IFRS DISCLOSURE GUIDELINES AND ACCEPTABILITY OF FINANCIAL REPORTING FRAMEWORK: EVIDENCE FROM LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This study examined the compliance rate of Nigerian banks with the guideline of IFRS disclosure requirements and the acceptability of financial reporting practices using the purposive sampling technique. Secondary data was obtained from the annual reports of the selected deposit money banks between 2014 and 2020, and a content analysis was adopted using the 2013 IFRS disclosure checklist and an acceptability index as a guideline. The ex-post facto research design and the static panel regression analysis technique were employed in this study. The outcome from the post-estimation test suggested that pooled OLS produced a better and more consistent result than the fixed and random effects estimates. The results revealed that disclosure quality on the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position are the indices for acceptable financial reporting practices in Nigeria. In line with this finding, this study concluded that disclosure quality is one of the major factors determining improvement in the acceptability of financial reporting practices in Nigerian deposit money banks. This study recommends that deposit money banks should ensure accuracy, consistency, and transparency in the adoption of a unified standard.

Keywords: IFRS; Disclosure guideline; Acceptability index; Financial reporting; Deposit Money Banks.
JEL Classification: M40

1.0 Introduction

The preparation and presentation of financial reports are necessary to enhance the supply of useful information that guides the economic and business actions of firms. The essence of preparing a financial statement extends beyond stating the financial position of an organization. Cash flows, value-added, and changes in equity within a specified period to which they relate are also among the information provided in the financial statement (Abata, 2015a).

A growing concern that is of commendable interest has been revealed from standard setters and stakeholders regarding how the general well-being of corporations is impacted by financial reporting (Atoyebi & Simon, 2018; Rezaee, 2003). This attention is a result of the economic implications related to financial information's importance as it impacts a firm's decision to sustain an attractive economic position in the capital market (Palea, 2013; Ball, 2006). It is opined that disclosure quality is only seen as being beneficial provided the financial figures epitomize the commercial value of the reporting entity for the accounting period concerning the accuracy, comparability, reliability, relevance, timeliness and understandability, and an easy interpretation method (Ironkwe, Ordu, & Antonio, 2015; Adeuja, 2015).

The Nigerian experience over the years, especially in the financial sector, has constantly drawn the interest of concerned personnel to the banking industry, the final resort of quoted companies when their vision of sustaining the owner's strength in the long-term market sunk into the river (Amahalu, 2017). The events that followed the downtime of the financial institutions from 2007 to 2013, when about ten (10) banks run into debt (declared insolvent) and eight (8) of the banks' top officials were fired by the CBN, could rather be referred to as unfortunate (Umobong & Akan, 2015). Although the issue was apparent due to management's fraudulent practices and the global economic meltdown, which witnessed the immense fall of countries around the globe.

Nigeria's condition can be related to an upshot of dishonest accounting practices coupled with a lack of disclosure quality, like the scenario faced by other victims in the world like Enron and WorldCom. The consequence showed that affected firms witnessed expansion in the numbers presented annually for stakeholders but dying every single moment in reality because of false disclosures made (Abata & Amoo, 2020; Adeyemi & Asaolu, 2013). The aftermath of the above scenario was the failure of the capital market, which imposed threats and disequilibrium heavily on the economy. Furthermore, insecurity and fears heightened, and foreign equity holders left the space of the Nigerian investment market resulting in a tight market situation due to the high cost of business establishment and operation (Nwoye, Abiahu, Obiora & Chukwunonso, 2017; Hicks, 2014). The accounting profession was held accountable for its inability to protect the trust placed in them by investors by protecting their investment in the capital market. Investors' confidence in published financial statements faces a setback since the quality of disclosure lost value because of distrust (Ogunmakin, Fajuyagbe, & Akinleye, 2021; Ball, 2006). All available cash at the disposal of prospective investors was held back while foreign markets were opted for since it quenches their thirst due to its reliability and safer investment environment (Jibril, 2019; Hardy, 2013).

However, preceding events in the Nigerian financial sector have verified that ineffective and unreliable disclosure quality process available in the pre-IFRS era has posed a heavy threat to investors' confidence (Ebrahim, 2014). Increased request for high-quality and internationally comparable financial reports was a result of the globalization of world economic activities (Ekwe, Abaa, & Okrolor, 2020). This is characterized by firms beyond borders operation, foreign affiliations in different forms, the establishment of foreign branches and subsidiaries, and correspondence financial relationships. All these are embarked upon to service their incremental forms of foreign portfolio holders (Herbert, Tsegba, Ohanele, & Anyahara, 2013). The concomitant effect witnessed by the Nigerian economy was that foreign stockholders started valuing and prioritizing a single and globally accepted set of standards that guaranteed the comparability of financial reports across the world (Gellings, 2017).

