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Creative Accounting Practices among Nigeria Listed Commercial Banks: Curtailing Effect of IFRS Adoption

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Abstract
This study examined creative accounting practices among Nigeria listed commercial banks: curtailing effects of IFRS. Specifically, it examined the effect of IFRS recognition, IFRS measurement and IFRS disclosure requirements on creative accounting practices. The population of the study comprised of all the fifteen (15) listed commercial banks as at July, 2016, located in Akure, Ondo State. Simple random sampling technique was adopted to select the sample size of ten (10) listed commercial banks, out of the fifteen (15) listed in Nigeria Stock Exchange (NSE). The study made use of primary data obtained through questionnaire administered to 98 respondents of the ten (10) sampled listed commercial banks. The said primary data was analysed using quantitative approach through Statistical Package for Social Science (SPSS)- Version 21 software. The formulated hypotheses were tested using Multiple Regression Model method. Result shows that in (Ho_1) P-value (0.000) < α (38.342) and F-value (38.342) > the critical value F^* (2.829), hence, the hypothesis is rejected. Additionally, it was observed from hypothesis two (Ho_2), that the P-value (0.004) < α (32.871) and F-value (32.871) > the critical value F^* (2.829). This means that the hypothesis is also rejected. In respect of hypothesis three (Ho_3), the P-value (0.001) < α (42.717) and F-value (42.717) > value F^* (2.829) .This is an indication that the hypotheses cannot be accepted. The study, therefore, concludes that compliance with IFRS recognition, measurement and disclosure requirements each has significant effects on curtailing creative accounting (manipulation of assets and equity values, income and expenses figures and non-timely recognition of losses) practices among Nigeria listed commercial banks. It was therefore recommended that each bank should continue to educate, train and re-train their staff to refresh their knowledge on application of IFRS requirements and on emerging issues on IFRS. Additionally, each commercial bank should allow local preparation of the annual financial statements of the branch, for further consolidation at the head office. It is expected that the conclusions drawn from the study and recommendations made thereof will benefit other private sector entities in Nigeria and other nations of the world.
Keywords: Creative Accounting, Listed Commercial Banks, IFRS Recognition, Measurement and Disclosure Requirements, Assets and Equities.

1.1 Introduction

Creative accounting practices occur because management has the discretion to choose accounting principles in preparing financial statements (Barth, Landsman & Lang, 2006). This is as a result of loopholes created by the accounting rules that are often exploited by managers to generate undeserved and undue benefits. The numerous corporate failures therefore are indication of lapses in the corporate accounting information disclosure practices among corporations globally, Nigeria inclusive. This has had derogative effects on the integrity of financial reporting and the audit profession. This captures the views of Arowoshegbe & Okunbor (2014), which observed that judging from the global financial scandals; the Financial Reporting Council of Nigeria (FRCoN) asserts that it is obvious that nations have strained the present system of the differential national accounting standards to its limit by managers. Thus, here enforcement of accounting rules and regulations is weak, creative accounting is common (Baralexis, 2004). Creative accounting atitudes had resulted in the loss of several billions dollars in investment by shareholders and other investors. These collapses arose from accounting scandals in form of fraud, irregularities, material misstatements, involving major corporations such as Enron, Worldcom, Parmalat, Freddie Mac, American Insurance Group (AIG), Bernie Modott and the like. The incessant corporate failures led to the adoption of Sarbanes – Oxley Act (2002) by USA in July, 2002. The Act applied to all public companies whose stocks are traded in USA and was designed to avoid serious accounting problems in the future. Therefore, good accounting standards that can limit the opportunistic discretion and may result in accounting earnings that are more reflective of a company's underlying economic end and, are of higher quality is required (Jeanjean & Stolowy, 2008). Hence, the need for the adoption of financial reporting that may curtail these ugly trends of financial crises made the International Accounting Standard Board (IASB) to pronounce International Financial Reporting Standards (IFRS) in the year 2001. Ikpefan & Akande (2012) opined that IFRS has indeed shaped accounting framework by its provisions for recognition, measurement, presentation and disclosure requirements relating to transactions and events that are reflected in the financial statements.

