IFRS ADOPTION AND BANK PERFORMANCE IN NIGERIA AND CANADA BANKS

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ABSTRACT

This researched was done in order to examine the impact of adopted International Financial Reporting Standards (IFRS) adoption on the financial performance of banks in Nigeria and Canada. The research made use of cross sectional data was gotten from a time frame of 10 years from 2006 to 2017. The research also made use of the regression analysis which was used to investigate the impact of IFRS adoption on the financial performance of 5 banks in Nigeria and Canada. The study found a positive relationship between IFRS adoption and the banks in Nigeria and Canada. The study concludes that IFRS adoption has improved the decision making capability of the various stakeholders, thus, increasing investor confidence. The study suggests that, in order to safeguard the suitable adoption of IFRS in Nigeria and Canada, competent Accountants in IFRS are required in large number and that the Institute of Chartered Accountants of Nigeria and Canada must intensify it efforts in organizing IFRS based training programs for its members and other parties connected with corporate reporting

1.0. introduction

The improvement of banking has been an ongoing event across the globe since the 1980s. Although, the improvement of banking has been very perennial and vigorous in recent times both in developed and developing countries apt to the outcome of proliferation which is stimulated by persistent homogenization of the globalized economic. In the year 1980 and 2010, the three-fourths of the International Monetary Fund's member countries brought about an event which had a remarkable banking sector problems. Nevertheless, the component involved are rare to each country found on prior, profitable and corporate framework. (Ailmen& Oyero,2013). They have been a remarkable evident that the Nigerian banking industry was in dying want for improvement. The Basel Committee paved way for the creation of the "New Capital Accord" which was imposed in 2007. The New Capital harmonize the need of capital charges to result to solvency, merchandise and workable risks. This is in line with the objective of defending the investors, buyer, and the citizens opposed to the deprivation emerging from embankment failures. With allusion to 1988, direct of the Nigerian Banking construction have displayed absorption in refining the possibilities of investigation, calculation and board size of organizations in the banking section (Wisdom, Muideen, Akindele,2018).

Also the need for corporate governance has become more relevant in recent times. Over the last two decades, there have been concerns among shareholders, regulators and other stakeholders as to the value of corporate governance mechanisms provided by banks and other financial institutions all over the globe. The global financial sector is expanding with additional banks springing up every day, this coupled with world financial crises makes it imperative to determine the risk levels of banks and in addition examines the effects it has on their performance. In

Ghana, the ratification of the recent Banking measures of 2004, Act 673, introduce universal banking license which authorizes banks to issue various banking resources. According to (Sanyaol, Iyoha and Ojeka,2017) they opined that Currently, there are 32 registered banks of Canada with two listed on the Toronto stock exchange. Engert, Fung, Nott & Selody(N.D). They opined that the Canadian momentary system was established on five predominant groupings of momentary organizations. These were the chartered banks, trust and mortgage loan companies, the co-operative credit movement, insurance companies, and securities dealers. In the post-war session, there were various changes to the Canadian Bank measures in relation with the market-guide evolution in the monetary industry. In the second quarter of the 1980s and early 1990s, important judicial improvement was announced to harmonize the financial reconstitution that was taking place throughout this time. In 1987, changes to federal and regional legislation authority to th chartered banks to enter the securities industry through subsidiaries, and non-resident securities dealers were generally authorized to function in Canada. During these financial crises, capital banks were capitalized, managed and regulated till today. No banks were in risk of defect or needed a government rescue. This was all thanks to the restricted exposure of the U.S. markets and a government administration burden which has facilated approach to credit for intermediate and longstanding. (Encyclopedia). The advancement of accounting regulations in Canada is altered by different stakeholders. Since the CICA directory was first proclaimed in 1968, a number of accounting methods have been refined to address singularity of the Canadian situation. For example, CGAAP had adjusted to fit local market attributes related to the investigation of foreign barter, dividend and losses (using the temporal method): until 2001, these dividend and losses were amortized under CGAAP while they had to be precisely accepted in profit or loss under the U.S. accounting administration and of that used in other countries. This special Canadian practice was famous among Canadian companies as it reduced the dryness of earnings and continuous income. CGAAP contained a number of such “Canadian made” accounting practices. Notwithstanding, CGAAP had been highly changed by U.S. GAAP; this continued up until 2006 when the guidance of the Canadian accounting standard-setting changed as the Accounting Standards Board (AcSB) stated its intention to adopt IFRS from then onward, CGAAP has evolved towards a greater arrangement with IFRS rather than with U.S. GAAP

