International Journal of Economics and Business Administration
Vol. 4, No. 2, 2018, pp. 56-76
http://www.aiscience.org/journal/ijeba
ISSN: 2381-7356 (Print); ISSN: 2381-7364 (Online)

Empirical Appraisal of IAS-16 Disclosures Compliance Level of Listed Cement Manufacturing Firms in Nigeria

Egbunike P. A., Jesuwunmi C. A.*, Adewoyin A. O., Ogunmeru A. O.

Department of Accountancy, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria

Abstract

This study empirically appraised the compliance disclosure level of IAS 16 (Property, Plant and equipment-PPE) of four Listed Cement Manufacturing firms in Nigeria for the period of five years (2010-2014). The Content Analysis research design was adopted. Secondary data for the study were obtained from the published audited financial statements of the four listed cement manufacturing firms on the Nigerian Stock Exchange for the period under review from which disclosure compliance index was developed. The statistical tools employed were the compliance index, Spearman's Rank correlation coefficient (rho), Eta-square (η^2), Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO), Bartlett's test (χ^2) and the Analysis of Variance (ANOVA) purposely to analyse research questions and test the hypotheses proposed via SPSS Version 21. The study observed that at present Nigerian cement manufacturing firms are reasonably meeting up with the disclosure requirements of International Accounting Standard (IAS 16). This was associated with the fact that the two leading firms are transnational organizations and they have been complying with the guidelines of International Accounting Standards which conforms to the international best practice. Based on the findings the study recommends among others that Nigeria Stock Exchange, Financial Reporting Council of Nigeria and other government regulatory agencies should formulate policy and make it mandatory for listed firms to report in Extensible Business Reporting Language (XBRL) that guarantee efficient monitoring of firms; strict compliance with the disclosure requirements of IFRS and to impose penalty for noncompliance; in order to protect the interests or stakes of the diverse stakeholders.

Keywords

Appraisal, Compliance, IAS-16-Property, Plant & Equipment (PPE), Nigeria

Received: July 13, 2017 / Accepted: March 29, 2018 / Published online: June 6, 2018

1. Introduction

One major global phenomenon has defined the recent development in the disclosure requirements of financial accounting reporting; was the Enron scandal accompanied by a series of corporate upheavals. These occurrences were epitomized by such practices as using doubtful and distrustful accounting practices and disclosure to cover up enormous losses, concealing extensive borrowing by keeping them off the statement of financial position (balance sheet) to receive favourable credit ratings, investors' confidence, treating huge revenue expenses as capital expenditure, massive inflation of organisational earnings, over-priced acquisitions, under-secured loans and overall fraudulent financial reporting (Osisioma, 2012). Financial accounting reporting is defined by Izedonmi (2001) as cited in Yahaya (2011) as an information system through which financial and monetized information is generated for economic, social and political decisions. The underlying principle is to use accounting equation via financial accounting records to determine the

* Corresponding author
E-mail address: calebian22002@gmail.com (Jesuwunmi C. A.)

assets, liabilities and equity position of the firm. Osisioma affirmed that accountability deals with mechanisms of supervision, oversight and reporting to a higher authority in a hierarchical chain of authority. Thus, revolving around the issue of accountability is whether: appropriate rigorous reporting procedures or systems of internal checks and balances have been implemented; accurate, truthful and timely reports of actual performances have been filed with relevant authority regarding the mission, finances and operating structure of the organisation (Osisioma, 2013).

The process of recording, preparing and presenting of financial reporting involved the application and implementation of financial accounting standards. Financial accounting standards address the obligation to serve a higher authority – the public trust – which is the ultimate source of the organisational mandate and legitimacy. Accounting standards are guidelines which define how companies have to display transactions and events in their financial statements; they are not purely technical rules but the outcome of highly political processes (Siyanbola, Musa, & Wula, 2014). The connotation of this is that there are diverse players who come into contacts with or are influenced by accounting standards – e.g. accounting firms, auditors, preparers, political office holders, managers, financial analysts, legal practitioners and employees. All these players naturally have divergent views, perception, expectations, options and interests about what an accurate and useful accounting standard is and therefore might have different incentives in the production and diffusion of accounting standards. Thus, the quality of financial information according to Kothari (2000) is a function of both the quality of accounting standards and the regulatory enforcement or corporate application of the standards. Absence of adequate enforcement, therefore, renders the best accounting standards useless, ineffective and inconsequential. (Financial Reporting Council Act, 2011) International Accounting Standards (IAS) can only result in high-quality, transparent, and comparable financial information for investors and other users of financial statements if companies implement the standards correctly (Siyanbola, Musa, & Wula, 2014). The disclosures of IAS 16 are designed to provide investors and other users of financial reports with information enabling them to appraise the nature and financial effects of the assets acquisitions, which often involve huge amount of money. Listed Firms not fully complying with disclosure requirements keep back pertinent information from the capital markets. In addition, if non-compliance is deliberate, the information presented is likely to be biased (Martin, Peter, Donna, & Silvia, 2013).

In the Nigerian background, comprehensive studies of Nigerian quoted firms have been carried out by World Bank Group. It is discovered that the Nigerian financial reporting practices are deficient (World Bank, 2004). Aside the studies carried by the World Bank, disclosure practices by Nigerian companies have been empirically examined by Kantudu and Tanko (2008), and Siyanbola et al., (2014). Their observation is quite related in that they all found the Nigerian corporate reporting practices to be weak in the sense that generally Nigerian companies do not comply fully with the disclosure requirements of Accounting Standards. Opposing to this view are the studies conducted by Barde, (2009), Yahaya et al (2012) and Nyor 2010. All of them in their studies concluded that Nigerian companies are complying substantially with the provisions of Accounting Standards issued by Financial Reporting Council of Nigeria (FRCN).