It was anticipated that accounting figures generated in accordance with IFRS are of higher quality than those determined in line with domestic Generally Accepted Accounting Principles (GAAP). As a result, the expected benefits of IFRS are compelling, as the use of one set of high quality accounting standards by companies across the globe has the potential to improve the comparability and transparency of financial information and leave few or no options for creative accounting tendencies. Consequently, this study is aimed at examining creative accounting practices among Nigerian listed companies and the curbing effects of IFRS adoption, with emphasis on the Nigerian commercial banks.

1.2 Statement of the problem

Previous Studies have shown that creative accounting practices occurs because management has the discretion to choose accounting principles in preparing financial statements (Barth, Landsman & Lang, 2006). The numerous corporate failures therefore are indication of lapses in the corporate accounting information disclosure practices among corporations globally, Nigeria inclusive. This has had derogative effects on the integrity of financial reporting and the audit profession. Other harmeful effects of corporate scandals include massive loss of investors' fund, loss of jobs, disruption of capital market and reduction in the National Gross Domestic Product(GDP) of the Nation.

Furthermore, as Nigeria joined the nations of the world to adopt IFRS, aimed among other things to promote financial information transparency, it is desirable to examine empirically, the effects of IFRS in curtailing creative accounting among Nigeria listed commercial banks, However, several studies have been conducted on the concept of creative accounting and also on the concept of IFRS adoption both in Nigeria and other countries. Below are some notable scholars that have carried out empirical studies on creative accounting and IFRS adoption in Nigeria.

Osazevbaru (2012) examined creative accounting and firm's market value in Nigeria. The study concluded that many banks in Nigeria indulged in creative accounting by direct lending to shareholders to buy the bank's shares in order to sustain demand pressure to cause unabated price rise without appreciation in capital base. Additionally, Akenbor & Ibanichuka (2012), researched into the reasons for creative accounting practise in Nigeria banking sector and found out that the main reason is to raise market value of share.

Sanusi & Izadonmi (2013) observed that reason the creative accounting in Nigerian commercial banks is to boost the market value of share. In year 2014,

Sequel to the empirical studies discussed above, it is obvious that no empirical studies has been carried out to examine the specific effects of IFRS adoption in curtailing creative accounting variables (manipulation of assets and equities, income and expenses figures, non-timely recorgnition of losses, suppression of liabilities etc) particularly in Nigerian banking sector. Thus the result from this study will fill the gap existing in the literature relating to the concept of creative accounting and IFRS adoption.

1.3 Research Questions

The following research questions will be considered for this research work

Can IFRS recognition requirements have significantly curtailed manipulation of assets/ equities, income /expenses figures and non-timely recognition of losses among Nigerian listed commercial banks?

How does IFRS measurement requirements have significant effect on manipulation assets/equities income/expenses figures and non-timely recognition of losses among Nigeria listed commercial banks?

To what extent can IFRS disclosure requirements contribute to effectively curbing the manipulation of assets. equities, income / expenses figures and non-timely recognition of losses among Nigeria listed commercial banks?

1.4 Objectives of the Study

The main objective of the study is to examine creative accounting among Nigerian listed commercial banks, and the curbing effect of IFRS adoption. The specific objectives are to examine

(i) the extent to which IFRS recognition requirements have curtailed manipulation of assets/ equities, income/expenses figures and non-timely recognition of losses among Nigerian commercial banks.

(ii) whether IFRS measurement requirements have curtailed manipulation of assets / equities, income / expenses figures and non-timely recognition of losses among Nigeria listed commercial banks.

(iii) the Effectiveness of IFRS disclosure requirements in curtailing manipulation of assets / equities, income/expenses figures and non-timely recognition of losses among Nigeria listed banks.

1.5 Research Hypotheses

The following hypotheses were developed and tested as appropriate:

H_1 - IFRS recognition requirements have not significantly curtailed manipulation of assets/ equities, income /expenses figures and non-timely recognition of losses among Nigerian listed commercial banks.

H_2 - IFRS measurement requirements have no significant effect on manipulation assets /equities, income /expenses figures and non-timely recognition of losses among Nigerian listed commercial banks.

H_3 - IFRS disclosure requirements are not significantly effective in curbing manipulation of assets. equities, income / expenses figures and non-timely recognition of losses among Nigeria listed commercial banks.