According to Edogbanya & Kamardin (2014) they were of the view that the development of capital market and standardization has come to stay. The financial statements and single set of persistent of high quality financial reporting standard has brought about a necessity of harmonization which paved way for a global spread of acceptances amongst policies makers, standard setters and preparers. The need for affirmation and consistency in the preparation and introduction of financial statements brought about the International Financial Reporting Standards (IFRS). The commercial instrument which is IFRS9 has brought about so many bank benefits in other countries such as better credit portfolio management, time saving and effective model management. (Blanchette, Racicot & Sedzro, 2012)

The adoption of IFRS has changed the appearance in which the financial statements are adapted presented and proclaimed. The World Bank report analyzed that the accounting and auditing practices in Canada suffer from institutional weaknesses in control, conformity and administration of standards and guidelines (Queku,2017). Also, special study organized by the world bank between November 2003 and March 2004on the acknowledgement of standard codes for Nigeria, declared that Nigeria accounting standards are deficient as a guide for the establishment of financial statement in Nigeria(Ndubusi$Beatrice,2016).

(Akinleye 2016; Queku 2017); are of the opinion that the generally accepted accounting principles (GAAP) should remain the golden regulation that can complement comparability of financial coverage across the globe. Although, even with the help of GAAP in Nigerian and Canada banks, the regulators of banking institution revealed that there is a weak risk management and government practice in the banking sector leading to delay in detection of problems and timely resolution of errors which in a way can affect the financial performance of the banks.

The aim of this study is to know the impact of IFRS on the financial performance of Nigerian and Canadian banks.

2.0. Literature Review

Concept of IFRS

The demand for a wide moving financial language gave bearing to the International Financial Reporting Standards(IFRS). IFRS are a set of international accounting standard explaining how a particular type of action and other type of events should be announced in the financial statement. This IFRS standards are being circulated by the IFRS foundation and the international Accounting Standards Board(IASB) to provide a pervasive language for business affairs so that company accounts are recognizable and comparable across international confines. This IFRS consists of standards (IFRS statements and IAS standards), implementation (IFRS implementation) and the framework.

IFRS is adapted by more than 12,000 companies in more than 100 countries. In a check carried out by the International Federation of Accounts(IFAC), superiority of accounting leaders from around the globe accepted that the international standard is important for economic growth. These standards are gradually replacing the many different national accounting standards. Although, it has continued to argue whether or not in reality the harmonization has taken place. The laws which were given by IASC are still in use today and are known as the International Accounting Standard (IAS) while standard given by ISAB are in use and go by the name IFRS. This IAS were issued in the year 1973 and 220 by the board of ISAC. On 1st April 2001 the Global Accounting Standard Board took over from ISAC with the objective of settling International Accounting Standard. Although after all effort in harmonizing the accounting standard has been made, the financial experts began to make inquiry if these standard play a role in building a healthy financial environment. Also, the investors began to ask if these standards are going to benefit them and how they can use it to make good financial decisions.

2.1 Liquidity

Liquidity is defined on how easy it is to change assets on cash. The most liquid assets and what everything is related to is cash. This is because it can be used easily. It brings about the quantity of the company meet up its short term bond which is to cover cash out flow with enough cash inflow and to ensure a safety reserves for unexpected events such as the decrease of the cash inflow or increase in installment

2.2 performance Growth

This is an impulsive part of how well a firm can use assets from its primary style of business and produce dividend. This is also seen as the overall financial strength of a firm over a given period of time. This is also used to analyze the similarity of firms across the same industry and to investigate industries or sectors in aggregations.

2.3 Return on Assets

This deals with the financial estimates that shows the allocation of a profit a company receives in relation to the overall resources. This is also known as the net income profit by total assets.