The genesis of the principle-based set of universal standards called IFRS effective in April 2001 was possible through the intervention of the International Accounting Standards Board. The discovered best practices of IFRS are seen to have accomplished the convergence dream of coordinating all accounting practices across several nations by using a single reporting framework (Yahaya, Yusuf, & Dania, 2015). A series of reforms were implemented by Nigeria to ameliorate the challenges and restore balance in the security market. One such was the mandatory implementation of the new IFRS on the 1st of January 2012 (Soyemi & Olawale, 2019). The main research question at this juncture is to understand the extent to which Nigerian deposit money banks implement and comply with the IFRS disclosure quality requirements to aid the qualitative value of their financial reporting and its worldwide satisfactoriness as evidenced by the listing and recognition of six (6) Nigerian banks on the international list of one thousand (1000) world banks during the 2017 edition ranking of banks in the world?

Based on the foregoing, this study assesses if the rate of compliance of Nigerian deposit money banks with IFRS disclosure guidelines has enhanced the satisfactoriness and acceptability of their financial reporting practices.

This research work is arranged in five (5) sections. The first section focused on a general introduction, a problem statement, and the main research objective. The second section contained the conceptual, theoretical, and empirical review of literature, including discussion of the research gap. Section three (3) explains the methodology adopted by this study. The presentation, analyses, and interpretation of the results are revealed in Section 4, while the conclusion and recommendation are stated in Section 5 of this study.

2.0 Review of Literature

Conceptual Issues

Acceptability of Reporting Framework

The time taken by standard setters in the planning and implementation of a new framework will be a waste if it is not generally acceptable to the expected stakeholders. This is why the procedure for publishing a new standard is not an easy task for the participants involved. Initially, an exposure draft is usually issued which will show some preliminary contents regarding the proposed accounting standard

(Adeyemi & Asaolu, 2013). Thereafter, the draft passes through several levels of stakeholders who add value to it before it metamorphosizes into a standard (Jibril, 2019; Rahman, 1991).

In literature, several determinants impact the acceptability of a framework used by accounting professionals. According to Nwoye *et al.* (2017) and Hope (2003), processes involved in setting standards constitute a major factor that significantly affects its acceptance. Secondly, openness as a result of the due process followed by the standard-setting board guarantees acceptance from the stakeholders since the user will be rest assured that they will be dully carried along and a public hearing will be held to seek their opinion regarding the proposed standard (Ekwe *et al.* 2020; Wulandari, 2004). It should be noted that the essence of acceptability is to allow the standard to attain its main objective and receive public support (Atoyebi & Simon, 2018; Ali & Hwang, 2000). Practically, several proxies exist in the literature to measure acceptability. This includes changes in discretionary accrual, changes in foreign investment, and questionnaire administration (Alade, Olweny, & Oluoch, 2017; Sunder, 2002; Street, 2000). The variations in foreign investment and discretionary accrual are employed by comparing the figures in the current and past periods to calculate any significant changes that occurred. A significant change in positive directions signifies the satisfactoriness of convergence to IFRS and vice versa. As for the administration of the questionnaire, a structured instrument is designed and administered to stakeholder groups to measure their perceptions regarding the acceptability of IFRS as a financial reporting framework.

This study formulated an acceptability index like that of Saudagaran and Diga (2000) and Wulandari (2004) to capture the dependent variable from major stakeholders' angles.

International Financial Reporting Standards

IFRS is a body of global principles that provide knowhow and direction regarding how firms in a global economy could achieve the targets of comparability, transparency, uniformity, accurate recording, and public reliance in financial reporting (Adeuja, 2015; IASB, 2007; Tendeloo & Vanstraelen, 2005). Thus, failure on the part of the companies to implement and disclose the requirements of IFRS would result in inconsistency, a lack of transparency, and distortion in financial reports, which in turn leads to poor accounting practices and the spreading of financial information that is of less value to stakeholders (Mc Cahey & Mc Gregor, 2013). IFRS disclosure guidelines are a checklist that identifies required disclosures in line with the present effective accounting standard issued by the IASB (Amahalu, 2017). The guidelines can either be illustrative when a possible format for revealing a financial posting is made or supplemented in a situation of additional provisions on an accounting issue (Jibril, 2019; KPMG, 2013).