Meek et al., (1995) propose that efficient functioning of capital markets, however, significantly depends on the effective flow of financial information between the firm and its stakeholders. On this note, our study set out to determine the extent of compliance disclosures with International Accounting Standard-IAS16 (Property, Plant and Equipment) by listed firms. Our study focused on appraisal of four quoted or listed cement manufacturing firms in Nigeria testing disclosures provided by four (4) leading Nigerian-listed cement companies from Nigeria Stock Exchange (NSE) in their financial statements footnote from 2010 to 2014. In view of the findings arrived at by the studies enumerated above and lack of concurrence of prior studies on compliance with the provisions of International Accounting Standard-IAS16, the researchers are compelled to conduct this study which has primary objective of establishing Nigerian firms compliance behavior with the provisions of international accounting standards-16. Consequently, the study is to determine whether the listed firms in the cement sector of Nigerian Stock Exchange (NSE) are complying with IAS 16. Specifically, the study will like to:

i. determine the disclosure requirements of IAS-16 (property, plant and equipment) for the listed cement manufacturing firms in Nigeria.

ii. determine the level of compliance with IAS-16 (property, plant and equipment) disclosure requirements among the listed cement manufacturing firms in Nigeria.

iii. measure the level of association between the firms' compliance and IAS-16 disclosure requirements among the listed cement manufacturing firms in Nigeria.

iv. The study has the following research questions originated from the aforementioned objectives. The study seeks answer to the following questions:

i. What is the extent of compliance with IAS-16 disclosure requirements by the listed cement manufacturing firms in Nigeria?

ii. What is the level of compliance with IAS-16 disclosure requirements between the four listed cement manufacturing firms in Nigeria?

iii. To what extent is the association between the firms' compliance and IAS-16 disclosure requirements among the listed cement manufacturing firms in Nigeria?

The study has the following research hypotheses which are expressed in their null forms, and to be tested at 5% level of significance:

1: The Nigerian quoted cement manufacturing firms' compliance with the disclosure requirements of IAS 16 is not statistically significant.

2: There is no significant difference in the level of compliance with IAS-16 disclosure requirements between the four listed cement manufacturing firms in Nigeria.

3: There is no statistical significant association between the firms' compliance with IAS-16 disclosure requirements among the quoted cement manufacturing firms in Nigeria.

This study will provide the Nigerian Stock Exchange (NSE) regulator with the level of cement manufacturing firms' compliance level with IAS-16 disclosure requirements on corporate reporting. It will also offer the future academics with an alternative reference material. It allows the listed cement manufacturing firms to know how the corporate reporting practices have impacted on their performances and improve on their compliance level with IAS-16 disclosure requirements. In addition, it creates awareness for both existing and potentials investors and supports them to identify the index for measuring the compliance level of corporate reporting practice with IAS-16 disclosure requirements of their firms and evaluate the outcome with the appropriate regulatory and statutory framework. The prospective investor, business analyst, financial experts, academia, government agencies and others users of financial information will be able to decide which firms fully comply with the IAS-16 provisions. Furthermore, the investors will be able to determine where to invest their funds in order to ensure optimal returns on investment. The results of the study will also lead to the formulation of policy that will strengthen the compliance level of the cement manufacturing sector.

We acknowledge that our study is subject to certain limitations. In particular, like all empirical research that deals with compliance, the assessment of companies' disclosures is based partly on subjective judgment. However, we stress that great care was taken to minimize errors. The analysis of the disclosures is based on a detailed checklist. All of the annual reports were reviewed completely to curtail the possibility that disclosures are ignored. This study was carried out in the face of diverse constraints in the area of scarcity of information. Despite these restrictions, it is thought that the quality of the research work is not hindered. The study is confined to five years data only, i.e. from 2010–2014. Our scale for measurement and decision rule was based on modified scale adopted from previous studies. Therefore, the accuracy of results is purely based on the data of studied units. The generalization of the study will be limited to the cement industry in Nigeria.

2. Review of Related Literature

The bulk of the literature review will be arranged and presented as follows:

2.1. Conceptual Review

Vern and Edson (2002) in Akintonde (2013) opined that appraisal (assessment) helps to determine what an official, organizations or group of people have accomplished, which approaches provided the best results and the degree to which you are reaching your goals. Appraisal (assessment) is an improvement in performance through careful design and feedback, not merely to audit it or judge it. Appraisal (assessment) is carried out to rate competencies for a role in such factors as level of skills, aptitude, observance and compatibility with the role and the organization's culture. Assessment involves the results of the supervisor's reviews as well as peer evaluations.

In general, compliance means conforming to a rule, such as a specification, policy, standard or law. Regulatory compliance describes the goal that organisations aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations. Compliance is either a state of being in accordance with established guidelines, specifications, or legislation or the process or the practice of obeying rules or requests made by people in authority; procedures that must be followed to ensure full observance with the laws, regulations or pronouncements (Hornby, et al., 2010). Financial accounting statement may be prepared in line with the Statements of Accounting Standards (SAS) issued by Financial Reporting Council of Nigeria-FRCN (formerly called Nigerian Accounting Standard Board-NASB). Or Software, for example, may be developed in compliance with specifications created by some standards body, such as the Institute of Electrical and Electronics Engineers (IEEE), and may be distributed in compliance with the vendor's licensing agreement. In the legal system, compliance usually refers to behavior in accordance with legislation, such as the Securities Exchange Commission listing requirements, CBN prudential financial guidelines etc. Compliance in a regulatory context is a prevalent business concern, perhaps because of an ever-increasing number of regulations and a fairly widespread lack of understanding about what is required for a company to be in compliance with new legislation.

Disclosure requirement of IAS 16 (Property, Plant and Equipment)

Property, Plant and Equipment is assets generally belonging to people and firms, acquired exclusively for the purpose of income or revenue generation. In term of period of benefit accruable to asset holder, assets can be grouped into current and non-current (fixed) assets. Non-current (Fixed) asset is synonymous with property, plant and equipment or tangible asset. These are primarily items with monetary value, acquired by reporting entity usable for an extended period of time usually more than one accounting period. Property, plant and equipment according to IASB (2005) are assets whose future economic benefit is probable to flow in to the entity and the cost must be ascertainable in a reliable manner. According to IASB (2010) property, plant and equipment are tangible assets that are held for use in the production of good or other services for rental to others or for administrative purposes and are expected to be useful for the entity for more than one accounting period. A comprehensive definition is the one by Friedrich, Friedrich and Spector (2011) who defines property, plant and equipment as items of value which the organization has bought and will use for an extended period of time. It normally includes items such as land and buildings, plant and machinery, motor vehicles, office equipment, computers, furniture, fixtures and fittings. From the definition above it can be construed that property, plant and equipment are concrete assets with economic value, available for use by the entity, held for the purpose of the venture, do not form part of the firm's inventory, have more than one year useful life and cannot be easily liquidated in the course of carrying out the normal operations of the firm.

