Journal of Research and Development Studies
Volume 5 No.1 (2021) 142 – 154
www.wdujournals.com

IFRS ADOPTION AND MARKET VALUE: AN EMPIRICAL EVALUATION OF THE FOOD AND BEVERAGE INDUSTRY IN NIGERIA

JOSEPH BENVOLIO
Department of Accountancy
Faculty of Management Sciences
University of Port Harcourt
Benvolio.joseph@uniport.edu.ng

MICAH, LEYIRA C. PhD
Department of Accountancy
Faculty of Management Sciences
University of Port Harcourt

ABSTRACT: ***This paper investigated the impact of IFRS on the market value of Food and Beverage industry in Nigeria. For the purpose of the research, data was collected from secondary sources - specifically the annual financial reports of the 10 listed companies used for the study. Collected data was analysed using OLS regression technique and t-test. From the data analysis, the results show significant difference between EPS in the pre and post IFRS periods. The result also shows statistically significant difference between pre and post-IFRS in ROE financial report. This is also an important findings, as it affirms the view that the accounting quality and/or disclosure levels under IFRS are not equal to NGAAP. The results of this work confirm that the adoption of IFRS to a great extent translate to higher financial performance. Based on the findings of this study, it is recommended that Companies and Allied Matters Act (CAMA) should be reviewed and realigned with IFRS so as to have figures that truly comply with IFRS standard. The study also recommends that regulatory bodies such as FRCN and SEC in the country set up a specific department for the purpose of reviewing annual financial report of companies at least once in a year before they are published. Future research should be conducted in other firms of other sectors to ascertain if samples can provide such rich data regarding both IFRS-based and Nigeria GAAP-based financial, data generated by the same firms. Again, since IFRS is developing future research will be needed to compare the two for the purpose of evaluating the ongoing modification efforts.***

Keywords: ***IFRS, market value, earnings per share, return on equity***

INTRODUCTION

Globalization has given rise to the need for world-wide harmonization of Accounting Standards on which financial reporting can be based for the benefit of users and preparers of the financial reports. According to Financial Accounting Standards Board (FASB)(2010), harmonization means reducing differences among the accounting principles used in major capital markets around the world. Fritz and Lammle (2003) stated that international harmonization of Accounting Standards is a process which brings International Accounting Standards into some sort agreement, in order to achieve a common set of accounting principles. On this note, comparable, transparent and reliable financial information is important for an efficient and integrated capital market. However, lack of comparability will discourage cross border investment as a result of uncertainty about the credibility of the financial statements (Fritz & Lammle, 2003).

According to Financial Accounting Standard Board (FASB) (2010), the notion of harmonization was replaced in the 1990s by the concept of convergence the development of a unified set of high-quality, international accounting standards that would be used in at least all major capital markets. The concept of convergence however, first arose in the late 1950s in response to post World War II economic integration and related increase in cross-border capital flows. Obazee (2007) in Odia and Ogiedu (2013) argue that accounting convergence could occurs in two ways viz: By adoption. Adoption simply means the replacement of national accounting standards with the International Accounting Standard Boards (IASB) standards while adaptation could be referred to as a modification of the standards issued by International Accounting Standards Board (IASB) so as to suit the

peculiarities of national markets and the economy at large, without any compromise to the IASB's accounting standards, disclosure requirements and basis of conclusions. Accounting to Odia and Ogiedu (2013). Convergence is meant to bring standards like the US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRSs) harmonize them to produce identical standards.

Jeno (2010) states that financial accounting harmonization is a product of market (which the accountant serve) integration hence, global accounting standards would enable the world's stock markets to become more closely integrated into a single market and when sure is the case, the transaction costs of investors and the cost of capital for firms in the market would be lower because, before the adoption of IFRS, differences in international reporting practice was a major barrier to efficient international investment monitoring and contracting (Jeno, 2010). Based on this, Shilet al., (2009) argued that accounting standards harmonization will be of benefit to the world economy in the following ways: facilitation of international transactions and minimization of exchange costs by providing increasingly "perfect" information; standardization of information to the world-wide economy policy-makers; by improving information in the financial markets, and by improving government accountability.