The standard setters have made IASB's conceptual framework available to epitomize and symbolize the detailed practices and requirements of a professional accountant. It is expected that non-misleading, relevant, and detailed information is readily provided and disclosed in the financial statement of the organization to guide all current and prospective investors in making an informed decision (Adeyemi & Asaolu, 2013). As a result of variability in information usage of major stakeholders and actors, IASB gave priority to the information requirement of key participants in the market for long-term funds (IASB, 2007). This led to the identification of investors being the most exceptional customers for details presented in the financial statement after the adjustment for the existing constraint in the system of information accessibility of companies (Akinleye, 2016; Elorrieta, 2002).

Relevance of information characterized by confirmatory or predictive value has since been an axiom in the field of accounting and financial reporting as the key reason for gathering information is to aid users in the process of decision-making (Mc Cahey, & Mc Gregor, 2013, KPMG, 2013). Consequently, all information submitted by the firm's managers is expected to be certified by the principle of faithful representation to assure market participants of its truthfulness (Yahaya *et al.* 2015). This indicates that, with faithful representation, the contents of the organization's reports must not be in rivalry with what is obtainable in the real world if the firms are assessed regarding their commercial and economic position. In the practical sense, today's stakeholders have shifted their attention to audits while little or no care was paid to the production of the accurate financial report (Musa, Salman & Ibrahim, 2021; Xu, 2014). This connotes that the channel of transmission for financial statements should be all-encompassing through the involvement of all recognized participants and stakeholders in the procedure for certifying the completeness of a report.

Fair Presentation and Compliance with IFRS

Financial statements are expected to fairly present the worth, profitability, and cash availability of an establishment (Hassan & Musa, 2023). Agreement and compliance with IFRS pronouncements are presumed to generate an accurate and just outcome that provides the solution to investors' problems and challenges. (Ebrahim, 2014).

A financial statement is expected to contain a clear statement revealing that IFRS is being complied with. Organizations must also ensure that all standards concerning the operation of the firm must be duly followed (KPMG, 2013; Herbert *et al.* 2013). However, if compliance with IFRS is disclosed and the use of an inappropriate accounting treatment cannot be rectified either by disclosure of accounting policies or notes, organizations are expected to disclose confirmatory on fair presentation, conditional compliance statement, departure detail nature, justification on why IFRS might be misleading, method of treatment, and economic effect of the departure of such occurrence (Ogunmakin *et al.* 2021; Lepadatu & Pirnau, 2009). Accounting professionals named this concept as the "true and fair override."

Full Disclosure and Disclosure of Quality Information

The concept of confidence and trust form the bases upon which financial schemes and the banking sector rely (CBN's disclosure requirement, 2016). For the proper evaluation of financial institutions' status regarding whether their financial statements present a true and fair figure, all stakeholders' hand must be on deck to ensure useful information are only extracted from financial reports based on the full disclosure option (Amahalu, 2017). This invariably gives a good picture of the organization as current investors propagate good news about the company's integrity.

Full disclosure requirements are the mandatory financial items required to be presented in the rendition of their periodic returns to the regulatory bodies and the stakeholders. The process has to do with ensuring the integrity of data in the submission of reports to the depositing authority to enable them to attain the true financial position and performance of firms (Alade *et al.* (2017) Elorrieta, 2002).

Users of financial reports are only able to validate the direction of information presented by the banking sector if the disclosure made is considered full. This will shed more light on who the message contained in the financial statement is meant for and who the banks have not captured in their report. Financial institutions may lose customers' patronage and trust when they pay little attention to the delivery of required financial details (Xu, 2014). Consequently, accurate information is expected to guarantee a downward trend in reputational risk while uncertainty in market parameters falls to the barest minimum.

Musa, Salman, Amoo and Subair (2020) and Rezaee (2003) stressed the significance of corporate governance and internal control system in ensuring all compositions of financial statements are reliably presented to assure users of the validity of full disclosure statements made by deposit money banks. Hence, the resources needed to ensure the smooth running of a good internal control system should be provided by the directors of the firms (Hicks, 2014). The initial provision of resources to sustain the controls in place without subsequent maintenance of the system will expose the control scheme to setbacks and inadequacy (Abata & Amoo, 2020). Corporate governance is a scheme for managing, directing, and monitoring a corporation to create shareholder value while protecting the interests of other stakeholders, specifically through the release of excellent reports and expected company details.

