HISTORY OF ACCOUNTING THOUGHTS: A METHODOLOGICAL APPROACH

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FOREWORD

It is an established fact that Academic Seminar Series are an important component of a Universities Departmental and Faculty Research Programmes and following in that direction, this Departmental Seminal Series has as its theme: '*History of Accounting Thoughts: A Methodological Approach*'. Given that the germane issues revolving around Contemporary Accounting Theory has increasingly become a topical point of global discourse, there is therefore no doubt that this proceedings has expertly mapped out the trajectory of relevant and contemporary issues bordering on Accounting Theory and the History of Accounting Thoughts.

This Seminar Series seeks to promote multidisciplinary research on Advanced Accounting Theories, Governance, Institution Building and Financial Service Delivery, both in the public and private sectors of the global economy with specific focus Accounting Thoughts. In the present global order where businesses and organizations are exploring more innovative ways of bridging the 'theory and practise' divide, this seminar series seeks to develop new crop of information users who would be at a vantage position to add value to themselves, their organizations, nations and the world at large.

The Seminar series, covers scholarly articles from distinguished scholars with backgroung in Accounting, Business Administration, Public Administration, Banking and Finance as well as Entrepreneurship thereby making the idea of this series timely and commendable, especially in today's cotemporary world where there is a deliberate effort to "bridge the theory and practise" across the globe.

The Seminar Series is therefore recommended for everyone seeking to expand their knowledge in Accounting Thought, students in various fields of study, workplace managers, business executives and all information users who are looking for a resource material with an explanatory style, devoid of too much technicalities, yet comprehensive in its content, approach and outlook.

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Basic Approaches to Formulation of Accounting Thoughts: Evidence from Financial Accounting Framework

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Abstract

For more than a century, accounting has been offered as a discipline course in most of our various Universities and higher institutions. For the first time in a century, American Institute of Accountant (AIA) has put forward an effort to assemble the General Acceptable Accounting Principle (GAAP) back in 1939, since then, it has been observed that there are more efforts in setting accounting standards alongside with expansion of accounting theory or thought. All of the efforts are signs of the facts that accounting is going through a change from a profession into a field of science. Thus, no author can claim accounting as a scientific field without any justifications, reasoning, postulates and assumptions. Nevertheless, this article tries to study basic approaches to formulation of accounting thought: evidence from financial accounting framework. There is an attempt to elucidate the various roles in developing the accounting thought, meaning of accounting theory or thought, classification, structure and element of accounting theory, explaining the relevancy of various approaches to formulation of accounting thought, as well as merits and demerits of each approach in accounting thought.

Keywords: Accounting thought, Basic Approaches, Inductive and Deductive reasoning, Financial Framework

INTRODUCTION

Any students or graduate of accounting who are in the accounting business do believe that all accounting problem has a solution. No, it is far away from the truth because there are many issues remain unresolved after having the knowledge of mere accounting, also book-keeping which forms the foundation or basis of accountancy did not solve all problems associated with accounting. Accounting thought plays an important role in preparation of credible financial statement and financial reporting in order to solve most of the problems associated with accounting. The purpose is to ensure that ultimate objectives of accounting are achieved. Studying and understanding accounting theory and its benefits, element and structures have therefore become inevitable in order to have unbiased and credible financial statement.To solve accounting problems in real sense of the business world, one should also concentrate on understanding the problems of accounting practice and profession. There is still a growing need for the accounting profession to bring theory and practice into alignment. Studying and understanding accounting thought or model and it is elements have become un- avoidable as a result of high incidence of fraud and embezzlement in the accounting statement such as payroll fraud, budget padding and what have you. Internationally, billions of Naira are lost on daily basis in government institutions, individual businesses, international companies as a result of jettisoning some basics principle and theory in the preparation and presentation of accounting statement. For this matter and reason, the accounting theory is recommended. The accounting theory provides the knowledge of Generally Accepted Accounting Principles (GAAPs), though; there is no universally acceptable theory of accounting. Theory evaluation is based on logic, assumption, and evidence criteria. Nevertheless, accounting theory may be perceived from two perspectives: the one which is far from reality, only exists on theory not in practical, and another one which is about theory is the "cause- effect relationship" that exists behind any event or practice.For instance, anything that goes up must come down "cause- effect relationship". This maybe explained by applying scientific method that may arrive at.The theory of gravitationin a logical sense, a good theory should fulfill the following criterion:

i. It should explain or predict phenomena, i. e., they should be empirical.Theories should be capable of being tested empirically. Theories which fail tests are not of universal applicability; therefore, it must be replaced by better or non refutable theories.

ii. Theories should be consistent both internally and externally. Internal consistency is present when the analytical properties of theory ensure that the given theory predicts the same outcome in every identical case.External consistency implies that the theory should be consistent with theories in other disciplines.

iii. To provide a framework for the development of new ideas and procedures.

iv. To explain observed phenomenon.

v. To help in making choice among alternatives

A theory should be exhaustive so as to cover the full range of variations relating to the nature of the phenomena in question.However, Hendriksen, used the definition of the *Webser's Third International Dictionary* as the basis to define Accounting Theory. Thus, "Accounting Theory may be defined as logical reasoning in the form of a set of broad principles that: (i) provide a general frame of reference by which accounting practices can be evaluated, and (ii) guide the development of new practices and procedure. He further states that accounting theory may be used to explain existing practices to obtain a better understanding of them. Both the definitions of accounting theory given above underpin the use of theory as a guide to accounting practices. But the fact that, there has been a concurrent development in accounting, while accounting was developing as a practical art, it was also evolving a body of theoretical premises. The theoretical evolution of accounting can be traced back to (500) five hundred years ago. Both the theoretical and practical approaches have contributed to the existing organized body of knowledge presently known as accounting theory. It has been observed that most of researchers have not place much emphasis on the need to align accounting thought with accounting practice. Scanty paperor study discussed on the need to support accounting theory with accounting practice, but, importance is currentlybeing given on just teaching accounting theory with less importance on exemplifying the theory and improving accounting practices. The current study is thus, an attempt to fill this gap. In this paper, we are going to succinctly explain as follows: basic approach to formulation of accounting thoughtaccounting theory, evidence from financial accounting framework, classification of accounting theory, elements of accounting theory, structures of accounting theory and the conceptual framework for financial accounting and reporting.

From the foregoing, the objective of this study is to understand the basic approach to formulation of accounting thought or accounting theory, its elements, and structures and conceptual framework including the divergent interpretations surrounding these concepts. The specific objectives of this conceptual are to;

i. Explain the meaning of accounting theory with examples.
ii. Disclose and explain the relevance of the various approach to formulation of accounting thought
iii. Highlight issues relating to the accounting thought or theory.
iv. Disclose and explain the elements and structures of accounting theory
v. Discuss the conceptual framework for financial accounting framework

LITERATURE REVIEW

Conceptual Framework

Accounting theory can be defined as a set of broad principles that provide a general frame of reference by which accounting practice can be evaluated and guide the development of new practices and procedures (Hendrickson, 1992). Perara and Matthew (1996), opined that accounting theory as logical reasoning in the form of a set of broad principles that provide a general frame of reference by which accounting practice can be evaluated and guide the development of new practices and procedures. It is the cognizance of the rules of accounting which further explains the manner in which accountants collect, records, classifies report and interprets monetary amount of financial data is determined in the financial statements. The first step is to develop of accounting thought which has been achieved The objectives of accounting theory is to ensure that adequate reporting is made in the preparation and reporting of financial accounting to the users of the accounts without any bias. However, the objectives are always met and being taken into consideration.

Element of Accounting Theory

Accounting Theory is 'naturally' expected to be helpful in providing guidelines for research intoelements of Accounting Theory.It has five basic elements namely; usefulness, relevance, reliability, comparability and consistency.In more concise terms the elements are enumerated below.

Usefulness
A good financial statementshould be effective by creating adequate and important information that an entity should be included in the financial statements i.e. any information that will enable the stakeholders to accurate business and investment decisions.

Relevance
Good accounting information must be relevant to the needs of the users, such as shareholders'creditors, debtors, and so on, which will influence the decision of the users.

Reliability
Good account information must be free from bias, and material mis-statement, and it should not be misleading. Consequently, the information should faithfully signify transactions and other events reflect the fundamental events that happen in the business, and carefully represent estimates and un-certainties through proper disclosure in the financial statement.

Comparability
Good account information must be comparable to with financial information of other similar business ventures and compare for other accounting periods, so that users can identify trends in the performance and financial position of the reporting entity.

Consistency
Good accounting information must be consistence with the concept and convention over a given similar accounting periods. Accounting theory may also be used to explain existing practices to obtain a better understanding of them. But the most important goal of accounting theory should be to provide a coherent set of principles that form the general frame of reference for the evaluation and development of sound accounting practices.

Limitations of Accounting Theory

As posited earlier, accounting theory can be defined as a set of broad principles that provide a general frame of reference by which accounting practice can be evaluated and guide the development of new practices and procedures. Thus, the limitatations of accounting theory includes;

Accounting theory does not explain all its practices. Due to the utilitarian nature of accounting, many of the conventions and principles of accounting have been constructed on the basis of convenience rather than as rules of logic.

Littleton and Zimmerman (2018) argued that accounting is not as strongly oriented toward logical argument as towards utilitarian service. It is less concerned with deductive generalization than with practical accomplishments.

The concepts and postulates of accounting theory are not rigorously defined. Some of the fundamental assumptions of accounting theory are not realistic such as; the assumption about stable value of money.

Unlike the theories of pure science, accounting theory suffers from internal uniformity. For instances, according to the entity concept, which is a basic postulate of accounting statements should be prepared to represent the activities of the entity rather than the groups connected with it. But in many cases the tenet of the concept is violated e.g., the net income is defined as net income of the Shareholders instead of those to the entity.

The practical nature of accounting does not lend itself to have a general theory of accounting such that a high level of generality makes it possible to the applied to all countries, industries and all firms. For example, generally accepted accounting principles in the USA and India are not the same due to different socio economic conditions.

Theoretical Discussion

Agency theory

The relationship between accounting theory and financial statement provide the justification procedures which prevents the agent (manager) from pursuing self-interest when his principal delegates resources with the agent. Agency theoryprovides a structure to understand the process in a firm and from principles-agent view.

Stewardship theory

A steward theory is motivated not by self-interest, but by what he is mandated by his principal to do and by what he is responsible for. This is made possible by compliance with laid down rules which also align accounting theory and practice.

Accountability Theory

Accountability theory expressed that evidence must be provided for the use of accounting resources as well as rules for use, also guide in preparation and presentation of accounting.Currently, there is no a single universally accepted accounting theory in accounting. Instead, different theories have been suggested and continue to be suggested in the accounting literature, which lead to classifications of Accounting Theory: which are**;** Accounting Structure Theory; Interpretational Theory; Decision Usefulness Theory; Accounting Structure Theory. This is recognized by different terms such as classical, descriptive, or traditional theory, which endeavors to explain current accounting practices and foresee how accountants would react to certain situations or report to specific events. The theory explains, accounting data collection process and preparation of financial statement. Hence, accounting structure theory is directly related with accounting practice.It concerned with the work which accountants perform based on assumption that the objective of financial statement is associated with the stewardship concept of the management role, and providing the shareholders with the information relating to the manner in which their assets (resources) have been managed.

As a result of this, managers, directors who occupied a position of responsibility and trust in regards to shareholders, and the discharge of their obligations require the publication of annual financial reports to shareholders. Ijiri narrated traditional accounting practice which places emphasis on the historical cost system. The theory elucidation traditional accounting practice are desirable to obtain greater insight into current accounting practices and give a more evaluation of traditional theory and assessing of existing practices that do not correspond to traditional theory, which can be tested for internal logical consistency, or tested or predicted to see what accountant do. However, this study is hang on “Accounting Structure Theory”.

Interpretational Theory

This theory is part of classical accounting theory model which based on interpreting of financial statement for both internal and external users.

Decision useful theory

This emphasizes on the importance of the information on the financial statement which has to communicate for adequate decision making on a firm and individuals. It bases on the relevancy and importance of information being communicated to the management, and the behavour of different individual or and group as a result of preparation and presentation of accounting information, either for internal like shareholders, management etc, or external users - such as creditors, Investors, customers, debentures, government authority and so on.However, decision useful theory can also show the effect of external reports on the decision of management and their feedback on the actions on the accountants and auditors. Meanwhile, accounting is considered to be behavoural process, and the theory applies behavioural science to accounting and sometimes, decision-usefulness theory also known as behavioural theory. In a bigger angle, it always studies and analyses behavior of individual user of information. It attempts to assess, and determine the economic, sociological and physiological effects of alternative accounting procedures and modes of financial preparation.

METHODOLOGY

Methodology is an orderly procedure of carrying out a research work. It involves a broad method, rules, postulates employed in a field of accounting. Also, is a systematic way of study and technique used in under-taking a research.Once the objective of accounting theory is achieved, there is need to establish an approach for the formulation of accounting thought that must be chosen in order to develop logical conceived accounting principles.These objectives are basic accounting thought which canbe groupedinto non- theoretical and theoretical approach.The Non theoretical approach are Practical and Authoritarian, while, Theoretical (formal) approach) are Inductive, Deductive, Ethical, Sociological, Mathematical (axiomatic), Economic, Events, Behavioural, and Predictive approach.

RESULT AND DISCUSSION

Non-Theoretical (Informal) Approach

i.. Practical Approach:

The practical approach is also referred to as the 'pragmatic approach', though it does not fully employ the formal rule of the pragmatic school of logicians. Yet, this approach constitutes an important part of theory in accounting because "it enables the theory to have operational utility, based on an understanding of relations between business phenomena, of constraints on the measurement system, and of the needs of users of accounting information". The practical approach is essentially a problem solving approach. Its primary objective, as can be seen from the most of the "generally accepted accounting principles", is to find a workable solution to a problem. As a result, any solution obtained through this approach should be viewed as a tentative solution to problems. In a nutshell, it involves the development of ideals that are in agreement with real world situation and which find usefulness in realistic conditions. It is practical approach and since accounting is practical, whatever its concepts must be practicable. The approach makes use of both inductive and deductive approach in order to make it applicable and practicable in formulating a theory.

ii. **Authoritarian Approach**

This approach is sometimes equated with the practical approach because of the common methodology its theoretical grounding based on operational utility under the stamp of approval of the regulatory bodies. "The role of authoritarianism is to discriminate between well-founded but conflicting theories (given on the state of knowledge at the time. Carrying out a research based on directives from accounting institutions or body.

Theoretical (Formal) Approach)

i. Inductive Approach

This is the process of formulating accounting theory; through the process of observation of detailed measurement and drawing generalize conclusions or principles from these. The theory formulation begins with observing the phenomena or premise and moving towards generalized solutions. It also requires experimental testing of observation to support conclusions. It graduates from specific observation to broad generalization. For Example, the inductive approach in accounting" begins with observation of financial information of business enterprises and proceeds to draw generalization and principle of accounting" (Zalaghi & Khazaei, 2016). Finally, general propositions are formulated through an inductive process. It has some merits:

(a) Free to make any observations. i.e no any constraints either by pre- conception or
(b) The generalization need not be absolute so that two persons can come out with two different generalizations.

(c) It is an easy method to use.

Demerits of inductive approach are

(a) Observation made may not be adequate enough to permit reasonable generalizations.
(b) The observers may be slightly influenced by personal pre-conceptions or basis.

ii. **Deductive Reasoning Approach**

This is the formulating of accounting thought / theory through the process of commencing with the objectives and postulates, and from these, logical principles or conclusions that provides the basis for concrete or practical solution. Deductive approach moves from general (basic proposition about the accounting environment) to the particular accounting principles first and accounting techniques second. Thus, the practical applications and rules are derived from logical reasoning. The demerit of deductive process method is that for any postulation or premises that are false, the conclusion may also be faulty. It has some advantages which are:

(a) It is basically based on objectives and goals and nor observations
(b) It leads to general guide to action rather than from experience
(c) It is not absolute, so anybody can come out with a better guidance.

Disadvantages of inductive are:

(a) It may not have much impact on accounting practice
(b) If any of the bases for assumptions for defining the postulate is faulty, then the rules established will be faulty as well.
(c) The technique is far removed from reality as such, it may not be workable or practicable

The structure of the deductive process should include the following:

1. The formulation of general or specific objectives of financial reporting:
2. A statement of the postulates of accounting relating to the economic, political, and sociological environment in which accounting must operate:
3. A set of constraints guiding the reasoning process
4. Structuring set of symbols or framework in ideas expresses and summarized:
5. The development of a set of definitions:
6. The formulation of principles or generalized statements of policy derived by the process of logic, and finally
7. The implementation of the principles to specific situations and establishment of procedural methods and rules. Henderisken (1965): Zalaghi & Khazaei (2016).

iii. **Ethical Approach**

This emphasizes the concepts of justice, truth, and equity. The basic concepts of accountings are:

1. Accounting procedures must provide equitable treatment tall interested parties
2. Financial reports should present a true and accurate statement without misrepresentation.
3. Accounting data should be fair, unbiased, and impartial without serving special interests.

iv. **Sociological Approach (Social Welfare)**

This encourages the business entity that functions in a free –market system to account for the impact of their private production activities in the social environment through measurement, internalization and disclosure in their financial statements. i.e. it calls for an assessment of the accounting techniques and policies *vis-a-vis* their impact on the society. Its suggested dimensions, among others, include internalizing the social cost and assessment of social benefits arising from the activities of the private firms, disclosure of socially oriented data to assess a firm's relative role and contribution to the society).

v. **Mathematical (Axiomatic)**

This is the formulation of accounting theory through the process of mathematical symbols that are given to certain ideas and concepts, and frame work is provided in the form of mathematical models utilizing matrix, algebra on symbolic logic which provides techniques for summarizing the basic proposition of accounting (postulates, concepts and other observable phenomena) in the abstract language to draw conclusions that provides the basis for concrete or practical solution.

vi. **Economic Approach**

While the ethical approach focuses on the concept of fairness and sociological approach on the concept of 'social welfare', the economic approach to the formulation of accounting theory emphasizes the macro and micro economic welfare of the affected parties arising from the proposed accounting technique. In fact, economic consequence is a pervasive consideration which was given due importance in the choice of accounting techniques.

vii. Communication Approach

Accounting can borrow profitably from other social science to establish a framework for development theory and evaluating the proper accounting objective, though little has done in applying communication theory of accounting. This theory tries to evaluate that accounting may be viewed as an integrated system of the communication process.

viii.**Eclectic or Combination Approach**

Eclectic approach does not profess commitment to any particular methodology; it is mainly the result of numerous attempts by individuals, professionals and other agencies [AICPA, AAA and the like] to remove the deficiencies of other approaches. Such an approach is particularly useful in the absence of a universally accepted accounting theory.

ix. **The Events Approach**

The events approach to the formulation of accounting theory was first proposed by George Sorter, as an alternative to the value approach to accounting which was endorsed by the majority of the members of the AAA committee that issued "A statement of Basic Accounting theory" in 1966.The principal argument used in favour of the events approach is that, due to wide ranging use and heterogeneous users of financial statements, accountants should not direct the published financial statements to specified 'assumed' group.Given this argument, the events approach suggests expansion of accounting data in the financial statements.The limitations of the events approach, however, are the following:

1. Events approach presupposes that the users are sophisticated enough to be able to classify and aggregate accounting data for their own use.
2. Events approach does not explicitly mention which data are to be selected for the financial statements.
3. There is definite limit to the amount of data a person can handle at a time. The expansion of data may cause information overload to the users.

x. **The Behavioural Approach**

The behavioural approach is concerned with direct evidence of user's reaction to accounting reports as a basis for descriptive generalization about the behavoural aspects of particular accounting techniques and problems, such as:

(1) The adequacy of disclosure.
(2) The usefulness of financial statement data.
(3) Attitudes about corporate reporting practices.
(4) Materiality Judgments.

While this approach, may be useful in research and evaluations, its similar to the pragmatic approach and is subjected to the same criticism that it relies on subjective judgments regarding what behaviour is good or appropriate and what is bad and inappropriate.

xi. **Predictive Approach**:

Under the traditional approach accounting measures are generally used for non-predictive purposes e.g., accountability and reporting on stewardship.The predictive approach is directly related to the 'predictive ability' of financial data and is purported to provide a purposive criterion to relate the function of collecting financial data to the task of decision-making.

Given the foregoing, the following positions are being put forward; Accounting approach facilitates the preparation of realistic financial statements; Elements of accounting thought set the rules for generating credible and realistic financial statements. Also;. the structure of accounting thought consists of postulates, assumptions, objectives and principles which are oftentimes used interchangeably and the conceptual framework for financial accounting statement and reporting are derived from accounting thought's element and structure. Similarly; the study methodology covers basic approach to formulation of accounting thought evidence from financial accountingframework, the methodology examines basic theoretical and non theoretical approach to accounting though and consequently, accounting thought lays the foundation for financial account preparation and reporting.

CONCLUSION AND RECOMMENDATIONS

In this study, whilst elucidation onbasic approaches to formulation of accounting thought, the paper tries todetail on their role in accounting theory, developing standards, and accounting research. Accounting thought has been developed by the process of accounting research and has been modified regularly. Accounting thought is one of the main factors influencing the development of accounting standards. The standards and other pronouncement of policy making bodies have been interpreted and implemented. In the process of developing an accounting theory or thought, the reasoning method is highly significant. Developing the theory in the first place onnon-theoretical approach which is practical as well as authoritarian approach was adopted and further reasoning and research theory deduce that accounting theory isa deductive process in social sciences. The researcher observing phenomenon or studying the literature, presents a theory over why a phenomenon has happened, and as it was happened, in the early years of developing accounting theory, inductive approach was used more and the goal was for practical applications to be the subject of later theories. Then, a general shift in approach towards research based on deductive reasoning happened. However, as a result of limitations in the above approaches after a few years, the focus of research and accounting theory was again shifted towards the other approaches in accounting theory.

Therefore,in spite of the element of overlapping among the accounting thought, the most precise statement of assumptions has been presented by most of accounting scholars and from which details of accounting practices have been derived. Yet, it always views as incomplete,because, it does not contain any reference to user needs. For instance, behavoural approach considered to neglect some postulates which have general acceptance, relevant, consistency continuity and objectivity. As it was explained in the paper, that accounting theories have been formed through combining deductive, inductive pragmatic, ethical, and sociological, welfare, behavioural,and communicationapproach. Accounting theorists generally begin with inductive reasoning and change their course towards a deductive approach, followed by pragmatic, ethical, behavioural communication and sociological approach in order to improve the theory through development of understanding of various thought in accounting. In accounting research, inductive reasoning is used more in qualitative research. While deductive reasoning is more applicable for quantitative research. However, inductive and deductive research methods are not mutually exclusive, and they are usually used to complement each other. Since, the researchers use their knowledge about the practical procedures for accounting solutions. The paper recommends that professional accountants, accounting instructors, financial regulators and other financial experts should increase their research orientation on accounting thought or theory. Also, the financial expert or lecturers in most of our higher institutions should embrace the teaching of more principles of accounting thought or theory, even at undergraduate level.

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Contemporary Issues in Accounting: Covid-19 Pandemic and Financial Reporting - Implications and Challenges in Nigeria

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Abstract

This study looks at financial reporting issues and implications that have arisen as a result of the Covid-19 outbreak in Nigeria. The study spans the years 2019 to 2021, with the Covid-19 beginning in 2019 and continuing to this day. Using contents analysis of publically available archive documents, this study uses an exploratory research approach to look into the consequences and issues of financial reporting in Nigeria as a result of the Covid-19 outbreak. The research is entirely based on secondary data. Searches in publicly available sources yielded the literature. In terms of financial reporting and the Covid-19 epidemic, literature from non-serial journals, government reports, and conferences has been included, especially if they have been cited by other sources. The majority of the empirical findings revealed that the Covid-19 pandemic has an impact on financial reporting in Nigeria in the areas of revenue recognition, non-financial asset impairment, goodwill impairment, inventory valuation, fair value measurement, hedge accounting, and provisions for bad debts. Furthermore, the pandemic has an impact on going concern disclosures and audit evidence since they are regarded grey areas for management and auditors, requiring a lot of judgment in dealing with them. The study finds that, because the conditions of covid-19 on financial reporting are unpredictable, management should reveal going concerns and apply professional skepticism when preparing financial reports in order to preserve the quality of financial reports to users. Management should reconsider the accounting for fair value estimations, predicted credit losses, impairments, and other assets, according to the report.

Keywords: Financial Reporting, Issues and Challenges, Nigeria, Pandemic

INTRODUCTION

The novel Covid-19 Pandemic, with its attendant economic consequences, has made it more important than ever for investors and stakeholders to have accurate financial information. Government decisions in several nations to halt the spread of the Corona virus have had a significant influence on the global economy. As a result, many businesses have had to shut down or adopt a virtual working approach, resulting in dwindling revenue and cash flows, production facility closures, postponement of planned investment decisions, supply chain disruptions, manpower reductions, inability to raise finance, financial market volatility, and an increase in the price of essentials and consumables.The World Health Organization (WHO) proclaimed Covid-19 a global pandemic on March 11, 2020, after Nigeria confirmed its first case on February 27, 2020. The development of Covid-19 has wreaked havoc on economic activity. In order to prevent the spread of Covid-19, the Federal Government of Nigeria (FGN) has had to restrict individual travel and impose temporary closures of economic activities, social and religious gatherings. Following that, there has been a slow and progressive strategy to relaxing the limitations while the country and the world as a whole monitor the pandemic management and economic impact while maintaining a focus on public health.

This global epidemic has had a variety of effects on businesses, with some being more sensitive to the harmful effects of Covid-19 than others. For example, the pandemic has had a negative impact on industries such as hospitality, aviation, oil and gas, and entertainment, to name a few, while others, such as the health care industry and its value chain, technology/telecommunications, and fast moving consumer goods companies, will benefit.In response to the epidemic, the federal and state governments, as well as the Nigeria Center for Disease Control (NCDC), have taken a variety of steps to stop Covid-19 from spreading across the country. Measures have been put in place by the federal and state tax authorities to reduce some of the obligations on taxpayers. In addition, regulators such as the Central Bank of Nigeria (CBN) have established regulatory measures to mitigate the impact of the pandemic, such as extending the moratorium and lowering interest rates on specific facilities, among other things. The Nigerian Financial Reporting Council (FRC) has issued guidance to financial statement preparers on a variety of topics, including occurrences after the reporting period, going concern, interim financial reporting, and changes in estimated credit losses for financial assets, among others.Even though the effects of Covid-19 are gradually dissipating and the country is on the mend, it is critical for businesses to pay attention to the key financial reporting implications of the disaster, as they remain important considerations in the event of future business disruptions with a similar economic impact.As a result, while compiling financial statements, a variety of accounting and financial consequences based on the requirements of the International Financial Reporting Standards (IFRS) will need to be considered when addressing and disclosing the financial effects of Covid-19. The Covid-19 pandemic is spreading over the world and affecting countries one by one, which has a detrimental influence on organizations in terms of lower production due to a drop in economic demand and consumption. As previously mentioned pandemics demonstrated, the influence of Covid-19 is not limited to decreased consumption, demand, or economic downturn. It also has significant implications for financial reporting, accounting, auditing, and management. This necessitates the implementation of accounting modifications and applications in accordance with the IFRS emerging clauses. The board of directors of a corporation must take this seriously and examine the consequences of the epidemic in order to include IFRS issues in interim and yearly financial statements. This will have a number of indirect but significant economic consequences, and the organization must assess the areas that the pandemic will have a significant influence on.

