IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ON EARNINGS MANAGEMENT OF DEPOSIT MONEY BANKS IN NIGERIA

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THE DEPARTMENT OF ACCOUNTING AND FINANCE

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MOUNTAIN TOP UNIVERSITY

MAKOGI-OBA, PRAYER CITY

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IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF SCIENCE

(B.SC) IN ACCOUNTING

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CERTIFICATION

This is to certify that this work was carried by **PETER ERICSON OGECHUKWU** at the Department of Accounting and Finance, Mountain Top University, Ogun State Nigeria under my supervision.

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DEDICATION

This project is dedicated to Almighty God for His infinite mercy, protection and guidance throughout my stay at Mountain Top University. Also, to my wonderful Parent, siblings and supervisor, Head of Department, other staff and friends for their support and encouragement.

ACKNOWLEDGEMENT

My utmost appreciation goes to God for His love and guidance, His unending favour, blessings and love and inspirations at every stage of this research work, without Him, I wouldn't have made It to this successful end.

My profound gratitude goes to the Chancellor of Mountain Top University, Dr D.K Olukoya and his wife Pastor (Mrs) Shade Olukoya, for their spiritual support, guidance and words of wisdom all through my stay in this excelling University. My appreciation goes to the Management of Mountain Top University for their efforts and wonderful words of advice. Our amiable Vice Chancellor, Professor Elijah Ayolabi, The Chaplin, Pastor Olumide Adeshina, Dean of Student Affairs, Dr Moses Abiala, Dean of College of Humanities and Management Science Professor Babatunde Oni and the Head of Department Accounting & Finance, Dr Omokehinde for their impact towards my academic growth. May the lord bless you and reward you all.

I would like to express my special thanks of gratitude to my supervisor, Dr Pius Onichabor who gave me the opportunity to do this wonderful project and for his constant correction and encouragement towards the completion of my project work. God bless you real good.

I also want to appreciate my mother, Mrs Peter for her immeasurable sacrifice and for her never ending love, prayers and words of encouragement, also instilling discipline and teaching me the value of hard work and also to believe solely in God.

I appreciate my sister, Agwu Blessing for coming through for me in the darkest of time of this project work. Much thanks to all my friends for always being there and for creating memories that would never depart from our minds. To all my course mates in person of; Abolude Philip, Ojuroye Tobiloba, Oyawoye Yomi, Olowojare Boluwatife and many more for making my four years very memorable and unforgettable. May we all meet in good places and good note in future.

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ABSTRACT

The adoption of the International Financial Reporting Standards (IFRS) has limited the accounting available options in the preparation of financial statements. As a result of the more severe procedures in the implementation of IFRS, many people feel that using the standards will inadvertently reduce the tendency for earnings management. The objective of this study was therefore to examine the impact of international financial reporting standards (IFRS) on earnings management of deposit money banks in Nigeria. Using ex-post facto research design, the estimated population size consists of all 23 deposit money banks in Nigeria while a sample of 10 randomly selected deposit money banks in Nigeria was derived using the simple random sampling technique. Control variables that were used in this study included Operating Cash Flow, Financial Leverage, Non-Performing Loans (NPL) ratio, and Return on Assets and dependent variable was firm Earnings Management (loan loss provisions). The data was subjected to independent-samples t-test to test the research hypotheses. The result hence indicates that adoption of standards IFRS reporting may have contributed significantly and positively to the operating cash flow of the listed DMBs in Nigeria with a p-value of 0.042 ($p<0.05$), there was an upsurge in financial leverage in the period after adoption of IFRS by the DMBs, the difference was not statistically significant ($p=0.169$), Findings revealed that there was reduction in NPL in the period after adoption of IFRS (M=0.192) by the DMBs, compared to the period before adoption of IFRS (M=1.576). However, the difference was not statistically significant ($p=0.396$), it can also be inferred that the impact of IFRS adoption on the profitability of the DMBs in Nigeria is significant ($p=0.035$). This study however recommends that those companies that have adopted IFRS should be consistent in adherence to IFRS standards and requirements so as to preserve and sustain the gain which the adoption of IFRS has brought, more importantly to the DMBs. The study also recommends that increase in the level of awareness and campaign among managers, investors and other stakeholders, specifically the non-adopters, on the imminent benefits of adopting IFRS.

Keywords: IFRS, Operating Cash Flow, Profitability, Financial Leverage, Return on Assets

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The globalization of the economy requires world wide standardization of accounting systems to ensure comparability of reporting between foreign enterprises.This promoted the International Financial Reporting Standards to be adopted by several economies. International Accounting Standard Boards (IASB),an independent organization registered in the United States of America(USA)but located in London, United Kingdom,is responsible for issuing International Financial Reporting Standards.The perfect situation would for International public interest group to be subject to the same financial reporting requirements as IASB (Aderin, & Otakefe 2015). Financial reporting under IFRS is meant to improve the quality of information supplied in financial statements by assuring the comparability of financial accounts from companies based in different countries. In other words, managers may choose how information is presented and exercise their own professional judgement when using IFRS to more accurately depicts the intricacies of business operations and enhance the value of accounting as a form of communication. There is a chance that management will use this liberty exaggerate the company's financial success, though, given there are currently insufficient controls over public financial statements , particularly from auditors (Malofeeva, 2018).

The main objectives of IFRS is to create one set of guidelines in the benefit of the public excellent, globally accepted financial accounting standards based on explicitly stated principles (IASB, 2012). Nigeria, however decided to adopt IFRS in 2012 as a result of the little preceding disclosure, both in terms of number and quality. The adoption of the International Financial

Reporting Standards (IFRS) is a recognition of the value and function of the accounting profession's in supplying pertinent financial data to assist in efficient resource allocation and comparable accounting data for investment decisions by investors and other stakeholders.Economic intermediaries may also help entrepreneurs, business, and other areas of the economy by mobilizing resources from the surplus unit and assisting them.This will promote the expansion of the financial markets and economic expansion (Ofoegbu & Odoemelam, 2018). However, earlier study produced conflicting results regarding whether the switch to IAS/IFRS discourages or encourages better earnings management (earnings smoothing). After the adoption of IFRS, Cai, Courtesney, and Rahman (2008) discovered an improvement in the quality of financial reporting and found strong evidence to support the claim that earnings management significantly decreased.

Additionally, not all academics, regulators, and companies leaders share this point of view since their research disputes the notion that IFRS reduces the amount of profits manipulation (Ahmed, Neel and Wang 2013; Christensen, Lee and Walker, 2008; Daske & Gephardt, 2008). For instance, Ahmed et al. (2013) explored how mandatory IFRS adoption influences earnings quality and argued that the implication of IFRS adoption significantly depends on whether IFRS provide higher or lower quality than local GAAPs, thus it is expected that higher quality standards will increase the quality of earnings. Conversely, low quality standards are expected to reduce the quality of accounting information. The authors arrive at the conclusion that the mandated adoption of IFRS has a negative effect on the accuracy of accounting information. The goal of the study is to determine whether the adoption of IFRSs offers banks a chance to modernize their finance departments and increase the value of their institutions. by generating operational efficiencies through earnings management.