Achieving the publication of excellent and detailed information should be seen by all organizations as a cultural value that must be communicated to all concerned stakeholders at all levels and at all sections (Hardy, 2013).

Theoretical Discussion

This study is guided by information theory, as the financial reporting framework is central for monitoring purposes (Ironkwe *et al.* 2015). Information theory was credited to Claude Shannon, who gave an exegesis relating to the components of the classical communication system in 1948. The theory leveraged the concepts of bad and good news to assume that a highly sophisticated system of reporting does not guarantee a faster channel that operates above set constraints (Aftab, Cheung, Kim, Thakkar, & Yeddanapudi, 2001). Secondly, the theory asserts that reproducing information at a stage is a fundamental problem as the qualitative value initially disclosed reduces in relation to the distance of the channel of transmission (Gellings, 2017).

This theory is relevant to the field of financial reporting framework since it describes and measures the quality and quantity of information contained in a report such as a financial statement. Another relevance of the theory to the financial statement is that users' information is expected to assure predictability, stability, and acceptability of firm performance (Mc Cahey & Mc Gregor, 2013). This implies hidden information is made available and is utilized in variable prediction. Secondly, some factors affecting information value are required to be managed by stakeholders in order for stability to be attained. These factors are summarized by information theory as capacity, uncertainty in sources, and transmission in a highly constrained environment (Palea, 2013).

Applying this relevance to this subject matter has implications: firstly, balanced information is required between reporting framework stakeholders to guarantee reliance on the supplied financial statement. Secondly, disclosure of both the bright (good news) and dark sides (bad news), which invariably reveal the commercial substance of the company at the reporting time, is needed to assure investors of safe investment (Elorrieta, 2002). In conclusion, the presence of a corporate governance mechanism in the firm aids in the monitoring of financial information, which invariably reveals the acceptability of the accounting framework (Zango, Kamardin, & Ishak, 2015).

Empirical Evidence

A study was carried out by Soyemi and Olawale (2019) which involved the examination of the connection between IFRS and the quality of financial statements, with the focus of the study being Access Bank Plc. The ordinary least square regression revealed a substantial improvement in financial statement acceptability in the post-IFRS adoption period. Atoyebi and Simon (2018) provided dual and conflicting evidence regarding the impact of IFRS adoption on financial reporting practice in Nigeria. The study accounts for financial reporting practice with the aid of loan loss provision and capital management. Specifically, the valuation of loan loss provisions was regressed on earnings management and capital management with the use of multiple regression analysis. The data collected was extracted from the annual reports of fifteen (15) deposit money banks and spanned from 2006 to 2016. Ex-post facto research design was adopted by the study. At the end of the research, there exists a significant positive association between loan loss provisions and earnings management for both the pre- and post-IFRS eras, signifying a situation of no improvement in accounting practice. On the other hand, an insignificant link exists between capital management and loan loss provision in the pre- and post-IFRS periods.

With the aid of the content analysis method of research, Nwoye *et al.* (2017) made an empirical establishment of the association between the IFRS compliance rate and its contribution to the acceptability of a firm's global reporting practice in Nigeria. Purposively, all nine (9) highly placed Nigerian banks in the year 2015 were selected by the study. The study went further to collate both the primary and secondary sources of the data set to attain the research objective. In addition, seventy-seven (77) items of disclosure were utilized from the IFRS disclosure list. After subjecting the model to a series of statistical estimations and analyses such as analysis of variance (ANOVA) and least square regression technique, it was evidenced that the acceptability of the financial reporting framework was sufficiently improved by the rate of compliance. Consequently, all exogenous variables contributed significantly to the overall outcome of the regression.

To ascertain the concomitant effect of the novel recording scheme as linked to the local Generally Acceptable Accounting Standard (GAAP), Yahaya *et al.* (2015) assessed the influence of IFRS compliance on the annual financial report of twenty-one (21) Nigerian deposit money banks utilizing the logistic regression method of analyses on the collated data ranging from 2004 to 2013, they evidenced that IFRS compliance positively influenced the overall profitability and worth of Nigerian banks. Zango et al. (2015) studied the level of compliance attainable in the published annual financial report of fourteen (14) quoted Nigerian deposit money banks based on IFRS 7 provisions for the accounting years 2012 and 2013. Through an obligatory disclosure index method, it was seen that banks' level of compliance with IFRS 7 improved between the two years. They opined that the possible prevalence of additional enlightenment programs which improved IFRS awareness among bankers might likely be the cause of the improvement in acceptability.

