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Impact Of Ifrs Compliance On Revenue Recognition In Nigeria Non-Financial Firms

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Abstract
This study investigated the impact of IFRS compliance on revenue recognition in Nigeria. A yearly time data from 2014 to 2023 were collected from ten (10) nonfinancial firms. The study employed convenient sampling technique. Panel Least Square was used for data analysis. The result revealed that IFRS compliance has positive and significant relationship with revenue recognition in Nigerian nonfinancial firms. Similarly, income smoothing and company size have positive significant impact on revenue recognition. The study concluded that IFRS compliance has improved revenue recognition of Nigerian non-financial firms. In order to achieve significant improvements in accounting quality and revenue recognition, the study recommended that management of nonfinancial firms in Nigeria strictly adhere to the standard requirement of revenue recognition (IFRS 15). The Nigerian Financial Reporting Council should also make greater efforts to oversee and ensure that all companies quoted on the Nigerian Exchange Group fully implement IFRS.

Keywords*: International Financial Reporting Standard (IFRS); Non-Financial Firms; Revenue Recognition.*

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I. Introduction

It is obvious that movement toward globalization has not only bring about progress of the developing countries but has deeply influenced the quality of reporting system of corporate entities as some entities considered the new standards issued by the International Accounting Standard Board (IASB) to be disruptive in terms of reporting (Lambe & Ola, 2021).The adoption of IFRSs as a global standard is gaining momentum (Goodwill &Idaka, 2022) as more businesses complying and implementing it because of its inherent benefits, which were thought to outweigh the costs of adoption (Lambe & Ola, 2021). IFRS have endlessly unlocked opportunities for firms and influence accounting practices worldwide since their adoption by many countries with the main goal of enhancing the transparency and comparability in financial reporting of companies (Hodgdon, Tondkar, Harless & Adhikari, 2019).

According to Lambe and Ola (2021), IFRS will let organizations provide financial reports to users so they may verify financial statements at a reduced cost per transaction and with less human resources. With the benefit of worldwide compliance and improved disclosures, IFRS forces businesses to adopt uniform accounting standards across borders. This benefits users by enhancing comparability, reliability, and verifiability. As a result, the company can draw in more foreign capital and make more money. By adhering to IFRS guidelines, companies provide investors and stakeholders with standardized financial statements that facilitate easier comparison of revenue figures between companies and across borders. This can improve investor confidence and potentially attract more investment, positively impacting revenue generation (Luehlfing, 2019).

In the past, most of the Nigerian firms, particularly, the non-financial institution were reported to have bad financial report transparency, budget overruns, undercapitalization, and a poor management approach, all of which limit their efficiencies and make it very hard to discover problems (Olawale &Kikelomo, 2022). This triggered the acceptance of IFRS by Nigeria, within the compilation of their financial statements. The guidelines attempted to establish a global standard for daily business activities that would increase transparency improve quality financial data existing and prospective participants (Nwaubani, 2020). The overarching goal was to make annual report in the global financial markets clear, distinct, up to date, and trustworthy. Improved reporting, openness, understandability, and quality account reporting for clients, resulting in a reduction in asymmetric form and increased investor readiness to invest, are some of the positive outcomes of IFRS implementation (Ofoegbu&Odoemelam, 2018).

However, revenue recognition, being a critical aspect of financial reporting, has undergone notable transformations due to the implementation of IFRS (Omobolanle, 2017). Revenue recognition is an important accounting concept that governs when revenue is considered generated and should be reported on financial statements. It is the cornerstone for accurate financial reporting and is critical in determining a company's performance and financial health (Lambe & Ola, 2021). The impact of IFRS on revenue recognition is critical, presenting both benefits and challenges for businesses. The advantages include an improved accounting system for income and expenses, a new model for revenue recognition in multi-component contracts, and the ability to recognize differing interpretations of economic reality throughout the standard-setting process. It also aids in establishing an organization's profitability and sustainability by recognizing money generated by routine operating activities (Catanach& Walker, 2012). The challenges of IFRS include the complexity of its application and the difficulty in adequately determining its ability to reflect economic reality (Elizabeth, Marcella & Blessing, 2020). Overall, IFRS compliance has the potential to boost the efficiency and openness of revenue accounting, but its implementation and impact need to be carefully reviewed (Lambe and Ola, 2021).

