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IFRS Compliance Appraisal: Evidence from Nigeria and Ghana

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Abstract

This study appraises the quality of compliance upheld by selected Nigerian and Ghanaian manufacturing companies to minimum disclosure requirements of IFRS during financial reporting. Hence, It determines whether any significant difference exists in the compliance quality of the post IFRS Financial Statements prepared in Nigeria and Ghana in their first five years of IFRS adoption. It is an empirical study that is descriptively designed to pave room for the use of the content analysis scoring system as the core instrument for data collection. A total of 44 manufacturing companies (22 companies each in Nigeria and Ghana) listed on the floors of the Nigerian and Ghana Stock Exchanges were purposively sampled and scored for quality compliance on a 4-point rating scale through her post IFRS compliant Financial Statements for the years 2007–2011 (Ghana) and 2012–2016 (Nigeria) respectively. Scores derived were however analyzed using the Mann Whitney U Test, and it was discovered that a significant difference exist in the compliance quality of post-IFRS Financial Statements prepared by public listed manufacturing companies in Nigeria and Ghana, with Nigeria having better IFRS disclosures compliance edge over Ghana. This implies that the regulatory approach to IFRS implementation in both countries apparently differs. The study however recommends that a more robust regulatory oversight on companies' full compliance to IFRS disclosure requirements be upheld towards achieving a commendable level of comparison in both countries' IFRS Financial Statements as expected. More so, companies' consistent full compliance to IFRS requirements should hence be adopted as one of the prerequisite for her continued listing by the Nigerian and Ghana Stock Exchanges

Key words

Financial Statements, full compliance, Ghana Stock Exchange, IFRS, Nigerian Stock Exchange, quality compliance

JEL Codes: M41

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1. Introduction

Prevalence of high quality financial information system that permits transparency and proper accountability in any country or organization is considered a worthwhile goal. The recap of the global economic crisis that led to the collapse of large scale but promising corporate organizations across the globe equally lend support to this towards substantiating the reasons behind the massive crusade for the uniformity of accounting frameworks across all jurisdictions worldwide. Africa as a continent was hit unprepared. The experience that followed in Nigeria which led to the fold up of notable Deposit Money banks and the consequent loss of billions of naira worth of business equity still linger fresh in the historic memos of the nation. While local investor lamented the complexity of sensitive disclosures in the Financial Statements and tendencies of incomplete disclosures based on the requirements of the old Nigeria and Ghanaian Generally Accepted Accounting Principles (SAS and GNAS), fears of possible loss of investments due to prevalence of different accounting basis for the preparation of Financial Statements in Nigeria and Ghana before January 1st of years 2007 and 2012 overwhelmed foreign investors. This was also believed to be one of the major forces behind the quest for uniformity of accounting frameworks that makes financial information comparable across the globe.

Herbert, Ene, and Tsegba (2013) concur to this stressing that global concern for a uniform financial reporting architecture actually gave rise to the movement for the harmonization of financial reporting standards of nation states. Economically developed continental giants like Europe through the European Union (EU) championed the crusade. Other continents like Australia and Africa later joined in the global move for the discovery of a single Accounting Regulatory Guideline while the South and North American continents went into deep studies to ascertain the relevance of such sensitive move to their national economies. Nigeria, having witnessed earlier adoptions by South Africa in 2005 and Ghana in 2007, was however indifferent to the study pattern maintained by the North Americans and North Africans, given its timely embrace of the accounting framework uniformity agenda even as the need to restore the confidence of local and foreign investors on the nation's public companies' Financial Statements became inevitable towards boosting her accessibility to foreign capital.

Notably, the pervasive force driving global acceptance of a streamlined/uniform financial reporting framework (e.g. IFRS) is the globalization of Capital markets following the increasing integration and regionalization of national economies (Herbert *et al.*, 2013). These scholars argued that there exist a virtual unanimity with the proposition that a single global set of Accounting Standards can facilitate easy access to foreign Capital markets, lower the cost of borrowing for companies, attenuate the opportunistic proclivity of corporate financial reporting under weak or poorly regulated environments, and

enhance the international comparability of corporate financial reports Haka and Carcello (2016) also confirmed this noting that when enterprises operate beyond national borders, differences in financial reporting practices between countries can often pose significant problems. Thus, it is worthy to state that comparability of financial reporting practices is the underlying rationale for the adoption of or convergence to a single set of Accounting Standards.

