IMPLICATIONS OF ACCOUNTING POLICIES ON FIRM PERFORMANCE IN NIGERIA.

JOHN ODO Ph.D. AND ISAMADE BURABARI ANDREA, Department of Accounting, Godfrey Okoye University Enugu

ABSTRACT: *The study examined the implications of accounting policies on firm performance in Nigeria. It made use of two objectives being to: examine how accounting policies in disclosure of inventories and in disclosure of receivables affects return on assets of firms in Nigeria. Ex – post facto research design was adopted for the study while secondary data of the listed consumer goods sector were extracted from CBN statistical bulletin and the financial statements. Random panel regression model was used to test the two null hypotheses of the study. The study revealed that accounting policies in disclosure of inventories and disclosure of receivables significantly affect return on assets of firms in Nigeria. The study therefore recommends that companies in Nigeria should adopt all necessary accounting practices to enhance comparability of accounting information. They should equally ensure consistency in use of accounting policies so as to check unwholesome practices of the management. Furthermore, regulatory agencies and other stakeholders should hold the companies accountable for the lapses in the adoption of sound and acceptable accounting practices. Government should enact regulatory laws that will ensure that companies professionally carry out their accounting responsibilities.*
KEYWORDS: Accounting policies, Inventories, receivables, Return on assets, Nigeria.

INTRODUCTION

Today's accounting focuses on providing relevant, reliable and timely financial information to decision makers, who use the information to make key financial decisions concerning their business entities. Those decision makers and those interested in their financial information see accounting information as a veritable tool in the implementation of an entity's guidelines and policies (Barako, 2017). Ballesta and Meca (2017) therefore define accounting as a systematic procedure that identify, record, measure, classify, verify, summarize, interpret and communicate financial facts. It reveals profit or loss for a given period, and the value and nature of a firm's assets and liabilities and owner's equity. It involves ascertainment, recording, summarizing and reporting of financial information used in evaluating and monitoring a firm's economic undertakings.

Akpaka (2015) noted that accounting policies are very important for the proper understanding of the information provided in the financial statements. An entity should clearly state the accounting policies used while preparing the financial statements. Disclosure of accounting policies is important because many accounting standards allow alternative treatments for the same transaction or item. Users of financial statements will not be able to compare the financial information with other entities if the accounting policies are not clearly outlined. Therefore, accounting policies are those bases, rules, principles, conventions and procedure adopted in the preparation and presentation of financial statements. Amaefule, Onyekpere and Kalu (2018) on the other hand, affirm that accounting policies represent internal business standards that employees follow when recording financial transactions. Business owners and directors use accounting to record, report and analyze financial transactions. While financial transactions must be recorded according to Generally Accepted Accounting Principles (GAAP), business owners have some latitude when developing accounting policies. GAAP is a principles-based framework, rather than rules-based, which requires business owners to use accounting policies when recording certain financial transactions (Akintola & Chris, 2018). So also, Amaefule, Onyekpere and Kalu (2018) note that accounting policies must be applied consistently to promote comparability between financial statements of different accounting periods.

Statement of the Problem

Accounting policies are the specific principles and procedures implemented by a company's management team, that are used to prepare its financial statements which include any accounting methods, measurement and procedures for presenting the relevant data (Bushman & Smith, 2018). Financial statement analysis on the other hand seeks to evaluate management performance in several important areas such as profitability, efficiency and risk while ratios are usually employed in interpreting and analyzing financial statement (Zaiyol, Andrew & Udende, 2017). There are limitations within ratio analysis, the major being the problem encountered when companies used different accounting policies in preparing their financial statements. The choice of accounting policy could, however, significantly affect the analysis and interpretation of published financial statements.

The accounting policy to be chosen is part of the need for the firm to reduce contracting costs. Therefore, different accounting policies that can be employed by a reporting entity have significant

impact on the interpretation of financial statements. The different accounting policies affect the income statement as well as financial position of the firm. This has both direct and indirect impact on all the major ratios like return on capital employed. From the foregoing, the users of accounting information must peruse the whole information contained in the financial statement. The accounting policies adopted must be understood so as to dictate how to compare one company with another even company in the same industry.