2.0 Literature review

2.1.1 Conceptual framework

According to Pricewaterhouse Coppers (2015), IFRS refer to a series of accounting pronouncements published by the IASB, to help prepares financial statement through out the world, produce and present high quality, transparent and comparable financial information. Although basic accounting principles such as the accrual basis and the going-concern assumption are widely accepted, the application of these principles in different economic and cultural environment has led to significant differences as to how accountants reports similar transactions. Local differences exist in, for examples, the treatment of goodwill, borrowing costs, measurement of impairment, and the treatment of deferred taxes. For entities that are globally active, these differences in financial reporting requirements create extra complication in terms of preparing, consolidating, interpreting and auditing of financial statements.

2.1.2 Component of IFRS

BDO International (2016), stated that as at 15th January, 2016, IFRS comprises of;

- 16 International Financial Reporting Standards (IFRS) -standards issued after 2001.
- 28 International Accounting Standards (IAS) - standards issued before 2001.
- 18 International Financial Reporting Interpretations (IFRI) - committee interpretations issued after 2001.
- 8 Standing Interpretations Committee (SIC) - issued before 2001, and
- Framework for the Preparation and Presentation of Financial Statements.

2.1.3 Evolution of International Financial Reporting Standards (IFRS) and its Adoption in Nigeria

The origin of IFRS dated back to 1973 with the formation of the International Accounting Standards Committee (IASC), against the backdrop of developing a single set of international accounting standards to meet the demand for the globalisation and financial information that is transparent and comparable and to curb the tide of incessant financial scandals. Thereof, IASC was restructured on 1st April, 2001 through the creation of International Accounting Standard Board (IASB). IASB is responsible for developing in the public interest, a single set of high quality, understandable and enforceable global accounting standards. The resultant effect was the move towards convergence of domestic GAAP with the IFRS. In Nigeria, NASB inaugurated a Stakeholders' Committee on the Roadmap to the Adoption of IFRS in October 22nd, 2009. Therefore, in July, 2010, the Nigerian Federal Executive Council approved the roadmap to the adoption of IFRS in Nigeria. It was iterated that the Nigerian National Accounting Standards be converged with IFRS through a Phased Transition effective 1st January, 2012. The transition is a three phase programme. Phase 1 relates to the publicly listed entities and significant public interest entities. They are to prepare their financial statements using applicable IFRS by 1st January, 2012. Impressively, among Nigerian companies, commercial banks were the first to complete the transition and have adopted the standards for their reporting.

2.1.4 Benefits of IFRS

It is envisaged that the adoption of IFRS will benefit investors and other users of financial statements by reducing cost of comparing alternative investment and increasing the quality of information. According to Chakrabarly (2011), IFRS is set to achieve three main objectives;

(i) assisting in standardising the diverse accounting policies existing around the world and eliminate the incomparability of financial reporting within and across entities.
(ii) facilitate the presentation of high quality, transparent and comparable financial reporting.
(iii) reduce accounting principles alternatives, thus eliminating the element of subjectivity (creative accounting tendencies).

2.1.5 Concept of Creative Accounting

Kamal (1992), defined creative accounting as the transformation of financial accounting figures from what they actually are to the prepare desires by taking advantage of the existing rules and/or ignoring some or all of them. From the foregoing definition, Nadim (2013), observed that creative accounting is practiced in order to match the interest among parties. Various parties in the society seek to maximise their own interest. Managers wish to pay less tax possible and to report huge profits so they can earn good bonus. Shareholders interest is to earn good dividend, while employees wish to get improved salary and job security, while government wants to collect taxes. Richard, Myrtle & Jack (2008), therefore concluded that creative accounting is any accounting method that fails to conform to the GAAP or prescribed standards and guidelines

2.1.6 Factors Motivating Creative Accounting

Several factors encourage managers to indulge in creative accounting practices. Such factors include;

(i) Separation of ownership from management - Once management and owners are separated, (i.e an agency relationship exists between the owner(s) and the manager(s) of the entity), there is pressure on management to report positive or flattering results to those who have an interest or potential interest in the

business.

(ii) Vagueness of accounting rules/guidelines - Legislation and accounting rules or guidelines that are set to guide accounting practices are often framed in vague and flexible terms. These rules and standards aim only at narrowing down the available options, thereby providing for consistent application at the expense of standardised usage. This is aggravated by tenuous and undefined concepts like "*true"* and "*fair"* and "*materiality"*. These concepts leave a lot of room for subjective judgement and manoeuvre in practice.

