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IFRS Adoption and Financial Performance Indicators of Quoted Conglomerates in Nigeria: A Pre-Post Analysis

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Abstract: **The paper was set to examine the impact of adoption of International Financial Reporting standards on key selected performance variables in the conglomerate sector of the economy. while the pre IFRS periods covered a study period of 5 years (2007 to 2011, the post IFRS periods also covered a 5 year study periods (2012-2016). The key performance indicators were share price, earnings per share, return on equity, and return on assets. Data for the study was sourced from the six quoted conglomerates while the research hypotheses were tested using t-test. Variables such as share price (SP), return on equity (ROE), return on assets (ROA) showed a decrease after IFRS adoption indicating that the impact of IFRS adoption on these performance variables was negative. Meanwhile, earnings per share (EPS) showed an increase indicating that IFRS adoption has had a positive impact of the performance of firms among the conglomerate sector of the economy. However, the test of mean difference on all variables showed that the difference in mean values for all variables were statistically insignificant except for return on assets which showed a significant difference. Hence, we conclude that overall, IFRS adoption has not had a significant impact on the performance of conglomerate firms in Nigeria. inn this wise, we recommend that policy makers should ensure that local policies are introduce to encourage or stimulates the economy further to enable better performance on the part of the firms' Lastly, management of conglomerates should find a way to stimulate performance in order to encourage a surge on the prices of shares of firms.**

Keywords: **IFRS Adoption, Financial Performance Indicators, Quoted Conglomerates, and Pre-Post Analysis.**

1. INTRODUCTION

The concept of firm performance and its determining factors have been subjected to academic debates for quite a long time with no definite consensus on what actually constitutes the determinants of firm performance. To reinforce the above assertion, Enakirerhi and Wobo (2019) submitted that, the debate surrounding profitability and performance of firms cannot be over-emphasized. Thus, there is a need to continually debate until an acceptable consensus is reached. This is because, for a firm to survive for a period of time, it needs to be profitable and at better performance level. Usually, the failures of firms have far reaching repercussion to the economy than just the sphere of workers employed by the firm. This is why many texts in accounting and financial management argued profit making to be the sole objective of business. However, in recent times, this profit making objective has been called to question. For example, Atril (2012) has argued that the objective of profit maximization has many flaws, especially because profitability of firms could be a short term measure. He argued that profit is simply a bye product of maximizing the use of resources committed to managers by the shareholders and if a firm must survive in the long-run, resources must be maximized. Thus, he advocated the shareholders' wealth maximization as the most effective objectives of firms. In essence, since shareholders are the residual owners of the firms and bear the brunt of the risk, maximizing wealth of shareholders would mean that other objectives have been met, including profit maximization.

While Enakirerhi and Wobo (2019) and Gitman and Zutter (2012) agreed with the submission of Atril (2012), they added that it should vital to note that for firm to survive and remain competitive in the long-run, profit maximization in the short-run cannot be overlooked. Hence, factors that threaten profits of firms will likely threaten survival of firms . Odusanya, Yinusa and Ilo (2018) added that for firms to survive and compete with other firms with the industry and other industries, profit maximization is important.

On the other hand, the International Accounting Standards Board (IASB) and International Financial Reporting Standard Interpretation committee (IFRSIC) establishes the IFRSs which is a generally-accepted set of accounting standards and interpretation which was actually created as common global language for accountants all around the world which was expected to become the key financial reporting standards for all business entities all around the world. According to Ibanichuka & Asukwo (2018), Nigeria joined the League of Nations adopting IFRSs as at 2012. The Road-map indicated that, Public Listed Entities and Significant Public Interest Entities were mandatorily expected to report using IFRS as at December, 2012. All other Public Interest Entities were expected to mandatorily adopt the IFRS for statutory purpose by January, 2013 and Small and Medium–sized Entities adopted IFRS by January, 2014. The increasing development in IFRS adoption was brought about by the paramount importance attach to it by users of financial statements, companies and countries as a result of the number of predictions by professionals, policy makers and researchers on its possible outcome. For instance, in Nigeria the officials of Ministry of Commerce and Industry, Deloitte (2012), Madawaki (2012), Okpala(2012), and Baba (2013) theoretically predicted IFRS adoption in Nigeria will increase firm's performance among other things. The advocates of single set of accounting principles stipulated different merits to the adoption such as the believe that it will enhance investment decisions, increase comparability of financial information and ensure a more optimal distribution of resources across the world economy. Cai and Wong (2010) added that having one set of internationally acceptable financial reporting standards will remove the need for restatement of financial statements, and guarantee accounting diversity among countries. This therefore facilitates international movement of capital and greater integration of the global financial markets. Consequently, Epstein, (2009) also argued that a single set of financial reporting standards will increase market liquidity, decrease transaction costs for investors, lower cost of capital and facilitate international capital formation and flows which is a positive sign of sound financial performance. These attributes motivate the researchers to examine the conglomerate sector of the Nigeria economy before and after the adoption of IFRSs, to assess the effect on the financial performances in this sector and also the changes in the principle of presenting accounting statement and how these changes had affected Key financial Performance Indicators (KFPI) in the sector. The study is original and differs from previous studies in the following ways.