2.4 Earnings per share

This deals with the standard of administrative efficiency as well as firm performance. In recent times, they have been a debate on whether EPS has any predicting power on stock prices. Although, some investigation believes that EPS has predicting power on stock prices. This debate is of the view that EPS affects stock prices.

Concept of financial performance

The word performance is derived from the word 'Parfourmen' which means to do, or to enter. In a real sense, performance refers to the accomplishments of a given task measured against present standard of efficiency and cost. Financial performance has a scientific evaluation on profitability and financial judgement of any business concern. The main aim of the financial performance is to know the scope of the firm's overall financial health over a given course of time and can also be used to examine industries or sectors in aggregation.

The firm itself, as well as various concerned group such as managers, shareholders, and others contributed to know what the financial position of the firm at a given location of time and also how the financial performance of the firm is over a given location of time. These questions can be acknowledging with the help of financial investigation of a firm. Financial analysis is involving the use of financial statement.

Theoretical framework

The adoption of IFRS on the financial performance of Nigeria and Canada banks were based on the signaling theory.

Signaling theory

Under the signaling theory, developed by Spencer, financial reporting is said to be originated from management's need to disclose its admirable performance where, good performance will amplify the management's distinction and position in the market for management services, and good coverage, which include revealing risk information which is studied as reports to send specific indicators to current and potential customers (Appiah-Kubi & Rjoub,2017).

Under signaling theory, managers tend to make use of the account to signal their opinions to the investors who make use of accounting information for decision making. However, managers who expects a higher level of growth would signal that through the pronounced financial statement. Even managers of firms with poor financials would signal positive news to absorb high rating among investors (omaliko, Uzodimma&Okpala,2017). The adoption of IFRS paves way for firms in developing countries to present financial statements using high quality accounting standards,

Empirical studies

Following the theoretical framework for the study, this sub section presents the summary of some of the empirical works on the partnership between IFRS and the financial performance of companies. The empirical studies are presented below.

Financial performance analysis is fundamental for the triumph of an operation. Financial performance investigation is an evaluation of the feasibility, soundness and productivity of a business sub-business or mission (Amalendu, Somnath& Gautam, 2011). Banks are the pillar of the economy of any country. They utilize focal position in the nation’s budgetary framework and principal specialist in the advancement procedure. By barging in the middle of the surplus and deficiency reserve funds thereby expanding the proportion of speculations and national yield (Olokoyo, 2013). They detailed the utilization of dull system in the distinguishing proof of troubled business by the Italian national banks. Utilizing more than 1000 examined shapes with 10 financial proportion as autonomous factor, they found that the designation of dull system was exceptionally near that impact by discriminate examination. They concluded that the neural network is not a clearly dominant mathematical technique compared to traditional statistical techniques. (Amalendu *et el* ,2011)

The decision to adopt IFRS is gaining power by the days as more countries grasp the adoption. Broadly, it is believed that the adoption arises from the perceptive that IFRS is a product with net effect, (olowake 2012). olowale (2012) discovered that network effect is said to exist where users find a result or service more valuable as increased users use the same result or service. Although, it is however observed that as more and more countries adopt IFRS, it becomes more appealing engaging others that are yet to think about the selection. Be that as it may, various research has been directing examination on the IFRS appropriation and its impact on budgetary. Olayinka, Oduwole, Olojede, & Arumona(N.D) tested financial statement effects on compliance level of IFRS and changes in the value relevance of accounting information before and after IFRS obligatory application by making a disclosure index covering all the disclosures item required by IFRS. They were of the opinon that Greek listed companies financial statement were were affected by the adoption of IFRS also that average level of compliance approximate 80% impact on net income and shareholder's equity.

Onipe, Musa & Isah (2015) studied the effect of IFRS adoption on the financial statement and their value relevance for a sample of German listed firms during 1998-2002. By executing an innovative research design, they think about bookkeeping numbers listed under German bookkeeping rules with those under IAS for a similar arrangement of firm years. They also report how IAS appropriation changes key money related measures and the esteem pertinence of fiscal summary data. They announced that the absolute resources and book estimation of value just as changeability of book value and total compensation are altogether higher than IAS/IFRS than under German GAAP. The study also finds that while the IAS adjustments to book value are generally value relevant, the adjustments to income are generally value irrelevant. The study also provides evidence into new insights into the accounting differences between stakeholder-oriented and shareholder-oriented accounting systems and sheds light on the financial statement and valuation implications of adopting IAS in stakeholder oriented economies.