Companies should assess the key consequences of Covid-19 on potential risk areas and uncertainties, according to Parker Russel International (2020). The continual growth in cases and bad economic conditions may need an impairment test, which will almost certainly necessitate further impairment in carrying values of assets and obligations, particularly in terms of leases, which are becoming burdensome and must be disclosed.When analyzing how current events may affect financial reporting, businesses should take into account their unique circumstances and exposure to risks, according to the International Financial Reporting Standards (2020). Financial reporting, in particular, including the corresponding disclosure in the financial statement, must indicate all substantial current or anticipated Covid-19 consequences. Similarly, it is critical that management recognizes and understands the risks that its organization faces, as well as how these risks may affect management.Corporations and other enterprises are confronting conditions of total economic downturn as a result of the pandemic's extent and duration. It is not limited to financial market attrition, credit clashes, and liquidity issues, but also includes increased government intervention to reduce unemployment as a result of lockdowns, which significantly reduces consumer discretion on consumption and could have a long-term negative impact on an entity's financial results. This research looks into a few major aspects of financial reporting that have been impacted by the Covid-19 epidemic. Although the concerns covered in this study will differ by industry and entity, the topic is thought to be the most widespread because it relates to the Covid-19 pandemic and financial reporting in Nigeria. Studies that relates Covid-19 pandemic to financial reporting focused on countries outside the domain of Nigeria, such as the studies of (Khan, 2020; Prem, 2020; Albitar, Gerged, Kikhia & Hussainey, 2020; AbdulRahman & Eitedal, 2020; Gladie, Paul & Francesco, 2020; Ozili, 2020; Jabin, 2021; Da Silva, Schutte & Surujlal, 2021; Pham, Ho, Nguyen, Pham & Bui, 2021).

The only study that focused on Nigeria environment is the empirical work of Akenbor and Adue (2020). The study focused on the non-financial firms in Nigeria looking at the pre and post pandemic changes to key financial ratios of the listed non-financial firms in Nigeria. The difference between this present study and the study of Akenbor and Adue (2020) is that the focus of the present study is on content analysis of archival documents, while they focused on ex post facto research design. The main objective of this study is to examine the implications and challenges facing financing reporting as a result of covid-19 pandemic in Nigeria. Other specific objectives are to;

i. Assess the implications of covid-19 pandemic on financial reporting in Nigeria.
ii. Determine the challenges facing financial reporting as a result of covid-19 pandemic in Nigeria.

LITERATURE REVIEW

Concept of Covid-19 Pandemic

COVID-19 is for corona virus disease 2019 and refers to a disease caused by a novel corona virus that produced severe acute respiratory problems and was discovered during a respiratory illness outbreak in Wuhan, China. On the 31st of December 2019, it was formally notified to the World Health Organization (WHO). The outbreak of COVID-19 was declared a global pandemic by the World Health Organization (WHO) on January 30, 2020, and again on March 11, 2020 (Cennimo, 2020; Kaka, 2020).

Financial Reporting

Financial reporting is the dissemination of a company's published financial statements and related information to third parties (external users), such as shareholders, creditors, consumers, government agencies, and the general public. It is the dissemination of accounting data from an entity (person, firm, company, or government agency) to a user or group of users. The accounting profession as measurers and auditors; the company law regulatory or administrative authorities; and the company as issuer (preparer) are all part of a total communication system that includes the company as issuer (preparer), investors and creditors as primary users, other external users, the accounting profession as measurers and auditors, and the accounting profession as measurers and auditors. An assessment of a company's financial reporting necessitates some agreement on its goals. Financial reporting is a means to achieving particular goals, not an end in itself.

Implications of Covid-19 on Financial Reports

The following are the financial reporting consequences of Covid-19:

Receivables: Due to the lockout enforced as a result of Covid-19, debt collection will now take longer. As a result, some of the debt in the financial statements may become bad, leaving the organization with no choice but to treat the debt as bad debt. As a result, auditors are obliged to evaluate and appraise the level of bad debts and, where possible, provide for credit losses.

Inventories: The lockdown restricts movement, which has an impact on businesses because some enterprises were unable to sell their items, and some goods perished, while others became obsolete. As a result, the financial accounts were impacted because slow-moving equities had to be written down or declared as scrape. As a result, one of the things auditors should look for during an audit is the number of slow-moving goods.

Loans: Due to its inability to meet maturing loan repayment obligations, Covid-19 has caused individuals and corporations to breach loan agreements. As a result, auditors are anticipated to categorize defaulted loans as current liabilities and determine whether the company is still viable.Regular cash movements in and out of organizations are disrupted, resulting in cash depletion in individuals, trades, businesses, and corporate organizations. This has an impact on people's, businesses', and organizations' ongoing operations. As a result, in a circumstance like this, auditors should place a greater emphasis on assessing the organizations' or individuals' ability to survive and continue as a going concern.

Capital: The pandemic of covid-19 has depleted the capital of several businesses. These have impacted the financial statements' existence and continued operation (going concern) difficulties. As a result, auditors are required to review the organization's capacity to continue operating as a continuing concern.

Revenue: As a result of the COVID-19 pandemic's limits on transportation and business closures, certain corporate organizations have seen and experienced a significant decline in revenue generation. Some firms' long-term viability has been harmed as a result of this. Assessing the organization's capacity and capabilities to continue operations as a going concern is one of the issues that must be tackled and solved.Other income statement items: the majority of businesses have seen a considerable drop in business volume, resulting in excess capacity. The financial statements have been impacted by surplus capacity, including provisions for onerous contracts and write-offs of extra overhead costs. Auditors should analyze the adequacy of provisions and writeoffs, among other things.

Investments: Many firms' market values have dropped, affecting stock prices in the market. The written down value to market value of stocks held by corporations should be checked by auditors.These occurrences: following events resulted in a significant shift in the business environment, financial statements, and disclosures. Auditors should decide if the following occurrences should be adjusted or unadjusted.

Challenges facing Financial Reporting as a Result of Covid-19

The following are some of the potential financial reporting issues posed by the Covid-19 epidemic in Nigeria:
Revenue contracts: Unprecedented or unforeseen changes in the business environment have resulted in revisions to several contract agreements that organizations have entered into. Penalties or reimbursements for failure to fulfill contract

obligations, contract amendments, and changes in contract enforceability are among the changes. As a result, the impact of these alterations must be explored, revealed, or quantified.

Inventories: this is concerned with recognizing changes in net realizable values due to obsolescence (out of date) or a decrease in the selling price's value.

Non-financial assets, such as buildings and equipment, are depreciated. The auditor should look for signs of impairment, changes in key drivers, and assumptions that were utilized to estimate the receivables accounts of productive assets.

Going concern: substantial uncertainties may cast significant doubt on a company's capacity to continue operating as a going concern.
Receivables: The auditor will need to use more judgment in estimating the potential credit loss as a result of the pandemic's lockdown.

Fixed production overheads: Due to anomalous production capacity/low production volume, a higher quantity of unallocated fixed overheads must be expensed.

Lease contracts: any lease rent concessions must be identified and accounted for.Update major drivers and assumptions utilized in assessing the recoverable amounts of productive assets for unquoted equity instruments.

Provision for onerous contracts: When the inevitable cost of performing obligations exceeds the benefits envisaged under the contracts, a provision is required.

Government assistance: to identify the proper or correct accounting treatment of government assistance, such as a stimulus package. Is a government grant that should be accounted for under SAS the same as a government grant that should be disclosed as government assistance?

Impact on auditors' reports: determine whether Covid-19's impact is a key audit concern or matter. Depending on the settlement of accounting and auditing issues as a result of Covid-19, it may be necessary to issue a modified opinion or include a distinct part in the audit report under material uncertainty relating to ungoing concern.

Breach of loan covenants: the auditor should consider how a breach of loan covenants may influence the timing of repayment of a defaulted loan (such as a loan on demand) and the categorization of related liabilities at the reporting date. This has an impact on the ability of the company to continue to function as a going concern.

Financial statement disclosures: Significant accounting judgements, estimates, and assumptions utilized in the preparation of the financial statements that potentially result in major modifications to the carrying amount of assets and liabilities must be disclosed in greater detail.

Foreign currency transactions: to examine the effects of major swings in foreign exchange rates on the organization's operations and hedge accounting effectiveness.

After the reporting date, carefully consider whether information about Covid-19 made available after the reporting date is an adjusting or non-adjusting event for accounting purposes. If the event is a significant adjusting event, financial statements must be amended; otherwise, a disclosure is required.

Empirical Review

Khan (2020) looked into the financial reporting implications of Covid-19. A questionnaire with 31 questions based on IFRS pandemic implications was created and given to the company's concerned personnel. The questionnaire covers roughly 31 parts of IFRS disclosures, and the study examines how Unilever Pakistan Limited implemented these changes, as well as whether areas of the company continue to maintain the same policy without affecting COVID-19.Prem (2020) outlined some of the financial reporting issues and ramifications for accounting and auditing professionals that have arisen as a result of Covid-19's occurrence. The impact of the corona virus spread is a non-adjusting event for 2019, according to the research, and will only be reported and adjusted in the first quarter of 2020 under interim reporting. It also goes into the potential effects and issues in key accounting areas such revenue recognition, non-financial asset impairment, goodwill impairment, inventory valuation, fair value measurement, hedge accounting, and bad debt provisions. Furthermore, going concern concerns and audit evidence are highlighted since they are regarded grey areas for management and auditors because they require a lot of judgment. Covid-19's expected implications on the company's financial situation, operating performance, and liquidity must be disclosed in a meaningful and timely manner. The study suggests that, because situations are unpredictable, auditors should use professional skepticism while evaluating financial statement statistics in order to maintain the integrity of financial information provided to users.The theoretical influence of the Covid-19 social distancing outbreak on audit quality was examined by Albitar, Gerged, Kikhia, and Hussainey (2020). The study employed a desk study method to investigate the influence of the Covid-19 crisis on five important audit quality factors during the pandemic. Audit fees, going concern assessments, auditor human capital, audit procedures, and audit personnel pay are only a few examples. The ramifications of the Covid-19 pandemic, according to the study, would be the most difficult task for auditors and their clients since the global financial crisis of 2007-2008. The study found that the Covid-19 social distancing can have a significant impact on audit fees, going concern assessments, audit human capital, audit processes, audit personnel wages, and audit effort, all of which can have a negative impact on audit quality.

The influence of the Covid-19 pandemic on Nigeria's accounting system was explored by Akenbor and Adue (2020). The study's population comprised of sixteen publicly traded non-financial enterprises with a reporting date other than December 31st. The mean and probit regression of the Generalized Linear Model were used to analyze the data for this study, which were gathered from the companies' annual reports for 2018. According to the study's conclusions, the Covid-19 lockout will result in a loss of approximately 4.5 billion dollars in income, a 233 million rise in operating expenses, and a six-month delay in credit collection. It was also discovered that the Covid-19 epidemic has had no substantial influence on the accounting systems of Nigeria's publicly traded non-financial enterprises.In light of events and circumstances of uncertainty, AbdulRahman and Eitedal (2020) investigated the influence of the Covid-19 pandemic on the company's continuity when generating financial accounts in compliance with international accounting standards. The study used a descriptive analytical approach, and a questionnaire was issued to collect the essential data. After the research sample of financial managers, heads of departments, and accountants working in the financial departments and departments of industrial businesses listed on the Palestine Stock Exchange was evaluated and arbitrated by a number of professionals, the number (49) single was chosen. The study's findings demonstrated that taking precautionary measures to avoid a Covid-19 pandemic has an effect on the continuity of industrial companies listed on the Palestine Stock Exchange, as well as disclosing substantial doubts about the ability of industrial companies listed on the Palestine Stock Exchange to operate on the principle of continuity.Gladie, Paul, and Francesco (2020) looked at the issues Chief Financial Officers confront when compiling financial statements in light of the current Covid-19 crisis. CFOs, in particular, must examine the extent of the outbreak's interruption to their company operations and adequately report information concerning assets and liabilities that are exposed to considerable estimation uncertainty. Furthermore, whether the epidemic occurred before or after the conclusion of the most recent reporting period (Financial Year 2019) is a matter that must be addressed in the (current) financial statements of 2019.

Ozili (2020) examined Nigeria's Covid-19 issue, its economic impact, and the structural causes that exacerbate the dilemma. The data show that a combination of falling oil prices and spillovers from the Covid-19 outbreak drove Nigeria's economic crisis, which not only reduced demand for oil products but also halted economic activity when social distancing policies were implemented. The government responded to the problem by assisting businesses and a small number of households affected by the Covid-19 epidemic with financial aid. The central bank pursued accommodating monetary policies and provided targeted 3.5 trillion in credit support to certain industries.Ozili (2021) highlighted how the nature of financial reporting is influenced by pandemics, particularly for financial and non-financial institutions that were severely impacted by the 2020 Covid-19 pandemic. Fair value accounting, big bath earnings management, loss avoidance, and income smoothing approaches, according to the study, can help to mitigate the impact of a pandemic on corporate performance. During a pandemic, some considerations about the benefits and risks of accounting are highlighted and debated.In light of Covid-19, Kaka (2021) emphasized some of the practical issues auditors may have in evaluating financial statements of an organization, as well as areas where they should focus more in their audit reports. For this study, a documentary research design was adopted, and secondary data sources were obtained and exploited. According to the findings, professional associations, accounting and auditing authorities are keeping an eye on issues and scenarios that may affect financial statements and audit reports as a result of Covid-19's impact. Furthermore, they are constantly prepared to issue additional guidelines as new developments emerge, and they continue to update professional accountants on issues relating to the organization's business continuity, workforce, economic impact, and other resources to assist their members in better serving their clients during this pandemic.

Kameliya (2021) investigated the global influence of Covid-19 on the idea of "going concern," which is used to produce financial statements for businesses. The study technique is based on a systematic approach that includes the use of appropriate methodological tools for analysis, generalization, and graphic visualization of the results. Based on released interim financial statements for the first quarter of 2020, an empirical study of the information on revenues, profitability, and net cash availability of non-financial firms issuers on the Bulgarian Stock Exchange was done.Jabin (2021) investigated the impact of Covid-19 on Bangladesh's accounting profession. With the help of a questionnaire, the study gathered primary data. The survey was sent via Facebook and email. A random sampling approach was used to establish the sample size. A total of 190 Bangladeshis took part in the survey. A five-point Likert scale was employed. Wilcoxon signed-rank test was used for descriptive and inferential statistical analysis. Covid-19 has a significant impact on the accounting profession in Bangladesh, according to the study. In Bangladesh, the accounting profession has undergone many changes; most accountants are now working remotely due to the epidemic, and they have adapted to modern technology. Virtual meetings and trainings are held. They are also dealing with cyber security issues as a result of a lack of data security, as well as increased employment uncertainty.The IFRS implications of Covid-19 for selected travel and leisure companies listed on the Johannesburg Stock Exchange were investigated by Da Silva, Schutte, and Surujlal (2021). The study looked into how these companies disclosed financial information on their going concern, or how they account for the impact of the corona virus pandemic on their financial information, such as the company's sustainability, revenue, how they made estimates, and more. The financial statements of ten travel and leisure companies listed on the JSE were examined using content analysis. In light of Covid-19, this study revealed what additional disclosures these firms had. Despite the fact that there is no specific IFRS standard offering advice on the impact of Covid-19, the findings demonstrated that the companies exercised extreme caution when disclosing information regarding the impact of Covid-19 in their financial statements. Companies carefully analyzed the influence of the Covid-19 on their financial performance and supplied transparent financial information to readers of these financial statements, including information on the company's going concern and sustainability, revenue, estimates, and more. As a result of Covid-19 and the IFRS implications, such as the effect on sustainability and going concern, impact on revenue of companies, financial estimations during the corona virus pandemic, the effect of Covid-19 on financial subsequent events, and other financial statement disclosures, a new economic crisis emerged, unlike any other economic crisis.

Teresa and Alves (2021) looked into the standards and norms that entities must follow, as well as the orientations that they must follow in relation to Covid-19, in order to determine how Covid-19 has impacted interim financial statements of the businesses in the sample. The goal of the study is to assess financial health of organizations using financial ratios and the Zmijewski model, in order to see if there is a link between financial health and Covid-19 disclosures. It verifies that, on average, entities followed the required procedures and that Covid-19 had an influence, particularly on credit risk, revenues, and expenses, and that the financially healthy business is a very transparent one.Al-Khasawneh (2021) investigated the impact of the Corona pandemic on the external audit process in Jordanian banks according to auditing standards, and the researcher used a deductive approach by distributing a questionnaire about the pandemic's impact on audit steps and procedures in accordance with international standards. The Corona pandemic had a statistical influence on planning procedures, establishing the level of materiality, auditing risks, and evidence collection methods, as well as affecting the contents of the auditor's report in light of the Corona pandemic, according to the study.Firmansyah and Rusydiana (2021) looked at articles on accounting and Covid-19 that were published during the epidemic and indexed by Dimension, focusing on journal, article, and keyword analysis. Bibliometric analysis with the help of R Biblioshiny software was used to evaluate as much as 150 publications. The findings revealed that the subjects explored in various journals that published articles on the theme of accounting and covid-19 were not limited to accounting, but also included topics such as the environment, science, energy, and health. The Journal of Accounting and Organizational Change is the journal that publishes the most articles on this topic, with the most popular keywords being 'covid-19' and 'accounting.' The University of Florence, Shanghai University, and Kanazawa Medical University are among the affiliates that frequently perform research. Switzerland is also the country with the most quoted articles. In the post-pandemic era, Pham, Ho, Nguyen, Pham, and Bui (2021) assessed the financial reporting quality of Vietnamese businesses. It also looked at the impact of Big 4 audit firms against non-Big 4 audits, as well as the effectiveness of internal controls on financial reporting quality. The case study technique was used to finish the scale of financial reporting quality established by the International Accounting Standards Board in 2010 and to identify the obstacles faced when creating and representing financial reports during the Covid-19 pandemic issue. The purpose of the survey was to assess financial reporting quality and investigate the impact of the three elements listed above on financial reporting quality. According to the findings, all three criteria have a considerable impact on financial reporting quality. The findings also point to the predictive relevance of financial reporting from Vietnamese businesses, which have been heavily impacted by the Covid-19 outbreak.

Theoretical Framework

Contingency Theory

This research is based on Lawrence A. Gordon and Danny Millier's contingency theory for the design of accounting information systems, which was proposed in 1976. It describes how the basic foundation for looking at accounting information systems from a contingency standpoint is built out. According to the notion, an accounting information system should be flexible enough to account for the business's organizational structure and perceived environmental uncertainty. To put it another way, an accounting system must be created in an adaptive framework.Uncertainty in the environment, such as the Covid-19 epidemic, is a key factor in the development of an accounting system. In order to represent current circumstances in financial reports and accounts, managers who are decision makers prefer to seek additional external, non-financial, and ex ante information in addition to internal financial and ex post information as the Covid-19 pandemic continues to spread.

METHODOLOGY

This study adopts exploratory research design; it tries to examine the implications and challenges facing financial reporting as a result of Covid-19 pandemic in Nigeria using content analysis of publicly available archive documents. The study relies solely on secondary data. The research is conducted by examining literature concerning the implications and challenges facing financial reporting in Nigeria as a result of Covid-19 pandemic. Literature was obtained through searches in publicly available material. Literature from non-serial publications, official reports, and conferences has been included particularly if they have been cited by other references in term of financial reporting and Covid-19 pandemic.

RESULT AND DISCUSSION

The majority of the empirical findings revealed that the Covid-19 pandemic has had an impact on financial reporting in Nigeria in the areas of revenue recognition, non-financial asset impairment, goodwill impairment, inventory valuation, fair value measurement, hedge accounting, and provisions for bad debts. Furthermore, the pandemic has an impact on going concern disclosures and audit evidence since they are regarded grey areas for management and auditors, requiring a lot of judgment in dealing with them. Prem (2020); Albitar, Gerged, Kikhia, and Hussainey (2020); Akenbor and Adue (2020); AbdulRahman and Eitedal (2020); Gladie, Paul, and Francesco (2020); Ozili (2021); Kaka (2021); Kameliya (2021); Jabin (2021); Da Silva, Schutte, and Surujlal (2021); Teresa and Alves (2021); Teresa and Alves (2021); P (2021).

CONCLUSIONS AND RECOMMENDATIONS

The goal of this research is to highlight some of the financial reporting implications and issues in light of Covid-19. Covid-19 is having an unprecedented impact on financial reporting, according to the study, which also identified some of the main areas that financial report providers and users should be aware of. Because of the influence of Covid-19, professional bodies in Nigeria, such as the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN), have obliged its members to report the going concern of audited firms. Covid-19's expected implications on the company's financial situation, operating performance, and liquidity must be disclosed in a meaningful and timely manner. In order to provide stakeholders with a better understanding of the financial implications, the study concludes that management should consider the magnitude of the disruptions caused by the outbreak to their businesses and adequately disclose information on those assets and liabilities that are subject to significant estimation uncertainty. The financial consequences of the epidemic will put further pressure on management to reveal information about the company's ongoing operations. Regulators will also need to consider the current situation's disruptive effects and strike a careful balance between their role of "protection" of stakeholders' interests in terms of access to transparent, reliable, and adequate information and the uncertainties, concerns, and issues that companies face in providing the requested information to the market.

Management should reconsider the accounting for fair value estimations, predicted credit losses, impairments, and other assets, according to the report. Finally, management should consider if these events or circumstances could jeopardize the company's capacity to continue as a going concern. Auditors should show professional skepticism while assessing financial statement data in order to maintain the quality of financial information provided to users. Furthermore, they are constantly prepared to issue additional guidelines as new developments emerge, and they continue to update professional accountants on issues relating to the organization's business continuity, workforce, economic impact, and other resources to assist their members in better serving their clients during this pandemic. The study recommends that management disclose the firm's ongoing concerns, exercise sufficient professional skepticism and judgment, and remain focused on the public interest and ethical responsibilities entrusted to them, as well as continue to apply IFRS standards and adhere to the fundamental principles of professional competence, confidentiality, objectivity, and independence. These are the keys to maintaining and increasing management trust in the eyes of the public.

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Elements and Structure of Accounting Thought: A Conceptual Approach

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Abstract

This study seeks to discuss accounting theory's elements and structures using a conceptual approach, and it also emphasizes that accounting theory/thought is only useful when exemplified. The purpose of this work is to understand the divergent interpretations many scholars have given to accounting theory, its elements, structures and conceptual framework. In pursuance of the foregoing objective, relevant research data were generated using internet sources, journal articles and literature reviews. The study revealed that accounting theory's elements, structure and conceptual framework are the basic foundations of financial reporting practice. This paper therefore, enjoins accountants and other financial experts to always exemplify the accounting theory's elements, structure and conceptual framework they have painstakingly studied and understood. The knowledge derived from this work will assist financial experts and corporate managers in tackling the various financial frauds that have bedeviled the corporate world.

Keywords: Accounting Theory, Elements of Accounting, Structure of Accounting Theory and Concepts, Accounting thought

INTRODUCTION

Besides book-keeping which forms the bedrock of accountancy, accounting theory/thought plays a major role in financial reporting. This role is that of ensuring that the ultimate objective of financial reporting is achieved. Studying and understanding accounting theory and its elements and structures have therefore become inevitable (Coetsee, 2010). The preceding line of reasoning regarding the role of theory and thoughts in science has been well received in the discipline of accounting. There is still a growing need for the accounting profession to bring theory and practice into alignment. Studying and understanding accounting theory and its constituents have become inevitable due to high incidences of embezzlements, financial statements and payroll frauds, budget padding and all other forms of accounting frauds not mentioned here (Osho & Adebambo, 2018). Globally, trillions of naira are lost on daily basis by individuals, businesses and governments because basic principles which guide financial accounting and reporting are jettisoned. The gap between accounting theory and financial accounting and reporting practices are widening by the day. Precepts are useful only when they are exemplified.

Accounting theory and its elements and structures have been properly defined and explained in the existing literature to reflect both their interpretations, objectives and conceptual framework (Shohaimay, 2014). However, just studying and understanding accounting rules is not sufficient for the improvement of financial reporting practices. These researchers have not come across any study that specifically discussed the need to align the elements, structures and conceptual framework of accounting with accounting practices. Too much emphasis is presently being laid on just teaching accounting theory with less emphasis on exemplifying the theory and improving accounting practices. The current paper is therefore, an attempt to fill this gap. In this short paper, we are going to succinctly explain as follows: accounting theory, classification of accounting theory, elements of accounting theory, structures of accounting theory and the conceptual framework for financial accounting and reporting.

LITERATURE REVIEW

Conceptual Clarifications

Accounting Theory and Thought

Many people assume that, despite many attempts made to formulate one, a single widely accepted accounting theory does not exist. But Hendriksen (1977) describes accounting theory as a consistent collection of hypothetical, conceptual and pragmatic concepts that form the general reference structure for a field of study. Womlib.ru supports this concept, which asserts that accounting theory consists of broad, logically organized concepts. The two definitions use the words coherent and logically interchangeably, suggesting that accounting theory often discovers the orderliness that is normally present in a theory. Hendriksen (1977) and McDonald (1972) claim that it should be possible to establish an accounting theory using the three elements that McDonald claims must be present in each theory. According to him, these components are the encoding of phenomena into abstract representation (e.g. debit and credit), the manipulation and combination of laws (e.g. the presence of rules and regulations for the manipulation or combination of debits and credits) and the conversion back to real-world phenomena of debits and credits (e.g. presenting the debits and credits to users in the form of financial reports). This sounds like thought/ theory, obviously, and if so, it should specifically instruct us on how to plan and present information to users. This will also prevent numerous accounting procedures from being present. The most important goal of accounting theory is to provide a consistent collection of principles for the assessment and advancement of sound accounting practices that shape the general frame of reference. Therefore, accounting theory/ thought provides the basis for forecasting and describing the actions and events in accounting.

