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EFFECT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ON SUSTSTAINABILITY DISCLOSURE IN NIGERIA

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Abstract

This work studied empirically, the effect of IFRS on sustained reporting/disclosures in Corporate Organisations in Nigeria. In line with this, the following specific objectives were identified: The effect of IFRS on revenue reporting of selected pharmaceutical firms in Nigeria. The effect of IFRS on educational support/scholarship of selected pharmaceutical firms in Nigeria. The effect of IFRS on the security report of selected pharmaceutical firms in Nigeria. The scope of the work covered three pharmaceutical companies Glaxo-Smithline, Pharma Deko and Emzor using data for the period 2007 to 2016. The methodology of linear regression and analysis of variance to analyse the impact IFRS has on the four variables under study. It was discovered that IFRS has significant positive impacts on the four variables and as such the author recommended that since the adoption of IFRS has significant impact on sustainability report, it is recommended that the pharmaceutical firms and other quoted firms be encouraged to adopt IFRS in their financial statement. Uniformity in financial reporting will also aid comparison of financial information across countries and encourage foreign investment.

Keywords: International Financial Reporting Standards, financial reporting, financial disclosure, Corporate Organisations, Nigeria.

1.1 Introduction

In an ordinary parlance, the International Financial Reporting Standard (IFRS) is designed as a common global language for business affairs so that firms and company accounts are easily understandable and impressively comparable across international boundaries. This is a product of the growth across international shareholding and global trade. The most important pertinence and dimension of IFRS is for companies that have dealings in several in several countries. They are progressively replacing the many different national accounting standards.

The IFRS began as an attempt to harmonize accounting across the European Union, but the value of harmonization quickly made the concept attractive around the world. They are occasionally called by the original name of International Accounting Standards (IAS). The IAS was issued between 1973 and 2001 by the Board of the International Accounting Standards (IASC). On April 1, 2001, the new IASB took over the responsibility for settling International Accounting Standards from IASC. During its first meeting the new Board adopted existing IAS and Standing Interpretations Committee standards (SICs). The IASB has continued to develop standards calling the new standards the IFRS.

On 28 July, the Nigerian Federal Executive Council (FEC) approved 1 January 2012 as the effective date for convergence of accounting standards in Nigeria with International Financial Reporting Standard (IFRS). The council directed the Nigeria Accounting Standards Board

(NASB), under the supervision of the Nigerian Federal Ministry of Commerce and Industry, to take further necessary actions to give effect to Council approval.

It is widely reported that firms all over the world are increasingly being challenged to expand on and enlarge their financial reportage to include both those targeted at profiteering as well as social efforts being made to improve the environment. To this extent, sustainability accounting as a business philosophy is fast gaining momentum in this millennium especially in the face of the adoption of International Financial Reporting Standards (IFRS) which emphasizes a lot on disclosure. Sustainability accounting can be defined as the integration of reporting and accounting for social, environmental and economic issues in corporate reporting or simply the 'Tipple bottom line reporting (Elkington, 2004).

The concept of sustainability reporting views as important both the traditional concern of business organizations strategies for profit maximization, diversification, product differentiation as well as globally assessing a firms' performance on its environment. However, the evolution of strategic thinking underscores the need to include activities that seek to integrate social and environmental issues into business decision making process, more so as firms' that properly integrate their environment and people are viewed as socially responsible.

Businesses development has social and environmental impacts that result in social problems, global warming, actual disaster and pollution. Therefore, many business organizations take much responsibility for social and environment issues as they do for economic issues. One reason for this is that business entities are reflecting growing social expectations and stakeholders concern. Responsibility is reflected in disclosure made by these companies or business concerns known as corporate social and environmental responsibility reporting. Henderson and Pierson (2004) explains that social and environmental reporting is an aspect of sustainable development reflecting concerns about environmental protection, inter-generational equality, the Earth and its resources.

When people come together to establish a firm, they do so to allocate their resources for the purpose of a common goal and such may be to earn profit. To achieve this goal, they also interact with the society. On the basis of their motives stakeholders and groups that keep interest in the operations of the organization. Stakeholders include the customers, workforce, lenders, suppliers, government and local communities and even the environment. Many scholars are trying to understand how sustainability accounting affects the financial performance of firms. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate resources.

It is based on the foregoing that this study is aimed at carrying out an empirical analysis of the effect of IFRS on sustainability report in Nigeria with particular focus on pharmaceutical companies in Nigeria.

1.2 Statement of the Problem

It is evidently of great concern to financial and social critiques is that most business/economic activities of firms often results in social, ecological and humanitarian problems yet firms are to take care of these problems as well as contribute reasonably to improving their environment. Firms are also often challenged to increase their shareholders stake which is often achieved through profiteering. In view of this, accounting as well as financial scholars who advocate sustainability reporting have argued that firms that have entrenched and availed the public of their sustainability activities have positive performance indices well and above those who have not integrated sustainability reporting.

