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Impact of International Financial Reporting Standards on the Financial Ratios of Listed Deposit Money Banks in Nigeria

Mike Terkuma Soomiyol[1], Mohammed Syahir Bin ABD Wahab[2], Amir Samsudin[3]
[1] *School of Accountancy, College of Business, University Utara, Malaysia.*
[2] *School of Accountancy, College of Business, University Utara, Malaysia.*
[3] *School of Accountancy, College of Business, University Utara, Malaysia.*
Corresponding Author: Mike Terkuma Soomiyol

Abstract: The study empirically compared the impact of IFRS and NGAAP on the financial performance of Nigerian deposit money banks using key financial ratios that are used by investors for a period of two years (2012-2013). Data from a sample of 11 banks quoted on the Nigerian Stock Exchange (NSE) were analyzed using descriptive statistics while the paired sample t-test was used to test for the statistical significance of the differences in mean and variances between ratios under IFRS and Nigerian Generally Accepted Accounting principles (NGAAP) respectively. Findings of the study suggest that IFRS adoption had a significant positive impact on the financial ratios of Nigerian deposit money banks during the study period. Based on the findings, we recommended that analysts and other financial statements users should rely more on IFRS-based financial statements when making economic decisions.

Keywords: International Financial Reporting Standards, Nigerian Generally Accepted Accounting Principles, International Accounting Standard Board.

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I. INTRODUCTION

Prior to the adoption of International Financial Reporting Standards (IFRS), different accounting standards were developed by different nations for financial reporting; resulting to financial statements and accounts that are different in content and form (Wiecek & Young, 2010). Apart from the variation in accounting standards from nation to nation, the international accounting differences were also due to the differences in culture, legal system, mode of business financing, and level of education (Nobes & Parker, 2008). In Nigeria for instance the Statement of Accounting Standards hereafter called NGAAP developed by the defunct Nigerian Accounting Standards Board (NASB), now the Financial Reporting Council of Nigeria (FRC) was used as a basis for financial reporting. But with globalization, the World's capital markets witnessed rapid expansion, diversification and integration. This has brought about a shift from local financial reporting standards to global standards.

In the wake of this transformation, the European Union (EU) issued a legislation requiring the use of international accounting standard for all listed companies in 2005, thus making IFRS mandatory for its member countries. The acceptance and transition of many countries accounting principles and standards to a global uniform framework is an eloquent testimony of the international consensus that IFRS is an acceptable standard for assessment of the financial health of companies across the globe (Herbert, 2010). This consensus is necessitated by the increasing integration of regional and global markets and the lack of financial statements comparability.

Nigeria joined the League of Nations that approved the conversion to IFRS in 2010 (Ailemen & Akande, 2012). Although NGAAP are similar to IFRS in certain respects, many differences still exist. These differences can be significant and have enterprise wide implications (KPMG, 2010). The adoption of IFRS is expected to have profound effect on financial picture of companies since it is more shareholder oriented, promotes fair value presentation and disclosure of more information in the financial statements (Dunne et al., 2008). Examining the financial statements effect is important because IFRS adoption might lead to several indirect economic consequences such as higher comparability of financial statements among companies operating in different jurisdictions, lower transaction cost, access to international capital through cross-border listing, and greater international investment (Dunn et *al.*, 2008).

A number of studies have been conducted to substantiate the varying effects of IFRS adoption on financial statements and the economy. Barth et al. (2007) provide evidence that the effects of IFRS adoption involve three elements: the information presented in financial statements, the markets efficiency and the accounting harmonization. It has further been argued that IFRS adoption improves the functioning of global capital markets by providing comparable and high-quality information to investors (Barth, 2007) and that IFRS promise more accurate, comprehensive and timely financial statement information than local generally accepted accounting principles (LGAAP), particularly if the standards they replace have been influenced by national, legal, political and taxation agenda (Ball, 2006).

While empirical evidence abound in developed countries on the impact of IFRS adoption on financial performance of companies especially those from European Union (EU), there is dearth of empirical evidence from developing countries such as Nigeria where IFRS implementation is still at the infancy period. The main objective of this study is to compare financial performance of Nigerian Deposit money banks using IFRS and NGAAP. Specifically, the study seeks to ascertain whether: (i) profitability ratios computed under IFRS are significantly different from the ratios computed under NGAAP; (ii) liquidity ratios computed under IFRS are significantly different from the ratios computed under NGAAP; and (iii) the leverage ratios computed under IFRS are significantly different from the ratio computed under NGAAP.

