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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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INTERNATIONAL FINANCIAL REPORTING STANDARD ADOPTION, IMPLICATION ON MANAGEMENT ACCOUNTING AND TAXATION IN NIGERIAN ECONOMY

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ABSTRACT

International Financial Reporting Standard (IFRS) is being adopted by nations all over the globe, with the objective to harmonizing accounting between countries which will make it easier to conduct business internationally and consequently raise funds in global capital market. Nigeria is faced with problems of segment reporting system, poor corporate governance which has not given transparency to the reporting system, inability of Nigeria to be listed in the International capital market. The objective of this paper is to evaluate the adoption of IFRS with the impact on management accounting and taxation. Theoretical and empirical models were adopted in analyzing the work. The theoretical model examined the adoption of IFRS and the challenges in some countries while the empirical model tested the stated hypotheses with the use of Chi-square. The findings were that IFRS will impact segmentation reporting and transparency reporting of financial and management reporting for planning, control and decision making, IFRS will impact Nigerian companies to access finance in the international capital market for global business integration, and IFRS will have positive impact on computation of tax and liabilities of Nigerian companies for easy interpretation of the tax system for decision making. It is recommended that Nigeria should adopt IFRS with focus on ensuring corporate governance for transparency reporting and that the regulatory authorities should formulate policies that will make Nigeria companies to overcome challenges that may arise from the implementation of IFRS.

KEYWORDS

Accountability, Discrepancies, Harmonization, Segmentation, and Transparency.

INTRODUCTION

Nigerian Accountants regardless of their specialty are familiar with International Federation of Accountants Generally Accepted Accounting Principles (GAAP). Nigeria has its own set of accounting standards being issued by Nigerian Accounting Standard Board (NASB).With the world becoming a global village ,companies and investors who do business in several countries need to understand each nation's accounting principle. Nigerian companies listed in a foreign stock exchange need to comply with foreign regulations to reconcile their financial statements to foreign accounting standards.Thesame way, foreign companies operating in Nigeria listed in Nigerian stock exchange need to reconcile their financial statements to Nigerian standards.

The main objective of International Financial reporting Standard (IFRS) is to harmonize accounting between countries which will make it easier to conduct business internationally and can subsequently raise funds in global capital market. According to Benzacar (2008) IFRS is the official reporting standard which have been adopted by more than 100 countries around the world. The goal of IFRS is to have all countries follow the same accounting standards, thereby simplifying the process of all concerned. Zakari (2010) defined International Financial Reporting Standards as a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements. Major economies have established timeliness for convergence with, or adoption of IFRS. All listed European Union companies have been required to use IFRS since 2005.The Australian Accounting Standard Board (AASB) has issued Australian equivalent to IFRS; Turkey Accounting Standards Board translated to IFRS into Turkish in 2006, while Canada has mandated Canadian publicly accountable profit-oriented enterprises to use IFRS for financial periods beginning on or after 1^{st} January 2011.

The following countries have also taken decisive decision on IFRS:

(1) United States of America Securities and Exchange Commission has proposed to move to IFRS by 2014.

(2) In South Africa, all companies listed on the Johannesburg Stock Exchange have been required to comply with the requirements of IFRS since January 2005.

(3) In India, the Institute of Chartered Accountants of India (ICAI) has announced that IFRS will be mandatory in India for financial statement for the periods beginning on or after 1^{st} April 2011.

(4) Nigerian Accounting Standard Board has not taken decisive decision, however the Nigerian Stock Exchange has mandated all companies listed in the exchange to get for the adoption of IFRS in 2011 while the Central Bank of Nigeria has mandated all banks to adopt IFRS by 2011.

The rules for the first-time adoption of IFRS are set out in IFRS 1 –First time-adoption of International Financial Reporting Standards. IFRS 1 states that a company should use the same accounting policies in its opening balance sheet and throughout all periods presented in its IFRS financial statements. The standard requires these policies to comply with IFRS effective at the reporting date of the first published financial statements under IFRS. IFRS 1 permits certain mandatory exemptions and also allows exemptions from the application of certain IFRS in order to assist companies with the transaction process.