1.2 Statement of the problem

The adoption of the International Financial Reporting Standards (IFRS) has limited the accounting available options in the preparation of financial statements.Numerous people believe that implementing the standards may unintentionally lessen the trend for profits management because of the stricter methods used to execute IFRS. Additionally, the adoption of the standards is thought to increase the effectiveness of the board of directors (due to the greater degree of openness and transparency inherent in IFRS), increasing the pressure on them to keep an eye on the breadth of earnings management techniques (Rathke, et. al., 2016). Regulatory bodies and accounting professionals have been worried about earnings management for a while. Hadani, Goranova, and Khan (2011), for example, assert that earnings management promotes information asymmetry and lowers financial report quality. The low quality of reported data is thought to be the result of poor earnings management. Also, Rathke, et. al. (2016) posited that the requirements of accounting recognition and measurement, which are structured to better represent the firm's economic and financial status, are widely claimed to improve earnings management. As a result, IFRS adoption can minimize information asymmetry and capital costs while also increasing cross-border capital flow. Moreover, because cultural and environmental factors impact domestic accounting practices, each country's use of IFRS is likely to be unique.

Many nations have replaced national accounting standards with IFRS in order to improve financial reporting quality by making local accounting systems more transparent, dependable, relevant, and understandable. The reported incidents of corporate scandals such as Volkswagen, Enron, Madoff, and Cadbury, among others, have had a profound impact on how corporate

stewards are seen. Business ethics are being scrutinized, and professional accountants are being inspected. Earnings Management is one of the most severe challenges of unethical management practice. Earnings management, according to Healy and Wahlen (1999), occurs when managers use their discretion in financial reporting and transaction structuring to change financial reports in order to either deceive some stakeholders about the company's true economic performance or influence the terms of contracts that depend on the reported accounting numbers.

However, due to political, cultural, economic, legal, and institutional considerations, the IFRS adoption process differs greatly from country to country. Nigeria, like many other developing nations, has dysfunctional institutions and a turbulent economic and political climate, making it difficult to adopt IFRS effectively (Tanko, 2012). The decision to implement IFRS in such a large and significant economic area as Nigeria cannot be overstated. In order to do so, the government must evaluate a number of factors that may influence IFRS adoption in developing countries (Zeghal & Mhedbi, 2006), in which Nigeria is among. The majority of research in Nigeria focused on the adoption, advantages, and difficulties of implementing IFRS there (Okafor and Ogiedu 2011; Madawaki, 2012; Isenmila & Aderemi, 2013). Nevertheless, despite the numerous studies carried out by academics, there has only been a little amount of empirical study on the effect of IFRS adoption on earnings management, notably in Nigeria.

Thus, this study seeks to examine the examine the impact of international financial reporting standards (IFRS) on earnings management of deposit money banks in Nigeria

1.3 Objectives of the study

The general objective of the study is to examine the impact of international financial reporting standards (IFRS) on earnings management of deposit money banks in Nigeria. However, the sub-objectives include to:

i. Evaluate the differences in the operating cash flow of the quoted of deposit money banks in Nigeria in the periods before and after IFRS adoption.
ii. Investigate the differences in the financial leverage of the quoted of deposit money banks in Nigeria in the periods before and after IFRS adoption.
iii. Ascertain the difference between in non-performing loans before and after IFRS adoption by quoted of deposit money banks in Nigeria.
iv. Investigate the difference between firm profitability before and after IFRS adoption by quoted of deposit money banks in Nigeria.

1.4 Research Questions

In order to address the problems of the study and to achieve its objectives, the following research questions will be considered:

i. To what significant extent does the operating cash flow differ of deposit money banks in Nigeria differ pre and post IFRS adoption among deposit money banks (DMBs) in Nigeria?
ii. To what extent does the the financial leverage of deposit money banks in Nigeria differ pre and post IFRS adoption among deposit money banks (DMBs) in Nigeria?
iii. To what significant extent does non-performing loan differ before and after IFRS adoption among quoted deposit money banks (DMBs) in Nigeria?

iv. To what significant extent does profitability differ before and after IFRS adoption among quoted deposit money banks (DMBs) in Nigeria?

1.5 Hypothesis

In view of the above research questions, the following hypotheses are stated below in their null forms:

$H_0$1: There is no significant difference in operating cash flow before and after IFRS adoption among DMBs in Nigeria.

$H_0$2: There is no significant difference in financial leverage before and after IFRS adoption among DMBs in Nigeria.

$H_0$3: There is no significant difference between non-performing loan before and after IFRS adoption among DMBs in Nigeria.

H_{04}: There is no significant difference between profitability before and after IFRS adoption among DMBs in Nigeria.

1.6 Significance of the Study

The result of this study will not only serves as a road map to the adoption process of the international financial reporting standards but would also act as a useful guiding principle for future researchers who would want to acquire more knowledge on how the international financial reporting standards (IFRS) was adopted in Nigeria. Also, the research would aid the federal government of Nigeria in developing a solid policy framework for financial reporting by the Financial Reporting Council in Nigeria.

1.7 Scope of the Study

This study seeks to examine the impact of international financial reporting standards on earnings management of deposit money banks in Nigeria. However, the researcher shall consider only deposit money banks in Nigeria. The emphasis on banks was in part due to their function as financial representatives in the economy. Due to this role, banks frequently act as the catalyst for economic growth. The research will cover ten listed deposit money banks in Nigeria in the Nigerian stock exchange market for a period of 16 years (2003-2019). The 14 years shall consist of pre and post IFRS adoption periods (8 years pre adoption and 8 years post adoption period). The pre-adoption period is from 2003 – 2010 while post-adoption is from 2012– 2019.

1.8 Limitations of the Study

- Time and resource constraints were the major challenges faced by the researcher in this study. With limited time, it was difficult to examine a large sample size.
- Access to secondary resources such as papers, journals, articles, and published audited financial statements, among others, was also major challenge at the start of this study, because the right information for the research had to be sourced and thoroughly investigated in order to use the best available materials, while another challenge was combining the materials for the work and conducting a thorough review.

1.9 Operational Definitions of Terms

1. **Earnings:** Earnings are the net benefits of a corporation's operation. Earnings is also the amount on which corporate tax is due
2. **Earnings Management:** Earnings management is the practice of using accounting techniques to create financial statements that overstate a company's business performance and financial situation.

3. **Listed companies:** Companies that are listed and traded on a particular stock market are referred to as "listed." The majority of exchanges have specific requirements that must be satisfied in order for a company to list and stay listed.
4. **Operating Cash Flow:** This is a measure of the amount of cash generated by a company's normal business operations.
5. **Profitability:** The process through which a business produces revenue that outpaces its costs by making use of its resources.
6. **Financial Leverage:** This is the practice of using borrowed funds (debt) to pay for the acquisition of assets..
7. **Return on Assets:** This measures a company's profitability in relation to its total assets.
8. **Non-Performing Loans:** A non-performing loan is a bank loan that is subject to late repayment or is unlikely to be repaid by the borrower in full.

CHAPTER TWO

2.0 Introduction

This chapter would be aimed at highlighting the conceptual, theoretical and empirical overview of varying literatures on the impact of international financial reporting standards (IFRS) on earnings management of deposit money banks in Nigeria. This study shall also discuss theories that support IFRS adoption and earnings management. All the sections shall try to focus on the particular objectives and fulfil the general objective of the study.