The remainder of the paper is organized as follows: section two reviews the related literature and states the hypotheses. Section three presents the methodology while section four reports the results of data analysis and discusses the findings. Section five concludes the paper.

II. REVIEW OF RELATED LITERATURE

This section presents the theoretical and conceptual framework underlying the study. It also reviews prior empirical works conducted on the subject matter and postulates the hypotheses that are tested in section 4.

Theoretical Framework: This study adopts the decision usefulness theory propounded by Staubus (1953). The theory states that the information and need of a decision maker should be evaluated in order to determine the nature and type of information that is needed by a decision maker. In relation to accounting, the theory describes how risk-averse investors make rational investment decisions. The theory asserts that accountants should supply information that is most useful to both present and prospective capital providers to enable them evaluate the value of the firm.

The decision usefulness approach is an approach to the preparation of financial accounting information that studies the theory of investor decision making in order to infer the nature and types of information that investors need. A number of accounting bodies across the globe, including the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB), have accepted the decision usefulness theory as a guide to the preparation of useful financial statement. For example, according to the IASB Conceptual Framework, the objective of financial statements is to provide financial information that is useful to present and potential investors, lenders and other creditors.

Two main functions of financial accounting and reporting emerged from the decision theory: firstly, financial accounting and reporting is used to assist investors in making investment decisions – it is not the accountant's responsibility to make the decisions for investors. If accountants are to provide useful information to assist investors, they must know what information investors need. The single-person decision theory and its subset, the theory of the optimal investment decision, help accountants to identify what the information needs of investors are. Secondly, Financial accounting and reporting is used to motivate managers to perform responsibly by providing a measure of their performance in running the firm.

If the decision theory holds true and if actually the accounting standard-setting bodies have adopted the theory as a guide to the preparation of useful financial accounting information then the pronouncements of these organizations recognize that financial statement information should be useful for investors by: (i) helping them to assess the amounts, timing, and uncertainty of future cash flows, and (ii) enhancing relevance and reliability of accounting information. Relating this to comparative accounting information under IFRS and NGAAP; the present study uses this theory to assess the extent to which the two reporting standards are useful for providing information for users' decision making.

Conceptual Clarifications: Three concepts are germane to this study, namely international accounting standards, local standards and financial performance.

International Financial Reporting Standards (IFRS): International Financial Reporting Standards (IFRS) are a set of international accounting standards (rules) issued by the International Accounting Standards Board (IASB), an independent organization based in London, United Kingdom stating how particular types of transactions and other events should be measured and reported in the financial statements. They purport to be a set of rules that ideally would apply equally to financial reporting by public companies worldwide. The main goal of IFRS is to make international accounting comparison as easy as possible. The main characteristics of IFRS that distinguish them from NGAAP include a principle-based approach, fair-value orientation, and the concept of comprehensive income.

The principle-based approach of IFRS implies that the standards rely primarily on principles and specified desirable regulatory outcomes rather than detailed, prescriptive rules. This approach gives more importance to substance (over form) and allows management to exercise judgment/discretion in application. In short, management has greater flexibility in selecting accounting methods and in estimating accounting figures when preparing financial statement. In contrast, a rule based approach offers less flexibility in aligning business objectives and processes with regulatory outcomes and forces specific treatments when precise criteria are met.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value rules under the IFRS give preference to basing fair value measurements on traded market prices if available. If the market prices are not available, as frequently is the case for longer term assets, fair values are based on subjective estimates of future cash flows. The greater emphasis placed on the fair value accounting represents a departure from the traditional historical cost principle emphasized by the NGAAP. The goal of fair value accounting measurement is for firms to estimate as best as possible the prices at which the positions they currently held would change in orderly transactions based on current information and conditions. To meet this goal, firms must fully incorporate current information about the future cash flows and current risk adjusted discount rates into their fair value measurements. The rationale for this requirement is that market prices should reflect all publicly available information about the future cash flows, including investors' private information that is revealed through their trading, as well as current risk adjusted discount rates.