Osundina, olayinka &sChukuma (2016) studied that corporate governance was a way through which minority shareholders safely guard their interest against the confiscation of expropriation by management and controlling shareholders. They were additionally of the assessment that corporate administration alludes to an intricate arrangement of system that guarantees the financial specialist that they are increasing reasonable profit their speculation. The oversees and investors as a major aspect of the organization's partners are represented by laws and guidelines which are offered as corporate administration which builds the budgetary strength and development of the firm through authorization of honesty, certainty and proficiency. The firms requiring outside funds can have favorable position of embracing great corporate administration that can decrease the expense of capital. That is the reason they tend to receive corporate administration practice as it will expand the trust of insiders by expanding the similarity of investors. It will put positive influence on the shareholders and will increase the access to external finance.

Appiadjei (2016) studied the link between corporate governance and the capital structure decision of SMEs in Canada. The examination tries to survey how the reception of corporate administration structure among SME leads to their financing choice. This is done by scrutinizing the connection between corporate administration attributes and capital structure. This outcome propose that SME follows lower obligation strategy with bigger broad size. However, SMEs with higher percentage of outside directors, highly qualified board members and one-tier board system were observed to employ more debt. His study made it that the corporate administrative structure impacts the life partner choice of SME. Also, in Canada, few examinations have been directed to explore the detriment of capital structure and benefit and opportunity. In this study, he opined that none of them have completely been aimed at recorded organization at the GSE. He also compared the capital structure of quoted firms, large unquoted firms, and small and medium enterprises (SMEs) in Canada using panel data regression. The study observed that quoted and large unquoted firms display significant higher debt ratios than do SMEs. However, opponents (onipe, musa &isa, 2015)) argue that the quality of corporations' financial statements depends on not only high-quality accounting standards but also corporations' legal and elementary environments and the incentives of managers, investors, and auditors. Because a country's legal and institutional environments and the inducement of relevant decision makers are often slow to change, competitors predict that the quality of financial reporting is unlikely to gather around the world even with the global imperative adoption of IFRS. olowale (2012) opined that the investigation of the benefit of the adoption of IFRS on the performance of insurance companies and concluded that there is the three building block request in the adoption of the standard; the probability weighted assessment for the future cash flow, discount rate risk adjustment and residual margin for ambiguity. Generally, there is the possibility of the future profits that will cover the cost of the adoption of the standard.

The improvement of the worldwide exchange and the receptiveness to foreign stock and obligations has offered force to growing the discussion to climate if there should be a worldwide arrangement of bookkeeping guidelines. As organizations contend universally for rare assets, investors and leasers just as overall organizations are required to hold up under the expense of accommodating budget summaries that are utilizing national standards. It was contended tha a typical arrangement of training will give a dimension playing field to all organization around the world.(Murphy, 2000). IFRS are standards and clarification adopted by the International Accounting Standards Board (IASB). They include: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretation originated by the International Reporting Standards Interpretation Committee (IFRSIC)

3.0. Methodology

This section focus on the methodology adapted. It incorporates the sort and well spring information, inquire about structure, populace of the investigation, testing techniques method of information accumulation and strategy for infor information examination.

Research design

so as to get to the point of this research, an overview examination was utilized to the think about the reception of IFRS on the execution of banking examination on bith Nigerian and Canada banks. Research overview includes concentrating and accumulation of things that are test for a greater populace for the point of investigation been gathered. According to Uttman(2016) research design means the structuring of investigation aimed at identifying variables and their relationship to one another.

Population and sampling techniques

The population for the purpose of this study consists of banks in Nigeria and Canada. In Nigeria, 5 deposit money banks were used out of which 4 are quoted on the Nigerian Stock Market (Sanyaol, Iyoha and Ojeka,2017), while in Canada 5 deposit money banks were used out of which 2 are quoted on the Toronto stock exchange. Due to assets imperative, purposive testing method was utilized for this examination. This examining strategy is a go of non-likelihood testing in which choice concerning the individual or well spring of information to be incorporated in to the examples which are taken by the analyst dependent on the assortment of criteria. (Sanyaol *et* ell,2017).