Therefore, following from the above, the rationale for choice of this study is the envisaged lack of understanding of the implication of accounting policies on firm performance in Nigeria which needs to be investigated.

Objectives of the Study

The objectives of the study are to:

1. Determine how accounting policies in disclosure of inventories affect return on assets of firms in Nigeria.
2. Examine how accounting policies in disclosure of receivables affect return on assets of firms in Nigeria.

Research Questions

1. To what extent does accounting policies in disclosure of inventories affect return on assets of firms in Nigeria?
2. What is the effect of accounting policies in disclosure of receivables on return on assets of firms in Nigeria?

Statement of Hypothesis

$H0_1$. Accounting policies in disclosure of inventories do not significantly affect return on assets of firms in Nigeria.

$H0_2$. Accounting policies in disclosure of receivables do not significantly affect return on assets of firms in Nigeria.

Scope of the Study

The study on the implications of accounting policies on firm performance in Nigeria covered a period of ten (10) years ranging from 2010 to 2019. The firms selected for the study include; Nigeria Breweries Plc, Guinness Nigeria Plc, Cadbury Nigeria Plc, Nestle Nigeria Plc, Dangote Flour Mill Plc which belong to consumer goods sector.

Literature Review.
Previous related works were reviewed under three headings, Conceptual, Theoretical and Empirical review.

Conceptual framework

Accounting Policies

Accounting policies are the specific principles and procedures implemented by a company's management team that are used to prepare its financial statements. These include any accounting methods, measurement systems, and procedures for presenting disclosures (Umobong, 2015). Accounting policies differ from accounting principles in that the principles are the accounting rules and the policies are the company's way of adhering to those rules. Ugbede, Mohd and Ahmad (2014) on the other hand note that accounting policies are set of standards that govern how a company prepares its financial statements. These policies are used to deal specifically with complicated accounting practices such as depreciation methods, recognition of goodwill, preparation of research and development (R&D) costs, inventory valuation, and the consolidation of financial accounts. These policies may differ from company to company, but all accounting policies are required to conform to generally accepted accounting principles (GAAP) and/or International Financial Reporting Standards (IFRS).

Accounting principles can be thought of as a framework in which a company is expected to operate. However, the framework is somewhat flexible, and a company's management team can choose specific accounting policies that are advantageous to the financial reporting of the company (Onipe, Musa & Isah, 2015). Because accounting principles are lenient at times, the specific policies of a company are very important. Looking into a company's accounting policies can signal whether management is conservative or aggressive when reporting earnings. This should be taken into account by investors when reviewing earnings reports to assess the quality of earnings. Also, external auditors who are hired to review a company's financial statements should review the company's policies to ensure they conform to GAAP (Okolie & Omoregie, 2014).

Accounting Policies on Inventories

A firm must decide on how it will account for the inventory. The decision can have a substantial effect on taxable profit of the firm. The accounting policies on how to value inventory, the cost flow assumptions to make and the estimated value of inventory losses varies (Akintola & Chris, 2018).

Cost Flow

A first-in, first-out, or FIFO, cost flow assumes that a firm sells its oldest inventory first. Since costs tend to rise over time, FIFO uses a firm's lowest costs to figure cost of goods sold, or COGS. This maximizes profits and creates the highest tax obligation. Last-in, first-out, or LIFO, has the opposite effect as it it minimizes taxable profit when prices are rising. Cost flow assumptions may bear no resemblance to the actual physical movement of inventory (Ahmad, Hashem & Haydar, 2016).

Valuing Inventory

The Internal Revenue Service provides three ways to value a firm's ending inventory. Under the cost method, ending inventory value equals the beginning value plus inventory purchases minus COGS. A firm can instead use the lower of cost or marketvalue method, in which it marks down the value of ending inventory for items that sell for less than their cost (Agyei-Mensah, 2012). This method cannot be combined with a LIFO cost flow assumption. The last alternative is the retail inventory method, in which a firm figures a ratio of cost to retail price and calculate COGS for the period by applying the ratio to sales. Generally accepted accounting principles require a firm to match expenses with the revenues they generate and with the proper accounting period (Adebimpe & Ekwere, 2015).