2.1 Conceptual Review

2.1.1 Evolution of IAS/IFRS Standards

The evolution of IAS/IFRS began with the issuance of International Accounting Standards Committee (IASC) by the International Accounting Standards (IASs) from 1973 to 2000. The International Accounting Standards Board (IASB) replaced the IASC in April 2001. Since then, the IASB has modified numerous IASs, replaced a few others with International Financial Reporting Standards (IFRSs), and adopted or proposed a number of new IFRSs on subjects that were not previously covered by earlier IAS standards.It is feasible to distinguish between two different reporting regimes that were in place before and after 2005 based on this IASC/IASB standard-setting activity.In 2005, the standards underwent significant revisions. The IASB released a draft of "Improvements to IFRS" in May 2002 after it became apparent that the EU will probably adopt IAS/IFRS. Following this draft, 14 out of the 34 IAS (in effect as of 2002) were updated or enhanced in December 2003 after a time of comments (due process). IAS 32 and 39 were also updated in 2004. All of these modifications went into effect for the 2005 fiscal year. In addition, six new IFRS were issued between 2002 and 2005, of which five IFRS were in

force as of beginning of 2005. Some of the resulting set of 2005 standards (labeled 'new IAS/IFRS' in this paper) contain fewer options than in the previous version (Nobes, 2006).

However, the 'old IAS' standards (before 2005) usually indicated a 'benchmark treatment' and an 'allowed alternative'. Many of these options were removed in the new IAS/IFRS standards that took effect in 2005. However, new IAS/IFRS leave more room for covert options, subjective estimation and interpretation than previous IAS standards. For instance, Nobes (2006) details 18 overt options and 21 covert options and numerous vague criteria. In addition, the new standards rely on estimations: Nobes (2006) and Cole et al. (2012) mention no less than 12 cases were estimates are relied on heavily in the revised standards. Overall, this analysis suggests that new (2005) IAS/IFRS exhibit a high level of flexibility that can lead to greater earnings management (smoothing).

New IAS/IFRS also introduced broader use of fair value measurements in selected accounts relative to the domestic GAAP of many countries (Schipper, 2005; Paananen and Lin, 2009; Ball et al., 2015). For example, IAS 16 (Property, Plant and Equipment) and IAS 40 (Investment Property) allow firms to periodically revalue selected long-lived assets and property held for investment at fair value, with direct consequences for depreciation expenses and earnings, while IAS 39 (Financial Instruments) increases the use of fair value compared to local GAAP standards. Since most fixed assets and many other financial instruments (such as securitized loans or receivables) lack readily accessible market pricing from active marketplaces, mark-to-model measurements provide businesses more latitude. Ball (2006) contends that managers have more latitude in determining fair value measurements when capital markets are less liquid. When fair values are estimated using valuation models, managers can influence the estimations through their choices of models and parameters, thus opening the door to greater earnings management.

This same concern carries over to IFRS asset impairment tests (IAS 36, Impairment of Assets) and goodwill impairment tests (IAS 38, Intangible Assets).

The inherent greater flexibility of new IFRS standards combined with the absence of implementation guidance was a recurring source of concern leading to opposition to adoption of some of these standards from within the IASB. Some of the IASB board members issued dissenting opinions when the new/revised standards were adopted. Of the revised and new IAS/IFRS standards that were enforced in 2004–2006, ten carry dissenting opinions. In eight cases, dissenting board members point to the lack of implementation guidance for the standard or inconsistencies with other standards leading to possible greater managerial discretion and greater earnings management.

To summarize, most changes in 2005 introduced more covert and over options to IAS/IFRS, leading to greater flexibility of 2005 IAS/IFRS standards. But even those changes to IAS/IFRS that reduced the number of options available increased flexibility of 2005 IAS/IFRS standards. According to the dissenting opinions of IASB board members, those same changes reduced clarity, lead to higher reliance on estimates, and lacked implementation guidance.

2.2 Theoretical Review

The theories relevant for this study are agency theory, political cost theory, and stakeholder theory.

2.2.1 Agency Theory

The proponents of agency theory believe that managers are in the best position to minimize the conflicts by strictly pursuing the the shareholders' interest (Fama and Jessen 1988). This theory explains the principal-agent relationship. The individual(s) referred to as the principal who hires another individual (Agent) and delegates decision making authority to the agent. The principal

and agent pursuing the same objective may have different interests (Jensen & Mekline 1978). This holds that managers will not act to maximise the returns to shareholders unless appropriate governance structures are implemented in the large corporation to safeguard the interests of shareholders (Jensen and Meckling 1976). In essence, managers tendency to use fraudulent accounting techniques through earnings management which negatively impacting on the quality of reported earnings

The agency relationship in business is between shareholders and managers: the relationship comes with conflict normally termed agency conflict of interest between the principal and the agents. According to agency theory, agency costs resulting from ownership and control dispersion dictate dividend policy (Murekefu & Ouma, 2012). In this way, it alleviates agency conflicts in corporations (Rozeff, 1982; La Porta et al., 2000; Lozano et al., 2005) by minimizing the available cash under management's control, making it more difficult for management to spend this free cash on projects that are in their own interests rather than the shareholders' (Jensen & Meckling, 1976).

2.2.2 Political cost theory

According to the political cost theory, if a corporation reports large profits, this could be used as justification by trade unions or lobby organizations to pursue an increase in a share of that profit, i.e., higher wages, therefore businesses may employ income-decreasing accounting practices (Watts and Zimmerman, 1978). More precisely, where accounting figures are the standards for submitting firms to tax, there may be possible tax avoidance incentives through earnings management. Jones, (1991) also presents evidence that firm in industries demanding for import tariffs and restrictions were identified to defer income increasing accruals. In general, firms

manage their earnings so as to seem less profitable in order to lower their political risk or lower political “heat” (Fong, 2006).

2.2.3 Stakeholder Theory

The stakeholder model looks at the company from a different perspective. The conventional stakeholder model holds the firm accountable to a larger group of stakeholders other than shareholders. Contractual partners like employees, suppliers, customers, and creditors, as well as social constituents like members of the community where the firm is based, environmental interests, local and national governments, and society at large, are all possible stakeholders. This view holds that corporations should be “socially responsible” institutions, managed in the public interest. Corporate governance, according to the stakeholder model, is primarily concerned with the effectiveness of various governance systems in generating long-term investment and commitment among diverse stakeholders (Williamson ,1985).

One of the criticisms of the stakeholder model, or apprehensions among reform participants, is that managers or directors may use "stakeholder" justifications to explain bad corporate performance. The shareholder model has the advantage of providing explicit guidance in helping managers determine priorities and establishing a mechanism for analysing the management team's performance, i.e., business profitability. The benefit of the stakeholder model, on the other hand, is that it focuses on resolving underinvestment issues associated with opportunistic behaviour and encourages active co-operation among stakeholders to maintain the corporation's long-term prosperity (Maher and Andersson, 2002).

2.3 Empirical Review

Various studies on the influence of international financial reporting standards (IFRS) on the earnings management of Nigerian deposit money banks will be performed. The methodology, sample, and main findings of the following relevant empirical research are shown below.