Sustainability often regarded as the integration of three performance areas: economic, social and environmental; is viewed as a necessary practice for the survival of modern business firms. Ballon, Heitger, and Landes, (2009) submits that organizations have over the time

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realized that meeting stakeholders' expectations is a necessary condition for sustainability and therefore needed to achieve overall strategic business objective. The challenges presented to modern day managers on how to manage performance across the dimensions of sustainability in order to derive the synergistic benefits from its implementation strategy. Elkington (1998) argues that the key to managing organizational progress towards sustainability is in the measurement of what cannot be measured, you are likely to find hard to manage.

However, there is paucity of studies on the effect on IFRS on sustainability report and this motivates the essence of embarking on this study.

1.3 Research Questions

In the course of the study, the following research questions will be addressed:

1. To what extent has IFRS affected on revenue report of selected pharmaceutical firms in Nigeria?
2. What level of impact does IFRS exert on educational support/scholarship of selected pharmaceutical firms in Nigeria?
3. To what extent has IFRS affected the security report of selected pharmaceutical firms in Nigeria?

1.4 Objectives of the Study

The general objective of this study is to carry out an empirical analysis of the effect of IFRS on sustainability reporting/disclosure in Nigeria. In line with this, the following specific objectives of the study are outlined thus:

1. To ascertain the effect of IFRS on revenue report of selected pharmaceutical firms in Nigeria.
2. To ascertain the effect of IFRS on educational support/scholarship of selected pharmaceutical firms in Nigeria.
3. To evaluate the effect of IFRS on the security report of selected pharmaceutical firms in Nigeria.

1.5 Hypotheses of the Study

In the course of the study, the following null hypotheses were tested:

1. The adoption of IFRS has no significant effect on revenue report of selected pharmaceutical firms in Nigeria.
2. The adoption of IFRS has no significant effect on educational support/scholarship of selected pharmaceutical firms in Nigeria.
3. The adoption of IFRS has no significant effect on the security report of selected pharmaceutical firms in Nigeria.

1.6 Scope of the Study

This research will be focused on ascertaining the effect of International Financial Reporting Standard (IFRS) on sustainability in Nigeria. IFRS which is a standard based concept will only be captured with the timing of its adoption. Sustainability reporting will be measured in three dimensions namely; revenue report, educational report and security report. This study will be carried out in selected pharmaceutical companies namely Glaxo-Smithline, Pharma Deko and Emzor. This study will span from 2007 to 2016. This covers the pre and post IFRS adoption.

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REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements. According to Nobes (2006), the term International Accounting Standards convergence is not a new agreement; the thought originally came up during the later part of 1950, in response to post World War II economic and financial integration and the associated enhancement in capital flow across borders. Prior to this time, efforts were geared towards Harmonization oeef Accounting Standards. This simply means decreasing dissimilarity in accounting concepts and principles adopted in most capital markets in nations around the world. The concept of Convergence in the 1990s replaces Harmonization, which simply means the creation of international accounting standards that are of excellent quality to be employed in almost all the major capital markets of the world.

This unified set of Accounting Principles was brought into reality to trim line the international differences that restrained investment opportunities worldwide [IFAC, 2008]. In view of the fact that one's environment affects the way and manner accounting is being practice, this perceived cultural factor of such environment comprises their individual belief system and the value they uphold; the accountants' value system is also determines by the Cultural Environment prevalent in that country. Further contributing factors to International Accounting Standards differences are taxation method, legal system and inflation of that geographical region. The International Accounting Standards Committee (IASC) as a body was created to bridge the gap of International Accounting Standards differences. In 1973, IASC was established by professional accountancy bodies from ten different nations, which include United Kingdom, Australia, Ireland, Canada, Germany, Mexico, France, Netherlands, Japan and the United States of America. The task of this body is to formulate and publish Accounting Standards, which are to be followed in order to ensure that audited accounts and financial statements are prepared, presented and reported in order to encourage global approval. In April 1st, 2001, IASC and FASB (Financial Accounting Standards Board) held a meeting, which gave convergence a fresh drive. Ever since then, the drive in the direction of the International Accounting Standards has advanced speedily and, in the year 2009, European Union and more than 130 nations of the world have either permitted or required the adoption of IFRS published by the IASB or the local variation of the Board.

2.1.2 Sustainability Reporting/Accounting

Sustainability or triple bottom line was first coined in 1994 by John, the founder of a British Consultancy called Sustain-Ability (Elkington, 1998, 2004). His argument was that companies should be preparing three different (and quite separate) bottom lines. One is the traditional measure of corporate profit. The "Bottom-line" of the profit and loss account. The second is the bottom line of a company's "People account" – a measure in some shape or form of how socially responsible an organization has been throughout its operations. The third is the bottom line of the company's "Planet" account – measure of how environmentally responsible it has been. The triple bottom line or sustainability accounting consists of three 'Ps' profit, people and planet. It aims to measure the financial, social and environmental performance of the business entity over a period of time.

