International Financial Reporting Standards (IFRS) Adoption and Financial Performance of Listed Industrial Goods Companies in Nigeria

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ABSTRACT

The adoption of IFRS is anticipated to enhance accounting quality and reduce profits unpredictability, hence this study investigated the significance of IFRS adoption on the financial performance of listed IGCs in Nigeria. The Ex-post facto research design was adopted. A sample size of thirteen (13) IGCs were used for this study while the data set measured pre-and post-IFRS's returns on equity (ROE), returns on assets (ROA) and earnings per share (EPS). The sampling criteria used was census technique. Secondary data (the annual reports and financial statements) were sourced of the listed IGCs from 2001 to 2011 for pre-IFRS and 2012 to 2022 for post-IFRS. This study used descriptive statistics and the paired samples test for equality of means to test the three hypotheses. The findings showed that there is no significant difference in ROE measurement using the pre- and post-IFRS ($t = -1.36$, $p>0.025$). In contrast, the second result revealed that there is a significant difference in ROA measurement in the pre- and post- IFRS ($t = -3.72$, $p<0.025$). Finally, the third result showed that there is a significant difference in EPS using the pre- and post- IFRS as obtained from the parameters which showed significant result ($t = -6.11$, $p<0.025$). This study concluded that there is no significant difference in ROE measurement using the pre- and post- IFRS of listed ICGs in Nigeria but there is a significant difference in ROA and EPS measurements in the pre and post IFRS as all the obtained parameters yield significant results of listed ICGs in Nigeria. This study recommended that board of directors and others in IG sector should give specific consideration to performance ratios such as ROE, ROA, EPS upon the adoption of IFRS.

Keywords: International Financial Reporting Standards, financial performance, returns on assets, returns on equity, earnings per share.

INTRODUCTION

Josina, et al (2024) asserted "that in the increasingly interconnected global economy, the harmonization of accounting standards has emerged as a critical issue for both practitioners and researchers. One of the most significant developments in this domain has been the widespread adoption of International Financial Reporting Standards (IFRSs)." According to Onah and Edeh (2024), "IIFRS serve as a globally recognized set of accounting principles and standards aimed at promoting uniformity, comparability, and consistency in the treatment and reporting of financial transactions worldwide." According to Hassan and Musa (2023), "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."

On the other hand, according to Abuh (2014) "the main objective of any financial reporting is affirmatively to communicate with the users, the true financial position of an enterprise in a summarized and standard form in order to facilitate understanding for economic and related decision-making processes." Before IFRS took its place, Statement of Accounting Standards (SAS) was the recognized norm in Nigerian practice. The sole difference between the IFRS and the SAS, in every way, is that the later exclusively functions in Nigeria. According to Abata and Amoo (2020), "more than 120 countries, including Nigeria, and African nations with the European Union (EU) member countries, have approved for use the IFRS developed by International Accounting Standard Board (IASB)."

According to Idowu and Bello (2021), the Nigerian government made an official announcement in 2010 on the adoption of IFRS. In order to provide legal backing for the standards' implementation, the Financial Reporting Council of Nigeria Act was passed in 2011. In other to prepare financial accounts for the year 2012, listed firms were obliged to use IFRS. In 2013 and 2014 respectively, other non-listed public companies and small and medium-sized enterprises were to convert for the first time (Idowu & Bello 2021). This led to Nigerian listed industrial goods firms, which are categorized as public enterprises, adopting IFRS.

This study is significant because it will help policy makers and directors of industrial goods companies, Financial Reporting Council of Nigeria (FRCN), Nigerian Exchange Group (NGX) and Security Exchange Commission (SEC) identify the importance of adopting IFRS. Professional associations like Institute of Chartered Accountants of Nigeria, Association of National Accountants of Nigeria, Association of Chartered Certified Accountants, and other stakeholders will also find this study to be very valuable because it will shed light on the effects of IFRS adoption in the Nigerian industrial goods sector, as previous studies have mostly focused on financial institutions, small and medium-sized enterprises (SMEs), fast-moving consumer goods and others.

Statement of Problem

According to Akinleye (2016) institutions have recently been forced to adopt accounting standards based on the International Financial Reporting Standard (IFRS) framework due to the injunction forcing Nigerian enterprises to publish their financial reports in line with IFRS. It is quite likely that a significant proportion of Nigerian businesses have followed this direction, hence the implementation of IFRS will impact a range of exogenous variables that impact different economic sectors. The adoption of IFRS as the worldwide accounting standards has affected several areas of financial reporting in a number of nations, including those in the European Union (EU) (Ityvayvar & Yua, 2023).

