IFRS DISCLOSURE AND PERFORMANCE OF LISTED FIRMS IN NIGERIA

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ABSTRACT

This study examined impact of IFRS disclosure financial reporting standards and disclosure on organization’s performance. Secondary data obtained from annual reports of listed organization for ten years (2011-2020) was analyzed. Regression analysis was used in order to check the relationship between the variables. Findings indicate that there was a statistically significant relationship between cash flow and organization’s performance in financial reporting, Earnings per share impacted organization’s performance negatively. The variables NCF, EPS, ROE caused a variation of 98.2% in organizational performance as disclosure during financial reporting. Therefore, the results showed that financial reporting standards have significant influence on organizational performance. It recommended that managers’ voluntary and fuller disclosure for the purpose of obtaining capital from investors but also because financial reporting disclosure of information increases transparency and accountability and reliability in annual reports.

Keywords: IFRS, performance, Nigeria, listed firms

INTRODUCTION

International Financial Reporting Standards (IFRS) are a set of accounting rules that govern how transactions are recorded and reported in financial statements (IASB, 2007). It has both alleviated and created issues. BUT THIS STUDY LOOKES AT HOW IFRS DISCLOS The big picture and IFRS' main purpose are critical. Globalization needs global comparability. A uniform set of accounting principles is required for global comparability. While over 100 countries have adopted IFRS, the US, Japan, and India have not (Bradshaw et al, 2012).

Remember that organizations with similar standards can be compared more accurately. This is important when comparing firms from different countries because their financial statements may be prepared differently. This greater comparability has improved organizational performance as more investors invest in the company. Despite this, the US and other countries have yet to adopt IFRS (Bradshaw et al, 2012). For foreign companies conducting business in America, this entails preparing financial statements using IFRS and another set using GAAP (Bradshaw et al, 2012). Each standard seeks to arrive at a realistic appraisal in various ways. IFRS requires justification for rule modifications, but corporations can often “invent” reasons. Greater regulation would ensure that all firms value their statements equally.

Several researchers assessed the benefits and constraint of adopting IFRS disclosure for firms; because the introduction of IFRS affects both large and small enterprises. Smaller firms seek outside experts to help them change. Smaller enterprises will be hurt harder. Examine how IFRS disclosures affect organizational performance. The study will examine how cash flow statements, earnings per share, and return on equity affect Nestle Plc's performance.

LITERATURE REVIEW

Standards of Financial Reporting (IFRS)

The International Accounting Standards Board (IASB) adopted IFRS standards, interpretations, and frameworks to unify and internationalize financial reporting in response to business globalization and regional convergence. Between 1973 and 2001, the Worldwide Accounting Rules Committee (IASC) produced the first set of international accounting standards known as the International Accounting Standard (IAS). (Benson) (Benson) The IASB published International Financial Reporting Standards (IFRS) in 2007 after leaving the IASC (IFRS). They became known as "International Accounting Standards (IAS)" after the IASB adopted them (IAS). IFRS are a single set of high quality principles-based standards for general purpose financial reporting. In addition to IAS 41, IFRS 18 and SICS II, there is also an IFRICS (18). (Azobu) Over-reliance on specific regulations is discouraged by IFRS (Doubnik&Perero, 2007, D&P, 2007).

Professional accounting bodies in member nations persuaded rather than mandated adoption and implementation of International Accounting Standards. Accounting standards that are universally acknowledged can help worldwide financial reporting comparability. Better financial data comparability may lead to better investment decisions and resource allocation globally (Jacob and Madu, 2009).Accounting fraud leads to dishonesty, which leads to corporate failure and economic loss (Atu et al., 2014). The internationalization and globalization of commercial enterprises are recognized as the reasons for generating and presenting unified financial statements. A intense global competition for natural resources and market dominance for goods and services has resulted in falling or increasing returns for multinational businesses. The cost of adopting national standards has put pressure on investors, shareholders, and management.