Onalo, Lizam and Kaseri (2016) examined IFRS influence on earnings management in Malaysian and Nigerian banks. The study used the whole of Malaysian and Nigerian banks for a period of 6 years (2008-2013). The findings demonstrated that, in contrast to Malaysia GAAP, banks tend to manage their profit statistics less frequently under Malaysia Financial Reporting Standard (MFRS) in order to report tiny positive profits rather than negative sums. The results for Nigerian banks, however, showed that banks had a tendency to manage their profit numbers less frequently under SAS in order to claim small profits rather than losses as opposed to IFRS. In contrast to SAS, banks typically detect material losses more quickly under IFRS. With the exception of the EM objectives of reporting moderate positive profits by Nigerian banks, the overall findings demonstrate the superiority of IFRS over local norms of Malaysia and Nigeria in decreasing earnings management. Yosr and Ezzeddine (2014) assessed IFRS and accounting fraud in French enterprises over a ten-year period. Data were examined utilizing multiple regressions. The study used operating cash flow, leverage, return on asset, size, and growth as control variables, and found that the adoption of IFRS contributed to less income smoothing and EM compared to local standards. Also, Titas and Ca (2012) examined if companies adopting IFRS have reduced level of EM and thus better reported earnings than non-adopting companies. The research only spanned one year, which is insufficient to establish the impact of IFRS adoption on smooth profits. It was based in India, and multiple regression was used to analyze the data. The findings contrasted earlier findings based on industrialized nations, demonstrating

that corporations who adopt IFRS are more likely than non-adopting companies to smooth earnings. As control variables, the study analyzed business size, leverage, equity ownership by foreign institutional investors, and the market to book value ratio.

In addition, Kym, Antonio, and Fernando (2012) analyzed relation between the leverage ratio and manager's decision towards earnings management in Brazil. The study established there is no connection between leverage ratio and earnings management. Therefore, the results indicated that debt has a positive effect since it may limit managers' discretionary spending, which in turn limits accrual earnings management. In a research titled, "A Review of the Earnings Management Literature and Its Implications for Standard Setting," Healy and Wahlen (1999) examined the academic data on earnings management and its implications for accounting standard setters and regulators.They organize the review around concerns that standard setters are likely to be interested in. They examine the empirical data on which particular accruals serve as a control earnings, the volume and frequency of earnings management, and if earnings management has an impact on resource allocation in the economy.

Furthermore, Earnings Management under German GAAP versus IFRS, by Tendeloo and Vanstraelen (2005), examines whether voluntary adoption of IFRS is associated with lower earnings management compared to German companies reporting under German GAAP, while controlling for other differences in earnings management incentives. There are 636 firm year data from 1999 to 2001 in a sample of German publicly traded enterprises. The findings imply that IFRS adopters do not behave differently in terms of earnings management than firms complying with German GAAP. The research adds to the ongoing discussion over whether high requirements are necessary and efficient in nations with lax investor protection laws. The findings show that voluntary IFRS adoption in Germany cannot be linked to poorer earnings

management. Doukakis (2010) evaluated the earning components and earning persistent of the listed businesses on the Athens Stock Exchange following the introduction of IFRS and found that they had decreased as a consequence of the IFRS measurement and reporting rules' inability to improve them. It is also clear that obligatory adoption of IFRS has no substantial impact on real or accrual-based earnings, but organizations that earn management incentives had a greater influence on financial reporting quality than accounting standards (Doukakis, 2014). Jeanjean and Stolowy (2008) examined at the level of earnings management in Australia, France, and the United Kingdom before and after required IFRS adoption, and discovered that upon adoption, earnings management did not decline. This finding implies that managerial incentives and ingrained institutional elements have a significant impact in these countries' adoption of the International Financial Reporting Standards (IFRS).

Also, Aharony, Barniv and Falk (2010) analszed the impact of mandatory IFRS adoption on the price and return-based value-relevance models, in order to evaluate how accounting standards affect accounting information to investors. The evidences indicate that the effect of IFRS on information quality is higher in countries with larger differences between domestic standards and IFRS.

CHAPTER THREE

3.0 Introduction

This chapter describes the research methods used for this study. This section of the study therefore describes the research design, study population, sample and sampling technique, research instrument, method of data collection, method of data analysis test as well as model specification.

3.1 Research Design

The research design which this study shall employ is the ex-post facto research design. The ex-post facto research design is appropriate for this study because it involves the collection of secondary data through online audited annual financial statement of the selected deposit money banks in Nigeria, journals, articles, etc. Also, because it describes the statistical relationship between two or more variables.

3.2 Population of Study

The target population of this study is all the Deposit money Banks (DMBs) listed on the Central Bank of Nigeria website as of 31st June 2021. Going by records extracted from the Central Bank of Nigeria website, the number of listed Deposit money Banks (DMBs) in Nigeria is 23.

3.3 Sampling Technique

The researcher chose the simple random sampling technique for selecting the sample. The major purpose of this sampling technique is to focus on certain features of a population that are of interest to the researcher and will best help answer the research questions.

3.4 Sample Size Determination

A sample size of five (10) banks is selected, this was arrived at using (Ezejelue & Ogwo 1990) who indicated that 10% sample size is appropriate for a homogeneous population. In this case,

the selected banks represents about 43% of the population which deems suitable. The banks therefore studied are as follows:

- Access Bank Nigeria plc.
- Ecobank Nigeria Plc
- First Bank Nigeria plc.
- Fidelity Bank Plc
- Guarantee trust Bank plc.
- Stanbic Ibtc Bank Plc
- Sterling Bank Plc
- United Bank for Africa
- Wema Bank Plc
- Zenith Bank Nigeria plc.

3.5 Method of Data Collection

Kumar (2011) submitted that data collection is a crucial stage for any thesis as it entails gathering all the necessary and required information from essential sources to be used for the analysis. For the purpose of this study, the data to be used would be collected from secondary sources. Secondary data allows a researcher to do a longitudinal study, which means that the studies are conducted over a lengthy period of time. This aids in determining a different trend, allowing for data comparison throughout time. The secondary sources would consist of audited annual financial statements of the selected firms, journals, textbooks, and business reports.

3.6 Research Instrument

The audited annual reports of particular deposit money banks listed on the Nigeria Stock Exchange are the main source of secondary data. The five specified deposit money banks'

audited yearly reports are employed in this study's secondary data collection. They are employed to collect already available data on the banks.

3.7 Method of Data Analysis

The data is analysed with the use of both descriptive and inferential statistical methods. These statistical methods would be used to test the hypotheses, solve research questions, and achieve the objectives of the study. The technique for inferential data is independent-samples T-test to test the hypothesis and examine the impact of international financial reporting standards on earnings management of deposit money banks in Nigeria in the periods before and after adoption of IFRS. The probability level was set up at 5% significance level. Descriptive statistics analysis includes percentages and frequencies while inferential statistics includes regression analysis. The results of the study were presented in tables using Statistical Package for Social Sciences (SPSS) version 23 for better exhibition of the analysis result.

3.8. Model Specification

The relationships that exist with variables specified in the hypotheses will be used to determine the model specification for this study. Furthermore, this study utilises four regression models to capture the changes in each of the variables over the given time spectrum.