According to an Oracle White Paper (2008) the International Accounting Standards Board (IASB) has since 1970 worked to develop a single set of International Standards, the IFRS. The world's capital market ebb and flow continuously, and participants in that market place must have access to financial information that factually reflects their economic performance, is consistent among companies around the globe, and is governed by a trusted and respected authority of corporate compliance. The paper stated further that this massive International endeavour is one of unprecedented scale and complexity one that is now bearing fruit, despite some minor setbacks. These setbacks have included, for example, the well-publicized amendments to International Accounting Standards (IAS) 39: Financial Instruments: Recognition and Measurement .Nevertheless, IFRS have gained acceptance and attraction in all major regions of the world. The non-adoption of IFRS by Nigerian companies has made a reality of non-acceptance of Nigerian-produced financial standard for investment purposes.

FOCUS

The focus of this paper is to analyze the impact of International Financial Reporting Standard adoption on management accounting and taxation in Nigerian economy. While more than 100 countries all over the world have been enjoying the full benefits of global integration of common financial reporting system, access to capital in the global market, common principles in trading and payment systems, Nigeria economy for non-adoption of IFRS is facing the following identified problems:

(1)Lack of segment reporting system: Segment reporting addresses the needs of users to better understand the performance of companies. The profitability, risk and growth potential of different lines of business or geographical segments can vary significantly and segment information can help to predict the future cash flows generated by a company results per share or can be used in valuing common stock. Adoption of International Financial Reporting Standard (IFRS) by countries will make segment reporting of companies and their subsidiaries in various countries very easy. Non-adoption of IFRS by Nigeria will make segment reporting very difficult as different standards are applicable to Nigeria economy and other countries of operations. According to European Commission (2007), a business segment is a distinguishable component of an entity in providing an individual or a group of related product(s) or services(s) subject to risks and rewards that are different from those of other business segments. A geographical segment is a distinguishable component defined as for a business segment, but subject to risks and rewards related to particular economic environments. Segments for external reporting purposes are those for which information is required to key management personnel for the purpose of evaluating past performance and for making decisions about future allocation of resources.

(2) The problem of poor corporate governance in Nigeria as four pillars of corporate governance of transparency, independence, fairness and accountability are missing in the preparation of financial reports. The believe in the preparation of IFRS 8 is that the application of the standard will be beneficial in providing better transparency and sharing of management information to the investors, but that it is of crucial importance to review the governance process and ensure the linkage between internal and external data.IFRS8 have positive effect on corporate governance as it introduces greater transparency between financial statement and management commentary.

(3)Inability of Nigerian companies to be listed in the International Financial Market and inability to access capital in the International Capital Market because of varying accounting principles, standards and financial reporting system, which will take some translations before they can be aligned with IFRS. Consideration for quotation and access to capital will not be favourably disposed to.

(4) Varying management reporting system from countries that have adopted IFRS. This challenge presents obstacle to accurate and effective management reporting. Statutory reporting must be aligned with management reporting, and executives have to understand the impact that IFRS have on performance management and key performance indicators (KPIs). Forward-looking statements of performance based on IFRS have to be consistent with budgets based on the Generally Accepted Accounting Principle (GAAP).Reporting tools and dashboards must be versatile enough to allow management to monitor, understand and report performance based on whatever GAAP or other set of standards they choose.

(5) The tax implication of non-adoption of IFRS is a key issue. The move to International Financial Reporting Standards (IFRS) from current Generally Acceptable Accounting Principles will change the way companies report their business results.The move will affect the measurement and reporting if income taxes for financial statement purposes and the calculation of taxes payable. Non adoption of IFRS will make it difficult for Nigeria to adopt global principles on taxes. It will have effect on financial statement, accounting for income taxes and computation of taxes.