(iii) To Meet Internal Targets -The managers do create accounting figures in order to meet targets set by higher management with respect to sale, profitability and share prices.

(iv) To Meet External Expectations – Dilip (2006) argued that creative accounting is also motivated by the conflicts of interest among different interest groups. Entities do face many expectations from its employees,

(v) To obtain an ISPO for a Loan -The window dressing can also be done to favour corporate events such as issuance of Irrevocable Standing Payment Order (ISPO) before taking a loan or in acquisition bid. Reports have it that the tendency of firms nearing violation of debt covenants is twice or thrice to make income increasing accounting policy changes, than other companies.

(vi) Taxation - Creative accounting may also be a result of desire for some tax benefits. .

2.1.7 Modes of Creative Accounting

Below are few examples of creative accounting tools used to inflate or smooth income flows;

(i) Income smoothing - Is the process of reducing the reported profits of a business in good periods and deferring them to loss making periods in an effort to portray a 'stable' income stream over the years. According to Richard, Myrtle & Jack (2008), this is possible because of the flexibility of the matching concept and because breaking down the results of a business venture into financial periods is not always appropriate. One of the many reasons for income smoothing is that investors prefer a smoothed income flow because it supposedly reflects stability, strength and growth within a company.

(ii) Window dressing and secret reserves - Window dressing is the process of adjusting the financial statements of a company to achieve the maximum effect on its financial position at a particular date. Practically any item on the financial statement can be manipulated to portray a desired picture (Richard, Myrtle & Jack (2008). For example, adjustments can be made to the allocation of expenses between different periods. Current assets and liabilities can be stated either as gross figures or net of discounts. A company intending to take out a loan may inflate its sales figures by selling to its related companies.

(iii) Off-balance sheet financing - In off balance sheet financing, a company increased borrowing is not reflected in the financial statements. This enables the company to show better gearing ratios, obtain additional borrowing, while still maintaining its gearing limits with its lenders.

2.1.8 Effects of Creative Accounting

The effects can be viewed from three (3) main perspectives: the shareholders, the bank, and the economy.

The shareholders' perspective –The Chief Executives and Directors of banks manage investments on behalf of the shareholders for maximum returns, through dividend payouts and capital appreciation. Appreciation in shareholders wealth is measured by the Earning Per Share (EPS). Sadly, bank managers deceive the shareholders by manipulating the EPS above the reality, thereby given the shareholders the false impression that their investments have been growing steadily. The investors are therefore misled into taking wrong investment decisions as they rely on the accounts/Financial statement.

The banks' perspective – Ijeoma (2014), in his study of the effect of creative accounting on the Nigerian banking industry, concluded that one of the key reasons for creative accounting practice in Nigeria banking industry is to help maintain or boast the share price by reducing the true level of borrowing, making the bank appear less risky for investment and for having good profit trend. Gherai & Balaciu (2011), observed that a firm that indulge in creative accounting practices is at risk, as its (practices) allows a firm short term benefits and at the end, such firm is a victim of scandal. Thus, firms loose 30% of their market value on the average, when financial misrepresentations are publicity disclosed, (Karpoff, Lee & Martin, 2008). Therefore, whenever the creative accounting behaviours are exposed, the bank loses integrity and the confidence of investors and that of the general public. Existing investors are lost, while there is difficulty in attracting potential (new) investors. Such banks may be distressed and eventually collapsed.

The economy's perspective - Akenbor & Ibanichuka (2012), observed that banks involve in a deliberate non-disclosure of information and manipulation of accounting figures to either make the business appear to be more profitable or less profitable for tax purpose. They further observed that Nigerian government has lost over the years, billions of naira in tax revenue under shady hand dealings designed by bank managers to corruptly evade taxes. Therefore, a creative accounting technique targeted by banks towards evading taxes has denied the Nigerian economy the much needed revenue for sustainable growth and development.

2.1.9 Creative Accounting and curtailing effects of International Financial Reporting Standards(IFRS)

Individual nation's GAAP had failed to achieve faithful (transparent) presentation of entities economic phenomena in words and numbers for transparent and comparable financial statements. The adoption and implementation of

IFRS in year 2001 is to fill this gap. Thus, IFRS adoption is to ensure preparation and presentation of financial statements that is understandable, comparable, verifiable and transparent in order to curb creative accounting practices and incessant collapse of corporate entities.