Many Nigerian and West African's authors have only investigated financial institutions, small and medium enterprises (SMEs), fast moving consumer goods and others with neglect of industrial goods sector, because of roles and contributions of this sector, there is the need to bring industrial goods companies to the list of existing studies. Prominent among the Nigerian authors who investigated IFRS adoption using financial institutions include Hassan & Musa (2023), Fatoki & Adekunle (2022), Fajuyagbe & Akinleye (2021), Nwaogwugwu (2020), Abata &Amoo (2020) etc. Those authors who studied IFRS outside Nigeria using financial imstitutions include Ma,et al (2022) and beyond financial institutions include: Ityavyar & Yua (2023); Odunsi & Ibikunle (2023); Odunsi (2022); Nwufo & Chima (2021), Yakubu (2021), Lawal et al (2020) to mention just a few. Hence the study filled in sectorial gap of industrial goods companies. Also, this study adopted census technique which used all the observations of the samples or population. Another gap in this study was scope where the period covered ranges from 2002 to 2011 for pre IFRS and 2012 to 2022 for post IFRS. The importance of using IGCs is according to the perceive contribution of the industry stated by KPA (2022) which primarily deals with the process of creating goods. Therefore, various sectors, such as manufacturing and machinery, typically fall into this category. The sector is a heavily investible sector. The opportunities for industrial and capital goods include equipment used in the industrial and manufacturing sectors, such as machinery, fluid controllers, power tools, chemicals, IT hardware, and raw material inputs. Other industrial goods opportunities outside of the industrial sector include automotive spare parts, construction material, and household fixtures, such as lighting, piping systems, and paints.

The adoption of IFRS is anticipated to enhance accounting quality of financial reporting and reduces profitability unpredictability (Ityvayvar & Yua, 2023; Erin & Oduwole, 2019; Tanko, 2012). It is on this parameter that this study investigates the significance of IFRS adoption on the financial performance in relation to returns on equity, returns on assets and earnings per share of listed IGCs in Nigeria.

This study's primary goal is to determine if ICGs who adopted IFRS were able to compare their financial statements to those prepared under Nigerian Generally Accepted Accounting Practices (NGAAP). This research compared returns on equity (ROE), returns on assets (ROA), and profits per share (EPS) as if IFRS had been adopted earlier, with a focus on IFRS industrial goods in Nigeria before and after the changes. The study contrasted two approaches to the notion of "comparability" included in the IASB Conceptual Framework: the "Accounting System Comparability Approach" and the "Economic Outcomes Comparability Approach." The research compares the metrics for pre- and post-IFRS application periods and assesses the comparability of financial statements of IFRS companies in the industrial products industry and comparable enterprises. This study offers proof that the adoption of IFRS meets the objectives of those who have willingly embraced them and contributes to the availability of important data for international decision-makers.

Research Objectives

The main aim of this study was to investigate the difference between International Financial Reporting Standards (IFRS) adoption and financial performance of listed industrial goods companies in Nigeria, the specific objectives were to:

1. investigate if significant difference exists in returns on equity of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption.
2. examine whether significant difference exists in returns on assets of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption.
3. measure if significant difference exists in earnings per share of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption.

Research Questions

The research questions for this study were as follows:

1. is there any significant difference in returns on equity of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption?
2. does any significant difference in returns on assets of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption exist?
3. what significant difference in earnings per share of listed industrial goods companies in Nigeria exist between pre-IFRS and post-IFRS adoption?

Research Hypotheses

The research hypotheses to be tested for this study were as follows:

H_{01}: There is no significant difference in returns on equity of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption.

H_{02}: Significant difference in returns on assets of listed industrial goods companies in Nigeria does not exist between pre-IFRS and post-IFRS adoption.

H_{03}: There is no significant difference in earnings per share of listed industrial goods companies in Nigeria between pre-IFRS and post-IFRS adoption.

Scope of the Study

The study focused on listed industrial Goods Companies in Nigeria and the periods under investigation for pre-IFRS (NGAAP) is between 2001 – 2011 and 2012 – 2022 for post-IFRS. Also, the scope of the variables used are returns on equity, returns on assets and earnings per share for both pre IFRS also known as the NGAAP and the post IFRS periods. Ten (10) disclosure items that were taken and used in this study from IFRS include "the identification and components of financial statements, corporate information, compliance with international financial reporting standards, going concern, frequency of reporting, comparative information, consistency of presentation, date of authorization for issue, reconciliations, and repeated transition."

LITERATURE REVIEW

Conceptual Review

International Financial Reporting Standards

International Financial Reporting Standards is a set of international standards which offer guidance and knowledge on how businesses operating in a global economy which meet the requirements of accurate recording, comparability, transparency, uniformity, and public trust in financial reporting (Hassan & Musa, 2023; Tendeloo & Vanstraelen, 2005; Adeuja, 2015; IASB, 2007). Consequently, the financial reporting of the firms would be inconsistent, opaque, and skewed if they do not apply and publish IFRS. Bad accounting techniques and the distribution of financial data that isn't as helpful to stakeholders will result from this (Hassan & Musa, 2023; Mc Cahey & Mc Gregor, 2013).

Qualities of IFRS

Birt, et al. (2020) mentioned that "the two fundamental qualitative characteristics of financial reports under IFRS are relevance and faithful representation. The four enhancing qualitative characteristics are comparability, verifiability, timeliness and understandability."

Fundamental qualitative characteristics

Relevance

Relevance and faithful depiction are the two essential qualitative traits of financial reports filed under IFRS", according to Birt et al. (2020). "The attribute of relevance suggests that the data should be useful for users in assessing and forecasting their financial actions. The type and materiality of the information have an impact on its relevance. Information is relevant if leaving it out or reporting it incorrectly might affect how decisions are made. All information that is relevant to a specific business should be included in a financial report" (Birt, et al. 2020).