The intervention of the International Accounting Standard Board (formerly the International Accounting Standard Committee) in this respect in April 2001 led to the birth of a Principle-Based set of high quality International Accounting Standards called International Financial Reporting Standards (IFRS). The new global Accounting guideline is believed not only to have achieved the convergence dream of coordinating all accounting practices obtainable across different national jurisdictions (harmonization and comparability) by using one financial reporting framework but has also paved room for more extensive disclosures in the Financial Statements so as to ease foreign and local investors' understanding and interpretation of the figures so disclosed. Callao *et al.* (2010) upheld this view arguing that the introduction of a uniform accounting regime is expected to ensure greater comparability and transparency of financial reporting around the world.

Today, the adoption and implementation of a new but globally acknowledged financial reporting architecture called IFRS appear to have thrown observable life and confidence back into the Capital markets and the mainstream of financial reporting practices in Nigeria and Ghana. However, It bothers this study that although Nigeria and Ghana have both witnessed five (5) and ten (10) years of financial reporting events that are based on the new financial reporting regime-IFRS (January 1, 2012 – December 31, 2016 and January 1st, 2007–December 31st, 2016), little effort has been made scholarly in Accounting Research and among the Academics to comprehensively determine whether or not the adoption of IFRS has indeed improved the quality of Financial Statements' disclosures by public listed companies in Nigeria and Ghana, with closer emphasis laid on such companies' compliance attitude to the minimum disclosure requirements of the International financial reporting guideline.

1.1. Objective

The study is envisaged:

1. To determine whether the compliance quality of IFRS Financial Statements' prepared by public listed manufacturing companies in Nigeria and Ghana differ significantly.

1.2. Research Question

1. What significant difference exists in the compliance quality of IFRS Financial Statements' of public listed manufacturing companies in Nigeria and Ghana?

1.3. Hypothesis

H₀: The compliance quality of IFRS Financial Statements' of public listed manufacturing companies in Nigeria and Ghana do not differ significantly.

2. Literature review

2.1. Conceptual Review

Financial reporting plays an increasingly significant role in the global economy as a basic source of financial information about economic entities (Strojek-Filus, 2013). Its regulation is one of the mechanisms used to promote the operation of Securities/Capital markets (Paea, 2013). Effective regulation of accounting information often maintain emphasizes on the need to ensure at all times that users of Financial Statements are availed the opportunity of accessing minimum but quality amount of financial information that is useful to them especially at making decisions geared towards securing their interest in the reporting entity (Adetunji *et al.*, 2014). They observed that until 2003 when the Nigerian Accounting Standards Board Act was enacted which made it mandatory for Accountants preparing corporate reports to adhere strictly to the provisions of the Accounting Standards issued by the board, the Standards were treated as just generally accepted accounting principles. Today in Nigeria, financial reporting has taken a different new dimension with the interest of international investors via comparability quality of Financial Statements as well as the transparency and accountability strength of all accompanying financial disclosures made given due consideration.

The first argument for the harmonization of accounting information systems is glued to the existence of conglomerate/multinational companies who invest enormous efforts/resources in the preparation of their financial reports towards complying with the diverse national accounting standards of their respective host nations/jurisdictions. For these companies, life would be much easier if one or same financial reporting rule is applied by their subsidiaries/branches around the world. On the other hand, investors' benefits from this uniformity agenda in the area of cost savings and

improved enabling environment for cross border investment, given the ease of financial reports comparison across different nations/jurisdictions, readily spares rational investors of unnecessary outflow of both financial and material resources as was the case in the pre-IFRS era when several financial reports had to be prepared by conglomerate companies in line with different accounting standards obtainable across different reporting jurisdictions.