(6) Non-adoption of IFRS by Nigeria will make its financial statement unacceptable in the global market and interpretation becomes very clumsy and difficult because of change in terminology. In effect the accounting treatment of financial statements becomes obsolete. Some terminologies in Nigerian Statement of Accounting Standards (SAS) are no longer being in use in IFRS for example:

SAS	IFRS
Balance Sheet	Statement of financial statement
Profit and Loss account	Statement of Comprehensive income or income Statement (separate) and Statement of Comprehensive income (two statements)
Statement of cash flow	Statement of cash flows
“on the face of”	“in”
“Balance sheet date”	“end of reporting period”

Adapted from Zakari,M.I.(2010) p.10

The main objective of this paper is to assess the impact of the adoption of International Financial Reporting Standards on management accounting and taxation in Nigerian economy. Other objectives are:

(1)To evaluate how IFRS can impact segmentation reporting system, good corporate governance for transparency reporting of financial and management reporting for planning ,control and decision making in Nigerian economy for easy integration into the global economy.

(2) To assess the importance of IFRS on Nigerian companies to have access to finance in the international capital market for global business integration.

(3) To align Nigerian SAS tax standards with IFRS for the adoption of global principles on taxes for easy interpretation of tax computations and tax liabilities of Nigerian companies in the international market.

The following hypotheses were formulated for testing:

(1) IFRS will not impact segmentation reporting and transparency reporting of financial and management reporting for planning, control and decision making in Nigerian economy.
(2) IFRS will not impact Nigerian companies to have access to finance in the international capital market for global business integration.
(3) Aligning Nigerian SAS tax standards with IFRS standards will not have positive impact on computation of tax and liabilities on Nigerian companies for the interpretation of their tax system for decision making in the international market.

THE CONCEPT OF MANAGEMENT ACCOUNTING AND IFRS

According to The Chartered Institute of Management Accountants (1993), management accounting is the application of professional knowledge and skill in the preparation and presentation of accounting information so as to assist management in the formulation of policies and in planning and controlling the activities of a business enterprise. Management accounting is concerned with the provision and interpretation of information required by management of all levels for the following purposes: formulating the policies of the organization, planning the activities of the organization in the long-run, medium and short-run, controlling the activities of the organization, decision making regarding investments and business development, and performance appraisal at strategic, departmental and operational levels. The most important factor in creating healthy financial market, and promoting economic growth and development, is establishing high quality financial information system. According to Chikwendu (2009) financial markets are predicated on confidence, and the presumption that financial information is appropriate and reflects the economic reality. The best assurance that financial statement pass muster is if they are prepared and presented in accordance with accounting standards and principles that are generally accepted internationally. Against this backdrop the Central Bank of Nigeria has directed that banks should adopt the International Financial Reporting Standards (IFRS).The Nigerian banking system propelled by the 2005 consolidation, has positioned itself as the key driver for the Nigerian economy. The banking industry, according to Chikwendu has been described by the financial times as “fastest growing” and by the International Monetary Fund(IMF) as “Increasingly integrating rapidly into global financial markets” The entrance of foreign financial services operations benefits the country by providing deeper liquidity to the market with the resultant reduction in the cost of capital. With the availability of readily accessible financial markets having relatively long standing stability, Nigeria needs a key inducement regulation that promotes full disclosure and high quality financial information system. Investors base their decisions on an assessment of how well financial reports reflect and entity’s financial position. Efficient and independently verifiable financial information frameworks need therefore to be instituted to ensure that financial statements are prepared and presented to reflect an entity’s true financial position.

Nigeria currently uses Statement of Accounting Standard (SAS) issued by Nigerian Accounting Standard Board (NASB).The SAS is outdated and does not meet the needs of a modern financial system. Ckukwendu (2009) explained that the World Bank identified the gaps between SAS and the International Financial Reporting Standards (IFRS).This was corroborated by Fitch in its report-Nigerian Banking Sector: Annual Review and outlook published in June 2009. 4 out of 30 SAS issued as at 2009 are without international equivalents. Also there are material differences with some respect to some SAS that appear to conform to some active International Accounting Standard Board standards. The SAS does not inspire investor confidence and hence, presents obstacles to the growth and internationalization of Nigeria’s banking sector. The International Financial Reporting Standards (IFRS) is generally acclaimed as the worldwide standard. It was developed by the International Accounting Standards Board (IASB) to promote the preparation of financial statements that can be read worldwide and used as an alternative to national accounting standards. The IFRS has been accepted as the basis for reporting in major and emerging international financial markets. It is included by the Financial Stability Forum (FSF) as one of the key standards for sound financial system and used by the World Bank as part of its standards and codes initiative (SCI).