Faithful representation

"Financial information is implied to faithfully describe the phenomena it claims to represent by virtue of its attribute of faithful representation". According to Birt et al. (2020), "this representation suggests that the financial data is accurate, unbiased, and comprehensive."

Enhancing qualitative characteristics

Comparability

"Users of financial statements should be able to compare different elements of an entity across time as well as between entities at different points in time, according to the comparability characteristic. As a result, all transactions and events should be measured and shown consistently throughout an organisation, or if they are measured or displayed differently, they should be properly explained." (Birt., et al. 2020).

Verifiability

"Verifiability is a quality that guarantees the information accurately portrays what it claims to represent. (Birt, et al. 2020)."

Timeliness

"When accounting information is timely, it indicates that all parties involved have access to it in time to make decisions. (Birt, et al. 2020)."

Understandability

"Understandability indicates that material has been categorised, described, and presented in a clear, succinct manner by those who prepared it. Assuming that readers of the financial reports had a "reasonable knowledge" of the company and its financial operations, the reports are created. (Birt, et al. 2020)."

Objectives of IFRS

The primary goal of IFRS, according to the IFRS Foundation (2011), "is to advance public awareness of a single set of global accounting standards that are of the highest calibre, comprehensible, and enforceable." These standards call for the provision of "high-caliber, transparent, and comparable information in financial statements and other financial reporting to assist users and participants in the global capital markets in making financial decisions." Other objectives are:

1. To encourage the implementation of such standards and their strict adherence in order to achieve the related goals.
2. To consider the unique requirements of emerging economies and small and medium-sized businesses as needed.
3. To achieve high-quality solutions by bringing together national accounting standards, international accounting standards, and IFRS.

Benefits of IFRS adoption

IFRSF (2024) stated that IFRS "will give investors better information about companies' financial performance and consistent anchor points for their analysis". According to the first school of thought, IFRS has had a positive effect on business in the following areas: increased comparability of accounting reports; reduced capital expenses; enhanced cross-country speculations; and improved transparency (De George, et al 2016). Adopting IFRS results in reduced managerial profit, timely loss recognition, increased income value relevance, and evidence of improved accounting quality. According to Barth, et al. (2019), the implementation of IFRS by businesses resulted in a restriction on earnings management, an increase in the prompt recognition of losses, and increased efficiency in reported earnings. These factors all contributed to a decline in a company's accounting quality. In his research, Barth, et al (2019). also noted that because businesses have intentionally adopted IFRS, there has been an increase in the quality of accounting. Effective asset and profits management serves as evidence that the knowledge asymmetry between managers and shareholders has decreased as a consequence. These alleged advantages, which highlight the possible advantages for financial reporting, international investment, and the general effectiveness of capital markets, are consistent with popular arguments in favour of IFRS implementation (Barth, et al., 2019).

Financial Reporting Council of Nigeria

The Nigerian Financial Reporting Council (FRC), formerly known as the Nigerian Accounting Standards Board (NASB), is the body responsible for establishing accounting standards in the country (Idowu & Bello, 2022). The primary duties were to develop, publish, and update Statements of Accounting Standards that corporations had to adhere to when preparing their financial statements, as well as to promote and enforce adherence to the standards, as specified in the act of July 10, 2003 (Idowu & Bello, 2022). "The International Accounting Standards Board (IASB) published many of the earlier standards developed by the International Accounting Standards Committee and its successor, the International Accounting Standards Board, even though it was more involved in enforcement than updating to the more recent International Financial Reporting Standards" (Idowu & Bello, 2022).

Nigerian Generally Accepted Accounting Principles (NGAAP)

Shopify (2022) stated that GAAP is a set of standards designed to facilitate transparency and consistency in communicating financial information. Okoye and Akenbor (2014) maintained that the framework for financial reporting include locally applicable accounting laws, regulations, rules and standards, that are determined by regulatory authorities such as the Nigerian Accounting Standard Board (NASB), which operates under a set of assumptions, principles, and constraints. Naija (2023) affirmed that NGAAP are "a set of accounting standards that are recognized and used by Nigerian businesses to prepare and present their financial statements."

Comparison IFRS with NGAAP,

According to Naija (2023), NGAAP were the primary accounting standards in Nigeria before the adoption of IFRS. NGAAP followed a rule-based approach, while IFRS embraces a principle-based framework. IFRS provides more flexibility and allows for professional judgment, whereas NGAAP had more prescriptive rules. The adoption of IFRS in Nigeria has led to greater comparability of financial statements internationally.

Financial Performance

A strong financial judgement combined with a scientific assessment of a company's profitability determines its financial success. According IFRSF (2024), IFRS will give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. Financial performance will be used to evaluate a firm's overall financial health over a specific time period in addition to looking at sectors or industries collectively (Ayodeji, et al 2019). A company's success may be evaluated using a variety of financial metrics, such as return on equity (ROE), and return on asset (ROA), earnings per share (EPS).