Beke (2011c) stressed that this unique improvement in financial reporting has sometimes led to the reduction of information diversity between managers and investors. It is worthy to note that the prevalence of information diversity in international Capital market is not without its devastative cost consequences ranging from possible falls in managers' bonus, rise threat to equity cost to possible tendencies of inaccuracy in economical and financial forecasts. The European Union (EU)'s move to IFRS equally provided new insights as firms from different legal and accounting systems adopted a single accounting standard at the same time (Beke, 2011b). Presently, many African and Asian countries as China and many countries of South-East Asia, have a policy of either pursuing adoption or convergence of their national standards with IFRS (Tweedie and Seidenstein, 2005). This, according to Tweedie *et al.*, is probably because a common financial language applied consistently globally will enable investors compare the financial results of companies operating in different jurisdictions more easily. However, close observation to the current atmosphere of International Accounting standardization globally seem to portend that any effort channeled towards developing a set of globally acknowledged international accounting standards without United States' participation and acceptance is incomplete and will probably fail to achieve the full benefits that a common global reporting language could offer. This is probably the genesis behind the Norwalk agreement which has continued to witness IASB's reintensified effort towards achieving a realistic accounting standards harmonization with the United States of America who currently hosts the biggest Capital market in the world.

It is apparent that IASB's resounding breakthrough across the globe is a product of its well-articulated but forthright missions in International accounting standardization- *the development of a single set of high quality, understandable and enforceable global accounting standards that require transparent and comparable information in Financial Statements, and seeks to bring about convergence of national accounting standards and International Accounting Standards and International Financial Reporting Standards to high quality solutions* (Ruder *et al.*, 2005).

2.1.1. IFRS in Nigeria

Before the adoption of IFRS in Nigeria, the Company and Allied Matter Act (CAMA) 1990 was the legal and regulatory framework for accounting and financial reporting practices in Nigeria (Edogbanya and Kamardin, 2014). Aside prescribed format and content of what a company's Financial Statement disclosures entail, it was required that the Financial Statements of all corporate organizations complied with and adhered to Nigeria's old generally accepted accounting principles (GAAP), the Statement of Accounting Standards (SAS) which was then issued from time to time by the defunct Nigerian Accounting Standard Board (NASB) (Edogbanya and Kamardin, 2014). It could be recalled that the NASB came into being on September 9, 1982 as an independent body responsible for the development and issuance of Statement of Accounting Standards (SASs) for users and preparers of Financial Statements, Investors, commercial entities and regulatory agencies of the government (FRCN, 2018). However, Madawaki (2012) recounted that the formal creation and establishment of NASB as an Inspectorate Unit through an Act of the National Assembly- NASB Act, became a reality in 2003.

With the campaign for the formal adoption of IFRS in Nigeria launched in September, 2010 via a roadmap by the then Minister of Commerce and Industry, just few months after the replacement of NASB with the Financial Reporting Council (FRC) of Nigeria (*a new regulatory body for financial reporting practices and Standards' setting in Nigeria*) through the FRCN Act of 2010, formal adoption and compliance by all first tier companies of public interest listed on the floor Nigerian Stock Exchange (NSE) became inevitable with effect from January 1st, 2012 (NASB, 2010 and Deloitte, 2017b). Owolabi and Iyoha (2012) also observed that year 2013 was set out in the roadmap as deadline for companies of non-first tier category while 2014 became the peak target period for the adoption of its equivalent (IFRS for SMEs) for all Small and Medium scale Enterprises (SMEs) in Nigeria. It is worthy to note that since conglomerate/ multinational companies often seek finance from various capital markets, comparability of financial reports was a huge problem leading, in many cases, to inefficient and sub-optimal investment decisions (Egwuatu, 2013) in Nigeria.