Elements of Accounting Theory

Accounting theory has three basic elements namely, (1) usefulness, (2) relevance, reliability, comparability and consistency and (3) four points all preparers of financial statements should know and recognized. A brief explanation of these elements is given below:

Usefulness

For a useful financial statement to be created, accounting should be effective. What this means is that only important and accurate information that informs the users about the financial condition of the entity should be included in the financial statements i.e. information that will enable the users to make accurate business and investment decisions.

Relevance, reliability, comparability and consistency

These are the qualitative characteristics of the information in the financial statement. Each of them as provided by Accounting Tools (2018) are considered briefly as follows:

Relevance

The information must be relevant to the needs of the users, which is the case when the information influences the economic decisions of users. This may involve reporting particularly relevant information, or information whose omission or misstatement could influence the economic decisions of users.

Reliability

The information must be free of material error and bias, and not misleading. Thus, the information should faithfully represent transactionsand other events, reflect the underlying substance of events, and prudently represent estimates and uncertainties through proper disclosure.

Comparability

The information must be comparable to the financial informationpresented for other accounting periods, so that users can identify trends in the performance and financial positionof the reporting entity.

Consistency

This suggests that imilar items should be given similar accounting treatments.
There are four basic assumptions that all financial professionals should operate under and these are also listed and explain below;

i. **Business Entity:** Every economic unit regardless of its legal form of existence is treated as a separate entity from parties having economic or proprietary interests in it. i.e. the business is separated from its owners.
ii. **Periodicity:** The business community and users of financial statements divide business results into accounting periods.
iii. **Going concern:** A business enterprise will continue in operational existence for the foreseeable future. The business does not intend to liquidate or curtail its activities.
iv. **Money as a Unit of Measure:** Naira and other relevant currency amounts are the only units of measurement used on financial statements.

Structure of Accounting Thought and Theory

Postulates, definitions and standards make up the structure of accounting theory. Without a general consensus as to what they precisely mean, these words are commonly used. Codification of accounting postulates and principles is the underlying reason for establishing the framework of accounting theory, according to Essa (n.d) and Course Hero.com (n.d), while the second underlying reason is to formulate a consistent accounting theory that will increase the consistency of financial reporting. According to Essa, postulates are self-evident statements that adhere to the purpose of financial statements. However, Hendriksen as cited in Essa (n.d) sees postulates as fundamental assumptions about the economic, political and sociological environment in which accounting must work. According to Essa (n.d), accounting concepts can be the root of those values and he further claimed that it is somewhat simplistic to think of the egg as a precedent for the chicken. Essa also sees concepts as being incompletely described as a mental pattern of similar ideas that, as more and more applicable instances become understood, evolve into an interconnected complex.

According to Essa (n.d) the accounting standards are general judgment rules derived from the accounting purpose and from the theoretical concepts of accounting. This author further argues that the development of accounting methods is often governed by these accounting goals and their theoretical principles. According to him, accounting methods are basic guidelines derived from accounting standards for accounting for particular transactions and events encountered by an accounting agency. According to Muiz (n.d), postulates are fundamental concepts that cannot be confirmed in formal logical structures, also called axioms, while principles are empirically checked rules that can become laws and general methods used to recognize and quantify accounting events. This author then argues that concepts are abstract concepts generalized from unique instances that are not part of the formal formulation of the theory. Persson (2016) argues that presumption is another term for postulate. According to him, both phrases refer to thoughts that we cannot understand as facts of business life, and yet are necessary as a basis for addressing accounting principles. This author further added that under accounting technology, they can be viewed as compact verbalizations of basic principles that function as foundation stones. As Munteanu and Berechet (2014) put it, postulates are basic principles, expected to be valid for the statement of certain arguments or for the study and creation of certain concepts. Postulates are often seen as axioms by the authors, which must not be defended. What some writers call postulates are referred to by other writers as definitions or principles, and vice versa, as the framework of accounting theory would further suggest.

Accounting Postulates

The basic Accounting postulate encompasses; Entity postulate, Going concern postulate, Unit of measure postulate and Accounting period postulate.

Accounting Concepts
Accounting Concepts on the other hand encompasses; Money measurement, Entity, Going concern, Cost, Dual aspect, Accounting period, Conservatism, Realization, Matching, Consistency and Materiality.

Accounting Principles

Consequently, Accounting principles encompasses; Cost principle, Revenue principle, Matching principle, Objectivity principle, Consistency principle, Full disclosure principle, Conservatism, Materiality principle, Uniformity and Comparability principle.

Fundamental Concepts Of Accounting

This is best understood by the comparision below;

Assumptions of Accounting:	Principles of Accounting:
1. Separate-entity assumption.	Cost Principles.
2. Continuity assumption.	Revenue Principle.
3. Unit-of-measure assumption.	Matching Principle.
4. Time-period assumption.	Full-disclosure Principle.

Thus, it can be observed that finding a precise terminology has always been one of the most difficult task in accounting. Further, the lack of agreement about their precise meanings has affected, to some extent, the attempts made towards developing a theory for financial accounting. Of essence is to explain things which are widely accepted as of greatest importance and widest applicability, whether as postulates, concepts or principles.

LITERATURE REVIEW

Conceptual Framework

Accounting Theory

Accounting theory is categorized into: Pragmatic approach which has to do with observing the conduct of accountants or those who use the information provided by them. Syntactic approach: logical argument, based on a set of premises. Semantic approach – concern with the way theories correspond to real-world events. Normative approach – based on semantic and syntactic. Positive approach – test hypotheses against actual events. Naturalistic approach – individual case studies and field work- do not try to generalize. The scientific approach – the world as an objective reality. Issues for auditing theory construction – use of normative and positive approaches when conducting auditing exercises. (Hendriksen, 1977 as cited in Womlib.ru, n.d.; Lenalena123, 2012; Tomkins and Groves, 2017)

Descriptive pragmatic approach

This is based on observed behavior of accountants and it is a theory developed from how accountants act in certain situations. The test is done by observing whether accountants do act in the way the theory suggests. This approach is an inductive one and it is criticized for the following reasons: does not consider the quality of an accountant's action, does not provide for accounting practices to be challenged and focuses on Accountants behavior not on measuring the attributes of the firm.

Psychological pragmatic approach

This depends on observations of the reactions of users to the accountants‟ outputs. This reaction is taken as evidence that the outputs are useful and contain relevant information. This approach is also criticized for the following reasons: some users may react in an illogical manner, some users might have a preconditioned response and some users may not react when they should. Theories are therefore tested using large samples of people. An example of an issue that might be resolved using this approach is the behaviour of investors to the release of accounting data.

Syntactic Approach

This approach represents the logical relations in the theory. It concerns the rules of the language employed, for example, the rules of grammar for English or accounting procedures or accounting equation. This theory becomes useful and realistic only when its contents correspond to real world situation. This is what is sometimes called rules of correspondence or operational definitions. One serious drawback here is that different types of monetary measures are added together.

Semantic Approach

Often this approach is referred to as correspondence laws or organizational concepts. It ties symbols, expressions, words or ideas with objects, events or functions in the real world, and this is what makes a theory seem plausible. The transactions and exchanges reported in vouchers, journals and ledgers are semantic inputs. Based on the premises and assumptions of historical cost accounting, the inputs are then manipulated. Semantics of output refer to measuring the output of the accounting system against any external reference, e.g. rises in earnings against changes in the share price. In motion, this is what one can call theory.

Normative Approach

If it is prescriptive in nature, a theory is normative. The 'golden era' of the 1950s and 1960s focused on policy recommendations, i.e. what should be. It focuses on the derivation of true income (profit) and practices based on analytical and empirical propositions that improve decision-usefulness. Financial statements should mean what they say. To some extent, the approach of IASB is a normative approach. An issue which can be resolved using this approach is „all accounting reports should be adjusted for inflation before they are released.

Positive Approach

This approach is an attempt to test hypotheses against actual events. It was expanded during the 1970s. It is based on experiences or facts of the real world. It explains the reasons for current practice and predicts the role of accounting information in decision-making. The main difference between normative and positive theories is that normative theories are prescriptive while positive theories are descriptive, explanatory or predictive. An example of one type of question that the positive approach will attempt to answer is ‘what type of accounting do firms in one particular industry use for inventory before they release their accounting reports’?

Naturalistic Approach

The naturalistic approach begins from the view that truth and a result of human imagination are socially created. Truth, in other words, is not factual, but a product of the perceptions of circumstances and events encountered by individuals. This methodology is therefore best used to examine issues with a distinctive setting and no preconceived assumptions or hypotheses (such as the reaction of shareholders to the profit pronouncement of Champions' Breweries). It tries to solve individual problems, and so it may be difficult to generalize the outcome. Truth is perceived as a symbolic discourse, a social construction and as a projection of human imagination under this approach. In describing the response of an individual shareholder to investment-related announcements, the naturalistic approach is acceptable to use. This focuses on firm-specific issues. Using case study as a tool, this approach will try to address why the market is unimpressed with the success of Champion's Breweries, while during 2017-2018 it has generated improved profits.

Scientific Approach

This has an underlying premise that an objective truth is the universe to be investigated and it is carried out by gradual hypotheses. The implicit assumption here is that, under conditions that are constant through businesses, industries and time, a good theory holds. Scientific method opponents are of the belief that large-scale statistical analysis attempts to group something together. This is carried out in conditions that are frequently far from the world of accountants or their concerns. Truth is seen as a concrete framework, a concrete mechanism and as a contextual area of knowledge under a scientific approach. According to Schiell, Borba and Murcia (2010); Latour (1989) and Whitley (1984) as cited in Course Hero.com (n.d), the sociological and discursive perspectives of the empirical method, are essentially defined by the degree and strength of its contact with society. Input, process, and output accounting is seen as a socio-systemic structure. There is high interdependence between science and society. Misconceptions of intent make academics out of accounting professionals. Scholars are teachers. There is the need for 'absolute truth.' The scientific methodology does not state that 'truth' is given. This aims to provide convincing proof that can describe, explain, or foresee. It is reasonable to use this approach to explain 'the answer to the release of accounting data of all stock prices and why.'

Issues for Auditing Theory Construction

Auditing is a method of inspection applied to accounting inputs and procedures. Auditors give an opinion on whether the financial statements are compliant with the relevant reporting system as to whether the reports give a true and fair view. Focus on the conduct of an audit: identification of fraud, discovery of concepts of error and the essence of account verification. Mautz and Sharaf (1961) as cited in Almeida (2015) attempted to provide a detailed auditing theory in order to avoid the view that auditing was a realistic activity that did not involve theoretical growth. It consists of concepts such as proof, due audit care, equal representation, autonomy and ethical behavior. A normative approach to auditing theory coincided with the normative age of accounting. A constructive approach to auditing philosophy has contributed to the positive age of accounting.

Theoretical Framework

Agency theory

The relationship between accounting theory and financial reporting practice provide the mitigating measures which prevents the agent from pursuing self-interest when his principal entrust resources with him the agent.

Stewardship theory

A steward is motivated not by self-interest but by what he is mandated by his master to do and by what he is responsible for. This is made possible by compliance with laid down rules which also align accounting theory and practice.

Accountability theory

Evidence must be provided for the use of resources and the rules for doing so is also implicit in the accounting theory which also guide financial reporting practice.

METHODOLOGY

This is a qualitative study that basically relied on secondary sources of data. Data and information were collected from key and relevant journals and internet materials. This is to say this is an exploratory research.

RESULT AND DISCUSSION

In discussing the framework for Financial Accounting and Reporting, the 2018 revised Conceptual Framework comes to mind and it basically sets out the following;

i. The goal of financial statements for general purposes;
ii. The qualitative features of valuable financial information;
iii. The definition and boundaries of the reporting entity;
iv. Definitions of an asset, responsibility, equity, revenue and expenditure, and instructions to support these definitions;
v. Requirements for the inclusion in financial statements of assets and liabilities (recognition) and instructions on when to delete them (de-recognition);
vi. Bases of measurement and recommendations on when to use them;
vii. Concepts and guidelines on presentation and disclosure; and
viii. Capital and capital repair principles.

Useful Facts about the Accounting Conceptual Framework

Some of the fundamental general concepts of accounting have already been outlined. The incompatible and non-prescriptive nature of these concepts make it impossible to create a coherent conceptual framework. Since 1970, a number of moves have been made to create some form of more coherent conceptual framework. In 1989, the IASB version, known as the Framework for the Preparation and Presentation of Financial Statements, was issued. This version belongs to the category of conceptual frameworks developed in countries where private sector accounting standard setters exist. What guides the setting of standards is the assembling of interrelated concepts or a body of accounting theory. Conceptual framework may therefore, be considered as attempts to assemble interrelated concepts that will guide in the setting of standards. This assembling of related concepts will enable standards to be set on a consistent basis and not in an ad hoc manner. Attention should therefore, be paid to conceptual coherence and the development process should involve conceptual tidying-up.

Conceptual framework may be thought of as devices for conferring legitimacy and authority on a private sector standard setter that lacks legal authority of a public body. IASB which is a private sector accounting standard setter share these reasons too because they too need this legitimacy and authority or else it would not be able to achieve a broader international applicability. Conceptual framework development is based on the identification of good practice since principles are derived inductively from good practice. The criteria for identifying good practice are usually related to the assumed objectives of financial reporting. Any accounting practice that will not assist in achieving these objectives is therefore, not a good practice. Conceptual framework may be written in a prescriptive style or descriptive style or a mixture of both. Conceptual frameworks are normative since they are principles that guide the in setting and interpreting accounting standards. However, such guidance does not preclude a standard being issued that (for compelling pragmatic reasons) departs from a principle set out in the applicable conceptual framework.

Conceptual Framework for Financial Reporting

Based on what we have learnt so far, a conceptual framework consists of principles which are derived from conceptual coherence, conceptual tidying-up and good practice and used as guidance for setting and interpreting accounting standards that prescribe how financial statements should be prepared and presented. Consequently, the purpose of the framework is stated as follows**:**

1. To assist in the development of new standards and the review of current standards.
2. To assist in facilitating the harmonization of legislation, accounting principles and procedures concerning the reporting of financial statements.
3. To provide a basis for reducing the number of alternative treatments for accounting allowed by the standards
4. Assistance of national standards-setting bodies with the production of national standards
5. To support the preparers of financial statements in the application of IASs and in dealing with subjects which are not yet covered by the IAS;
6. To assist auditors in formulating an opinion on the compliance of the financial statements with the IASs;
7. Helping users of financial statements to view the details found in financial statements prepared in compliance with the IASs;
8. To provide information about its approach to the formulation of accounting principles to those who are interested in the work of the IASC.

The Framework is focused on „general purpose financial statements", including consolidated financial statements which are prepared and presented annually for the information need of various users. Special purpose reports like prospectuses and tax computations are not included in the framework. Financial statements of all commercial, industrial and business reporting enterprises, both in the private and public sectors are considered in the framework. The Framework first lists the users and their accounting information needs as follows:

Investors: should they buy, hold or sell their shares? Can the company pay dividends?
Employees: Can our enterprise provide remuneration, retirement benefits and employment opportunities?

Lenders: Will our loans and interest be paid when due?
Suppliers and other trade creditors: Will our money be paid in a short term? As major customers, should we depend on continuation of the business?
Customers: Will the business continue in the long term?
Governments and their agencies: Are their activities legitimate? Are they paying their taxes?
Public: Are these enterprises fulfilling their corporate social responsibilities? Are they patronizing our local suppliers?

Thus, the financial statements cannot satisfy or meet the information needs of all users but, there are needs which are common to all users.

Summary overall Objectives f Financial Statements as Contained in the Conceptual Framework

1. To illustrate the financial situation, the outcomes and the improvements in the financial position.
2. The goals set out above will allow users' popular needs to be met. These priorities restrict the provision of financial statements to only financial details. It is not provided with non-financial information.
3. With these goals in mind, users may assess the ability of an organization to generate cash and cash equivalents. The ability to pay staff, vendors, lenders and dividends, for example.
4. The financial condition is shown on the balance sheet. The income statement reveals the financial results and improvements in the financial condition are indicated by a different statement called the statement of changes in the financial position.
5. Different elements of the same transactions or other activities represent the component parts of the financial statements. Consequently, these components interlink. Even though each offers
   Different information and none of them can fulfill all the information needs of users, none of the statements are likely to serve a single purpose.

In the design context, the different 'assumptions and characteristics' of accounting statements already considered under frameworks and elements of accounting theory are also included.

From the foregoing therefore, the following findings subsists with respect to the issue in question

1. Accounting theory facilitates the preparation of credible financial statements.
2. Elements of accounting theory set the rules for generating credible financial statements.
3. The structure of accounting theory consists of postulates, concepts and principles which are oftentimes used interchangeably.
4. The conceptual framework for financial accounting and reporting are derived from accounting theory's elements and structure.
5. The conceptual framework covers financial statement issues such as objectives of financial statement, qualitative characteristics of financial statement, elements of financial statements and capital.
6. Accounting theory lays the foundation for financial reporting practice.

Similarly, the knowledge which this study has added to the existing literature is that accounting theory's elements, structures and conceptual framework are useful to the extent that they are applied correctly and objectively. This knowledge is necessary especially in a world where financial statement frauds and other types of fraud occur on a frequent basis. Without appropriately exemplifying accounting theory and concepts, our financial accounting and reporting practices will continue to deteriorate.

CONCLUSION AND RECOMMENDATIONS

The accountant is able to prepare and present accurate financial statements through the analysis and understanding of accounting theory. Hendriksen and McDonald still maintain that it exists despite the argument made by many people that there is no single accounting theory, and they describe it as a consistent collection of broad principles that form a general structure for the assessment and development of sound accounting practices. Accounting theory is categorized by the writers and other researchers into seven approaches: pragmatic, syntactic, semantic, normative, constructive, naturalistic and scientific.The elements of accounting theory which highlight the rules for generating credible financial statements are classified into (1) usefulness, (2) relevance, reliability, comparability and consistency and (3) business entity, periodicity, going concern and money as a unit of measure. The structure of accounting theory with their controversial meanings and categorization consists of postulates, concepts and principles. Even though lack of agreement about their precise meanings has precluded the development of a theory for financial accounting, postulates, concepts and principles are still widely accepted and applied as rules that underlie the preparation and presentation of financial statements.

The conceptual framework which is derived from the elements and structures of accounting theory, consists of principles used in setting and interpreting accounting standards. The conceptual frameworks which are basically provided by IASB and IFRS Board are used to achieve the following objectives: develop and review standards, promote harmonization, reduce number of alternative accounting treatments, assist national standard setting bodies, assist preparers of financial statements, assist auditors in forming an opinion, assist users of financial statements and provide information to those who are interested in the work of IASC. The scope of the framework covers the following financial statement issues: objectives, qualitative characteristics, elements and capital. The Framework focuses on annual general purpose and consolidated financial statements of corporate institutions in the public and private sectors. It also lists the users of financial statements as investors, employees, lenders, suppliers, customers, government and their agencies and the public. The bases for preparing the conceptual framework are: conceptual coherence, conceptual tidying-up and good practice. Accountants, professional accountants, accounting instructors, financial regulators and other financial experts should rise to the challenge by teaching the principles of accounting theory, exemplifying the theory and improving accounting practice.

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Impact of Information and Communication Technology on Accounting Procedure and Systems in Corporate Organizations

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Abstract

This study evaluates the impact of information and communication technology on the accounting procedure and system (APS) in corporate organizations. The study reviews many resources and related literature about the impact of information technology on the accounting procedure to determine the main effects, enhance the development of these technologies to strengthen the APS, and reduce the errors in this system. The study conclude that information technology innovation contributed to the development of corporate accounting systems, improved business performance, and helped the emergence of cloud accounting, and one of the most important downsides of employing information technologies in APSs is the lack of standardized technologies used in all systems, as companies are usually selective in choosing technologies that suit their activities and this weakens the transparency of the outputs of APSs. Hence, now it is the time to think beyond the curtains and ensure proper implantation and maintenance of information and communication technology.

Keywords: Information and Communication Technology, Accounting Procedure and System (APS)

INTRODUCTION

Information technology had carved across all the aspects of modern day activities ranging from small to medium and medium to large applications and operations. The trends of human centric systems which are more common and popular at times are now slowly and gradually diminishing from our public and private corporate establishments. The new , most versatile, popular, advent, efficient technique wherein the basic approach is computer centric modus operandi have overridden almost all the modern day industrial practices from very basic step of requirement elicitation to final product outcome. Information and Communication technology is this computer centric system. ICT has increased efficiency, reliability, effectiveness, performance and other characteristics of modern day commercial operations. ICT has increased and renovated financial structure both in quality and quantity. ICT has sophisticated the way transactions are catered in any financial system with optimal levels of performance and efficiency. The manner in which accountants can potentially add value to economic entities and societies is undergoing a metamorphosis. Accountant worth is now reflected in higher order critical-thinking skills, such as designing, business processes, developing e-business, model in providing independent assurance and integrating strategic knowledge. Hence, most companies have derived a way of recording and reporting transactions. Accounting professionals are expected to take advantage of ICT to automate existing processes for conducting business in new and innovative ways. Growth within management accounting and information system is becoming prominent with the advent of ICT. Enterprise Resource Planning (ERP)system, Software and ancillary equipment such as Automated Teller Machine (ATM), Debitcards, Electronic commerce, Computer hardware, Database, Internet, Intranet, Telecommunication, Oracle, Peachtress, Accounting software and Statistical Package of Social Sciences etc. are related products emanating from ICT. Information and communication technology is presumed to have affected accounting profession positively in so ways. Researches in these areas have shown that ICT has perceived importance due to its usage across several groups of business firms, especially in the field of auditing.

In the recent past, before the inception of ICT, accountants of an organization were using a socially acceptable behavioral method of reporting accounting and economic reports, carried out during accounting year ends. Accounts prepared include statement of account, statement of financial position, cash book, and statement of cash flow. The ICT, on accounting practice in Nigeria has become a subject of fundamental importance and concerns to all business enterprise and is gradually becoming a prerequisite for local and international competitiveness. It is obvious that the way accountants plan and take decision on what and how to provide their service in the accounting profession has been affected immensely by Information and Communication Technology (ICT). This has continued to change the manner in which accounting practice and their corporate relationships are organized worldwide and the variety of innovative device available to improve and facilitate the speed and quality service delivery. A major ICT has been made on accounting is the ability of companies to develop and use computerized system to track and record financial transactions properly and accurately. The recording of business transaction manually on ledgers, papers, spread sheets etc has been translated and computerized for quick and easy presentation of individual financial transaction and give report on it (Granlund & Mouritsen, 2003). Shanker (2008) ascertains that the use of ICT in many organizations has assisted in reducing transactional cost, overcome the constraints of distance and have cut across geographic boundaries thereby assisting to improve coordination of activities within organizational boundaries. It is very clear that, the computerized accounting system have improved the functionality of accounting departments by increasing the timeliness of accounting information and report preparation of statement of cash flow, market shares report and departmental profit & loss are now more accessible with computerized system. Computerized accounting systems have internal check and balance measure to ensure that all transactions and accounts are properly balanced before the financial statement is finally prepared. It also will not allow journal entries to be out of balance when posting, ensuring that individual transactions are properly recorded. Since the inception of information and communication technology (ICT), accountants can now process large amount of financial information and process it quickly through computerized accounting system. Quicker processing time for individual transactions has also lessened the amount of time needed to choose out each accounting period. Transactions that would have taken an accountant months or years to prepare are done quickly and faster and thereby cutting high cost that would have resulted in preparing the reports (Pricewaterhousecoopers, 2008).

Conceptual Issues

Information and communication technology (ICT)

Information technology (IT) is the application of computers and telecommunication to store, retrieve, transmit and manipulate data often in the context of a business or other enterprise. It is also a term that encompasses all forms of technology used to create, store, exchange, and use information in its various forms (business data, voice conversation, still images, motion pictures, multimedia presentation, and other forms, including those not yet conceived. Information and communication technology (ICT) can be defined as the sharing and impacting of information through the study and use of computers, microelectronic, etc. for the storing and transferring of information. The world we know today is transforming into a global village where information and communication is of global importance. ICT infrastructure is the key to rapid economic and social development of a country, which has also impacted on accounting profession in one way or the other (Hajela, 2005). An information system is an assortment of connected branches that gather, process, preserve, convert, and allocate preparation, decision-making, and handle information jointly (Dandago & Rufai, 2013).

Accounting Systems

An accounting system is a set of accounting processes with integrated procedures and controls. The intent of an accounting system is to record business transactions, summarize those transactions into an aggregated form, and create reports that can be used by decision makers to monitor, analyze, and improve operations. The accounting system is one of the most important foundations for the success of any company, as the correct and efficient application of the accounting system contributes to enhancing the economic efficiency of the company, reduces the excess costs, and reduces the risks that the company can be faced (Kamal, 2015). Therefore, the development of the accounting system was largely coincident with the continuous development in corporate management and the emergence and great development of information technologies had a major impact on the company’s accounting system and its efficiency (Cavalluzzo & Ittner, 2003).

Impact of IT on Modern Accounting Systems

1. **Money Saving:** The application doesn’t need to travel to the consulate two times, first time for collecting the application form and for physical presentation. He needs to go to the consulate only once the application form would have been filled online. The cost for travelling the first time is saved. Also, the potential wastage of paper is removed. Reducing paper consumption helps improve the quality of environment, reduce forest destruction since paper is produced from wood and reduce of waste processing.

2. **Time Saving**: The main time saving factor is the flexibility of scheduling when to engage on a process. For example a visa application form can be filled when the applicant has a free time and not necessary during the opening hours of the

consulate. The data filled are verified immediately for validity. Acknowledge is sent immediately as prove of application. Payment is made online with credit card thereby saving the time of passing through the cashier.

3. **Communication**: Communication by email is faster and costs less than sending a paper letter by post. The business communication in various commercial organizations has widely accepted email as main medium for information dissemination across platforms. Email systems not only carry out information in textual formats rather provides the way to transmit multimedia information from customer to client and vice versa.

4. **Global Financing**: Information technology allows finance to function on a global level. Financial markets can be thought of as the first organized, global information markets operating through network computers. Without information technology, financial markets could not react to global development and finance companies couldn't consistently acquire information at the same time as their competitors. For example, the internet allows continuous access to credit scores and credit rating to all lenders, insurance companies and businesses that need financially responsible customers.

5. **Economic Efficiencies**: Information technology resources can significantly reduce accounting costs. Redundant tasks can be centralized in one location through the use of information technology infrastructure. Economic efficiencies can be realized by migrating high-cost functions into an online environment. Companies can also offer email support for customers that may have a lower cost than a live customer support call. Cost savings could also be found through outsourcing opportunities, remote work options and lower-cost communication options.