1. Returns on equity (ROE)

Fernando (2024) stated that ROE is the division of net income by shareholders' equity, a measure of financial success. Since debt is subtracted from assets to determine owners' equity, ROE is also known as return on net assets. Fernando (2024) claims that "ROE is a gauge of a business's profitability and effectiveness in making a profit. The greater the ROE, the more successful a company's management is in generating growth and revenue from its equity funding. ROE is calculated by dividing net income as a percentage of total shareholder equity. ROE formula is:

Profit after tax / Total equity x 100%.

Profit after tax is the amount that is left over after deducting interest and taxes from total costs. Because it subtracts the majority of costs, this indication is the most conservative one that a company may look at when compared to other profitability metrics like operational income or gross income.

2. Returns on assets (ROA)

A business's financial success is determined by a scientific evaluation of its profitability and sound financial judgment. In addition to examining industries or sectors collectively, it is used to assess a firm's total financial health over a certain period of time (Ayodeji, et al 2019). ROA of publicly traded companies exhibit considerable variation, mostly driven by the industry in which they function. Accordingly, the ROA of a corporation may differ from that of a food and beverage company. Therefore, when considering ROA as a comparison statistic, it is best to assess it against the ROA of a similar firm or the previous ROA numbers of the business:

ROA = Profit after tax / Total assets x 100%

3. Earnings per share (EPS)

According to Prewysz-Kwinto and Voss (2017), EPS represents the proportion of profit (or loss) produced by an organisation within the specified reporting period, which can be attributed to both the weighted average number of ordinary shares and ordinary equity holders of the parent company. According to Wet (2013), EPS is still regarded as the most well-liked and often applied financial performance benchmark out there. One of the most significant financial statistics that helps investors choose which firm to invest in is earnings per share (Prewysz-Kwinto & Voss, 2017).

$$\textbf{EPS} = \frac{\textbf{Earnings after taxes - dividends on preference shares}}{\textbf{Weighted average number of ordinary shares}}$$

Theoretical Review

The Theory of Isomorphism

In organizational sociology, the idea and concept of isomorphism first appeared in the 1970s and 1980s, primarily via the work of Hawley (1968), Hannan and Freeman (1977), Meyer and Rowan (1977), and DiMaggio and Powell (1983). According to Antwi (2010), referenced in Abata & Amoo (2020), the notion of isomorphism describes the "constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions." In actuality, this notion suggests that an organization's characteristics may be somewhat adjusted to ensure consistency and compatibility with the organization's external surroundings. A greater number of external influences, including international financial organizations, foreign investors, and international accounting firms, have an impact on developing nations' adoption of IPSAS/IFRS and when IPSAS/IFRS is adopted, there potential influence on financial performance of entities that adopted the standards because a different methods or techniques would be used instead of the old ones. Institutions such as ANAN, ICAN, NGX, and others have exerted internal pressure, persuasion, or invitation to embrace IFRSs. Because of this, the financial system's insecurity and incapacity to match financial assets and obligations in terms of quantity and time may have forced the government to imitate other successful and legal public enterprises. The isomorphism theory forms the basis of our investigation.

Legitimacy Theory

The theory was propounded by Dowling and Pfeffer in 1975. It is based on the assumption that organizations' policies are in agreement with the policies of the larger society (Guthrie, Cuganesan& Ward, 2007; O'Donovan, 2000). Suchman (1995) describes legitimation as the process used by an organization to justify its right to exist. Thus, legitimacy strives to achieve congruence between the social values of an organization and the norms of acceptable behaviour in the larger social system. Joseph, et al (2023) asserted that legitimacy is socially constructed and mirrors a congruence between the behaviours of the entity seeking legitimacy and the shared or assumed values of the wider society. In international accounting literature particularly the IFRS adoption studies, the legitimacy theory is mostly used in conjunction with other theories when applied. Specifically, Guerreiro, et al (2012) relied on the legitimacy theory to provide insights into other reasons driving IFRS adoption other than perceive economic benefits. For instance, firms adopt IFRS to enhance their corporate image among peers and providers of funds given that adopting firms access to debt capital and improved debt negotiation which will impact of their financial performance (Joseph, et al 2023).

Empirical Review

The impact of International Financial Reporting Standards (IFRS) adoption on the financial performance of Nigerian listed manufacturing enterprises was examined by (Odunsi & Ibikunle, 2023) in a review of the literature. A total of 45 journal publications that were published between 2012 and 2021 were examined on the topic. The literature review used in the study was narrative. The review's main objective was to ascertain if there were any appreciable variations between local generally accepted accounting principles (GAAP) and IFRS-compliant financial statements utilized to compile the financial performance metrics of listed industrial companies operating in Nigeria. The second goal is to ascertain if financial performance metrics created using IFRS-compliant financial statements perform better than metrics created with local GAAP. Panel regression analysis was used to evaluate secondary data from annual reports of businesses listed on the Nigerian Exchange Group that were used in the reviewed research. The literature review indicates that local GAAP financial ratios are not as reliable as IFRS financial ratios as performance indicators. Subsequent analysis revealed that listed manufacturing companies operating in Nigeria's financial statements that were compliant with IFRS and local GAAP did not significantly differ from each other when it came to financial performance indicators, or financial ratios.