2.1.2. IFRS in Ghana

There exists limited information on accounting practices during the pre-colonial period in Ghana especially as to when and how accounting practice in Ghana actually began (Oheneba *et al.*, 2011). However, the trio stressed that the establishment of the Institute of Chartered Accountants of Ghana (ICAG) in 1963 by Act 170 of Parliament is seen as the foundation of formal accounting in Ghana. They also maintained that the main legal framework for financial reporting and auditing for

both private and public companies is based on the Companies' Code of 1963 (Act 179). The Ghana National Accounting Standards Board (GNASB) was however established by ICAG to develop, adopt, and publish Accounting Standards and to promote their acceptance (Oheneba *et al.*, 2011). Apart from publishing and enforcing its own Standards and guidelines of IASC, the GNASB also sets Standards, reviews, updates, and interprets Standards for Accounting and Auditing practitioners.

The Ghana National Accounting Standards (GNAS) was used prior to the adoption of IAS/IFRS. Oheneba *et al.* (2011) however noted in their study that until the adoption of IFRS in Ghana, there was no equivalent Ghanaian National Accounting Standard (GNAS) for some IASs such as IAS 19- Employee Benefit, IAS 32- Financial Instruments, Disclosure and Presentation, IAS 33- Earnings Per Share, IAS 34-Interim Financial Reporting, IAS 35-Discontinuing Operation, IAS 36-Impairment of Assets, IAS 37-Provision, Contingent Liabilities and Contingent Assets, IAS 38-Intangible Assets, IAS 39-Financial Instruments, Recognition and Measurement, and IAS 41- Agriculture. They argued that the GAS was outdated from inception since the ICAG had no clear legal mandate to set national Accounting Standards except Auditing Standards which later resulted in the formation of National Auditing Standards (NAS). Following the Reports on Standards and Codes [ROSC] issued by the World Bank in March 2006, Ghana adopted the IFRS on the 1st January 2007 (World Bank 2010). This, Boateng *et al.* (2014) believe has increased investors' confidence and acceptance of Ghana's financial reporting practices within the international financial community.

2.1.3. IAS 1 Minimum Requirements and Quality Financial Reporting

International Accounting Standard 1 (IAS 1) - *Presentation of Financial Statements* is an international financial reporting standard adopted by the International Accounting Standards Board (Deloitte, 2017a). It lays out the guidelines for the presentation of Financial Statements and sets out minimum requirements of their content even as it is applicable to all general purpose Financial Statements that are based on International Financial Reporting Standards. IAS 1 was originally issued by the International Accounting Standards Committee in 1997, superseding three standards on disclosure and presentation requirements, and was the first comprehensive Accounting Standard to deal with the presentation of financial standards. It was adopted by the IASB in 2001 and as of 2012 the Standard was last amended in June 2011. These amendments took effect from July 1, 2012. It sets out the purpose of Financial Statements as the provision of useful information on the financial position, financial performance and cash flows of an entity, and categorizes the information provided into assets, liabilities, income and expenses, contributions by and distribution to owners, and Notes to the accounts (Deloitte, 2017a). It lists the set of statements such as the Statement of Financial Position and Statement of Profit and Loss which together comprise the Financial Statements. IAS 1 also elaborates on the following features of the Financial Statements: (i) Fairly presented and compliant with IFRSs; (ii) Prepared on a going concern basis; (iii) Prepared using the accrual basis of accounting; (iv) Material classes presented separately; (v) Does not offset assets and liabilities; (vi) Prepared at least annually; (vii) Includes comparison with previous periods; and (viii) Presented consistently across periods.

2.2. Theoretical Framework

The study framed its investigation from the prepositions of the Theory of Regulatory Compliance (TRC). This theory was first proposed in the 1970's when the relationship between *Compliance with rules* was compared to *compliance with best practice standards* (Fiene, 2016). According to him, the outcome of the investigation became clear that as facilities were in 100% compliance with all rules; their overall best practice scores and positive outcomes began to drop off. This result also led to the conclusion that possibly being in "full" or 100% compliant with all rules was not necessarily a good policy and that all rules or regulations are not created equal. The Theory (TRC) maintains emphasis on selecting the right rules rather than having more or less rules, and the nature of these rules as being significantly predictive of positive outcomes by being in compliance with said rules (Fiene, 2016).