Comprehensive income is a new feature of IFRS reflecting all revenues, expenses, gains and losses that are to be recognized according to accounting standards during a period, and is summarized in a separate financial statement named the Statement of Comprehensive Income. Comprehensive income is a major development in the recent evolution of accounting standards and a central notion in the conceptual framework of IFRS. It is formed of two components. The first corresponds to the bottom line (profit or loss) incorporating gains and losses on transactions with outside parties. The second component of the statement of comprehensive income relates to unrealized gains and losses caused primarily by fair value adjustments. This component may include such items as unrealized gains and losses on financial investments and non-current assets, and changes in foreign currency translation reserves, pension reserves, extraordinary items, and other sundry reserve adjustment items. The concept of comprehensive income was introduced to reduce volatility of profits in the income statement while allowing fair value measurement in the balance sheet.

Financial Performance: Kohlar (2010) defines financial performance as the process of measuring the results of a firms policies and operations in monetary terms. It is used to measure firms overall financial health over a given period of time and can also be used to compare similar firms across the same industry. This study uses three key performance measures espoused in extant literature, namely financial ratios, liquidity ratios and leverage ratios.

A financial ratio is construed as a relationship between two values of the same financial statement (Pandy, 2005), a mathematical expression, which is calculated to derive certain conclusion (Fitzpatrick, 1998), and a means for presenting numerical relationship between items or groups of items (Okwoli, 1997). Ratios are used in the analysis of financial statements of a business in order to reveal underlying economic trends in its activities and to discover its strengths and weaknesses as compared with the trends of sister companies (Okwoli, 1997). In the process of analyzing financial reports, important ratios are calculated subject only to comparison with the firm's past, its forecast and budgets or with the report of identical companies.

Literature suggests that accounting ratios are the most powerful of all the tools used in the analysis and interpretation of financial statements (Igben, 1999). The use of ratios in accounting and finance provide the means of testing the efficiency of key features of a business as represented in the final accounts (Dandago, 2001)

Review of Empirical and Hypotheses Formulation: A study by Lantto and Sahlstrom (2009) suggest that the adoption of IFRS changes the magnitude of the key accounting ratios considerably such as increasing the profitability ratios and gearing ratios, decreasing the P/E ratios and quick ratios marginally.

In another study, Padrtova and Vochozka (2011) document evidence that financial statements prepared under Czesh accounting standards showed a healthier position than financial statements prepared under IFRS.

A similar study was conducted by Ibiamke and Ateboh-Briggs (2014) to examine the effect of IFRS adoption on the financial ratios of Nigerian companies. Their findings suggest that IFRS adoption had a negative impact on the financial ratios of Nigerian listed firms. In contrast, Dimitrios, Nikolaos, Konstantinos and Dimitrios (2013) documented evidence that IFRS adoption had no significant effect on financial ratios of companies in Greece.

Chalmers et *al.* (2008) report no significant increase in the earnings and book value of equity using IFRS information relative to local GAAP information for a sample of Australian firms Gjerde et *al.* (2008) investigate Norwegian firms restatements and finds IFRS accounting information more strongly with stock market values than local GAAP. Christensen et *al.* (2007, 2009) using the United Kingdom firms conclude that irrespective of the fact that IFRS is relatively similar to UK-GAAP, IFRS reconciliations contain information that analyst consider more relevant for firm valuation.

Latridic (2010) also conducted a study of UK firms that switch from UK GAAP to IFRS. The result of their study suggests that implementations of IFRS generally reinforce accounting quality and led to more value in accounting measures.

Bellas, Toudas, and Papadatos (2008) also examined the issue of relevance of accounting information after the adoption of IFRS in Greece. They found book value of equity as well as reconciliation of net profit to be more relevant under IFRS.

Barth et *al.* (2008) employs a sample of companies from 21 different countries whose companies had adopted IFRS voluntarily between 1994 and 2003. They found that firms applying IFRS exhibit less earnings smoothing, less management of earnings towards a target, a more timely recognition of losses, and a higher association of accounting amounts with share prices and returns than non-adopters of IFRS in the same country.

The empirical review presented above indicates mixed results, suggesting that further investigations be carried out on the subject matter. Accordingly, this study seeks to test three hypotheses related to the study objectives stated in section one.

H_{01}: Profitability ratios of Deposit Money Banks (DMB) computed under IFRS- based financial statements are not significantly different from ratios computed under NGAAP-based financial statements.
H_{02}: Liquidity ratios of Deposit Money Banks (DMB) computed under IFRS- based financial statements are not significantly different from ratios computed under NGAAP-based financial statements.
H_{03}: Leverage ratios of Deposit Money Banks (DMB) computed under IFRS- based financial statements are not significantly different from ratios computed under NGAAP-based financial statements.