Most studies of IFRS adoption as it relates to financial performance of companies such Ibanichuka and Asukwo (2018), Ironkwe and Oglekwu (2016) focuses and uses data from the oil and gas sector, manufacturing sector and banking sector to the exclusion of important economic sector such as the conglomerate sector. The exclusion creates a gap in that the effect of IFRS adoption of the performance of conglomerate sector is not known. Thus, this work focuses on the conglomerate sector of the economy which provides research opportunity to analyze, conclude and recommend on the effect of IFRS adoption on the financial performance in this sector. Accordingly, the impact of IFRS adoption will be considered from the pre-adoption and post-adoption on the financial performance of conglomerate companies which will enable the researcher analyze and compare the resultant effect of pre-adoption and post-adoption on the financial performance of conglomerates in Nigeria, which has not been adequately explored and is the first research focus in this sector of Nigeria. Apart from the above, most studies such as Ibanichuka and Asukwo (2018) and Umobong & Ibanichuka (2016) used accounting measure of performance such as return on equity (ROE), return on assets (ROA) and earnings per share (EPS) to the exclusion of other important performance indicators such as share price, price earnings ratio, liquidity, leverage and growth in revenue. Examining the effect on these other performance indicators help to see how IFRS adoption affects a broad range factors. In light of this therefore, this study focuses on the effect IFRS has on selected indicators of financial performance of conglomerates in Nigeria. This study also hopes to find out if there is significant difference in these selected indicators of financial performance during the Pre – IFRS Adoption Periods (2007-2011) and the Post – IFRS Adoption Periods (2012-2016).

Significantly, the study would be both theoretically and empirical relevant as it would assistant investors, practitioners, standard setters and regulators in the Nigerian economy by enriching the discussions on efficacy of IFRS adoption.

In synopsis, the rest segments of this paper cover the literature discourse/gaps, research methodology, results & discussions, and conclusions and recommendations.

2. LITERATURE REVIEW

The agency theory was used to underpin this study. The agency theory was proposed by Jensen & Meckling (1976). According to Nwaogwugwu (2020), the agency theory holds that contractual relationship seeks to exist once an owner of a business termed the principal hires a manager called the agent to take care of his/her business on his/her behalf. As such, the agent has a legal and fiduciary duty to act in the best interest of the principal, it is assumed that both the principal and the agent are utility maximisers, meaning that the agent will not in all circumstances work in the best interest of the principal (Jensen & Meckling 1976). Accordingly, Ofoegbu and Odoemelam (2018) highlights clearly that there might be risk of managers undertaking actions that will be detrimental to owners (the principals).This is often referred to as moral hazard. If the interest of the agent and the principal are not aligned, there are incentives for the manager, being the agent, to act in a way that might not be in the best interest of the principal. As a result of this notion, Jensen & Meckling (1976) identified three agency costs: monitoring cost, bonding costs and residual loss. All these costs have interplay with the relationship between the agent and the principal. As such, agency theory relies heavily on the accounting function and its compliance to the international financial reporting standard. This give rise to the problem of information asymmetry that is managers may have access to most of the financial information than the shareholders.