6. **Accuracy**: Information technology assists in the computations. Since accounting work is very detailed, accuracy in recording and reporting is greatly valued. One of the positive effects of this system is the fact that it lessens the possibility of incurring mathematical errors which is one of the problems experienced in the manual system.

7. **Improved Internal and External Reporting**: Because of the improved speed and accuracy in the processing of information, financial reports can be easily generated and reported to internal and external users. External users can use these reports to assess the condition of the entity. Internal user which is the management benefits from this development for they need to know the details first in making economic decisions. On the impact of computer technology on accounting, Nickelset al.observed that most companies have found that computers greatly simplify the task, enabling managers and other employees to get financial reports exactly when they want them.

8. **Flexibility**: Flexible technology is severely needed in accounting departments. The accounting system must have the capability to adapt with changes in business practices. Information technology associated with accounting creates flexibility to accommodate the changes. Some systems are capable for upgrade when the entity's volume of transaction increases.

9. **Reduction of Paper Usage**: The utilization of electronic envelops and documents reduce the usage of papers in accounting processes. Thus, it reduces costs and of course it draws the entity away from the environmental issues regarding trees and paper usage.

10. **Graphics Software**: This software creates photos, graphs and charts from data input in order to facilitate better understanding of the topic. This is usually used in financial reporting.

11. **Increased Functionality**: Computerized accounting systems have also improved the functionality of accounting departments by increasing the timeliness of accounting information. By improving the timeliness of financial information, accountants can prepare reports and operations analyses that give management an accurate picture of current operations. The number of financial reports has also been improved by computerized systems; cash flow statements, departmental profit and loss, and market share reports are now more accessible with computerized systems.

12. **Faster Processing**: Computerized accounting systems allow accountants to process large amounts of financial information and process it quickly through the accounting system. Quicker processing times for individual transactions has also lessened the amount of time needed to close out each accounting period. Month- or year-end closing periods can be especially taxing on accounting departments, resulting in longer hours and higher labor expense. Shortening this time period aids companies in cost control, which increases overall company efficiency.

13. **Storing and Protecting Information**: Information technology creates electronic storage system to protect company's valuable records. According to Graziadio Business Report, Published by Pepperdine University, secure maintenance of customer and patients files is vital to business integrity, storage systems, such as vital vaults, keep information safe by only allowing certain users within the company to access, withdraw, add or change the documents and protect from being hacked, or wiped out during a technological disaster. Electronic security means your valuable records will remain safe. You may already use computer for data storage for business, inventory, sales, receivables' and payable stored in excel, and open office or a similar program keeps these figure at your fingertips. Accounting software stores your payroll information, tax records and specialized data for your business.

14. **Reliability**: Computer systems are immune to boredom, tiredness or fatigue. Therefore, these can perform repetitive functions effectively and are highly reliable as compared to human beings.

Limitations of IT

1. **Heavy Cost of Installation**: Computer hardware needs replacing and software needs to be updated from time to time with the availability of newer versions.
2. **Cost of Training**: To ensure effective and efficient use of computerized system of accounting, newer versions of hardware and software are introduced. This requires special training and cost is incurred to train the staff personnel as specialists.
3. **Fear of Unemployment**: Reflects the feelings of the staff on the introduction of computerized accounting system. The staff fears redundancy and show less interest in computers.
4. Disruption in Work: When computerized system is introduced, there might be loss in the work time and certain changes in the working environment.
5. System Failure: The danger of a system crashing due to some failure in hardware can lead to subsequent loss of work. This occurs when no back-up is retained.
6. Time Consuming: In order to avoid loss of work at the time of system failure, there is a need for providing backup arrangements which is a time-consuming process.
7. Unanticipated Errors not Known: Unlike human beings, computers do not have the capability to judge or detect unanticipated errors in the system.
8. Breaches of Security: The danger of viruses and hacking into the system from outside creates a strong need for security of system. Similarly, the person who has created the specific program can easily defraud by tempering with the original records.
9. Health Dangers: Extensive use of computers may lead to many health problems such as eyestrain, muscular complaints, backache etc. resultantly reducing working efficiency as well as increasing medical expenditure.

Measures against Information Technology Fraud

Proactively employing the following logical and physical access control measures can minimise the nefarious activities of IT savvy fraudsters. On the logical steps should be taken:

i. Firewall Systems; Firewall systems should be installed. A firewall is a device that forms a barrier between a secured and open environment. Usually, the open environment is considered hostile. The most notable hostile environment is the internet. Generally, the types of firewalls available today fall into three categories; Router Packet filtering; Application firewall system; and Tasteful inspection.
ii. Password; Passwords should be used to protect logical asset. However, passwords should be change frequently. When an employee leaves the organisation. His/her password/s should be deactivated immediately. Determine ahead of time what a person should do if he/she discovers that his/her passwords is compromised. Reasonable senior officers should handle the management and administration of passwords in the organisation. The following password rules should be obeyed:

- Passwords should be five to eight characters in length. Anything shorter will be too easy to guess. Anything longer will be too hard to remember.
- Passwords should allow for a combination of alpha, numeric, upper and lower case as well as special characters;

• Passwords should not be particularly identifiable with the user (such as first name, last name, spouse name, pet's name, etc)
• Previous passwords should not be allowed to be used after being changed.
• Logon IDs not used after a number of days should be deactivated to prevent possible misuse

- The system should be able to disconnect a logon session automatically after unsuccessful attempts to apply a password.
- Don't use default passwords or vendor-installed passwords

iii. Encryption; Use encryption techniques during data/program storage and transmission. Encryption is a technique used to protect a plain text by coding the data so that it is unintelligible to the reader.

iv. Intrusion Detection Systems; Install intrusion detection systems (IDS). These systems work in conjunction with routers and firewalls by monitoring network usage anomalies. It protects an organisation's information system resource from external as well as internal misuse. An ID operates continuously on the systems, running in the background and notifying administrators when it detects a perceived threat.

v. Biometrics; Personal attributes for identity verification can be used to determine or not a person should be allowed to gain access to an information technology facility. This entails the use of biometrics such as fingerprints, voice, eye, colour, iris and a host of other personal features to verify the identity of an individual. The shape of a person's hand i.e. hand geometry has also been found to exhibit sufficient interpersonal variability to serve as a basis for distinguishing one individual from another. Equipment's have been developed that automatically measures one aspects of the hand, namely the lengths of the fingers, and used this information as a means of verifying a person's identity. In addition to all the above, Access Control List (ACL) should be maintained. This list specifies various users and what they have access to. Furthermore, access rules in the organisation should indicate who can access what. Access rights are usually at four levels (create, update or delete) only; and a combination of the above.

On the physical level, the following steps should be taken to check the activities of fraudsters:
a. Personal Computer: Determine whether office computer could be used for other purposes such as games, etc. Determine also who is authorised to use which PC or should everyone have unrestricted access to all available computers. There should be a clear instruction as to which software are allowed on the systems, which types of antivirus should be used, what operating systems are allowed on PCs should not be located in such a way that the information displayed on the VDU can be read through the wind or door.
b. Web Access: Rules must be set as to which websites are restricted from being accessed. It should also be spelt out whether employees can access the web at all times or will there be web logon hours. Also determine which PC would have access to the internet. There should be rules as to the use of e-mails.
c. Remote Access Facilities: There should be clear instruction as to whether remote access to the Organisation network and how the access is to be controlled. Determine whether remote access is for all officers. List the devices (hardware and software) as well as media through which remote access is allowed e.g. State whether access through internet cafes is allowed or not.
d. Infrastructures: Adequate infrastructures should be made available with serious security considerations. In essence, proper climatic condition, adequate power supply, communications, burglary and fire fighting facilities should be maintained.

Empirical Review

James (2013) examines the effects of information and communication technology on the performance of public sector secretaries' in Bayelsa state, Nigeria. Both primary and secondary data were used for the sake of this study. The primary data was obtained through a wellstructured questionnaire administered to ninety-five public sector secretaries' in Bayelsa State and the data obtained were analysed with econometric models of multiple regression and diagnostic test. The Cronbach's alphas model was used to verify the reliability of the instrument. The study found that the usage of computer, telecommunication and video techniques positively and significantly related to the productivity (performance) of public sector secretaries' in Bayelsa State, Nigeria. The target population of this study was all secretaries' in the Nigerian public sector. However, the accessible population was a total of two and twenty-three hundred (223) secretaries' in the Bayelsa

State Public Sector in January 2012 to February 2013 from the Civil Service Commission, Yenagoa, Bayelsa State. Simple random sampling technique was used to arrive at the sample of the study. The sample size of one hundred and forty-three (143) for the study was derived from the application of YaroYamen model. The study found that the usage of computer, telecommunication and video techniques positively and significantly related to the productivity (performance) of public sector secretaries' in Bayelsa State, Nigeria. The study also showed that ICT use is correlated with workers skills suggesting that firms that use high levels of ICT also employ more knowledge workers. ICT use is also found to be correlated with organizational innovations in production and efficiency practices, HRM practices and product/service quality related practices, supporting the view that ICT and organizational changes are complements.

Abisola (2014) examined the impact of information and communication technology on internal auditors and their immediate external environments. Data were collected through 510 semistructured questionnaires administered on internal control staff of financial institutions in Nigeria. 218 questionnaires were found usable and were combined with 23 face-to-face interviews of top financial institutions' executives. The population chosen were restricted to only financial institutions that substantially make use of computer system in processing and controlling their data operations. The findings revealed that the spread in the use of information and communication Technology (ICT) has brought new opportunities to many professionals including Accountants and internal auditors especially in breaking the old cultural debacle by enhancing their reporting and operational independence. Oladejo and Yinus (2014) examined the impact of information technology on cooperative services as a basis for attainment of MDG objective relating to E-commerce. Data collected from the stakeholders in cooperative organizations in Nigeria was analyzed using frequency table, percentage and non-parametric statistical test, ANOVA was used to test the formulated hypothesis using STATA 10 data analysis package/software. The result of the finding shows that information technology is positively significant to cooperative service in Nigeria. Investment in IT by Cooperative organisations will improve their performance through high level of patronage by members. This study recommended that the cooperative management should provide adequate IT facilities to the cooperative staff and proper training should be given to the employee in other to meet the quality of service needed by the members. Also there should be free flow of information between the cooperative organizations and their members. This study concludes that Information Technology has impact on the cooperative services in Nigeria, the principal impact being better management efficiency, service delivery, increased members surplus and patronage.

Ayatse (2012) conducted a research on the impact of ICT on corporate performance focusing on six (6) cement plants in Nigeria. The study was conducted on the operations of selected cement manufacturing firms in Nigeria. These cement companies include Dangote Cement Company DCC(formally Benue Cement Company), Dangote Cement Company (Abajana plant), Ashaka Cement, Unicem, Cement Company of Northern Nigeria (CCNN) and larfarge cement. The research work was descriptively design in order to evaluate the impact of ICT(independent variable) and corporate performance (dependent variable).The population of the research is made up of 6080 respondents comprising strictly the staffs of 6 leading cement manufacturing industries in Nigeria. It can be deduced that Nigerian cement manufacturing industries embraces the use of ICT in all their departments and processes. ICT have greatly improved corporate performance of cement manufacturing industries in Nigeria positively. It was also seen that production in Nigerian cement manufacturing industry improved significantly since the advent of ICT. The conclusion was drawn that ICT has positively contributed to corporate performance, recommendation on improved investment and control in ICT were given and finally the researchers proposed future grey areas for research such as the impact of ICT investment on revenue and market share, and optimal level of investments for firm's ICT. Abisola (2013) explores the Impact of Information and Communication Technology (ICT) on internal control effectiveness in preventing and detecting fraud within the financial sector of a developing economy – Nigeria. Using a triangulation of questionnaire and interview techniques to investigate the internal control activities of Nigerian Internal Auditors in relation to their use of ICT in fraud prevention and detection, the study made use of cross-tabulations, correlation coefficients and one-way ANOVAs for the analysis of quantitative data, while thematic analysis was adopted for the qualitative aspects. The Technology Acceptance Model (TAM) and Omoteso et al.'s Three-Layered Model (TLM) were used to underpin the study in order to provide theoretical considerations of the issues involved. The study's shows that Nigerian Internal Auditors are increasingly adopting IT-based tools and techniques in their internal control activities. Secondly, the use of ICT-based tools and techniques in internal control positively impacts on Internal Auditors' independence and objectivity. Also, the study's findings indicate that Internal Auditors' use of ICT-based tools and techniques has the potential of preventing electronic fraud, and such ICT-based tools and techniques are effective in detecting electronic fraud. However, continuous online auditing was found to be effective in preventing fraud, but not suited for fraud detection in financial businesses.

Technology Acceptance Theory

The most cited theory was the Technology Acceptance Model (TAM). Davis (1989) presented a Theoretical model aiming to predict and explain ICT usage behaviour, that is, what causes Potential adopters to accept or reject the use of information technology. Theoretically, TAM is Based on the Theory of Reasoned Action (TRA). In TAM, two theoretical constructs, perceived Usefulness and perceived ease of use, are the fundamental determinants of system use, and predict attitudes toward the use of the system, that is, the user's willingness to use the system. Perceived usefulness refers to "the degree to which a person believes that using a particular System would enhance his or her job performance", and perceived ease of use refers to "the Degree to which a person believes that using a particular system would be free of effort" (Davis, 1989).

CONCLUSION AND RECOMMENDATION

It is deduced that Information and Communication Technology has an impact on accounting procedure and systems in organizations. Information and Communication Technology is vital to companies' survival. ICT helps in reporting the financial transaction of companies. The effective implementation of ICT helps companies to measure their financial performance. However, there are challenges associated with the integration of ICT in accounting procedure but companies should strive to have an effective information technology system in place in other to improve their financial performance. ICT is important in the training requirement of an accountant in organization. Information and Communication Technology offers some advantages like processing more information quicker, and errors are less common. Also, with ICT in place financial information can be stored for several years with relative ease, giving the company the opportunity to review previous year's information easily

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Electronic Accounting and Accounting Information System

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Abstract

Given the need to leverage on requisite technologies in the Accounting world, particularly in the face of digitalization taking the premium space in today's highly globalized world, the need to examine the twin issues of Electronic Accounting (e-Accounting) and Accounting Information System (AIS) has become expedient. By means of an exploratory approach, findings from this empirical analysis reveals that there is a growing awareness of advanced cloud based tools and their benefits is a testament of their effectiveness. The study therefore concludes that by automating task, businesses can save time and use it for important metrics like growth, diversification and optimization. The study therefore recommends that given that there are so many accounting software in the market today that are not only rich in features and have solid capabilities but are also budget friendly and designed for the need of the small and midsize businesses to allow for choices by business owners, the use of requisite accounting software by all organizations must remain a focal point.

Keywords: Electronic Accounting, Accounting Information System, Globalization, Digitalization

INTRODUCTION

Accounting has been in existence for centuries before the invent of computers, the reliance of recording financial transactions was on papers and ledgers, which were used to record debit and credit, revenues and expenses. Rapid technological development also makes accounting information technology experience development and changes. Traditionally accounting is purely based on manual approach, the experience and skills of individual accountant are critical in accounting processes, which makes this approach ineffective, inefficient and non – reliable. However, accounting information system resolve many of these issues, as it can support the automation of processing large amount of data and produce timely and accurate information. In the 1800s, machines have begun to play the role of simple addition before the invention of computers in the 20th century. These simple addition machines invented by William Burroughs, though not having the internal memory as computer, aided the accountant to carry out arithmetic more efficiently and accurately. By the end of the century inventor Herman Hollerith had developed a punch –card machine to speed up data handling for the US Census, the tabulating machines recorded data by punching a pattern of hole into cards, this machine can also read the pattern and call up the information, and businesses were using the punch card machines for accounting purpose. Hollerith took the punch card concept into private industry when he founded the IBM by 1907. During the World War II John Mauchly and J.Presper Eckert developed the ENIAC Computer for the military, after the war he built UNIVAC –the Unversal Automatic Computer which stored data on magnetic tape rather than punch cards, in 1955 the UNIVAC began running payroll for one general Electric factories. This marked the first time a company had bought a computer purely for accounting purposes. IBM, however soon improved on the UNIVAC and offered computers that reestablished the company as the king of the business machines Therefore, based on these finding, electronic accounting basically started in the year 1955 with the UNIVAC for general Electric Factory.

LITERATURE REVIEW

Electronic Accounting

Electronic Accounting does not have a standard definition as there are many scholars with different views and perception on the concept accounting. However, in deducing from various definition, one can say electronic accounting refers to the changes in traditional accounting based on computing and networking Electronic Accounting is the application of internet technologies to accounting functions. Or it can be said to be the use of computer based accounting tools such as digital tool kits or internet resources to perform certain accounting functions regularly like, accounting research, payroll accounting, and training in accounting education.

Accounting Information System (AIS)

Accounting Information System involves the process of collecting, storing and processing financial and accounting data used by internal users to report information to investors, creditors, and tax authorities for decision making Alicia.T. (2020). This is done by the use of a computer based method for tracking accounting activities through the internet. Amy. F(2021) Accounting information system (AIS)is a structure that a business uses to collect store manage process retrieve and report its financial data so it can be used by accountant, consultants, business analyst, managers, chief financial officers(CFOs) auditors, regulators and tax agencies. An accounting information system is a way of tracking all accounting and business activity of a company. Accounting information system generally consist of six primary component; people, procedures and instructions, data, software information technology infrastructure and internal controls. People are the system users, which includes accountant, consultants, business analyst, managers, auditors; Procedures and Instruction are method used to collect, store and retrieve and process data; Data - an AIS must have a data based structured to store information. AIS Software is the computer programs used to store, retrieve process and analyze financial data, while IT Infrastructure is the name for the hardware used to operate accounting information system. Internal controls of an AIS, on the other hand are security measures put in place to protect sensitive data. However, questions still remains as to whether E-Accounting and Accounting information system are one or the same thing. In the 20th century computer usage was limited to accounting applications and used the name Electronic data processing which used to be the most basic information system application in every company but now we use the term accounting information system.

Electronic Accounting and Accounting Information Technology (E-Accounting)

According to Susan et el (2016), E- Accounting as the application of online and internet technologies to the business accounting functions. E-Accounting is universally adopted, it is the online recording of financial transactions on a server or database, just like a website or web blog, which accessing the account will normally require a login id or password.

Computer Software

Adebayo (2012) define software as the collection of all instructions or programs written with a computer language, which the computer understands and executes. The are stored as files on a disk and software as a service uses cloud computing to provide users with access to a program via the internet. Fraser (2019) describe early accounting software as handcrafted literally byte by byte over the course of months, companies relied heavily on propriety system. The basic types of softwares include;

a. System software also called operating software, it facilitates the communication of the user and the other software to achieve a task with the computer. This also makes the hardware component come together and function as a system.

b. Application software allows users carry out specific task other than one related to the operations of the computer itself.

System Analyst

This is a person who engages in the study of the different activities and procedures that are always put together to solve a problem. He designs computer files production of system documentation system evaluation.

Computer Programmer

The programmer writes instructions to direct the operation of the computer in the language it understand. There are two types of computer programmers namely the system programmers and the application programmers. The application programmers write instructions that enable the computer process data in accordance with the program specification supplied by the analyst. The system programmer is responsible for writing program and maintain system programs.

Accounting Software

This is the type of application software that record and processes accounting transactions within functional modules such as account payable, account receivable journal, general ledger payroll and trial balance. It functions as an accounting information system. As computers became more powerful, programmers created more generalized software that could serve many different customers. This includes the following.

Peachtree Software: This is a devise that comes with different features which gives the buyer an opportunity to make choices of the flavor the prefer. These flavors includes peach tree pro, peach tree complete, peach tree premium and peach tree quantum. Peach tree premium and peach tree quantum have accountant edition which can be of great use to the professional accountant, added also is the accounting and business management tools, payroll management solutions.

Quickbooks: is a popular accounting software for small businesses, independent accounting firms, personal and professionals account management. Among its features are automated tax calculations, expense tracking, invoice management and balance sheet reporting.

Xero Accounting software: is a good example of intuitive set up which is straightforward to use. It incorporates security features to negate any online threat such as hacking.

NETSUITE: This is an online accounting management system, there is no software to download or installed because it is web based. It is essentially a customer relationship management but the platform can be used for sales and marketing.

Book Keeper: This is a software package that offers a complete suite of accounting features like integration with banking, expense tracking and payroll management.

Sage Business Cloud Accounting: This is ideal for small businesses. It offers two affordable plan designed to fit the budget and needs of small businesses. It aims at streamlining paper work and minimizing spreadsheets, automating complex financial processes.

AVIDXCHANGE: This is a comprehensive invoice management and payment automation system built for businesses of all sizes. It is equipped with feature of paperless invoicing purchase order automation to help streamline accounting operations.

ROSSUM: This is a powerful cloud-based platform designed to streamline account accounts payable processes from importing documents collecting and capturing data, purchase order matching to invoice processing.

A2X: This is gives you complete visibility into your cash flow by correctly classifying each transaction and summing up your sales and expenses. Fees refund and other necessary expenses are also accounted for.

FRESHBOOKS: This is another web-based account management system, it offers several features like invoicing, time tracking estimate creation, tracking of expenses and client and staff tracking.

TROLLEY: It is previously Payment Rails is an international payment software created to automate payout for sellers and service providers across the globe.it streamlines payout processing and sending, it automates payout approval, mails are sent to individuals designated with approval right every time a payment is about to get approved. This solution promotes transparency as it delivers real time payout tracking.

FREEAGENT: This is a robust accounting software designed for freelancers and small businesses, from running payroll to handling expenses. Freeagent also keeps time record and track cash flows alongside tax bills through it dash board, it can also be linked to bank accounts. The first spreadsheet was birthed by Visicalc in 1978, this made it feasible to carry out financial modelling on a computer. The common in use now is the Microsoft word which enables the accountant to perform several worksheet and store in workbooks.

SUMMARY AND CONCLUSIONS

The growing awareness of advanced cloud based tools and their benefits is a testament of their effectiveness. By automating task, businesses can save time and use it for important metrics like growth, diversification and optimization.

Electronic accounting or accounting information system is an online platform that one can use paying monthly subscription, it is now the standard to eliminate traditional paper books and records in the IRS examination process. It reduces the burden while increasing efficiency of examiners analysis and provides a complete record. There are so many accounting software in the market today that are not only rich in features and have solid capabilities but are also budget

friendly and designed for the need of the small and midsize businesses to allow for choices by business owners. Essentially the best accounting software is the one that matches and meet your business requirement.
The capability of accounting software to produce large number of pre- set report for the examiner to drill down to the underlaying data in each report as well as test the veracity of accounting record submitted cannot be overemphasized Accounting software helps to generate accurate and verifiable tax information that can stand the test and analysis of IRS.

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International Public Sector Accounting Standards; Basic Principles, Regulatory Agencies and Standard Setting Procedures: A Critique

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Abstract

The objective of this paper is to critique public sector accounting framework, regulating agencies and standard setting procedure. This is done within the contexts of examining and critiquing (i) the conceptual and institutional framework issues (ii) the International Public Sector Accounting Standards (IPSAS), the product of the conceptual framework,and expectedly intended to address accounting issues. Such accounting issues relate to the measurement, presentationand preparation of annual general purpose financial reports in the public sector entities other than government business entities. Against the back drop of weaknesses observed in the review of extant literature, we suggestsome reforms, including effective principles-based standards to address the multi-faceted activities of government; including the restructuring of IPSAS board (IPSASB.).This development is expected, will bring about a balance of political, economic, cultural and legal system of countries thatconstitute IFAC, anda more representative IPSASB, among others.

Keywords: Public Sector Accounting, Conceptual and Institutional Framework

INTRODUCTION

Public discourse on public sector accountability and financial probability in government and government-related entities has continued to dominate attractions of government to be more involved in responsible governance. Chan (2008) solicits for greater government financial accountability and transparency through an articulate public sector accounting framework and public sector standards. While the near global financial crises in recent times called for a review of public sector framework and other issues of measurements in financial reporting in the public sector accounting, others have called for an overhaul of the procedures involved in standard setting. International PublicSector Accounting Standards (IPSASs) is a centerpiece of the global revolution in government accounting and recommendations made by the International Public Sector Accounting Standard Board (IPSASB) are accepted for accountingforfundsprovided under the World Bank program, International Monetary Funds and other global financial institutions. Today, institutions and governments watch with keen interest the framework, institutional or conceptual, as well as the international standards which constitute the underpinnings of financial reporting in the public sector. While convergence of IPSASs with national standards is being settled by countries, institutions like, the World Bank and the International Monetary Fund (IMF) have accepted IPSAS – based financial report as minimum standards for accounting for funds. Besides, other international organizations which provide funds to developing countries specify as a conditionality compliance with IPSASs and other global public sector frameworks. Creditor countries are beginning to spell out the compliance to global framework in public sector accounting to assure them that the funds and grants given to such countries are being used in public interest. This message and other concerns, including the convergence, blazed by the International Financial Reporting Standard Board in collaboration with International Federation of Accountants, simply explain the position of IPSAS and other international standards. The framework for public sector accounting, the IPSAS as well as the International Standards of Supreme Audit Institutions (ISSAIs) is critical and germane to a credible and responsible financial reporting in the public sector. According to Chan (2008),

IPSAS in the public sector accounting has become a defacto benchmark. for evaluating government accounting processes and practices worldwide. In Nigeria, though operations of government business and accounts have been conducted within the general framework of the principles of fund accounting, the major problem is that financial reporting and public sector accounting is far from the principles in absolute terms (Obazee, 2008). On account of this and other preceding submissions, we examine the public sector accounting framework as well as the processes or procedures of setting IPSAS, to:

i. Re-affirm the propriety or otherwise of such framework and procedures of standard setting

ii. Suggest for a re-adjustment of the framework and procedures of standard setting to reflect best practices.

LITERATUREREVIEW

Conceptual Framework

Sound public sector accounting rests on an articulate framework whichhas been defined to reflect best practicesin the world. To this end, a conceptual framework for public sector accounting is structured to reflect objectives and scope, recognition and measurement criteria, definition and qualitative characteristics of financial information shown in financial and accounting reports of public sector accounting entities Conceptual frameworks for public sector entities strike the heart and the whole gamut of financial reports. It centres on government accounting principles; it forms the basis of the preparation and publication of budgets, maintenance of complete financial records, provision of full disclosures and submission to full audit. More to the point, this framework helps in monitoring incomes, expenses, assets and liabilities. It goes further to helpassess government's financial consequences of transactions and events. Finally,a well-defined conceptual framework leads to the issue of user-friendly financial reports on a periodic basis. Such conceptual frameworkdefines the period or time frame of financial reporting of government levels. For government at various levels in the world, Nigeria inclusive, the fiscal year and the financial year is between January 1st and December 31st.