The International Financial Reporting Standards (IFRS) set of global accounting standards developed for the preparation and presentation of financial statement of companies, Kool (2011) states that, the purpose of introducing a new accounting standard such as IFRS is to improve the transparency and comparability of firms and since the capital market is primarily defined by investors and creditors, this increasing transparency and comparability (as a result of change in accounting standards) will have a direct impact on the capital market reflected by a change in cost of capital and market liquidity. Ocansey and Enahoro (2014) reveal that several researchers have confirmed that adoption of IFRS at the country level has increased direct investment, high level of global market integration and improved quality accounting indicators. Thus, this research paper is intended to investigate the impact of International Financial Reporting Standards adoption on the market value of the Food and Beverage Industry in Nigeria.

Statement of Problem

The main objective of financial reporting is to streamline performance with already set standards and the provision of financial information useful for efficient and effective decision-making. However, not much is known about the perception of investors on financial reports of companies and the possibility of IFRS adoption in Nigeria. This skeptism is strong because most companies financial report does not reveal or reflect true and fair view of accounting standard. Thus, this has led to the general abuse of financial report and accounting profession (Sarbanes-Oxley Act by Jain & Rezaee 2006; Li et al., 2008). Based on

this abuse, the adoption of IFRS in Nigeria will lead to negative market reaction. Hence, the research will focus on the differences in financial performance beforehand after the IFRS adoption of quoted food and beverage industry in Nigeria under the following aspect Earning Per Share and Return on Equity examine the incremental information value provided after the adoption of IFRS concurrently.

Purpose of Study

The purpose of the study is to examine the impact of IFRS adoption on financial performance of food and Beverage Industry in Nigeria. Specifically, this study aims to achieve the following objectives; to:

i. Examine whether Pre IFRS adoption affect Earnings Per Share (EPS) in food and Beverage Industry in Nigeria.
ii. Determine the extent to which Pre IFRS adoption affect Return on Equity in Food and beverage Industry in Nigeria.
iii. Determine the extent to which Post IFRS adoption affect Earnings Per Share in food and Beverage Industry in Nigeria.
iv. Ascertain whether Post IFRS adoption affects Return on Equity in food and Beverage Industry in Nigeria.

Stewardship Theory

Stewardship theory has been framed as the organizational behavior counterweight to rational action theories of management (Donaldson, 1990). This theory holds that there is no conflict of interest between managers and owners, and that the goal of government is, precisely, to find the mechanism and structure that facilitate the most effective coordination between the two parties (Donalson, 1990). Stewardship Theory holds that there is no inherent problem of executive control, meaning that the organizational managers tend to be benign in their actions. Stewardship Theory places greater value on goal convergence among the parties involved in corporate governance than on the agent's self-interest (Slyke, 2006).

The 'model of man" in stewardship theory is someone whose behavior is ordered such that pro-organizational behavior have higher utility than individualistic behavior (Davis et al., 1997). This model of man is rational as well, but perceives greater utility in cooperative behavior than in self-serving behaviors. A Steward's utility function is maximized when the shareholders' wealth is maximized. The steward perceives that the utility gained from interest alignment and collaborative behavior with the principal is higher than the utility that can be gained through individualistic, self-serving behaviors (Davis et al., 1997). Stewards are motivated by intrinsic rewards, such as reciprocity and mission alignment, rather than solely extrinsic rewards. The steward understands the success of the company as his own achievement. Stewardship theory is mainly concerned with identifying the situation in which the interest of the principal and steward are aligned (Davis, 1993).

According to this theory there are circumstance and psychological factors that predispose individual to act as agents or stewards. On the other hand, there are situational factors that influence the executive to act as steward. These situational factors refer to the surrounding cultural context, rather than to an organization's work environment. Furthermore, his theory rejects the agency on the relationship of agent and principal which assume that managers do not act in the interest of shareholders but maintains that managers are not motivated by individual goal but rather, they are stewards whose motives are aligned with the objectives of their shareholders (Nwaobia, 2015) the theorists believe that managers as stewards are well motivated when organizational goals are attained. This

is in line with the assertion that a steward protects and maximizes shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximized (Cullen, et al; 2006).