Omobolanle, (2017) in his own view, while compliance with IFRS standards enhances standardization, transparency, and comparability in financial reporting, it also entails challenges such as implementation costs and adjustments to revenue recognition practices. The difficulties with the adoption of IFRSs, in like Nigeria can be attributed their weak institutions and unpredictable economic and political environments that may undermine the successful implementation of IFRSs (Nicholas Vendetti&Zlaullah, 2018). Companies must carefully navigate these challenges to ensure compliance with IFRS guidelines while maximizing the benefits of improved financial reporting quality and transparency, ultimately contributing to enhanced revenue generation and stakeholder trust. This study there seeks to examine the impact of IFRS compliance on revenue recognition of nonfinancial firms in Nigeria

This study was motivated by the increasing number of studies that cast doubt on the applicability of IFRS in developing economies such as Nigeria (Goodwill &Idaka, 2022; Elizabeth et al., 2020; Jibril, 2019; Erin et al., 2018; Irvine and Luca, 2006). For example, Irvine and Luca (2006) found that the implementation of IFRS is having more negative effects on financial reporting than positive ones due to its incapacity to stop the rising rates of fraud, poor financial reporting, and manipulation in the financial statements of the majority of Nigerian companies. This could impede revenue recognition and even lead to the failure of some non-financial firms in Nigeria. Basically, the opinions on how Nigeria firms have been affected by the implementation of IFRS are divided. Elizabeth et al. (2020) observed that post IFRS has insignificant impact on accounting information and profitability of firm in Nigeria. Erin et al. (2018) result indicated that IFRS does not have effect on profitability ratio of quoted Nigerian firms.Meeks and Swann (2009), showed that companies that adopted IFRS had better accounting quality prior to implementation than they did following adoption. According to Barth (2008), there was an improvement in accounting quality for businesses that adopted IFRS between the pre-adoption and post-adoption periods. Jibril (2019) confirmed that post adoption of IFRS increases large loss recognition. However, given that relatively few studies have attempted to examine this topic of discussion, this study intends to add to the body of knowledge by focusing on nonfinancial enterprises in Nigeria and how IFRS compliance has affected their revenue recognition recently.

Objective of the study

The broad objective of this study is to examine the impact of IFRS compliance on revenue recognition of non-financial firms in Nigeria. The specific objectives are to:

i. investigate the relationship between IFRS compliance and revenue recognition of non-financial firms in Nigeria
ii. examine the impact of income smoothing after IFRS compliance on revenue recognition of non-financial firms in Nigeria

II. Literature Review

Conceptual Review

International Financial Reporting Standard (IFRS)

IFRS are set of International Accounting Standards (IAS) noting how particular type of transaction and other accounting information should be reported in firm's financial statement. These IFRS are issued by IAS board (Abdul-Baki, Uthman, &Sanni, 2014). IFRS are interchangeable with IAS even though IAS are the older standards replaced by IFRS (Omobolanle, 2017). IAS was a global accounting standard launched in 1973 by a group of professional accounting experts called IAS Committee (IASC) aiming at standardizing the international accounting principles and reducing the discrepancies around international accounting principles and reporting practices worldwide. However, in 2001, IAS Board (IASB) took over the setting of IAS from the IASC which gave birth to IFRS (Jibril, 2019). Hence, IFRS is the updated IAS.

IFRS in Nigeria

In Nigeria context, like the rest of the world, the goal of having credible and fair financial statement that enable both domestic and foreign investors in making economic and financial decision and increasing investor trust through government monitoring and investigating firm accounting information and financial reporting led to establishment of IFRS in 2010, after a bill was introduced in the National Assembly to create Financial Reporting Council of Nigeria which replace NASB (Ofoegbu&Okaro, 2018).As stated by Ofoegbu and Odoemelam (2018) investing remain a global commodity that needs finical outlays from which the risk and benefit of investment opportunities can be evaluated. Thus, for investors to invest accounting information that is credible, fair and understandable internationally are needed. All public quoted firms were mandated in 2012 to report their financial statement using IFRS. In 2014, IFRS was fully and mandatorilyadopted by public listed firms and other small and medium enterprises in Nigeria (Ofoegbu&Okaro, 2018).