III. METHODOLOGY

This study adopts the descriptive and comparative research approach relying on statistical tools such as mean, standard deviation and paired sample t-test to analytically review financial performance of Nigerian deposit money banks for pre and post IFRS adoption for the selected deposit money banks. The choice of this research approach is based on the reliability of results usually associated with it (Burns & Burns, 2008).
The population of the study comprises all the 22 deposit money banks listed on the Nigerian Stock Exchange (NSE) as at 31st December, 2013. The sample of the study is however, 11 listed deposit money banks. The selection of a deposit money bank as an IFRS adopter is made once an explicit and unreserved statement of compliance is made in the firm's auditor's report. The procedure for the sample size selection is presented in Table 1 below:

Table 1: Sample Selection

Selection criteria	**Number of DMBs**
Total number of deposit banks in Nigeria	22
Deposit banks that do not have their financial statement on NSE website	(3)
Early IFRS adopter	(4)
Foreign Banks	(2)
Deposit Banks not quoted on NSE	(2)
Sample size	**11**

As can be seen in Table 1 above; from the initial population of 22 listed deposit banks in Nigeria as at 31st December 2010, two banks (Heritage bank, Jaiz Bank) were excluded because they were granted operational licenses in 2012. Secondly, 3 banks (Enterprise bank, Keystone bank, Mainstreet bank) were excluded from the sample because their annual reports were neither on the Nigerian Stock Exchange official website, nor the Stock Exchange library in Abuja. Moreover, this study requires that there should be financial statements for the same firm at the same time period under the two reporting standards (NGAAP and IFRS). This is possible given the requirements of IFRS 1 which calls for the reconciliation statements in the first year a company adopts IFRS. Also, four (4) banks (First bank, Guaranty Trust Bank, Eco Bank, Zenith Bank) were excluded from our sample due to the fact that they adopted IFRS before the mandatory adoption in 2012. Excluding the early IFRS adopters in our study sample is based on the premise that early IFRS adopters may have different motivations for their adoption from the mandatory adopters. Finally, two foreign banks (Citibank and Standard Chartered Bank) were excluded from our sample since they are not listed on the NSE. The remaining 11 banks constitute the sample size.

Specification of Variables Employed: The financial ratios used in the study are those used for contractual obligations, management compensation, performance appraisal and debt covenants in lending agreements. The ratios are calculated based on figures obtained from financial statements prepared under IFRS and NGAAP for the same firm in the same year. Three different key economic dimensions of a firm namely: Profitability, Liquidity and Leverage were used to investigate the impact of IFRS mandatory adoption on the financial performance of listed deposit money banks in Nigeria.

a) Profitability ratio - This measures a company performance and provides an indication of firm's ability to generate future profits (Wild et *al.*, 2007). To measure profitability in this study, two ratios were computed. These are Return on Equity (ROE) measured as Net profit after tax divided by Shareholders Equity, and Return on Assets (ROA) which is given by Net profit after tax divided by Total assets.

b) Liquidity Ratio – Liquidity ratio indicates whether a company has the ability to pay off short-term debt obligations (debt due to be paid within one year) as they fall due (Wild et al., 2007). Lantto and Shalstron (2007) are of the view that the commonly used liquidity ratios are: Current ratio which is measured as current assets divided by current liabilities, and operating cash flow to current liabilities (NCFO) which is measured as net cash flow from operating activities divided by current liabilities.

c) Leverage Ratio (also referred to as gearing ratio) - This measures the ability of an enterprise to survive over a long period of time. That is, leverage indicates a company's ability to meet long-term commitments on a continuing basis. This indicator is very important because long-term creditors like debenture holders and financial institutions are more concerned with the banks long term financial strength (Wild et al., 2007). To measure leverage in this study, two ratios are computed. These are debt to Equity ratio (DE ratio) which is calculated as total debt to shareholders equity), and Total debt ratio (TD) which is calculated as total debts to total assets.

The study basically depends on secondary data. The requisite data on financial performance were extracted from the annual reports of the sampled banks. Descriptive statistics and paired sample t –test were used to analyze the data collected for the study.

IV. RESULTS AND DISCUSSION

This section describes the salient features of the data to be analyzed through the descriptive statistics of variables under NGAAP and IFRS. This is followed by comparison of the pre and post IFRS adoption performance measures captured through ratio analysis.

Descriptive Statistics: Table 2 presents the descriptive statistics of the variables under NGAAP or pre IFRS adoption period. From the table, ROE (measured as net profit after tax divided by Shareholders Equity) has a mean value of 29.23 percent. The minimum and maximum value of ROE during the same period is one (1) percent and 88 percent respectively. This result implies that, the average banks' return on equity during the period of study was 29.23 percent which is moderate.