Abata (2015b) surveyed fifty (50) auditors in KPMG employing a five-point Likert scale-structured questionnaire to establish a comparative influence of Local GAAP and IFRS on reporting quality in Nigeria. The chi-square methodology was applied in ascertaining the respondent's opinion relating to the study objective. The finding evidenced that a larger ratio of respondents asserts that better information for regulators is guaranteed under IFRS than local GAAP. They insinuated that comparability and transparency of financial reporting have substantially witnessed an increment in the IFRS regime. The differences in accounting quality in the pre-and post-IFRS era of listed manufacturing firms in Nigeria were focused on by Umobong and Akan (2015). According to the ordinary least square (OLS) regression method employed by the study for the period ranging from 2009 to 2013, IFRS compliance was believed not to have improved the quality of accounting in the quoted cement and brewery firms in Nigeria. They juxtaposed and argued further that the practice of earnings management in the post-IFRS era substantially increased. Additionally, their evidence shows that the relevance of book and earnings values is not much in the new reporting framework as timely loss recognition was significantly higher in the IFRS regime.

In a study conducted by Saidin and Danrimi (2014), a questionnaire was addressed to three hundred (300) respondents to empirically observed the influence of enforceability and acceptability of IFRS on the global accounting convergence from the views of preparers and users. The study applied a convenience sampling method in the selection of stakeholders. The estimations from descriptive statistics, factor analysis, correlation matrix and ordinary least square depicts that acceptability of IFRS framework is positively linked with global convergence. In a study of thirty-five (35) countries across the globe, Wulandari (2004) tested the association between value relevance of accounting earnings and accounting standards from the perspectives of quality, acceptability, and enforceability. This study used a sample selection approach based on countries generally acceptable accounting principle (GAAP), responses from multinational accounting firms and assessment of acceptability index criteria. The data collated was subjected to various preliminary estimation tests, univariate analysis, ordinary least square regression, and post estimation tests. The empirical findings evidenced that the value relevance of accounting earnings significantly impact quality of accounting standards positively. Conclusively, the study supports the motion that says accounting disclosure requirements are strongly associated with acceptability of reporting framework.

Research Gap

Numerous studies have been carried out on the IFRS disclosure guideline and variables such as firms' performance, value relevance, reporting practices, and stability. However, few of these studies consider whether disclosure guidelines exert a significant influence on the acceptability of financial reporting frameworks. The work of Wulandari (2004) failed to capture some developing countries as the study focused on local GAAP and was conducted in their pre-IFRS era. In the empirical findings of Saidin and Danrimi (2014), the instrument used in the collection of data focused more on preparers and users but neglected other stakeholders of financial statements. The evidence provided by Nwoye *et al.* (2017) may not be totally relied upon for two reasons: first, it does not measure acceptability from the perspective of major stakeholders, and second, the disclosure index employed failed to classify items of disclosure based on items in the financial statement. Consideration of the work of Atoyebi and Simon (2018) is not an option, as the evidence provided is conflicting due to differences in the outcomes of the proxies for financial reporting practices. This study stands out from previous literature in three aspects. Firstly, it employed the use of acceptability indexes, which previous countries specific work failed to use. Secondly, the disclosure index utilized considers the heterogeneous nature of separate items in the financial statement. Conclusively, a robust static panel method of analysis was embarked upon by this study, which previous works had not used.

3.0 Methodology

The population of this study comprises a total of twenty-seven (27) deposit money banks listed in the Nigerian Exchange Group (NXG) as of December 2021. This study covered the annual financial statement of six (6) deposit money banks in Nigeria ranked among the one thousand (1000) global banks for the 2017 financial year. The selected deposit money banks also formed the list of domestic systemically important banks (SIBs) in Nigeria, as they account for a major percentage of the industry's total assets, total deposits, and total loans. These deposit money banks are regarded as too big to fail as they comply with the regulatory requirements of relevant laws and regulations.

The period of this study is restricted to seven (7) years of publication and the financial report in line with IFRS. The composition of these highly ranked financial institutions is Access bank, Eco bank, First bank, Guarantee Trust Bank, United Bank for Africa, and Zenith bank. This study purposively samples seven (7) years of financial statements for content analysis. The year ranges from 2014 to 2020.