Institutional Frameworks

The institutional framework focuses on the legal and institutional as well as the professional constraints that regulate the public sector accounting; these include the IPSASs issued by the International Federation of Accountants International Public Sector Accounting Standard Board (IPSASB), the responsibilityfor the issue of IPSASs rests with the IPSASB (IPSASB, 2004). Nigeria's Institute of Chartered Accountants is a signatory to IFAC and adopts therelevant IPSASs issued byIPSASB, an arm of IFAC. Another institutional framework is the International Standards of Supreme Audit Institutions (ISSAIs); the ISSAIs are intended to oversee the management of public sector transparency and accountability within the wider context of good public governance. ISSAIs are issued within the context orSupreme Audit Institutions and International Organization of Supreme Audit Institutions (INTOSAI).However, the activities of Nigeria SAI are yet to be felt and it has been argued, thus, that the Nation Audit Office lacks the constitutional independence to be effective. The Institutional frameworks in Nigeria, do include statutory framework, as the 1999 Constitution, the Finance (Control and Management) Act of 1958 as well as the Audit Act of 1956.Others include the Financial Regulations, Treasury and Financial Circulars and Circular Letters intended not just to guide the day-to-day operations ofgovernment Departments and to aid the achievement of probity and accountability. The 1999 Constitution, as amended, provides, among others, the various types of funds as the Consolidated Revenue Fund (Sec. 80-84) for the Federation and for States (Sec 120-124) and the various charges (Sec. 84) at the federal level and Sec. 124 (at the state level). Besides, the Constitution through the relevant sections, either at thefederal and state level (Sec 81, at the federal and Sec. 121, at the state level), details the authorization of expenditure from the Consolidated Revenue Fund. The responsibilities of the Minister of Finance and those of the Accountant- or Auditor- General of the Federation and the similar Offices at the state level are delineated by the Constitution.

While it is one of the responsibilities and functions of the Minister of Finance to issue warrant (or authority) to incurexpenditure from any of the Funds types, the Accountant-General ensures actual payment, and then the preparation of CRF and other funds as required by regulations or by the Minister of Finance. The Finance (Control and Management) Act of 1958, the Audit Act of 1956, among others are all intended tobring about effective management and operationsof government funds, includingthe regulation of accounting format for the preparation of government accounts, the audit and accountability in respect of the Federal Government, and by extension the State Government. The professional accounting bodies, the Nigerian Accounting Standard Board as well as the Codes of Conduct of the professionalbodies, such asthoseof ICANandANAN, to mention just two,constitute aregulatory framework. The ICAN or the ANAN Code of Conductformember relatetomembersof the Institute who are bothinthe public and private sectors. Incidentally, ICAN relies on the IFAC's IPSASB for accounting issues and items in the public sector. Public sector entities in Nigeria are encouraged to adopt the relevant IPSASs in their financial reporting. NASB issues standards which are predominantly private-sector related while public sector accounting standards applied in Nigeriaare drawn from the relevant standards, issued by IPSASB, an arm of IFAC. Given the wide-spread acceptance of IPSAS issued by IFAC's IPSASB and the adoption of IPSAS by the public sector accounting inNigeria it isan imperativetoaddress the conceptualand institutional issues in IPSAS

Conceptual Issues in IPSASs

IPSASs address accounting issues related to the measurement, presentation and preparation of annual general purpose financial reports in the public sector entities other than government business entities. General PurposeFinancial Reports mean financial reports or statements which are intended to meet the needs of users who are not in a position to demand reports that meet their specific needs.

Specifically, IPSASs define the form and contents of the General Purpose Financial Statements and related disclosures in a governments annual reports. Such reports are inclusive of the statement of financial position and a statement of financial performance which are accrual-based. A statement of cash-flow is expected to be cash-based. From the foregoing, it is seen that IPSASB issues both the cash basis and accrual basis standards. The IPSASB issues a comprehensive cash-basis standard for countries especially in the third world, including Nigeria, which isnot ready to adopt theaccrual basis. It is instructivetonote thatIPSASB hasa flair for accrual-based and so it is not surprising thatother IPSASs adhere to the accrual basis. To this end, conceptualissues in IPSAS relate to unsettled issues or issues of debatein thestandards. Theseissues could affect "substance and underlying ideas", such as following:

Lack of IPSASs-related infrastructure

IPSASs-related infrastructural issues relate to the infrastructure for collecting, recording and summarizingfinancial data. It is expected that in the consolidated financial statements on the accrual basis, there should be an accounting system that approximates the sophistication that will give rise to such consolidated financial statements. In addition, a detailedchart of all elements of assets, liabilities, incomes and expenses, a double entry accounting, abilityto translate IPSAS into specific policies in government, incorporation of policies into machine-readable language, among others, are a part of the infrastructure that is near absence. IPSASs does, however, avoid the necessity of the infrastructure to support a financial reporting based on accrual basis of accounting. Beside the construct of, not having the infrastructure to support the system capabilityof financial reporting of government, there is also the absence of structure in IPSASs to support the accrual annual financial reporting of other reports required by Department Managers, Political Executives and National Assembly members and Committees, among others. All these sub-reports, so to write, are not captured by IPSASs. In essence, IPSASs emphasize a section of government accounting system and pays little attention to the other reports or sections of the government accounting system.

Detailed rules about specific elements but few principles

Another conceptual issue in IPSASs is the emphasis of IPSASs in relation to the statements of financial information. IPSASs is characterized by detailed rules about specific elements of financial statements but with only few principles. In other words, given the realities of today's global reach, principle-based IPSASs that will address government accounting reporting will be the most appropriate variety of stakeholder having vested interest in government financial reports which were recognized some years ago. Simeon (1945) underscores the broader theoryof government accountability which forms the basis of government accounting. Sunder (1997) argues that the variety of stakeholders are motivated to use government financial statement as a source of common knowledge about the government to know the amount timing and degrees of uncertainty of the benefits they expect to receive from the government. The measurement basisof cash-basis and accrual-basis of accountingbyIPSASB is unclear.

This position by IPSASB is a wrong signal to its commitment to accrual basis. One comprehensive cash-basis of accounting reflects a double standard. The cash-basis of accounting, though seemingly an imperative for developing countries not yet prepared for accrual-bases of accounting, is also justified on the basis of the time and effort required for some governments to transit to the accrual-basis of accounting. Meanwhile, the IPSASB has not articulated a clear alterative to full accrual of revenue recognition in business; it is not feasible for government activities that produce collective services to use the service results or accomplishments as the basis for recognizing tax revenues IPSAS. No 23 provides the Board with an opportunity to state an alternative to the business-type accrual basis. However the IPSAS 23 falls short in failing to explicitlyidentifythe government assertion of a claim as the basis of recognizing such revenues and related receivables

Consolidated format of financial statements

IPSAS does favour consolidated format of financial statements. This presentation format pre-supposes an existence or display of a government as a whole and its presentation to users. IPSAS 22 seeks to delineate the relationship between government as an entity for which financial statements are prepared and the general government sector for which government finance statistics are reported. It is instructive to note however that similarities of government notwithstanding, economic and political systems in countries may differ. Even where one column for the whole government, is feasible, the format cannot show internal borrowing and transfer of funds beyond those also shown by some categories of fund in fund accounting.

Institutional Issues in IPSAS

Beside the foregoing conceptual issues which border on the elements of financial information, other institutional issues are discussed below. These include:

Neglect of national diversity

There is the tendency of IPSASs to ignore national diversity in political, legal, cultural and economic systems. IPSASs tend to uphold professional authoritarianism at the expenses of the aforementioned diversities. IPSASs, an Anglo-American off shoot, foisted on other alien models existing in Luco-Phone, Franco-Phone or Anglo-phone African countries. Nigeria as an Anglo-phone country with great diversity is compelled to adopt IPSASs which are of Anglo- American origin. It is instructive to know that the ISSAIs, though weak in their implementation, especiallyin Nigeria, mutatis mutandis, are faulted in terms of the aforementioned conceptual and institutional issues.

Regulatory Agencies in Public Sector Accounting

The IPSASB of IFAC is the main agency that regulates the public sector accounting through the issue of IPSAS. IFAC's standard setting board (IPSASB) follow a due process that supports the development of high qualitystandardsin the public interest in a transparent, efficient and effective manner. Presently INTOSAI, a standard-setter, places the roleof an observer at IPSASB meetings.Therefore,the willingness of INTOSAI to recommend IPSASs tothe Auditor-General of its member states would not only be a major vote of confidence for the enforceability of IPSAS but also makesthebody (INTOSAI)aneffectiveregulatory agency ofpublicsectoraccounting inNigeria.ICAN's endorsement of IPSASs, reflects her membershipof IFAC, and by extension, Nigeria. In Nigeria, beside the international regulatory agencies, the public sector accounting draws its regulation from the Ministry of Finance and the NASB. The Ministry by Finance is constitutionally empowered to regulate government financial reporting. The NASB, though essentially committed to the private sector organizations, is statutorily empowered bythe NASB Act of 2003 to issue standards for accounting issues. To this end, public sector organizations are encouraged to adopt IPSASsissued byIFAC's IPSASB. The Institute of Chartered Accountant of Nigeria which isa signatory to IFAC was one of the founding members of NASB in 1982.

Standard Setting Procedures

Standard setting procedures for IPSASs on any accounting issue are undertaken by the IPSASB. The IPSASB, preceded bythe Public Sector Committee as it then was until 2004, is a Senior Technical Committee of IFAC. IFAC is made up of 157 professional bodies, including Nigeria, in 123 countries as at 2008. IPSASB is selected by IFAC Governing Board whose nominations are drawn from the institutional members. Presently, IPSASB is composed of 15 members nominated by the nationals of professional bodies and three (3) public members. Development of IPSASs is assisted on technical issues by broad-based consultative group observers that have provided financial support. This group includes the IMF, the World Bank, the U.N Development Program, and theAsian Development Bank. However, there are observers that have not contributed to the financial support. Theseinclude INTOSAI, the Organization for Economic Cooperation and Development (OECD), the International Financial Reporting Standards (formerly IAS) and the European Commission.

Any accounting issues arising from the industry, members of the public or members of the board, as the case may be, are debated extensively with inputs from various stakeholders. The issues discussed and extensivelydebated by the board ,with technical input from the technical and other members of the Committee,now constitute an Exposure Draft(ED).The EDisfurther 'exposed' toallstakeholdersandmembers of the public throughthe country's professional body. This will allow the interests of the countries to be captured with wider reach in order to exhaust all the nitty-gritty issues. It is only after all these and after a good period that the standard is issued. So far the following standards have been issued:

Weaknesses in Public Sector Accounting Framework, Regulatory Agencies and Standard Setting Procedures

It is instructive to note that the weaknesses discussed below merely emanate from the issues discussed earlier

Weaknessofconceptualframework

The conceptual framework does not sufficiently form the basis for government accounting principles. The kind of conceptual framework being formulated at the IPSASB does not and cannot support government accounting principles. While IPSASs reflect rules about specific elements of financial information, such IPSASs have only few general principles in the face of extensive government activities. Besides, the government accounting needs a broader theory of government accountability which the current IPSASs do not support.

Ambiguousstance of IPSASB

In addition to the foregoing weakness, the issue of both cash-basis and accrual-basis of accounting standard in a reflection ofambiguous stancebyIPSASB.IPSASBis not clear yet on its stance on bothcash basis and accrual-basis of accounting. It is seemingly obvious that therelationshipbetween these two bases ofaccounting cannotbeexplained.

Unclear consolidated format for government sector entities

The presentation o fconsolidated format for government sector entities portrays that the government sector gives a hazy picture of what government consists of. IPSAS 22 tends to obliterate the cultural, political economic and legal dimensions of countries which this standard may apply.

Lack of financial assistance

Additionally, the funding arrangement for IPSASB or financial assistance by a broad-based consultative group observers and lack of financial assistance by a few others may be unhealthy for IPSASB.

Lack of independence for SAI

The INTOSAI is not encouraged even as an Observer on the IPSASB where the independence of its members are not guaranteed in line with the Lima declaration on auditing percepts

Reforms Expected In Public Sector Accounting Framework, Regulatory Agencies And Standard Setting Procedures

The aforementioned weaknesses suggest an overhaul of the public sector accounting system in order to ensurehigh quality standards that will impact positively on financial reports of government and government entities. To this end, the starting point of the proposed reform will be at:

Conceptual framework needs an overhaul

The few general principles in IPSAS derive from the definition of conceptual framework.Government accounting principles derived from the multifaceted nature of government activities cannot be supported by the conceptual framework.To this end, there should be a commitment to an explicit theory of government accountability so that accounting standards are derived from accountability requirements.

IPSASB's affirmation of accrual-basis of accounting advocated

The issue of cash-basis and accrual-basis of accounting principle be discarded, leaving each country to implement the principle to the extent possible. The assumption that the IPSASB is favourably disposed to the accrual basis and still goes ahead to published one comprehensive cash-basis and accrual-basis of accounting is a show of confusion and indecision. In addition, the contexts for accrual should be redefined by IPSASB. This can be done by segregating the contexts for accrual into the accrual basis of revenue recognition, accrual accounting and accrual-based financial statements. IPSAS No 23 on "Revenue from Non-Exchange Transactions (Taxes and Transfer) specifies an alternative to the business-like accrual bases. To this end, and recognizing that accrued accounting is broader than accrual basis of accounting, governments can still practice accrual accounting without the full accrual basis of revenue recognitions because revenue is an increase in net assets, and the amount of net assets depend on the criteria used in recognizing some resources as assets and some obligation as liabilities. A winderrange of assets andliabilities could be reported on the balance sheet with higher degrees of accruals. The amounts of net assets measure liquidity and solvency. Revenues and expenses are increases and decreases respectively on net assets.

IPSAS's position on presentation of accounts in consolidated format can be redefined

IPSAS'S position on presentation of accounts in consolidated format can be redefined. The whole government could be reported in other ways. There could be columns organized by principal types of activities, inclusive of government business, fiduciary and a totaland the government. The government-wide may have to be augmented by anothercolumn displaying legally- independent units with significant financial interdependency with the government. The accounting system has to maintain data at a sufficiently disaggregated level to permit ways of presenting the government.

CONCLUSION AND RECOMMENDATION

The objective of this paper, among others, is to critically evaluate the public sector accounting framework, regulatory agencies and standard setting procedures. This objective has been met within the context of the conceptual and institutional framework of public sector accounting in Nigeria. The institutional framework of public sector accounting was addressed in the context of IFAC's IPSASB and INTOSAI's ISSAI. InNigeria, the 1999 Constitutional provisions, the Finance (Control and Management) Act of 1958, the Audit Ordinance Act of 1956,among others, subsistand suffice in the regulation of public sector account inNigeria. Though the NASB has notissued standards for the public sector, public sector accounting has been driven by IFAC whose IPSASB represent inthe issue of standards, for the public sector organization. Suffice it to say that the some of the regulatory agencies in Nigeria, such as ICAN, ANAN the Ministry ofFinance, the Accountant-General Office (by the provisions of the Constitution) the NASB, constitute the regulatory agencies; and their activities, either directlyor indirectlyimpact on the public sector organization in Nigeria. However, the weaknesses of the public sector accounting framework, regulatory agencies and standard selling procedure suggest inappropriate conceptual and institutional definition of framework, including the International Public SectorAccounting Standards and the procedures and processes that throw up there standards.

Therefore, against the backdrop of the weaknesses, sweeping reforms are advocated, including principle-basedstandards that will accommodate the multi-faceted activities of government; restructuring of the IPSASB to make it more representative and proactively responsive to the over 157 professional association worldwide. Besides it is advocated that the IPSASB must reflect the balance of politics, economy, culture and such like; and in the area of technical assistance, the consultative observer group should be co joiners in terms of financial assistance to IPSASB. Finally, collaboration among the standard setters whether nationally or internationally and the current transformation of government accounting is to be taken to a global revolution staged by accountants. It remains to beseen whether this global revolution in government accounting is premature.

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Cloud Computing and Electronic Accounting

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Abstract

Given the need to leverage on requisite technologies in the Accounting world, particularly in the face of digitalization taking the premium space in today's highly globalized world, the need to examine the twin issues of Electronic Accounting (e-Accounting) and Cloud computing has become very fundamental. By means of an exploratory approach, findings from this research analysis reveals that e-accounting system is seen as a framework derived to replace a manual system – that in a system derived from the scientific method, and certain instructions. Similarly, within the government cycles, government accounting system is based on instructions issued by the government financial management whereby electronic systems are designed in line with legislation and regulations of financial instructions which focus on government approved transactions on the specified documents, such as disbursement and payment vouchers, which are main documents under the government system. Disbursement document is for the government expenditures (current and capital) that are made as specified in the State general budget. The study therefore recommends that he government should embrace and bring to bear a well-designed e-accounting information system to cover such areas like budgeting system (from formulation, approval, implementation, disbursement, etc.), payrolls, pensions matter, just to mention a few.

Keywords: Cloud computing, Electronic Accounting, Government Budgets, ICT

INTRODUCTION

Over the past two decades, the world economy is rapidly moving from manufacturing to services. In 2010, 80% of the US economy is driven by service industry, leaving only 15% by manufacturing and 5% from the agriculture. Cloud computing benefits primarily the service industry and advance the business computing to a new paradigm. It has been forecasted that global revenue in cloud computing may reach $150 billion by 2013 from the $ 59 billion reported in 2009. In this sense, clouds aim to power the next generation datacenters by architecting them as a network of virtual computing services including hardware, database, user-interface, application logic, etc. The users are able to access and deploy applications from anywhere in the world on demand at competitive costs depending on users QoS (*Quality of Service*) requirements. Developers with innovative ideas for new Internet services no longer require large capital outlays in hardware to deploy their service or human expense to operate it. The cloud offers significant benefit to IT companies by freeing them from the low-level task of setting up hardware (servers) and software infrastructures. This will free up users to focus on innovation and creating business value for the computing services they need.

Electronic accounting on the other hand, does not have a standard definition, nut merely refers to changes in accounting due to computing and networking technologies. Most e-accounting services are offered as SaaS (Software as-a-Service). E-accounting (or online accounting) is the application of online and Internet technologies to the business accounting function. Similar to e-mail being an electronic version of traditional mail, e-accounting is "electronic enablement" of lawful accounting and traceable accounting processes which were traditionally manual and paper-based. E-accounting involves performing regular accounting functions, accounting research, and the accounting training and education through various internet-based or computer-based accounting tools, such as digital tool kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet-based accounting software and electronic financial spreadsheet tools to provide efficient decision making.

Concept of Cloud Computing

Cloud computing delivers infrastructure, platform, and software (applications) as services, which are made available as subscription-based services in a pay-as-you-go model to consumers. In industry, these services are referred to as Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS), respectively. The Berkeley Report

(Cabrera, 2010) released in Feb 2012 notes: “Cloud computing, the long-held dream of computing as a utility has the potential to transform a large part of the IT industry, making software even more attractive as a service”.
Clouds aim to power the next generation data centers by architecting them as a network of virtual services (hardware, database, user-interface, application logic) so that users are able to access and deploy applications from anywhere in the world on demand at competitive costs depending on users Quality of Service (QoS) requirements (Casanovas, 2013). It offers significant benefit to IT companies by freeing them from the low-level tasks of setting up basic hardware (servers) and software infrastructures and thus enabling them to focus on innovation and creating business value for their services. The business potential of Cloud computing is recognized by several market research firms including IDC (International Data Corporation), which reports that worldwide spending on Cloud services will grow from $16 billion by 2008 to $42 billion in 2012. Furthermore, many applications making use of Clouds emerge simply as catalysts or market makers that bring buyers and sellers together. This creates several trillion dollars of business opportunity to the utility/pervasive computing industry, as noted by Bill Joy, co-founder of Sun Microsystems (Casanovas, 2013).

Cloud computing has high potential to provide infrastructure, services and capabilities required for harnessing this business potential. In fact, it has been identified as one of the emerging technologies in IT as noted in “Gartner’s IT Hype Cycle”. A “Hype Cycle” is a way to represent the emergence, adoption, maturity and impact on applications of specific technologies.
Cloud computing is definitely at the top of the technology trend, reaching its peak of expectations in just 3-5 years. This trend is enforced by providers such as Amazon (http://aws.amazon.com), AT&T, Google, Sales Force (http://www.salesforce.com), IBM, Microsoft, and Sun Microsystems who have begun to establish new data centers for hosting Cloud computing applications such as social networks (e.g. Facebook- http://www.facebook.com, and MySpacehttp:// www.myspace.com), gaming portals (e.g. BigPoint- http://www.bigpoint.com), business applications (e.g., SalesForce.com), media content delivery, and scientific workflows. It is predicted that within the next 2-5 years, Cloud computing will become a part of mainstream computing; that is, it enters into the plateau of productivity phase. Currently, the term Cloud computing mostly refers to virtual hosting solutions with some or no added value for customers. This market segment is known as Infrastructure-as-a-Service (IaaS) and concentrates the majority of the big companies operating in Cloud computing. The technology and the general concepts that characterize IaaS solutions are now largely developed and well established and many companies and users already adopt the Cloud option in order to save in infrastructure costs and access huge computing power on demand. The new challenges for what concerns the mainstream adoption of Cloud computing are more concentrated on how to make a profitable use of this technology and how to simplify the development of Cloud aware applications. In particular there is an entire market related to the delivery of platforms and tools for building applications that are hosted in the Cloud or leverage Cloud services for many of their tasks. In this sense, the Cloudbus Toolkit for Market Oriented Cloud Computing provides a set of tools and technologies that, taken together, contribute to realize the vision of Cloud computing.

Electronic Accounting

In the global economy electronic accounting, or e-accounting, is defined as any accounting system which is based on information communication technology for the capture and processing of a business’ financial data. E-accounting relies mainly on computers, although it may be used on other devices. The international definition of electronic accounting sustains that it is any accounting system that is based on information technology for the capture and processing of financial information in companies, the most important element for electronic accounting to take place is the use of the computer, although it may be undertaken on any electronic device (Amidu, John, & Abor, 2011; Drew, 2015). The reform is directed towards natural persons and businesses in the general classification, in addition to the financial sector with cumulative incomes greater than or equal to 4 million pesos (200,000 USD at the time of writing) during the 2013 tax year and should comply with the obligation from 2015 onwards. Charities or registered non-profits, natural persons, individuals or businesses involved in farming, ranching, forestry, and fishing, natural persons who offer professional or business services, renting properties that inscribed into the federal register in 2014 and whose incomes was lower than 4 million pesos (200,000 USD at time of writing) generated in the year 2014, should send their information from the year 2016, except those natural persons who are registered in the fiscal incorporation classification (SAT, 2016).

Components of Government E-accounting information systems

Jamus (1991) in Al-Kasswna (2012) highlights that Government e-accounting information systems depend on a range of components that contribute in achieving objectives, which include:

Equipment and devices: To achieve the system objectives, the best advanced devices must be effectively used so as to contribute to the success of these systems.

Software: Information systems cannot achieve the objectives of the system on its own. There should be programs that contribute to providing appropriate information of the software which is a series of instructions that enable the computer system of interpretation, translation and processing written in certain language.

Regulations and circulations: Any e-accounting system derived to replace a manual system is a system derived from the scientific method, and certain instructions. In the government system, government accounting system is based on instructions issued by the government financial management whereby electronic systems are designed in line with legislation and regulations of financial instructions which focus on government approved transactions on the specified documents, such as disbursement and payment vouchers, which are main documents under the government system. Disbursement document is for the government expenditures (current and capital) that are made as specified in the State general budget. Payment document is a specific model under which all amounts paid under the financial instructions and regulations are related to the collection of revenue.

Users and IT department management: To achieve success in government accounting information systems in government entities, Information Technology (IT) management must run programs, maintain programs, follow-up breakdowns in addition to developing and modernizing systems in line with modern developments and user's needs, and the need to train staff and users in electronic systems must be carried out.

Controls: The government databases include financial and non-financial information; such data faces penetration and misuse as modification or deletion that may lead to damage to society and loss of citizens' rights. Therefore, control regulations must be issued to minimize the risk of intrusion and abuse of the electronic systems by enacting appropriate controls to prevent and to ensure the safety of electronic systems.

Theoretical Framework

Popular Cloud Service Models

Cloud computing delivers infrastructure, platform, and software (application) as services, which are made available as subscription-based services in a pay-as-you-go model to consumers. The services provided over the cloud can be generally categorized into three different service models namely the IaaS, PaaS, and SaaS. These form the three pillars on top of which Cloud Computing solutions are delivered to end users. All the three models allow the user to access the services over the Internet, relying entirely on the infrastructures of the cloud service providers. These models are offered based on various SLAs between the providers and users. In a broad sense, the SLA for cloud computing is addressed in terms of the service availability performance and data protection and security aspects. Three cloud models are illustrated in Fig. 1 at different service levels of the cloud.

Infrastructure as a Service (IaaS)

This model allows users to rent processing, storage, networks, and other resources. The user can deploy and run the guest OS and applications. The user does not manage or control the underlying cloud infrastructure but has control over OS, storage, deployed applications, and possibly select networking components. This IaaS model encompasses the storage as a service, computation resource as a service, and communication resource as a service. Example for this kind of service is: Amazon-S3 for storage, Amazon-EC2 for computation resources, and Amazon-SQS for communication resources. IaaS providers charge users based on the capability and capacity of requested infrastructure for a given duration. In case of Amazon IaaS environment, users can create, launch, and terminate server instances as needed, paying by the hour for active servers.

Platform as a Service (PaaS)

Although one can develop, deploy, and manage execution of applications using basic capabilities offered under IaaS model, but it is very complex to do so due the lack of tools that enable rapid creation of applications and automated management and provisioning of resources depending on workload and users' requirements. They requirements are met by PaaS, which offers the next-level of abstraction and is built using services offered by IaaS. The PaaS model provides the user to deploy user-built applications on top of the cloud infrastructure, that are built using the programming languages and software tools supported by the provider (e.g., Java, python, .Net).

