Impact of International Financial Reporting Standards Adoption on Reporting Quality of Deposit Money Banks in Nigeria

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Abstract

At the centre of the plethora of corporate scandals that have plagued corporate entities are fraudulent financial reporting system. Against this backdrop, proponents of the International Financial Reporting Standards (IFRS) have more strongly argued for the internationalization of the adoption of the standards, as a panacea for curbing or mitigating these financial reporting infractions. Ranging from increased comparability to better decision making, the importance of IFRS cannot be over emphasized. It is to this end that this study evaluates the impact of IFRS on Reporting Quality with focus on Money Deposit Banks in Nigerian. The specific objective of this paper is to determine whether the quantitative differences in the financial reports prepared by Nigerian listed banks under NGAAP and IAS/IFRS are statistically significant or not. Secondary data were employed in this study. These data were gleaned from the annual reports of fourteen Nigerian listed banks. One hypothesis was developed and tested at five (5) per cent level of significance. Findings revealed that the quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant. The study therefore concludes that IFRS have impacted on financial reporting in the Nigerian Deposit Money Banks.

Keywords: IFRS, Financial Reporting, Comparability, Accounting Quality

INTRODUCTION

The IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) consists of a set of international accounting principles, the adoption of which aims at establishing clear rules originally within the European Union to draw up comparable and transparent annual reports and financial statements (Cardozza, 2008). Their adoption represents an essential element to obtain an integrated, competitive and attractive beyond the European capital markets. With the increasing internationalisation of trading activities amongst countries of the world, necessitated by globalisation, the Nigerian Government was persuaded to approve a roadmap to introduce this set of uniform accounting standards initially for public interest entities (PIEs). Historically, the introduction of an acceptable global high quality financial reporting standards was initiated in 1973 when the International Accounting Standard Committee (IASC) was formed by sixteen (16) professional bodies from different countries such as United States of America, United Kingdom, France, Canada, Germany, Australia, Japan, Netherlands and Mexico (Garuba and Donwa, 2011). According to Ezeani and Oladele (2012), this body was properly recognized in 2001and later transformed into the International Accounting Standards Board (IASB) which developed accounting standards and related interpretations jointly referred to as the International Financial Reporting Standards (IFRS).

The quality of financial reporting is indispensable to the need of users who require them for investment and other decision making purposes (Fashina and Adegbite, 2014). Financial reports can only be regarded as useful if it represents the “economic substance” of an organization in terms of relevance, reliability, comparability, understandability, timeliness and simplifies interpretation of accounting numbers (Kenneth, 2012). Before the IFRS adoption era, most countries had their own standards with local bodies responsible for developing and issuance of the local standards even if some of them align largely with the IAS. In this vein and in the Nigerian context, the Nigerian Accounting Standards Board (NASB) was responsible for developing and issuing standards known as Statements of Accounting Standards (SAS) and in the new dispensation, the body was renamed

Financial Reporting Council (FRC) of Nigeria as the regulatory body overseeing the adoption and implementation IFRS (Kenneth 2012). As a result of increasing globalization resulting in more competition, it becomes imperative that countries and companies alike address issues that will make them become more attractive of investors' capital which is like the proverbial beautiful bride (Essien-Akpan, 2011). Accessibility to capital, both from local and foreign investors, amongst other benefits, is one of the incontrovertible gains derivable from adopting the global accounting standards. And for companies to avail themselves of this gain, as contended by proponents of IFRS, they have to adopt this set of accounting standards which will arguably help entrench best practices in financial reporting.