The triple bottom line is made up of "social, economic and environmental" factors. "People, planet and profit", was also carried by Elkington in 1995 while at sustainability, and was later adopted as the title of the Anglo-Dutch oil company shell's first sustainability report in 1997.

Nigeria as a member of united Nation impliedly adopted the UN global compact on global reporting initiative (GRI) which provided sustainability reporting guideline in 2000 to design and build acceptance of a common framework for reporting on the linked aspects of sustainability. It is in the light of the above amidst growing demand by the society, over economic, social and environmental accounting company's performance that more research work on sustainability accounting becomes imperative.

2.2 Theoretical Framework

Theories abound that are considered suitable for the subject under study. However, this study will make use of the Stakeholders and agency theories as stated below:

2.2.1 Stakeholder Theory

In describing Stakeholder Theory, Clarkson (1994) states that the firm is a system of stakeholders operating within the larger system of the host society that provides the necessary legal and market infrastructure for the firm's activities. The purpose of the firm is to create wealth or value for its stake holders by converting their stakes into goods and services. This view is supported by Blair (1995) who proposes that the goal of directors and management should be maximizing total wealth creation by the firm. The key to achieving this is to enhance the voice of and provide ownership-like incentives to those participants in the firm who contribute or control critical, specialized inputs (firm specific human capital) and to align the interests of these critical stakeholders with the interests of outside, passive shareholders. Consistent with this view, Porter (1992) recommends to US policy makers that they should encourage long-term employee ownership and encourage board representation by significant customers, suppliers, financial advisers, employees, and community representatives. He also recommends that corporations should seek long-term owners and give them a direct voice in governance (that is relationship investors) and nominate significant owners, customers, suppliers, employees, and community representatives to the board of directors.

One of the original advocates of stakeholder theory, Freeman (1984), identified the emergence of stakeholder groups as important elements to the organization requiring consideration. Freeman further suggests a re-engineering of theoretical perspectives that extends beyond the owner manager-employee position and recognizes the numerous stakeholder groups.

The Concept of Stakeholder theory can be defined as "any group or individual who can affect or is affected by the achievement of the organisation's objectives" the firm performance is affected by the degree to which a firm understands and addresses stakeholder demands conducting these type of activities: (a) Generation of data about stakeholders group, (b) Distribution of information throughout the firm, (c) Organisation's responsiveness to this intelligence. Generally, to implementing the stakeholders perspective, firms should do the following : (1) Accessing the corporate culture, (2) Identifying stakeholders groups, (3) Identifying stakeholder issues, (4) Accessing organisation commitment to the social responsibility, (5) Identifying resources and determine urgency, (6) Gaining stakeholder feedback to ensure participation of a wider constituent groups (with economic and / or social stakes in corporate activities such as employees, customers, suppliers, stockholders, banks, environmentalists, government, to name but a few) in the governance processes assuring that their wide range of interest are taking into account by give shareholders increase rights to participate important management decisions by: (a) Change in the composition of boards by including more outside directors to alleviate concern boards are too subservient to management. (b) Employee representation at some level in corporate governance. (c) Reinforce of government rules and regulation over issues like insider trading, hostile takeover Buchholz (1989).

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2.3 Empirical Literature

In the course of the research, the following empirical studies were reviewed.

Ironkwe and Oglekwu (2016) carried out a study on International Financial Reporting Standards (IFRSs) and Corporate Performance of Listed Companies in Nigeria. The study adopted personal interview and questionnaire methods as the major techniques for primary data collection. Data collected were analyzed using both descriptive methods such as tables, frequencies and percentages and inferential statistics of Chi-square and ANOVA respectively. The study concluded that there is a strong positive relationship between the adoption of IFRS and the financial performance due to cost reduction of an organization. IFRS adoption improves business efficiency and productivity for effective business performance. The adoption of IFRS saves multinational corporations the expense of preparing more than one set of accounts for different national jurisdictions.

Abata (2015) carried out an investigative study on the impact of IFRS on Financial Reporting Practices in Nigeria. Data were collected from 50 employees of KPMG (a leading professional financial services provider) using structured questionnaire and analysed using mean scores, standard deviation and Pearson Chi-square analysis. The findings revealed that IFRS provides better information for regulators than GAAP (mean = 4.72). The results of the study showed that changes in business processes and operations, financial position of companies and reduction in cost of finance were the least contributions of IFRS to financial reporting practices of KPMG. The results of Pearson Chi-square analysis showed that financial reports prepared under IFRSs enhanced best practices in a corporate organization (Pearson Chi-Square = 37.857); financial statements prepared in line with IFRS provides greater benefits than the former GAAP (SAS) (Pearson Chi-Square = 75.763); the compliance with IFRS promotes cross border investment and access to (Pearson Chi-Square = 63.128); and compliance with IFRS will relatively improve the performance of companies (Pearson Chi-Square = 20.417).