Accounting Policies on Receivables

Zaiyol, Andrew and Udende (2017) are of the view that accounts receivables represent the firm's claim on the assets of customers. Receivables constitute a substantial proportion of the current assets of several organizations, thus represent investment. Umobong (2015) on the other hand defines receivables as book debts which the firm is expected to collect in the near future and those receivables is money owed to the business for a short period of time.

Ugbede, Mohd and Ahmad (2014) noted that receivables are investments and should neither be too many nor too few but rather the test should be whether the level of return the firm is able to

earn from receivables equals or exceeds the potential gain from other commitments. Onipe, Musa and Isah (2015) also commented that if it is possible to sell on credit, then selling on credit becomes more profitable, for it leads to increased sales as well as profits and helps to maintain and retain customers. Thus companies should sell on credit than on cash.

However, firm's potential to earn a favorable return on investment in receivables is dependent on the volume of credit sales, collection period and credit policy applied. Accounts receivable according to Okolie and Omoregie (2014) is a legally enforceable claim for payment from a business to its customer/clients for goods supplied and/or services rendered in execution of the customer's order. These are generally in the form of invoices raised by a business and delivered to the customer for payment within an agreed time frame. Accounts receivable is shown in a balance sheet as an asset. It is one of a series of accounting transactions dealing with the billing of a customer for goods and services that the customer has ordered. These may be distinguished from notes receivable, which are debts created through formal legal instruments called promissory notes.

Implications of Accounting Policies on Firm Performance

There are several reasons as to why accounting policies are extremely important to a company preparing the financial statements, so also to the investor and the government.

1. **Government retaining a control on financial statements:** All companies should follow either the GAAP or IFRS when preparing financial statements. It is a way the government can keep a check on financial statements and simultaneously protect the interests of investors (Zaiyol, Andrew & Udende, 2017).

2. **Proper framework:** Accounting policies essentially provide companies with a framework to report their financial statements, so they follow a standardized format.

3. **Providing advantage to investors:** By mentioning to investors that they have followed particular accounting policies, investors will gain added confidence in the company and the numbers, and the statements can easily be compared to other companies' financial statements.

4. **Disclosure:** Umobong (2015) notes that companies must disclose the accounting policies they follow. The policies comprise separate rules on how to disclose information to investors and companies should comply with adequate disclosure requirements.

Firm Performance

Firm performance is a term which may include organizational performance, functioning of the firm and outcomes of its operations. Kamaruzaman, Mazlifa and Maisarah (2017) are of the view that firm performance is a measure of performance of a company that may not only depend on the efficiency of the company itself but also on the market where it operates. In the financial sector, it is also known as financial stability or financial health of the firm. There are different financial measures that can be used in order to evaluate the performance of a company. Some of the common financial measures are: revenue, return on equity, return on assets, profit margin, sales growth, capital adequacy, liquidity ratio, and stock prices, among others (Kajola, 2008).

Return on Assets

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. It gives a manager, investor or analyst an idea as to how efficient a company's management is at using its assets to generate earnings (Ibiamke & Ateboh-Briggs, 2014). Isenmila and Adeyemo (2013) are of the views that return on assets (ROA), in basic terms, dictates what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or against a similar company's ROA.

Barako (2017) notes that the ROA figure gives investors an idea of how effective the company is in converting the money it invests into net income. The higher the ROA number, the better, because the company is earning more money on less investment.

Theoretical Framework
The Positive Accounting Theory

Positive Accounting Theory (PAT) which the study is anchored on came into being in the mid 1960s. It stemmed from the works of the popular theorist Fama in the 1960s, particularly the work that related to the Efficient Markets Hypothesis (Ugbede, Mohd & Ahmad, 2014). Positive Accounting theory was popularized with the works of Gordan (1964). He argued that senior

management was likely to manipulate the information in the financial statements in its own favour by selecting accounting procedures that maximize their own utility.