International Financial Reporting Standards

IFRSs are set of accounting standards established by an independent organization popularly known as International Accounting Standards Board (IASB). I F R S is a single set of accounting standards with particular format to be used for financial statements, make it easier for public companies to compete globally, raise capital, and provide financial details (Kaiser, et al 2014). The objective of the standards is to present a unique and comparable accounting framework for public companies on how to prepare and disclose their financial statements globally. Most significant financial accounting and reporting changes in the history of accounting was the adoption of IFRS across countries by public companies (Cotter, et al 2012). Soderstroin and Sun (2007) states that over one hundred (100) countries around the world today have implemented IFRS and others have taken steps to adopt the standards in a near future. European Union countries mandate all public traded companies to implement IFRS in preparing and consolidating their financial statements. United States Security and Exchange Commission (SEC) has allows non US companies to prepare their financial statements in accordance with IFRS (SEC, 2007).

To meet the international accounting standard by developing countries Nigeria through the Federal government has converse the impact of new development with all stakeholders in the country before it finally decided to adopt IFRS on a gradual basis. The then minister of commerce and industry disclosed on September 2010, that new accounting standards, the International Financial Reporting Standards (IFRS) would be adopted in 2012 (Ezeani & Rotimi 2012). The implementations in Nigeria were organized in three phases; in the first phase, public listed entities were mandated to prepare the financial statements in accordance with IFRS framework by 1st January, 2012. The second phase consists of public interest entities that were required to adopt for statutory purpose by 1st January, 2013. Similarly, Small and Medium Enterprises (SMEs) as the third phase required to be implemented by 1st January, 2014. Report of the committee on road map to the adoption of IFRS in Nigeria, 2010).

Several researchers around the world have discussed different issues on the impact of IFRS adoption in different countries. In Spain for instance, (Cattao et al., 2007) opined that companies required to mandatorily report consolidated accounting information in accordance with IFRS as of January 2005, and found that the adoption of IFRS in the country at the same time with local accounting standards have adversely affected the local comparability. Gassen and Sellborn (2006) found that IFRS firms have more persistent, less predictable and more conditionally conservative earnings in Germany after the adoption of the standards. Dimitropoulos et al., (2013) found that IFRS implementation in Greece was convincingly contributedto less earnings management, timely loss recognition and value relevance of accounting numbers compared to the local accounting standard.

Empirical Review

There exist several studies in Nigeria, since the adoption of International Financial Reporting Standards on its implementation process, challenges of the adoption, effects on cost of capital, foreign direct investment, quality of financial statements, performance of companies and the findings have been inconclusive. Few of the studies are reviewed below:
Ibanichuka and Asukwo (2018) carried out a research to examine the effect of International Financial Reporting Standard (IFRS) adoption on the financial performance of petroleum

marketing entities in Nigeria. Their study was a comparative analysis that assessed corporate performance pre- and post-IFRS adoption in the petroleum marketing sector of Nigeria, using a one-way Analysis of Variance (ANOVA) and the One Sample t Test. They found that Pre-IFRS and Post-IFRS adoption have no significant effect on Return on Asset and on Return on equity; however, both Pre-IFRS and Post-IFRS adoption have a significant impact on earnings per share. They concluded that there was no significant relationship between IFRS adoption and corporate performance of petroleum marketing entities in Nigeria.