Shehu (2015) researched on adoption of international financial reporting standards and earnings quality in listed deposit money banks in Nigeria. He investigates firms' attributes from the perspective of structure, monitoring, performance elements and the quality of earnings of listed deposit money banks in Nigeria. The study adopted correlational research design with balanced panel data of 14 banks as sample of the study, using multiple regression as a tool of analysis. The result reveals that firms' attributes (leverage, profitability, liquidity, bank size and bank growth) have a significant influence on earnings quality of listed deposit money banks in Nigeria after the adoption of IFRS, while the pre-period shows that the selected firms' attributes have no significant impact on earnings quality. It is therefore concluded that the adoption of IFRS is right and timely.

Abata (2015) studied the impact of International Financial Reporting Standards (IFRS) adoption on financial reporting practice in the Nigerian banking sector. The specific objective of this paper is to determine whether the quantitative differences in the financial reports prepared by Nigerian listed banks under NGAAP and IAS/IFRS are statistically significant or not. Secondary data were employed in this study. These data were gleaned from the annual reports of fourteen Nigerian listed banks. One hypothesis was developed and tested at five (5) per cent level of significance. Findings revealed that the quantitative differences in the financial reports prepared under NGAAP and IAS/IFRS are statistically significant. The study therefore concludes that IFRS have an impact on the financial reporting in the Nigerian banking sector. Muhammad (2012) examined the effect of International Financial Reporting Standards (IFRS) adoption on the performance of firms in Nigeria. The study utilizes secondary data to tests the effects of the adoption of IFRS on the performance of the selected firms in Nigeria. Logit regression and t-test were used in the analysis. The study finds that variability of earnings has decreased from an average of 32624.4 to 14432.2, which suggests

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that there was low variability in earnings in the post adoption period. Timely loss recognition is the measure for prevalence of large negative earnings, where large negative results suggest that the loss recognition is not timely in the post-adoption period. He found LNEG to be positive, which signifies that IFRS firms recognize losses more frequently in the post-adoption period than they do in the pre-adoption period. The study therefore concludes that accounting quality improves after the adoption of IFRS. Furthermore, under IFRS firms tend to exhibit higher values on a number of profitability measures, such as earnings per share (EPS).

Kaaya (2015) investigated the impact of International Financial Reporting Standards (IFRS) on earnings management. The study applies a desktop review to investigate the worldwide existing empirical research evidence on the impact of IFRS on earnings management post-IFRS adoption and in relation to other reporting standards and reports whether the results are indistinguishable between developed and developing economies. The findings reveal that the existing empirical crams and conclusions there on are mixed, inconsistent and difficult to generalize. This indicates the pressing need for country specific empirically tested studies of this nature. The study further stumbles on the fact that IFRS can indistinctly benefit both developing and developed markets when coupled with appropriate effective enforcement machinery. Substantially, the results entail that IFRS is a critical determinant for quality reporting, but not a 'prima facie' guarantor for quality reporting. Sani and Umar (2014) assessed the extent to which the Nigerian banking industry complied with these requirements as captured in IFRS 1: First Time Adoption of IFRS. Using ex-post facto and survey research designs, the study sourced data from structured questionnaire and recent audited financial reports of the sampled banks. Qualitative Grading System (QGS) was employed in determining the degree of compliance of the banks while multivariate regression and Chi-squire test were used in measuring the effect of the factors responsible of such compliance and identified probable difficulties in the process respectively. The study concludes that Nigerian banking industry complied (semi-strongly) with the requirements of IFRS-framework, but the exercise is still faced with some challenges which include: lack of in-depth IFRS knowledge from the preparers of the financial reports. The study also found amenability, globalization and response to users' needs as factors significantly influencing the compliance level of Nigerian banks with IFRS-framework.

Eneje, Obidike and Chukwujekwu (2016) examined the effect of IFRS adoption on the mechanics of loan loss provisioning for Nigerian banks. They analyses how the change in the recognition and measurement of loan loss provision affects the accounting quality of banks thereby reducing the income smoothing behaviour of the money deposits in banks. In the model specified, loan loss provision for the current year was used as the dependent variable while non-performing loans at the beginning of the year, current changes in non-performing loans, current changes in total loans, earnings before taxes and loan loss provisions alongside with IFRS*Ebtllp were used as the independent variables. In line with the objectives of this study, secondary data were obtained from the money deposit banks annual reports and accounts covering the period from 2005 to 2015. Descriptive statistics and the ordinary least square multiple regression analytical method were used for the data analysis. It was found that the limitation to recognize only incurred losses under IAS 39 significantly reduces income smoothing and delays recognition of future expected losses. Based on the sampled bank dataset and results, this paper has shown that the post-IFRS has had significant effects on the mechanics of loan loss provisioning compared to the pre-IFRS era in the Nigerian Money Deposit Banks.