To actualize the objective of this study, a three (3) point scale of rating items disclosed in the financial statement was devised based on twenty-four (24) items. The scale of rating is graded 1 if the disclosure is weak (WD), 2 if the disclosure is fair (FD), and 3 if the disclosure is strong. This was applied to justify the accurate positioning of deposit money banks regarding the quality of disclosure made in their annual financial statement. The explained variable of this study was proxied with the aid of an acceptability index designed in line with the previous studies to capture the level of acceptability allotted by several stakeholders to the IFRS convergence. This study applied a dummy grading system by allocating one (1) to the presence of the index and zero (0) if vice versa.

Furthermore, this study graded the forty-two (42) sampled financial statements in line with the three-disclosure yardsticks explained above. The aggregate outcome extracted was subjected to the static panel regression analysis, to establish the link between the endogenous variable and the exogenous variables. These variables are disclosure quality of the statement of financial position, disclosure quality of the statement of profit or loss and other comprehensive income, disclosure quality of the statement of cash flow, disclosure quality of the statement of changes in equity, and acceptability of the financial reporting framework.

The model used for this study was like that of Nwoye *et al.* (2017) and Zango *et al.* (2015). This model is stated thusly:

$$AFRF_{it} = \beta_0 + \beta_1 DQFP_{it} + \beta_2 DQPL_{it} + \beta_3 DQCF_{it} + \beta_4 DQCE_{it} + U_{it}$$

Where: AFRF =Acceptability of financial reporting framework; DQFP = Disclosure's quality of financial position; DQPL= Disclosure's quality on profit or loss and other comprehensive income; DQCF= Disclosure's quality on cash flow; DQCE= Disclosure's quality on changes in equity; β_0 = Intercept parameter; β_1- β_4 = Slope parameters; $U_{it} = \mu_{it} + \Lambda_{it}$; μ = Stochastic error term; Λ_{it} = Cross-sectional differences

The null hypothesis (H_o) of this study is that the disclosure quality of financial statements has not improved the acceptability of the financial reporting framework in Nigerian deposit money banks, while the alternative hypothesis (H_i) states that the disclosure quality of financial statements has improved the acceptability of the financial reporting framework in Nigerian deposit money banks.

4.0 Data Presentation and Discussion of Results

The data utilized by this study were extracted from both the disclosure and acceptability indices for the years under review. It should be noted that both indices were all taken from the annual

reports of the selected companies available on the Nigerian exchange group. This study employed both descriptive and inferential methods of analysis on the collected data.

Table 1: Descriptive Statistics

Variable	Observation	Minimum	Mean	Standard Deviation	Maximum
AFRF	42	5.0000	7.1505	2.1747	9.0000
DQFP	42	8.0000	10.8102	2.7419	14.0000
DQPL	42	6.0000	8.2601	1.2141	16.0000
DQCF	42	5.0000	7.1427	1.3495	9.0000
DQCE	42	7.0000	8.0231	2.0025	13.0000

Source: Author's Computation, 2022

Table 1 depicts the descriptive statistics of all the model variables in this study. The parameters displayed are composed of the minimum, mean, standard deviation, and maximum values of all the variables in this study.

Multicollinearity Testing

Multicollinearity among the model-independent variables poses greater challenges to the accuracy of the regression estimator. To produce an outcome that is robust to the problem of multicollinearity, this study employed the variance inflation factor (VIF) to screen the independent variables against the ailment of higher correlation amidst model variables. The importance of this test should not be overemphasized as the static method of regression assumes its absence. An ordinary assumption without further justification may have a serious aftermath effect on the reliability of this study outcome.

Table 2: Variance Inflation Factor

Variables	VIF	I/VIF
DQFP	4.01	0.56
DQPL	4.54	0.73
DQCF	3.06	0.54
DQCE	3.93	0.64
Mean VIF	**6.14**	

Source: Author's Computation, 2022

Table 2 depicts the VIF outcome including its inverse result for all the exogenous variables of the models. By the general criteria, any independent variable whose VIF ratio exceeds 0.1 or 10% is highly suffering from higher association among independent variables, and vice versa. From table 2, all the variables have a VIF that is less than 10, implying their non-collinearity.

Model Estimation and Selection Procedure

This study made a comparison among suitable models of this study with the aid of post estimation test performed. The Breusch and Pagan Lagrangian Multiplier (BP-LM) test conducted by this study supports the hypothesis of zero random effect and affirmed the superiority of the pooled OLS model over the fixed and random effect models. This is justified by the chi-square outcome of 0.13 and a p-value of 0.36, This implies that only estimates from the pooled OLS model are explained to interpret the relationship between the disclosure quality and acceptability of financial reporting.