Adoption of IFRS in Nigeria

Finance and accounting reforms enhanced investor confidence in Nigeria (Ofoegbu &Okaro, 2014). Nigeria also contains the Securities and Exchange Commission Act, Banks and Other Financial Institutions Act, and Insurance Act of 2003. The NASB's SAS was used (NASB). IAS says GAAP is IAS (IAS). Pre-IAS. Nor did local lore. As a result, Nigeria's financial accounts were not credible (Impey, 2017). Globalization displaced local norms. This body was established in 2009. Act of 2010 to promote IFRS. Investment and other decisions require qualified financial reporting (2012). Fair and comparable financial reporting is required. Before IFRS, most countries had their own standards. The Financial Reporting Council (FRC) was created to supervise IFRS adoption (Kenneth, 2012,). Globalization affects culture, politics, norms, and legislation. Many countries do not fully apply IFRS because they want to adapt international standards to local conditions. Standardization of asset, liability, and revenue recognition and measurement is required globally. El-Gazzar et al assert comparability (1999).

Obstacles to IFRS Adoption in Nigeria

The press questioned Nigeria's adoption of IFRS because GAAPs are gradually becoming obsolete (Fowokan, 2011,).

- Comparison of worldwide financial statements.
- Incompatibility of group financial statements.
- Why Preparing group financial statements is costly.
- High cost of foreign capital
- Financial statement users' inability to interpret foreign company financial reporting.
- FDI decline in Nigeria.
- Uncompetitive capital market due to inadequate local reporting rules.

IASB Challenges

With the support of the International Accounting Standards Board (IASB), financial statement preparers can develop high-quality, comparable financial statements. The IFRS can help regional trade by allowing overseas investors to compare their investment portfolios (2011). The issue is linguistic, as Ukpai (2002) points out. Active in French; No single-word equivalent in German; Accounting is difficult to translate into Dutch, thus the Dutch utilize it. Accounting jargon is rare. Some policies are against international law. A new accounting rule, says Adams (2004). Taxation does not allow LIFO. Adopting IFRS also faces broad reluctance to change. Compromise typically means sacrificing quality (NASB 2010).Following the lead of most major nations, Nigeria adopted the IFRS in 2010. A number of companies including Guaranty Trust and Oando have begun using IFRS. The then NASB had held a series of workshops and seminars across the country to discuss the IFRS project conversion. This choice has broad repercussions. Businesses must improve internal controls, says Akinmutimi (2011). It is also important to keep users' trust in professional accountants by changing regulations promptly. This includes accounting and tax concerns as well as technology and organizational issues...

Benefits of Adopting IFRS in Nigeria

The adoption of IFRS has several benefits as evidenced by previous studies carried out by several scholars some of which include the following: (Leuz&Verrecchiia, 2000): decreased cost of capital, (Bushman &Piotroski, 2006): efficiency of capital allocation, (Young &Guenther, 2008): international capital mobility, (Ahmed, 2011): capital market development (Adekoya, 2011): increased market liquidity and value (Okere,2009): enhanced comparability (Bhatacharjee& Hossain, 2010): cross border movement of capital, (Mike, 2009): improved transparency of results.

The potential benefits that Nigeria stands to gain after IFRS adoption are seen in the light of: (i) Promotion of the compilation of meaningful data on the performance of various reporting entities at both public and private levels in Nigeria thereby encouraging comparability, transparency, efficiency and reliability of financial reporting in Nigeria. (ii) Assurance of useful and meaningful decisions on investment portfolio in Nigeria. Investors can easily compare financial results of corporation and make investment decisions. (iii) Attraction of direct foreign investment. Countries attract investment through greater transparency and a lower cost of capital for potential investors. For example, cross-border listing is greatly facilitated by the use of IFRS. (iv)Assurance of easier access to external capital for local companies; (v) Reduction of the cost of doing business across borders by eliminating the need for supplementary information from Nigerian companies. (vi)Facilitation or easy consolidation of financial information of the same company with offices in different countries; Multi-nationals companies avoid the hassle of restating their accounts in local GAAPs to meet the requirements of national stock exchange and regulators, making the consolidation of accounts of foreign subsidiaries easier and lowering overall cost of financial reporting. (vii) Easier regulation of financial information of entities in Nigeria. (viii) Enhanced knowledge of global financial reporting standards by tertiary institutions in Nigeria. (ix) Additional and better quality financial information for shareholders and supervisory authorities. (x) Government to be able to better access the tax liabilities of multinational companies.