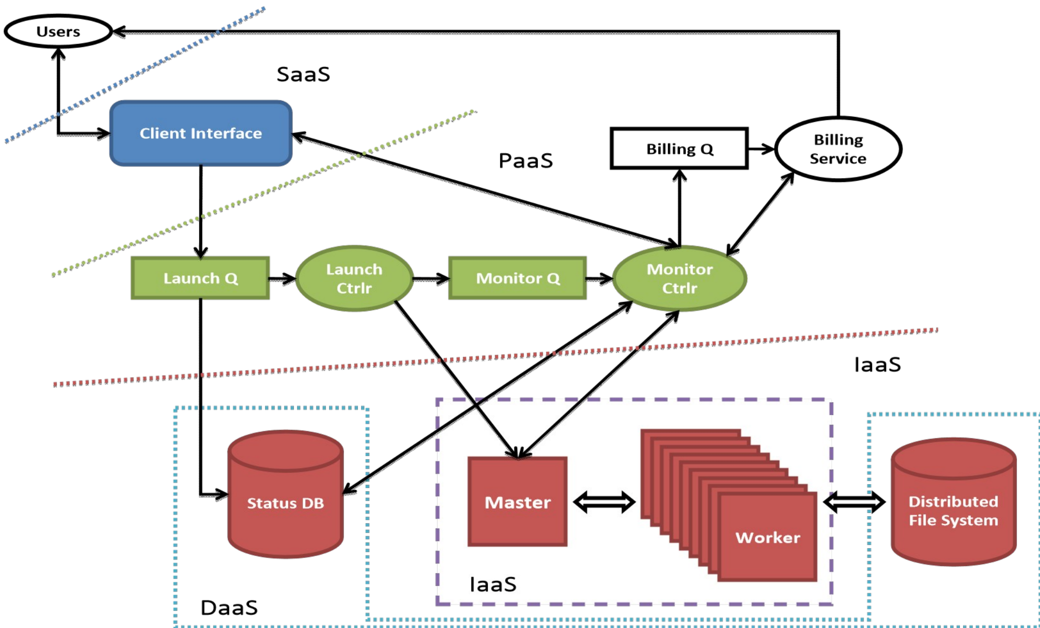

Figure 1: The IaaS provides virtualized infrastructure at user's costs. The PaaS is applied at the platform application level. The SaaS provides specific software support for users at web service level. DaaS (Data as a Service) applies the status database and distributed file system.

The user does not manage the underlying cloud infrastructure. The cloud provider facilitates to support the entire application development, testing and operation support on a well-defined service platform. This PaaS model enables the means to have a collaborated software development platform for developers from different parts of the world. Other service aspects in this mode include the third party to provide software management, integration and service monitoring solutions. Cloud services offered under PaaS model include: Google App Engine, Microsoft Azure, and Manjrasoft Aneka.

Software as a Service (SaaS)

This refers to browser-initiated application software over thousands of cloud customers. Services and tools offered by PaaS are utilized in construction of applications and management of their deployment on resources offered by IaaS providers. SaaS model provides the software applications as a service. As a result, on the customer side, there is no upfront investment in servers or software licensing. On the provider side, costs are rather low, compared with conventional hosting of user applications. The customer data is stored in the cloud that is either vendor proprietary or a publically hosted cloud supporting the PaaS and IaaS. Vast majority of the business logic software are delivered as a service. Microsoft online SharePoint and CRM software from Salesforce.com are good examples.

Providers such as Google and Microsoft offer integrated IaaS and PaaS services whereas others such as Amazon and GoGrid offer pure IaaS services and expect third parties PaaS providers such as Manjrasoft to offer application development and deployment services on top of their infrastructure services. To help our readers identify some cloud applications in enterprises, we share the following stories on three real-life cloud applications related to HTC, news media, and business transactions. The benefits of using cloud services are self-evident in these applications.

Success Stories on Cloud Service Applications

(1) To discover new drugs through DNA sequence analysis, Eli Lily Company has used Amazon's AWS platform with provisioned server and storage clusters to conduct high-performance biological sequence analysis without using an expensive supercomputer. The benefit of this IaaS application is a reduced drug deployment time with much lower cost.

(2) Another good example is New York Times applying Amazons, EC2 and S3 services to retrieve useful pictorial information quickly from millions of archival articles and news papers. The N.Y. Times has significantly reduced their time and cost in getting job done more effectively.

(3) The third example is Pitney Bowes, an e-commerce Company, offers their clients the opportunity to perform B2B (*Business-to-Business*) transactions using Microsoft Azure platform, along with .net and SQL services. They end up with a significant increase in their client basis.

CONCLUSION AND RECOMMENDATIONS

The following recommendations are proffered towards ensuring the that corruption in the Nigeria economy in general and the public sector in particular is curbed, through the installation of cloud computing and electronic accounting information system.

i.) The government should embrace and bring to bear a well-designed e-accounting information system to cover such areas like budgeting system (from formulation, approval, implementation, disbursement, etc.), payrolls, pensions matter, etc.

ii.) The government should ensure adequate investment on modern IT gadgets for the sector's operation at a global standard level.

iii.) Regular enhancement of public sector operators‟ skills in using information technology equipment and tools for the discharge of their duties rather than the current manual/paper approaches. iv.)

iv.) Scholars should endeavor into more researches on the impact of e-accounting information system in fighting wastes, redundancy, ghost/fictitious records, fraud and corruption in the government sector of the economy.

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Effect of Accounting Information System on Financial Performance of Firms: A Review of Related Literatures

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Abstract

In today's world, Accounting information system is an absolute tool in the hands of managers striving to remain in a competitive advantage amidst the rapid technological advancement, increased awareness and challenging demands from customers and business owners. This study seeks to evaluate the effect of Accounting Information System on Financial Performance of Firms, using a review of empirical literature approach. By means of an exploratory research design, the study concludes that the biggest impact Information technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions in facilitating management decision making, internal controls, and quality of the financial report. The study therefore recommends that the utilization of Accounting Information system, in other to continue to drive effective performance that can sustain productivity, must remain a focal point in every organization.

Keywords: Accounting Information System, Performance, ICT Infrastructure

INTRODUCTION

Accounting information system is an absolute tool in the hands of managers striving to remain in a competitive advantage amidst the rapid technological advancement, increased awareness and challenging demands from customers and business owners. This review examines the effect of accounting information system on financial performance of firms. The main objective is to review conceptual and theoretical foundations as well as empirical literature relating to accounting information system. Accounting information system according to Manchilot (2019) may be a computer-based electronic system used for collecting, storing, processing and communicating financial and accounting data through financial statements with the aim of supporting and guiding organizational decision making process. Computers are the hub of accounting information as they provide a platform for the workability of all information systems. For an accounting information system to be operational, its appropriate software application must be on the computer system intending to be used. Financial performance is a critical turning point for prosperity of any financial institution. Many AIS have been adopted and used to ensure effectiveness of AIS on financial performance. Currently, most organizations continue to increase spending on information system and their budgets continue to rise. Moreover, economic conditions and competition create pressures about costs of information. Generally, information system is developed using information technology to aid an individual, government institutions and parastatals in performing their job Wilson Ayabei (2020). However, reviewing related literature for appraisal purposes form part of this study objective is to look at effect of accounting function information system on financial performance of firms

LITERATURE REVIEW

Accounting Information System

Amos I. Ganyam, John A. Ivungu (2019) conducted a study on the Effect of Accounting Information System on Financial Performance. The study is a literary review, the review views *a*ccounting information system as an absolute tool in the hands of managers striving to remain in a competitive advantage amidst the rapid technological advancement, increased awareness and challenging demands from customers and business owners.

Financial Performance

Existing literature offers scant evidence of the relationship between these AIS and financial performance Oguntimehin, (2001); though it is important to highlight the study made by Elena Urquia Grande, Raquel Perez Estebanez and Clara Munoz Colomina (2010) which discovered a positive association between AIS design and organizational strategy and performance. Pandey (2004). defines financial performance as a subjective measure of how well a firm uses assets from its primary mode of business to generate revenues. He further says that the term can also be used as a general measure of a firm's overall financial health position over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

Timeliness and Financial Reporting

Timeliness of financial reporting is an essential part in determining the relevance of accounting information. With reference to timeliness, the International Accounting Standards Board (IASB) considers timeliness as a crucial part in financial reporting. The timeliness of financial statements is an essential qualitative characteristic of financial reports as identified by Imam (2001). According to Ismail and Chandler (2004), information that is disclosed on time provides more valuable information to users of financial reporting. The need for timely information to the users of financial reporting will enable them to make prompt review as to further contribute their financial performance.

Transparency

Transparency is one of the virtuous elements in corporate governance (OECD, 1998) which includes timeliness of financial reporting Kulzick and Raymond, (2004). According to Dezoort and Salterio (2001), timely institutional financial reporting is an important qualitative element and an essential component of financial performance. This is because it determines relevancy of the information and influences the decisions made by the users of the financial report. The level of financial voluntary disclosure may be able to affect institution's financial performance Hassan (2008). In addition, it facilitates ease of auditing by both internal auditors and external auditors leading completion of audited financial report in advance.

Empirical Review

Augustine et al. (2014) examine the impact of accounting information systems on profitability level of small scale businesses in Kampala city, Uganda, East Africa. The Major problem identified was that, most small scale businesses do not have accounting information systems which result into continuous low performance levels. Descriptive method was used where qualitative data was collected. Secondary data was collected to analyze the impact of accounting information systems on profitability level of small scale businesses. Research findings revealed that most small scale businesses do not apply accounting information systems which result into low profits. In addition to that, the findings show that there is a positive relationship between accounting information systems and profitability level of small scale businesses. Accounting plays an important role in our economic and social systems especially in its management and great work it does in facilitating management decision making process. This study therefore recommends that small scale businesses should adopt these systems in their business management. The Government and policy makers should come up with policies and guidelines that will facilitate the implementation of these systems in the business environment. Such policies could include tax waivers or tax reductions on equipment to be used in these systems.

Theoritical Discussion

Contingency Theory

This suggests that AIS should be designed in a flexible manner so as to consider the environment and organizational structure confronting an organization. AIS also need to be adapting to the specific decisions being considered. In other words, accounting information systems need to be designed within an adaptive framework. The first paper to specifically focus on the contingency view of AIS in the accounting literature was "A Contingency Framework for the Design of AIS,Gordon and Miller, (1976). This paper laid out the basic framework for considering AIS from a contingency perspective. Gordon and Narayanan (1984) concluded that environmental uncertainty is a fundamental driver for designing management accounting systems among successful organizations. A key finding in this study was that, as decision makers perceive greater environmental uncertainty, they tend to seek more external, non-financial and ex ante information in addition to internal, financial and ex post information. The basic contingency framework consists of environment factors and institution-specific factors that affect to competitive strategy. The competitive strategy is effectiveness of AIS affected by scope, timeliness, level of aggregation and integration. Finally, effectiveness of AIS affects effectiveness of financial performance

Activity Theory

Activity theory is an approach to understanding human work and technology which emphasizes the long-term well-being of workers or users. Eschewing "one best way" task design for user- determined task procedures, action theorists seek to design work practices that are enriching and that lead to development of skills and knowledge. Activity theorists argue that acceptance of technology is contingent on the extent to which it meets these goals in the context of the user's own work. Activity theory largely aligns itself with the broad humanistic aims and the methods of the socio-technical approach. It is at least partially distinguishable by its emphasis on the product of the organizational process which characterizes socio-technical systems thinking Martin and Leben (1989).

METHODOLOGY

By means of an exploratory research design, using a literature review approach, this study examines the effect of Accounting Information System on Financial Performance of Firms.

RESULT AND DISCUSSION

This study being an exploratory approach, with emphasis on empirical review, draws its discussion from further empirical review. Such review includes those of Hla and Teru (2015) who examined the efficiency of accounting information system on performance measures. The study employed an exploratory approach solely relying on secondary data. Findings revealed that the biggest impact Information technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions in facilitating management decision making, internal controls, and quality of the financial report.

Patel (2015) investigates the impact of AIS on the profitability of an organization. The study employed an exploratory research method making use of solely secondary data. Findings from the review of literature revealed that there is a positive significant relationship between the accounting information systems used by the enterprises and its profitability. The study concluded that the effectiveness of accounting information systems helps in better decision making by managers, more effective internal control systems, improvement of the quality of financial reports, enhancement of performance measures, facilitating financial transaction processes and helps in expansion of profitability of the organization. Saeidi (2014) examines the impact of accounting information systems on financial performance. The study employed a survey research design and obtains data from 40 top managers in Tata consultancy services (TCS) companies in India through questionnaire. The study analysed the collected data using the statistical package for social sciences (SPSS) and uses the one samples t-test statistics to test the hypotheses. Findings revealed that accounting information system has a significant relationship with knowledge and understanding of managers and accountants, decision making, financial performance and organizational resources. The study concluded that there is a positive relationship in Knowledge and understanding of managers and accountants, decision making, financial performance and organizational resources.

CONCLUSION AND RECOMMENDATION

The study concludes that the biggest impact Information technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions in facilitating management decision making, internal controls, and quality of the financial report. It is therefore recommended that the continuous u.se of requisite ICT infrastructures that makes up an Accounting Information System, which will lead to more effectiveness and productivity in firms must remain a focal point

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IFRS Adoption and Taxation in Nigeria: Evidence Manufacturing Companies

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Abstract

This study examined the effect of IFRS adoption on manufacturing companies' tax payable from 2012 to 2021. Data gathered from the annual reports of fifty selected Nigerian listed companies were scrutinized employing PPMC and panel data methodology to quantify the effect of IFRS adoption on tax payable. It revealed that Profit before tax (PBT) caused a positive and significant effect on TAXATION, whereas Depreciation (DEPR), Shareholders' Funds (SHDFUD), Long-term debt (LGTDEBT), and Noncurrent Asset (NONCURASET) impacted on TAXATION negatively. This showed that a surge in DEPR, SHDFUD, LGTDEBT and NONCURASET diminished TAXATION in manufacturing companies. Conclusively, IFRS adoption significantly downplayed manufacturing companies' tax payable because organizations circumspectly and lawfully circumvent or reduce the tax payable through depreciation claimed on existing assets, the procurement of new non-current assets, and long-term debt (leverage). It is advocated that there should be monitoring mechanism devices put in motion by the government to monitor procurement by companies, impairment of assets and debts acquired transparently, in order to deter the unnecessary and artificial reduction in tax payable.

Keywords: Depreciation, Taxation, Shareholders' funds, Long-term debt, Noncurrent Asset, IFRS

INTRODUCTION

The introduction of an International accounting standard aims to harmonize the financial information companies present in financial statements. Hopefully, mandatory International Financial Reporting Standards (IFRS) adoption increases transparency and comparability in the preparation and presentation of general purpose financial statements, thus enabling the capital and credit markets to function more efficiently (Bruggemann, Hitz, & Sellhorn, 2013). In the light of much benefits of IFRS adoption, over 120 countries have already adopted this set of International norms (IFRS Foundation, 2017). International Financial Reporting Standards (IFRS) is an accounting standard engaged globally for international uniformity, comparability and consistency in financial transactions and reports. It replaced GAAP in Nigeria which was unanimously adopted in 2012. Before the commencement of IFRS, prepared and reported financial statements were drawn up in Nigeria through SAS which was produced by the Nigerian Accounting Standards Board (NASB) which issued Statements of Accounting Standards (SAS) as a yardstick in preparing the financial statement in the past by companies so as to promote and enforce standards compliance. However, SAS is now considered outdated by the International Accounting Standards Board (IASB) (cf. Fasina & Adegbite, 2014). This is an independent private sector body that develops and approves International Financial Reporting Standards (IFRSs) with the motives of conformity and uniformity. IASB Nigeria joined their counterparts in the world to abandon the old and outdated accounting standard, and embraced fully IFRS in 2012. Since the adoption of IFRS in 2011, every company which is owned by private individual and organization has discarded the outdated accounting standard, and switched to IFRS (Ezejiofor, 2018). The IFRS' adoption has been confirmed to initiate the stance of the reporting entities in Nigeria to comply with the adopted newly standards in their counterparts worldwide, which would improve their reporting and gain worldwide recognition (Josiah, Okoye, & Adediran 2013). IFRS are being employed globally for the preparation of financial statements and reporting for privately owned organizations. It has opened global attention for the effective and efficient improvement on financial statement reporting in terms of fairness, comparability, uniformity, and the consistent presentation of financial statements. IFRS adoption necessitates the important costs' reduction, increases capital allowance and has significance for organizations in terms of fraud prevention, proper accountability, consistent transaction treatment, and financial statement reporting for both internal and external users.

IFRS are established through an international process that encompasses financial analysts, accountants and other financial statements users such as stock exchanges, the business community, legal and regulatory authorities, academics and interested organizations and individuals from around the world. IASB conducted due process which has the complete obligation for technical issues comprising the standards issuance and publication with its explicit interpretations. This IFRS adoption as implemented by IASB, determines the qualities of standards in financial reporting. It also enhances the quality of reporting fifinancial information especially, with regard to the perception of tax. All organizations are mandated to report current tax to the tax authority at the end of every financial reporting year. It is also mandated in IAS12 that organizations must classify the over or under-provision of current tax concerning prior year(s). Over-provision refers as tax income, while under-provision is called tax expense. A company's financial reporting is affected through the preparation, readiness and publication of financial statements. These financial statements are mandatory to show certain quality in tandem with tax remitted to FIRS, but does the fulfillment of IAS 12 on the remittance of current tax to the tax offices responsible for tax collection, have an effect on tax remittance by Nigerian manufacturing companies? Many studies have been carried out on IFRS adoption in Nigeria but there are no extant research on the effect of IFRS adoption on tax payable by manufacturing companies in Nigeria. This study therefore examines the effect of IFRS adoption on tax remitted to the Federal Inland Revenue Services of Nigeria (FIRS), responsible for tax collection, by manufacturing companies in Nigeria. To achieve this objective, this study was structured into five parts: the background of the study, literature review, methodology, and a discussion of the findings. The last part is the conclusion and recommendations. This study is expected to contribute to the subject knowledge through the methodology and research literature in gauging the effect of IFRS adoption on tax payable by manufacturing companies in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Influence of IFRS on taxation

Tax income (tax expenses) is the cumulative amount engaged in deciding Profit and Loss for the period in regard of current and deferred taxes. The main concern treated by IAS 12 is the management of current and deferred taxes. It is also mandatory to specify whether there is an over-provision or under-provision of tax in respect to prior year(s). Tax over-provision is recognized as a tax income, while under-provision is recognized as an extra tax expense, both must be included in Profit and Loss for the period they are recognized. Deferred tax comprises associating the carrying amount (CA) of liabilities and assets with the tax bases (TB). The tax base is the volume ascribed to liabilities and assets for tax purposes. IFRS implementation also brings the prospect to decrease tax payable. The IFRS financial report serves as a basis for manipulative tax income. Eberhartinger and Klostermann (2007) stated that the custom of IFRS on tax calculation simplifies the reporting process and invariably reduces the cost of compliance. However, recognition of the tax basis through IFRS increases tax payable (Haverals, 2007). Therefore, by referring to the above, the following hypothesis is proposed.

HO1: IFRS has no significant impact on taxation of Nigerian manufacturing companies.
HO2: Depreciation has no important effect on tax payable by Nigerian manufacturing companies

Depreciation

This is called the wear and tear of an asset, and is measured and calculated through two accepted methods. The straight line and reducing balance methods are engaged officially to calculate the depreciation of Plant property and equipment (PPE) according to IAS 16, whilst according to IAS 16 & IAS 38, the depreciation procedure for depreciable assets leased must be consistent with depreciable assets owned. This is based on the shorter of the useful life and lease terms. It is stated that the asset residual value and life span must be revised to discover the efficacy of such PPE at the financial year-end. This depreciation is recognized as expenses and displayed on the debit side of the Profit and Loss account of the company. All companies, irrespective of their size, leverage this depreciation legally to circumvent the payment of tax to FIRS which is responsible for collecting taxes. Tax payable, according to Adegbite (2020) is a function depreciation value of PPE.

Long-term debt

This is referred to as debt acquired outside the organization to complement the equity in order to finance it to achieve its predetermined and projected objectives. This is encapsulated in IAS39 which is a financial instrument. An organization recognized a financial asset and financial liability in the statement of financial position (previously the Balance Sheet) when the organization becomes a party to instrument contractual provisions. The interest and other costs expended in connection with financial asset and liabilities are deductible from Profit and Loss accounting, which invariably lessen taxation. If this debt is higher than the existing volume of equity, it is likely the organization has accrued higher profits aggressively. The interest paid at the end of the accounting period is recognized as expenses which ultimately downplay assessable profit, and thereby reduce tax payable to the government. Thus, taxation is a function of long-term debt. With this, the following hypothesis was generated:

Noncurrent Asset

According to IAS 16, this refers to assets which can be used for more than an accounting year of the organization. This means that the economic benefits of such assets must flow into the organization for longer than a period of an accounting year. The procurement of noncurrent assets for the repayment of inefficient assets attracts capital allowance through investment allowance, initial allowance and annual allowance, which are an allowable deduction in adjusted profit for tax purposes. The Annual Investment Allowance is a category of capital allowance which is the mechanism by which capital assets attract tax relief. For tax purposes, Annual Investment Allowance and other capital allowances are deducted from the accounting profit in order to arrive at taxable profits. This would usually qualify for the Annual Investment Allowance and as such the full cost would be allowable for tax purposes in the year of purchase. This perhaps reduces the tax payable to the government purse for the effective delivery of essential services for the population. Companies hide under this capital allowance to avoid payment of taxation to the government.

Profitability

Taxation is a function of assessable profit meant to establish the corporate tax. It epitomizes an organization's expenses which actually downplay expected profits. Management mostly feared the magnitude of inefficient market performance, which the leads to diminished investment because of low returns. However, this absolutely affects taxation, because the higher the assessable profit, the higher the taxation.

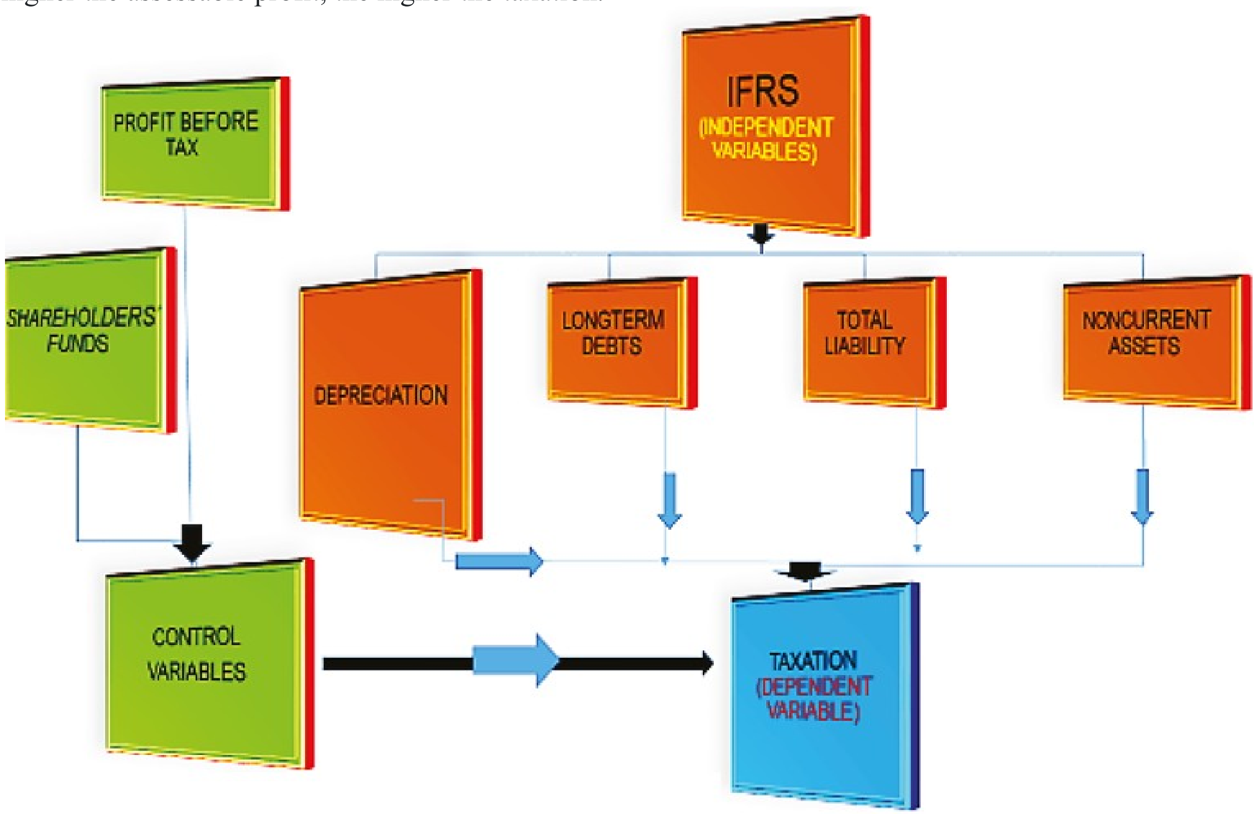

Figure 1: Conceptual Framework: Authors' Design (2022) adopted. Source: Author`s work.

Empirical Review

Braga (2018) investigated the relationship between mandatory IFRS adoption and company tax avoidance. The data were gathered from 35 countries for publicly-trading companies in North America from 1999 to 2014. It was found that IFRS adoption has a meaningful association with corporate tax avoidance. The results showed that following the subsequent

IFRS adoption, large firms with higher book-tax conventionality environments were involved in tax avoidance more extensively than firms with lower book-tax conventionality environments. This outcome was based only on North America. Nakao and Gray (2018) determined the IFRS benefits and impact on Brazilian organizations with particular reference to book-tax conformity and taxation regulation legacy. Their results predicted that limited stock market monitoring levels by companies demonstrated book-tax conformity with information quality enhancement. In the same vein, the results also showed that the companies' limited stock market monitoring levels are aligned with the expected quality information enhancement, connected with IFRS adoption in Brazil. However, this research outcome is confined to Brazil. Abedana, Omane-Antwi and Owiredu (2016) investigated the variations of IFRS to deferred tax, corporate taxes, and net tax liabilities (assets) in the Ghana Stock Exchange from 2007 to 2008 which reflected the switch to IFRS from GNAS, with particular reference to IAS 12. The quantitative and cross-sectional approach was predominately adopted as the research model to achieve the study's objective. It was found that IFRS/IAS adoption led to relieving tax burden which invariably reduces tax payable by the listed companies. Nevertheless, the study was for Ghana not Nigeria, therefore its study's outcome cannot be applied to Nigeria. David (2016) assessed the influence of IFRS adoption on Czech management accounting of unlisted companies. The results, with regard to the implemented questionnaire survey, showed that IFRS adopters progressively integrate IFRS ideologies into management accounting prediction, which invariably increased the Czech companies' performance. However, this study is based on IFRS within the scope of Czech unlisted companies, does not apply to Nigeria.

