there is a dearth of qualified translators and some English phrases in the standards may not have counterparts in other languages (McGee, 1999).

(d) Laws and Regulations: Numerous laws and regulatory agencies govern the accounting, financial reporting, and auditing standards for businesses and other public interest organizations in Nigeria. The Companies and Allied Matters Act 2004 is the main piece of legislation that governs corporate accounting and auditing procedures in Nigeria (Akhidime, 2010). Interestingly, despite the fact that the adoption of IFRS would contradict with many existing Nigerian legislation, the Nigerian Companies and Allied Matters Act, which was last amended in 2007, has not been updated to include IFRS rules (Izedonmi, 2014). The smooth transition to IFRS without the assistance of sufficient, enforceable statutes is jeopardized by this mismatch between IFRS and current Nigerian corporate finance and auditing laws.

(e) *Educational Institution:* Without modernizing the accounting curricula at least some of the nation's colleges, no accounting reform endeavor is complete (McGee, 2006). It is thought that universities and other postsecondary educational institutions are in the greatest position to offer the foundational knowledge and academic guidance required to train accountants. But these institutions' professors frequently don't know enough about IFRS to impart knowledge or skills to others in an effective manner. It's a popular belief that if a teacher isn't an expert in the subject, students won't be able to learn it effectively (Garuba and Donwa, 2011). Only one accounting department in Nigerian universities and polytechnics, out of over two hundred, has created a curriculum for worldwide accounting and auditing standards, claims Izedonmi (2014). The requirement of professional accounting bodies.

(f) *Level of Awareness:* The fact that Nigeria adopted IFRS after only four years of preparation, following an IFRS road map created in 2010, highlights the low level of awareness among stakeholders regarding the adoption and implementation of IFRS in Nigeria. It took the ten major accountancy bodies 37 years to develop the International Accounting Standards. (Izedonmi, 2014). As so, it makes sense. They blame the short time needed to prepare for the switch from GAAP to IFRS for some of the difficulties encountered during the adoption and implementation of IFRS. Regulators, financial statement users, educators, and other stakeholders will be greatly impacted by this shift. Their roles in the effective acceptance and execution of the new standards are crucial, and they must be effectively conveyed. In order to increase awareness among stakeholders, the Committee on Road Map to the Adoption of International Financial Reporting Standards recommended developing a logistical structure of focused activities (NASB, 2010). Garuba (2011) notes that most users - including accountants who create and evaluate IFRS-based accounts - have very little knowledge of IFRS, which makes it challenging for them to comprehend, value, and correctly apply the standards they don't know enough about.

(g) *Professional Accounting Bodies:* When it comes to educating potential members about the requirements of IFRS, professional accounting bodies must take the lead. They are in charge of giving members precise instructions and direction so they can overcome the challenges involved in implementing the standards. The Association of National Accountants of Nigeria (ANAN) and the Institute of Chartered Accountants of Nigeria (ICAN), Nigeria's two professional accounting associations, have made efforts, but mandatory continuing professional education (MCPE) programs are still needed to improve members' understanding of IFRS requirements. Most of these existing initiatives are explanatory and basic, falling short

of the depth required to ensure that preparers and auditors of financial statements based on IFRS are as proficient.

(h) External Auditors: Nigeria's local external auditors, especially those who work with small and medium-sized businesses (SMEs), have major hurdles in developing their capacities and improving their competencies because of the transition to IFRS-based financial reporting and auditing. Three categories can be distinguished among Nigeria's external auditors: auditors from large audit firms, particularly the Big Four international firms, which audit up to 90% of listed Nigerian companies and significant public interest entities; auditors from large firms with international affiliations that audit the remaining 10%; and auditors from smaller local firms that specialize in SMEs. This information was provided by the World Bank (2004). The Big Four firms - who are recognized for having contributed to the development of IFRS - have the resources and expertise to meet the requirements of IFRS, but local Nigerian auditors lack adequate exposure to the global market and the resources to pay for in-depth instruction on IFRS regulations. This opinion is supported by Isenmila and Aderemi (2013), who found that local Nigerian audit companies do not have the necessary experience to move smoothly to IFRS. For SMEs, whose accounts are primarily prepared and audited by local accountants and auditors, as opposed to those of quoted companies and other public entities, which are typically audited by better trained and internationally exposed auditors, this deficiency has significant implications for the successful implementation of IFRS.

5. Conclusions

The standards detail authoritative procedure and regulations on how specific sorts of accounting events and transactions must be reflected on the financial statements in order for the country's financial statements to represent a true and fair value and view of the financial reporting system. Several emerging market economies have officially adopted and implemented use of the IFRS to attract an increase in foreign (and mostly, institutional) investments. The widespread adoption of the standards has made the standard to be considered as one of the greatest accounting changes ever. The article reviews accounting regulations, accounting standards and the IFRS, focusing on the development, benefits, and challenges in Nigeria. We attempt to offer answer to two research questions: What are the benefits of the adoption of the IFRS? Are there challenges confronting the use of IFRS in the Nigeria? amongst other, we established that the uses include: the improvement accounting quality, present a good network impact by encouraging new nations to take it into consideration,

attraction of foreign direct investment and bridge communication gap with stakeholders. A notable limitation of the study is that the reviews considered in the study are solely based on private only sector regulations. These regulations are founded on idea that accounting operations, even when there is public interest, are best administered if standards setting are regulated by private organizations such as accounting firms. The regulations are aimed to enhance services efficiency rendered and to compliance to professional standards.

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