Regulatory Compliance deals with the importance of complying with rules or regulations. This theory has implications for all rule, regulatory, and standards development throughout human service and economic domains although the research is being drawn from the human services field. Regulators continue to endorse and encourage (by regulation) the use of the standard when establishing a compliance framework. The International Accounting Standard Board (IASB) in the United Kingdom has a regulatory framework that all adopting public listed companies should follow while preparing their annual reports. It provides the core Financial Statements such as Statement of Financial Position, Statement of Comprehensive Income and other comprehensive Income, Statement of Changes in Equity, Statement of Cash flow and Notes to the accounts which must appear in a yearly financial report as required under International Financial Reporting Standards (e.g. IAS No. 1). It further demonstrates the relationship that subsists among shareholders, management and the independent Audit teams. Agyei-Mensah (2013) conducted a detailed analysis of the pre-official adoption period (2006) and post

adoption period (2008) Financial Statements of selected listed firms on the Ghana Stock Exchange using the Quality of Financial Information Disclosure (QFID) Index.

According to his study, the QFID which measures the quality of financial information disclosure using the qualitative characteristics of financial information is based on twenty (20) key criteria drawn from four (4) elements of qualitative characteristics of the IASB's conceptual framework which include relevance, faithful representation, comparability and understandability. These four elements constitute the study's dependent variables while firm size, profitability, debt equity ratio, liquidity and audit firm size served as the independent variables towards understanding how these variables impact on the quality of financial information disclosed in Ghana by the selected firms. A multiple regression analysis was however used for the analyses of relevant extracts made from the affected Financial Statements. Beest *et al.* (2009) developed and used a compound measurement tool that comprised a construct of 21-item index to assess the quality of financial reporting in terms of the underlying fundamental qualitative characteristics (i.e. relevance and faithful representation) and the enhancing qualitative characteristics (i.e. understandability, comparability, verifiability and timeliness) in 231 annual reports of companies listed at the US, UK, and Dutch Stock markets for the years 2005 and 2007. Content analysis process was adopted as scores derived were tested with the aid of Ordinary Least Square (OLS) regression analysis.

2.3. Empirical Review

Agyei-Mensah (2013) investigated the quality of pre and post IFRS financial reports in Ghana with unique interest in the quality of Financial Statements disclosures using 20 QFID items while also giving attention to how firm-specific characteristics as firm size, profitability, debt equity ratio, liquidity and audit firm size influenced the quality of financial information disclosed by firms listed on the Ghana Stock Exchange. Based on the outcome of the Multiple Regression analyses carried out on the extracts of 2006 (pre-IFRS) and 2008 (post-IFRS) financial reports, the study found out that the quality of financial reports has improved significantly in Ghana after the adoption of IFRS. Taiwo and Adejare (2014) evaluated the impact of adopting IFRS on the published Financial Statements of public companies in Nigeria using the survey research design. The views of 120 professionals in Accounting and Finance Unit of the selected companies were obtained with the aid of questionnaire and subjected to Chi-square and ANOVA statistical analyses. Their findings showed that there is a significant positive relationship between the adoption of IFRS and effective changes in Financial Statement format upheld for the financial report presented. However, the study failed to meet up with the expectations of the topic which is empirically designed to maximize the available output of published Financial Statements towards substantiating the reliability of the findings made in the study. Moreso, the study failed to employ the existing IFRSs disclosure requirements, perhaps in the form of Content Analysis, to enable it ascertain whether the provisions of IFRSs has been duly adopted and complied with by the affected companies in the preparation of their Financial Statements.