Yapa, Kraal & Joshi (2015) inspected IFRS adoption and local standards' impact on socioeconomic condition of the selected countries. Qualitative research was the adopted methodology embedded with the institutional and stakeholder theory in the study. Findings revealed that IFRS reduced the companies' tax payable which invariably displayed a negative effect on socioeconomic condition of the selected countries, and not a single country, therefore the outcome generated is irrelevant to Nigeria. Muller (2014) evaluated the impact of IFRS adoption on relative and absolute quality (proxied by value relevance) in European listed companies. The financial information was obtained through European stock markets. The results revealed that IFRS adoption increased the quality of the consolidated statements because of their transparency and disclosure. This study was limited to the relative and absolute quality (proxied by value relevance) in European listed companies in which taxation is totally not inclusive. Fasina and Adegbite (2014) analysed empirically the effect of IFRS adoption on Nigerian accounting practices. The outcome of the questionnaire and personal interviews employed with Chi-square and ANOVA strongly indicated a positive relationship between IFRS adoption and organisations' financial performance. The study further advocated that the IFRS adoption effect improved the efficiency and productivity of organization in terms of uniformity and quality of financial statements. However, its effect on Nigerian accounting practices was investigated but not on taxation, therefore the findings were confined to accounting practices and not to taxation policy. The research gap was discovered due to the insufficient study which was also limited in scope (and not extended to 2018). The extant studies were initiated in Europe and in African countries such as Ghana but were limited to corporate tax. This study is unique because it highlights the effect on IFRS adoption on taxation (aggregation of VAT, education tax and corporate tax) which has had scant research in Nigeria.

Theoretical Review

Constraints Theory (CT)

The Constraints Theory (CT), according to Goldratt (1990), is an approach for recognizing the most imperative limiting factor that stands as an obstacle in achieving a desire and goal, in order to circumspectly and absolutely circumvent such constraint, eradicate, or reduce to the barest level. CT is called a bottleneck in the manufacturing sector. This theory focuses on organization enhancement via improved profitability and effective resources utilization. Taxation has been regarded as an organization bottleneck because of the profit motives and the maximization of shareholders' funds as a successful organization's objectives. The objectives of every organization are complemented with cost minimization and profit maximization. To achieve these, management reduces taxation legally to siphon off the money or income that ought to have been remitted to the tax authority into the organization's purse in terms of retained earnings or increased shareholders' wealth. Implementing this theory, results in substantial organization's improvement without reducing its resources, and the effective and efficient management of both human and material organization resources. CT is applied to a restricted area and can only be executed with the minimal participation of the staff.

Compliance Theory (COT)

Compliance theory is a methodology to managerial structure that is key in several concepts from the participatory management and classical models. According to COT, organizations can be categorized by the variety of power engaged to manage; COT is a widespread approach which supports employees and their institutions in organizing activities and operations ethically based on acceptable norms, principle, standards; with the integrity of the highest order, and in compliance and alignment with acceptable legal and regulatory prerequisites. The theory advocated that the crucial determinants variables' compliance are the organization's and individual's personal levels of integrity, objectivity, morality, competency and moral development. IFRS is the accounting standard which has been mandated since 2011, the year of adoption for the uniformity and consistency in financial statement preparation. COT further advocated the absolute IFRS compliance which must be based on the integrity, competency, and objectivity of the manager who is given accounting and financial statement responsibilities. Therefore, to achieve the study's objective and stated disposition, the author employed the Constraints Theory (CT) and Compliance Theory (COT).

METHODOLOGY

This study examined the IFRS adoption effect on companies' tax payable from 2012 to 2018. Data were gathered from yearly reports of selected 50 Nigerian listed companies, and scrutinized employing Pearson product moment correlation (PPMC) and panel data methodology to quantify the effect on tax payable. Depreciation, long-term debt, total liability and non-current assets are the independent variables, while taxation payable is the dependent variable and control variables are represented by shareholders' funds and profitability.

Model specification

Taxation which as the explained variable, is the aggregation of company income tax, education tax and VAT, while the explanatory variables are depreciation, long-term debt, total liability and non-current assets, and the control variables are represented by shareholders' funds and profitability.

TAXATION = f(PBT,DEPR,SHDFUD,LGTDEBT,TOTLIAB,NONCURASET μ), (1)

$$\sum_{i=1}^{n} \text{TAXATION} = \alpha0 + \sum_{i=1}^{n} \alpha1\text{PBT} + \sum_{i=1}^{n} \alpha2\text{DEPR} + \sum_{i=1}^{n} \alpha3\text{SHDFUD} + \sum_{i=1}^{n} \alpha4\text{LGTDEBT}$$

$$+ \sum_{i=1}^{n} \alpha5\text{TOTLIAB} + \sum_{i=1}^{n} \alpha6\text{NONCURASET} + \mu1, \quad (2)$$

Where: TAXATION – aggregation of VAT, education tax and corporate tax,
PBT – profit before tax,
DEPR – depreciation,
SHDFUD – shareholders' funds,
LGTDEBT – long term debt,
TOTLIAB – total liabilities,
NONCURASET – non-current assets.

RESULTS AND DISCUSSION

This section presents the results obtained from the analysis of data collected from annual reports of fifty selected Nigeria listed companies. These data were scrutinised by employing PPMC and panel data methodology to quantify the IFRS adoption effect on tax payable. Table 1 showed that a unit increase in PBT raised taxation by 0.23%, revealing that PBT generated a positive effect on taxation (β = .2343325, t = 0.000<0.05). A one unit increase in depreciation led to a decrease in taxation by 0.024%, indicating that there is a positive effect of DEPR on taxation (β = -.0240423, t = 0000 < 0.05). However, a unit increase in SHDFUD led to a decrease in taxation by 0.11%, which further indicates that there was a negative effect of SHDFUD on taxation (β = -.0112534, t = 0000 > 0.05). The result also shows that a unit increase in LGTDEBT decreased taxation by 0.032%, indicating that there is a negative effect of LGTDEBT on Taxation (β = -.0321145, t = 0.003 < 0.05). Moreover, a one unit increased in TOTLIAB decreased Taxation by 0.041% which indicates that there was a negative effect of TOTLIAB on taxation (β = -.0412378, t = 0.002 < 0.05). It was also found that a unit increase in NONCURASET decreased taxation by 5.67%, which reveals a negative effect occurring between NONCURASET and taxation (β -5.67345, t = 0.000 > 0.05).

Table 1: Pooled model on the IFRS adoption effect on taxation in Nigerian manufacturing companies

Dependent variable	Independent variables	Coefficient	Standard	T	P>/T/	(95% conf. Interval)
TAXATION	PBT	.2343325	0.030237	7.75	0.000	.2994952 .3003698
	DEPR	-.0240423	0.004857	-4.95	0.001	-.0007791 .0006924
	SHDFUD	-.0112534	0.001931	-5.83	0.000	-.0003215 .0000536
	LGTDEBT	-.0321145	0.009336	-3.44	0.003	-.0060524 .0012578
	TOTLIAB	-.0412378	0.009889	-4.17	0.002	.0000644 .0004927
	NONCURASET	-5.67345	0.811653	-6.99	0.000	-.0000429 .0000298
	CONSTANT	5.893458	0.406726	14.49	0.000	-7400.187 122531.8
R squared = 0.6734	Adj R squared = 0.5892	Prob> F = 0.0000	Root MSE = 2.5e+05			F(6, 62) = 789.21

Source: researcher's computation.

R2 and adjusted R2 (0.6734 and 0.5892 respectively) proved that the incorporated variables were sufficient and fitted to pronounce the IFRS adoption effects on manufacturing companies' tax payable. This was also confirmed by F Probability 0.000 which is the benchmark for the significance of the model

Table 2: Table 2: Random model on the IFRS adoption effect on taxation in Nigerian manufacturing companies

Dependent variable	Independent variables	Coefficient	Standard error	T	P>/T/	(95% conf. Interval)
Taxation	PBT	.2999325	0.042185	7.11	0.000	.2995037 .3003612
	DEPR	-.0100434	0.002438	-4.12	0.000	-.0007647 .000678
	SHDFUD	-.0131339	0.002419	-5.43	0.000	-.0003178 .000050
	LGTDEBT	-.0236551	0.007756	-3.05	0.006	-.0060056 -.0013046
	TOTLIAB	-.0302141	0.008535	-3.54	0.002	-.000059 .0004872
	NONCURASET	-6.524324	-1.025837	-6.36	0.000	.0000422 .0000291
	CONSTANT	57565.8	5345.014	10.77	0.000	-6132.454 121264
R-squared within = 0.6734 between = 0.5563 overall = 0.7532		Prob > chi2 = 0.000		Wald chi2 (6) = 2.58e+07		

Source: Researcher's computation

Table 2 shows that a unit increase in profit before tax increased taxation by 0.29%, and revealed that PBT generated a positive effect on taxation (β = .2999325, t = 0.000 < 0.05). A one unit increase in depreciation led to a decrease in taxation by 0.010%, indicating that there was a negative effect of DEPR on taxation (β= -.0100434, t = 0000 < 0.05). However, a unit increase in SHDFUD led to a decrease in taxation by 0.131%, which further indicates that there was a negative effect of SHDFUD on taxation (β = -.0131339 t = 0000 > 0.05). The result also shows that a unit increase in LGTDEBT decreased taxation by 0.023%, indicating that there was a negative effect of LGTDEBT on Taxation (β = -.0236551, t = 0.000 < 0.05). Additionally, a one unit increase in TOTLIAB decreased Taxation by 0.302%, proving that there was a negative effect of TOTLIAB on Taxation (β= -.0302141, t = 0.002 < 0.05). It was also found that a unit increase in NONCURASET decreased taxation by 6.52%, which reveals a negative effect of NONCURASET on taxation (β = -6.524324, t = 0.000 > 0.05).

Table 3: Fixed model on the IFRS adoption effect on taxation in Nigerian manufacturing companies

Dependent variable	Independent variables	Coefficient	Standard error	T	P>/T/	(95% conf. Interval)

TAXATION	PBT	.3000541	0.038078	7.88	0.000	.2997198 .3003885
	DEPR	-.0150909	0.00238	-4.24	0.004	-.0006843 .0008661
	SHDFUD	-.0120656	1.67E-05	-3.92	0.010	-.0002084 .0000772
	LGTDEBT	-.0086099	0.001117	-7.71	0.000	-.0108483 -.0063714
	TOTLIAB	-.022094	1.93E-05	-4.86	0. 001	.0001252 .0003132
	NONCURASET	-2.326756	0.450049	-5.17	0.000	-.0000252 .0000298
	CONSTANT	78185.42	6200.271	12.61	0.000	18182.5 138188.3
R-squared within = 0.0654 between = 0.4325 overall = 0.7865		Prob> chi2 = 0.000		F(6, 53) = 2.74e+06		

Source: researcher's computation.

Table 3 shows that a unit increase in Profit Before Tax increased taxation by 0.30%, and reveals that PBT generated a positive effect on taxation (β = .3000541, t = 0.000 < 0.05). A one unit increase in depreciation led to a decrease in taxation by 0.015%, indicating that there was a negative effect of DEPR on taxation (β= -.01500909, t = 0.004 > 0.05). However, a unit increase in SHDFUD led to a decrease in taxation by 0.121%, and it further indicates that there was a negative effect of SHDFUD on taxation (β = -.0120656, t = 0.010 > 0.05). The result also shows that a unit increase in LGTDEBT decreased Taxation by 0.0080%, indicating that there was a negative effect of LGTDEBT on taxation (β = -.0086099, t = 0.000 < 0.05). Furthermore, a one unit increase in TOTLIAB reduced taxation by 0.022%, proving that there was a negative effect of TOTLIAB on taxation (β = .022094, t = 0.001 < 0.05). It was also found that a unit increase in NONCURASET decreased taxation by 2.32 which shows a negative effect of NONCURASET on Taxation (β = -2.326756, t = 0.000 > 0.05).

Table 4: The Hausman test

Dependent variable	Independent variables	Coefficient (b)	Coefficient (B)	(b-B) Difference	Sqrt (diag (v-b-v-B)) S.E
TAXATION	PBT	.2999325	.3000541	-0.00012	.0001416
	DEPR	-.0100434	-.0150909	-0.01013	.
	SHDFUD	-.0131339	-.0120656	-0.00107	.0000611
	LGTDEBT	-.0236551	-.0086099	-0.01505	.000439
	TOTLIAB	-.0302141	-.022094	0.00812	.0000864
	NONCURASET	-6.524324	-2.326756	-4.19757	.0000119
b = consistent under Ho and Ha	B = inconsistent under Ha, efficient under Ho			Test: Ho: difference in not Chi2 (6) = (b-B)' [(v-b-v-B)^ (-1)] (b-B) = 203.46 Chi2< 0.0000	

Source: researcher's computation.

Table 4 shows the Hausman test decision for fixed and random effects. The Hausman test advocated the consideration of the random effect model as the appropriate model for the analysis and interpretation. Therefore, the fixed effect was rejected because chi2< 0 is 203.46, which is higher than 0.05.

Table 5: Correlation matrix – the IFRS adoption effects on taxation in Nigerian manufacturing company

	Taxation	PBT	DEPR	SHDFUD	LGTDEBT	TOTLIAB	NONCURASET
Taxation	1.0000						
PBT	0.3600*	1.0000					
DEPR	-0.0310	-0.0310	1.0000				
SHDFUD	0.3496*	0.0496*	-0.0326	1.0000			

LGTDEBT	-0.0482	-0.0476	0.0600	-0.0334	1.0000		
TOTLIAB	-0.4477*	0.5476*	0.0344	0.6871*	0.0219	1.0000	
NONCURASET	-0.6072*	0.6071*	-0.0247	0.7126*	0.0239	0.7540*	1.0000

Source: researcher's computation.

Table 5 shows the correlation between taxation payable and IFRS adoption. It was found that PBT has a positive stimulus on taxation payable (0.3600). DEPR declared a negative insignificant nexus on tax payable (-0.0310). This demonstrated that the greater the impairment of assets through depreciation, the lesser the tax payable to the government. SHDFUD has a positive significant nexus with taxation, since when shareholders' funds increase, profitability will rise which in turn will increase assessable profit, thereby incrementing tax payable. LGTDEBT also reduces tax payable as shown in Table 5 (-0.0482). This clearly showed that company aggressiveness on financing reduces taxation when debt is greater than equity. TOTLIAB also displayed a negative significant nexus with tax payable (-0.4477*). NONCURASET in the same vein displayed a negative significant nexus with tax payable, and this revealed that investment in NONCURASET reduces tax payable through capital allowance, by which companies circumspectly and legally circumvent tax payment. No multicollinearity existed among the variables because their correlation values are less than 0.8 where multicollinearity exists.

Discussion of findings

The results obtained from the analysis proved that there is a positive effect of PBT on taxation, as suggested by Haverals (2007). This demonstrated that the higher the PBT declared by the organization, the higher the tax payable to the government. Depreciation, as was revealed, reduces taxation because the wear and tear of assets led to the inefficiency of the operation in an organization which in the long run deters increased profitability which is the prerequisite determinant of tax payable. Additionally, an increase in SHDFUD reduced taxation which is tantamount to the negative effect of SHDFUD on taxation. The maximization of shareholders' wealth objective of the organization circumspectly paved the way for the legality of tax avoidance because additional shareholders' funds caused lower profits as supported by Abedana et al. (2016). LGTDEBT negatively affects Taxation, as any company that is aggressively financed experiences a reduction in assessable profits because the income realized as a profit is spent on loan repayments and interest which are deductible from assessable profit. Moreover, a unit rise in TOTLIAB reduces TAXATION as stated by Yapa et al. (2015), who predicted a negative effect on TAXATION. NONCURASET reduces taxation because the procurement of new assets attracts capital allowance such as initial, investment and annual allowance which are deductible from the assessable profit of the organization, thus, he higher the procurement of NONCURASET, the lesser the assessable profit which is in line with tax payable reduction.

CONCLUSION AND RECOMMENDATIONS

This study examined the IFRS adoption effect on the companies' tax payable from 2012 to 2021. The data gathered from annual reports of fifty selected Nigerian listed companies were scrutinized employing PPMC and panel data methodology to quantify the IFRS adoption effect on tax payable. This revealed that PBT caused a significant positive effect on TAXATION, whilst DEPR, TOTLIAB, SHDFUD, LGTDEBT and NONCURASET impacted on TAXATION negatively. This showed that an increase in DEPR, TOTLIAB, SHDFUD, LGTDEBT and NONCURASET decreased taxation in an entity. Conclusively, IFRS adoption significantly reduced organization tax payable because organizations circumspectly and lawfully circumvent or reduce the tax payable through depreciation claimed on existing assets, procurement of new non-current assets, and long-term debt (leverage) as shown by Yapa, et al. (2015). It is advocated that there should be monitoring mechanisms or devices put into motion by the government to monitor disorganization procurement, impairment of assets and debts acquired transparently, in order to deter unnecessary and artificial reductions in tax payable. The results are supportive for countries that have adopted IFRS and are also reliant on exports, oil extraction and industry in understanding the dynamic IFRS adoption effect on taxation income. However, the pertinent contributions of study are that it employed Panel models through Fixed, Random, and pooled methods to display the IFRS adoption effect on taxation. This study is relevant to government officials responsible for tax collection, and for taxation policymakers in order to comprehend the bottlenecks caused by the IFRS adoption on loopholes for legal and lawful tax avoidance by the manufacturing sector.

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Imperatives of Accounting Principles, Concepts and Conventions in the Preparation of Financial Statement

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Abstract

Accounting principles refer to rules of accounting that should be followed in preparation of all accounts and financial statements. The study takes an exploratory approach in an attempt to examine the Imperatives of Accounting Principles, Concepts and Conventions in the Preparation of Financial Statement. *These analysis are focused on an examination of how accounting concepts and convention help in the preparation of financial statement which are used in decision making and for evaluation of financial strength, profitability, and future protection of the organization. It can therefore be concluded that accountancy plays a vital role in the stewardship of an organization. Accounting has been defined as the process of recording, classifying, reporting and interpreting the financial data of an organization. While it is important for the accountant to have a sound knowledge of this phase of accounting process, it is often a relatively minor part of their total attention to the management reporting and interpretation of the meaningful implication of the data, thereby punctuating the importance of being fully abreast and utilizing to the fullest, all relevant accounting concepts and conventions. The study therefore recommended that since Accounting is therefore basically regarded as a language of communication in an organization like every system of communication; its main purpose must constantly be streamlined to give different types of information to interested persons. Because of this main purpose, accounting must continue to forms a major part of the total information system in any entity, be it business or non-business.*

Keywords: Accounting Principles, Concepts and Conventions, Financial Statement

INTRODUCTION

Accounting principles refer to rules of accounting that should be followed in preparation of all accounts and financial statements. Accounting Principles are a set of broad conventions that have been devised to provide a basic framework for financial reporting. As financial reporting involves significant professional judgments by accountants, these principles ensure that the users of financial information are not mislead by the adoption of accounting policies and practices that go against the spirit of the accountancy profession. Every business organization whether in the public or private sector is established to achieve certain objectives. This could be profit maximization as in the case of the private sector or efficient and timely provision of essential services at a reduced price, as in the case of the public sector. The performance of such business organization has to be reported in monetary terms to the owners of the business. (For example, shareholders in the case of private organization or the government as in the case of public). Accountancy plays a vital role in the stewardship of an organization. Accounting has been defined as the process of recording, classifying, reporting and interpreting the financial data of an organization. While it is important for the accountant to have a sound knowledge of this phase of accounting process, it is often a relatively minor part of his total attention to the management reporting and interpretation of the meaningful implication of the data. (Welgenbad & Dittrich, 1973).

Accounting is therefore basically regarded as a language of communication in an organization like every system of communication; its main purpose is to give different types of information to interested persons. Because of this main purpose, accounting forms a major part of the total information system in any entity, be it business or non-business (Inanga 1983). However, the following problems are encountered in the process of communicating this information.

i. As the information needs of these various groups do not tally, there are conflicts of interest among the various users of financial statements.
ii. The problem of subjectivity in preparing the financial statements. Thus, it becomes necessary that in preparing the financial statement, the accountant be guided by some basic assumptions, principles, concepts and conventions in other to ensure a high degree of standardization in financial reporting.
iii. Financial accounting involves the accumulation of historical records which is technically referred to as

stewardship accounting and these historical records form the embodiment of financial statement. Financial statements are the means of communicating to understand parties' information on the resources, obligations and performance of the reporting entity. (SAS2).

In preparation of these financial statements, certain assumptions, concepts, conventions and principles which provide the essential framework for expressing accounting information are used. These include;

i. The money measurement concept
ii. The going concern concept
iii. The business entity concept
iv. The realization concept
v. The dual aspect concept
vi. The accruals concept
vii. Prudence concept
viii. Consistency concept

These accounting concepts and conventions are seldom disclosed on the financial statement because they are generally accepted as being the undertaking of periodic preparation and presentation of financial statement; but, if in preparation and presentation of this financial statement, the fundamental concepts and conventions are not followed, problems will arise in analysis, interpreting and reporting financial statements. It is therefore essential for the understanding that the interpretation and meaningful analysis of financial statement that these basic concepts, assumptions, principles and conventions used in the preparation must be constantly borne in mind. Given the foregoing, the following problems are encountered in the process of communicating information; they will be problem of having more meaningful and reliable financial report; it will lead to misunderstanding of how transactions are accounted for' there will be problem of having useful information for making economic decision and; it can lead to conflict of interest among the various users of financial statements, if their information needs do not tally. The importance of accounting concepts and conventions in the preparation of financial statement could be seen in the assessment of financial viability of an organization. The accountant prepares the financial statement of most organization. Accounting concepts and conventions help the accountant in giving relevant financial report to the management of any organization as regards financial report to the management of any organization. In order to demonstrate the role of accounting concepts and convention producing a viable financial report of any going concern, the following objectives are set out in this study; to determine whether accounting concepts and conventions serve as a guide in the preparation of financial statement; to ascertain if accounting concepts and conventions assist the provision of useful information for making economic decision; to investigate whether accounting concepts and convention help in the understanding of how transactions are accounted for and to examine whether accounting concepts and conventions make financial reports more meaningful and reliable.

LITERATURE REVIEW

Accounting principles (Concepts or Conventions) refer to rules of accounting that should be followed in preparation of all accounts and financial statements. Accounting Principles are a set of broad conventions that have been devised to provide a basic framework for financial reporting. As financial reporting involves significant professional judgments by accountants, these principles ensure that the users of financial information are not mislead by the adoption of accounting policies and practices that go against the spirit of the accountancy profession.

Accounting Principles

Given that accounting principles are a set of broad conventions that have been devised to provide a basic framework for financial reporting, accountants must therefore actively consider whether the accounting treatments adopted are consistent with the principles. In order to ensure application of the accounting principles, major accounting standard-setting bodies have incorporated them into their reporting frameworks such as the IASB Framework.

The Accounting Equation and Double Entry Principle

The accounting equation refers to the fact that the assets of a business must be equal to the claims over the assets at any point in time. For a business organization which does not owe any liabilities to persons order than the owner has exclusive claim over the assets of the business. In this instance, the equation is:

Assets ¿capital

For a business that also owes liabilities to external parties, the claims over its assets consist of capital and liability, the equation is then expressed as:

Assets ¿ Capital+¿ Liabilities

Or

Assets −¿ Liabilities¿ *Capital*

Since assets minus liabilities equal net assets, the last equation can be expressed as:

Net assets ¿ *Capital*

Consequently, the double entry principle requires that the dual effect of every transaction should be recorded by posting a debit entry to one account and a corresponding credit entry to another account. This is why it is often said in accounting said that: *"for every debit entry, there is a corresponding credit entry and vice versa"*.

METHODOLOGY

The study takes an exploratory approach in an attempt to examine the Imperatives of Accounting Principles, Concepts and Conventions in the Preparation of Financial Statement. These analysis are focused on an examination of how accounting concepts and convention help in the preparation of financial statement which are used in decision making and for evaluation of financial strength, profitability, and future protection of the organization. However, it was not possible to cover all organization that use accounting concepts and convention in Nigeria. This is because much energy is required, it is expensive as well as time consuming.

RESULT AND DISCUSSION

Considering the exploratory nature of this paper, the basic discussions will revolve around the fundamentals of Accounting Concepts and Conventions as elaborately enumerated below.

Basic Accounting Concepts and Conventions

In order to maintain uniformity and consistency in preparing and maintaining books of accounts, certain concepts and conventions have been evolved and remained dominant overtime, from the list of principles enumerated above. These rules and principles are classified as concepts and conventions. These are foundations of preparing and maintaining accounting records. In every country (such as Nigeria), there are basic traffic rules to be followed by everyone that is driving a car on a major highway. Similarly, there are certain rules that an accountant should follow while recording business transactions and preparing financial statements. These may be termed as accounting concept, therefore accounting concept refers to the basic assumptions and rules and principles which work as the basis of recording of business transactions and preparing accounts. The main objective of the accounting concept is to maintain uniformity and consistency in accounting and financial statements. These concepts constitute the very basis of accounting. All the concepts have been developed over the years from experience and thus they are universally accepted rules. The following are the various accounting concepts that have become dominant in contemporary times; Business entity concept; Money measurement concept; Going concern concept; Periodicity Concept (Accounting period concept); Historical Cost Concept (Accounting cost concept); Duality concept (Double entry concept); Realization concept; Accrual concept and; Matching concept.

Business Entity Concept

This concept assumes that, for accounting purposes, the business enterprise and its owners are two separate independent entities. Thus, the business and personal transactions of its owner are separate. For example, when the owner invests money in the business, it is recorded as liability of the business to the owner. Similarly, when the owner takes away from the business cash or goods for their personal use, it is not treated as business expense. Thus, the accounting records are made in the books of accounts from the point of view of the business unit and not the person owning the business. This concept is the very basis of accounting. The business entity concept essentially posits that business and the owner are two separate or distinct persons. Accordingly, any expenses incurred by owners for themselves, or members of their family, drawn from the business will be considered as expenses and it will be shown as drawings. Thus every economic unit, regardless of its legal form of existence is treated as a separate entity (in accounting) from parties having proprietary or economic interest in it. The following points highlight the significance of business entity concept:

- This concept helps in ascertaining the profit of the business as only the business expenses and revenues are recorded and all the private and personal expenses are ignored.
- This concept restraints accountant from recording of owner's private or personal transactions.
- It also facilitates the recording and reporting of business transactions from the business point of view.
- It is the very basis of accounting concepts, conventions and principles.
- Accounting records reflect the financial activities of a specific business or organization, not of its owners or employees;

Money Measurement Concept

This concept assumes that all business transactions must be in terms of money, which is in the currency of a country. In Nigeria for instance, all transactions are denominated or restated in terms of Naira (₦). The following points highlight the significance of money measurement concept:

- This concept guides accountants what to record and what not to record.
- It helps in recording business transactions uniformly.
- If all the business transactions are expressed in monetary terms, it will be easy to understand the accounts prepared by the business enterprise.
- It facilitates comparison of business performance of two different periods of the same firm or of the two different firms for the same period.
- The accounting process records only activities that can be expressed in monetary terms (with some exceptions).