Umobong (2015) studied the effect of IFRS adoption on firm's performance: a comparative analysis of quoted food and beverage manufacturing firms in Nigeria. Earnings per share, price earnings ratio and dividend yield were selected as performance criterion. He collected and divided his data into pre and post IFRS- comparative analysis and used t test to ascertain the influence of pre and post IFRS adoption on market performance of the firms. He found that differences in market performance between pre and post IFRS periods are not significant suggesting a weak correlation between adoption of IFRS and market performance of quoted food and beverage manufacturing firms in Nigeria stock exchange.
Umobong and Ibanichuka (2016) examined IFRS adoption and firm's financial performance of food, beverage and pharmaceuticals firms for the period 2006 to 2014, using Independent samples t-test and ANOVA carried out on data to compare pre and post IFRS adoption. Their findings indicated no significant difference of mean of Return on assets, Returns on Equity and Earnings per share in the two periods implying that IFRS adoption does not impact on reported performance Based on these findings, they concluded that IFRS failed to prevent bloated earnings.

Akinleye (2016) investigated the effect of International Financial Reporting Standards (IFRS) adoption on the performance of money deposit banks in Nigeria, using 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. He revealed that adoption of IFRS exert positive impact on performance of money deposit banks measured in terms of return on assets and in terms of return on equity.

Aseoluwa and Jelil (2017) sought to investigate the effect of the Adoption of International Financial Reporting Standards (IFRSs)by Nigerian Quoted Consumer Goods Manufacturing Companies for a period of five (5) years (2010- 2014) with the view of establishing empirically, the appropriateness or otherwise of the adoption in relation to the performance of the companies, using the pooled OLS estimator. Their findings showed that there is no significant relationship between the adoption of IFRS and performance of manufacturing firms listed on the Nigerian Stock Exchange.

Bola (2013) attempted to study the effects of IFRS adoption on the financial reports of firms listed on the Nigerian stock exchange, using fourteen (14) Oil and Gas firms who have their financial reports prepared and presented from 2009 to 2011 under the NG-GAAP or SAS (pre-adoption period) and that from 2012 to 2014 under the IFRS (post-adoption period). The researcher aimed at adopting a case study method involving the use of qualitative and quantitative methods; the quantitative method intended to investigate the impact of IFRS adoption on the KPIS (key performance indicators/measures) such as the gearing, liquidity and profit ability in order to determine the firm's financial strengths, weaknesses and ability to honour their obligation as they fall due while the qualitative approach involves the use of interviews and questionnaire to investigate the impact of the adoption in terms of exploration and evaluation (E&E) expenditures, decommissioning of oil

and gas installations expenditures, financial information disclosures as well as the overall impact on the presentation and structure of the financial reports. Empirical analyses were to be carried out on the differences followed by tests of quality of means, medians and variances between each series of ratios to determine the outcome. However, Bala's study is inconclusive as the empirical analysis was not carried out and the findings not reported.

Jeno (2011) examined the impact of the adoption of International Accounting Standards on the management performance of business listed on the Budapest Stock Exchange in Hungary using a qualitative comparative approach which enabled him to compare the results of companies that adopted international financial reporting standards mandatorily from 2007 and those that followed national accounting rules. The pre-adoption examination period is in year of 2006 and the post-adoption is in year 2007. A total sample of 65 IFRS adopting and 260 local (Hungarian) accounting rules user firms were examined in the study based on the financial date from published accounting statements in Budapest Exchange Trade (BET) and Hungarian Business database. However, mathematic-statistic methods were introduced in the course of the research and logistic regression models were employed capturing the profitability, liquidity, dividend, leverage, growth and asset ratios as well as the size of the firms. The findings show that the selected proxies in the statement of financial position (especially for solvency and prosperity) deteriorated after the adoption of IFRS and earnings management reduced as well after the period of post adoption. Therefore, he concluded that as a result of the adoption, the policy and requirements became gradually more transparent and bright; and the application of the standards as well as the implementation process became more user friendly.

METHODOLOGY

The researcher adopted the cross-sectional field survey of the quasi-experimental design because the variables under study are not subject to manipulation. The cross sectional field survey is chosen and applied because this research is to measure financial performance pre and post IFRS period using comparative analysis. The focus of the researcher here, is on financial performance before and after the adoption of IFRS in Nigeria. The study is limited to all quoted food and beverage companies in Nigeria. According to the "Manufacturers Association of Nigeria" (MAN), there 45 registered manufacturing companies operating in Nigeria which constitutes the target population. However, due the difficulty of conducting a successful study on the entire population, the researcher limits the study to an accessible population which consist of all quoted food and beverage companies in Nigeria. Available data from the Nigerian Stock Exchange as of the time of this study revealed a total of 18 quoted food and beverage companies, 8 of the 18 financial statements were wrongly prepared and out-dated which made it difficult to work with the 18 companies.