Revenue Recognition (REVR)

REVR remain an essential accounting concept that help in determining when a firm report revenue in its financial statement (Luehlfing, 2019).The impact revenue generation has on firm financial statement is huge as it influences revenue, profitability and overall financial position of a firm (Irvine, & Lucas, 2006).Lambe and Ola, (2021) stressed that with REVR practices and compliance to accounting standard, firms can ensure accurate and consistent financial report that bring about strategic decision making and facilitate stakeholder confidence. Thus, an adequate REVR practices play a vital role in shaping the firm’s financial health and performance (Sanyaolu, Iyoha, &Ojeka, 2017). The standard of REVR is very important that it bring about transparency and reliability in financial reporting as it ensure that revenue is recognized consistently and accurately across reporting period and adhering to these standard firms, investor and other stakeholder stand a chance of enjoyingnumerous benefit such as comparability and reliability of accounting information, increased investors’ confidence and avoidance of regulatory scrutiny and potential compliance which help them make informed economic decision based on reliable information (Hodgdon, Tondkar, Harless & Adhikari, 2019)

Accurate and properly REVR is crucial in proving a truthful and fair picture and image of a firm’s financial performance due to the fact that it directly impacted the income statement, balance sheet and cash flow statement**.** According to Abdul-Baki, Uthman, and Sanni (2014), true reflection of financial performance is ensured by revenue recognition that is correct and accurate throughout a given time period. Thus, the timing and amount of recognized revenue can significantly boost profitability ratios such as operating profit margin, not profit margin, and gross profit margin.

REVR affects the balance sheet through accounts receivable and deferred revenue. Accounts receivable indicate monies owing by consumers for products or services offered on credit, whereas deferred revenue represents payments received from customers for goods or services that have not yet arrived (Hodgdon et al., 2019). Proper REVR ensures that these accounts accurately reflect a company's assets and obligations, giving a clear picture of its financial condition. While revenue recognition has no direct impact on the cash flow statement, it does have an indirect impact on the operational activities section due to changes in accounts receivable and deferred revenue. Accurate revenue recognition can help organizations maximize their cash flow by connecting cash inflows with the actual supply of goods or services.

The REVR concept states that revenue should be recognised when it is earned and realisable, using the accrual method of accounting. The Financial Accounting Standards Board and the International Accounting Standards Board collaborated to produce the comprehensive revenue recognition standard, known as ASC 606 and IFRS 15, respectively (Lambe& Ola, 2021; Hodgdon et al., 2019). The five-step process created by the standard for recognising revenue include identifying the contract with a customer and governing the performance duties in the contract; determining the transactional price; allocating the transaction price to the performance commitment and recognize income when the firms completes a performance obligation (Lambe& Ola, 2021).

Impact of IFRS compliance on revenue generation

The rules that specify when and how revenue should be recognized are known as IFRS guidelines. In particular, the IFRS15 provides a thorough framework for recognizing revenue from customer contracts (Goodwill &Idaka, 2022). Therefore, adhering to IFRS may result in modifications to the amount and timing of revenue recognized, which could have an impact on the revenue figures. Businesses might have to modify their revenue recognition procedures, which might have an immediate effect on revenue creation (Goodwill &Idaka, 2022).

Increased disclosures about revenue recognition procedures and regulations are frequently mandated by IFRS. Increased openness about revenue production procedures could boost investor trust and help them make more intelligent investment choices. But more disclosures could also draw attention to any disparities or abnormalities in revenue recognition procedures, which could draw regulators' or investors' attention (Hodgdon, Tondkar, Harless & Adhikari, 2019).Hodgdon et al (2019) noted further that it may take a lot of resources and money to implement IFRS standards, especially complicated ones like IFRS 15. These resources would go towards systems, training, and procedures. These installation expenses may have an effect on revenue creation as well as the short-term financial success of the business. Long-term gains in transparency and quality of financial reporting, however, might balance these initial expenses (Omobolanle, 2017).

The implementation of IFRS standards could have an impact on customer contract negotiations, particularly on revenue recognition rules (Luehlfing, 2019). In order to guarantee compliance with IFRS principles, companies might have to review their pricing structures and contractual terms. Pricing models and methods for generating revenue may be affected by this (Luehlfing, 2019). Better financial performance comparison with international competitors and peers in the industry is made possible by IFRS compliance. Investors can utilize this data to evaluate the relative performance of a company and make investment choices. Businesses that successfully convey their IFRS-compliant financial performance may find it easier to draw in clients and investors, which could increase revenue generating (Goodwill &Idaka, 2022).