$LLPit = \beta_0 + \beta_1 IFRS_{it} + \beta_1 OCF_{it} + \varepsilon$-- (1)

$LLPit = \beta_0 + \beta_2 IFRS_{it} + \beta_2\ LEVit + \varepsilon$--(2)

$LLPit = \beta_0 + \beta_3 IFRS_{it} + \beta_3\ NPL_{it} + \varepsilon$--(3)

$LLPit = \beta_0 + \beta_4 IFRS_{it} + \beta_4\ ROA_{it} + \varepsilon$--(4)

Where:

LLP_{it} –Loan loss provision ratio

$IFRS_{it}$– International financial reporting standard for firm i in year t

OCF_{it} – Operating Cash Flow for firm i in year t

LEV_{it} – Financial Leverage for firm i in year t

NPL_{it} – Non-Performing Loans for firm i in year t

ROA_{it} – Return on Assets for firm i in year t

β = Coefficient of independent/control variables

ε = error term

β_0 = Intercept

$\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$ = Slope of the coefficients,

3.9. Measurement of Variables

The study covers the year 2003-2019. The choice of 2003 to 2019 is based on the ground that the researcher would assign a dummy value for the independent variable (IFRS) which equals to 1 in pre adoption period (2003-2010) and 0 in post adoption period (2012-2019). The use of this approach is consistent with Xu (2014), Asian and Dike (2015), and Yosr and Ezzeddine (2014). However, for the dependent variable (Earnings Management), discretionary accrual would be used for measurement. This was used in most studies such as Laura et al. (2014), and Yosr and Ezzeddine (2014). The approach to detect the presence of smoothed earnings among banks, is the 'specific accrual' approach (McNichols, 2000). This approach expresses a specific discretionary accrual (in this case, loan loss provisions) as a function of its non-discretionary determinants (Ozili, 2017). This is further explained in the table below.

Table 3.2 Variables definition and units of management

No	Variable	Variable Type	Measurement
1.	Earnings Management (loan loss provisions)	Dependent variable	Current year's loan loss provisions
2.	IFRS	Independent variable	Dummy variable which equals to 1 in post adoption period and 0 in pre adoption period
3	Operating Cash Flow (OCF)	Control Variable	CF from operating activities / Lagged total assets.
3.	Financial Leverage (LEV)	Control Variable	Total debt / Total equity
4.	Non-Performing Loans (NPL) ratio	Control Variable	Non-Performing Loans / Total amount of outstanding loans
5.	Return on Assets (ROA)	Control Variable	Net Income / Total Assets

Source: Researcher's Compilation (2021)

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 Data Presentation, Analysis and Interpretation

This chapter shows findings and empirical results which are presented, analyzed and interpreted of the study and discusses these findings in extension. The study seeks to determine the impact of international financial reporting standards on earnings management of deposit money banks in Nigeria

The study is comprised of all the deposit money banks (DMBs) in Nigeria, since they are entities and organization operating under Nigeria Stock Exchange, and ten (10) DMBs have been selected as a case study out of the listed banks for the period of sixteen (16) years from 2003 to 2019. Section 4.1 offers the descriptive statistics, Section 4.2 tests the hypothesis while section 4.3 is the discussion of findings.

4.1.1 Descriptive Statistics

Descriptive analysis unveils the mean or average, and the standard deviation of the distinguish variables of interest in the study. It also employs the minimum and maximum values of the variables which assist in getting a clear picture about the maximum and minimum values a variable can obtain and achieve.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
OCF	160	-8.999	9.800	1.01591	3.837045
LEV	160	-4.137	191.210	7.52666	14.884745
NPL	160	-112.205	48.210	.88421	10.281426
ROA	160	-2.100	9.000	2.30901	2.531008
Valid N (listwise)	160				

Table 4.1 above shows the mean (average), standard deviation, the maximum values, minimum values. The results expressed helps to provide some insight into the impact of international financial reporting standards (IFRS) on earnings management of deposit money banks in Nigeria. First, it can be observed that on the average sampled consumer goods used for this study were characterized by positive ROA 2.30±2.53. This is an indication that most DMBs in Nigeria have a positive Return on Assets (ROA) over the study period. In addition, results from the descriptive statistics showed that the maximum ROA is 9.00 and minimum ROA value of -2.10%. The mean operating cash flow is 1.01±3.87 days, with the minimum of -8.99 and maximum OCF of 9.8

4.2 Test of Hypothesis

Hypothesis 1

$H_0$1: There is no significant difference in operating cash flow before and after IFRS adoption among DMBs in Nigeria.

Table4.2a: Group Statistics

	Pre and post IFRS adoption	N	Mean	Std. Deviation	Std. Error Mean
OCF	Pre-IFRS adoption	80	.544	3.316	.371
	Post-IFRS Adoption	78	1.601	4.275	.490

Descriptive Table 4.2aabove indicates that mean operating cash flow (OCF) of DMBs in Nigeria was lower before IFRS adoption (M=0.5444, SD=3.316) and higher during the periods of IFRS adoption (M=1.60158, SD=4.2756).

Table 4.2b: Independent Samples Test

		Levene's Test		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. E	95% CI Lower	95% CI Upper
OCF	Equal variances	7.190	.008	2.218	158	.043	-1.057	.60	1.31	1.78
	Unequal variances assumed			2.219	148.796	.042	-1.057	.60	1.31	1.98

As revealed in the table 4.2b above, an independent-samples t-test was conducted to compare the operating cash flow (OCF) among the deposit money banks (DMBs) for the period before IFRS adoption and the period after IFRS adoption. There were significant difference (t =2.219, df=148.80, p=0.043) in the score before IFRS adoption (M=0.5444, SD=3.3316) and higher during the period after IFRS adoption (M=1.60158, SD=4.2756). The magnitude of differences in the means (mean difference= 1.05718, 95% CI: 1.312629 to 1.978261) was significant. Hence, null hypothesis was rejected.

Hypothesis 2

$H_0$2: There is no significant difference in financial leverage before and after IFRS adoption among DMBs in Nigeria.

Table 4.3a: Group Statistics

	Pre and post IFRS adoption	N	Mean	Std. Deviation	Std. Error Mean
LEV	Pre-IFRS adoption	80	5.90365	3.608244	.403414
	Post-IFRS Adoption	80	9.14967	20.677557	2.311821

Descriptive Table 4.3a above indicates that mean Leverage (LEV) of DMBs in Nigeria was lower before IFRS adoption (M=5.90, SD=3.61) and higher during the periods of IFRS adoption (M=9.15, SD=2.68)

Table 4.3b: Independent Samples Test

		Levene's Test		t-test for Equality of Means						
		F	Sig.	T	df	p	Mean Diff	S.E Diff.	95% C.I	
									Lower	Upper
LEV	Equal variances	.748	.39	-1.38	158	.169	-3.25	2.35	-7.88	1.39
	Unequal variances			-1.38	83.80	.170	-3.25	2.35	-7.91	1.42

Table 4.3b: An independent-samples t-test was conducted to compare leverage (LEV) among the deposit money banks (DMBs) for the period before IFRS adoption and the period after IFRS adoption. There is no significant difference (t =-1.38, df=158.80, p=0.169) in the score before IFRS adoption (M=5.90, SD=3.61) and higher during the periods of IFRS adoption (M=9.15, SD=2.68). The magnitude of differences in the means (mean difference= 3.25, 95% CI: -7.88 to 1.40) was very small. Hence, null hypothesis was supported.

Hypothesis 3

$H_0$3: There is no significant difference between non-performing loan before and after IFRS adoption among DMBs in Nigeria.

Table 4.4a: Group Statistics

	Pre and post IFRS adoption	N	Mean	Std. Deviation	Std. Error Mean
NPL	Pre-IFRS adoption	80	1.57591	6.399111	.715442
	Post-IFRS Adoption	80	.19251	13.070420	1.461317

From descriptive Table 4.4a above indicates that mean operating non-performing loan (NPL) of DMBs in Nigeria was higher before IFRS adoption (M=1.576, SD=6.40) and lower during the periods of IFRS adoption (M=.193, SD=13.07).