By way of application, the Adoption of IFRS provides a basis for adequate information to be accessible by investors (owners) and other stakeholders. The implication of the theory on adoption of international financial reporting standard and performance of firms are two folds: Firstly, the cost of setting up regulatory mechanism to ensure that managers play their fiduciary function might be costly on stakeholders but will force managers to act in the best interest of the shareholders. In other word, earnings manipulation might decrease after adoption of IFRS. Secondly, a standard, highly thought to prevent manipulation by managers may act to improve financial figures or decrease them due to the fairness of reporting after adoption of IFRS. Thus, there might be decrease (increase) in performance of firms depending whether the firms reporting before adoption of IFRS were devoid of manipulation or not.

Furthermore,the impact of IFRS adoption on the financial results and valuation of Nigeria's listed banks was investigated in the report of Nwaogwugwu (2020). The author examined the efficiency and valuation of the listed banks using a sample of 5 banks (8 years observation) that have implemented the international financial reporting standard (IFRS) from 2012 to 2015 and pre-IFRS span from 2008 to 2011. He used panel data analysis on Return on Asset, Return on Equity, and earnings per share (EPS), as well as an IFRS dummy variable as independent variables, to achieve the study's main target. The Fixed Effect Model is used as the sufficient estimator for data interpretation in this paper. In the models, the calculated coefficient for the regime duration (RR) term is statistically insignificant and positive. The findings indicate that the implementation of the International Financial Reporting Standards (IFRS) in Nigeria has not resulted in improved efficiency or increased value. Overall, the findings of this study indicate that financial analysts, policymakers, and interested stakeholders should pay close attention to the findings in order to ensure that all companies follow IFRS and create easy access to comparability.

Obasan and Ajibade (2020) studied two countries and looked at the effects of the International Financial Reporting Standards (IFRS) on the Nigerian and Kenyan economies before and after they were adopted. Their work used a desk review research methodology,in which similar papers, documents, and literatures related to this research work were examined. The paper discovered that Nigeria faced numerous economic challenges and issues during the NGAAP era, including the inability of users of financial statements to comprehend the information in multinational companies' financial reports, a decline in the inflow of Foreign Direct Investment (FDI) into the country, and so on, and it was on this basis that the country government took action.They also discovered that six years after Kenya adopted IFRS in 1999,several companies listed on the Nairobi Stock Exchange (NSE) have not fully adopted the standard, despite having the necessary resources to do so. They were afraid of losing out on past and potential future benefits. Other factors such as the institutional structure, national legal system, and good corporate governance standards should be improved when implementing IFRS in Nigeria, Kenya, and other developing countries, according to the report, to ensure an increase in transparency and comparability of financial statement preparation and presentation.

Eluyela, Adetula, Oladipo, Nwanji, Adegbola, Ajayi, and Falaye (2019) compared the financial statements of listed SMEs in Nigeria before and after they adopted the global standards known as IFRS. The data for their study came from the annual reports of the sampled listed SMEs on the Nigerian stock exchange from 2012 to 2015. The profitability, liquidity, and market ratios of the sampled SMEs were measured using Return on Capital Employed (ROCE), Return on Equity (ROE), Debt to Equity (D/E), and Earnings per Share (EPS) as proxies. The one-sample Kolmogorov Smirnov test, descriptive statistics, and the Mann Whitney u-test were used to analyze the study results. The study's findings indicated that there is no substantial difference between the profitability and leverage ratios of classified SMEs' IFRS and NGAAP-based financial statements. Further research revealed that market ratios prepared under IFRS and NGAAP-based financial statements of listed SMEs vary significantly. The study's main finding is that the global standards have a substantial effect on business ratio. This was due to the adoption of equal value assessment and asset impairment by the global standards. As a result, the study suggested that SMEs participate in on-going training of relevant staff in order to meet the requirements of the IFRS.

Ofoegbu and Odoemelam (2018) looked at the effect of IFRS disclosure practices on the performance of companies listed on the Nigerian Stock Exchange for six years, from 2012 to 2017. The data was collected from 384 firm-year findings from 64 Nigerian companies that are publicly traded (NSE). The authors created a disclosure index for both mandatory and voluntary IFRSs using content analysis and multiple regression techniques, looked at the relationship between disclosure and the firms' expressed return on capital employed (ROCE) as a performance metric. The study also looked at the relationship between market-based performance, business characteristics, and overall disclosure. The findings indicated that the level of overall transparency has no effect on the financial performance of Nigerian companies listed on the stock exchange. The findings showed that share price, scale, and audit firm size are all positively associated with overall firm disclosure.