Apparently in a bid to take her own share of the benefits of using a set of accounting standards that not only allows for, but also enhance the comparability of financial reports across many geographical frontiers, on Wednesday, 28 July 2010, the Nigerian Federal Executive Council accepted the recommendation of the Committee on the Roadmap to the Adoption of IFRS in Nigeria, that it would be in the interest of the Nigerian economy for reporting entities in Nigeria to adopt globally accepted, high-quality accounting standards by fully adopting the International Financial Reporting Standards (IFRS) in a Phased Transition (FIRS, 2013; Fashina and Adegbite, 2014). In December 2010, following the approval of the Federal Executive Council, the Nigerian Accounting Standards Board (NASB), (now designated as Financial Reporting Council of Nigeria (FRCN)) issued an implementation roadmap for Nigerian's adoption of IFRS which set a January 2012 date for compliance for publicly quoted companies and banks in Nigeria. Relatedly, according to Fashina and Adegbite (2014), the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission also adopted this date for compliance and has issued guidance compliance circulars to ensure full implementation of IFRS in Nigeria. The Council further directed the Nigerian Accounting Standards Board (NASB), under the supervision of the Nigerian Federal Ministry of Commerce and Industry, to take necessary actions to give effect to the Council's approval. As part of plans to meet international standards, the Federal Government has disclosed that new accounting system, the international financial reporting standard (IFRS) should take off in Nigeria on 1st January, 2012, especially with Public Interest Entities. In Nigeria, the government has taken its stand to involve all stake holders including institutions before it finally decided to adopt the IFRS on a gradual basis. IFRS for SMEs is to be mandatorily adopted as at January 1, 2014. This means that all Small and Medium-sized Entities in Nigeria have been statutorily required to issue IFRS based financial statements for the year ended December 31, 2014.

The adoption of IFRS has been argued in contemporary literature to offer numerous financial and non-financial benefits. It is therefore in this connection that Barth et al. (2008) argued that IFRS (and their predecessor IAS) constrain managerial discretion while Daske et al., (2008) submitted that IFRS impose a more comprehensive and highly detailed set of disclosure requirements than domestic accounting standards. When disclosure is improved upon and managerial discretions, with respect to treatment of accounting transactions, are constrained, this arguably suggests that IFRS will improve accounting quality and engender better financial reporting practices. Importantly, improved comparability is also one of the value-adding characteristics of IFRS as contended by its advocates. Many countries all over the world, including Nigeria, are now IFRS-compliant. As a corollary, it is now less costly for investors to compare and evaluate firms inside and outside industries and countries (Covrig, DeFond, and Hung, 2007). As Nigeria now belongs to the League of IFRS-adopting countries with effect from 2012, perhaps persuaded by the gains it promises, it however remains to be convincingly empirically established the extent to which this set of accounting standards has impacted on financial reporting practices in Nigeria. This study therefore is an attempt to provide evidence on the impact of IFRS on Reporting Quality Of Deposit Money Banks in the Nigerian. The paper is structured as follows: section two focuses on the review of relevant literature, while section three and four focuses on research design and data analysis and results respectively.

While section five discusses key findings from the results of the analyses, the final section concludes the paper and offer recommendations.

LITERATURE REVIEW

Conceptual framework

International Financial Reporting Standard (IFRS) in Nigeria

The Federal Government of Nigeria on 2nd September 2010 officially declares IFRS adoption in Nigeria and initiated the guidelines to be followed for its accomplishment. The consent to IFRS adoption by the Federal Government of Nigeria made the country becomes enlisted member of those countries that have adopted IFRS across the globe. The guiding principles to be followed for implementing IFRS are in three consecutive phases. The first phase comprises of Listed and Significant Public Interest Entities that are mandate to prepare and present their audited financial statements in compliance to relevant IFRS by 31st December, 2012. The second phase of IFRS implementation focuses on Public Interest Entities that are authorized to comply with IFRS format for statutory rationale by 31st December, 2013. The third phase on the other hand, expects all Small and Medium sized Enterprises (SMEs) to mandatorily comply with the adoption of IFRS as statutory reporting by 31st December 2014 (Uwadiae, 2012). As a universally accepted fact, Accounting is seen as the language of business through which performance and position of an entity is being communicated to outsiders (stakeholders) need to be spoken in a common language. IFRS has made this statement a reality because through the acceptance of IFRS, business language can be spoken in a language which is universally known, accepted, and understood by almost all worldwide investors.