This is the standard that outlines the treatment of accounting for property, plant and equipment in accordance with the historical cost concept and simultaneously treats issues relating to the revaluation of specific items of property, plant and equipment. It was released in March 1982 by the defunct International Accounting Standard Committee (IASC) with 83 distinct paragraphs and eight sections. It was issued in 1982, revised as part of the comparability of Financial Statements' project in December 1993, revised by IAS 36 (Impairment of Assets) in 1998, revised in 1998 and reissued in 2003 (Salendrez, 2006). Its primary objective as contained in the standard is to prescribe the accounting treatment for property, plant, and equipment thus users of financial statements may know information about the investment that the organization has in its property and equipment as well as the changes that have occurred in that investment. It equally addresses principal issues such as defining the scope of the standard, determination of appropriate time to recognise item as assets, initial measurement, the determination of their carrying amounts, derecognition of items of property, plant and equipment and the depreciation charges and impairment losses to be recognised in relation to them (Tracy, 2013).

Beside the specific objective just like all accounting standards it has a broader objective which is to remove variations or disparities in the treatment of several accounting items and guaranteeing standardization in presentation. Unlike the Nigerian accounting standards issued by the FRCN predecessor NASB, IAS 16 was subjected to thorough revisions in 1993 and 1998 before it was reissued by the IASB in 2003. The essence of the revisions is to ensure that the standard is up to date and reflects all socio-cultural and economic development as they manifest with the passing of days. The scope of the standard is aptly captured in paragraph 2 of the standard which states that it addresses all issues relating to accounting for property, plant and equipment, apart from cases when another standard requires or permits a different accounting treatment. It does not apply to livestock or other assets that are accounted for in accordance with IAS 41 (Agriculture) or to property, plant and equipment classified as held for sale in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations).

However, with respect to property being constructed or developed for future use as investment property, IAS 16 limited application ceases at the point where construction is complete and the asset satisfies the definition of an investment property which is regulated by IAS 40 (Investment Property). The industry (Nigerian cement sector) has a lot of investment in property, plant and equipment. For instance Dangote Cement Plc, Lafarge WAPCO Plc, Ashaka Cement Plc and Cement Company of Northern Nigeria Plc who are the major players in the industry have total investment in property, Plant and equipment worth ₦581.47bn, ₦125.17bn, ₦ 48.65bn and ₦ 6.56bn respectively as at 31st December, 2013. The best way to derive maximum benefit from this investment is to ensure that they are guided by the IAS 16 and all other accounting standards relevant for the preparation of accounting reports. It is then that they can be in investors' good book for a rational investor is interested in corporations where the investment is safe and this is guaranteed if and only if the financial statements conform to regulations. As a result it can be inferred that accounting standards are issued to synchronize divergent accounting treatment, bases, methods and policies followed by the preparer in the presentation of annual accounts and reports mainly to promote comparability. Techniques used to compute these amounts as well the firm's policies must be firmly disclosed. IAS16 permits two accounting models for valuation of property, plant and equipment. Figure 1 give the summary of IAS 16 accounting valuation model for property, plant and equipment.

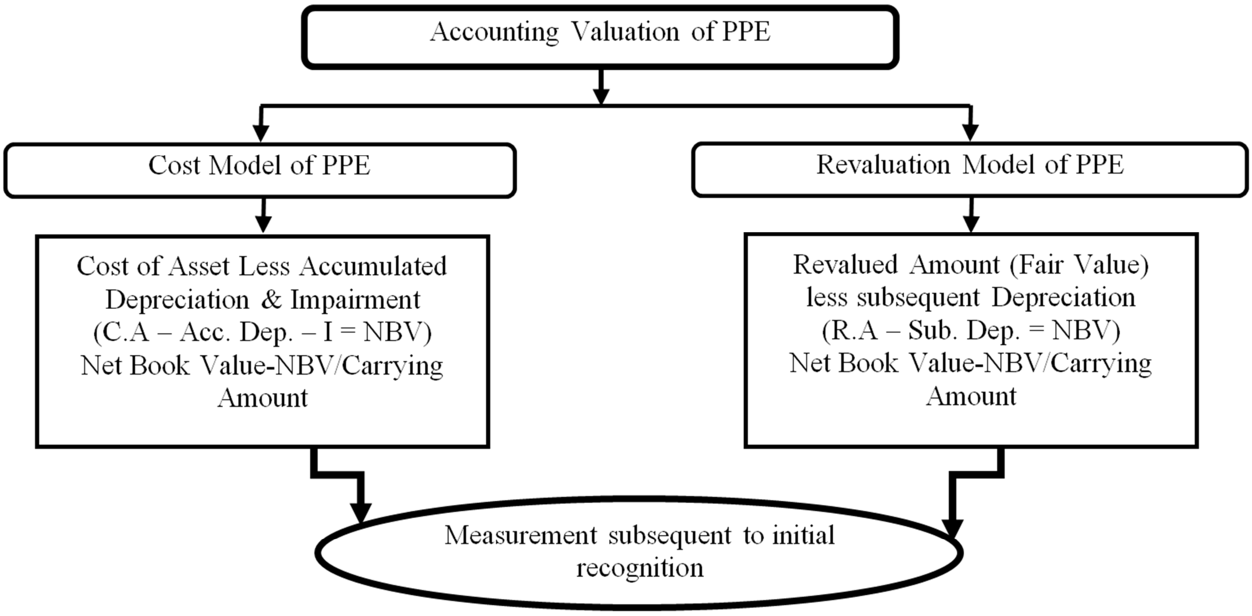

Figure 1. Property, Plant & Equipment's Accounting model.