Theoretical Review

Institutional Theory (VMT)

It was in 1977 that VMT was propounded by Meyer and Rowan. The theory acknowledged that process by which structure, guideline, rules and regulation are authoritatively set up to guide the social conduct. Meyer and Rowan (1977) affirmed that institution environment industry can strongly influence the development of formal structure in an organization, often more profound than market pressure. They opined that structure, guideline, rules and regulation are merely accepted ceremoniously to enable the organization gain or maintain legitimacy in the institutional environment which bring about survival of the organization. Scott (1995) cited in Elizabeth et al. (2020) stressed that for business to remain competitive and survive they must comply with guidelines and regulations within the business space. This theory is relevance to this study in the sense IASB is like institutional authority or environment that established IFRS which are standard worldwide that guide the conduct of business in terms of preparing and publishing their financial report. Thus, business that adopt or complies with IFRS guidelines stand a chance of surviving as their financial reports will attain international comparability and they will also achieve improvement in their level of disclosure and quality of reporting as well as improved revenue recognition among other which are the goal of IFRS.

Stakeholder Theory

Freeman E. put forth the stakeholder idea in 1984. According to this theory, a stakeholder is any individual, group of people, or entity that can influence or be impacted by the actions or operations of the company. This suggests that a wide range of corporate stakeholders, not just shareholders, will benefit from IFRS compliance in terms of responsibility, credibility, and fairness in the financial statement. It acknowledged that growing all aspects of the company, not just the shareholders, is a better way to directly and indirectly maximize profits. Therefore, every corporate component—employers, workers, clients, suppliers, and communities—should be involved in ensuring the successful operation of the businesses. This perspective defines a stakeholder as someone who has an interest in the business and stands to lose money if it fails. A community that has grown dependent on a major local employer, suppliers with strong ties to a specific producer, customers who enjoy the products produced by the company, and employees who might have trouble finding other jobs if the business closes are all parties with an interest in the enterprise's sustainability. For this reason, an enterprise's ability to recognize revenue in accordance with IFRS requires the participation of numerous stakeholders, including workers, unions, suppliers, managers, investors, lenders, and communities.

This study is anchored on the both institutional and stakeholder theories. These theories were both selected because both holds that companies complying with IFRS is crucial for improved financial report and firm profit maximization which at the end of the day will be made possible and benefited by all parties involved—shareholders, staff members, clients, and the public on the whole. With IFRS compliance, the decision-making potential of all stakeholder can be improved, thereby increase the investor confidence to invest massively in Nigerian non-financial firms. However, these theories suggest that adoption and compliance with IFRS can influence revenue recognition of a company positively.

Empirical Review

Goodwill et al. (2022) in their study inspected how IFRS affect the quality of accounting information in selected eight Nigerian banks. The study demonstrated the adoption of IFRS 16 improved a quality of accounting information of selected Nigerian banks. Elizabeth et al. (2020) did a study on the relevance of IFRS in improving the accounting quality, profitability and foreign direct investment of Nigeria as an emerging country from 2012 to 2018. Their result revealed that post IFRS had insignificant impact on accounting information and profitability of firm in Nigeria but has significant positive impact on FDI.

In the study conducted by Jibril (2019), the impact of adoption of IFRS on accounting quality of15 Nigeria DBMs listed under NSE from 2011 to 2014 was evaluated utilizing regression analysis. The outcome shown that large loss recognitions have increased in the post adoption period. Erin et al. (2018) completed a study on impact of IFRS adoption on profitability ratio of eleven quoted Nigerian firms under NSE using the Wilcoxon rank signed test. The result of the analysis showed that IFRS adoption does not significantly affect the profitability ratio of quoted Nigeria firms within the period under study.

Sayaolu et al. (2017) in their study IFRS adoption and their impact on earning yield and earnings per share in quoted Nigeria firms. The result revealed that IFRS adoption positively and significantly include both earning yield and earnings per share of quoted Nigerian firms. It is obvious that studies have attempted in various way to examine how IFRS compliance has influence Nigerian firms in terms of quality accounting information, profitability and so on. (Goodwill et al. (2022; Elizabeth et al. 2020; Jibril, 2019; Erin et al., 2018). However, much attention has not been given to area of revenue recognition which is one of the goal of IFRS 16 creating a huge gap in the literature. This study intends to bridge this research gap by examining how IFRS compliance has influence revenue recognition in Nigeria by focusing on nonfinancial firms quoted under Nigerian Exchange Group.