Adejor and Hasnah (2014) noted that the need for a high quality and a uniform manner for which financial statements is being prepared and presented gave rise to IFRS. IFRS as a principle based format is seen as a set of published financial accounting pronouncements given by the IASB to assist Accountants and Auditors across the world in the preparation, presentation and reporting of transparent, high quality and comparable financial information to aid informed decision making. IFRS is a common global language designed to be followed by companies across international boundaries to reflect its financial activities and to improve the understanding, comparability and quality of financial reporting

Benefits of Adopting IFRS

The adoption of IFRS has several benefits. Madawaki (2012) outlined some of these benefits as follows;

i. Promotion of the compilation of meaningful data on the performance of various reporting entities at both public and private levels in Nigeria thereby encouraging comparability, transparency, efficiency and reliability of financial reporting in Nigeria.
ii. Assurance of useful and meaningful decisions on investment portfolio in Nigeria. Investors can easily compare financial results of corporation and make investment decision.
iii. Attraction of Foreign Direct Investment – countries attract investment through greater transparency and a lower cost of capital for potential investors.
iv. Assurance of easier access to external capital for local companies.
v. Reduction of the cost of doing business across borders by eliminating the need for supplementary information from Nigeria companies.
vi. Facilitation or easy consolidation of financial information of the same company with offices in different countries.
vii. Easier regulation of financial information of entities in Nigeria.
viii. Enhanced knowledge of global financial reporting standards by tertiary institutions in Nigeria.
ix. Better quality financial information for shareholders and supervisory authorities.

x. Government to be able to better access the tax liability of multinational companies.

In addition, Ahmed (2010) stated that, adopting IFRS reduces information asymmetry which would lower costs of equity and debt financing, it smoothens the communications between operators, shareholders, lenders and other interested parties resulting in lower costs. IFRS adoption, would offers comparability, lower transaction costs and greater international investment and reduces accounting manipulations and positively impacts firms‟ stock return and stock related financial performance measures (Epstein, 2009).

Pre and Post IFRS Adoption in Nigeria

Prior to the implementation of IFRS in 2012, Nigeria makes use of the Nigerian Generally Accepted Accounting Practice (NG-GAAP) in the preparation of their Financial Statement. The Nigerian Accounting Standard Board (NASB) is seen as a body sovereign charged with the duty to develop and issue Statement of Accounting Standards (SAS) for financial statements preparers and users. The Federal Government of Nigeria in 2010 designed the roadmap to be followed for a successful IFRS adoption in the country, which consist of three phases. Financial Statement prepared in compliance to IFRS comprises the followings: Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Accounting Policies.

The fundamental theories supporting NG-GAAP and IFRS are not on the whole parallel. The inception of IFRS has brought about a great deal of responsibility on the part of IASB in setting. International Accounting Standards (IAS) that will fit different business entities across the globe. Indigenous professional accountants and auditors need to keep abreast with the content of the frameworks that make up the financial statement to enable them give clarification to various stakeholders when the need arises (Adejor and Hasnah, 2014).

Empirical Literature

Ibanichuka (2018), investigated on international financial reporting standards adoption and financial performance of petroleum marketing entities in Nigeria. The study was carried out using secondary data and was analyzed using regression analysis. The result shows that there is a relationship between international financial reporting standards adoption and financial performance of petroleum marketing entities in Nigeria. The study recommends that firms should adopt and implement IFRS in order to enhance performance. Yahama (2018), carried out a study on International financial reporting standards’ adoption and value relevance of accounting information of listed deposit money banks in Nigeria. The study was carried out using secondary data and the data were analyzed using simple regression analysis. The result shows that there is a relationship between International financial reporting standards’ adoption and value relevance of accounting information of listed deposit money banks in Nigeria. Olayinka (2017) carried out a research on does International Financial Reporting Standards (IFRS) Impact Profitability Ratios of Listed Banks in Nigeria. The study was carried out using secondary data and was analyzed using regression analysis. The result shows that International Financial Reporting Standards (IFRS) has an Impact on the Profitability Ratios of Listed Banks in Nigeria. The study recommends that banks should adopt and implement IFRS in order to enhance performance.