Source: Researchers' concept.

The various accounting bodies also require that these financial accounts and reports should be prepared according to the Generally Accepted Accounting Principles (GAAP). However, because of the dynamic nature of the business environment which accounting is serving, these principles need to be well defined and reviewed from time to time to meet the demands of business. In addition, the financial statement should be made understandably enough so as not only to present a true picture of the present and past performance of the business enterprise but also to give an insight into the future. The information contained in such reports must also be relevant and reliable. Figure 2 shows the procedures and block model of conceptual view of accounting disclosures information and various stakeholders that have interest in financial statements of an organization.

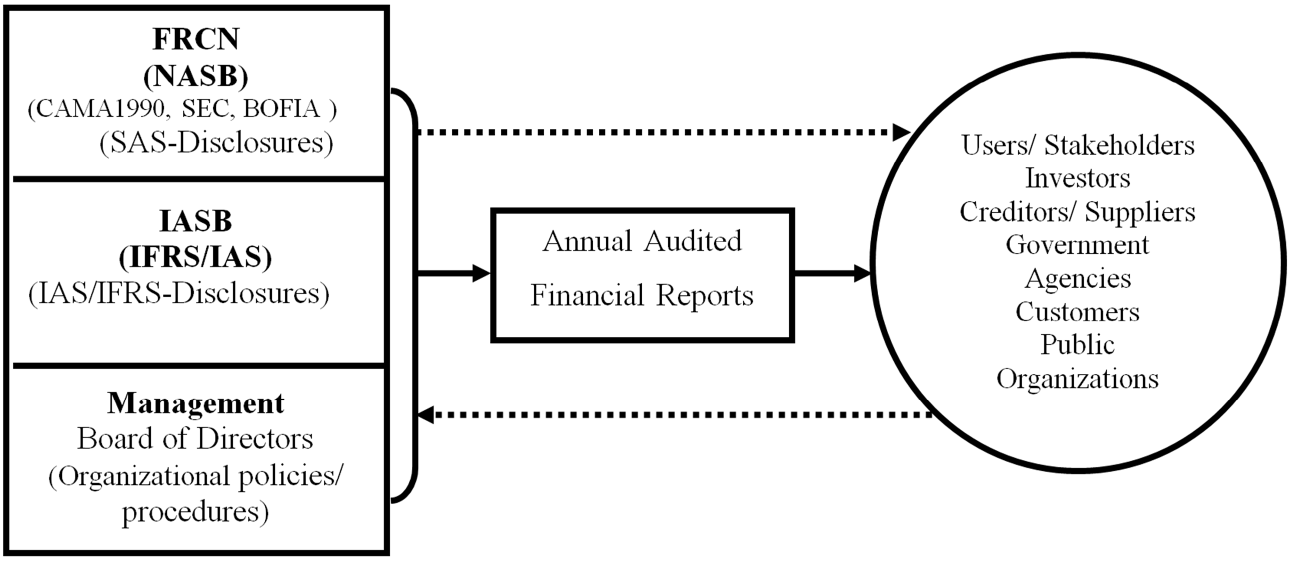

Figure 2. Model of Conceptual View of Accounting Disclosures Information & Stakeholders.

Source: Researchers' Concept

2.2. Theoretical Framework

There is no generally accepted theory governing financial reporting disclosure (Al-Shammari, 2005; Schipper, 2007). Compliance Behaviour Theory (COBET), Positive Accounting and Positive Agency Theory (PAT) are found by previous researchers as structures that communicate firms' attributes to the extent of financial disclosure. The following section discusses, the theory, prior studies have used COBET and PAT relevance to this present study.

2.2.1. Compliance Behaviour Theory

These theories about compliance provide account why individuals and firms comply with or do not comply with regulations, standards and laws (Thomas, 2000; James, & Johan, 1998). These theories are useful lenses for viewing and understanding compliance-related behavior and the reasons behind that behavior. As such, they suggest different actions and approaches which are in the theories. These focus more on the behavior of firms and individuals. Broadly speaking compliance theory can be classified into rationalist models (logic of consequence) that focus on the deterrence and enforcement as a mean to prevent and punish non-compliance by changing the actor's calculation of benefits and costs or normative model (logic of appropriateness) that focus on cooperation and compliance assistance as a mean to prevent non-compliance (Thomas, 2000; James, & Johan, 1998). This compliance theory also bothered on the logic of behavior that is consequence-rationalist verse appropriateness-normative. At the broadest level, questions of compliance are question about behavioural motivations (Thomas, 2000; James, & Johan, 1998). What leads an individual or firm to comply with regulations, standards or laws? This question leads the study to the adoption of the theory of planned behavior (TPB).

Theory of Planned Behavior

Theory of Planned Behavior (TPB) is a well-established theory in explaining an individual's behavior. This theory is an extension of the Theory of Reasoned Action (Ajzen and Fishben, 1975) which based on the assumption that human beings are usually quite rational and make systematic use of information available to them. People will consider the implications of their actions before they decide to engage or not to engage in a given behavior (Ajzen and Fishbein, 1975). However, as time went on Ajzen and other researchers began to realize that this theory was not adequate and had several limitations (Godin and Kok, 1996). Therefore, they added one additional variable of the original theory which is perceived behavioral control. Perceived behavior control (PEBCO) refers to how much control an individual believes he or she has to carry out a specific behavior. This theory have been used successfully in many behavioral researches such as the acceptance of telemedicine technology by physicians (Chau and Hu, 2001), the adoption of virtual banking (Lio et. al, 1999), adolescent smoking (Guo et. al., 2007), to determining obesity factors in overweight Chinese Americans (Liou, 2007) and many others. In management sciences context, Bobek et. al. (2007) employed TPB to consider variables that influence tax compliance with the inclusion of moral obligation as a moderating variable into their study. Ajzen's (1991) theory of planned behavior posits that behavior intentions are shaped by three factors namely (a) attitudes toward behavior, social norms and perceived behavior control. Figure 3 displays the relationship between these elements of the TPB. As can be seen from Figure 3, intention and degree of compliance are the bases of this theory. It is an indication of people's or firms' readiness to perform a given task or behavior. It is influenced by three components; (i) organizational attitude toward performing the behavior, (ii) subjective norm and valence (iii) perceived & real behavioral control. For this study, intention relates to the probability of firms whether or not to comply with accounting standards and regulations.