III. Research Methodology

Research Design

In this research, ex-post facto research design utilized. The rationale for using this design was because this research design embrace using data that is secondary in nature, already exist in various annual financial reports of the selected non-financial firms, verifiable and unmanipulable. Hence, it is deemed appropriate for this study.

Method of Data Collection

An annual time series of data from 2014 to 2023 was extracted for this study from the annual financial reports of the non-financial enterprises in Nigeria that were sampled. Secondary data was used for this investigation because it is more relevant, cost-effective, and time-efficient. The population of this study comprises all the listed non-financial companies on the Nigerian stock exchange as of 31st December 2022, which is estimated to be 171 (NSE, 2022). However, ten non-financial companies quoted under Nigerian Exchange Group were sampled using convenient sampling technique. The selection of this sample technique was based on data's availability and accessibility. That is, only non-financial firms whose data are easily accessible were included into this study. The nonfinancial firms include, Dangote Group of Companies, Guinness Nigeria, Julius Berger, Oando Plc, Neimeth Pharmaceuticals, Cadbury Nigeria Plc, Nigerian Breweries, 7up bottling Company, and Nestle Plc.

Model Specification

Elizabeth et al. (2020) model was adjusted and adapted to incorporate revenue recognition, income smoothing, company size, and IFRS compliance in an effort to investigate the effect of IFRS compliance on revenue recognition among non-financial enterprises in Nigeria. Consequently, the mode is expressed in linear form as;

$REVR = \beta_0+\beta_1 IFRSC+\beta_2 INCS +\beta_3 FSZ +\mu + t$

Where:

REVR =representsRevenue recognition which is measured as the current year revenue minus previous year revenue divided previous year revenue

IFRSC = representsIFRS compliance (1 implies after IFRS compliance whereas 0 implies before IFRS compliance)

INCS =represents Income Smoothing measured as the net income divided by operation cash flow

FSZ = representscompany size which is measured as the natural Log of total asset

$\beta_{0\,=}$ representsConstant

β_1, $\beta_{2,}$ and $\beta_{3=}$ representsexplanatory variables' coefficients

μ represents Error term

t = represents time

Method of Analyses

Because of the form of the data (panel), statistical tools like descriptive statistics, panel least square analysis, and the Hausman test were employed for this study. The properties of the variables were investigated using descriptive statistics. The data was fitted with a linear model using panel least squares, and the Hausman test was used to identify which model between a fixed effect and a random effect was best for the study. Additionally, the study used E-view statistical package version 10.0 to compute these analyses.

IV. Result And Discussion

Descriptive Statistics

Table 4.1 shows clearly that on the average, REVR of the selected non-financial firms in Nigeria from 2014 to 2023 was 14.83706 per cent with lowest and highest value of 11.81000 per cent and 23.70000 per cent respectively while the standard deviation was 2.859274 per cent. The mean value of from 2014 to 2023 IFRSC was 0.875000, meaning that on the average, all the selected non-financial firms within the period under study complained with IFRS guidelines. Over the period of 2014 to 2023, the mean value of INCS stood at 5.20176 with minimum value of 4.87656, maximum value of 7.43684 and standard deviation of 2.967010. On average, FSZ was 14.33336 in log form with minimum value of 10.11100, maximum value of 22.32432 and standard deviation value of 3.242306.

Table 4.1 Descriptive Statistics

	REVR	IFRSC	INCS	LOG(FSZ)
Mean	14.83706	0.875000	5.20176	14.33336
Maximum	23.70000	1.000000	7.43684	22.32432
Minimum	11.81000	0.000000	4.87656	10.11100
Std. Dev.	2.859274	0.332106	2.967010	3.242306
Skewness	2.154440	-2.267787	-1.061102	1.161455
Kurtosis	6.550627	6.142857	7.855327	3.053396
Jarque-Bera	8.58670	11.24499	14.38938	6.99383
Probability	0.47434	0.65434	0.90132	0.33012
Sum	1780.447	105.0000	1704.212	1720.003
Observations	100	100	100	100

Source: Researcher Computation (2024)

The skewness coefficient shows that REVR (2.1544) and FSZ (1.1615) are positively skewed, meaning that REVR and FSZ of the selected Nigerian non-financial firms in has more rise than fall within the period under consideration. Skewness coefficient revealed further that IFRSC (-2.2677) and INCS (-1.0611) are negatively skewed, meaning that IFRSC and INCS has more fall than rise within the period under consideration. The Kurtosis coefficient shows that all variables except FSZ are heavily tailed since their Kurtosis coefficient are higher than 3 which is the optimum threshold. Meanwhile, FSZ is mesokurtic in nature because the kurtosis value is approximately equal to 3. The Jaque-Bera probability value for all the variables under study are statistically insignificant meaning that all the variables area normally distributed.