Ironkwe (2016), carried out a study on International Financial Reporting Standards (IFRSs) and Corporate Performance of Listed Companies in Nigeria. The study was carried out using secondary data and data was analyzed using t-statistics. The result revealed that there is a relationship between International Financial Reporting Standards (IFRSs) and Corporate Performance of Listed Companies in Nigeria. Yahaya et al. 2015 investigated the post adoption off IFRS and value relevance of accounting information of quoted banks in Nigeria. Using the price model and the return model, the study found that the EPS increased in the post adoption than in the pre adoption periods. The study recommended that investors should understand the IFRS adoption process so as to avoid overvaluation of the economy when the financial markets are doing well. Umoren and Enang (2015) investigated how the mandatory adoption of IFRS has enhanced the value relevance as measured by earning of financial information of banks in Nigeria. Using a sample of 12 quoted banks from 2010 to 2013, the study found that the earnings of listed banks in Nigeria were more value relevant in the post IFRS periods than under the Nigeria SAS. The study suggested that the accounting standard setters should include more measures to enhance the qualities of accounting information so as to improve its value relevance. Umobong and Akani (2015) investigated the differences in the quality of accounting information Pre and post IFRS adoption by manufacturing firms in Nigeria over a five year period. Multiple regression analysis was performed on accounting quality variables and t-test was carried out for equality of mean to compare pre and post IFRS. Results indicate a decline in accounting quality using earnings management, value relevance, and timely loss recognition as independent variables. Earnings and book value of equity are less value relevant and timely loss recognition is less in post-IFRS compared to pre-IFRS period. Umobong (2015) studied on IFRS adoption and firm's performance: a comparative analysis of quoted food and beverage manufacturing firms in Nigeria. Earnings per share, price earnings ratio and dividend yield were selected as performance criterion. Data were collected and divided into pre and post IFRS- comparative analysis and t test was done to ascertain influence of pre and post IFRS adoption on market performance of the firms. Findings indicate that differences on market performance between pre and post IFRS periods are not significant suggesting a weak correlation between adoption of IFRS and market performance of quoted food and beverage manufacturing firms in Nigeria stock exchange.

Yahaya, Joseph and Safiya, (2015) examined international financial reporting standards" adoption and value relevance of accounting information of listed deposit money banks in Nigeria. The paper examines post-IFRS adoption value relevance of accounting information using two models. First, a price model which used proxies such as market price per share, book value of equity per share, earnings per share and cash flow per share. Second, a return-model which used proxies such as annual return, earning per share, change in earning per share, were used. The results show that the explanatory power r^2 for the price model specification is 84% for the total sample and that all coefficients are statistically significant. A comparison of coefficients indicates that the EPS of 3.47 has a higher explanatory power than any other variables. the results also demonstrate that explanatory power of accounting numbers increased from pre-adoption (60%) to post-adoption (78%). similarly, explanatory power (r2) for the return model specification is 13.4% for the total sample and just coefficient of EPS level is statistically significant. the explanatory power for the return model increased from pre-adoption (15.6%) to post-adoption (16.4%). according to both sub-samples just a coefficient of EPS level is statistically significant. so, the result of the return model also indicates adoption of IFRS improved relevance of accounting numbers in the deposit money banking sector.

METHODOLOGY

The purpose of this study is to evaluate the impact of IFRS on financial reporting practices in the Nigerian Banking sector. To users of financial statements, one of the ways by which IFRS impacts financial reporting is by ensuring comparability of financial reports amongst companies either within the same industry, countries or countries. The Nigerian Banking sector was selected as the focus of this paper in view of the criticality of its roles in the Nigerian economy. Currently, there are twenty two (22) banks operating in Nigeria, of which fourteen (14) of them are listed. These listed banks were the focus of this study due to data availability. As noted earlier, comparability of financial reports is one of the ways by which IFRS positively impact on financial reports. This study attempts to quantitatively measures the extent to which financial reports prepared under different accounting standards (NGAAP and IFRS) can be compared. To this end, a modified version of the Gray's Conservatism Index was used. Gray (1980, as cited in Cardozzo, 2008) first introduced the Index of Conservatism in comparing profits of several countries as a quantitative measure of differences between accounting practices. This Conservatism Index could otherwise be called 'Comparability Index'. This paper modified this Comparability Index by applying it to other key elements of financial statements such as assets, liabilities and equities prepared under NGAAP and IFRS. This Index is calculated below:

$$\text{Total Comparability Index} = 1 - \frac{\text{Total Assets}_{IAS/IFRS} - \text{Total Assets}_{NGAAP}}{\text{Total Assets}_{IAS/IFRS}}$$

$$\text{Total Comparability Index} = 1 - \frac{\text{Total Liabilities}_{IAS/IFRS} - \text{Total Liabties}_{NGAAP}}{\text{Total Liabilities}_{IAS/IFRS}}$$

$$\text{Total Comparability Index} = 1 - \frac{\text{Total Equity}_{IAS/IFRS} - \text{Total Equity}_{NGAAP}}{\text{Total Equity}_{IAS/IFRS}}$$