This examination inspected the reliance between IFRS selection and money related execution of banks in Nigeria and Canada utilizing the mineral and post reception. In Nigeria, we made use of 2007 to 2011 for pre adoption and 2013 to 2017 for post adoption while for Canada, we made use of 2006 to 2010 for pre adoption and 2013 to 2017 for post adoption. This was to compare the relationship of the banks, how the reported their financial statement without the use of IFRS and how they are reporting it now and to also know how effective it is. This data was collected through the use of secondary data from the annual reports of the financial statements. In knowing the effect of IFRS selection on the money related execution of Nigeria and Canada banks, the investigation utilizes intermediaries as the needy variables and other autonomous controlling variables such as return on resources also known as return on assets, degree of profitability also known as return on equity and pouring per share also known as earning per shares.

Model Specification

So as to accomplish the point of this examination, the scientific condition has been created to look at the impact of IFRS appropriation and money related execution in Nigeria and Canada banks.

Y=f(x)

Y=FR= dependent

X= IFRS= independent

$X=_{x1\ x2\ x3}$

$_{x1}$= ROA

$_{x2}$=ROE

$_{X3}$= EPS

FR= f ($_{x1\ x2\ x3}$)

FR=f (ROA. ROE. EPS)

$FR= \beta 0 + \beta_1 ROA + \beta_2 ROE + \beta_3 EPS+\mu$

Where:

Perf= financial performance

IFRS= IFRS Adoption

ROA= Return on Assets

ROE= Return on Equity

EPS= Earnings per shares

µt= Disturbance/ Error term

3.2. Measurement of Variables

The variables adopted in the study are measured below:

Financial performance

The logarithm of the financial performance was used in this study to capture the overall financial performance of Nigeria and Canada banks.

IFRS Adoption

The fake factors were being embraced in this examination where by the pre adoption was spoken to as 0 while the post selection was spoken to as 1.

Return on Assets

This tend to show the percentage of how profitable banks are in generating revenue. This is measured by the benefit before salary charge separated by the complete resources increased by 100.

Return on Equity

This is a measure of how management is using a company asset to generate profit. This is a proportion of monetary execution and its determined as a benefit before duly associated by investors value.

Earnings per share

This is an organization benefit allotted to each share of basic stock which fills in as a pointer of an organization likelihood.

4.0. DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESULTS

This examination researched the connections between IFRS appropriation and monetary execution of banks in Nigeria and Canada. This investigation utilized graphics and inferential examination to inspect the connections between IFRS selections and budgetary execution of banks in Nigeria and Canada

4.1 Empirical Data Analysis

4.1.1 Regression Analysis

Table 4.1.1. Regression Result for Canada

	ROA	ROE	EPS
IFRS	2.455216** (1.042231)	-335.3902 (235.5299)	1.24** (2081402)
Wooldridge test for autocorrelation	1.264	4.640**	21.881**
Pesaran's test of cross sectional independence	1.461	4.442**	0.747
Cook-weisberg test for heteroskedascity	23.95**	24.58	8.99**
Hausman random fixed		0.00	
Breusch and pagan lagrangian multiplier test		4.42**	103.40**

Standard Errors are in bracket. Significance at 5%

The table 4.1.1 tests the adoption of IFRS on financial performance on banks in Canada. The effect of the regression analysis on table 4.1.1. shows that the adoption of IFRS measured by return on equity(ROA) had a weaker effect on the financial performance in Nigeria bank. This is indicated by the sign of the coefficient that is $\beta 2= 2.455216<0$. This result is not in line with the prior expectation as it was expected that the adoption of IFRS measured by return on assets will give a positive on the financial performance. The adoption of IFRS measured by return on equity(ROE) has a stronger effect on the financial performance in Nigeria banks. This was indicated by the sign of the coefficient that is is $\beta 3= -335.3902>0$. This result is in line with the assumption. It was assumed that the adoption of IFRS measured by return on equity(ROE) will give a stronger effect on the financial performance of Canada banks. The adoption of IFRS measured by earning per share (EPS)had a weaker effect on the financial performance in Canada.it is indicated by the sign of the coefficient that is is $\beta 3= 1.24<0$. This result is not in line with the expectation it was expected that the adoption of IFRS measured by earning per share (EPS) will give a positive effect on the financial performance.