THE CONCEPT OF TAXATION AND IFRS

Taxation is the system of collecting money by taxes i.e. the system by which taxes are imposed (CITN, 2009).The Black's law dictionary defines tax as a rateable portion of the produce of the property and labour of the individual citizens, taken by the nation, in the exercise of its sovereign rights, for the support of government, for the administration of the law, and as the means of continuing in operation of the various legitimate functions of the state. The Chartered Institute of Taxation (CITN) (2009) defined tax as an enforced contribution of money, enacted pursuant to legislative authority. If there is no valid statute by which it is imposed; a charge is not a tax.

The move to International Financial Reporting Standards (IFRS) from Generally Acceptable Accounting Principles (GAAP) and Nigerian Accounting Standard (SAS) will fundamentally change the way companies report their business results. The move will affect the measurement and reporting of income taxes for financial statement purposes and the calculation of taxes payable .According to PriceWaterhouseCoopers(2008) the effect of IFRS on taxation can be viewed in three ways:

(1)Financial Statement Effects:

Generally Accepted Accounting Principles (GAAP), SAS and IFRS are moving closer to convergence. IFRS may present some basic financial statements elements differently. The following components will be affected in IFRS:

a. Component of cost :In IFRS is more specific (requires capitalization of interest during construction)
b. Valuation: In IFRS,it requires fair value more often e.g Agriculture.IFRS also permits for value more often (e.g revaluation of capital assets and investment property)
c. Debts versus equity classification: Convertible instruments must meet fixed for fixed criteria. Any variability in the conversion price of shares to be issued on conversion leads to full liability treatment.

The overall effect of adopting IFRS depends on each corporation's facts and circumstances. Some industries will be affected more than the others.Net income and shareholders' equity may be more volatile under IFRS because of the increased ability or requirement for reporters to use fair value when measuring the accounting carrying value of assets and liabilities. For the initial adoption of IFRS, companies are generally required to present their financial statements and comparatives as if IFRS had always been applied.

(2) Accounting for Income Taxes:

The Generally Accepted Accounting Principle (GAAP) and IFRS with respect to income taxes:

a. Apply the balance sheet or liability approach to accounting for income taxes that requires an entity to recognize a differed tax asset or liability for the "temporary differences" arising in respect of its assets and liabilities, operating loss carry forward and other credits
b. Define deductible temporary differences and taxable temporary differences in a similar way.
c. Determine deferred tax assets in essentially the same manner.

Some key differences may arise when an entity adopts IFRS when accounting for income taxes:

i.Requires recognition of deferred taxes for temporary differences, that arise on the translation of non-monetary assets that are remeasured from local currency to the functional currency using industrial cost and secondly resulting from changes in exchange rates.

ii.Requires recognition of an income tax asset or liability when a temporary difference arises on the intercompany transfer of assets.

iii.Addresses the treatment of deductible stock-based compensation.IFRS caps the deferred tax asset at the intrinsic value of the award at the state of measurement.

iv.Not permit an offset of income tax assets and liabilities of different taxable entities within a consolidated group, unless there is a legally enforceable right to offset and the entities intend to settle theses assets and liabilities simultaneously.

IFRS treats the initial recognition of a previously unrecognized income tax assets as an adjustment to the estimated average annual effective income tax rate used in determining the interim period tax expense. IFRS requires deferred taxes to be measured at the tax rates that are expected to apply or the liability is settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

(3). Computation of taxable income payable:

The determination of taxable income likely will not be different under IFRS. This is because taxable income is not directly linked to income determined for financial statement purposes. The taxpayer is free to adopt any method that is consistent with the income tax act, established case law principles and well accepted business principles. Adopting IFRS could affect corporate income tax calculations that rely on balance sheet amounts.