Furthermore, the benchmark used in this study is IAS/IFRS for evaluating the accounting impacts on the elements of the statements of financial positions of the transition from the Nigerian GAAP to IAS/IFRS. The total assets, total liabilities and total equities reported under IAS/IFRS are chosen as the denominators in order to assess the impact of IAS/IFRS on Nigerian financial statements. The neutral value of the index is one. This implies a no impact situation on the NGAAP by IFRS. An index that is greater than one implies that the Nigerian Banks' total assets, total liabilities and total equities are higher than what were reported under IAS/IFRS. Conversely, an index that is lower than one suggests that the Nigerian Banks' total assets, total liabilities and total equities are lower than that what were reported under IAS/IFRS.

It is essential to note that these data were gleaned from the annual reports of these banks for the years 2010 and 2020. The annual reports for year 2010 were prepared by these banks in compliance with the Nigerian Generally Accepted Accounting Principles. And therefore, the NGAAP total assets, total liabilities and total equities as at 31 December, 2010 were obtained from here. As most of these banks transited to International Financial Reporting Standards in 2020, with exception to few of them that converted their accounting books earlier, the total assets, total liabilities and total equities were obtained from this year's financial statements for these Banks using the data on the transition date of 1 January, 2011, a date which is the same as 31 December, 2010. Choosing this date for these data makes comparison with the NGAAP figures easy. The mean differences of the computed Comparability Indexes were tested using the t-test, a parametric test, at 5 per cent level of significance. The rationale for the use of this statistical technique lies in the fact that the samples size is lower than thirty, which would have allowed the use of the Z-test and make assumption about the normality of the distribution of the data.

RESULTS AND DISCUSSION

Descriptive and inferential statistical techniques were employed to carry out the analyses. The descriptive statistics, particularly the mean, were used to gain an insight into the nature of distribution of the data. The inferential statistics of one sample t-test, on the other hand, is employed to test the formulated hypothesis.

Table 4 **One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Comparability Index of Assets	14	.9854	.03471	.00928

(Source: SPSS Output, 2014)

The mean comparability index of 0.9854 in table 4 above suggests that total assets under IAS/IFRS are greater than that of Nigerian GAAP for all the sampled fourteen banks, with the level of clustering of individual bank's assets closer to the mean of all the fourteen sampled banks' assets. This contrasts to that of total liabilities and total equities. This picture is as depicted by the standard deviation and standard error of mean of 0.03471 and 0.00928 respectively.

Table 5 **One-Sample Test**

	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Comparability Index of Assets	106.215	13	.000	.98538	.9653	1.0054

(Source: SPSS Output, 2014)

From table 5 above, it could be inferred that the asymptotic significance of 0.000 is less than the level of significance employed in this study. Consequently, the null hypothesis that the quantitative differences in the financial reports (total assets) prepared under NGAAP and IAS/IFRS are not statistically significant stands rejected while the alternative hypothesis that the quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant stands accepted.

Table 6 **One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Comparability Index of Liabilities	14	.9831	.04307	.01151

(Source: SPSS Output, 2014)

The mean comparability index of 0.9831 in table 6 above suggests that total assets under IAS/IFRS are greater than that of Nigerian GAAP for all the sampled fourteen banks. The comparability indices of individual bank's liabilities disperse more around the total mean liabilities, compared to that of assets. This picture is as depicted by the standard deviation and standard error of mean of 0.04307 and 0.01151 respectively.

Table 7 **One-Sample Test**

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Comparability Index of Liabilities	85.396	13	.000	.98309	.9582	1.0080

(Source: SPSS Output, 2014)

From table 7 above, it could be inferred that the asymptotic significance of 0.000 is less than the level of significance employed in this study. The effect is that the null hypothesis that the quantitative differences in the financial reports (total liabilities) prepared under NGAAP and IAS/IFRS are not statistically significant stands rejected, while the alternative hypothesis is accepted.