Ityavar and Yua (2023) investigated the impact of international financial reporting standards on the taxation and financial performance of five selected businesses in Nigeria's banking, industrial, and consumer goods sectors between 2009 and 2011 and the post-adoption period (2013-2020) of IFRS. Examining the impact of listed business profitability and IFRS adoption on the taxation of certain Nigerian enterprises was one of the study's main goals. The agency and signaling theories served as the study's foundation. Descriptive statistics and paired sample t-tests were also used in the study's data analysis. According to our research, the required use of IFRS has a major effect on the profitability of Nigerian listed companies, but it has little effect on the taxes of particular Nigerian listed companies. No discernible variations were seen in the effects of IFRS adoption on profitability evaluation amongst the principal industries of listed companies in Nigeria, nor in the correlations between the principal industries and taxes.

Fatoki and Adekunle (2022) looked at how the introduction of IFRS affected the performance of Deposit Money Banks (DMBs) in Nigeria. The study's variables included net profit margin (NPM) of the company growth proxy (dependent), earnings per share (EPS), statement of financial position (SFP), return on assets (ROA), and independent factors. Time series and secondary data sources were also utilised. The data was derived from the ten (10) years between 2011 and 2020 that were included in the annual reports of the selected deposit money institutions. Data was analysed using Ordinary Least Square (OLS) techniques with E-views version 09. A number of investigations were conducted, two of which were regression and unit root. The net profit margin (NPM) of Nigerian banks was shown to be largely influenced by return on assets (ROA), earnings per share (EPS), and the statement of financial position, while the lending rate had no effect on NPM.

Nwufo and Chima (2021) used data from all 21 banks that were listed as of December 31, 2016, on the Nigerian Stock Exchange to carry out an empirical study on the effect that the implementation of IFRS had on the performance of Nigerian listed companies. A multiple regression model with two robust performance metrics—growth and profitability—was used to assess the study's hypothesis. The research also carried out a pre- and post-study to see if there had been any discernible difference in the growth of listed banks in Nigeria following the adoption of IFRS. The paper states that there is no appreciable effect of IFRS adoption on the growth and profitability of Nigeria's listed banks. The study's findings also demonstrate that the expansion of Nigeria's listed banks both before and after IFRS adoption.

Using pre- and post-performance metrics, Ogundeyi and Siyanbola (2021) investigated "how the implementation of IFRS affected the corporate performance of certain banks listed on the Nigeria Stock Exchange. An ex post facto research design was used in this investigation. The data came from the 2006–2019 financial statements of nine publicly listed companies. The relevant regulatory agencies have already assessed the documents, and panel data regression, descriptive statistics, and inferential statistics were used to analyse the data. The findings indicate that the adoption of IFRS has a substantial effect on the liquidity of a subset of

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Nigerian deposit money institutions ($R2 = 0.40$, $F (3, 122) = 73.37$, $p = 0.000–0.050$). The study also discovered that the adoption of IFRS had a substantial effect on the return on asset of a limited number of Nigerian deposit money institutions ($R2 =0.94$, $F (3, 122) = 1927.01$, $p = 0.0000.050$). It has also been shown that the adoption of IFRS has had a significant influence on the capital adequacy of a few Nigerian deposit money institutions ($R2 = 0.20$, $F (3, 122) = 17.15$, $p = 0.000–0.050$). The study also found that the implementation of IFRS had a substantial effect on the earnings per share of a subset of Nigerian deposit money institutions ($R2 = 0.59$, $F (3, 122) = 131.18$, $p = 0.000–0.050$). According to this study, a few Nigerian deposit money banks' performance is significantly impacted by the adoption of IFRS."

The impact of IFRS on the industrial sector's financial performance was examined by Titus (2021). "The 14-year pre-IFRS (2006–2012) and post-IFRS (2013–2019) timeframes are covered by this study. Ten (10) Manufacturing Companies that are listed on the Nigerian Stock Exchange make up the study's sample size. The Wald Test Coefficient Restrictions Model and Ordinary Least Squares (Gauss-Newton/Marquardt steps) Model served as the primary analytical instruments in the study for evaluating the proposed hypotheses. Prior to the implementation of IFRS, the study found a weak and insignificant correlation between the revenue, profit, total assets, total liabilities, profits per share, return on equity, and return on assets of Nigerian manufacturing enterprises. Investors are advised to take into account the book values of earnings, operational cash flow, and equity in the study's results."

The impact of IFRS adoption on the valuation and financial performance of Nigeria's listed banks was investigated by Nwaogwugwu in 2020. "The study examines the value and performance of listed banks using a sample of five banks that were observed for eight years between 2012 and 2015, throughout the pre-IFRS era of 2008 to 2011, and after the adoption of the international financial reporting standard (IFRS) from 2012 to 2015. We included panel data analysis of return on equity, return on asset, and earnings per share (EPS) as well as an IFRS dummy variable as independent variables in the model as the primary goal of the study. The Fixed Effect Model is the suitable estimator for the data analysis used in this article. In the models, the calculated coefficient on the regime period (RR) term is positive and statistically insignificant. The findings imply that Nigeria's adoption of IFRS has not resulted in improved value or performance. Overall, the findings indicate that financial analysts, decision-makers, and interested parties should take great note of this study's conclusions to ensure that all businesses implement IFRS and provide simple access for comparability.