Ugbede, Mohd and Ahmad (2014) investigated International Financial Reporting Standards and the quality of banks' financial statement information: evidence from an emerging market – Nigeria. The study measures quality of financial statement information using earnings management, timeliness of loss recognition and value relevance. A total of twenty Nigeria banks covering a period of six years were investigated. Results suggest that IFRS adoption is associated with minimal earnings management and timely recognition of losses. Results marginally support IFRS adoption association with high value relevance of accounting information. Value relevance results were induced by capital market fraud. This study concludes that IFRS adoption engenders higher quality of banks financial statement information compared to local GAAP.

Kenneth (2012), in Adoption of IFRS and Financial Statements Effects: The Perceived Implications on FDI and Nigeria Economy, stated that the IFRS adoption isalready an issue of global relevance among various countries of the world due to thequest for uniformity, reliability and comparability of financial statements of companies.The paper however investigated the effect of IFRS adoption on Foreign DirectInvestment and Nigeria's economy. The population used consists of quoted companiesin Nigeria Stock Exchange (Preparers) and Investment Analysts (Users). StratifiedRandom sampling method was adopted and primary data used to elicit responses with123 structured questionnaires administered. Findings showed that IFRS have beenadopted in Nigeria, but only a fraction of the companies has implemented with deadline for the others to comply. It is perceived that IFRS implementation willpromote FDI inflows and economic growth. It was recommended that all stakeholdersshould endeavour to have full implementation to reap benefits of the global GAAP andprinciple-based standards.

Okoye, Okoye and Ezejiofor (2014) assess the impact of International Financial Reporting Standards on stock market movement and the extent at which it can improve the position of corporate organization in the Nigerian capital market. Descriptive design was adopted using the stock price and shares traded during two years periods. SPSS Version 7.0 was also used to obtain the mean, variance and std. deviation. It has been observed that the adoption of IFRS in Nigeria will enhance credible financial statements that will also provide a basis for the strength of a corporate entity in capital market, hence is a welcomed development in the Nigerian economy.

Nengzih (2015) examines the impact of the adoption of IFRS on profitability rate and tax income for the period before and after IFRS adoption in the Indonesian Listed Companies by using paired samples t-test, using SPSS 20.0. Results show that the average ratio of companies' profitability is increasing after the adoption of IFRS. The profitability results also show that there is no change in the amount of profit before tax after the adoption of IFRS. IFRS are a set of principles-based standards that need full reasoning, clear judgment and deep understanding from their users. Lack of understanding and judgment will indicate that managers have bigger flexibility. The business environment and a fundamentally different situation also determine the form and content of accounting standards. This research is able to give a new paradigm in the adoption of IFRS, one that needs a comprehensive understanding for its users.

Upon the adoption of IFRS in 2012, researchers were keen to find out the economic consequences of this move. With the quest for the impact of IFRS on the Nigerian economy, Wilson and Ioraver (2013) investigated the economic consequences of IFRS adoption: evidence from a developing country. Their results showed that there is deficiency in experience, tutoring and apprehension of financial report preparers on how to bring into play the IFRS format and absent of IFRS treatment in auditing and financial accounting textbooks. They also suggested the pressing need to integrate IFRS into the curriculum of accounting student of higher learning. It calls as well for the attention of financial regulator and accounting professional bodies to be kept well informed in their IFRS's knowledge so as to sustain their professional proficiency.

Ezeani and Oladele (2012) carried out a research on the Adoption of IFRS to Enhance Financial Reporting in Nigeria. The fundamental reason for accepting these uniform standards in preparing and presenting the financial statements is, for the Nigerian Economy, fitting into International Best Practice of the world in terms of financial reporting. They found that there is a great deal of accounting and financial areas auditors and accountants need to focus in dispatching their duties and responsibilities, which have both positive and negative implications. One of their recommendations among many others is that the syllabus of Nigerian institution ought to be evaluated to include IFRS, so that accounting graduates will be up to date with IFRS standards and guidelines.

Akinleye (2016) examined the effect of international financial reporting standards (IFRS) adoption on the performance of money deposit banks in Nigeria. The study employed ratio analysis to investigate the nexus between IFRS adoption and performance of money deposit banks in Nigeria. Data used in the study were sourced from the financial statements of the selected banks for the period under study. Panel data analysis in the form of pooled OLS analysis, fixed effect analysis and random effect analysis alongside post estimation test such as restricted f-test and Hausman test were used. The results revealed that adoption of IFRS exert positive impact on performance of money deposit banks measured in terms of return on assets ($\beta = 0.9057884$, $P = 0.347$) and in terms of return on equity ($\beta = 0.0655296$, $P = 0.975$).