Dzugwahi and Kighir (2018)' study investigated the effect of IFRS adoption on shareholder capital in Nigerian deposit money banks. The information for this analysis came from publicly available financial statements of Deposit Money Banks (DMBs) listed on the Nigerian Stock Exchange (NSE) from 2008 to 2015. Multivariate analysis of variance (MANOVA), multivariate analysis of covariance (MANCOVA), and multiple regression analysis models were used to analyze the results. Dividend per Share(DPS), Market Value per Share (MVPS), Earnings per Share(EPS), and Return on Equity (ROE) were used as proxies for shareholder capital, with IFRS pre- and post-treatments acting as a categorical variable and inflation acting as a continuous control variable. The study's findings indicated that IFRS adoption had a substantial impact on DMBs shareholder capital, but only after adjusting for inflation. However, even after adjusting for inflation, there is little data on Market Value per Share (MVPS) and Earnings per Share(EPS) during the same time span. The study concluded that the implementation of the global standard has had a substantial effect on DMB shareholder capital in Nigeria.

Sanyaolu, Iyoha and Ojeka (2017) looked into the impact of the International Financial Reporting Standards (IFRS) on the earning yield (EY) and earnings per share (EPS) of Nigerian quoted banks. The study examined the effect of IFRS adoption on the earnings of all 15 quoted banks on the Nigerian Stock Exchange using cross-sectional data collected over a six-year period from 2009 to 2014. The effect of IFRS adoption on the earnings of all 15 listed banks on the Nigerian Stock Exchange was studied using the panel ordinary least method of analysis. The study discovered an important and positive connection between IFRS adoption and the EY of Nigeria's quoted banks. The study also discovered an important and positive connection between IFRS adoption and EPS of Nigerian quoted banks. According to the report, IFRS adoption has strengthened the decision-making capability of various stakeholders, resulting in increased investor interest and capital inflow into the country through foreign direct investment. The study recommends that in order to ensure the proper implementation of IFRS inNigeria, a large number of qualified IFRS accountants and auditors are needed, and that the Institute of Chartered Accountants of Nigeria should step up its efforts to organize IFRS-based training programs for its members and other stakeholders involved in corporate reporting.

Donwa, Mgbame & Idemudia (2015) studied if the adoption of IFRS results in a substantially higher output assessment of Nigerian oil and gas companies. This was accomplished by comparing financial ratios calculated under NGAAP with those calculated under IFRS for two years under each system, from 2010 to 2011 for NGAAP and 2012 to 2013 for IFRS. Using the T-test Statistics, an empirical study was conducted to see whether there is a substantial difference between the ratios prepared under the IFRS and NGAAP regimes. The overall ratios of both short and long term solvency for NGAAP denominated financial statements suggest higher liquidity than IFRS, with the exception of debt to worth, which showed a higher performance under IFRS, whereas the profitability ratio was higher under the IFRS regime, but there was no substantial difference between the two regimes.

Conversely, Ibiamke and Ateboh-Brigg (2014) studied financial ratios effect of international financial reporting standards (ifrs) adoption in Nigeria. To investigate how IFRS adoption affects important financial ratios of Nigerian listed companies, the study used a creative design known as "same firm-year" research design. A filter scale was used to select a sample of 60 firms. The Gray Index was used to assess the impact of IFRS adoption on financial ratios, while the Paired Sample T-Test and Levene's F were used to assess the statistical significance of differences in mean and variances between IFRS and Nigerian Generally Accepted Accounting Principles (NGAAP) ratios. The study's key finding is that implementation of the global standard has had a negative effect on the financial ratios of Nigerian publicly traded companies, but the impact was not statistically significant. They recommended that analysts and other financial statement consumers be aware of the new features of financial statements when making economic decisions during Nigeria's transition to IFRS.

The above findings clearly revealed that there is still much to be done and that none of the studies reviewed focused on conglomerates thereby making the present study stands out considering the impact roles the conglomerate sector play in every modern economy.