Challenges to IFRS Adoption in Nigeria The practical challenges that may be faced in Nigeria as a result of implementing the IFRS need to be identified and addressed in order to benefit fully from the introduction of IFRS. These challenges have been evidenced by previous studies conducted by scholars such as: (Alp &Ustundag, 2009): potential knowledge shortfall, (Li & Meeks, 2006): legal system effect, (Shleifer&Vishny, 2003): tax system effect, (Irvine& Lucas, 2006): education and training, (Martins, 2011): enforcement and compliance mechanism. The challenges are discussed as follows: Level of Awareness

The transition plan to IFRS and its implications for preparers and users of financial statements, regulators, educators and other stakeholders have to be effectively coordinated and communicated. This should include raising awareness on the potential impact of the conversion, identifying regulatory synergies to be derived and communicating the temporary impact of the transition on business performance and financial position. The implementation of IFRS requires considerable preparation both at the country and entity levels to ensure coherence and provide clarity on the authority that IFRS will have in relation to other existing national laws. Accounting Education and Training

Practical implementation of IFRS requires adequate technical capacity among preparers and users of financial statements, auditors and regulatory authorities. Countries that implemented IFRS faced a variety of capacity-related issues, depending on the approach they took. One of the principal challenges Nigeria may encounter in the practical implementation process, shall be the shortage of accountants and auditors who are technically competent in implementing IFRS. Usually, the time lag between decision date and the actual implementation date is not sufficiently long to train a good number of professionals who could competently apply international standards.

Performance at Work

Organization refers to a collection of people, who are involved in pursuing defined objectives. It can be understood as a social system which comprises all formal human relationships. The organization encompasses division of work among employees and alignment of tasks towards the ultimate goal of the company. It can also be referred as the second most important managerial function that coordinates the work of employees, procures resources and combines the two, in pursuance of company’s goals. Organization is a goal oriented process, which aims at achieving them, through proper planning and coordination between activities. It relies on the principle of division of work and set up authority-responsibility relationship among the members of the organization.

Organisation Performance

Organizational performance is the actual output or results compared to the expected outputs (or goals and objectives). According to Richard et al. (2009), organizational success includes financial (profits, return on assets, return on investment), product market (sales, market share), and shareholder return (total shareholder return, economic value added, etc.). Organizational effectiveness is wider. Strategic planners, operations, finance, legal, and organizational development specialists are all concerned with organizational performance. Generally, organizational performance is defined as the voluntary association of productive assets, including human, physical, and capital resources, for a common objective. Those donating the assets will only commit them to the organization if they are satisfied with the value they receive in return. As a result, creating value is the essence of performance. So long as the value created by using donated assets is equal to or greater than the value expected by the donors, the assets will be donated and the organization will remain.

Thus, value creation is the primary overall performance criterion for any firm. Most management empirical research focuses on how value is created. This study's focus is on how that value is measured. Organizations are formed to achieve goals. An organization's operations must be efficient and successful in order to fulfill its goals. Effective business practices help organizations achieve their goals and maintain their success. Organizational success is judged by their ability to achieve certain goals. Environmental opportunities and risks can be addressed via performance (Mawanza, 2014).