This reduced the population size to 10 food and beverage companies. Data collected and used in this study was secondary data obtained from the annual reports of the companies under study. Descriptive statistics in the form of tables is used in the study to present relevant data computed from relevant annual financial statement of the firms under study. A comparative analysis (difference between groups) was applied by the researcher. The relationship between the independent and dependent proxies of financial performance was determined using independent sample t-test. The statistical tool is represented by the following formula:

$$t = \frac{(x_{1-x_2}) - (U_1) - U_2)}{\partial x_1 - x_2}$$

Where x_1 is mean for pre-IFRS
X_2 is mean for post-IFRS
U_1 and U_2 are the true means
$\partial$is the standard deviation.

Model Specification

Model 1: Functions

EPS = f(pre and post IFRS adoption) (i)
ROE = f(pre and post IFRS adoption) (ii)

Model 2: Mathematics Form

EPS = $\partial_0 + \partial_1$ pre - IFRS + ∂_2post IFRS (iii)
ROE = $\partial_0 + \partial_1$ pre - IFRS + ∂_2post IFRS (iv)

Model 3: Econometric Form

EPS = $\partial_0 + \partial_1$ pre - IFRS + ∂_2post IFRS + e
ROE = $\partial_0 + \partial_1$ pre - IFRS + ∂_2post IFRS + e

Where:

EPS = Earnings per share
ROE = Return on Equity
∂_0 = Constant
∂_1 = The coefficient of the Explanatory variable (IFRS Adoption)
e = Error term

The study adopted the econometric form decision rule: If significant 2-tailed value/probability value (PV) = 0.000 < 0.005 Reject Ho if significant 2-tailed value/probability value (PV) = 0.000 > 0.005 Accept H_1.

Data Analysis and Results Interpretation

For **model 1**, the regression equation for model 1 can be determined based on the results reported in the Coefficients table above: Predicted EPS = 2.219 + 1.954 (IFRS_ADOPTION). The coefficient of 1.954 indicates that EPS increases 1.954 naira for every year IFRS is adopted. The confidence interval for the 1.954 coefficient is wide, ranging from -1.302 to 5.210, but the interval contains the value zero, indicating the hypothesis that IFRS ADOPTION is not linearly related to EPS can be accepted. The same hypothesis is evaluated with the *F* test, *F*(1, 98) = 1.418 which is less than the critical value of 3.84, p-value = 0.237 which is by far more than 0.05 level of significance. The effect size is represented by the $R^2$of .014. The $R^2$is an upwardly biased estimate of the population effect size and needs to be adjusted downward. The adjusted $R^2$is .004. This means that IFRS ADOPTION accounted for 0.4 percent of the variance of EPS, which is less than 1 percent of the variance in EPS. An examination of the independent samples *t* test supports the conclusion that there is an insignificant relationship between variables.

For **model 2**, the regression equation for model 3 can be determined based on the results reported in the Coefficients table above: Predicted ROE = -1.407 + 7.605 (IFRS_ADOPTION). The coefficient of 7.605 indicates that ROE increases 7.605 naira for every year IFRS is adopted. The confidence interval for the 7.605 coefficient is wide, ranging from 1.901 to 13.310. The interval does not contain the value zero, indicating the hypothesis that IFRS ADOPTION is not linearly related to ROE can be rejected. The same hypothesis is

evaluated with the *F* test, $F(1, 98) = 7$ which is greater than the critical value of 3.84, p-value = 0.009 which is less than 0.05 level of significance. The effect size is represented by the R^2 of .067. The $R^2$is an upwardly biased estimate of the population effect size and needs to be adjusted downward. The adjusted R^2 is .057. Approximately 6 percent of the variance of ROE is accounted for by its linear relationship with IFRS ADOPTION. An examination of the independent samples *t* test supports the conclusion that there is a moderate positive linear relationship between IFRS ADOPTION and ROE.