Muhibudeen (2015) investigated International Financial Reporting Standard and Value Relevance of Accounting Information in Quoted Cement Firms in Nigeria. Thisstudy empirically examines whether or not the mandatory adoption of IFRS hasimproved the value relevance of financial information in the financial statements ofquoted cement companies in Nigeria. Descriptive statistics and regression wereconducted to analyze the effect of IFRS adoption on the accounting information qualityusing Stata version 12. The study finds that the earning per share, book value of equityand share prices of the cement companies have significantly improved following IFRSadoption, although earnings per share proved more significant compared to book valueof equity.

Yahaya, Yusuf and Dania (2015) examined International Financial Reporting Standards' Adoption and Financial Statement Effects: Evidence from Listed Deposit Money Banks in Nigeria. The objective of the paper is to examine the effects on financial statement of the adoption of IFRS in Nigeria. The empirical analysis used the binary logistic regression analysis. The results show that IFRS adoption has positively impacted some variables in the financial statement of banks, for example, profitability and growth potential. The paper also reveals that, given the fair value perspective of IFRS, the transition to IFRS brings instability in income statement figures.

Adebimpe and Ekwere (2015) studied IFRS Adoption and Value Relevance of Financial Statements of Nigerian Listed Banks. The study empirically examines whether or not the mandatory adoption of IFRS has improved the value relevance of financial information in the financial statements of commercial banks in Nigeria. Descriptive statistics and least square regression were conducted to analyse the effect of IFRS adoption on the accounting quality. The result indicates that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the previous Nigerian SAS.

Olanyinka and Oluwamayowa (2014) carried out a research on Corporate Environmental Disclosure and market value of Quoted Companies in Nigeria. The broad objective of this study was focused at ascertaining the aggregate and individual impact of Corporate Environmental Disclosure was regressed on market value. Descriptive research design was adopted and secondary data only was used. A sample size of fifty firms quoted in Nigeria Stock Exchange (NSE) was purposively selected for analysis based on the availability of environmental disclosures in their annual reports. The hypotheses were tested using correlation coefficient. The findings review that the inclusion of environmental disclosure will enhance market value. The study recommends that business should take caution in areas where environmental activities impacts negatively on the value of the firm and also invest in areas that enhance value for the firm.

Juhmani (2014) studied Corporate Social and Environmental Disclosure on Website. This study was centered on examining and information disclosure of companies and website. The study made use of historical research design and secondary data was used. The findings shows that 57.57% of the samples listed companies provided social and environmental information in their 2012 annual reports and their websites. Commercial banks and insurance companies made most disclosure of social and environmental accounting, while companies in the hotels and tourism sectors and industrial sector made the least disclosure

METHODOLOGY

3.1 Research Design

The investigation employed the expo-facto design. This is because the researcher had no control over the data and variables used in the investigation.This study makes use of econometric procedure in estimating an empirical analysis of the effect of IFRS on sustainability report in Nigeria with particular focus on pharmaceutical companies in Nigeria. It is also pertinent to note that the research design will adopt the quantitative approach based on the fact that it will give room for statistical and econometric estimations for the actualization of the research objectives.

3.2 Source of Data

The data used for the study were extracted from the financial/annual reports of the selected pharmaceutical firms in Nigeria.

3.3 Method of Data Analysis

The ANOVA was used to determine whether there are any significant differences between the means of independent or unrelated groups. The ANOVA is based on the comparison of the computed and tabulated values of the F*-Statistics. This was achieved with the use of Statistical Package for Social Sciences (SPSS). The ANOVA statistic which is based on the F statistic is given by:

$$F = \frac{MST}{MSE}$$

Where,

F = Anova Coefficient

MST = Mean sum of Squares due to treatment

MSE = Mean sum of Squares due to error

Thus, the formula for MST is given below:

$$MST = \frac{SST}{P-1}$$

$$SST = \sum n(x - \bar{x})^2$$

Where:

SST = Sum of Squares due to treatment

P = Total number of populations

n = total number of samples in a population

Formula for MSE is given below:

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$$MSE = \frac{SSE}{N - p}$$

$$SSE = \sum (n-1)S^2$$

Where:
SSE = Sum of squares due to error
S = Standard deviation of the samples
N = Total number of observations

Decision Rule: If the computed F-statistics is greater than the tabulated F-Statistics, we reject the null hypothesis and accept the alternative, but if the tabulated F-Statistics is greater than the Computed F-Statistics, we accept the null hypothesis and reject the alternative.