Performance is a crucial indicator of a society's development. Recent global business issues have re-echoed the necessity for corporate organizations to be more concerned with business firm success. Firm performance has been recognized as one of the most essential characteristics by both finance and management researchers (Gavrea, Ilies, &Stegerean, 2011). Firm performance describes how well an organization fulfills its goals. It shows how organizations have merged over time (Saeidi, Sofian&SitiZaleha, 2014). Firm performance is an indicator that helps assess how well a company achieves its goals for all stakeholders (Antony & Bhattacharyya, 2010). Firm performance refers to a firm's ability to achieve a goal using existing resources efficiently (Asat, Maruhun, Haron&Jaafar 2015). Galbraith and Schendel (1983) observed that financial indicators including return on sales, return on assets, profit margin and equity are standard measurements of an organization's financial performance. Similarly, Abu Kasim, Minai, and Chun (1989) showed that sales, sales growth, net profit, and gross profit were favoured financial measurements for Malaysian manufacturing enterprises (Jusoh& Parnell, 2008).

Cash Flow and Organisational Performance

The Organizational performance is measured by how cash flow generating activities effect operating, investing, and financing. For a firm, cash flow data is vital. With the help of other financial documents, a statement of cash flows can help a user examine an organization's net asset changes, financial structure (liquidity and solvency), and ability to adjust cash flows to changing conditions or opportunities. A balance sheet (statement of financial status) data tends to be static, implying that they only measure one point at a time. A number of non-cash expenses, such amortization and depreciation, are included in the income statement as well. Contrarily, a cash flow statement records the observable changes from the books. Deception in bookkeeping is eliminated, focusing attention on what matters most to shareholders, available capital for investments and operations (Amuzu, 2010).

A firm's ability to create cash internally, manage current assets and obligations, and invest in productive assets and external finance are all highlighted in the cash flow statement (Libby et al). (2001). CASH FLOW DETERMINES A COMPANY'S ABILITY TO PERFORM PROJECTS AND “The major challenge of any project (property) development organization of whatever size is finance,” Nwachukwu (2002:301). To arrange a development project, the project developer's ability to mobilize land, labor, materials, plants, and supervisory staff. In preparing a cash flow statement, there are two approaches. Those are the direct and indirect approaches, according to IAS 7. These figures are used to estimate an entity's future cash flow needs. It ignores non-cash. Or, the indirect method balances net profit with non-cash elements (depreciation, non-current asset profit, etc.) and working capital changes to arrive at net operating cash flow. A cash flow evaluation of an organization is not complete if it does not include changes in working capital. To understand working capital changes as cash flow substitutes under the indirect method is difficult for non-finance users.

Earnings Per Share and Organisational Performance

EPS Common stockholders pay close attention to EPS. The fact that GAAP requires public companies to report EPS highlights its importance. Only one ratio demands it. In fact, public companies must report basic and diluted earnings per share. We showed how to compute EPS. The diluted EPS, not given above, includes all securities that could reduce the basic EPS. A common stock is bought to receive dividends or sell at a profit. A low EPS might result in low dividends and erratic stock prices. So firms want to raise EPS.A rise in EPS does not automatically signify improved performance. Profit growth can improve EPS. Also, when a company buys back its own stock, it rises. Similarly, if the number of shares increases faster than net income, EPS may fall. Regrettably, managers can manipulate EPS by creating transactions that target specific EPS values.

Analysts define EPS differently. Some investors prefer higher EPS. Profits are excellent and consequently good investment opportunity. When EPS is compared over time, it becomes more meaningful. A company's earning capacity increases if its EPS increases annually, according to most experts. In fact, prior data isn't always indicative of future performance. EPS can also vary greatly amongst companies. Companies in the same industry can compare better. EPS should be used in conjunction with other analytical methods.

Performance and Return on Equity

There are indirect benefits of financial reporting for investors (Carlin and Finch, 2010). Better data quality should minimize firm equity capital costs (Simlai, 2009). This would reduce the risk of unfavorable selection for inexperienced investors and increase return on equity for all investors (Gao et al., 2008). (Koutmos, 2007) This would boost share prices and make future corporate investments more desirable, resulting in a higher return on stock (ChuSheng, 2010). Financial statement information is increasingly used for contracting with enterprises, managers, and lenders (Yusaku and Ming, 2010). Fair value is the most significant measurement foundation since it focuses on the recognition and assessment of assets and liabilities (Nellessen and Zuelch, 2011). Accounting in Germany is based on past costs (Deloitte and Touche, 2004).