Abata (2015b) adopted Total Comparability Index in empirically comparing the Financial Statements of 14 Banks listed in the Nigeria Stock Exchange in order to determine whether quantitative differences in the financial reports prepared by Nigerian listed banks under NGAAP and IAS/IFRS are statistically significant or not. The study found out that quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant. However, the study did not make further effort at determining whether these quantitative differences discovered is as a result of differences in financial figures disclosure qualities or affected Financial Statements' compliance qualities to the two different financial reporting frameworks. Mgbame *et al.* (2015) carried out a study to find out if IFRS adoption enhanced the uniformity, comparability, and reliability of the Financial Statements of selected sectors in Nigeria. Although they found out that IFRS promoted transparency, increased quality and efficiency of financial reporting, providing Financial Statements that boost investors' confidence (due to the robust disclosure requirements of IFRS) and facilitates cross-border Stock Exchange listing, these findings were purely based on the reviews they carried out on other scholarly literatures related to their study.

Palea (2013) in his study laid emphasis on the effects of the adoption of IAS/IFRS in Europe on the quality of financial reporting with keen interest on existing research works on value-relevance. Although an empirical study in nature, an extant review approach was adopted by the researcher. Based on several reviews carried out by the study, he found out that adopting IAS/IFRS improves the quality of financial reporting and increases its usefulness to investors. Sani and Umar (2014) using Qualitative Grading System (QGS) assessed the 2012 financial reports of 10 selected commercial banks in Nigeria towards determining the extent to which the Nigerian Banking Industry has complied with the requirements of IFRS 1. Their result, after relevant analyses using multiple regression analysis and Chi-square test statistical tool, showed that the Nigerian banking industry has complied with IFRS 1.

Beest *et al.* (2009) developed and used a compound measurement tool that comprised a construct of 21-item index to assess the quality of financial reporting in terms of the underlying fundamental qualitative characteristics (i.e. relevance and faithful representation) and the enhancing qualitative characteristics (i.e. understandability, comparability, verifiability and

timeliness) in 231 annual reports of companies listed at the US, UK, and Dutch Stock markets for the years 2005 and 2007. Scores derived through the content analysis were tested with the aid of Ordinary Least Square (OLS) regression analysis. Their findings showed that the quality of financial reporting based on the requirements of IFRS is increasing over time. Abedana *et al.* (2016) just like Agyei-Mensah (2013) adopted the disclosure index approach that is based on IAS 12 to examine the financial reports of twenty two (22) companies listed in Ghana Stock Exchange for the years 2006 – 2008 in order to ascertain the disclosure quality levels of their financial reports before and after the adoption of IFRS. Relevant analyses were carried out using Pearson's correlation and it was observed that the disclosure quality level of annual reports and accounts of listed firms in Ghana seem to be high and has improved, portraying a significant positive correlation between the disclosure quality (based on the qualitative characteristics of relevance, understandability, comparability and faithful presentation) of listed firms following the adoption of IFRS.

Boateng *et al.* (2014) employed the survey research method to assess eighteen (18) professional Accountants in order to measure the benefits and challenges of IFRS to Ghana. The study revealed that IFRS improved the access of local companies to international markets. It was also observed that the local firms in Ghana gained more credibility, transparency, acceptance and consolidation following IFRS adoption. Adopting the survey research design, Acquaye (2015) investigated 145 personnel of 29 public companies in Ghana towards ascertaining the compliance attitude of Ghana public listed companies to IFRS disclosure requirements. Results of the regression and correlation analyses carried out showed that a high level of compliance by Ghanaian listed companies with IFRS exists.

Appiah *et al.* (2015) employed the unweight disclosure index to conduct an empirical study on 31 public listed companies in Ghana for the years 2008–2012. Result of their regression analysis showed that variations in the level of the firms' compliance with IFRS in Ghana exist. Zakari (2017) investigated into whether the adoption of IFRS in the Nigerian Oil and Gas sector; leads to significant financial reporting improvement in terms of value addition and quality. Using the T-test (paired) statistical tool, outcome of ratio analysis conducted on extracts from the pre and post IFRS Financial Statements of four (4) public companies in the Oil and Gas sector for years 2007 – 2016 showed that IFRS was more attractive and promising to long term lenders than the defunct Nigerian GAAP.