Abata and Amoo (2020) evaluated "the impact of IFRS adoption on the financial performance of Deposit Money Banks (DMBs) by using ten (10) disclosure components from the IFRS checklist and a subset of DMBs' financial statements and accounts from 2007 to 2017. The lack of substantial differences in the measurement of banks' profit after tax using GAAP and IFRS is indicated by the failure of all the derived parameters to yield significant results at the 5% level of significance. Analysis of variance (ANOVA) and Bland Altman analysis (BAA) were used to analyse the data that were acquired. Similarly, the parameters that were obtained had insignificant results, meaning that the way that banks assess their return on asset using IFRS and GAAP does not significantly differ from one another. However, there is a significant difference in the way banks value their whole asset base under GAAP and IFRS. The main finding of the study was that total asset measurement was greatly impacted by International Financial Reporting Standards, whereas profit before tax and return on assets were mostly unaffected."

Ekwe, et al (2020) evaluated the application of international financial reporting standards as well as the financial performance of Nigeria's listed Deposit Money Banks. Ex-post facto research approach helped the study accomplish its objectives. "The yearly reports and accounts of certain deposit money banks served as the primary source of secondary data for this investigation. All deposit money banks listed on the Nigerian Stock Exchange make up the study's population, while five randomly chosen Nigerian banks make up its sample size. Analysis of variance, or ANOVA, was employed to assess the hypotheses. The results showed that the adoption of IFRS has increased the mean value of Nigerian banks. The results also showed that the adoption of IFRS has a significant influence on the profit after taxes of Nigerian deposit money institutions.

RESEARCH METHODOLOGY

Research design

The *Ex-Post facto* research design was suitable because the study used data for both pre and post IFRS.

Population, sample size and sampling technique

The target population for this study according to Nigerian Exchange Group (NGX) (2023) was thirteen (13) listed industrial goods companies (IGCs) in Nigeria. the target population constitutes a subset of the broader population being investigated, characterised by specific attributes or criteria directly relevant to the research inquiry (Willie, 2024 and Alvi, 2016)

A sample size of thirteen (13) IGCs was used for this study because all the companies adopted IFRS since 2012 and have been in existence before the adoption of IFRS while the data set measure comprised pre and post IFRS's returns on equity (ROE), returns on assets (ROA) and earning per share (EPS). The selection criteria used was census technique in other to meet the minimum required data points.

Type and source of data

Secondary data with respect to annual reports and financial statements were used and sourced through the companies' websites. Taherdoost (2021) stated that secondary data is the data gathered from published sources meaning that the data is already gathered by someone else for another reason and can be used for other purposes in a research as well.

Data collection instrument

The annual reports and financial statements of the sampled IGCs were the data collection instrument used. The annual reports and financial statements for pre IFRS were from 2001 to 2011 while for post IFRS were from 2012 to 2022 periods making 11 year each. This gave 143 observations used for this study.

Estimation techniques

In order to estimate the degree of convergence or divergence in the classification and assessment of financial performance chosen listed industrial commodities in Nigeria before and after the adoption of IFRS, this research uses descriptive statistics and the paired samples test for equality of means.

An improved statistical technique known as the "Paired Samples Test for Equality of Means quantified the difference between measurements using a graphical method using a scatterplot, where the Y-axis represented the difference (K1 – K2) and the X-axis represented the average [(K1 + K2)/2]. This allowed for the establishment of the extent of agreement between two methods of measurement. The mean bias (mean of the K1–K2) and its confidence bounds (limits of agreement) should be assessed once the graph is generated. A one sample T-test is used with E-view software to determine the mean bias and its standard deviation. Only the mean of the difference in measurement methods and its standard deviation, as determined by the one-sample T-test, are used to depict mean bias and limits of agreement."

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

This comprises the presentation of results obtained from the data analysis as well as the interpretation of the extent of agreement or divergence in financial performance selected listed Industrial Goods companies in Nigeria using the pre and post IFRS measurement and classification. The remaining aspect comprise the descriptive statistics and differences.

Result presentation

This section examines the degree of convergence or divergence in the financial performance of a selected set of Nigerian listed industrial goods, comparing the pre- and post-IFRS periods. The descriptive statistics come first, explaining how to estimate common statistics like the mean, median, standard deviation, skewness and Jargue-Bera for the model's supplied variables. The statistics are summarised in Table 1 below:

Descriptive results

Table 1 Descriptive statistics

	Pre-IFRS ROE	Post-IFRS ROE	Pre-IFRS ROA	Post-IFRS ROA	Pre-IFRS EPS	Post-IFRS EPS
N Valid	143	143	143	143	143	143
Mean	.712	.129	.044	.066	2.336	2.920
Std. Deviation	2.967	1.151	.168	.239	4.566	5.707
Skewness	5.272	-5.037	-1.843	-1.883	1.776	1.776
Std. Error of Skewness	.194	.203	.194	.194	.203	.203
Kurtosis	36.118	47.736	26.998	27.498	4.567	4.566
Jargue-Bera	32.51	32.83	23.3	23.4	64.3	63.9
Probability	0.061	0.075	0.154	0.143	0.182	0.121
Std. Error of Kurtosis	.386	.403	.386	.386	.403	.403
Minimum	-7.66	-10.22	-1.26	-1.80	-5.97	-7.46
Maximum	24.83	4.20	.76	1.09	22.60	28.25

Source: Researcher's Computation (2024) Using SPSS

From table 4.1 above, the average the return on equity before the adoption of the IFRS was 71.21% with a minimum of -766% and a maximum of 2483%. Conversely, the average the return on equity after the adoption of the IFRS was 12.94% with a minimum of -1022% and a maximum of 420%. This implies that the average ROE reported after the adoption of IFRS is higher than those reported before its adoption. Similarly, the average the return on asset before the adoption of the IFRS was 4.37% with a minimum of -126% and a maximum of 76%. On the other hand, the average the return on asset after the adoption of the IFRS was 6.63% with a minimum of -180% and a maximum of 109%. This implies that the average ROA reported after the adoption of IFRS is higher than those reported before its adoption. In the same vein, the average the earning per share before the adoption of the IFRS was ₦2.34 with a minimum of (₦5.97) and a maximum of ₦22.60. On the other hand, the average the earning per share after the adoption of the IFRS was ₦2.92 with a minimum of (₦7.46) and a maximum of ₦28.25. This implies that the average EPS reported after the adoption of IFRS is more than those reported before its adoption. Jarque-Bera results show for NGAAP and IFRS periods tend to zero and their p-values are all greater than level of significance of 0.05, hence the data used were normally distributed.

Test of Hypotheses

This aspect focuses on the test of hypotheses formulated to verify the acceptability or otherwise of the propositions made at the earlier stage of the study. The answers to the hypotheses are presented below:

Hypotheses One

$H0_1$: There is no significant difference between pre-IFRS and post-IFRS adoption in returns on equity of listed industrial goods companies in Nigeria.

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From the analysis below especially table 2, it is evident that there is no significant difference between pre-IFRS and post-IFRS adoption in returns on equity of listed industrial goods companies in Nigeria as all the obtained computed statistics showed significant results. Hence, the null hypothesis for the study which states that there is no significant difference between pre-IFRS and post-IFRS adoption in returns on equity of listed industrial goods companies in Nigeria is accepted at 5% level of significance.

Table 2: Paired Samples Test for Equality of Means between Pre and Post IFRS ROE

		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	PreROE-PostROE	-.0329	.2885	.0241	-.0806	.0147	-1.36	142	.174

Source: Researcher's Computation (2024) Using SPSS

From table 2 above, the paired sample test for equality of means revealed a mean deviation of -0.329 which shows the difference between the Pre and Post IFRS ROE values. The t- statistics value of -1.36 which is not significant at 95% confidence level implies that the difference between the Pre and Post -IFRS ROE measurements is not significant. Also, the two-tailed p-value obtained is 0.174. This implies that the ROE values derived with the use of IFRS does not increase significantly to the GAAP approach.

Hypotheses Two

$H0_2$: Significant difference in returns on assets of listed industrial goods companies in Nigeria does not exist between pre-IFRS and post-IFRS adoption.

From the analysis below especially table 3, it is evident that significant difference in returns on assets of listed industrial goods companies in Nigeria does not exist between pre-IFRS and post-IFRS adoption as all the obtained parameters yield significant results. Hence, the null hypothesis for the study which states that significant difference in returns on assets of listed industrial goods companies in Nigeria does not exist between pre-IFRS and post-IFRS adoption is rejected at 5% level of significance.

Table 3: Paired Samples Test for Equality of Means between Pre and Post IFRS ROA

		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	PreROA – PostROA	-.0226	.0761	.0061	-.0347	-.0106	-3.72	142	.000

Source: Researcher's Computation (2024) Using SPSS

From table 3 above, the paired sample test for equality of means revealed a mean deviation of 0.0226 which shows the difference between the Pre and Post-IFRS ROA values. The t- statistics value of -3.72 which is significant at 95% confidence level implies that the difference between the Pre and Post-IFRS ROA measurements are significant. Also, the two-tailed p-value obtained is 0.000. This implies that the ROA values derived with the use of IFRS increase significantly compared to the GAAP approach.

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Hypotheses Three

$H0_3$: There is no significant difference between pre-IFRS and post-IFRS adoption in earnings per share of listed industrial goods companies in Nigeria.

From the analysis below especially table 4, it is evident that there is no significant difference between pre-IFRS and post-IFRS adoption in EPS of listed industrial goods companies in Nigeria as obtained from the parameters which showed significant results. Hence, the null hypothesis for the study which states that there is no significant difference between pre-IFRS and post-IFRS adoption in EPS of listed Industrial goods companies in Nigeria is rejected at 5% level of significance.