3.4 Software for Estimation

The statistical software that will be used to estimate the parameters of the study is the E-views version 9 econometric software

DATA PRESENTATION AND ANALYSIS

4.1 The Empirical Results

This section of the study is anchored on estimating the models and parameters of the study. The data generated for the study were estimated with analysis of variance with the instrumentality of F-statistics and the coefficient of determination (R^2).

4.2 Analysis of Variance (Objective One)

Table 4.1

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.632	1	37.632	8.005	.001[a]
	Residual	37.568	3	12.523		
	Total	75.200	4			

a. Predictors: (Constant), Revenue Report After IFRS
b. Dependent Variable: Revenue Report Before IFRS

Table 4.1 clearly shows the analysis of results estimated for the actualization of objective one which is to ascertain the effect of IFRS on revenue report of selected pharmaceutical firms. It can be clearly seen that the mean squares yielded 37.632 and 12.523 corresponding to 1 and 3 degree of freedom and a total sum of squares of 75.200. The table also shows that the F-statistics yielded 8.005 with a corresponding probability value of 0.001 < 0.05.

4.3 Analysis of Variance (Objective Two)

Table 4.2

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3439166	1	3439166.443	13.460	.035[a]
	Residual	766558.4	3	255519.452		
	Total	4205725	4			

a. Predictors: (Constant), Education Support Report After IFRS
b. Dependent Variable: Educational Support Report Before IFRS

Table 4.2 clearly shows the analysis of results estimated for the actualization of objective two which is to ascertain the effect of IFRS on educational support report of selected pharmaceutical firms. It can be clearly seen that the mean squares yielded 3439166.443 and 255519.452 corresponding to 1 and 3 degree of freedom and a total sum of squares of 4205725. The table also shows that the F-statistics yielded 13.460 with a corresponding probability value of 0.035 < 0.05.

4.4 Analysis of Variance (Objective Three)

Table 4.3

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3550162	1	3550162.004	16.246	.027[a]
	Residual	655562.8	3	218520.932		
	Total	4205725	4			

a. Predictors: (Constant), Security Report After IFRS

b. Dependent Variable: Security Report Before IFRS

Table 4.3 clearly shows the analysis of results estimated for the actualization of objective three which is to ascertain the effect of IFRS on security report of selected pharmaceutical firms. It can be clearly seen that the mean squares yielded 3550162.004 and 218520.932 corresponding to 1 and 3 degree of freedom and a total sum of squares of 4205725. The table also shows that the F-statistics yielded 16.246 with a corresponding probability value of 0.027 < 0.05.

4.5 Test of Hypotheses

The hypotheses stated earlier in this research were tested using ANOVA method in this section. Three steps were used to test the hypotheses. In step one; the hypotheses were restated in null and alternate forms. In step two, the results were analyzed while in step three, decisions were made. The decision rule involved the rejection or acceptance of the null or alternate hypotheses based on criterion of the techniques of analysis.

4.5.1 Test of Hypothesis One

Step One: Restatement of hypothesis in null and alternate forms.

Ho: The adoption of IFRS has no significant effect on revenue report of selected pharmaceutical firms in Nigeria.

Ha: The adoption of IFRS has significant effect on revenue report of selected pharmaceutical firms in Nigeria.

Step Two: Presentation and Analysis of Result

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.632	1	37.632	8.005	.001[a]
	Residual	37.568	3	12.523		
	Total	75.200	4			

a. Predictors: (Constant), Revenue Report After IFRS

b. Dependent Variable: Revenue Report Before IFRS

Decision

It can be clearly seen from the above table that the F-statistics of the ANOVA table yielded 8.005 with a corresponding probability value of 0.001. Since the probability value is less than 0.05 ($p = 0.001 < 0.05$), we are compelled to reject the Ho and thus accept that the adoption of IFRS has significant effect on revenue report of selected pharmaceutical firms in Nigeria.

4.5.2 Test of Hypothesis Two

Step One: Restatement of hypothesis in null and alternate forms.

Ho: The adoption of IFRS has no significant effect on educational support/scholarship of selected pharmaceutical firms in Nigeria.

Ha: The adoption of IFRS has significant effect on educational support/scholarship of selected pharmaceutical firms in Nigeria.

Step Two: Presentation and Analysis of Result

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3439166	1	3439166.443	13.460	.035[a]
	Residual	766558.4	3	255519.452		
	Total	4205725	4			

a. Predictors: (Constant), Education Support Report After IFRS

b. Dependent Variable: Educational Support Report Before IFRS

Decision

It can be clearly seen from the above table that the F-statistics of the ANOVA table yielded 13.460 with a corresponding probability value of 0.035. Since the probability value is less than 0.05 ($p = 0.035 < 0.05$), we are compelled to reject the Ho and thus accept that the adoption of IFRS has significant effect on educational support/scholarship of selected pharmaceutical firms in Nigeria.