Rotteir & Veron (2012), pointed out that central to presentation of transparent financial statements under IFRS are the concepts of *recognition; measurement* and *disclosure* of elements included in the financial statements. IFRS provides that elements of financial statements in terms of assets, liabilities, income and revenue be appropriately classified and recognised, objectively measured and adequately disclosed for the benefit of economic decisions of both present and potential investors, lenders and other creditors (Spiceland, Sepe & Tomassini, 2007).

2.1.10 Elements of Financial Statements

Framework (F) 4.4 identified assets, liabilities and equities as elements that directly related to the statement of financial position, while Framework (F) 4.25 recognised income and expenses as elements that are directly related to the statement of comprehensive income. The framework further provides that the cash flow statements should reflect both income statement elements and some changes in the statement of financial position elements.

2.1.11 Recognition of the elements of financial statements

Recognition is the process of incorporating in the statement of financial position or income statement an item that meets the definition of an element and satisfies the following criteria for recognition, [F 4.37 and F 4.38]:

(i) it is probable that any future economic benefit associated with the item will flow to or from the entity; and
(ii) the item's cost or value can be measured with reliability.

2.1.12 Measurement of the elements of financial statements

According to Framework (F) 4.54, measurement involves assigning monetary amounts at which the elements of the financial statements are to be recognised and reported. The IFRS Framework acknowledges that a variety of measurement bases are used today and in varying combinations in financial statements. They include; historical cost, current cost, net realisable (settlement) value, and present value (discounted) The IFRS framework does not include principles for selecting which measurement basis should be used for particular elements of financial statements or in particular circumstances. Individual standards and interpretations do provide this guidance.

2.1.13 Disclosures requirements

A disclosure is an additional information attached to an entity's financial statements, usually as explanation for activities which have significantly influenced the entity's financial results. IFRS provides for both quantitative and qualitative disclosures. Quantitative disclosures are data related e.g. summary of numeric data about exposure to risk based on information provided by key management (IFRS 7 Financial Instrument: Disclosures), while qualitative disclosures are non-data related, example is exposure to risk and how it arises (IFRS 7 Financial Instrument: Disclosures).

2.2 Theoretical Framework

There are several theories underpinning the study of creative accounting practices. Nevertheless, this study reviews the agency theory, stakeholder theory, information asymmetric theory, and the debt covenant theory.

2.2.1 Agency theory

Vladu & Madis (2010), assert that agency theory is the dominant theory in the study of creative accounting. In legal entity, ownership is separated from management. The owners (shareholders) being the principal, hire managers (directors) as the agent to manage shareholders investments. Sydserff & Weetman (1999), pointed out that due to the conflict of interest between shareholders and the directors in the sharing of economic resources, directors are capable of engaging in opportunistic behaviour, hence managers are not objective in preparing accounting statements in stewardship to the shareholders, resulting in information asymmetric between principal and agent.

2.2.2 Stakeholders theory

This theory supports the statement that firms' financial statements are prepared in response to demand and interest of various groups of stakeholders – employees, customers, government agencies, analysts etc. Managers are therefore under pressure to manipulate accounting figures with the aim of changing the perceptions of a given group of stakeholders.

2.2.3 Information asymmetric theory

Warfield, Wild & Wild (1995), carried out sample testing of information asymmetry hypothesis and concluded that a significant positive relationship exist between creative accounting and information asymmetry. Additionally, their result argued that the greater the information asymmetry between managers and shareholders, the higher the likelihood the company is involved in creative accounting.

2.2.4 Debt Covenant theory

The fundamental of the theory is that firms with huge debts have high incentive to indulge in creative accounting so as not to breach their debt covenants. , DeFond & Jiambalvo (1994), as cited in Alexandra (2006), found out that companies who may not fulfil debt covenants smooth income in the year before the violation through the use of accruals. This indicated that companies indulge in creative accounting to deter possible failure of debt covenants