Table 4: Paired Samples Test for Equality of Means between Pre and Post IFRS EPS

		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	PreEPS – PostEPS	-.5836	1.1414	.0 954	-.7723	-.3949	-6.11	142	.000

Source: Researcher’s Computation (2024) Using SPSS

From table 4 above, the paired sample test for equality of means revealed a mean deviation of -0.5836 which shows the difference between the Pre and Post IFRS EPS values. The t- statistics value of -6.11 which is significant at 95% confidence level implies that the difference between the pre- and post-IFRS EPS measurements is significant within the period under review. Also, the two-tailed p-value obtained is 0.000. This implies that the EPS values derived with the use of IFRS increase significantly compared to the GAAP approach.

Discussion of Findings

The paired samples test for equality of means was used to inferentially test the hypotheses on the study which examines the adoption of International Financial Reporting Standards (IFRS) and the financial performance of listed industrial goods companies (ICGs) in Nigeria. Thus, the pre- and post-IFRS reported financial performance of ROE, ROA, and EPS of listed ICGs in Nigeria were proxied. The first finding of hypothesis shows significant result on ROE measurement between the pre- and post-IFRS periods, with t-statistics of -1.36 and a two-tailed p-value of 0.174. On the other hand, the outcome of the second hypothesis indicates a noteworthy distinction in the ROA measurement between the pre- and post-IFRS periods. This is because all of the parameters that were acquired yielded significant findings, with a two-tailed p-value of 0.000 and a t-statistic of -3.72. Lastly, the third hypothesis' result demonstrates that there is a substantial difference in EPS utilising the pre- and post-IFRS, as shown by the parameters, which produced significant findings with a two-tailed p-value of 0.000 and a t-statistic of -6.11.

Although these studies disagreed with ROE and EPS, the financial performance indicators recorded by listed companies operating in Nigeria under local GAAP and IFRS did not differ significantly, according to their findings. As a result, the findings of ROA are comparable to those of Odunsi and Ibikunle (2023), Titus (2021), Nwufo and Chima (2021), Nwaogwugwu (2020), and Abata & Amoo (2020). This study's findings, which showed that IFRS adoption had no appreciable impact on ROA or EPS, are in contrast to those of (Ekwe, Abaa, & Okrolor, 2020). The results of ROE and EPS were consistent with those of Ityavar and Yua (2023), Fatoki and Adekunle (2022), and Ogundeyi and Siyanbola (2021), which demonstrated that ROA and EPS had a major influence on the performance of Nigerian banks. Additionally, the results of this study contradict the ROE and EPS conclusions of Titus (2021), Nwufo and Chima (2021), and Nwaogwugwu (2020).

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study compares the financial performance of listed industrial goods companies (IGCs) in Nigeria before and after the adoption of International Financial Reporting Standards (IFRS). This was done by comparing the financial performance of IGCs returns on equity (ROE), returns on assets (ROA), and earnings per share (EPS) before and after they adopted IFRS. The study concludes that there is a substantial and favourable correlation between the financial performance of listed IGCs in Nigeria reported under IFRS and that reported under Pre-IFRS. The study concludes that there is no significant difference in ROE measurement using the pre and post IFRS as all the obtained computed statistics of listed IGCs in Nigeria. The study also comes to the conclusion that there is a substantial difference between the pre- and post-IFRS ROA measurements since all of the parameters that were gathered produced significant findings for Nigerian listed IGCs. Finally, the study concludes that there is a significant difference in EPS using the pre and post IFRS as obtained from the parameters of listed IGCs in Nigeria.

Recommendations

From the conclusion of the study, it is recommended as follows:

1. that boards of directors, policy makers and financial reporting specialists in the industrial goods industry should ensure compliance with IFRS adoption as there is no significant difference between returns on equity.
2. that boards of directors, policy makers and financial reporting specialists in the industrial goods industry should maintain the adoption of IFRS as there is significant difference between returns on assets.
3. that boards of directors, policy makers and financial specialists in the industrial goods industry should ensure compliance with IFRS as there is a significant difference between earnings per share
4. that additional steps should be made by regulatory bodies (Central Bank of Nigeria, Nigerian Exchange Group, Security Exchange Commission, Institute of Chartered Accountants of Nigeria, Association of National Accountants of Nigeria and Financial Reporting Council of Nigeria) to guarantee that all public entities adhere to IFRS.
5. that other non-listed industrial goods companies should comply and maintain IFRS adoption strictly.

Implications of the study

1. As a result of the implementation of IFRS in IGCs, financial reporting will become more relevant, faithful, timely, comparable, verifiable, and intelligible. This will allow investors to make judgments that are well-informed and relevant.
2. Likewise, in order to improve accountability and transparency, an efficient legal framework that outlines the duties and rights of shareholders and directors of industrial goods companies must be put into place. This framework must also include criteria for disclosure.

Contributions to Knowledge

This study contributes:

1. to the body of knowledge on corporate reporting in developing economies, such as Nigeria, is expanding in terms of its impact on the adoption of IFRS on important financial performance ratios including ROE, ROA, and EPS.

2. to body of knowledge by empirically investigating and adding industrial goods sector to other sectors such as banking, consumer goods, that have been previously investigated.

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