METHODOLOGY

The paper is both theoretical and empirical. Theoretical aspect of the paper reviewed the experience of some selected nations who have adopted International Financial Reporting Standard with a view to study the impact of the system and the benefit they derived. This is also with a view to integrating such experience into Nigerian reporting system. Purposeful and stratified sampling methods were employed to select the samples so that varying experiences can be garnered from the nations selected. The selected countries are:

(1)EUROPE: As reported by Oracle White paper (2008),the most-notable progress has been in Europe. The European Commission in their published document "EU Financial Reporting Strategy: The way forward proposed that all publicly listed companies prepare their consolidated accounts in accordance with International Accounting Standard by 2005.More than 9,000 listed companies are now using IFRS when generating their consolidated financial statements. In addition, member states of the European Union (EU) allow companies to use IFRS for corporate income tax statements. Companies in Europe are permitted to implement IFRS as local Generally Accepted Accounting Principles guidelines have converge with IFRS.

(2)UNITES STATES: With the success recorded by European Union in implementing IFRS, United States took a step to merge United States and IFRS.Out of 11,000 companies whose securities are registered with the US Securities and Exchange Commission (SEC), about 1,100 are non-US companies. Since the implementation in 2005, non-US companies have been allowed to submit their financial statements to the US SEC in compliance with either US, GAAP or IFRS as they have been converged. According to the decision by US SEC, the two sets of standards could be completely merged by 2012. Oracle White paper (2008) reported further that the US SEC's decision could put a shine on the image of the United States in the global capital markets, improve capital raising opportunities for companies, and provide better comparatibility of financial statements for investors. This is intended to improve transparency rather than enforce compliance, as it allows for some judgments by implementers.

(3).CANADA: The Oracle White Paper(2008) reported that in 2005,the Canadian Accounting Standards Board announced a directional change to IFRS In 2007 the Board established a fixed deadline of 2011 for Canadian companies to adopt IFRS for financial reporting. For published listed companies, IFRS will be required for interim and annual financial statements relating to the fiscal years from January 1,2011.Canadian private companies and nonprofit organization are not required to use IFRS, but are permitted to adopt IFRS after 2011.

(4) OTHER COUNTRIES: According to Oracle White Paper, the regulatory bodies in Armenia, Costa Rica ,Kuwait, Peru,Australia and South Africa have mandated reporting from all publicly companies to be based on IFRS from 2005.International Organization of Securities Commission has recommended that the world's regulators permit companies to prepare financial statements based on IFRS for cross-border financial statements based on IFRS for cross-border offerings and listings. The International Accounting Standard Board has set a project to merge Japanese GAAP with IFRS. Turkish Accounting Standards Board implemented IFRS in 2006.Since 2006 Turkish companies listed in Istanbul Stock Exchange are required to prepare IFRS reports (Ahmed, 2010).

CHALLENGES FACED BY COMPANIES ON IMPLEMENTATION OF IFRS

Financial reporting systems must be amenable to change so that finance professionals can respond to investor and analyst with confidence. According to Oracle White Paper (2008) most companies are able to adopt a new accounting standard, but a truly successful transition depends on a company's ability to provide full audit trails, variance analysis, and reconciliation of prior standards to satisfy internal and external inquiries. The Oracle White reported the following challenges encountered by countries that have implemented IFRS:

(1). Evolving International Standards: The world's biggest companies have not reached true standardization and comparatibility. International Accounting Standard simplified the compliance landscape in Europe, but in some countries exceptions and rules modify the standards. Reporting environment will continue to change as the market and investors react to changes in how financial results are delivered. International standards will change also as governing bodies amend policy, set new standards and adjust regulation processes.