Onipe, Musa and Isah (2015) noted that positive agency theory was developed and utilized by Jensen and Meckling (1976) to analyze the relationship between the owners of the organization and the managers within the nexus of contract. Prior to this period, Italian Professor Aldo Amaduzzi in 1949 published a book entitled, *Conflitto ed equilibrio di interessi nel bilancio dell'impresa'* (translated in English it means, Conflict and Equilibrium of Interests in Corporate Financial Statements), in which he analyzed financial statements (and their content) as the equilibrium outcome of a conflict of interests between different corporate stakeholders (Amaefule, Onyekpere & Kalu, 2018). Due to language barrier, his work was not considered as mainstream.

Positive Accounting theory is concerned with resolving the problems that can occur in agency relationships (Alsaeed, 2016). They define agency relationship as a contract under which the owners of the organization (principal(s)) engage the manager (agent) to perform some service on their behalf. Under this arrangement, the owners delegate some decision making authority to the manager. It is presumed that both parties are utility maximizers, with varying philosophies and this could result in divergent and misaligned interest between them. Owners' would want to maximize net present value of firm while the managers would want to maximize utility, of which income is part. Most cases, the agent will not always act in the best interests of the principal. The agents could also hide information for selfish purpose by non-disclosure of important facts about the organization (Okolie & Omoregie, 2014). Owners face moral dilemmas because most times they cannot ascertain or evaluate the decision made by their agents. This conflict of interest results to agency problem whose resolution incurs agency costs.

Empirical Review

Okolie and Omoregie (2014) carried out a study on accounting policies and comparability of companies' financial reports in Nigeria. The design employed in data collection is a cross-sectional survey of the accounting policies of 12 companies listed on the Nigerian Stock Exchange (NSE). Chi-square statistic was adopted as analytical techniques of the study while it was discovered that accounting policies are uniform in the form, types of number presented, the layout or format and management of accounting policies. However, their accounting practices are not uniform in the

areas of quality, disclosure and content of financial statements and hence, their overall accounting practices.

Amaefule, Onyekpere and Kalu (2018) carried out a study on international financial reporting standards and manufacturing firms' financial performance in Nigeria from 2007 to 2016. Descriptive analysis (Mean) and inferential statistics (paired sample t-test) were employed in analyzing the data collected. Results from the analysis indicated that, on the one hand, IFRS adoption in Nigeria exerts insignificant negative effect on the firms' EPS while on the other hand exerting significant negative effect on the firms' ROA.

Zaiyol, Andrew and Udende (2017) examined the impact of IFRS implementation on accountability of Nigerian organizations. Secondary data were employed from annual reports of companies in Nigeria using key financial statement content in terms of earning per share, profit for the year and number of disclosure as a means for comparison. Pearson correlation coefficient was used to analyze the relationship between the IFRS and NGAAP. Findings from the analysis revealed that the quantitative differences in the financial reports prepared under SAS and IFRS are statistically significant.

Adebimpe and Ekwere (2015) carried out a study on IFRS Adoption and Value Relevance of Financial Statements of Nigerian Listed Banks. The authors adopted descriptive statistics and least square regression in their analysis. The sample comprises of twelve listed banks in Nigeria; and specifically utilized the financial statement figures of 2010 and 2011 (pre-adoption period) and 2012 and 2013 (post-adoption).The result of the analysis indicated that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the previous Nigerian SAS. Results also indicated that earnings per share is incrementally value relevant during post-IFRS period while book value of equity per share is incrementally less value relevant during the post-IFRS period.

MATERIALS AND METHODOLOGY

Research Design

The study hypothesized that accounting policies on the disclosure of inventories and disclosure of receivables do not have a significant effect on the return on assets of a firm. The model proxied

Return on asset as the dependent variable while accounting policies on disclosure of inventories and disclosure of receivables were used as independent variables.

3.4   Population of the Study

The population of study comprised of all the quoted firms in the consumer goods sub sector of the manufacturing firms. There are total of 26 listed consumer goods firms in the Nigerian stock market.