EMPIRICAL REVIEW

Prior to Regulation 1606/2002, empirical studies supported its approval. Accounting quality improves for a sample of Austrian, German, and Swiss companies that adopted IAS/IFRS before Europe forced its use. According to Bartov et al. (2005), German enterprises adopting IAS/IFRS have increased profits value-relevance. Barth et al. (2008) concluded that utilizing IAS/IFRS reduces earnings management, accelerates loss recognition, and increases value-relevant accounting indicators. It is possible that enhanced corporate transparency is driving voluntary adoption of IAS/IFRS. For example, Ashbaugh (2001) links IAS/IFRS reporting to firm growth, international stock markets, and further equity issuing. Cuijpers et al (2006). Employers of IAS/IFRS have incentives to improve financial reporting transparency and quality. According to Covrig et al. (2007), IAS/IFRS adopters own more foreign mutual funds, showing that voluntary conversion to IAS/IFRS is intended to attract foreign investors.

Recent IFRS adoption research has focused on earnings useful qualities for valuation (Barth et al 2010, Deske et al 2010). Ding et al (2006) investigated if US GAAP and IFRS affected market performance. Market performance changed during the IFRS timeframe. In addition, greater IFRS investor protection enhances stock price, earnings per share, and return on equity. Hellman (2011) saw an opportunity when Sweden adopted IFRS in 1991. The study's findings imply that a gradual implementation of IFRS in Sweden freed up earnings sharing. Global capital markets could be facilitated by reducing international accounting discrepancies and inconsistencies in financial reporting, according to prior research by Barth (2008), Ball (2006), and Nobes (2006). However, post-IFRS adoption statistics on Earnings per Share, Price Earnings Ratio, and Dividend Yield showed positive investor reaction. Based on stringent enforcement, Byard et al (2010) claim that IFRS adoption reduced analyst forecast errors and dispersion. The country's legal enforcement strength mitigated this finding (Li 2010). These findings support the concept that adopting IFRS has advantages.

Several studies have examined IFRS' impact on financial reporting. IFRS adoption is connected with less profit management (loss smoothing) and faster loss recognition, say Barth et al (2008). These earnings aspects are measured by the variability of change in profits, cash flows, and the admission of major losses. According to Barth et al. (2008), IFRS has improved the quality and usefulness of accounting earnings. Similar results for German voluntary adopters from 1998 to 2002 by Hung and Subramanyam. Studies of forced IFRS adopters yield mixed results. Even though Christensen et al. A drop in earnings management for IFRS-compliant companies in Australia, France, and the UK?

A booming economy has made accounting data more important, say Alali and Foote (2012). The UK's Horton and Serafeim (2010) investigation looks at the transfer of accounting statistics from local GAAP to IFRS after 2005. Pre and post IFRS (only post) negative earnings adjustments due to IFRS reconciliations are reacted to by the market. Accounting earnings in the UK are now more important for appraisal. According to Christensen et al., market reactions are larger in companies that have debt covenant violations due to IFRS earnings adjustments. Thus, contractual issues influenced market reaction to IFRS adoption in the UK. They disregard the possibility that IFRS-driven changes in accounting earnings attributes led to contract revisions.

On the Abu Dhabi and Dubai stock exchanges, Alsaqqa (2012) studied the impact of adopting IFRS. The study was a survey. Both the Dubai Financial Market and the Abu Dhabi Stock Exchange benefited from the adoption of IFRS, with the former benefiting more. The impact was larger in Abu Dhabi than in Dubai. The adoption of IFRSs also had a significant impact on share trading activity in both markets, with Abu Dhabi being the most affected. They recommend financial reporting since it helps improve financial performance. Nyanwu (2013) found that cash basis has a statistically significant moderate positive association with cash flow while accrual has a statistically significant weak negative relationship. Using accrual basis enhances cash flow by 48.5% whereas using cash basis improves cash flow by 85.05 percent. In reality, the cash basis of accounting measures liquidity better than the accrual method. To properly assess an organization's ability to meet obligations, financial reporting should include cash flow figures.