Table 4.4b: Independent Samples Test

		Levene's Test		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Diff	SE	95% CI	
									Lower	Upper
NPL	Equal variances assumed	.36	.55	.85	158	.396	1.38	1.63	-1.83	4.60
	Equal variances not assumed			.85	114.81	.397	1.38	1.63	-1.83	4.61

An independent-samples t-test was conducted to compare non-performance (LEV) among the deposit money banks (DMBs) for the period before IFRS adoption and the period after IFRS adoption. There is no significant difference (t =-0.85, df=158, p=0.396) in the score before IFRS adoption was higher (M=1.58, SD=6.40) than the score during the periods of IFRS adoption (M=0.20, SD=14.07). The magnitude of differences in the means (mean difference= 1.38, 95% CI: -1.83 to 4.60) was very small. Hence, null hypothesis was supported.

Hypothesis 4

H_{04}: There is no significant difference between profitability before and after IFRS adoption among DMBs in Nigeria.

Table 4.5a: Group Statistics

	Pre and post IFRS adoption	N	Mean	Std. Deviation	Std. Error Mean
ROA	Pre-IFRS adoption	80	1.88763	2.230962	.249429
	Post-IFRS Adoption	80	2.73040	2.748867	.307333

Descriptive Table 4.5a above indicates that mean return on asset (ROA) of DMBs in Nigeria was lower before IFRS adoption (M=1.89, SD=2.23) and higher during the periods of IFRS adoption (M=2.73, SD=2.75).

Table 4.5b: Independent Samples Test

		Levene's Test		t-test for Equality of Means						
		F	Sig.	t	df	P	Mean Diff.	S.E	95% CI	
									Lower	Upper
ROA	Equal variances	5.92	.016	-2.129	158	.035	-.843	.396	-1.63	-.061
	Unequal variances			-2.129	151.58	.035	-.843	.396	-1.63	-.060

An independent-samples t-test was conducted to compare the return on asset (ROA) among the deposit money banks (DMBs) for the period before IFRS adoption and the period after IFRS adoption. There were significant difference (t =2.129, df=151.58, p=0.035) in the score before

IFRS adoption (M=1.89, SD=2.23) and higher during the periods of IFRS adoption (M=2.73, SD=2.75). The magnitude of differences in the means (mean difference= 0.843, 95% CI: -1.63 to -0.60) was significant. Hence, null hypothesis was rejected.

4.3 Discussion of Findings

The aim of data analysis and presentation is to determine the impact of International Financial Reporting Standards (IFRS) adoption on earning management of quoted DMBs in Nigeria. The study used operating cash ratio, leverage, non-performing loan ratio and profitability to proxy earning management of the DMBs in eight years before and eight years after IFRS adoption by the DMBs in Nigeria.

Test of hypothesis one was conducted to determine if there is significant difference in the means of operating cash flow (OCF) in the period before and after IFRS adoption. The findings of the hypothesis test showed an overall significant increase in average OCF from the period before IFRS adoption (0.533) to periods after adoption of IFRS (1.601) with p-value of 0.042. This shows that adoption of standards IFRS reporting may have contributed significantly and positively to the OCF of the listed DMBs in Nigeria.

Test of hypothesis two was conducted to ascertain if there is significant difference in means of financial leverage before and after IFRS adoption among DMBs in Nigeria. Though, there was an upsurge in financial leverage in the period after adoption of IFRS by the DMBs, the difference was not statistically significant (p=0.169). The average financial leverage was 5.9 in the period before the adoption of IFRS by the DMBs and increased to just 9.15 in the period after the adoption of IFRS. This finding is line with the findings reported by Onalo, Lizam and Kaseri

(2016) who examined IFRS influence on earnings management in Malaysian and Nigerian banks. On the contrary, Titas and Ca (2012) reported that that corporations who adopt IFRS are more likely than non-adopting companies to smooth earnings that corporations who adopt IFRS are more likely than non-adopting companies to smooth earnings. Also, Kym, Antonio, and Fernando (2012) analyzed relation between the leverage ratio and manager's decision towards earnings management and reported that there is no relation between leverage ratio and earnings management. Similarly, Damilola et. al., (2018) found no is no significant difference between leverage ratios of IFRS and NGAAP

Furthermore, test of hypothesis three was conducted to determine if there is significant difference between non-performing loan (NPL) before and after IFRS adoption among DMBs in Nigeria. Findings revealed that there was reduction in NPL in the period after adoption of IFRS (M=0.192) by the DMBs, compared to the period before adoption of IFRS (M=1.576). However, the difference was not statistically significant (p=0.396). This finding is in line with the researcher's apriori's expectation that fair and objective reporting will bring a reduction in the incidence of bad loans leading to non-performing loans.

Finally, the fourth test of hypothesis was carried out to ascertain if there is significant difference in mean of profitability before and after IFRS adoption by DMBs in Nigeria. From the results generated, analysed and presented, it can be inferred that the impact of IFRS adoption on the profitability of the DMBs in Nigeria is significant (p=0.035). There was a significant increase in the mean ROA (M=2.73) in the period after IFRS adoption compared to the period before adoption (M=1.89). These findings are in line with to the findings of Balogun, Abiodun and Asamu (2018) and Ikati (2015) who reported significant higher financial performance and

profitability ratio under IFRS. However, the study conducted by Sharma and Gupta (2019), Ugbede *et al.,* (2014), and Eneje *et al.,* (2016) all reported no significant impact of IFRS adoption on profitability. Similarly, Damilola *et. al.,* (2018) found no is no significant difference between leverage ratios of IFRS and NGAAP

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Study

This study seeks to examine the impact of international financial reporting standards on earnings management of deposit money banks (DMBs) in Nigeria. The earning management of the listed DMBs was measured using operating cash flow (OCF), financial leverage, non-performing loan (NPL), and profitability (ROA). The sub-objectives of the study include to:

v. Evaluate the differences in the operating cash flow of the quoted of deposit money banks in Nigeria in the periods before and after IFRS adoption.

vi. Investigate the differences in the financial leverage of the quoted of deposit money banks in Nigeria in the periods before and after IFRS adoption.

vii. Ascertain the difference between in non-performing loans before and after IFRS adoption by quoted of deposit money banks in Nigeria.

viii. Investigate the difference between firm profitability before and after IFRS adoption by quoted of deposit money banks in Nigeria.

Related literatures related to the major concepts of the study was reviewed in line with the study's objectives and previous related study which served as sources of empirical were comprehensively reviewed and illustrated. The theoretical frameworks on which the study was anchored are: The agency theory and the political cost theory.

Ex-post facto research design was employed using time series data obtained from various Annual Reports on the Nigeria Stock Exchange (NSE) and audited annual financial report obtained from

the individual bank's website. Out of the total Twenty three (23) DMBs listed on the Central Bank of Nigeria (CBN) website, ten (10) DMBs were randomly selected for this study. The study made use secondary data, where all data related to the DMBs' OCF, LEV, NPL and profitability (ROA) were extracted from corporate financial statements, NSE fact books as well as the relevant companies' websites. The data covered a period of eight years pre-IFRS adoption (2003 – 2010) and post-IFRS adoption (2012 – 2019). The data generated were paired with analysed with independent T-Test to ascertain the differences in Means in the period before and after the adoption of IFRS. Descriptive analysis was also done and presented in table.

The results of the analysis are summarized as below;

The study found a significant difference in the means of operating cash flow (OCF) in the period before and after IFRS adoption. The findings of the hypothesis test showed an overall significant increase in average OCF from the period before IFRS adoption (0.533) to periods after adoption of IFRS (1.601) with p-value of 0.042.