4.5.3 Test of Hypothesis Three

Step One: Restatement of hypothesis in null and alternate forms.

Ho: The adoption of IFRS has no significant effect on the security report of selected pharmaceutical firms in Nigeria.

Ha: The adoption of IFRS has significant effect on the security report of selected pharmaceutical firms in Nigeria.

Step Two: Presentation and Analysis of Result

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3550162	1	3550162.004	16.246	.027[a]
	Residual	655562.8	3	218520.932		
	Total	4205725	4			

a. Predictors: (Constant), Security Report After IFRS

b. Dependent Variable: Security Report Before IFRS

Decision

It can be clearly seen from the above table that the F-statistics of the ANOVA table yielded 16.246 with a corresponding probability value of 0.027. Since the probability value is less than 0.05 ($p = 0.027 < 0.05$), we are compelled to reject the Ho and thus accept that the adoption of IFRS has significant effect on the security report of selected pharmaceutical firms in Nigeria.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study is focused on carrying out an empirical analysis of the effect of IFRS on sustainability report in Nigeria with particular focus on pharmaceutical companies in Nigeria. The methodology adopted in this study is the linear regression with the application of Analysis of Variance (ANOVA). In the course of the study, it was discovered that:

1. International Financial Reporting Standard (IFRS) has significant impact on revenue report of selected pharmaceutical firms in Nigeria.
2. International Financial Reporting Standard (IFRS) has significant impact on educational support/scholarship of selected pharmaceutical firms in Nigeria.
3. International Financial Reporting Standard (IFRS) has significant impact on the security report of selected pharmaceutical firms in Nigeria.

5.2 Conclusion

The comparability indices reported from the study have shown that the sampled pharmaceutical companies have higher and significant mean differences/values indicating that pharmaceutical companies' sustainability prospects under IFRS appeared higher than after the adoption of the GAAP. This means that pharmaceutical firm sustainability report is significantly affected by the introduction of IFRS in Nigeria. The study has shown that Nigerian environments can easily assimilate the introduction of the IFRS in the corporate system.

5.3 Recommendations

In the light of the findings of the study, the following recommendations are suggested:

1. Since the adoption of IFRS has significant impact on sustainability report, it is recommended that the pharmaceutical firms and other quoted firms be encouraged to adopt IFRS in their financial statement. The need for uniformity in financial reporting will aid comparison of financial information across countries and encourage foreign investment.
2. The Financial Reporting Council and the various professional bodies in Nigeria should place more emphases on continuing professional education and training. As much as possible, the professional accountancy bodies should align their continuing professional education requirements with IFRS guidelines.
3. Government and the regulators should ensure that there is availability of training facilities and materials for professional accountants on the concept of IFRS and issues relating to its implementation and conversion.
4. Compliance with IFRS timetable should be mandatory and failure should be marched with appropriate sanctions.

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APPENDIX

GLAXOSMITHKLINE

YEAR	REVENUE (N)	EDU SUPPORT (N)	SECURITY SUPPORT (N)
2007	819.1000	155.8100	52.79000
2008	1012.000	9.170000	0.080000
2009	1215.300	12.190000	0.100000
2010	1416.500	11.160000	0.080000
2011	4927.400	8.200000	0.100000
2012	7463.000	3.260000	0.130000
2013	9159.900	9.260000	0.130000
2014	9600.500	7.230000	0.040000
2015	9041.700	7.460000	0.420000
2016	10863.70	11.010000	0.580000

Source: *Glaxosmithkline Annual Report (2007-2016)*

Pharma-Deco Pharmaceuticals

YEAR	REVENUE (N)	EDU SUPPORT (N)	SECURITY SUPPORT (N)
2007	10922.90	2.400000	0.500000
2008	89072.80	1.260000	0.620000
2009	83206.50	4.290000	0.150000
2010	71967.80	8.880000	3.870000
2011	77888.80	7.380000	2.090000
2012	85097.40	9.750000	3.320000
2013	82860.90	11.50000	3.020000
2014	81596.50	14.85000	3.890000
2015	85146.60	13.59000	4.740000
2016	93971.60	43.61000	16.64000

Source: *Pharma-Deco Annual Report (2007-2016)*

Emzor Pharmaceuticals

YEAR	REVENUE (N)	EDU SUPPORT (N)	SECURITY SUPPORT (N)
2007	115591.4	57.96000	15.22000
2008	108081.0	39.88000	24.52000
2009	109682.6	80.53000	40.62000
2010	109344.2	64.78000	33.27000

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2011	106747.6	76.53000	34.20000
2012	108162.7	82.80000	55.66000
2013	114992.2	119.0200	62.25000
2014	116576.9	150.7800	81.91000
2015	117870.3	163.9800	98.22000
2016	110558.6	137.1200	90.20000

Source: *Pharma-Deco Annual Report (2007-2016)*