(2).New Standards introduces discrepancies: IFRS have created surprising challenges for those who prepare and require financial statements. Management of large corporation are concerned with learning how the new accounting rules will affect their companies reported earnings, tax liabilities, and the shape of the balance sheet discrepancies will simply occur between reports based on IFRS and those based on local Generally Accepted Accounting Principle (GAAP) due to change in accounting policy or in the method of measurement. Companies spend considerable effort in an attempt to reconcile results achieved with different standards.

(3). Multi-GAAP Reporting: When a company complies with the specific accounting policies and procedures required by IFRS, they need to simultaneously continue reporting based on GAAP requirements. This multi-GAAP reporting requirement makes implementation of IFRS challenging. Many companies in the EU and other areas will continue to use local GAAP in their reporting for tax purposes, but prepare financial statements based on IFRS.

(4). Management Reporting: There is the challenge of accurate and effective management reporting. Statutory reporting must be aligned with management reporting, and management must understand the impact that IFRS has on performance management and key performance indicators. Forward-looking statements of performance based on IFRS have to be consistent with budgets based on the operational GAAP.

HYPOTHESES TESTING EMPIRICALLY

Three hypotheses listed below were tested: Questionnaires were administered to fifty Accountants/Financial Directors of Fifty publicly quoted companies. Stratified statistical sampling method was adopted in picking the companies to ensure all the industries are represented in the work. Twenty banking institutions, ten insurance institutions, five from beverages, two from breweries, three from petroleum industry. Five linker scale of strongly agree, agree, strongly disagree, disagree and undecided were the respondents choices. Chi-Square statistical method was used to analyze the result of the survey.

1. **Hypothesis 1**: IFRS will not impact segmentation reporting and transparency reporting of financial and management reporting for planning, control and decision making in Nigerian economy.

Forty eight responses were received from the various respondents, and the statistical analysis is as follows:

TABLE 1 STATISTICAL ANALYSIS OF FIELD WORK ON HYPOTHESIS 1

Category	Observed O	Expected N	Residual
Strongly Agree	3	9.6	-6.6
Agree	2	9.6	-7.6
Strongly Disagree	18	9.6	8.4
Disagree	24	9.6	14.4
Undecided	3	9.6	-6.6
	48		

STATISTICS

Category	Observed O	Expected E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Strongly Agree	3	9.6	-6.6	43.56	4.54
Agree	2	9.6	-7.6	57.76	6.01
Strongly Disagree	18	9.6	8.4	70.56	7.35
Disagree	24	9.6	14.4	207.36	21.60
Undecided	3	9.6	-6.6	43.56	4.38
	48				43.88

Decision: At the level of significance of 0.05 with the degree of freedom 4, the computed shows a statistical figure of 43.88 which is higher than the tabulated figure of 9.49.The result proves the opinion of the respondents that IFRS will impact segmentation reporting and transparency reporting of financial and management reporting for planning, control and decision making in Nigerian economy. With International Financial Accounting Standard in place, it will integrate the management accounting information system of the company for policy formulation, planning, control and international investment.

2. **Hypothesis 2:** IFRS will not impact Nigerian companies to have access to finance in the international capital market for global business integration

Out of the forty eight responses from the respondents, one was nullified for inconsistency in ticking by ticking double in the options. Below shows the statistical analysis of the survey:

TABLE 2: STATISTICAL ANALYSIS OF FIELD WORKM ON HYPOTHESIS 2

Category	Observed O	Expected N	Residual
Strongly Agree	1	9.4	-8.4
Agree	1	9.4	-8.4
Strongly Disagree	20	9.4	10.6
Disagree	24	9.4	14.6
Undecided	1	9.4	-8.4
	47		

STATISTICS

Category	Observed O	Expected E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Strongly Agree	1	9.4	-8.4	70.56	7.51
Agree	1	9.4	-8.4	70.56	7.51
Strongly Disagree	20	9.4	10.6	112.36	11.95
Disagree	24	9.4	14.6	213.16	22.68
Undecided	1	9.4	-8.4	70.56	7.51
	47				57.16

Summary:
Chi-Square= 57.16
Degree of Freedom= 4
Level of Significance=0.05
Tabulated= 9.4

Decision: At the degree of freedom 4 and level of significance 0.05, the chi-square statistical figure is 57.17 higher than the tabulated of 9.4 meaning that the respondents belief that IFRS will impact Nigerian companies to have access to finance in the international capital market for global business integration. Therefore adoption of IFRS in Nigeria will give Nigerian companies access to finance in the international capital market for strategic global integration of Nigerian companies

3. **Hypothesis 3**: Aligning Nigerian SAS tax standards with IFRS standards will not have positive impact on computation of tax and liabilities on Nigerian companies for the interpretation of their tax system for decision making in the international market.