In **model 3**, the mean and standard deviation of the pre-IFRS adoption are 4.17 and 5.15, respectively. The mean and standard deviation of post-IFRS adoption are 6.13 and 8.32, respectively. We are not able to reject at the 0.05 conventional significance level the null hypothesis that Earnings Per Share (EPS) does not differ for Pre and Post IFRS adoption periods in Food and Beverage Industry in Nigeria using the independent samples *t* test that does not assume homogeneity of variance, $t(98) = -1.191$, $p = 0.237$. Hence, we can say that the post-IFRS adoption mean of the EPS is statistically insignificantly higher (6.13) to the pre-IFRS adoption mean of the EPS (4.17), i.e. EPS has improved but insignificantly since IFRS adoption than pre-IFRS adoption. The 95 percent confidence interval of the difference between means on EPS ranges from -5.210320 to 1.302225 based on the independent samples *t* test, but the interval contains the value zero, indicating insignificant effect. The effect size was -0.38, that is, -1.954048/5.152414 = -0.38. Therefore, we conclude that IFRS adoption has insignificant effect on EPS of Food and Beverage Industry in Nigeria. Note that this result obtained using independent samples *t*test is also confirmed using simple linear regression. The mean and standard deviation of the pre-IFRS adoption are 4.17 and 5.15, respectively. The mean and standard deviation of post-IFRS adoption are 6.13 and 8.32, respectively. We reject at the 0.05 significance level the null hypothesis Pre IFRS adoption does not significantly affect Return on Asset in Food and Beverage Industry in Nigeria. Pre IFRS adoption does not significantly affect Earnings per share in Food and Beverage Industry in Nigeria.

Model 4 The mean and standard deviation of the pre-IFRS adoption are 6.2 and 7.2, respectively. The mean and standard deviation of post-IFRS adoption are 13.8 and 15, respectively. We reject at the 0.05 conventional significance level the null hypothesis that Return on Equity (ROE) does not differ for Pre and Post IFRS adoption in Food and Beverage Industry in Nigeria using the independent samples *t* test that does not assume homogeneity of variance, $t(96.658) = -3.423$, $p = 0.001$. Therefore, we can say that the post-IFRS adoption mean of the ROE is significantly higher (13.8) than the pre-IFRS adoption mean of the ROE (6.2), i.e. ROE has improved significantly during IFRS adoption than pre-IFRS adoption. The 95 percent confidence interval of the difference between means on ROE ranges from -12.015318 to -3.195635 based on the independent samples *t* test. The effect size was -1.06, that is, -7.605476/7.196456 = -1.06. Therefore, we conclude that IFRS adoption has significant effect on ROE of Food and Beverage Industry in Nigeria. Note that this result obtained using independent samples *t*test is also confirmed using simple linear regression.

DISCUSSION OF FINDINGS

This paper investigated the impact of IFRS on the market value of Food and Beverage industry in Nigeria. For the purpose of the research, data was collected from secondary sources - specifically the annual financial reports of the 10 listed companies used for the study. Collected data was analysed using OLS regression technique and t-test. From the data analysis, using an alpha level of .05, an independent samples t-test was conducted to ascertain whether the average percentage of financial performance of food and beverage

companies differed significantly as a function of whether financial report was prepared in a pre-or post-IFRS period. The test was significant. The overall results affirm that IFRS adoption has significantly changed financial performance of listed food and beverage companies in Nigeria. This result is consistent with the findings of Akinleye (2016), and Ibanichuka and Asukwo (2018) in terms of IFRS adoption impact on Earnings Per share, on the other hand, this result is not consistent with the findings of Aseoluwa and Jelil (2017), Umobong (2015), Umobong and Ibanichuka (2016) as well as the findings of Ibanichuka and Asukwo (2018) in terms of other proxies like Return on Asset and on Return on equity. The findings inconsistent with our result revealed that performance deteriorated after the IFRS adoption and earnings management reduced as well after the post period of the adoption. They however agreed that as a result of the adoption, the policy and requirements became gradually more transparent and bright; and the application of the standards as well as the implementation process became more user friendly.