Table 3 Static Panel Regression Result

Variable	Pooled OLS		Fixed-Effect	Random-Effect
Constant	3.4326 (0.003) *		7.1035 (0.000) *	4.1630 (0.012) *
DQFP	0.3449 (0.037) **		0.7158 (0.028) *	0.2163 (0.003) *
DQPL	0.3423 (0.045) **		0.4163 (0.130)	0.3891 (0.072) ***
DQCF	-0.1992 (0.935)		-0.4725 (0.059) ***	-0.3492 (0.318)
DQCE	0.4945 (0.072) ***		0.6846 (0.093) ***	0.2859 (0.048) **
Model Statistics				
R^2 / Within	0.79		0.43	0.38
F Stat. / Wald Chi^2	351.59 (0.000) *		10.5 (0.000) *	14.2 (0.000) *
BP-LM Test	0.13 (0.36)		-	-

Note *, ** and *** denote statistically significant at 1%, 5% and 10% respectively.
Also, *p*-values are reported in parentheses.

Results and Discussion of Findings

Table 3 shows the linear relationship between the deposit money banks' compliance rate with IFRS guidelines of disclosure and whether the Nigerian accounting reporting practice is acceptable. With the use of panel regression analysis, the table displays the outcome of the pooled OLS regression analysis, fixed-effect analysis, and random-effect analysis.

The significance and sign of the independent variables reveal that disclosure quality on the statement of profit or loss, and other comprehensive income, statement of changes in equity and statement of financial position agree with a priori expectations affirming a positive sign for all three variables. This suggests that there is a direct relationship between the variables and financial reporting acceptability in Nigeria. On the other hand, the quality of the disclosures on cash flow did not concur with a priori expectations, indicating a negative sign, and meaning a downward impact on the acceptability of the financial statement.

However, when the coefficient magnitude is considered by this study, disclosure quality on the changes in equity, financial position, and financial performance has a significant effect on the satisfactoriness of financial reporting practices in Nigeria, as indicated by 0.3449, 0.3423, and 0.4945 coefficients with 0.037, 0.045, and 0.072 probability values at 5%, 5%, and 10% significance criteria, respectively. This means that if the quality of disclosures about the statement of financial position, statement of profit or loss, and other comprehensive income, and statement of changes in equity gets better (or worse), it will make financial reporting practices in Nigeria more acceptable (or lesser-acceptable).

The null hypothesis formulated in section three (3) of this study was that the rate of compliance of Nigerian deposit money banks with IFRS disclosure rules does not have a significant impact on improvements in the acceptability of financial reporting practices in Nigeria. At the 5% level of significance, this study found that the quality of compliance of Nigerian deposit money banks with the IFRS disclosure quality principle has a significant impact on improvements in the acceptability of financial reporting practices in Nigeria. Therefore, the alternative hypothesis is accepted. The result of this study is in line with Soyemi and Olawale (2019), Nwoye *et al.* (2017), Yahaya *et al.* (2015), Zango *et al.* (2015), and Abata (2015b), who suggest that compliance of Nigerian firms to IFRS disclosure guidelines has a direct impact on improvements in the acceptability of financial reporting practices in Nigeria. This may be the result of more stringent policies adopted by corporations in the convergence and application of IFRS and stronger control over the firm's internal environment. Surprisingly, this study provides justifications against Atoyebi and Simon (2018) and Umobong and Akan (2015) who suggested IFRS has not brought progress in the acceptability of financial statement. Finally, the results of this study provide justification in support of information theory, which opines that quality information transmission mechanism like IFRS ensures the sustainability of giving both sides of financial news. The reason for this is not far-fetched, as corporate governance mechanisms are highly regarded by most Nigerian firms, especially in the financial services sector.

5.0 Conclusion and Recommendation

The main objective of this study is to elucidate whether the compliance rate of deposit money banks to IFRS disclosure guidelines brought an appreciable improvement in the acceptability of financial accounting reporting practice in Nigeria. Based on the findings, this study concludes that improvement in the acceptability of financial reporting practices in Nigeria is affected by the quality of compliance of Nigerian deposit money banks with IFRS disclosure guidelines. This means that an improvement in the acceptability of financial reporting practices in Nigeria is caused by a variation in the quality of compliance of Nigerian banks with IFRS disclosure quality guidelines.

This study contributes to the existing literature on IFRS disclosure guidelines from two (2) angles. Firstly, the contents of the IFRS disclosure index were categorized in line with the composition of the financial statements of listed companies to determine which of the components of the financial statements guaranteed the acceptability of the financial reporting framework. Also, acceptability was captured by this study through the index extracted from firms' financial statements, while consideration was made for each stakeholder group to be represented. Future studies should focus on new disclosure guidelines, the comparison between compulsory and voluntary disclosure, and the causal link between disclosure guidelines and sustainability reporting.