Return on assets (ROA) measured as (net profit after tax divided by total assets) during the study period, averaged 39 percent. This indicates that the bank managers made a return of 39 percent on the assets entrusted in their care by the shareholders. The minimum and maximum ROA during the period of study was zero (0) per cent and 99 percent respectively. This further reveals that, some banks managers were not making any return on the assets while other banks managers were doing very well during the study period.

Current Ratio (CR) measured as (current assets divided by current liabilities), had a mean value of 33.20 percent. This result implies that the liquidity of the sampled banks during the study period as measured by the current ratio was just moderate. The minimum current ratio of the sampled banks was zero (0) percent while the maximum current ratio was 98 percent. This shows that some sampled banks during the period were actually illiquid as shown by the minimum current ratio and were actually struggling in paying their current liabilities.

Net cash flow from operations to current liabilities (NCFO) ratio which is measured as net cash flow from operating activities divided by current liabilities had a mean value of 16.99 percent. The minimum and maximum values during the study period were zero (0) percent and 86 percent. This shows that some sampled banks during the study period were generating up to 86 percent cash from operations to meet their financial obligations while other sampled banks during the same period could not meet up with their short term financial obligations.

Debt to Equity (D/E) Ratio, which is measured as total debts divided by shareholders equity shows an average value of 18.64 percent. The minimum and maximum value of D/E ratio during the study period was zero (0) and 99 percent respectively. This result indicates that debt as a percentage of shareholders funds during the study period were a moderate figure of 18.64 percent. However, the minimum (0 percent) and maximum (99 percent) values of debt to equity ratio show that while some sampled banks had very high debt as a percentage of shareholders funds, some sampled banks had none.

Total debt (TD) ratio had a mean value of 42.97 percent. The minimum and maximum total debt ratio of the same banks during the study period was 3 percent and 94 percent respectively. This shows that debts constitute 42.97 percent of the total assets of the sampled banks.

Table 2: Descriptive Statistics - NGAAP

	IFRS Minimum	**NGAAP Minimum**	**IFRS Maximum**	**NGAAP Maximum**	**IFRS Mean**	**NGAAP Mean**	**IFRS Std Dev**	**NGAAP Std Dev**
ROE	-.65	.01	.05	.88	.0535	.2923	-19999	-27745
ROA	-.09	.00	.01	.99	-.0082	.3900	.02645	.36356
CR	-.01	.00	.10	.98	.0320	.3320	.04197	.32968
NCFO	.01	.00	.98	.86	.4504	.1699	.39012	.29267
DE	.01	.00	.75	.99	.1329	.1864	.20764	.29838
TD	.01	.03	.99	.94	.2695	.4297	.37292	.31289

Source: Summary of SPSS (Version 20.0) Output

Table 3 below presents descriptive statistics of the study variables using IFRS. This table indicates that ROE during the period of study had a mean of 5.35 percent. The minimum and maximum values were -0.65 percent and 5 percent respectively. This result indicates a sharp decline in the profitability of the sampled banks as measured by ROE during the IFRS era. While ROE (NGAAP) shows a mean of 29.23 percent ROE (IFRS) shows a mean of 5.35 percent.

Return on Assets (ROA) during the study period had an average of -0.8 percent which implies that the managers of the sampled banks were not making returns on the assets entrusted to them. The minimum and maximum ROA (IFRS) values during the study period were -9 and 10 percent respectively. This depicts that while some banks were not making any return on assets, some banks were making a return of 10 percent on their assets. Current ratio had a mean of 3 percent which indicates a low liquidity position of sampled banks. The minimum and maximum values of (CR) of the sampled banks were minus one (-1) percent and 10 percent respectively. Similarly, net cash flow from operations to current liabilities ratio had a mean of 45 percent. The minimum and maximum values of the sampled banks under IFRS are one (1) percent and 98 percent when compared to minimum and maximum values of zero (0) percent and 86 percent under NGAAP. This implies that there was more cash flow from operations under IFRS than NGAAP.

Debt to Equity ratio shows an average of 13.29 percent. The minimum and maximum values were one percent (1%) and 75 percent respectively. This shows that debt was 13.29 percent of shareholders funds during the period of study compared to NGAAP 18.64 percent. The minimum and maximum value during IFRS era shows that while some banks had a high debt profile as a percentage of shareholders funds, some banks had less.