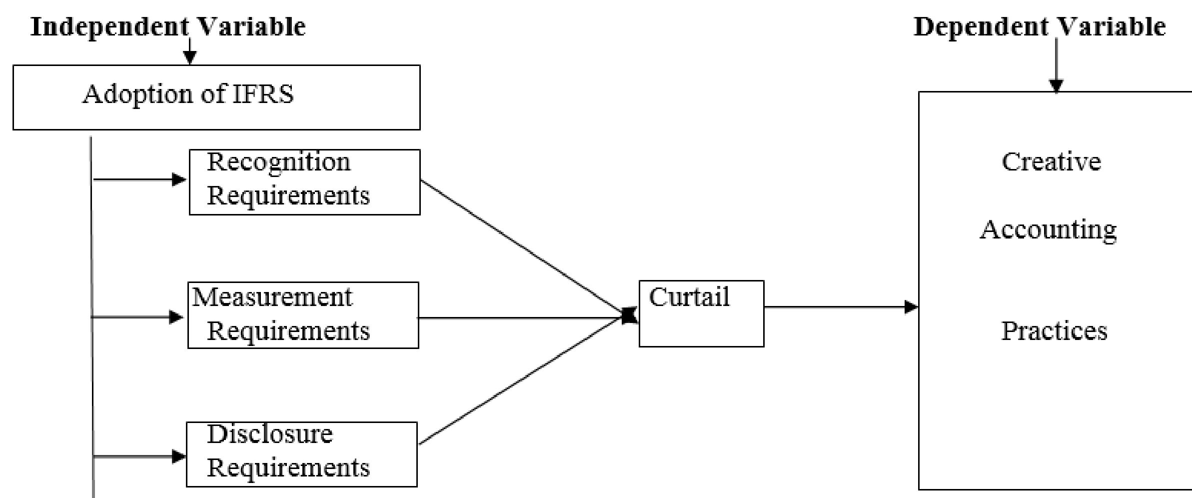
into the future.

2.3 Empirical Review

Several researches have been conducted on the subject of creative accounting in relation to the operations of listed companies all over the world. With the adoption of IFRS various studies have also attempted to examine the effects of IFRS on the quality of financial statements, value relevance of accounting information and levels of compliance. Beatty, Chamberlain & Magliolo (1995), in their studies "managing financial reports of commercial banks: the influence of regulatory capital and earnings" found compelling, evidence of income smoothing (creative accounting) through accruals in banks and insurers. Akenbor & Ibanichuka (2012), examined reasons for creative accounting practice in Nigeria banking sector, they found out that the primary reason for creative accounting behaviour in banks is to boost market value of shares. Furthermore, in Sweden, Paananen (2008), cited in Umoren & Enang (2015), researched into whether the quality of financial reporting has increased after the adoption of IFRS. His variables for determining accounting quality include measures of earning smoothing, timeliness and association to share prices. It was observed that the measures showed a reduction in the accounting quality of the IFRS adoption. Following the adoption of IFRS by EU banks in 2005, Leventis, Dimitropoulos and Anandarajan (2011), studied ninety-one (91) EU listed banks from 1997 – 2008. They reported that earnings management using loan loss provisions is lower after adoption of IFRS in 2005.

Empirical analysis of the effect of IFRS adoption on accounting practices in Nigeria carried out by Taiwo & Adejare (2014), showed that there is a strong positive relationship between the adoption of IFRS and financial statement format including indication that the application of IFRS has reduced earnings management cost.. Adekunle & Taiwo (2013), investigated the financial reporting practices and banks stability in Nigeria. The study used data obtained from in-depth content analysis of published annual reports and accounts between 2005 - 2009 of thirteen (13) out of the twenty one (21) banks quoted on the Nigeria Stock Exchange. The study revealed a higher level of compliance with the mandatory disclosure requirements for banks by scoring high on the Compliance Disclosure Index (CDI) with mean in excess of 90%. However, Zango, Kamardin & Ishak (2015), examined compliance with IFRS by listed banks in Nigeria, a developing country. Findings from the study revealed non-compliance with disclosure requirements. It further showed that compliance is above average for the two (2) years (2012 and 2013) under study, an improvement is recorded if the two years of the study are compared.

Fig. 1.1: Conceptual Model: Relationship between the Dependent and Independent Variables



Source: Conceptualised from the literature review

2.4 METHODOLOGY

The study concentrated on ten (10) out of the fifteen (15) listed commercial banks operating within the territorial boundary of Akure, the Ondo State capital.. The population of the study consists of all the commercial banks listed in the Nigeria Stock Exchange (NSE) as at November, 2016. Simple random sampling technique was adopted to select the sampled ten (10) listed banks.