Aksu and Kosedag (2005) investigated the impact of transparency and disclosure on corporate performance. In the study, T and D scores were correlated with equities returns and market performance. There was a positive correlation between T and D ratings and financial performance in Turkish companies. The study used a voluntary disclosure score.

THEORETICAL REVIEW

Decision Usefulness Theory

This theory dates from 1950s. In the 1950s, accounting reports were of limited use in economic decision-making. As a result, decision-supporting information was required. Economic decisions are based on information from financial reports. This notion relates to providing investors with sufficient and meaningful information to make future performance judgments. The quality of financial data impacts the user's ability to evaluate the firm's success. A financial report's goal is to inform users so they can make informed decisions. Financial data should be easy to understand, reliable, relevant, and allow users to compare. These attributes are crucial in decision making, therefore missing accounting report information diminishes usefulness. Financial data must be free of prejudice, objective, and timely. When two separate professionals study the identical data collection, they come to the same conclusions. Unbiased information is prepared and presented without bias. Financial report delays reduce their decision-making value. Financial data must be verifiable.

Williams (1987) noted that financial reporting is intended to help make decisions. There are two types of decision usefulness theory: decision makers and decision making models. Studies addressing decision makers investigate what decision makers need, further it makes an assumptions that consumers know what they consider valuable. The flaw in this method is that different people require different information. The decision model approach places user needs second. The decision model is based on the preparer's assessment of what information is useful to make effective decisions. The decision model results in a research bias by focusing on information preparers and assuming that all stakeholders have uniform information demands. Adoption of IFRS improves the value of financial information by establishing a standard for comparison. Adoption of IFRS decreases bias by producing high-quality decision-relevant data. IASB specifies requirements for relevant accounting information, reinforcing the need for improved quality information. Studies analyzing IFRS have used this theory. Due to the lack of a suitable alternative, decision usefulness theory is the most important hypothesis in explaining accounting theory development. This hypothesis has been disputed, for example, few accounting professionals believe accounting information is provided to make decisions. Also, the theory does not precisely define the user groups that are concerned in information relevance..

Agency Theory

Jensen and Meckling (1976) define the agency relationship as a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. Agents correspond to managers, whereas principals correspond to shareholders from a companies' perspective (AbdulAziz, Camfferman and Zeff, 2007). Agency costs arise from the assumption that the two parties, agents and principals, have different interests (Gao, 2010).Arvidsson (2011) averred that monitoring costs are paid by the principals, shareholders, to limit the agents' aberrant activities.Dutta and Nezlobin (2017b) further added that bonding costs are paid by the agents, managers, to guarantee that no harm of the principal's interests will result from their decisions and actions. Residual loss stems when decisions of the agents diverge from decisions that would maximize the principal’s welfare (Carlin and Finch, 2010).

Stakeholder’s Theory

The traditional definition of a stakeholder is ‘any group or individual who can affect or is affected by the achievement of the organization’s objectives’ (Freeman 1984 in Fontaine, Harman and Schmid, 2006:4). The general idea of the stakeholder concept is a redefinition of the organization. Friedman (2006) in Fontaine et al (2006:4) states that the organization itself should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. This stakeholder management is thought to be fulfilled by the managers of stakeholders or users for instance the report must serve as a means of communicating with shareholders on how the business is performing and what values has been created. Also, Perrini and Tencati (2006:298) states that a company must consider and engage not only shareholders, employees and clients, but also suppliers, public authorities, local (or national according to a firm’s size) community and civil society in general, financial partners and only through financial reporting can all these be achieved. Financial reporting by management can maneuver the objectives of meeting all stakeholder needs and providing necessary information which is vital for managerial decision making process and which serves as the pillar of a more comprehensive corporate strategy (Lang and Lundholm, 2000).

METHODS

The study used explanatory research design for all the objectives. According to Kumar (2012), explanatory research design attempts to reveal a cause and effect relationship between two variables under a study. Casual studies usually offer the advantages of replication if necessity arises and are associated with greater levels of internal validity due to systematic selection of subjects. Casual studies focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables. Random Sampling Technique was adopted.