Total debts ratio had a mean of 26.95 percent under IFRS era as compared to 42.97 percent under NGAAP. The minimum and maximum values of total debt ratio are one percent (1%) and 99 percent respectively. This means that while some banks' assets were financed through borrowings, only one percent was financed with shareholders funds.

Test of Hypotheses and Results Discussion: Analysis with the view to concluding whether IFRS adoption have significant impact on financial performance of listed DMB in Nigeria is show in this section.

Table 4: t-test Result for Profitability Ratios

Profitability	Mean	Std deviation	t	Probability
ROE	0.43719	0.32132	6.382	0.000
ROA	0.39570	0.23930	7.756	0.000

Source: Summary of SPSS (Version 20.0) Output

Table 4 above shows the result of the paired sample t-test for the statistical significance of the difference in mean of profitability of the sampled banks measured in terms of return on equity. The table indicates a t-value of 6.382 and a p-value of 0.000. This result suggests that ROE computed from financial statements compiled under IFRS is significantly different from that computed under NGAAP. Similarly, Table 4 above presents a paired sample t-test for profitability measured in terms of Return on Assets. The table reveals a t-value of 7.756 and the p-value of 0.000 which is less than 0.05 percent significance level. This implies that there is a significant difference in the profitability ratio of Nigerian money deposit banks after IFRS adoption. This result is inconsistent with the findings of Ibiamke and Atebo-Briggs (2014). The reason for the contradiction could be that the prior study focused on the entire companies listed on the Nigerian stock exchange and so peculiarities of DMBs were not detected. Besides, the scope of the previous study in terms of number of years covered was just one year and as such the effect of IFRS adoption could not have been fully captured.

Table 5: t-test Result for Liquidity Ratios

Liquidity	**Mean**	**Std deviation**	**T**	**Probability**
CR	0.57334	0.24374	11.033	0.000
NCFO	0.58440	0.24026	13.409	0.000

Source: Summary of SPSS (Version 20.0) output.

Table 5 above presents the result for paired sample t-test for liquidity measured in terms of current ratio (CR) and net cash flow from operations to current liabilities (NCFO) ratio. The result reveals a t-value of 11.033 and a p-value of 0.000 which is also greater than the 0.05 percent significance level. This evidence shows that liquidity measured by current ratio is significantly different after IFRS adoption by Nigerian money deposit banks during the study period. Table 5 also indicates the results of paired sample t-test for liquidity of Nigerian deposit money banks measured by net cash flow from operations to current liabilities. The result reveals a t-value of 13.409 and a p-value (0.030) which is less than the significance level (0.05).

Table 6: t-test Result for Leverage Ratios

Leverage	**Mean**	**Std deviation**	**t**	**Probability**
D-To-Equity	.33944	.3354	-4.752	0.000
Total Debt ratio	.44869	.37529	5.608	0.000

Source: Summary of SPSS (Version 20.0) Output

The paired sample t-test for debt to equity ratio of Nigerian deposit money banks in table 6 above depicts a t-value of -4.752 and a p-value of 0.10 which suggest that IFRS adoption have significant impact on the leverage of deposit money banks in Nigeria. This result agrees with the assertions by Aisbit (2006), Padrtova and Salstrom (2009) who in their various studies conclude that IFRS adoption has a significant effect on company's leverages in the UK and Czech Republic respectively.

The table also presents paired sample t-test for total debt ratio which indicated a t-value of 5.608 and a p – value of 0.000. The finding implies that there is a significant difference in the leverage ratio of listed DMBs in Nigeria after IFRS adoption.

V. CONCLUSION

This study empirically compared the impact of IFRS and NGAAP on the financial performance of Nigerian deposit money banks using key financial ratios used by investors. The data from the sampled banks were analyzed using descriptive statistic while the paired sampled t-test was used to test for the statistical significance of the difference in mean and variances between ratios under IFRS and NGAAP. The study concludes that the adoption of IFRS has led to an increase in the value of accounting information in Nigerian deposit money banks during the study period. Secondly, the adoption of IFRS by Nigerian deposit money bank has led to a slight increase in accounting quality in Nigeria, meaning IFRS adoption has resulted to financial statements that provide detailed information which are useful to investors.

Based on the findings, presented above, it is recommended that investors should rely more in accounting information presented under IFRS in making economic decisions even though, the standards (IFRS) are relatively new in Nigeria.

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