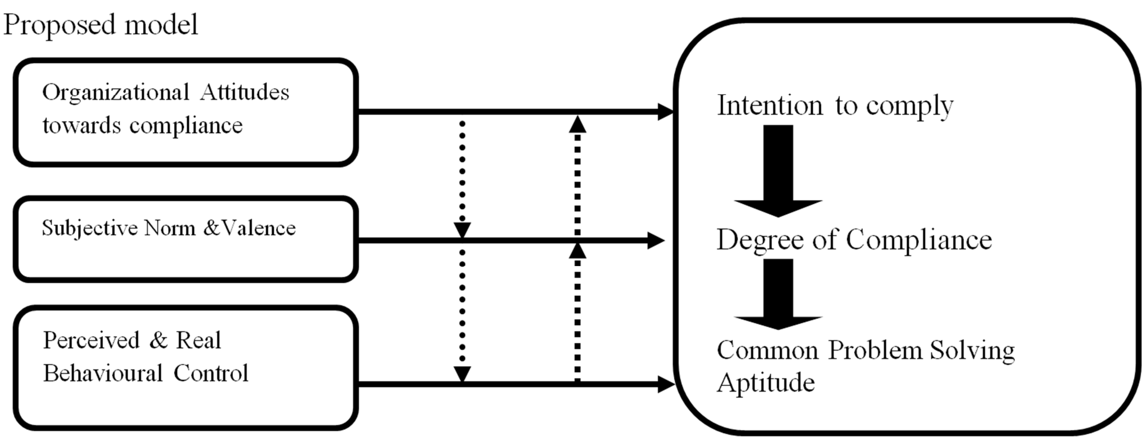

Figure 3. The Proposed Model of Planned Behaviour.

Source: Modified from Noor, Mohd, Rosiati, & Ruhanita. (2012). Sole proprietorship and tax compliance intention in self assessment system: A theory of planned behavior approach. Ajzen (1991). Organizational Behavior and Human Decision Processes.

i. Organizational Attitudes towards compliance

Attitude toward carrying out the behavior or task refer to general feeling of favorableness or unfavourableness toward performing that behaviour. It involves a firm's evaluation or personal views as to whether the behavior is good or bad. Attitude may also be defined as positive or negative views towards the behavior. The more positive the perceived consequences of a behavior, the more likely he or she will intend to perform that behavior (Ajzen and Fishbein, 1975). In relation to accounting disclosure, a firm will intend to comply with IAS16 requirements when it evaluates it positively otherwise it will act in ways to avoid complying with standards. This attitude may be influenced by various factors which includes fairness perception towards disclosure information system. The organization will be willing to disclose or comply with the disclosure requirements if it perceived that the disclosure will enhance the firm's image, value and utility. Just like in the case of taxpayers may perceive the tax system to be fair if they receive public services in return for the taxes they pay (Forest and Sheffrin, 2002). This is an indication of positive view on compliance. On the other hand, if they feel that they being treated poorly by the system, they tend to be less compliant. This perception will eventually shape their attitude towards compliance decisions.

ii. Subjective Norm &Valence

Ajzen (1991) describes subjective norms and valence as a firm's or individual's perception and value of whether entities important to the firm or individual think he or she should perform that particular behavior. These important entities may include organization, friends or a peer group, family, spouse, close friends and etc. The theory predicts that the more an individual perceives or hold value that people around them think he or she should engage in the behavior, the more likely the person intends to do so (Randall and Gibson, 1991). In relation to firms' accounting information disclosure, a comparative study conducted by Bobek et al., (2007) also provides empirical evidence that social norms help to explain compliance intentions. As such, a positive relationship can be expected between these two variables whereby firm will perform a disclosure requirement if it believes that their important stakeholder wanted them to perform the behavior (either to comply or not to comply with disclosure requirements).

iii. Perceived & Real Behavioural Control

Perceived & real behavioral control specifies the difficulty level of the performance displayed by an individual or firm. This element can sometimes affect the behavior directly (arrow indicated by line in Figure 3). It refers to the perception of the ease or difficulty of the firm or individual can successfully execute the behavior required. This behavior is influenced by other factors which may facilitate or impede performance of behavior (Bobek et. al, 2007). An individual or firm may have total control of certain behavior when there are no constraints to perform such behavior. In contrast there may be a total lack of control if a given behavior requires resources or certain skills which may be lacking. If they believe that they have that kind of resources or opportunity the greater should be their perceived control over the behavior.

Hence, it is clear that, there must be other important construct or facilitating factors that can influence such behavior. In other words, they will only be motivated to perform the behavior if they are confident in their ability to perform it successfully (Kraft et. al, 2005). In a accounting information disclosure context, if firms believe that they possess some skills, ability or knowledge to successfully complete the firm's annual returns, submits its annual returns within the time period, accurately reports all relevant information without any enforcement, the firm seems to have a high perceived and real behavioral control and is more likely to comply with their IAS16 disclosure obligations. On the other hand, the firm also seems to have a high perceived behavioral control over non-compliance if they think that with the skills and resources that they possess, they have no difficulty for not to declare certain accounting information in their annual return.

iv. Common Problem Solving Aptitude

Scholars such as Verinderjeet and Renuka (2002) opined that the implementation of the Accounting Standards in Malaysia poses challenges on firms. They are not only required to adhere to the law when running a business (for example must kept business records for 7 years for tax audit purposes; business transactions should be recorded within 60 days from the date the transaction took place), but they are also required to have a accurate understanding in accounting matters because, they are now carrying out duties that were formerly performed by professional accountants (Choong et. al., 2009).