Therefore, the sample size consists of specific variables like the performance indicators that specifically point out the growth of the organization that are used by stakeholders to make decisions and get useful information. Secondary sources often interpret primary sources. The researcher acquired secondary data from the past and present audited annual reports of Nestle Nigeria Plc. Data collected was analyzed using descriptive analysis, multiple regressions to study the relationship between the independent variables and the dependent variables.

Organizational performance is the explained variable measured by Net profit (NP), which is clearly stated in the annual reports. Three independent variables were employed in the study. Net cash flow: this measures the Net cash flows from the cash flow statement prepared according to financial reporting. Earnings per share: This measure the earnings on the shares authorized and issued to the public and it is indicated in the statement of profit or loss. Return on equity: this measures the returns given out to the shareholders on the amount of their shares in the company. This is gotten by dividing net profit over shareholders equity.

Model Specification

We developed multiple regression models for the following form to capture the relationships between International Financial Reporting Standards and Organizational performance.

To make the equation easy for empirical verification, we used multiple linear regression equation.

$$lnNP=\beta_0+ \beta_1 lnNCF+ \beta_2 lnEPS+ \beta_3 lnRON+ \mu$$

Where;

NP= Net Profit

B= Parameter to be estimated

NCF= Net cash flow

EPS= Earnings per share

RON= Return on equity

U= Error term

DATA ANALYSIS AND INTERPRETATION

Findings were analyzed to come up with a reasonable conclusion on the impact of international financial reporting standards (IFRS) on Organization performance, we analyzed the performance data of Nestle Nigeria PLC for period of 10 years, using Net Profit (NP) as the dependent variable, and investigates the effects of the independent variables which I have grouped into three (3): Net Cash Flow (NCF), Earning Per Share

(EPS) and Return on Equity (RON). A multiple linear regression has been assumed for simplicity.

The econometric model specified for this study is given as;

$$\mathrm{NP} = \mathrm{f}(\, NCF, EPS, RON) + \mu \qquad 1$$

The logarithm transformation of the model can be explicitly written as;

$$\ln\mathrm{NP} = \beta_0 + \beta_1 lnNCF + \beta_2 lnEPS + \beta_3 lnRON + \mu \qquad 2$$

1: DESCRIPTIVE STATISTICS

Results:

Table 1: Descriptive Statistics

	NP	NCF	EPS	RON
Mean	2.49e+07	1.03e+07	30.648	3.140000
Std. Dev.	1.23e+07	1.53e+07	15.89913	1.557355
Skewness	.5089001	2.131953	.6058148	.5053929
Kurtosis	2.178984	6.399892	2.134283	2.181834
Variance	1.52e+14	2.34e+14	252.7823	2.2.4253
Observations	10	10	10	10

Table 1 showed that EPS is highly volatile with the highest standard deviation. All variables are normally positively skewed except the value of NCF which is positive but not normally skewed thereby implying that they are has long-right tail. The table also showed that NP, EPS and RON are platykurtic in nature since their kurtosis values <3 while NCF is leptokurtic since 6.40 > 3. Thus the data is assumed normal for model fitting after taking the natural logarithms of each variable to reduce influences of the data on each other.

CORRELATION ANALYSIS

Table 2: Shapiro Wilk Test for Normality on the Original Data

Variable	Obs	W	V	z	Prob>z
NP	10	0.92420	1.168	0.271	0.39331
NCF	10	0.65781	5.273	3.458	0.00027
EPS	10	0.91492	1.311	0.477	0.31651
RON	10	0.92475	1.160	0.258	0.39824

Hypothesis Statement

HO1: There is no significant relationship between Cash flow statement and organizational performance in financial reporting.

HO2: There is no significant relationship between Earnings per share and organizational performance in financial reporting.

HO3: There is no significant relationship between Return on equity and organizational performance in financial reporting.