3. Methodology of research

The study adopted the descriptive research design. The post IFRS Financial Statements of forty four (44) selected manufacturing companies in Nigeria and Ghana (22 companies in each country) for the years 2012 – 2016 and 2007 – 2011 (first five years of financial reporting practices that is based on IFRS disclosure requirements) were evaluated using a 4-point rating scale Content Analysis Scoring sheet structured with 127 minimum disclosure requirements of IAS No. 1 (as amended). The Mann Whitney U test statistical tool was however used in conducting a comparative analysis of the scores derived from both countries' IFRS Financial Statements disclosures through the content analysis procedures towards understanding whether any significant difference exist in the quality of compliance upheld by the affected manufacturing companies.

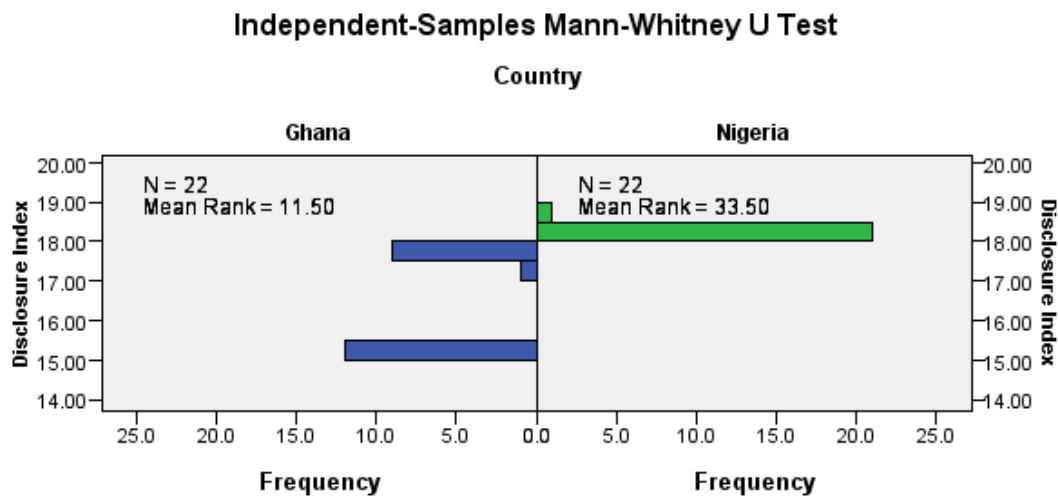
3.1. Data Analysis and Discussion of Result

Using the Mann Whitney U Test, the content analysis scores of post-IFRS Financial Statements of selected Nigerian and Ghanaian manufacturing companies were duly employed in testing the hypothesis formulated for the study. Given below is the outcome of the Mann Whitney U Test analysis carried out:

Assessing the individual post-IFRS Financial Statements for Nigeria (2012–2016) and Ghana (2007–2011) using IAS No. 1- *Presentation of Financial Statements* minimum disclosure requirements (as amended), attention was paid to the attitude quality of selected manufacturing companies in both countries towards understanding the quality of compliance upheld by Nigeria and Ghana in their effort to implementing IFRS guidelines within their individual jurisdiction. The outcome of the Mann Whitney U test which comparatively tested the scores generated from both countries' first five years IFRS Financial Statements by means of content analysis scoring system (*on a 4-point rating scale*) showed that the probability value (*p*-value) is statistically significant since the *p*-value obtained (0.000) is less than 0.05 ($p < 0.05$).

However, reliance on the following decision guideline- "*accept null hypothesis if $p > 0.05$, otherwise reject and accept the alternate hypothesis.*" readily positions the study properly to make unbiased useful findings in the result obtained from the analysis carried out as depicted above. Since $p = 0.000$ is less than 0.05, we accept the alternate hypothesis, and this means that "*a significant difference exist in the compliance quality of post-IFRS Financial Statements prepared by publicly listed manufacturing companies in Nigeria and Ghana*". Besides, closer look at the Mean Rank scores of both countries equally showed that while Nigeria ranked 33.50 from the test of both countries' scores of their respective compliance quality to IFRS minimum disclosure requirements as derived from their post-IFRS Financial Statements, Ghana's Mean Rank was

11.50; a clear indication of significant difference of 67.7% (more than 50%) between both countries' compliance attitude to IFRS disclosures guidelines with Nigeria taking better lead in IFRS compliance quality ahead of Ghana.