The study discovered surge in financial leverage in the period after adoption of IFRS by the DMBs, however, the difference was not statistically significant (p=0.169). The average financial leverage was 5.9 in the period before the adoption of IFRS by the DMBs and increased to just 9.15 in the period after the adoption of IFRS.

Furthermore, findings revealed that there was reduction in non-performing loan (NPL) in the period after adoption of IFRS (M=0.192) by the DMBs, compared to the period before adoption of IFRS (M=1.576). However, the difference was not statistically significant (p=0.396).

Finally, it was discovered that the impact of IFRS adoption on the profitability of the listed DNBs in Nigeria is significant (p=0.035). There was a significant increase in the mean ROA (M=2.73) in the period after IFRS adoption compared to the period before adoption (M=1.89).

5.2 Conclusion

Based on the findings of this study, impacts of the adoption of IFRS on earning management of DMBs in Nigeria can be emphatically stated as positive. This, notwithstanding the fact that the changes in NPL and LEV were statistically insignificant during the period after the adoption of IFRS, there was substantial decrease in NPL. Therefore, the adoption and adherence to IFRS has reduced the incidence of bad and non-performing loans in the DMBs sector of Nigeria economy. Adoption of IFRS has also resulted in substantial increase in ROA and OCF among the Nigeria DMBs.

Therefore, based on the findings of this study, it can be concluded that IFRS adoption has made significant impact on the earning management of the DMBs in Nigeria. This study view IFRS as not an end in itself but a means to an end - it enshrines superior accountability, comparability, pellucidity and, advances the quality of financial reporting. Despite the fact that there are continuous debates concerning the relevancy of IFRSs to developing countries, as many still see its adoption as a product of what can be termed as “network effects”, this study view it as a high-quality accounting standard when compared to NGAAP..

5.3 Recommendations

The study recommends that

1. Those companies that have adopted IFRS should be consistent in adherence to IFRS standards and requirements so as to preserve and sustain the gain which the adoption of IFRS has brought, more importantly to the DMBs.
2. Increase in the level of awareness and campaign among managers, investors and other stakeholders, specifically the non-adopters, on the imminent benefits of adopting IFRS.
3. Reduce to the barest minimum the incidence of non-performing loans.
4. Future studies can examine other sector of the economy, firms in other sectors, and future time periods.
5. Finally, the Federal Education Ministry Nigeria should strive to include IFRS standards into the curriculum of the Nigerian educational institutions, right from secondary to tertiary levels. This effort will inculcate early in students, basics of IFRS and its advantages.

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APPENDIX- EXTRACTED DATA

ACCESS BANK	C1	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.812	0.000	0.233	8.547	0.119	0.025
	2004	0.962	0.000	-0.012	10.596	0.080	0.020
	2005	1.003	0.000	-0.047	3.755	0.108	0.007
	2006	0.844	0.000	0.191	5.041	0.150	0.004
	2007	0.147	0.000	0.354	10.577	0.100	0.019
	2008	0.367	0.000	0.350	5.067	0.039	0.015
	2009	0.839	0.000	0.016	2.651	0.024	0.035
Pre-IFRS	**2010**	0.093	0.000	0.049	2.983	0.077	0.018
	2012	1.402	1.000	-0.027	5.379	0.043	0.024
	2013	0.739	1.000	-0.047	5.950	0.024	0.015
	2014	0.852	1.000	-0.141	6.229	0.019	0.020
	2015	1.366	1.000	-0.075	5.692	0.015	0.024
	2016	0.877	1.000	-0.040	6.340	0.020	0.021
	2017	0.624	1.000	0.030	6.522	0.048	0.015
	2018	1.000	1.000	0.092	8.002	0.043	0.019
Post-IFRS	**2019**	1.000	1.000	0.173	10.624	0.069	0.012

ECO BANK	C2	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.355	0.000	0.158	7.530	0.188	0.024
	2004	0.355	0.000	0.158	7.530	0.188	0.024
	2005	0.394	0.000	0.068	1.626	0.162	0.025
	2006	0.605	0.000	0.209	3.505	0.018	0.027
	2007	0.224	0.000	0.361	7.942	0.097	0.024
	2008	0.211	0.000	0.058	12.618	0.479	(0.000)
	2009	0.327	0.000	-0.279	3.837	0.488	(0.013)
Pre-IFRS	**2010**	0.412	0.000	0.115	5.112	0.279	0.004
	2012	0.849	1.000	-0.050	7.627	0.048	0.006
	2013	0.889	1.000	0.004	8.327	0.063	0.008
	2014	0.877	1.000	-0.062	7.936	0.049	0.017
	2015	1.000	1.000	0.014	6.877	0.084	0.006
	2016	1.000	1.000	-0.002	7.192	0.055	0.003
	2017	1.079	1.000	0.019	5.845	0.160	0.011
	2018	0.891	1.000	0.018	6.907	0.151	0.014
Post-IFRS	**2019**	0.464	1.000	0.026	6.534	0.269	0.001

FIRST BANK	C3	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.953	0.000	0.174	**11.803**	0.690	**0.032**
	2004	0.957	0.000	-0.084	7.091	0.522	0.036
	2005	0.364	0.000	0.046	7.450	0.302	0.032
	2006	1.136	0.000	0.187	7.857	0.072	0.030
	2007	1.058	0.000	0.198	9.863	0.030	0.024
	2008	1.500	0.000	-0.090	3.429	0.014	0.026
	2009	0.205	0.000	0.130	3.750	0.129	0.021
Pre-IFRS	**2010**	0.555	0.000	0.043	4.744	0.088	0.014
	2012	1.087	1.000	0.028	6.315	0.048	0.024
	2013	0.724	1.000	0.043	7.205	0.016	0.024
	2014	0.778	1.000	-0.113	7.289	0.021	0.019
	2015	0.407	1.000	0.116	6.198	0.156	0.004
	2016	0.532	1.000	0.049	7.131	0.231	0.004
	2017	0.537	1.000	0.082	6.721	0.190	0.009
	2018	0.708	1.000	0.097	9.528	0.215	0.010
Post-IFRS	**2019**	0.232	1.000	-0.048	8.383	0.130	0.012

FIDELITY	C4	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.461	0.000	0.235	7.953	0.214	0.038
	2004	0.636	0.000	0.102	6.829	0.206	0.033
	2005	0.979	0.000	0.104	2.595	0.131	0.035
	2006	0.998	0.000	0.365	3.688	0.201	0.026
	2007	1.080	0.000	0.277	6.297	0.176	0.019
	2008	1.243	0.000	0.108	2.924	0.130	0.024
	2009	4.090	0.000	-0.018	2.897	0.159	0.046
Pre-IFRS	**2010**	0.400	0.000	0.052	2.555	0.205	0.012
	2012	0.968	1.000	0.047	4.663	0.031	0.020
	2013	1.006	1.000	0.014	5.615	0.033	0.007
	2014	0.716	1.000	0.045	5.857	0.040	0.012
	2015	0.753	1.000	0.087	5.712	0.042	0.011
	2016	0.501	1.000	-0.044	6.002	0.064	0.007
	2017	0.613	1.000	-0.028	5.849	0.053	0.013
	2018	1.100	1.000	0.103	7.846	0.054	0.013
Post-IFRS	**2019**	1.099	1.000	-0.012	8.033	0.037	0.013