Table 8 **One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Comparability Index of Equity	14	1.0252	.13347	.03567

(Source: SPSS Output, 2014)

The mean comparability index of 1.0252 suggests that total assets under IAS/IFRS are less than that of Nigerian GAAP for all the sampled fourteen banks. This means that the total equity for all the banks under NGAAP is greater than that of IAS/IFRS. This position contrasts to that of total assets and total liabilities. The level of dispersion of the comparability index greatly is more amongst the sampled banks.

Table 9 **One-Sample Test**

	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Comparability Index of Equity	28.740	13	.000	1.02523	.9482	1.1023

(Source: SPSS Output, 2014)

From table 9 above, it could be inferred that the asymptotic significance of 0.000 is less than the level of significance employed in this study. This implies that the null hypothesis that the quantitative differences in the financial reports (total equities) prepared under NGAAP and IAS/IFRS are not statistically significant stands rejected, while the alternative hypothesis that the quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant stands accepted.

Discussion of Findings

The results from the above analyses revealed clearly that International Financial Reporting Standards (IFRS) have an impact on financial reporting practices of Nigerian banks. Literature is replete with wide-ranging benefits IFRS offers its adopters. From increased comparability to better decision making, the importance of IFRS adoption cannot over-emphasised. Other benefits of IFRS adoption as evidenced by previous studies include the following: (Leuz and Verrecchiia, 2000): decreased cost of capital, (Bushman and Piotroski, 2006): efficiency of capital allocation (Young and Guenther, 2008): international capital mobility, (Ahmed, 2011): capital market development (Adekoya,2011): increased market liquidity and value (Okere,2009): enhanced comparability (Bhattacharjee and Hossain 2010): cross border movement of capital (Mike,2009): improved transparency of results. Comparability stands out as one of the values of IFRS. This study has therefore strengthened this position by empirically establishing that financial reports prepared under NGAAP differ from that prepared under IFRS, a finding that aligns well with that of (Bhattacharjee and Hossain 2010).

CONCLUSION AND RECOMMENDATIONS

The importance of international financial reporting standards to financial reporting practice cannot be over emphasized. Members of the international community are interested in financial reports that have been prepared on the basis of IAS/IFRS, thereby help in attracting foreign direct investments. Other benefits derivable from the adoption of IFRS include: imposition of a more comprehensive and highly detailed set of disclosure requirements than domestic accounting standards; constrain managerial discretion, improvement in accounting quality, which in turn contributes to a generally transparent firm information environment and better accounting practice. Improved comparability is also one of the value-adding characteristics of IFRS as contended by most financial reporting pundits, as it will make it less costly for investors to compare and evaluate firms inside and outside industries and countries. There are however some arguments against why IFRS adoption may not have a beneficially meaningful impact on financial markets, financial institutions, investors and other users of accounting information. First, financial reporting is shaped by incentives. Incentives, in turn, are influenced by the institutional structures in place. For instance, a strong investor protection regime supports a higher level of financial development with deep and liquid equity and debt markets. In such an environment, firms are not unwilling to provide greater information since it allows them to access lower cost external financing. Based on the above findings, this study concludes that IFRS has impacted on the financial reporting practices in the Nigeria Banking sector.

In order to deepen transparent financial reporting practices in the Nigerian Banking sector, sequel to the adoption of IFRS, this study offers the following recommendations:

i. Strengthen the financial reporting institutional framework by further empowering the Financial Reporting Council of Nigeria. In this regard, the paper argues that one way of invigorating and empowering the Council is by making it self-sufficient in terms of funding. This will surely engender financial autonomy on the part of this regulator and avoid a situation where the regulator gets its finances from the entities it is suppose to regulate, as it was the case during the era of the defunct Nigerian Accounting Standard Board (NASB);
ii. Membership of the Financial Reporting Council should be widened in order to increase its influence beyond the financial sector of the Nigerian economy; and
iii. The Financial Reporting Council in conjunction with various professional bodies should place more premium on continuing professional education and training. As much as possible, the professional accountancy bodies should align their continuing professional education requirements with IFAC guidelines.

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