Total N	44
Mann-Whitney U	.000
Wilcoxon W	253.000
Test Statistic	.000
Standard Error	42.227
Standardized Test Statistic	-5.731
Asymptotic Sig. (2-sided test)	.000

Figure 1. Mann Whitney U test outcome

Deeper scrutiny of disclosures and items classifications in both countries' post-IFRS Financial Statements revealed that:

- i. Most Ghanaian companies began complying with IFRS minimum disclosure requirements from 2008 and not 2007 which was supposed to be the country's IFRS first reporting date.
- ii. Some Ghanaian manufacturing companies were not consistent in their compliance to IFRS minimum disclosure requirements.
- iii. Some manufacturing companies in Ghana preferred the use of "*Balance Sheet and Profit and loss*" against IFRS required terms as "*Statement of Financial Position and Statement of Comprehensive Income*."
- iv. Some Ghanaian companies still maintains the Ghanaian National Accounting Standards (GNAS) as basis for the preparation of their Financial Statements seeing that their Financial Statements format in the pre and post IFRS periods which are IFRS non-compliant remained the same.
- v. A three year financial report was rarely found in the first time adoption Financial Statements of the manufacturing companies covered in Ghana e.g. *December 31st, 2007* (reporting year), *December 31st, 2006* (comparative year restated in IFRS), and *January 1st, 2006* (beginning year of comparative date) etc.
- vi. The presentation currency (Ghana cedis or US Dollars) of the reporting entities were sometimes either omitted or inconsistently reported in the respective statements of the post-IFRS Financial Statements of some Ghanaian manufacturing companies evaluated.

- vii. A state of inconsistency or omission was observed among some Ghanaian companies in the disclosure of the denomination of the amounts disclosed in their financial reports e.g. *in thousands or in millions*.
- viii. Description of whether the Statement presented was for a *group or company* was sometimes omitted by Ghanaian and Nigerian manufacturing companies studied.
- ix. Some expected extensive disclosures were not observed by some Nigerian manufacturing companies e.g. non-disclosure of items constituting "*Other incomes*" could be misleading.

These sensitive observations also concur with the findings made by Appiah *et al.* (2015) in an earlier study where they observed that variations in the level of firms' compliance with IFRS exist among Ghanaian public companies, thus confirming TRC predictions that "*100% compliance to any standard or rule is rarely obtainable.*"

4. Conclusions and recommendations

Considering the intent of the objective to this study which maintained absolute focus at understanding whether the compliance quality of manufacturing companies listed on the floors of the Nigerian and Ghana Stock Exchanges to IFRS minimum disclosure requirements differed, the study is dissuaded to conclude that the strength of compliance and passionate/mandatory implementation of IFRS disclosure requirements in both countries are the same. This observed difference in the quality of compliance upheld by both countries with Nigeria's better off than those of Ghana readily goes to reveal to a greater extent, the unique possible difference between both countries' regulatory framework to IFRS implementation and the quality of monitory/supervisory role played by their respective regulatory bodies. This equally means that the issue of cross border listing between Nigeria and Ghana could be threatened.

It is therefore recommended that regulatory effort be intensified by relevant Accounting or financial reporting regulatory bodies in Ghana and Nigeria to revisit their respective legal and regulatory framework towards achieving full compliance among listed companies on the floor of the Ghana and Nigerian Stock Exchanges. More so, Nigerian and Ghana Stock Exchanges should adopt/uphold companies' proven consistent full compliance with the minimum disclosure requirements of IFRS as part of their prerequisites for their continuous listing on the floor of the Exchanges given the imminent negative effect such negligence could have on cross-border listings and foreign direct investment decisions of potential international investors. A situation whereby the IFRS financial reporting practices of conglomerate companies operating in both countries are seen to differ is not a good representation of quality compliance and prevalence of effective monitory/oversight function.

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