3. METHODOLOGY

3.1 Research Design, Population, Sample and Sampling Techniques

Since the data for this study is secondary in nature and events that have already occurred in retrospect, the Ex-Post Facto research design was deemed the most appropriate research design for this study. Moreover, this type of research design permits the researcher to be independent of the data being analysed and thus, validity is guaranteed.

Further, the population of the study consists of all quoted conglomerate on the floor of the Nigerian Stock Exchange as at 30/07/2018. The choice of the study population is due to dearth of research concerning this important sector of the economy. Meanwhile, the sample size covered six (6) conglomerate firms. These companies must have consistently prepared, presented and reported their financial statement from 2007 to 2011 under the NG-GAAP or SAS (Pre-Adoption Period) and 2012 to 2016 under the IFRS (Post-Adoption Period). Thus, there are a total of 60 firm year observations, 30 pre-IFRS and 30 post-IFRS adoption.

3.2. Data Sourcing, Data Analysis Techniques and Model Specification

The study uses mainly secondary data. The theoretical foundation was developed from accounting and finance literature, journals, related materials and report of previous empirical studies documented on the internet. The raw data are essentially financial accounting data extracted from reports and accounts published by conglomerate firms quoted on the floor of the Nigerian stock exchange (NSE) and firm's website. The data collected is for a period of ten (10) years of cross sectional panel data spanning 2007 to 2016 from the annual reports of the selected companies.

Furthermore, we used descriptive statistics such as mean, minimum, maximum and standard deviation to help use x-ray the property of firms quoted in the conglomerate sector and also help in overall comparison of performance between the two periods under observation. By this, preliminary comparison and inferences were drawn on the performances of the firms in both periods. However, this was preliminary to allow for further inferential statistical analysis. To test our hypotheses and draw inferences on the impact of IFRS-adoption on the performance of conglomerate firms in Nigeria, the use of test of mean difference was employed. This enables us to see whether mean performance selected variables differ significantly amongst conglomerate firms after adoption of IFRS in Nigeria. Thus, the paired sample t-test was used to test for difference in both periods as specified in the model below in line with the study of Ikpefan (2013) and Temile (2018).

The model for the study is specified below:

$$\boldsymbol{t} = \frac{\widehat{\boldsymbol{x}}_1 - \widehat{\boldsymbol{x}}_2}{\sqrt{\left(\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}\right)}}$$

Where:

$\widehat{\boldsymbol{x}}_1 and \widehat{\boldsymbol{x}}_2$represent the sample mean of selected performance variables (share price, price earnigns ratio, earnings per share, return on equity, return on assets, liquidity, leverage and growth in revenue of firms) in pre and post IFRS era

$\boldsymbol{s}_1^2$ and $\boldsymbol{s}_2^2$are the sample variances for both periods

$\mathbf{n}_1$ and $\mathbf{n}_2$ are the sample size for both periods

3.3. A priori Expectation

It is expected that the adoption of IFRS (leading to mandatory information disclosure) will result to significant improvement in mean financial performance of quoted conglomerate companies on the Nigerian Stock Exchange. Thus

Table 1

Variables	A priori Expectation
Share Price	+(increase)
Earnings per share	+ (Increase)
Return on equity	+ (Increase)
Return on Assets	+ (Increase)

Source: Author's construct

However, we expect a reduction in revenue growth due to increased disclosure and effect of economic meltdown.

4. RESULTS AND DISCUSSION

The section is dedicated to the analysis, interpretation, discussion of the result with a view to drawing inferences whether IFRS adoption has increased selected key performance variables or not. The descriptive statistics was discussed alongside the T-test statistics, all in a bid to help us draw conclusion whether IFRS adoption has improved the performance of forms in the conglomerates sectors of the economy. To this end, the results are presented in the table below:

4.1 Share price (SP) of Conglomerates Firms, Pre and post IFRS adoption

The share price of firm is an important market performance indicator of the performance of a company or any particular sector. It is also a predictive value for the future of the firm. Hence, investors usually respond by buying more of the shares of the firm if it is perceived that the firm is doing well or by selling off the shares of the firm if the other way round. It is also a measure of the confidence of investors on the activities of management. By the adoption of IFRS in Nigeria, managers are expected to be transparent and hence, the share price should mirror the true performance or expected performance of the firm. From the table 2 below, the mean share price for the period between 2007 and 2011 is 9.9952, a maximum of 36.7500, minimum of 0.4761 and a standard deviation of 10.2389. The period of 2012 to 2016, notably, after adoption of IFRS, shows a slight decrease in means value with some interesting data. The mean value is 8.7163 with a maximum of 67, a minimum of 0.5428n and a standard deviation of 14.433. Overall, the share price of firms in the periods of 2007 to 2011 seems to outperform share prices after the 2011 periods. However, a closer look at the maximum value and the minimum values shows that some firms outperform after the adoption of IFRS in 2012. This could be seen in higher standard deviation of 14.433 as against 10.23 in the periods before the adoption of IFRS in Nigeria. This simply mean that the mean value in pre adoption periods cluster around the mean than the mean value in the period after the adoption of the international financial reporting standards. Overall, the mean value shows that firms in pre adoption periods perform better than firms in post adoption periods. In other words, responses of investors in pre adoption were probably more positive than responses in post adoption periods. The decrease in performance after 2012 could not be unconnected with the economic trouble of the Nigerian state after the 2015 general elections. Again, given that some firms have share price as high as N67, higher than the maximum obtained in pre adoption periods, shows that after adoption, there was some sort of higher performance before the economic troubles which began in 2016. Notably, the periods of 2012 to 2015 were periods of economic boom for the country. This could explain the higher maximum and lower mean value seen in the post 2012 periods of this study. However, our focus is to determine whether the mean of both periods significantly differ from each other. Hence, the test of mean difference in the table 4.2 below:

Table 2: Two Sample t-test for the Means of Share Price of firms (Pre & Post-IFRS)

Variable	Obs.	Mean	Std. Dev.	[95% Conf.	Interval]
SP PRE	30	9.9952	10.2389		
SP POST	30	8.7163	14.4338		
Difference		1.27881	10.25106	-2.54900	5.10661

Difference = mean (SP PRE) - mean (SP POST)   t-Statistics (Sign Two Tailed)= 0.683 (0.500)
Ho: diff = 0   H1: diff ≠0   Degrees of freedom = 29

From the table 2 above, the mean difference between both periods is 1.27881, indicating a lower mean from the pre adoption periods. However, the t-statistics for the periods show a t-value of 0.683 with a p-value of 0.500, indicating that there is no significant difference between the share prices of firms in the conglomerate sectors in Nigeria in both pre and post IFRS era. Essentially, the performance in share price after adoption does not differ significantly from the performance before adoption. Hence, we cannot at this stage, reject the hypothesis which says that the share price performance in post IFRS adoption periods does not significantly differ from the performance in the pre adoption periods. In essence, the performance in both periods are essentially the same and do not differ significantly. The results

4.2 Earnings per Share of Conglomerate Firms in Pre and Post IFRS Adoption Periods in Nigeria

Earnings per share is one of the good measure of the profitability of the firms and indicates the part of the firm's profit that allocated to each outstanding share of the firm. It indicates how much each share of the firm earns in a period. It can be used to measure the earning power of the share of any firm and an indication to compare earning powers of different firms and industries. In pre International financial reporting standard adoption for the preparation of financial statements in Nigeria, the earnings per share of conglomerates sector was 43.5574 indicating that on the average, 43 kobo accrued to each outstanding shares in the periods of 2007 to 2011. There was the maximum of earning per share of 314 kobo, minimum of -542 with a standard deviation of 139, an indication of wide spread from the mean of EPS. That is means that the EPS for the periods were spread widely, probably due to individual firm performance. In post adoption era, the mean increased to 92.7959 indicating that on the average, earnings per share after IFRS adoption has increased by about 49kobo compare to the pre adoption periods of 2007 to 2011. EPS performance in post adoption era was higher, confirming stronger performance of earnings due to one ordinary outstanding shares. This could be seen in the minimum of -13 compare to -542 in pre-IFRS and a maximum of 478.33 compared to 314 obtained in pre adoption periods of 2007 to 2011. The standard deviation of 144 also showed a wide spread, similar pattern observed in pre adoption periods. This goes to show that firms in the conglomerate sector are not of equal performance. Next we examine the mean test of difference as stated in table 3 below to determine the difference in mean and test our hypothesis