The population sample of 98 respondents was drawn from 130 core banking staff. The samples respondents comprises of: Branch Managers (16), Branch Accountants (16), Branch Head of Operations (16), Compliance Officers (16) and Operations and Marketing Officers (34). The sample size was determined using the formula developed by Taro-Yamane (1967) denoted by

$$n = N / [1 + (Ne^2)].$$

The study variables comprise of both the independent and dependent variables. The independent variables

are the IFRS recognition, IFRS measurement and IFRS disclosure requirements, while the dependent variable is the manipulation of accounting figures relating to assets / equities, income / expenses and non-timely in recognition of losses.

The primary data used was obtained, through the instrument of questionnaire administered to the 98 respondents (banks core banking staffs). In all 89 responses were retrieved given a response rate of 90.82%**.** The questionnaire which was designed using 5-point likert scale format, comprised of sections A-D. Section A covers the demographical information, while section B deals with the effect of IFRS recognition requirements on the manipulation of accounting figures. Section C sought to obtain data regarding the perceived effects of compliance with IFRS measurement requirements on manipulation of financial statement elements examined. While Section D sought to find out the effectiveness of compliance with IFRS disclosure requirements in curtailing accounting data manipulation behaviour. Survey research design was adopted, while qualitative approach using, simple percentage was used to analyse the primary data with the aid of Special Package for Social Sciences (SPSS), - Version 21 software. The hypotheses were tested with Multiple Regression Model.

Multiple Regression Model Decision Rules.

In order to determine the rejection or otherwise of the tested hypothesis, both decision rules **1** and **2** must be satisfied.

Decision rule 1: If P-value **<** **α**, reject the hypothesis, accept if P- value **>** **α**

Decision rule 2: Reject the hypothesis if Fisher-value (F) > critical value F*, accept if F- value < critical value F*.

Testing of Hypothesis

Hypothesis One (H_1) - IFRS recognition requirements have not significantly curtailed manipulation of assets/equities, income /expenses figures and non-timely recognition of losses among Nigerian listed commercial banks.

Table 1.0: Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F-Statistic (P-Value)
1	.541[a]	.292	.286	5.13152	1.532	38.342 (0.000)

a. Predictors: (Constant), IFRS recognition requirements.
b. Dependent Variable: manipulation of assets and equities, income and expenses and non-timely recognition of losses.

Source: Author's computation, 2017

Table 2.0: ANOVA[B]

Model	Sum of Squares	Degree of Freedom	Mean Square	F	Sig.
Regression	1197.486	1	1197.486	38.342	0.000[b]
1 Residual	2896.577	110	26.333		
Total	4094.063	111			

a. Dependent Variable: manipulation of assets and equities, income and expenses figures and non-timely recognition of losses.
b. Predictors: (Constant), IFRS recognition requirements.

Source: Author's computation, 2017

Interpretation: Since x (1,110)= (38.342) P-value **< α** (38.342) and Fisher F-value (F) (32.871) > the critical value (F*) (2.829) .The null hypothesis is rejected.

Hypothesis Two (H_2) - IFRS measurement requirements have no significant effects on manipulation of assets/ equities, income /expenses figures and non-timely recognition of losses among Nigerian listed commercial banks.

Table 3.0: Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F-Statistic (P-Value)
2	.533[b]	.284	.278	5.16187	1 .467	32.871 (0.004)

a. Predictors: (Constant), IFRS measurement requirements.
b. Dependent Variable: manipulation of assets and equities, income and expenses figures and non-timely recognition of losses.

Source: Author's computation, 2017

Table 4.0: ANOVA[b]

Model	Sum of Squares	Degree of Freedom	Mean Square	F	Sig.
Regression 2 Residual Total	163.118 2930.944 4094.063	1 110 111	1163.118 26.645	32.871	0.000[b]

a. Dependent Variable: manipulation of assets and equities, income and expenses figures and non-timely recognition of losses.
b. Predictors: (Constant), IFRS measurement requirements.

Source: Author's computation, 2017.

Interpretation: X (1, 110) = 32.871, thus, p-value (0.004) < ***α** (32.871)*, while Fisher F-value (F) (32.871) > the critical value F* (32.871). Thus, hypothesis should be rejected.