The test for Wooldridge autocorrelation was conducted. This test had a hypothesis of no first order correlation for return on assets and its result in this model shows a statistical value of 1.264 which is greater than 5% level of significance. It however recommended that the null hypothesis can be chosen. The result on return on equity shows a statistical value of 4.604 which is lesser than 5% level of significance. It however suggests that the null hypothesis cannot be accepted. The result on earning per share shows a statistical value of 21.881 which is lower than 5% level of significance. It however suggests that the null cannot be accepted. The test for Cook-weisberg auto correlation was conducted on the return on assets to determine if the variance of the surplus is constant. This test has a null hypothesis of constant variance. The result of the test shows a statistical value 23.95 which is less than 5% level of significance.it however suggest that the null cannot be accepted. The result on the test of return on equity shows a statistical value of 24,58which is higher than 5% level of significance. It however suggests that the null can be accepted. The result on earning per share shows a statistical value of 8.99 which is less than 5% level of significance and the null hypothesis cannot be accepted. The study went further to test for Pesaran's test of cross sectional independence for return on equity showing the statistical value of 1.461 which is higher than 5% level of significance which means the null hypothesis can be accepted. The result on equity shows a statistical value of 4.442which is less than 5% level of significance which shows that the null hypothesis cannot be accepted. The result on earning per share shows a statistical value of 0.747 which is greater than5% level of significance making the null hypothesis to be accepted.

The test was carried out using the hausman fixed which was to examine whether the fixed effect and random effect is appropriate for the model. The result on the return on equity exhibits a statistical value of 0.00 which is greater than 5% level of importance and can be accepted. The Breusch and pagan lagrangian multiplie multiplier test that the random effect is not needed. The result on return on equity shows a statically value of 4.42 which is lesser than 5% level of significance and cannot be accepted. The result on earning per share shows a statistical value of 103.40 which is lesser than 5% level of significance and cannot be accepted.

Regression result for Nigeria

	ROA	**ROE**	**EPS**
IFRS	-7.296451** (1.898156)	-11.3479 (7.02836)	-14.1596 (10.13019)
Wooldridge test for autocorrelation	6.984	7.832**	0.339
Cook-weisberg test for heteroskedascity	24.41**	6.58**	2.65
Pesaran's test of cross sectional independence	0.178	0.178	-0.239
Hausman random fixed		0.00	

Breusch and pagan lagrangian multiplier test		10.50**	

Standard Errors are in bracket. Significance at 5%

The table 4.1.1 tests the adoption of IFRS on the financial performance of banks in Nigeria The result of the regression analysis on table 4.1.1. shows that the adoption of IFRS which was carried by return on equity(ROA). This had some negative implications on the financial performance in Nigeria bank. This sign is indicated by the coefficient that is $\beta 2= -7.296451<0$. This result is not in line with the prior expectation as it was expected that the adoption of IFRS measured by return on assets will give a positive on the financial performance. The adoption of IFRS measured by return on equity(ROE) has a positive relationship on the financial performance in Nigeria banks. This is indicated by the sign of the coefficient that is is $\beta 3= -11.3479>0$. This result is in line with the expectation it was anticipated that the adoption of IFRS measured by return on equity(ROE) will give a positive effect on the financial performance of Nigerian banks. The adoption of IFRS measured by earning per share (EPS)has a positive effect on the financial performance in Nigeria banks. This is indicated by the sign of the coefficient that is is $\beta 4= -14.1596>0$. This result is in line with the expectation it was expected that the adoption of IFRS measured by earnings per share (EPS) will give a positive effect on the financial performance of Nigerian banks.

The test was conducted using Wooldridge test of autocorrelation. This test had a hypothesis of no first order correlation for return on assets and its result in this model shows a statistical value of 6.984 which is greater than 5% level of significance. It however suggests that the null hypothesis can be chosen. The result on return on equity shows a statistical value of 7.832 which is lesser than 5% level of significance. It however suggests that the null hypothesis cannot be chosen. The result on earning per share shows a statistical value of 0.339 which is greater than 5% level of significance. It however suggests that the null can be chosen.