Significant level $\propto$=0.05

Decision: reject H_0 if the Prob W value<α level otherwise do not reject

Conclusion: since the probability of W values (0.00027) is < α (0.05) for NCF, there is statistical reason to reject H_0 and conclude that the data for NCF is not normally distributed while NP, EPS and RON are normally distributed. Prediction made on the above data may result in to spurious regression.

Table 3: Shapiro Wilk Test for Normality on the Transformation Data

Variable	Obs	W	V	z	Prob>z
NP	10	0.95138	0.749	-0.481	0.68487
NCF	10	0.97907	0.322	-1.751	0.96002
EPS	10	0.96495	0.540	-0.996	0.84046
RON	10	0.95072	0.759	-0.459	0.67700

Table 3 showed the probability of W values in all the variables is > α (0.05) after taking the logarithm transformation on the original data. Thus the data is assumed normal for model fitting after taking the natural logarithms of each variable to reduce influences of the data on each other.

Table 3: Model-Regression Results

Variable	Coefficient	Standard Error	t-Statistic	P-Value
NP	15.88056	.0232622	682.68	0.000
NCF	.0014374	.0004863	2.96	0.025
EPS	-.005137	.0112674	-0.46	0.664
RON	1.00163	0112921	88.70	0.000
R-squared = .98234	Adjusted R-squared=.98143	Durbin Watson=1.45731		
F-statistic =3084.88	P-value=0.000000			

Substituting the coefficients to the OLS model of the functional relationship as given in eq (2);

$$\ln(\mathrm{NP}) = 15.88056 + .0014374\ln(NCF) - .005137\ln(EPS) + 1.00163\ln(RON) + \mu$$

4.3

Table 3 depicted the equation model (2). A unit rise in the three explanatory variables (NCF, EPS, and RON) leads to appropriate economic growth projections, and the computed F statistics values of 3084.88 with P-values of 0.000 (below 0.05) confirm to the model's overall goodness of fit. A positive significant influence on organization performance was also shown by NCF and RON with estimates of _1=.0014374 and _3=1.00163 0.05. The associations shown by the predictive measure of organizational performance are in line with past expectations, since the estimates show that EPS, NCF, and RON all positively impact organizational performance. The two explanatory variables (NCF and RON) have a positive connection with the dependent variable (NP) over the study period. Similarly, EPS had a minor negative impact on organizational performance (-.005137), but it was not significant.

The model has a good coefficient of determination (R2 =.98234), implying that the independent variables account for 98.2% of the variation in measure of organizational performance (NCF, EPS and RON). The table also revealed a Durbin Watson value of 1.45731, which is between -2 and 2. This meant the model was correctly specified. Carlin and Finch (2010) state that companies share financial information to assist stakeholders to make investment decisions regarding the company. There is a substantial association between the independent variables (NCF, EPS, RON) and the dependent variable (NP), hence we reject the null hypothesis and accept the alternative hypothesis.

SUMMARY, CONCLUSION, AND RECOMMENDATION

The study looked into the influence of IFRS disclosure on Nestle Nigeria Plc's performance. Based on the findings, this chapter concludes and recommends on the researcher's topic. The research found a statistically significant link between net cash flow and organizational performance at Nestle Nigeria Plc. The research also found that financial reporting on earnings per share generated variation in organizational performance. However, the link was not too statistically significant. The return on equity was statistically related to organizational performance. The research also indicated that independent variables account for 98.2% of the variation in organizational effectiveness (NCF, EPS and RON). The study also recommends that enterprises should disclose financial performance indicators to attract the correct investors, as well as produce a report that is free of inaccuracies and can be used as a decision intuition tool for research. The study therefore suggests that transparency and fairness in financial reporting should be ensured in all activities to reduce the cost of translating financial statements for cross-border transactions. Since IFRS is based on principles rather than rules, efforts should be taken to produce a standardized measure of voluntary disclosure. The study's significance and the significant relationship between financial reporting and organizational performance will help managers in organizations disclose information voluntarily, not only to obtain capital from investors, but also to increase transparency, accountability, and reliability in annual reports..

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