Hypothesis Three (H_3) - IFRS disclosure requirements have not been significantly effective in curtailing manipulation of assets /equities, income/expenses figures and non-timely recognition among Nigeria listed commercial banks

Table 5.0: Model Summary[a]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F-Statistic (P-Value)
3	.550[c]	.303	.296	5.09406	1.487	42.717 (0.001)

a. Predictors: (Constant), IFRS disclosure requirements.
b. Dependent Variable: manipulation of assets and equities, income and expenses figures and non-timely recognition of losses.

Source: Author's computation, 2017.

Table 6.0: ANOVA[b]

Model	Sum of Squares	Degree of Freedom	Mean Square	F	Sig.
Regression 3 Residual Total	1239.628 2854.434 4094.063	110 111	1239.628 25.949	42.717	0.000[b]

a. Dependent Variable: manipulation of assets and equities, income and expenses figures and non-timely recognition of losses.
b. Predictors: (Constant), compliance with IFRS disclosure requirements.

Source: Author's computation, 2017.

Interpretation The x (1, 110) = 42.717, while p-value (0.0001) < ***α*** (42.717). Furthermore Fisher F-value (F) (42.717) > the critical value F* (42.717), the hypothesis is therefore rejected.

2.5 Discussion of Findings

Table 1.0 shows the result of the analysis in respect of hypothesis one (H_1) where P-value (0.000) < **α** (38.342) and F-value (38.342) > the critical value F^* (2.829) ,on this premise the hypothesis is rejected. This asserts that IFRS recognition requirements have significant curtailing effects on manipulation of financial statements elements tested and on the non-timely recognition of losses among Nigerian listed commercial banks. Also table 2.0 depicts the results relating to testing of hypothesis two (H_2). The outcome indicates that the P-value (0.004) < **α** (32.871) while F-value (32.871) > the critical value F^* (2.829). This also means that the hypothesis is rejected. This further shows that IFRS measurement requirements have significant effect on manipulation of elements of financial statements examined and non -timely recognition of losses among Nigerian listed commercial banks. The results of H_1 and H_2 are in consistent with the studies of Leventis, Dimitropoulos and Anandarajan (2011), which examined earning management practices in 91 EU listed banks from 1997 – 2008. The study observed that creative accounting using loan loss provisions is lower after IFRS adoption in 2005. And that of Umoren and Enang (2015) on IFRS adoption and value relevance of financial statements of Nigerian listed banks, which observed an improvement in earning per share, books value of equity and share prices of commercial banks followings IFRS adoption.

The results depicted in table 5.0, which shows that P-Value (0.001) < **α** (42.717) and F-value (42.717) > value F^* (2.829). The conclusion is that disclosure requirements have been significantly effective in curtailing creative accounting among Nigerian listed commercial banks. The outcome is also in line with that of Adekunle & Taiwo (2013), in the study conducted on the financial reporting practices and banks stability in Nigeria, using data obtained from in-depth content analysis of published annual reports and accounts between 2005-2009 of thirteen (13) out of twenty-one (21) quoted banks on the Nigeria Stock Exchange . The study revealed higher level of compliance with mandatory disclosure requirements for banks by scoring high on the Compliance Disclosure

Index (CDI), with mean in excess of 90%.

2.6 Conclusion

The empirical results showed that financial statements elements – assets, equities, income and expenses of the reporting entities are now being properly recognised, appropriately measured and adequately disclosed in the financial statements, thereby limiting manipulation of accounting figures practices among the Nigerian listed commercial banks. Furthermore, the study concluded that timely recognition of incurred losses has improved.

2.7 RECOMMENDATIONS:

Sequel to the findings from this study, it is recommended that:

(i) Nigeria listed commercial banks should continue to train and re-train their staffs in order to refresh their knowledge on appropriate application of IFRS requirements for the preparation and presentation of financial statements of their respective banks. This will further equip banking staff with emerging issues on IFRS adoption.

(ii) The head offices of Nigeria listed banks should put in place a system that would allow each branch prepare its detailed annual financial statements, for further consolidation into unified financial statements at the head office. This will make every core banking staff appreciate the practicality of the application of IFRS to financial statements preparation and presentation.

(iii) The FRCoN in conjunction with CBN and other regulatory agencies should sustain the enforcement of compliance with the IFRS requirements to guarantee an enduring curtailment of creative accounting practices this is sacrosanct that where enforcement is weak, creative accounting is encouraged.

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