The test of Cook-Weisberg for auto correlation on return on assets was carried out to examine if the variance of residual is constant. This test has a null hypothesis of constant variance. The result of the test shows a statistical value 24.41 which is less than 5% level of significance.it however suggest that the null cannot be accepted. The result on the test of return on equoty shows a statistical value of 6.58 which is lessthan 5% level of significance. It however suggests that the null cannot be accepted. The result on earning per share shows a statistical value of 2.65 which is higher than 5% level of significance and the null hypothesis can be chosen. The study went further to test for Pesaran's test of cross sectional independence for return on equity showing the statistical value of 0.178 which is higher than 5% level of significance which means the null hypothesis can be accepted. The result on equity shows a statistical value of 0.178 which is higher than 5% level of significance which indicates that the null hypothesis can be chosen. The result on earning per share shows a statistical value of -0.239 which is higher than5% level of significance making the null hypothesis to be accepted.

The test carried out using the hausman fixed was to know whether the fixed effect and random effect was appropriate for the model. The result on the return on equity shows a statistical value of 0.00 which is higher than 5% level of significance and can be accepted. The Breusch and pagan lagrangian multiplier test that the random effect is not needed. The result on return on equity shows a statically value of 10.50 which is lesser than 5% level of significance and cannot be accepted.

Table 4.1.2. Descriptive Statistics

Variables	Mean	Std. Deviation	Minimum	Maximum
ROA	2.945592	4.170713	**0.**185	19.208
ROE	250.2744	911.2527	5.451	6230.33
EPS	2.86352	1.4386	.86	6.57

Interpretation

Table 4.1.2. shows the summary statistics of all the figures gotten from the banks for the period under investigation.. Return on assets(ROA) has a mean value of 2.945592 and standard deviation of 4.170713. the standard deviation quantifies the length of dispersal from the mean. This was examined and confirmed using the difference and the interval between the minimum value 0.185 and maximum value 19.208. return on equity has a mean value of 250.2744 and standard deviation of 911.2527. this depict a higher dispersion of return on equity from its mean as compared to return on assets. This result was examined and confirmed using the difference and interval between the minimum value 5.451 and maximum value 6230.33. Earnings per share has a mean value of 2.86352 and standard deviation 1.4386. this depict a lower dispersion of earning per share from its mean as compared to return on assets and return on equity.

s5.0 conclusion

This research was conducted so as to examine the dependence on the adoption of IFRS and financial performance of banks in relation with Nigeria and Canada banks for the period of 2006 -2017. Hence this study utilized the pooled ordinary regression to achieve its objectives. This study was conducted to provide some evidence of financial performance of IFRS adoption in Nigeria and Canada. This study brought about new evidence in line with the dependency of IFRS adoption and financial performance of banks in Nigeria and Canada. This was done by verifying the role of return on assets, return on equity and earnings per share. This finding shows that:

The need to adopt IFRS is not satisfactory. Therefore, all shareholders in the organizations such as the top managers, directors, independent auditors, accountants, regulators and law makers must work as a team to guarantee the smooth adoption of IFRS procedures and also to assure that the financial statements are prepared in compliance with IFRS. In lieu of this fact, there is a necessity for researchers and other stakeholders to scrutinize the influence of the adoption of IFRS on the earnings of quoted banks in Nigeria and Canada.

Recommendation

Countries across the globe now understands that the disparity in the corporate reporting language of all countries brings about a dilemma in interpreting financial statements and this increases the cost of understanding the financial statement. However, when most nations adopt IFRS it tends to bring about information imbalance among manages, investors and all various stakeholders associated with financial reporting thereby decreasing the financial accounting controversy which tend to affect business decision making. The study proposes that, in order to guard the suitable adoption of IFRS in Nigeria and Canada, qualified Accountants in IFRS are required in large number.

The constraint of this study brought about some recommendations for future research work as identified below:

1. This analysis accepts that future research studies can investigate other firms in various sectors of the economy and also emulate different future time periods.

2. This analysis also approve that future research studies can examine the adoption of IFRS using other earnings specifications not earlier used in previous studies

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