Sample and Sampling Technique

The sample size consisted of five (5) listed consumer goods firm selected from the population of study. The sample selection was done with the aid of judgmental sampling. The samples included:

1.   Cadbury Nigeria Plc
2.   Dangote Flour Mills
3.   Guinness Nigeria Plc
4.   Nestle Nigeria Plc
5.   Nigeria Breweries Plc

Model Specification

The model of the study is based on the classical regression model of Brooks (2014).

The model is shown as follows;

$$ROA = F(INV, REC) \dots\dots\dots\dots\dots \qquad (1)$$

Where:

ROA   =   Return on Assets

INV   =   Inventories

REC   =   Receivables

In a regression form, it becomes:

$$ROA_{It} = \beta o + \beta_1 INV_{It} + \beta_2 REC_{It} + \mu \dots\dots\dots\dots\dots \qquad (2)$$

βo = Constant Term

β_1 = Coefficient of Inventory

β_2 = Coefficient of Receivables

μ = Error Term

FINDINGS AND DISCUSSIONS

Hypothesis one

H_{o1} Accounting policies in disclosure of inventories do not significantly affect return on assets of firms in Nigeria.

Statement of Decision Criteria

Reject H_O if the probability value is <0.05.

Table 1: Result of OLS estimation on the implication of accounting policies in disclosure of inventories on return on assets.

Dependent Variable: ROA

Method: Least Squares

Date: 14/05/21   Time: 07:50

Sample: 2010 2020

Included observations: 55

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.86157	1.793959	-6.054526	0.0000
INV	0.011666	0.393500	3.029646	0.0066
REC	0.662556	0.244269	2.712407	0.0096
R-squared	0.952576	Mean dependent var		16.03989
Adjusted R-squared	0.945280	S.D. dependent var		2.344373
S.E. of regression	0.548403	Akaike info criterion		1.783077
Sum squared resid	7.819388	Schwarz criterion		2.014365
Log likelihood	-22.63769	Hannan-Quinn criter.		1.858471
F-statistic	130.5614	Durbin-Watson stat		1.612524
Prob(F-statistic)	0.000000			

Source: Author's Computation from E-View 9.0, 2021

Since the decision criterion is to reject H_O if the probability value is < 0.05, Table 1 therefore depicts a probability value of 0.0066 which is less than 0.05. The null hypothesis is rejected in this regard implying that Accounting policies in disclosure of inventories significantly affect return on assets of firms in Nigeria due to the fact that the probability value being 0.0066 was less than 0.05. This result agreed with the finding of Ugbede, Mohd and Ahmad (2014). The authors investigated the effects of changes in accounting standards on earnings management of Malaysia and Nigeria banks and found out those MFRSs and IFRSs impact more significantly and positively on the

quality of accounting information of banks than the previous FRSs and SASs respectively for Malaysia and Nigeria. On the other hand, the study disagreed with the findings of Amaefule, Onyekpere and Kalu (2018) that carried out a study on international financial reporting standards and manufacturing firms' financial performance in Nigeria from 2007 to 2016. They found out that IFRS adoption in Nigeria exerts insignificant negative effect on the firms' EPS while on the other hand exerting significant negative effect on the firms' ROA.

Hypothesis Two

Ho$_2$ Accounting policies in disclosure of receivables do not significantly affect return on assets of firms in Nigeria.

Table 2: Result of OLS estimation on the implication of accounting policies in disclosure of inventories receivables on return on assets.

Dependent Variable: ROA

Method: Least Squares

Date: 114/05/21   Time: 07:50

Sample: 2010 2021

Included observations: 55

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.86157	1.793959	-6.054526	0.0000
INV	0.011666	0.393500	3.029646	0.0066
REC	0.662556	0.244269	2.712407	0.0096

R-squared	0.952576	Mean dependent var	16.03989
Adjusted R-squared	0.945280	S.D. dependent var	2.344373
S.E. of regression	0.548403	Akaike info criterion	1.783077
Sum squared resid	7.819388	Schwarz criterion	2.014365
Log likelihood	-22.63769	Hannan-Quinn criter.	1.858471
F-statistic	130.5614	Durbin-Watson stat	1.612524
Prob(F-statistic)	0.000000		

Source: Author's Computation from E-View 9.0

Given the decision criteria to reject H$_O$ if the probability value is < 0.05, table 2 indicates that the value of the probability being 0.0096 was less than 0.05. This therefore led to rejection of the null hypothesis (H0) with a conclusion that Accounting policies in disclosure of receivables significantly affect return on assets of firms in Nigeria as the probability of the t-statistics of 0.0096

was less than 0.05. This finding agreed with that of Adebimpe and Ekwere (2015) as the authors carried out a study on IFRS Adoption and Value Relevance of Financial Statements of Nigerian Listed Banks. They discovered that the equity value and earnings of banks are relatively value relevant to share prices under IFRS than under the previous Nigerian SAS.