In line with the findings of the study, it is recommended that Nigerian deposit money banks should ensure accuracy and consistency in the application of the requirements of IFRS. These accompanied qualities will present the new standard to the stakeholders in a pleasing mood which ultimately guarantees acceptance. In addition, a transparent and reliable practice should be enforced through the maintenance of a highly graded accounting and internal control system that is in consonant with the rules of IFRS. This makes it easy for accounting information users to place maximum reliance on the published financial statement used in assessing firm performance and making an informed decision.

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Appendices

Content Analyses Score Chart

S/N	**IFRS DISCLOSURE REQUIREMENTS ADAPTED FROM KPMG (2013)**	**3** SD	**2** FD	**1** WD	TOT
	STATEMENT OF FINANCIAL POSITION				
1.	Separate reporting of liabilities and asset's components of deferred taxation in the statement of financial position.				
2.	Report on contingent liabilities, contractual requirements not recognized and disclosures relating to other non-financial items.				
3.	Bases of measurement and method of charging depreciation for property plant and equipment (PPE) were reported, including depreciation rate and useful life.				

4.	Reporting on investment property was disclosed, including specific method applied between cost and fair value model.				
5.	Ensuring that financial lease's net carrying amount is reported in the statement of financial position.				
6.	Reporting in detail the requirements for treating research cost, including the bases upon which development costs are capitalized.				
	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
1.	The nature of basic and diluted earnings per share (EPS) are all disclosed even in the situation of loss per share (LPS).				
2.	The disclosure of earnings per share (EPS) is consistent annually, and it is reported for all yearly statement of profit or loss, and other comprehensive income.				
3.	All provisions made are disclosed, including provisions made on differed taxation, share-based payment, grants from governments and how revenue is recognized.				
4.	All line items reported in the statement of profit or loss and other comprehensive income are justified with information displayed in the notes to the financial statements.				
5.	Management assumptions regarding the future, and the techniques used in estimating items with uncertainty are all disclosed at the end of the accounting reporting period.				
6.	With respect to intangible assets that possess finite useful life, disclosure is made on period of amortization and method of calculating amortization charges, and whether infinite intangible assets have been tested for annual impairment.				
	STATEMENT OF CASH FLOWS				
1.	Interest received and paid, and dividend receive and paid are all reported on cash flows' dividends and interests.				
2.	Disclosure of cash and cash equivalents, and presentation of segment reporting are all made.				
3.	Cash flows activities are classified into the three major compositions of operating, investing and financing.				
4.	All borrowings are appropriately disclosed and classified.				
5.	The extent and nature of government grants recognized in the financial statements are reported.				
6.	The financial report shows prior years comparative figures including notes to the account.				
	STATEMENT OF CHANGES IN EQUITY.				
1.	The statement disclosed the total comprehensive income figure and classified into those attributable to owners of parent and non-controlling interest (NCI).				
2.	The impact of retrospective application or restatement recognized.				
3.	Separate presentation of individual material class of similar items.				
4.	Reconciliation between carrying amount at the beginning and at the end of the financial reporting period for all equity compositions.				
5.	All reports relating to amount of transaction cost accounted for as a deduction from equity are separate shown in the accounting period.				
6.	Show the monetary figure of declared and proposed dividend prior to the authorization of financial statement but not shared and distributed to equity owners.				

Scoring Guidelines

> ***Score 3*** if majority of the IFRS compliance rate is high. i.e., comply with majority items
> ***Award 2*** if compliance with IFRS was stated but not effected practically. i.e., fair compliance
> ***Score 1*** if no compliance was made.

FORMULATED ACCEPTABILITY INDEX

S/N	**Items**	Score
1.	Increase in number of foreign investors.	
2.	Increase in number of bank customers.	
3.	Increase in total deposit components of liability.	
4.	Increase in retained earnings.	
5.	Availability of functioning audit committee.	
6.	Openness in governance and risk management scheme.	
7.	Favorable audit opinion.	
8.	Improvement in training and publicity program on accounting framework	
9.	Consistent board meeting.	
10.	All IFRS standards and interpretations are adopted	
11.	Amendments were made to new standards	
12.	Enforcement of whistle blowing procedure	

Presence of the above is scored 1, while absent is scored 0