CONCLUSION AND RECOMMENDATIONS

The goal of this study was to examine, the impact of IFRS on the market value of quoted food and beverage companies in Nigeria. In this study, the researcher examined whether key indicators of financial performance post-IFRS are significantly different from pre-IFRS period. The first factor examined is Earnings per Share and Return on Equity. The results show significant difference between EPS in the pre and post IFRS periods. The result also shows statistically significant difference between pre and post-IFRS in ROE financial report. This is also an important finding, as it affirms the view that the accounting quality and/or disclosure levels under IFRS are not equal to NGAAP. The results of this work confirm that the adoption of IFRS to a great extent translate to higher financial performance.

Based on the findings of this study, it is recommended that Companies and Allied Matters Act (CAMA) should be reviewed and realigned with IFRS so as to have figures that truly comply with IFRS standard. The study also recommends that regulatory bodies such as FRCN and SEC in the country should set up a specific department for the purpose of reviewing annual financial report of companies at least once in a year before they are published. Future research should be conducted in other firms of other sectors to ascertain if samples can provide such rich data regarding both IFRS-based and Nigeria GAAP-based financial, data generated by the same firms. Again, since IFRS is developing future research will be needed to compare the two for the purpose of evaluating the ongoing modification efforts. The results of this work provide a resource for individuals, Companies and policy makers attempting to explain or understand the importance of IFRS adoption and the impact of IFRS adoption on the valua of quoted food and beverage companies.

REFERENCES

Aganga, O. (2013). IFRS adoption has enhanced perception of Nigeria vanguard newspaper, December 12, 2013, http://www.Vanquardger.com/2013/12/IFRS–adoption–enhanced-perception–Nigeria–Aganga.

Bala, M. (2013). Effects of IFRS adoption on the financial report of listed Nigeria entities the case of oil and gas companies. *The Macro Theme Review, 2*(7), 9-26.

Callao, S., Jarine, J. I., & Lainez, J. A. (2008). IFRS Adoption in Romania: The effects upon financial performance.

Capkun, V., Daniel, W., Collins & Barth, G. (2008). Does the adoption of IAS/IFRS determine earnings management.

Cotter, J., Tarca, A. & Wee, M. (2012). IFRS adoption and analysis of earing forecasts; Australian evidence. *Accounting and finance, 52*(2), 395-419.

Davis, J. H. (1993). The need for coherence and intellectual rigour in corporate research: reply to critics of Donaldson and Davis. *Australian Journal of Management, 18*, 213-225.

Dimitropoulos, P. E., Asteriou, D., Kousenidis & Leventis, S. (2013). The impact of IFRS on accounting quality; evidence from Greece. *Advance in Accounting and Advance in International Accounting, 2*, 108-123.

Donaldson, L. (1990). The ethereal hand: Organizational economics and management theory. *Academy of Management Review*, *1*, 369-381.

Ezeani N. A., & Oladele, R. (2012). Adoption of international financial reporting standards (IFRS) to enhance financial reporting in Nigeria universities. *Arabian Journal of Business and Management Review*, *2*(3),70-85.

Ezeani N. S., & Rotimi O. (2012). Adoption of international financial reporting standards (IFRS) to enhance financial reporting in Nigeria universities. *Arabian Journal of Business and Management Review*, *2*(3), 71-85.

Gassen, J. & Sellborn, (2006). Applying IFRS in Germany: Determinant and consequences. (July 2006)

Jeno, B. (2010). International accounting harmorization; evidence from Europe, international business management. *Global Journal of Management and Business Research*, *11*(6), 13-17.

Jeho, B. (2011). International accounting standardization effects on business management: evidence from Europe. *International Business and Management, 1*(11), 48-61.