Under Accounting Standard, business owners need to analyze what details should be included or which income that really needed to be reported in their annual return. As for expenses, they need to decide which expenses are incurred for private purposes and which expenses are meant for the capital expenditure. In addition, they must also aware the availability of capital allowances in relation to assets used in the business. Thus, it seems that this new task requires firms to possess certain skills such as general problem-solving skills for effectively manage their accounting matters. According to Libby (1995), common problem solving aptitude refers to the capacity of an individual to complete information-encoding, retrieval and analysis tasks that contribute to problem solving.

2.2.2. The Positive Accounting Theory

Positive Accounting Theory (PAT) was propounded in the mid 1960s. It developed from the studies of the popular theorist Fama in the 1960s, mainly the study that linked to the Efficient Markets Hypothesis (Deagan, 2004). 'Positive' Accounting theory was popularized with the works of Gordan (1964). Gordan argued that management was likely to manipulate the information in the financial reports in its own favour by applying accounting procedures that maximize their own value. Afterwards several attempts had been made to provide a positive theory of financial reporting (Jenson and Meckling, 1976; Watts and Zimmerman, 1978). They tried to provide rationale why accountants do what they do and explained its effect on stakeholders and resource distribution.

'Positive' Agency theory was put forward by Jensen and Meckling (1976) to analyze the relationship between the owners of the organization and the managers within the network of contract. Book authored by Aldo Amaduzzi (Italian Professor) in 1949 entitled, '*Conflitto ed equilibrio di interessi nel bilancio dell'impresa*' which connotes–Conflict and Equilibrium of Interests in Corporate Financial Statements. Aldo scrutinized financial statements and their contents as the equilibrium outcome of a conflict of interests between divergent stakeholders within the organizational structures and process. Due to language limitation, Aldo's work was not considered as conventional (Melis, 2007).

'Positive' Agency theory is focused on proffering solution to the problems that can crop up in agency relationships (Jensen and Meckling, 1976). They define agency relationship as a contract under which the owners (principals) of the firm engage the manager (agent) to perform some service on their behalf. Under this arrangement, the owners delegate some decision making authority to the manager. It is supposed that both parties are value maximizers, with varying philosophies and this could result in divergent and uneven interest between them. Shareholders want to maximize net present value of firm while the managers would want to maximize utility, of which income is part. Most cases, the agent will not always act in the best interests of the principal. The Managers could also hide information for selfish purpose by non-disclosure of important facts about the firm. Shareholders face ethical dilemmas because most times they cannot ascertain or evaluate the decision made by their agents (managers) (Barako et al., 2006). This conflict of interest results to "agency problem" a.k.a. "principal-agent problem" whose resolution incurs agency costs (Al-Shammari, 2005; Jenson 1983; Jenson & Meckling, 1976).

2.2.3. Financial Accounting Standard

The global body for the issuance of accounting standards is the International Accounting Standard Board (formerly Committee) is the arm of IFAC that is charged with the responsibility of developing the standards and the Board has been responsible for the issuance of about seventy Standards as International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs). Countries all over the world choose between adopting the International Standard directly, developing their own standard to reflect what the International standards have provided, with or without domestication amendment, or producing different local standards. Whatever the individual nation is adopting represents the yardstick for the regulation of their accounting and reporting. Until 2003, when the Nigerian Accounting Standards Board Act was endorsed - which now makes it compulsory for accountants preparing corporate reports to stick strictly to the provisions of all issued accounting standards, the FRCN (formerly NASB) is now the only body recognized by law for the development, issuance and review of accounting standards for preparers and users of financial statements. Conversely, with the successful promulgation of Financial Reporting Council of Nigeria Act, 2011, the new Commission has been strengthen with provisions such as powers to do all things essential for or in connection with the performance of its tasks, the power to implement and approve enforcement of compliance with accounting, auditing, corporate governance and financial reporting standards in Nigeria. NASB's membership includes representative of government and appropriate interest groups drawn from the banking, manufacturing, commercial and educational sectors of the economy.

According to Barde (2009) accounting standard setting process by the Nigerian Accounting Standards Board involves the following procedures:

(a) Choice of topic for standardization

(b) Setting up of technical committee of experts

(c) Preparation of working paper or 'point outline' paper by the secretariat and submission to the technical committee after council's approval

(d) Preparation, publication and circulation of exposure draft based on the technical committee's recommendation

(e) Collation of response to the exposure draft and conduct of public hearing if need arises; and Issuance of accounting standard.

2.3. Review of Related Empirical Studies

Numerous studies have been conducted to establish compliance with disclosure level of accounting standards. Some wrap up that firms comply with the standards while others conclude otherwise; in addition, no study signifies hundred percent disclosure compliance indexes. Wallace et al. (1994), who examine the impact of firm characteristics on disclosure in annual reports and accounts of Spanish firms; deliberately to ascertain whether the company attributes relevant for disclosure practices in the studies do affect Spanish firms or not. The study investigates 50 Spanish firms–20 unlisted and 30 listed firms for the year 1991 with the aid of self–constructed disclosure index of mandatory 16-items representing disclosure quality for each sampled firm. The result of regression analysis discloses that the index of disclosure varies significantly positive with firm size and that liquidity is found to be significantly negative, which implies that the Spanish firms with low liquidity divulge less information. The study's main limitations result from the fact that it uses only one year as the period of study and considers only 16 disclosure items which are too negligible to permit informed decision. A study with higher number of years and disclosure items might result in different outcome. Street and Bryant (2000) study the overall level of disclosure and the level of compliance of companies preparing IAS based financial statements. The study used financial reports of 82 sampled companies for 1998. They utilize the methodology adopted by Cooke (1989, 1992) and develop hypothesis based on prior literature. Their findings disclose the overall level of compliance for the entire sample is less than or equal to 75% of several IASs. It is discovered that the overall level of disclosure is greater for companies with U.S. listings. Additionally, higher level of compliance is associated with an audit opinion that states the financial statements are in accordance with IASs and the accounting policies footnote that specifically states that the financial statements are prepared in accordance with IASs.