CONCLUSION AND RECOMMENDATIONS

Based on the findings the study therefore concludes that accounting policies on disclosure of inventories and also on disclosure on receivables significantly affects return on assets of firms in Nigeria.

Sequel to the findings above the following recommendations were made:

➤ The study recommend that the managers of manufacturing firms should adopt current inventory forecasting techniques that will help them estimate the desirable inventory levels to hold at any given period of time as this will always ensure a low average days to sell inventory.

➤ The firms should also automate their primary account receivable cycles. This is based on the premise that this can reduce transaction costs and automating account receivables processes can return significant savings on many businesses.

Other recommendations include:

➤ The Accounting regulatory body should be strict in implementing accounting policies as enacted to enable a clear comparability module of firms in the same industry.

➤ Management of firms should equally ensure total compliance on the accounting policies for effective measurement of the firm's performance over the years.

References

Adebimpe, O.U. & Ekwere, R. E. (2015). IFRS adoption and value relevance of financial statements of Nigerian listed banks. *International Journal of Finance and Accounting* 4(1), 1 – 7.

Agyei-Mensah, B.K. (2012). The impact of adopting International Accounting Standards 1 (IAS 1) in Ghana: The extent of disclosures, and their relationship to corporate characteristics. *African Journal of Business Management* 6(44), 96 – 105.

Ahmad, Y., Hashem N., & Haydar M. S. (2016). The investigation of the relationship between corporate governance and earning management. *International Journal of Academic Research* 3(2), 21 – 31

Akintola, O. & Chris, O. (2018). Firms characteristics and financial reporting quality: Nigerian Case. *International Journal of critical Accounting* 2 (9), 64 – 78.

Akpaka, N.C. (2015). International Financial Reporting Standards (IFRS) Adoption and Value Relevance of Financial Information of Listed Deposit Money Banks in Nigeria. (M.Sc. Thesis, Ahmadu Bello University, Zaria).

Alsaeed, K. (2016). The association between firm-specific characteristics and disclosure: the case of Saudi Arabia, *Managerial Auditing Journal* 21 (5), 47 – 49.

Amaefule, L. I., Onyekpere, U. R. & Kalu, E. O. (2018). International Financial Reporting Standards (IFRS) and manufacturing firms' financial performance in Nigeria: A study of selected quoted firms, *International Journal of Accounting and Taxation* 6 (1), 102-114.

Ballesta, P. & Meca, E. (2017). Ownership structure, discretionary accruals and the informativeness of earnings. *Corporate Governance* 15(4), 67 – 69.

Barako, D. G. (2017). Determinants of voluntary disclosures in Kenyan companies annual reports. *African Journal of Business Management*, 1 (5), 113-128.

Bushman, R. & Smith, A. (2018). Financial accounting information and corporate governance. *Journal of Accounting and Economics* 32(19), 237-351.

Ibiamke, N.A. & Ateboh-Briggs, P.B. (2014). Financial ratios effect of International Financial

Reporting Standards (IFRS) adoption in Nigeria. *International Journal of Business and Management Invention* 3(3), 50 – 59.

Isenmila, P.A. &Adeyemo, K.A. (2013). Mandatory adoption of International Financial Reporting Standards (IFRS) in Nigeria: The Unresolved Institutional Question. *Mediterranean Journal of Social Sciences* 4(1), 175-184.

Kajola N, S.O. (2008). Corporate governance and firms disclosure: The Case of Nigerian Listed Firms. *European Journal of Economic, Finance and Administrative Science* 18(14), 1-11.