Table 3: Two Sample t-test for the Means of Earnings Per Share (Pre & Post-IFRS)

Variable	**Obs.**	**Mean**	**Std. Dev.**	**[95% Conf.**	**Interval]**
EPS PRE	30	43.5574	139.0713		
EPS POST	30	92.7959	144.6466		
Difference		-49.23855	158.6835	-108.4919	10.01486

Difference = mean (EPS PRE) - mean (EPS POST) t-Statistics (Sign Two Tailed)= -1.700 (0.100)

Ho: diff = 0 H1: diff ≠0 Degrees of freedom = 29

The table above present the difference in mean of the two periods under investigation and test whether there is a significant difference between the two mean. From the above the difference in mean is observed to be -49.23855, standard deviation of 158.6835, a t-statistics of -1.700 and a p-value of 0.100. This indicate that is not significant at 1% and 5% level implying that the null hypothesis that there is no significant difference between the mean of earnings per share in pre and post IFRS era cannot be rejected at 5% level. However, this variable is significant at 11% level. Hence, we can only be confident our result at below 90% confidence interval. In research, 90% confidence interval is usually the minimum standard accepted, hence the non-rejection of the null hypothesis. Next we examine the return on equity and return on assets which are strong measures of profitability of the firm in addition to the use of EPS.

4.3 Return on Equity (ROE) of Conglomerate Firms in Pre and Post IFRS Adoption Periods

The return on equity of a firm, in conjunction with the return on assets and earnings per share of firms, is an important and vital measure of the performance of firms in terms of fund invested by investors. The return on equity measures the return attributable to the equity shareholders of the firm. It is the residual sums due to the owners of the firm otherwise known as equity contributor. The return shows how well the firm has perform over the preceding year and helps to determine whether investor will hold or dispose of the share of a particular firm. From the table 4.1 above, the average return to shareholders in the pre adoption years of this study is about 6%. This means that for every N1 invested by shareholders, they had a return of approximately 6kobo. The maximum of 97% shows that some firms in the conglomerate sector have return to shareholders in excess of 90kobo for every N1 investment made. On the other hand, the minimum of -0.49kobo show that some investors received negative returns on their investment. Interestingly, the standard deviation of 0.2807 (low) indicates that most data on return on equity are clustered around the mean value indicating that most firm have returns that might probably be positive. Similar trend was observed in the post IFRS periods where the mean return is approximately 5% of every N1 investment made in the firm indicating that after adoption of IFRS, average return to shareholders fell slightly from 6% to 5%. The maximum fell from 97k to 46k while the minimum increased from -49k to -39k. The standard deviation of 0.1886 indicates that the values are spread around mean, more closely than the pre adoption era. On comparison, the mean of post adoption is slightly lower than pre adoption indicating that performance does not change significantly after adoption of IFRS. Although, post adoption periods have slightly better minimum and standard deviation, the changes are less meaningful for proper comparison. However, the purpose of descriptive statistics is to describe, we turn to inference statistics to able to test out hypothesis set in the opening chapter

Table 4: Two Sample t-test for the Means of Return on Equity (ROE) (Pre & Post-IFRS)

Variable	Obs.	Mean	Std. Dev.	[95% Conf.	Interval]
ROE PRE	30	0.0571	0.2807		
ROE POST	30	0.0481	0.1886		
Difference		.00891	.38012	-.13303	.15085

Difference = mean (ROE PRE) - mean (ROE POST) t-Statistics (Sign Two Tailed)= 0.128 (0.899)
Ho: diff = 0 H1: diff ≠0 Degrees of freedom = 29

The table above shows a mean difference of 0.00891 with a t-statistics of 0.128 and a p-value of 0.899 indicating that the mean difference can only be significant at 90% significant level. By implication, the test shows that the difference in mean for pre and post adoption periods is not significant at 5% level and as such, we cannot reject the null hypothesis that post adoption means is statistically different from pre adoption mean. Hence, the null hypothesis is not rejected. The implication of the result is that IFRS has not statistically improve the return on equity of firm in Nigeria conglomerate sector.