Abdelrahim, Hewaidy and Mostafa (1997) in Siyanbola, Musa, and Wula, (2014) investigated the extent to which 22 listed companies in the Kuwaiti Stock Exchange complied with IASs for the financial year 1995. Three standards relating to fixed assets were examined. They are IAS 16, IAS 20 and IAS 23 and forty-four items were developed to investigate whether the companies complied with these standards. The study finds that the extent of compliance with the disclosure requirements is not uniform among the items. For some items there is complete compliance, whereas for the other items the index value is less than 20%, which signifies that none of the companies complied fully with all requirements of the three standards. One of the standards that experienced least compliance in the study is IAS 16 with disclosure index of 35% and this is a pointer to the fact that more studies on the standard are desirable. Tower, Hancock and Taplin (1999) examined the extent of compliance with IASs in six Asia-Pacific countries comprised of a developed country – Australia and developing countries - Hong Kong, Malaysia, Philippines, Singapore and Thailand and evaluated the influence of leverage, company size, profitability and industry type. It used a sample of 10 listed companies' 1997 annual reports in each of the six countries, and a self-constructed compliance index which measures the level of compliance with IASs. They find that the overall level of compliance is 91% and found out that all company characteristics were not significant determinant of compliance.

Umoren, (2009) empirically examines the level of compliance of the listed financial and non-financial Nigerian firms with the disclosure requirements of SASs, IAS/IFRS, determine the factors influencing the degree of information disclosure in the published annual reports and accounts of listed corporations in Nigeria. The study gets primary data mainly from questionnaires administered on 1000 respondents across the six geopolitical zones in Nigeria and secondary data extracted from annual reports of 90 companies which represent 48% of listed companies with year-end between January 2006 and December 2006 listed on the Nigerian Stock Exchange (NSE). The study built a disclosure index using a researcher-developed checklist containing 165 information disclosure items (SAS 82 items; IFRS 73 items, voluntary 10 items). Company attributes examined are size, profitability, company listing age, leverage, auditor type, industry and multi-nationality. The study discovers that 54 out of sampled 90 firms comply with the disclosure requirements of IAS 16. Extremely strong weakness in the study is that rather than using all disclosure items in IAS 16, it concentrated on requirements relating to paragraph 74 and excluded other paragraphs particularly 73 and 77. Karim and Ahmed (2005) in Siyanbola et al., (2014) examine empirically the extent of disclosure of financial information upon adoption of International Accounting Standards (IASs) in Bangladesh and the connection between a number of company attributes and levels of disclosure in firm annual reports in Bangladesh. An unweighted disclosure index comprising 411 items of which 13 relate to IAS 16 was prepared and applied to 188 corporate annual reports for years ending between January and December 2003. The study is silent on the population of study hence relationship between the population and sample cannot be independently verified. The distribution of the index items into different parts of annual report is highly subjective because it does not support the items with applicable IAS.

Al-Shammari, Brown and Tarca (2008) examine the level of compliance with IASs in Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates over the period of seven years (1996 to 2002). The study examined the extent of compliance with standards applicable in the GCC based on a sample of 137 companies (436 companies), reported that the level of mandatory compliance (measurement and disclosure) with the 14 IASs, averaged over all companies and all years was 75%. The mean level of disclosure compliance and that the level of compliance averaged over all companies' increases over time, from 68% in 1996 to 82% in 2002, this point to the fact that compliance with IASs has been improving in the region though no company in any year within the study period fully complied with all relevant provisions of IASs. The study's main flaw is that it reports downwardly biased measures of improvement in compliance due to the fact that it did not take changes made to some IASs during the period into consideration. This is important because the IASC Comparability Project had made some standards more prescriptive.

3. Methodology

A research design is a plan or blueprint which stipulates how data relating to a given problem should be collected and analysed, it provides the procedural outline for the conduct of any given investigation (Nworgu, 2012). The study adopts content analysis research design; A content analysis of the annual reports of four major listed cement manufacturing firms in Nigeria is used for the study. Each annual report is carefully scrutinized and scored as a disclosure index based on a researcher-developed checklist. The disclosure index method was seen by researchers in time past as an adequate model for financial disclosure and have been used over time (Singhvi, 1968; Singhvi & Desai, 1971). This study empirically assesses the level or extent of compliance with IAS 16 Property, Plant and Equipment (PPE) disclosure requirements for listed cement manufacturing firms on the Nigerian Stock Exchange (NSE). It employs secondary data which is primarily sourced from the published audited financial statements of the four firms listed in the sector and the Compliance Disclosure Requirements Checklist (CODREC) of IAS 16 (Property, Plant, and Equipment-PPE) was developed from IAS16 standards and compare with the audited financial statements of the four listed cement manufacturing firms; in order to determine the compliance index level of the quoted cement manufacturing firms. The population of the study refers to the totality of all the elements or variables under study. The population of this study consists of four listed cement manufacturing companies on Nigerian Stock Exchange. As at December 2014, a total number of four cement manufacturing companies' securities were quoted on the Nigerian Stock Exchange. Table 1 shows the details of the four listed cement firms in Nigeria:

Table 1. Quoted Cement manufacturing firms in Nigeria as at 31st December 2014.

S/N	Names of Cement Manufacturing Firms	Audited Financial Reports	Ticker
1	Ashaka Cement PLC,	5	ASHAKACEM
2	Cement of Northern Nigeria PLC	5	CCNN
3	Dangote Cement PLC, and	5	DANCEM
4	Lafarge WAPCO PLC	5	WAPCO
Total		20	

Source: Nigerian Stock Exchange. (2015, March 22).

3.1. Instrument for Data Collection

The Compliance Disclosure Requirements Checklist (CODREC) of IAS 16 (PPE) was developed from disclosure requirements of IAS-16 as stated in the relevant sections or paragraphs of the standards (IAS-16) are clearly arranged in Table 2. This is to facilitate ease of comparison with the audited financial statements, awarding scores appropriately and ultimately provide data for analysis.

Table 2. Compliance Disclosure Requirements Checklist (CODREC) of IAS 16 (PPE).