Correlation Analysis

Table 4.2 shows that IFRSC has a strong positive relationship with REVR, as revealed by the correlation coefficient of 0.711848. The correlation coefficient of 0.539916 shows that INCS has a strong positive relationship with REVR in Nigeria. The correlation coefficient of 0.734182 shows that FSZ has a positive significant relationship with REVR of the selected non-financial Firms in Nigeria. The strong correlation between IFRSC and INCS suggest that there might be multicollinearity in the data set, therefore, there is need to compute VIF test to ascertain the presence of multicollinearity.

Table 4.2 Correlation Analysis

Var	REVR	IFRSC	INCS	LOG(FSZ)
REVR	1.000000			
IFRSC	0.711848	1.000000		
INCS	0.539916	0.858190	1.000000	
LOG(FSZ)	0.734182	0.036969	0.037563	1.000000

Source: Researcher Computation (2024)

Table 4.2 shows that variable such as IFRSC, INCS and FSZ has VIF value of 1.9118, 1.8588 and 1.4192 respectively. The mean VIF of 1.7299 which is above 1 and lower than 10, implies that the explanatory variables under study has no multicollinear problem. Hence, our model is reliable

Table 4.3 Variance Inflation Factor (VIF)

Var	VIF	1/VIF
IFRSC	1.9118	0.52307
INCS	1.8588	0.53798
LOG(FSZ)	1.4192	0.70463
Mean VIF	1.7299	

Source: Researcher Computation (2024)

Regression Analysis

Hausman test was employed to choose the appropriate model between random and fixed effects model. The null hypothesis is that random effect model appropriate while the alternative hypothesis is that fixed effect model is appropriate. Table 4.4 shows that the Hausman test reported Chi-square value of 1.215971 with probability value of 0.0092, meaning that there is sufficient evidence to reject the null hypothesis. This implies that the efficient model for this study is fixed effect model.

Table 4.4: Hausman Test

Chi-Sq. Statistic	d.f.	Prob.
11.215971	3	0.0092

Source: Researcher Computation (2024)

Table 4.5 shows that the coefficient of IFRSC was 0.415826 meaning that IFRSC has a positive significant relationship with revenue recognition of the selected non-financial firms in Nigeria ($p<0.05$). By implication, a change in IFRS compliance will increase revenue recognition of Nigerian nonfinancial firms by 0.42 per cent. The coefficient of INCS_IFRSC was 0.094364, meaning that income smoothing after IFRS compliance is positively and significantly related with revenue recognition of nonfinancial firms in Nigeria within the period under study ($p<0.05$). This indicates that a unit increase in income smoothing will result to increase in revenue recognition by 0.09. Lastly, the coefficient of FSZ was 0.289849, meaning that company size is positively and significantly related with revenue recognition of nonfinancial firms in Nigeria within the period under study ($p<0.05$). This indicates that a unit increase in company size will result to increase in revenue recognition by 0.29 per cent.

Table 4.5 Regression Analysis

Variable	Coeffic.	Std. E.	T	P value
C	10.26442	1.750238	5.864584	0.0000
IFRSC	0.415826	0.117354	3.543347	0.0000
INCS_IFRSC	0.094364	0.043920	2.148542	0.0530
LOG(FSZ)	0.289849	0.118399	2.448077	0.0160
R^2	0.700432	Mean DV		14.83706
Adjusted R^2	0.621975	S.D. DV		2.859274
S.E. of regression	2.522043	AIC		4.790019
Sum squared resid	680.5951	BIC		5.091998
F-statistic	11.82286	Durbin-Watson stat		1.722195
P.value	0.000000			

Source: Researcher Computation (2024)

The model shows further that R-square was 0.700432, meaning that IFRS compliance, income smoothing after compliance and company size accounted for about 70 per cent of the total variation in revenue recognition of the Nigerian non-financial firms within the period under consideration while the remain 30 per cent can as a result of other variables outside the estimated model. Similarly, the Adjusted R-squared of 0.621975 suggest that the estimated fixed effect model is well fitted. F-statistics was 11.82286 along the probability value of 0.000000, meaning overall model is statistically significant at 5 percent ($P<0.05$). Hence, IFRS compliance, income smoothing after compliance and company size collectively contributed to influence revenue recognition of the selected nonfinancial firms within the period under study. Durbin-Watson statistic was 1.722195. This implies that there is no evidence of autocorrelation in the model. Hence, the model is free of being spurious.