Kaiser & Callinaci (2009). The microeconomic determinants of the adoption of IFRS for SMEs.

Kool, M. (2011). *Economic consequences in the Netherland of mandatory (IFRS) adoption.* An unpublished of mandatory (IFRS) adoption an unpublished Masters thesis, Erasmus school of economic and accounting.

Leuz, C. & Verrecchiia, R. E. (2006). The economic consequences of increase disclosure. *Journal of Accounting Research, 38*, 91-124. http://dx.doi.org/10.2307/2672910

Li, K. & Meeks, G. (2006). The impairment of purchased Goodwill: Effects on market value. *Working paper, Institute of chartered Accountants in England and Wales. Centre for Business Performance*

Nwaobia, A. N. (2005). Anthology of theories in a country and the application in social management sciences edited by Nwachulawu, J.N ; Lagos; Jamiro press link.

Ocansey, O.N.D. & Enahoro, J. A. (2014). Comparative study of international financial reporting standards implementation in Ghana and Nigeria. *European Scientific Journal, 10*(13), 529-546.

Odia, O. & Ogiedu, K. O. (2013). IFRS adoption: Issues, challenges and lessons for Nigeria and other adopters. *Mediterranean Journal of Social Sciences, 4*(3), 389-399.

Shil, N. C., Dasi B. & Pramanik A. K. (2009). Harmonization of accounting standards through Internationalization. *International Business Research, 2*(2), 194-201.

Shleifer, A. & Vishny R. W. (2003). Stock market and driven acquisitions. *Journal of Financial Economics, 70*, 295-311 http://dx.doi.org/10.016/50304-405x(03)00211-3.

Slyke, M., (2006). Agent or stewards: Using theory to understand the government-non-profit social service contracting relationship. *Journal of Public Administration Research and Theory.* 17, 157-187

Model 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.119[a]	.014	.004	7.519457

a. Predictors: (Constant), IFRS_ADOPTION

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
2	Regression	80.184	1	80.184	1.418	.237[b]
	Residual	5541.138	98	56.542		
	Total	5621.323	99			

a. Dependent Variable: EPS
b. Predictors: (Constant), IFRS_ADOPTION

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
2	(Constant)	2.219	2.889		.768	.444	-3.515	7.952
	IFRS_ADOPTION	1.954	1.641	.119	1.191	.237	-1.302	5.210

a. Dependent Variable: EPS

Model 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	.258[a]	.067	.057	13.173294

a. Predictors: (Constant), IFRS_ADOPTION

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	1214.709	1	1214.709	7.000	.009[b]
	Residual	17006.496	98	173.536		
	Total	18221.205	99			

a. Dependent Variable: ROE
b. Predictors: (Constant), IFRS_ADOPTION

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
3	(Constant)	-1.407	5.061		-.278	.782	-11.451	8.637
	IFRS_ADOPTION	7.605	2.875	.258	2.646	.009	1.901	13.310

a. Dependent Variable: ROE

Group Statistics

	IFRS_ADOPTION	N	Mean	Std. Deviation	Std. Error Mean
EPS	PRE_IFRS	30	4.17267	5.152414	.940698
	POST_IFRS	70	6.12671	8.315573	.993901

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	1.834	.179	-1.191	98	.237	-1.954048	1.640880	-5.210320	1.302225
Equal variances not assumed			-1.428	85.24	.157	-1.954048	1.368485	-4.674852	.766757

Ho: Post IFRS adoption does not significantly affect Return on Equity in Food and Beverage Industry in Nigeria.

Group Statistics

	IFRS_ADOPTION	N	Mean	Std. Deviation	Std. Error Mean
ROE	PRE_IFRS	30	6.19867	7.196456	1.313887
	POST_IFRS	70	13.80414	14.990149	1.791666

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ROE	Equal variances assumed	34.576	.000	-2.646	98	.009	-7.605476	2.874648	-13.310122	-1.900830
	Equal variances not assumed			-3.423	96.658	.001	-7.605476	2.221793	-12.015318	-3.195635