4.4 The Return on Assets of Conglomerate sector before and after Adoption of IFRS in Nigeria

As mentioned earlier, the return on assets is another measure of performance that could be used alongside EPS and ROE. While the return on equity measures the return to shareholders of fund, the return on assets measures the return to all providers of fund, both equity and debt providers. The return on assets measures what is earned by every N1 assets invested in the firm. A percentage shows the returns accruable to the use of assets of the firm or amount generated by every N1 of assets invested. From the table 5 below, the return on assets for the periods 2007 to 2011 was 0.0557, an indication of very moderate average performance of firms. This means, on the average, conglomerate firms were able to generate 5k for every N1 assets invested in the business operation. Although, some firms generated as high as 31k as could be seen by the maximum of 0.3148, there were also firms on the downside which generated a negative figure of -19k as could be seen in the minimum of -0.1881. The standard deviation showed a little wider spread father away from the mean of the average performance, explaining for the negative of -19kand positive of 31k performance seen in the study. However, in the periods post-adoption, 2012 to 2016, the average performance of conglomerate sector decreased from 5k generated per every N1 invested to less than 1k. The maximum of 11k per every N1 invested showed that post adoption performance fell significantly compare to the pre adoption performance. This could also be seen in the minimum of -15k and a standard deviation of 0.07 indicating that most of the performance figures cluster around the mean of less than a kobo per every naira invested in the assets of the firm. Thus, there is a general decline in the return on assets of firm after the adoption of international financial reporting standards in Nigeria but whether this decline is statistical important to reject our hypothesis, will be revealed by the test of mean difference in the table below.

Table 5: Two Sample t-test for the Means of Return on Assets (ROA) (Pre & Post-IFRS)

Variable	Obs.	Mean	Std. Dev.	[95% Conf.	Interval]
ROA PRE	30	0.0557	0.1012		
ROA POST	30	0.0047	0.0737		
Difference		.05094	.12120	.00568	.09619

Difference = mean (ROA PRE) - mean (ROA POST) t-Statistics (Sign Two Tailed)= 2.302 (0.029)
Ho: diff = 0 H1: diff ≠0 Degrees of freedom = 29

The table above report the result of the mean test of difference to ascertain if the mean of both periods statistically differ from one another. The difference in mean showed a figure of 0.0509, with a standard deviation of 0.1212, a t-statistic of 2.302 and a p-value of 0.029 as could be seen above. The result shows that the difference in mean is statistically significant at 5% level. Hence, the null hypothesis which states that there no significant difference between the mean of return on assets in pre and post IFRS adoption era is hereby rejected in favour of the alternate which states that there is a significant difference of the mean of return on assets in post adoption periods of 2012 to 2016. A notable observation in this study is the significant reduction of the mean of return on assets after adoption. In essence, this might be attributed to the economic recession experienced by the Nigeria economy after the 2015 general election. However, before the declaration of recession, there had been years of sluggish growth.

5. CONCLUSIONS AND RECOMMENDATIONS

The paper was set to examine the impact of adoption of International Financial Reporting standards on key selected performance variables in the conglomerate sector of the economy. We set to examine the conglomerate sector because there had been dearth of research in this area as far as IFRS adoption is concerned. The key performance indicators were share price, earnings per share, return on equity, and return on assets. Variables such as share price (SP), return on equity(ROE), return on assets(ROA) showed a decrease after IFRS adoption indicating that the impact of IFRS adoption on these performance variables was negative. Meanwhile, earnings per share (EPS) showed an increase indicating that IFRS adoption has had a positive impact of the performance of firms among the conglomerate sector of the economy. However, the test of mean difference on all variables showed that the difference in mean values for all variables were statistically insignificant except for return on assets which showed a significant difference. Hence, we conclude that overall, IFRS adoption has not had a significant impact on the performance of conglomerate firms in Nigeria. In this wise, we recommend that policy makers should ensure that local policies are introduce to encourage or stimulates the economy further to enable better performance on the part of the firms' Lastly, management of conglomerates should find a way to stimulate performance in order to encourage a surge on the prices of shares of firms.

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