The study empirically examines the impact of IFRS compliance on revenue recognition in Nigeria nonfinancial firms. The result revealed that IFRS compliance has a positive significant impact on revenue recognition of Nigerian non-financial firms within the period under study. This is an indication that compliance with IFRS guidelines has improved the revenue recognition of Nigerian non-financial firms over the years which in-turn help non-financial firms present real, fair, credible and transparent view of their financial performance capable of boosting the investor confidence, improving income statement, balance sheet, cash flow statement as well as increase firm overall financial performance (Hodgdon et al., 2019). This result is consistent with the previous studies such as Goodwill et al. (2022) who discovered a strong and significant relationship between the quality of information and adoption of IFRS 16; Jibril (2019) whose result revealed that large loss recognitions have increased in the post adoption period; Sayaolu et al. (2017) whose found that IFRS adoption positively and significantly include both earning yield and earnings per share of quoted Nigerian firms. The studyis in disagreement with studies such as Elizabeth et al. (2020) whose result revealed that post IFRS had insignificant impact on accounting information and profitability of firm in Nigeria; Erin et al. (2018) whose result showed that IFRS adoption does not significantly affect the profitability ratio of quoted Nigeria firms.

V. Summary Of Findings

i. It was discovered that on average, REVR was 14.83706 per cent; IFRSC was 0.875000, INCS was 5.20176 and FSZ was 14.33336.
ii. It was found that IFRS compliance, income smoothing after compliance and company size accounted for about 70 per cent of the total variation in revenue recognition of the Nigerian non-financial firms within the period under consideration.
iii. It was found that IFRSC has a positive significant relationship with revenue recognition of the selected non-financial firms in Nigeria ($p<0.05$). Thus, a change in IFRS compliance will increase revenue recognition of Nigerian nonfinancial firms by 0.42 per cent.
iv. It was found that income smoothing after IFRS compliance is positively and significantly related with revenue recognition of nonfinancial firms in Nigeria within the period under study ($p<0.05$). This indicate that a unit increase in income smoothing will result to increase in revenue recognition by 0.09.
v. It was found that the company size is positively and significantly related with revenue recognition of nonfinancial firms in Nigeria within the period under study ($p<0.05$). Thus, a unit increase in company size will result to increase in revenue recognition by 0.29 per cent.

VI. Suggestions For Further Studies

The influence of IFRS compliance on revenue recognition in nonfinancial enterprises in Nigeria has been empirically investigated in this study. This study has limitations. The sector is the first source of limitation. Since the study only included non-financial enterprises, generalizing the findings may not be feasible. This study recommends that future research examine the financial and nonfinancial sectors. The geographical location is another limitation of this study. The study's scope is limited to Nigeria. Other emerging nations such as South Africa and Ghana, as well as other African nations that have implemented IFRS, could be the subject of future studies.

VII. Conclusion

This study investigated the impact of IFRS compliance on revenue recognition in Nigeria using a yearly time data from 2014 to 20 23 collected from nonfinancial firms. The empirical result demonstrated that IFRS compliance has positive and significant relationship with revenue recognition in Nigerian nonfinancial firms. Similarly, income smoothing and company size have significant impact on revenue recognition in post IFRS compliance. The study therefore concluded that IFRS compliance has improved revenue recognition of Nigerian non-financial firms.

VIII. Recommendations

i. The management of the nonfinancial firms in Nigeria should strictly comply with the standard requirement of revenue recognition (IFRS 15)
ii. The study recommended that the Nigerian Financial Reporting Council should put in more efforts in not only monitoring firms' total compliance but ensuring full implementation of IFRS by all companies quoted on the Nigerian Exchange Group so as to achieve significant improvement in the areas of accounting quality and revenue recognition
iii. Management should be mindful and concise of income smoothing because it has a significant impact on the revenue recognition.

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