Kamaruzaman, A. J., Mazlifa M.D., & Maisarah A. R (2017). The association between firm characteristics and financial statements transparency: the case of Egypt. *International Journal of Accounting* 18 (2), 211 – 223.

Okolie, A. O. & Omoregie, A. E. N. (2014). Accounting policies and comparability of companies' financial reports in Nigeria. *Journal of Business and Management* 16 (1), 10-16.

Onipe, A.Y., Musa, J.Y. & Isah, S.D. (2015). International Financial Reporting Standards' Adoption and financial statement effects: evidence from listed deposit money banks in Nigeria. *Research Journal of Finance and Accounting* 6(12), 107-122.

Ugbede, O., Mohd, L. & Ahmad, K. (2014). The effects of changes in accounting standards on earnings management of Malaysia and Nigeria banks. *European Journal of Accounting Auditing and Finance Research* 2 (8), 15-42.

Umobong, A.A. (2015). IFRS adoption and firms performance: a comparative analysis of quoted food and beverage manufacturing firms in Nigeria. *European Journal of Accounting Auditing and Finance Research* 3(8), 70- 83.

Zaiyol, P.I., Andrew, E.A. & Udende, B.M. (2017). Impact of IFRS adoption on accountability of Nigerian organizations. *IOSR Journal of Economics and Finance* (IOSR-JEF) 8(1), 60 – 72.

Appendix 1. Table showing the pooled data of Cadbury Nigeria Plc, Dangote Cement, Guinness Nigeria Plc, Nestle Nigeria Plc and Nigerian Breweries Plc

YEAR	COMPANIES	INV (N'M)	REC (N'M)	ROA
2010	CADBURY	8731978	140621	0.10898
2011	CADBURY	21239049	197944	0.10906
2012	CADBURY	2713094	270215	0.08604
2013	CADBURY	8410482	136662	0.13951
2014	CADBURY	8275891	185568	0.00898
2015	CADBURY	12239461	160888	0.04058
2016	CADBURY	12379328	1269344	0.01044
2017	CADBURY	7723984	189115	0.01055
2018	CADBURY	4198476	135889	0.02989
2019	CADBURY	11863726	69229	0.04063
2020	CADBURY	1655465	353177	0.03937
2010	DNGOTE	62444	198627	1.376228
2011	DNGOTE	90642	218403	1.394624
2012	DNGOTE	162877	606387	1.416045
2013	DNGOTE	179110	1474427	1.455228
2014	DNGOTE	178534	2152282	1.218061
2015	DNGOTE	223354	4354918	1.139176
2016	DNGOTE	330238	4535136	1.156184
2017	DNGOTE	350184	940169	1.003596
2018	DNGOTE	386494	4263241	1.125103
2019	DNGOTE	201588	61855	0.553877
2020	DNGOTE	1933065	53218	0.498515
2010	GUINNESS	63505	2194735	0.914107
2011	GUINNESS	285546	2967407	0.960952
2012	GUINNESS	2800016	139836089	0.464176
2013	GUINNESS	1685342	139679999	0.35324
2014	GUINNESS	2172888	146035087	0.293086
2015	GUINNESS	2327342	9720238	0.055493
2016	GUINNESS	2105500	15177397	0.525194
2017	GUINNESS	1946490	7786898	0.84905
2018	GUINNESS	2652748	3761573	1.239936
2019	GUINNESS	38408846	7529611	1.033212
2020	GUINNESS	3591305	4541605	1.029438
2010	NESTLE PLC	67123955	118263	0.17393
2011	NESTLE PLC	40400000	148671	0.17839