GT BANK	C5	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	1.000	0.000	0.158	7.623	0.029	0.039
	2004	1.000	0.000	0.036	9.304	0.035	0.034
	2005	1.577	0.000	-0.009	4.017	0.021	0.032
	2006	1.196	0.000	0.138	7.371	0.035	0.026
	2007	0.322	0.000	0.081	9.085	0.020	0.027
	2008	0.243	0.000	0.209	4.134	0.018	0.030
	2009	0.535	0.000	0.019	4.411	0.095	0.023
Pre-IFRS	**2010**	0.202	0.000	0.149	4.199	0.054	0.034
	2012	0.072	1.000	-0.021	4.655	0.362	0.053
	2013	0.133	1.000	0.161	4.777	0.182	0.045
	2014	1.000	1.000	-0.043	4.909	0.022	0.044
	2015	0.129	1.000	0.005	4.615	0.160	0.041
	2016	0.272	1.000	0.110	4.480	0.192	0.049
	2017	0.189	1.000	0.125	3.883	0.252	0.056
	2018	0.893	1.000	0.083	4.300	0.078	0.062
Post-IFRS	**2019**	0.545	1.000	0.064	4.112	0.064	0.057

STANBIC BANK	C6	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.795	0.000	0.088	1.711	4.723	0.057
	2004	0.327	0.000	0.185	1.000	4.230	0.052
	2005	-0.454	0.000	-0.121	0.587	(8.244)	0.068
	2006	-0.507	0.000	0.198	0.716	5.054	0.037
	2007	1.036	0.000	-0.074	3.205	(3.197)	0.023
	2008	0.669	0.000	0.104	3.513	2.138	0.027
	2009	0.654	0.000	-0.082	3.391	(2.768)	0.019
Pre-IFRS	**2010**	0.615	0.000	-0.011	3.804	(18.236)	0.021
	2012	0.916	1.000	0.023	6.902	5.534	0.015
	2013	1.011	1.000	0.120	6.815	1.065	0.027
	2014	1.014	1.000	0.030	6.833	4.236	0.037
	2015	1.206	1.000	0.016	6.270	8.551	0.020
	2016	1.197	1.000	0.191	6.483	0.700	0.027
	2017	1.002	1.000	0.095	6.485	1.405	0.035
	2018	1.174	1.000	0.068	5.942	2.124	0.045
Post-IFRS	**2019**	1.100	1.000	-0.142	5.209	(1.135)	0.040

STERLING BANK	C7	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.628	0.000	0.227	4.447	0.810	0.004
	2004	0.628	0.000	0.227	4.447	0.810	0.004
	2005	0.628	0.000	0.227	4.447	0.810	0.004
	2006	0.628	0.000	0.227	4.447	0.810	0.004
	2007	0.628	0.000	0.227	4.447	0.810	0.004
	2008	1.050	0.000	0.214	6.821	0.598	0.028
	2009	0.793	0.000	-0.217	8.287	(0.496)	0.032
Pre-IFRS	**2010**	0.832	0.000	0.077	10.535	1.103	0.016
	2012	0.956	1.000	-0.026	11.440	(3.135)	0.012
	2013	1.266	1.000	-0.059	10.154	(1.513)	0.012
	2014	0.982	1.000	-0.001	8.733	(112.205)	0.011
	2015	1.431	1.000	0.070	7.365	1.697	0.013
	2016	0.741	1.000	-0.150	8.697	(0.689)	0.006
	2017	1.585	1.000	-0.044	9.520	(2.183)	0.007
	2018	0.876	1.000	0.033	10.079	2.727	0.009
Post-IFRS	**2019**	0.876	1.000	0.098	8.423	1.043	0.009

UBA	C8	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.966	0.000	0.035	13.600	1.956	0.015
	2004	1.189	0.000	0.051	10.375	1.686	0.020
	2005	1.023	0.000	0.165	12.967	0.431	0.019
	2006	0.651	0.000	0.605	16.875	0.092	0.013
	2007	1.043	0.000	0.049	5.688	3.070	0.018
	2008	0.866	0.000	0.215	7.079	0.575	0.026
	2009	0.899	0.000	-0.167	6.463	(0.804)	0.009
Pre-IFRS	**2010**	0.524	0.000	0.003	6.631	48.210	0.002
	2012	3.248	1.000	0.105	7.774	1.087	0.025
	2013	1.730	1.000	-0.061	7.544	(1.907)	0.021
	2014	2.021	1.000	-0.040	7.296	(3.044)	0.017
	2015	1.983	1.000	0.026	5.553	5.791	0.021
	2016	0.557	1.000	-0.084	5.497	(1.832)	0.019
	2017	0.728	1.000	0.020	6.314	6.777	0.014
	2018	0.985	1.000	0.136	8.850	0.746	0.011
Post-IFRS	**2019**	2.893	1.000	-0.077	8.264	(1.407)	0.015

WEMA BANK	C9	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	0.340	0.000	0.131	7.499	0.898	0.024
	2004	0.432	0.000	-0.121	7.883	(0.932)	0.014
	2005	0.322	0.000	-0.140	3.036	(1.775)	0.009
	2006	0.377	0.000	0.057	5.848	2.995	0.055
	2007	1.072	0.000	0.087	5.555	1.753	0.015
	2008	0.053	0.000	-0.388	(3.487)	1.037	(0.105)
	2009	-0.006	0.000	0.052	(4.138)	(6.180)	(0.015)
Pre-IFRS	**2010**	0.514	0.000	0.140	12.692	0.521	0.080
	2012	2.334	1.000	0.057	191.210	0.091	(0.021)
	2013	2.960	1.000	0.042	6.993	2.954	0.005
	2014	4.044	1.000	-0.105	7.741	(1.090)	0.006
	2015	3.777	1.000	0.037	7.613	3.139	0.006
	2016	0.754	1.000	0.038	7.685	3.052	0.006
	2017	0.528	1.000	-0.067	6.743	(1.915)	0.006
	2018	2.022	1.000	0.103	8.371	1.034	0.007
Post-IFRS	**2019**	1.000	1.000	0.152	11.735	0.516	0.007

ZENITH BANK	C10	LLC	IFRS	OCF	LEV	NPL	ROA
	2003	1.479	0.000	0.144	7.895	0.781	0.039
	2004	1.819	0.000	0.285	11.334	0.284	0.027
	2005	1.457	0.000	0.155	7.725	0.739	0.022
	2006	1.883	0.000	0.230	5.487	0.671	0.019
	2007	1.502	0.000	0.275	6.834	0.464	0.020
	2008	1.426	0.000	0.238	3.964	0.848	0.028
	2009	1.012	0.000	-0.185	3.791	(1.131)	0.012
Pre-IFRS	**2010**	0.699	0.000	0.082	4.107	2.388	0.019
	2012	0.754	1.000	0.051	4.564	3.496	0.039
	2013	0.780	1.000	0.082	5.091	2.006	0.029
	2014	0.959	1.000	-0.043	5.678	(3.512)	0.027
	2015	1.157	1.000	-0.111	5.857	(1.317)	0.025
	2016	0.957	1.000	-0.024	5.950	(5.875)	0.028
	2017	1.489	1.000	-0.049	5.925	(2.975)	0.032
	2018	0.752	1.000	0.037	6.341	3.662	0.033
Post-IFRS	**2019**	0.679	1.000	0.072	5.977	1.997	0.033