Forty eighty responses were received from the respondents. The following analysis shows the result of the survey.

TABLE 3:STATISTICAL ANALYSIS OF FIELD WORK ON HYPOTHESIS 3

Category	Observed O	Expected N	Residual
Strongly Agree	4	12	-8
Agree	3	12	-9
Strongly Disagree	25	12	13
Disagree	16	12	4
	48		

STATISTICS

Category	Observed O	Expected E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Strongly Agree	4	12	-8	64	5.33
Agree	3	12	-9	81	6.75
Strongly Disagree	25	12	13	169	14.08
Disagree	16	12	4	16	1.33
	48				27.49

Summary:
Chi-Square =27.49
Degree of freedom=3
Level of Significance =0.05
Tabulated=7.82

Decision: At a level of significance 0.05 and degree of freedom 3, the computed/critical value is 27.49 higher than the tabulated figure of 7.82.This means that Aligning Nigerian SAS tax standards with IFRS standards will have positive impact on computation of tax and liabilities on Nigerian companies for the interpretation of their tax system for decision making in the international market

CONCLUSION

With the implementation of IFRS by developed and some developing nations, Nigeria has no option than to implement it and converge it with the local standards.Though there may be implementation challenges, but with proper planning, implementation and control, the financial reports can easily be aligned with the international standards. The implementation of IFRS will ensure segment reporting of management accounts for inflow of direct investment; it will give room for good corporate governance for transparent reporting of financial statements. The Nigerian companies will have direct access to finance in the international capital market for strategic expansion of business in the global village. Nigeria will be able to align Statement of Accounting standard 19 on Accounting for taxes with International Financial Reporting Standard for the adoption of the global principles on taxes. Nigerian Statement of Accounting Standards are partly out of date and not comprehensive enough to prepare high quality financial statements that will compete with international standard under IFRS. A global reporting language will ensure that investors funds are moved easily within the global market.IFRS implementation in Nigeria will enhance investors' confidence about investing in Nigeria economy. IFRS will give opportunity for comparatibility of financial statements prepared all over the world for cross-border investment.

RECOMMENDATIONS

(1).Nigeria should waste no time in the adoption of IFRS because Nigerian Accounting Standard Board will be exposed to the best international practices so that they will be able to establish improved reporting practices in Nigeria, and attract foreign direct investment. Adoption of IFRS in Nigeria will enable Nigerian companies prepare financial statements that are acceptable in the global markets. Capital can be moved freely within regulated markets.IFRS will enable globalization of business to create new opportunities for businesses all over the global economy.

(2).Though implementation of IFRS will pose challenges as experienced by other countries, but the regulatory authorities/bodies should assist with policies that will ease out challenges. For example the challenges about segmentation reporting that has not been in operation in Nigeria will mean that there must be a strategy in place that will introduce segmentation reporting without affecting ability of management to make decision. There will be a challenge of how to adopt the global tax standard in the Nigerian tax environment with different tax Acts and practices.

(3).Nigeria business regulatory authorities should ensure the implementation and practice of good corporate governance with the full integration of the pillars which are transparency, independence, fairness and accountability. This will make the adoption of IFRS very easy to implement.

(4) Nigerian companies should integrate their businesses in the global village by getting listed in the international financial market for easy practice of IFRS.

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At the very outset, International Journal of Research in Commerce and Management (IJRCM) appreciates your efforts in showing interest in our present issue under your kind perusal.

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Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

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