2012	NESTLE PLC	81674450	109764	0.14999
2013	NESTLE PLC	2.07E+08	78150	0.17044
2014	NESTLE PLC	1800	158738	0.07866
2015	NESTLE PLC	1920	159372	0.00747
2016	NESTLE PLC	1.46E+08	142625	0.07724
2017	NESTLE PLC	6198464	190200	0.08625
2018	NESTLE PLC	76885994	186064	0.04738
2019	NESTLE PLC	28396777	13491957	0.027846
2020	NESTLE PLC	2931826	2393065	0.038413
2010	NB PLC	1454617	76108	0.608247
2011	NB PLC	1642068	81460	0.744109
2012	NB PLC	1698458	98071	0.811117
2013	NB PLC	2073033	78150	1.972536
2014	NB PLC	2526742	158738	0.6166
2015	NB PLC	2186135	303594	0.821012
2016	NB PLC	2663724	297014	0.782293
2017	NB PLC	2939057	289191	0.744682
2018	NB PLC	3137431	333130	0.765067
2019	NB PLC	1236631	309862	5.495943
2020	NB PLC	2529311	294664	2.847016

Source: Financial Statement of the selected companies

NB:

INV: Inventory

REC: Receivables

ROA: Return on Assets

Appendix 2. Data of Cadbury Nigeria Plc, Dangote Cement, Guinness Nigeria Plc, Nestle Nigeria Plc and Nigerian Breweries Plc

YEAR		INV	REC	ROA
2010	CADBURY	8731978	140621	0.10898
2011	CADBURY	21239049	197944	0.10906
2012	CADBURY	2713094	270215	0.08604
2013	CADBURY	8410482	136662	0.13951
2014	CADBURY	8275891	185568	0.00898
2015	CADBURY	12239461	160888	0.04058
2016	CADBURY	12379328	1269344	0.01044

2017	CADBURY	7723984	189115	0.01055
2018	CADBURY	4198476	135889	0.02989
2019	CADBURY	11863726	69229	0.04063
2020	CADBURY	1655465	353177	0.03937
2010	DNGOTE	62444	198627	1.376228
2011	DNGOTE	90642	218403	1.394624
2012	DNGOTE	162877	606387	1.416045
2013	DNGOTE	179110	1474427	1.455228
2014	DNGOTE	178534	2152282	1.218061
2015	DNGOTE	223354	4354918	1.139176
2016	DNGOTE	330238	4535136	1.156184
2017	DNGOTE	350184	940169	1.003596
2018	DNGOTE	386494	4263241	1.125103
2019	DNGOTE	201588	61855	0.553877
2020	DNGOTE	1933065	53218	0.498515
2010	GUINNESS	63505	2194735	0.914107
2011	GUINNESS	285546	2967407	0.960952
2012	GUINNESS	2800016	139836089	0.464176
2013	GUINNESS	1685342	139679999	0.35324
2014	GUINNESS	2172888	146035087	0.293086
2015	GUINNESS	2327342	9720238	0.055493
2016	GUINNESS	2105500	15177397	0.525194
2017	GUINNESS	1946490	7786898	0.84905
2018	GUINNESS	2652748	3761573	1.239936
2019	GUINNESS	38408846	7529611	1.033212
2020	GUINNESS	3591305	4541605	1.029438
2010	NESTLE PLC	67123955	118263	0.17393
2011	NESTLE PLC	40400000	148671	0.17839
2012	NESTLE PLC	81674450	109764	0.14999
2013	NESTLE PLC	2.07E+08	78150	0.17044

2014	NESTLE PLC	1800	158738	0.07866
2015	NESTLE PLC	1920	159372	0.00747
2016	NESTLE PLC	1.46E+08	142625	0.07724
2017	NESTLE PLC	6198464	190200	0.08625
2018	NESTLE PLC	76885994	186064	0.04738
2019	NESTLE PLC	28396777	13491957	0.027846
2020	NESTLE PLC	2931826	2393065	0.038413
2010	NB PLC	1454617	76108	0.608247
2011	NB PLC	1642068	81460	0.744109
2012	NB PLC	1698458	98071	0.811117
2013	NB PLC	2073033	78150	1.972536
2014	NB PLC	2526742	158738	0.6166
2015	NB PLC	2186135	303594	0.821012
2016	NB PLC	2663724	297014	0.782293
2017	NB PLC	2939057	289191	0.744682
2018	NB PLC	3137431	333130	0.765067
2019	NB PLC	1236631	309862	5.495943
2020	NB PLC	2529311	294664	2.847016

Source: Financial Statement of the Selected Companies