Going Concern Concept

This concept states that a business firm will continue to carry on its activities for an indefinite period of time. Simply stated, it means that every business entity has continuity of life. Thus, it will not be dissolved in the near future. This is an important assumption of accounting, as it provides a basis for showing the value of assets in the statement of financial position (balance sheet). The following points highlight the significance of going concern concept:

- This concept facilitates preparation of financial statements.
- On the basis of this concept, depreciation is charged on the non-current asset (fixed asset).
- It is of great help to the investors, because, it assures them that they will continue to get income on their investments.
- In the absence of this concept, the cost of a fixed asset will be treated as an expense in the year of its purchase.
- A business is judged for its capacity to earn profits in future.
- The business entity for which accounts are being prepared is in good condition and will continue to be in business in the foreseeable future.
- The business unit will operate in perpetuity; that is, the business is not expected to be liquidated in the foreseeable future. A business is considered a going concern if it is capable of earning a reasonable net income and there is no intention or threat from any source to curtail significantly, its line of business.

Periodicity Concept (Accounting Period Concept)

All the transactions are recorded in the books of accounts on the assumption that profits on these transactions are to be ascertained for a specified period. This is known as accounting period concept. Thus, this concept requires that the statement of financial position (balance sheet) and comprehensive income statement (profit and loss account) should be prepared at regular intervals. This is necessary for different purposes like, calculation of profit, ascertaining financial position, tax computation etc. Furthermore, this concept assumes that, indefinite life of business is divided into parts. These parts are known as Accounting Period. It may be of one year, six months, three months, one month, etc. But usually one year is taken as one accounting period which may be a calendar year (12 month period) or a financial year. Accounting period concept suggests that, all the transactions are recorded in the books of accounts for a specified period of time. Hence, goods purchased and sold during the period, rent, salaries etc. paid for the period are accounted for and against that period only. Althoughthe results of a business unit cannot be determined with precision until its final liquidation, the business community and users of financial statement require that the business be divided into accounting periods (usually one year) and that change in position may be measured over these periods. The following points highlight the significance of going concern concept:

- It helps in predicting the future prospects of the business.
- It helps in calculating tax on business income calculated for a particular time period.
- It also helps banks, financial institutions, creditors, etc., to assess and analyze the performance of business for a particular period.
- It also helps the business firms to distribute their income at regular intervals as dividends.
- Financial records pertaining only to a specific period are to be considered in preparing accounts for that period.

Historical Cost Concept (Accounting Cost Concept)

Historical or Accounting cost concept states that all assets are recorded in the books of accounts at their purchase price, which includes cost of acquisition, transportation and installation and not at its market price. It means that non-current or fixed assets like building, plant and machinery, furniture, etc., are recorded in the books of accounts at a price paid for them. Further, it may be clarified that cost means original or acquisition cost only for new assets and for the used ones, cost means original cost less depreciation. The effect of cost concept is that if the business entity does not pay anything for acquiring an asset this item would not appear in the books of accounts. Thus, goodwill appears in the accounts only if the entity has purchased this intangible asset for a price. Thus, this concept holds that cost is the appropriate basis for initial accounting recognition of all assets, acquisitions, services rendered or received , creditors and owners interest and it holds that subsequent to acquisition, cost values are retained throughout the accounting process. The following points highlight the significance of going concern concept:

- This concept requires asset to be shown at the price it has been acquired, which can be verified from the supporting documents.
- It helps in calculating depreciation on non-current assets (fixed assets).
- The effect of cost concept is that if the business entity does not pay anything for an asset, this item will not be shown in the books of accounts.
- Asset value recorded in the account books should be the actual cost paid, and not the asset's current market value

Duality concept (Double Entry Concept)

Dual aspect is the foundation or basic principle of accounting. It provides the very basis of recording business transactions in the books of accounts. This concept assumes that every transaction has a dual effect, which is it affects two accounts in their respective opposite sides. Therefore, the transaction should be recorded at two places. It means, both the aspects of the transaction must be recorded in the books of accounts. For example, goods purchased for cash has two aspects which are (i) Giving of cash (ii) Receiving of goods. These two aspects are to be recorded. Thus, the duality concept is commonly expressed in terms of fundamental accounting equation:

Assets = Liabilities + Capital

The above accounting equation states that the assets of a business are always equal to the claims of owners and the outsiders. This claim is also termed as capital or owners' equity and that of outsiders, as liabilities or creditors' equity. The knowledge of dual aspect helps in identifying the two aspects of a transaction which helps in applying the rules of recording the transactions in books of accounts. The implication of dual aspect concept is that every transaction has an equal impact on assets and liabilities in such a way that total assets are always equal to total liabilities. Once the two aspects of a transaction are known, it becomes easy to apply the rules of accounting and maintain the records in the books of accounts properly. The interpretation of the Dual aspect concept is that every transaction has an equal effect on assets and liabilities in such a way that total assets are always equal to total liabilities of the business. The following points highlight the significance of going concern concept:

- This concept helps accountant in detecting error.
- It encourages the accountant to post each entry in opposite sides of two affected accounts.
- Accounting equation implies total assets equal total liabilities plus owners' equity.

Realization Concept

This concept states that revenue from any business transaction should be included in the accounting records only when it is realized. The term realization means creation of legal right to receive money. Selling goods is realization, receiving order is not, implying that revenue is said to have been realized when cash has been received or right to receive cash on the sale of goods or services or both has been created. In other words, the realization occurs when the goods and services have been sold either for cash or on credit. It also refers to inflow of assets in the form of receivables. The major significance of this concept includes the following:

- It helps in making the accounting information more objective.
- It provides that the transactions should be recorded only when goods are delivered to the buyer.
- Any change in the market value of an asset or liability is not recognized as a profit or loss until the asset is sold or the liability is paid off.
- The concept establishes the rule for the periodic recognition of revenue as soon as (a) it is capable of objective measurement (b) the value of assets received is reasonably certain.

Accrual Concept

The meaning of accrual is something that becomes due especially an amount of money that is yet to be paid or received at the end of the accounting period. It means that revenues are recognized when they become receivable. Though cash is received or not received and the expenses are recognized when they become payable though cash is paid or not paid. Both transactions will be recorded in the accounting period to which they relate. Therefore, the accrual concept makes a distinction between the accrual receipt of cash and the right to receive cash as regards revenue and actual payment of cash and obligation to pay cash as regards expenses. The accrual concept under accounting assumes that revenue is realized at the time of sale of goods or services irrespective of the fact when the cash is received. The concept also requires that revenue is recognized when realized and expenses are recognized when they become due and payable without regard to the time of cash receipt or cash payment. The significance of this concept is highlighted below:

- It helps in knowing actual expenses and actual income during a particular time period.
- It helps in calculating the net profit of the business.
- Revenue and expenses are recorded when they occur and not when the cash is received or paid out.

Matching Concept

The matching concept states that the revenue and the expenses incurred to earn the revenues must belong to the same accounting period. So once the revenue is realized, the next step is to allocate it to the relevant accounting period. This can be done with the help of accrual concept. Therefore, the matching concept implies that all revenues earned during an accounting year, whether received or not received during that year and all cost incurred, whether paid or not paid during the year should be taken into account while ascertaining profit or loss for that year. The major significance underlying this principle includes:

- It guides how the expenses should be matched with revenue for determining exact profit or loss for a particular period.
- It is very helpful for the investors or shareholders to know the exact amount of profit or loss of the business.
- Transactions affecting both revenues and expenses should be recognized in the same accounting period.

CONCLUSION AND RECOMMENDATIONS

Every business organization whether in the public or private sector is established to achieve certain objectives. This could be profit maximization as in the case of the private sector or efficient and timely provision of essential services at a reduced price, as in the case of the public sector. The performance of such business organization has to be reported in monetary terms to the owners of the business. (For example, shareholders in the case of private organization or the government as in the case of public)**.** It can therefore be concluded that accountancy plays a vital role in the stewardship of an organization. Accounting has been defined as the process of recording, classifying, reporting and interpreting the financial data of an organization. While it is important for the accountant to have a sound knowledge of this phase of accounting process, it is often a relatively minor part of their total attention to the management reporting and interpretation of the meaningful implication of the data, thereby punctuating the importance of being fully abreast and utilizing to the fullest, all relevant accounting concepts and conventions. From the foregoing therefore, it is recommended that since Accounting is therefore basically regarded as a language of communication in an organization like every system of communication; its main purpose must constantly be streamlined to give different types of information to interested persons. Because of this main purpose, accounting must continue to forms a major part of the total information system in any entity, be it business or non-business.

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Contemporary Digital Financial Reporting Tools: Evidence from eXtensible Business Reporting Language (XBRL)

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Abstract

XBRL, an acronym for eXtensible Business Reporting Language, is an open standard to report financial and business information electronically that enable the preparation, publication, exchange, and analysis of the financial and business statement. This paper is a critical survey of the existing literatures on XBRL and a review of empirical evidences of its adoption in other jurisdictions with the aim to make recommendation for its adoption in Nigeria. In this era of globalization, harmonization, internationalization and technology revolution, Nigeria and its professionals cannot be seen to be left behind if it desires to remain relevant in the global market.

Keywords: XBRL, XML, Taxonomy, Instance Document, Digital Reporting

INTRODUCTION

Continuous efforts are being made to improve reporting of economic and financial data of entities to various stakeholders (regulators, investors and analysts) who would want to make informed decisions. Often times, these reports are in printed formats, portable document format (PDF) or Hypertext Markup Language (HTML) and presented as aggregated information. These formats of reporting often pose great challenge of comparability of financial statements of different entities except if the information is extracted and analyzed.Regulators, such as the US Securities and Exchange Commission (SEC) and the European Securities and Markets Authority (ESMA) currently have adopted rules requiring companies to provide financial statement information in an interactive format called eXtensible Business Reporting Language (XBRL).This is a global digital standard for exchanging business information that allows for digitally reporting all numerical facts and some textual information from financial statements and disclosures within those statements. This format enables investors to capture and analyze that information more quickly and at a lower cost.

Companies need to report various types of information, for example tax, statistical, inspection or annual statements regularly to several government agencies. For example, Money deposit banks are required to file reports with the Corporate Affairs Commission (CAC), Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC), Federal Inland revenue Service (FIRS) and Security and Exchange Commission (SEC). All these government agencies in most cases require these reports in different formats from the same source. This causes an increase on the amount of work on both sides. Processing a huge number of reports from businesses can be challenging, time consuming and error-prone for governments (Chen, 2012) and the lack of standards also causes problems for investors, industry and policymakers: the inability to compare reporting organizations, lack of timeliness in receiving information, inaccuracies and significant challenges in using reported data to make investment, business or policy decisions. These problems led to the advent of XBRL. This paper discusses the concept of XBRL, how it can be used as a reporting tool for filing of report that will be used by different agencies of government and financial analysts and recommendations for adoption of XBRL in Nigeria.

LITERATURE REVIEW

Overview of XBRL

Maudlin and Ruchala (1999) argue that technology is a pervasive and growing component of accounting tasks and has been shown to change work processes. Proponents of XBRL argue that due to its ability to run across platforms, XBRL will change, perhaps even “revolutionize”, one important accounting work process, financial reporting (Hoffman & Strand 2001; Hannon 2002; Pinsker 2007). With XBRL, financial statements are no longer treated as a block of text, web page, or printed document (Gunn, 2007). Instead, each individual item in the financial statement is assigned a unique, computer-readable identifying tag. These XBRL tags enable financial information to be treated “intelligently” since computers can recognize individual item information in the XBRL tag and can select items, such as net income, from a query search. This information can be stored, analyzed, or even exchanged with other computers. XBRL, an acronym for eXtensible Business Reporting Language, is an open standard to report financial andbusiness information electronically that enable the preparation, publication, exchange, and analysis of the financial and business statement. XBRL has already been implemented in several countries such as the United States. The Netherlands, Australia, the United Kingdom, China,India, South Korea, Israel, Saudi Arabiaand Italy. It is often referred as ‘barcodesfor reporting’. The first generation of XBRLwas developed by Charles Hoffman in 1998, with the main objectives to facilitate data sharing in financial report and to invent the new method that simplifies the way financial data is prepared,validated, consumed and analyzed (Praditya and etal., 2016). Today, XBRL international, a global and not-for-profit consortium organization, which consists of approximately 600 public and private organizations has been developed to consistently support the enhancement of reportingand analysis to meet global business practice (XBRL International, n.d.).

ELEMENTS OF XBRL

An XBRL consists of four main elements: (1) XML standard, (2) XBRL taxonomy, (3)instance document, and (4) XBRL specification which are discussed below:

XML Standard

XML stands for eXtensible Markup Language. A markup language is a set of codes, or tags, that describes the text in a digital document. The most famous markup language is hypertext markup language (HTML), which is used to format Web pages. XML, a more flexible cousin of HTML, makes it possible to conduct complex business over the Internet (Roche, 2020). XML’s flexibility has many benefits. It lets you transfer data among corporate databases and Web sites without losing crucial descriptive information. It lets you automatically customize the presentation of data rather than display the same page to all comers. And it makes searches more efficient because search engines can sort through precise tags rather than long pages of text.The XML standard and syntax allow the semantic meaning, expression and information modelling in XBRL.

XBRL taxonomy

Taxonomies are the reporting-area specific hierarchical dictionaries used by the XBRL community. They define the specific tags that are used for individual items of data (such as “net profit”), their attributes and their interrelationships (XBRL International). A taxonomy contains the metadata that corresponding with a particular XBRL entity in the instance documents and by using this metadata, taxonomy manages *the elements* and *elements’ relationships* which support data validation. Different taxonomies will be required for different business reporting purposes. Some national jurisdictions may need their own reporting taxonomies to reflect local accounting and other reporting regulations. Many different organizations, including regulators, specific industries or even companies, may require taxonomies or taxonomy extensions to cover their own specific business reporting needs.The IFRS Foundation has developed a high quality XBRL 'taxonomy' for IFRSs (in effect, a dictionary of data tags that explains what each tagged element is and how it should be treated under IFRSs) that will be maintained in line with the annual Bound Volume of IFRSs (IFRS Foundation, 2021)

Instance Document

This is an XML document containing XBRL elements, written according to a valid taxonomy. It contains financial facts about a particular organization or company and should convey the same information as the hard-copy financial statement. XBRL instance document is basically the financial statements which are formatted with tag (Doolin & Troshani, 2007).An XBRL instance document is a computer file containing the computer readable tags that are representations of financial information contained in a company’s financial statements. The instance document is intended for input to computer software rather than to be read directly by people. The instance document consists of six interrelated computer files: taxonomy of the company’s financial statement elements and five files known as linkbases containing the labels, calculations, references, definitions, and financial statement structure associated with the financial statements (Bartley, Chen & Taylor, 2011). To create an instance document, preparers map each financial statement item to an XBRL tag. Generally, each XBRL tag used appears in a standard taxonomy, but preparers may extend standard taxonomies to accommodate individual needs (Janvrin & Mascha, 2010). For example, a floral shop retailer can extend an existing standard taxonomy to set up a "perishable inventory" XBRL tag for its perishable flower inventory.

XBRL specification

Includes the rules and technology that defines how XBRL works by allowing multiple instance documents of different taxonomies to be processed by the same software tools. It is a set of technical rules that define the structure of a given version of XBRL. XBRL Specification provides persistent methods to describe scale, time period and disaggregation of data into business unit, geography or other categorizations that a company may need. The specification also provides links to identification standards that are important to fully understand the financial data provided.

Benefits of Adopting XBRL as a Tool for Digital Reporting

Broadly speaking, XBRL documents have the advantage of providing additional contextual information such as definitions and references to authoritative literature, and perhaps more importantly, XBRL viewer software is available to render an accurate replica of the printed financial statements including notes, and supporting schedules. In addition to surpassing third-party aggregator data in the level of detail and usability, we expect XBRL documents eventually will be more accurate because the companies themselves (as the original source) are responsible for data tagging and submission.All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data. Specifically, the following benefits can be associated with the use of XBRL as a tool for reporting.

i. Reduces the Need for Manual Entries: Manual entries, as the name suggests, is not only a time-consuming process, but also an error-prone one. XBRL reduces the need for manual entries, meaning more time can be spent on data analysis. It offers cost savings, greater efficiency, and improved accuracy, and reliability, to all those involved in supplying or using financial data.
ii. More Economical in the Long Run: Preparing and filing financial statements with SEC and other government agencies is a several stage process that involves a lot of hassles and costs. XBRL filing, on the other hand, provides scalability and a reduction in total costs. In addition to this, partnering with an experienced XBRL conversion service provider can ensure quick and error-free reporting.
iii. Efficient Streamlined Process: The overall preparation of financial reports is highly iterative and comes with strict deadlines. The need to deal with a lot of numbers and even more edits can be daunting if you don't have an efficient process. XBRL reporting solutions offer a centralized way of working where any and all changes performed in one document can be instantaneously reflected in other documents, making it more accurate and streamlined.
iv. One Report Filing for Multiple Use: It creates a standards-based method with which users can prepare, publish in a variety of formats, exchange and analyze financial statements, and business information. With XBRL, one instance document is sufficient enough to satisfy all the various requirements of government agencies. All that is needed by the reporting entity is to ensure all standards tags and the necessary extensions are captured in the instance document.
v. Easy Access and Comparability of Data among organizations: Regulatory agencies can easily assess the compliance level of an organization against a predetermined benchmark and financial analysts can also compare organizations easily using specific tags or data items.
vi. Transparency: XBRL allows for increased transparency of financial information to stakeholders, at a granular level. For example, companies reporting under a common taxonomy provide specific details that are immediately comparable by investors and analysts in investment decision-making. This can benefit the organization in various ways, such as improved investor relations, investor coverage, and access to capital markets

Shortcomings (Limitations) of XBRL

As with any endervour in life, there is no perfect system without challenges or limitations. The following limitations are eminent when XBRL is adopted as a tool for reporting.

i. Inexperienced Users: Not all accountants have familiarity with XBRL; in fact, some have only heard of the language. XBRL's complexity combined with letting inexperienced users create data for transmission increases the opportunity for errors. These errors lead to a lack of confidence in the system and by investors. Because of this reason, many companies outsource the implementation of XBRL instead of letting in-house management information systems resources (MIS) manage the implementation. This outsourcing leads to increased cost and defeats the cost-cutting benefits associated with implementing XBR.
ii. Room for Errors: The XBRL taxonomy and tagging can be challenging and full of errors if one doesn't have specialization in the language. This is the reason that most businesses outsource the XBRL conversion and reporting services to reputable service providers.
iii. Security: Because XBRL data remains available at all times, it requires more security to maintain its integrity. These stricter security requirements not only affect security breaches initiated outside of the company's database, but security breaches from within the company as well. More accurate data makes XBRL a great tool, but it also means the data must remain secure. If a data breach occurs and investors gain access to the breached data (because of its constant availability) then inaccurate investment decisions could stem from the breach.
iv. Lack of independent audit assurance: The question of whether there should be an independent audit report on the financial report filed using XBRL remains unanswered. This might daunt investor's confidence on the accuracy and integrity of the reports filed using XBRL format.

Empirical Discussion

US Security and Exchange Commission (SEC) was the first regulator to mandate the filing of annual reports by public companies using XBRL. The European Securities and Markets Authority (ESMA) has followed suit. Same regulations have been imposed in other jurisdictions. However, empirical evidences abound on the successes and challenges of adopting XBRL as a digital way of reporting either mandatorily of voluntarily.Liu, Luo and Wang (2016) carried out an empirical study to investigate the impact of XBRL adoption on information asymmetry from Europe. They examined whether the expected benefit of information asymmetry reduction is realized through XBRL adoption in a European context. Data was collected from 2005 to 2010 from Belgian non-financial companies. XBRL adoption among European non-financial firms is found to significantly increase market liquidity and thus reduce information asymmetry. The association is stronger for larger firms that have sufficient resources and expertise to properly implement the technology. The empirical findings also suggest that the association is stronger for non-high-technology firms whose financial statements affected by XBRL are more reliant upon by investors. Based on these findings, XBRL evidences a viable option as an electronic reporting format with effective implementation for businesses. This study was carried out for a short period of 5 years at the early adoption of XBRL and before the European Securities and Markets Authority (ESMA) made it mandatory for all listed companies to adopt XBRL. Hence, the impact may on information asymmetry of European firms cannot be fully ascertained as only Belgian non-financial firms were examined for a period of 5 years.

Similarly, Lakovic et al (2019) also carried out an empirical study on the determinants of XBRL adoption from the perspective of Montenegro as an emerging economy. The study seeks to analyze the current state of financial reporting standardization; determine the impact of technical, organizational and environmental factors on the level of adoption of XBRL; and investigate if there was a difference regarding the impact of these factors on financial companies, and regulatory bodies in Montenegro. Questionnaires were developed in line with the research questions and objectives and sent to both the employees of companies in the financial sector and also to regulatory and government institutions. In line with exceptions, results suggest that there is a difference with regard to impact of analyzed factors on degree of acceptance of standardized reporting forms. Environmental factors have the biggest influence, then the technical ones and at the end organizational factors. Obtained findings can serve creators of national financial reporting strategies, to understand impact of analyzed factors, properly identify challenges with regard XBRL adoption, c and better manage with proactive or corrective initiatives. Questionnaires administered to respondence who have not yet adopted XBRL may have less quality responses as their opinions may not be from experiences.In South Africa, Steenkamp and Nel (2012) conducted a study among South African chartered accountants to investigate the level of awareness of XBRL and to consider the factors influencing adoption of XBRL and the impact of the economic circumstances on the decision to adopt XBRL. The research was conducted with data collected through a structured, self-administered web-based survey sent to 11,458 chartered accountants. This is because chartered accountants will be primarily responsible for the implementation of XBRL at organizations. The findings indicate a low level of awareness and slow adoption of the new technology. The major reasons cited for not adopting XBRL are that it is not yet mandatory in South Africa to do so and in the view of the respondents there is not any benefit in adopting XBRL. The results indicated that the economic circumstances did not have any effect on the decision to implement XBRL, be it either to implement or not to implement XBRL.Ruan, Liu and Tsai (2021) in their study on XBRL Adoption and Capital Market Information Efficiency examined the impact of XBRL adoption on stock price synchronicity of listed Chinese firms. Data was collected from 2005 to 2011 covering the period before and after mandatory adoption of XBRL by Chinese listed firms. The researchers concluded from their findings that XBRL adoption has a significant negative correlation with stock price synchronicity, that is, financial information disclosure in XBRL format reduces corporate stock price synchronicity level and improves Chinese capital market information efficiency. However, the period covered by this study is too short to access the impact of a phenomenon. A longer period study is therefore recommended really assess the impact.

METHODOLOGY

The research design adopted is an exploratory research approach as a means to examine the contemporary digital financial reporting tools: taking evidences from eXtensible Business Reporting Language otherwise known as XBRL.

RESULT AND DISCUSSION

Nigeria in 2012 adopted International Financial Reporting Standards (IFRS) fully as a framework of reporting in Nigeria. However, as at today, no regulatory body is yet to mandate or even encourage filing of reports using XBRL formats. During the first quarter of 2013 the NSE launched the X-Issuer, an online submission portal designed to permit listed companies to submit periodic reports as electronic documents in accordance with Listing Rules (Ogundeji, Oluwakayode &Tijani, 2014). X-Issuer simply allows listed entities to submit financial reports produced in electronic formats directly to the NSE portal. This replaces the hitherto delivery of information to the Exchange by hand, post or courier. Although, the electronic document takes computer generated financial reports a step further as the output formats are capable of being standardized into layouts such as Hyper-Text-Markup-Language (HTML) or Portable Document Format (PDF), they do not however serve as good replacement for digitally generated reports. Information produced in electronic format is unstructured and are incapable of being reused or analyzed independent of human intervention. On the other hand, when information produced is digital, it simply means that such document is structured for meaning and many times using a global standard in some format adding meaningful interpretation.A few empirical studies have been conducted to assess the implication of adopting XBRL in Nigeria. Tijani and Ogundeji (2014) also conducted a study to determine whether the introduction of the X-Issuer can discourage adoption of XBRL in Nigeria. The result of the survey clearly showed, that the introduction of X-Issuer by Nigerian regulatory authority is highly unlikely to discourage the deployment of XBRL in the near future. Respondents were also of the opinion that the perceived benefits identifiable to XBRL would encourage its adoption. However, the findings hypothesized that listed companies in Nigeria are not likely to adopt XBRL voluntarily. Respondents were of the opinion that Nigerian companies currently lack the operational and technical skills to deploy the technology.

Ogundeji, Oluwakayode and Tijani (2014) conducted a survey to examine the factors critical to the adoption of XBRL in Nigeria. Anchoring their study on the Technology Acceptance Model (TAM) 2, the result reflects positive effect of perceived usefulness on intention to use XBRL. They also discovered that output quality has positive effect on perceived usefulness and job relevance has positive effect on perceived usefulness.Umoren and Jeremiah (2015) investigated the implications of XBRL adoption in Nigeria from the perception of professional accountants. Questionnaires were sent to members of ICAN and ANAN to gather their perceptions on the benefits and challenges of adopting XBRL in Nigeria. The findings of the study, among others, revealed that there were perceptual differences among the respondents on the two issues. The empirical studies on the implications of adopting XBRL in Nigeria shows that

Nigeria firms and regulators are yet to acquire the technical and operational skills to deploy the technology despites its potential benefits in promoting transparency and ease of exchange of information.

CONCLUSION AND RECOMMENDATIONS

Seeing the enormous benefits, the XBRL reporting holds and how it has increased transparency and reduced cost of access and analyzing information in other jurisdictions, Nigerian regulatory bodies like SEC, NSE and CAC and Accounting Professional bodies should consider the following;

i. High level of awareness among professional accountants and all stakeholders involved in the business of reporting in Nigeria.
ii. Training of filers, auditors and regulators on the XBRL and its functionalities.
iii. Regulators should engage all stakeholders – Companies, Professional Accountants and IT Professionals on the possibility of adopting XBRL in Nigeria.
iv. The globalization in terms of information exchange and harmonization is real, Nigeria cannot be left behind. Nigeria must join the train if it intends to be a player in the global market and if Nigerian professional accountants wish to remain relevant globally.

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