S/N	Disclosure requirements	Proxies
1	Disclosure of basis for measuring carrying amount of property, plant and equipment	b1
2	Disclosure of depreciation method(s) used	b2
3	Disclosure of useful lives or depreciation rates used	b3
4	Disclosure of gross carrying amount and accumulated depreciation and impairment losses	b4
5	Disclosure of additions in the reporting period	b5
6	Disclosure of disposals made in the reporting period	b6
7	Disclosure of acquisitions through business combinations	b7
8	Disclosure of revaluation increases or decreases	b8
9	Disclosure of impairment losses	b9
10	Disclosure of reversals of impairment losses	b10
11	Disclosure of depreciation charge for the period	b11

S/N	Disclosure requirements	Proxies
12	Disclosure of net foreign exchange differences on translation	b12
13	Disclosure of other movements in property, plant and equipment	b13
14	Disclosure of restrictions on title	b14
15	Disclosure of expenditures to construct property, plant, and equipment during the period	b15
16	Disclosure of contractual commitments to acquire property, plant, and equipment	b16
17	Disclosure of the effective date of revaluation of revalued items	b17
18	Disclosure of whether an independent valuer was involved	b18
19	Disclosure of the methods and significant assumptions used in estimating fair values	b19
20	Disclosure of the extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques	b20
21	Disclosure of the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders	b21

Sources: Adebayo, (2011). Financial accounting & reporting standards: For students & professionals. Siyanbola et al, (2014)
Researcher's Field Work, 2015.

3.2. Validation and Reliability of Instrument

The individual components of the disclosure requirement were given equal weight in the index. This is consistent with previous IFRS 7 compliance studies (Street & Bryant, 2000; Street & Gray, 2001; Gilbert, & Stephen, 2012). Information items can be weighted based on their perceived importance; however, equal weight was used for the following reasons:

i. Equal weight avoids subjective, judgmental ratings of items that can arise with unequal weighting (Tan, 2005; Owusu-Ansah & Yeoh, 2005; Tackie, 2007; Gilbert, & Stephen, 2012).

ii. User preferences are unknown, and different users across countries are likely to assign different weight to similar items (Gilbert, & Stephen, 2012).

iii. Several prior studies have argued that the result of the equal weighting procedure tend to be similar to those of other weighting systems (Gilbert, & Stephen, 2012).

The reliability is the degree to which the items that make up the scale are all measuring the same underlying attribute consistently. The level of compliance index with IAS-16 was measured using a relative score. A properly constructed Compliance Disclosure Requirements Checklist (CODREC) of IAS 16 (PPE) is seen as a reliable measurement device for corporate compliance (Marston & Shrives, 1991) and is consistent with previous studies (Street & Bryant 2000; Street & Gray, 2001; Glaum & Street, 2003). A checklist is also used by audit firms to check their clients' compliance with IFRS. Following Owusu-Ansah and Yeoh (2005), a relative score is computed for each listed cement firm. The relative score is the ratio of what a firm disclosed in its annual accounts and report to what it is expected to disclose under IAS16 (PPE) in each year assessed. Because the constituents of the disclosure index are mandated information items, the relative score obtained by a company is interpreted as its compliance index.

3.3. Method of Data Collection and Analysis

Table 2 above highlights the disclosure requirements of IAS 16 as it relates to issues that must be addressed in the preparation and presentation of financial statements by reporting entities globally. The requirements are twenty one all together and for simplicity sake each of the requirements is proxy by b1, b2,…b21. A total of 21 requirements were developed from the international accounting standard (Property, Plant, & Equipment IAS-16) based on a critical review of relevant literatures. The total compliance index of each quoted cement manufacturing firm was constructed by comparing requirements of the standard against the information disclosed in the audited financial reports of listed cement manufacturing firms. Similar to prior studies such as Barde (2009), and Siyanbola et al., (2014), on compliance, this study adopted a scoring system of assigning 1 in the event a requirement is complied with or disclosed and 0 otherwise. To determine compliance level with the requirements of IAS16 qualitative grading using a compliance index similar to Barde (2009) was adopted. The statistical tools employed were Qualitative grading using a Compliance Index, Spearman's Rank correlation coefficient (rho), Eta-square (η^2), KMO and Bartlett's test (χ^2) and the Analysis of Variance (ANOVA) purposely to analyse research questions and test the hypotheses proposed via SPSS Version 21 at 0.05 levels of significance.

The criteria utilized for assessing the overall level of compliance with the requirements of IAS-16 in financial reporting by cement manufacturing firms are set out in Table 3. The criteria set out in table 3 provide the decision rule to which the computed compliance index and results will lead to acceptance or rejection of the hypothesis of the study. The computed compliance index to which the decision rule will be applied is the average level of compliance with the standard (IAS 16).

Table 3. Benchmark for grading compliance with requirements of IAS 16 by listed Cement manufacturing firms in Nigeria.

S/N	Percentage Grade	Boundary Limits		Remarks	Codes
		Individual-item	Year's Aggregate		
1	70-100%	3.50-5.00	14.00-21.0	Extremely Complied	EC
2	50-69.9%	02.50-3.49	10.50-13.9	Fairly Complied	FC
3	26-49.9%	01.50-2.49	6.00-10.49	Weakly Complied	WC
4	00-25.9%	00.00-1.49	00.00-05.9	Not Complied	NC

Source: Adopted with modification from Siyanbola, Musa, & Wula, (2014).

3.4. Decision Rule

The boundary limits of number were used as shown in table 3 to facilitate decision making. The decision rule was based on the rating which was calculated as follows: (0+1)/2 = 0.5. Then for grade points of 5 and 21 we have: (0.5 x 5 = 2.50) and (0.5 x 21=10.5). Therefore, an item with a rating of 2.50 or 10.5 and above shows that the disclosure level is fair or moderate (i.e. compliance) where the rating is below 2.50 or 10.5 it means the disclosure level is weak, poor or inadequate (i.e. noncompliance). Note: “0” and “1” are the only possible scores a firm can obtain, that is, “0” for non-disclosure (non-compliance) and “1” for disclosure (compliance). A null hypothesis will be accepted if the p-value is greater than to the pre-set level of significance (5%= 0.05) or otherwise reject.

4. Data Presentation and Analysis

This section presents the analyses of data collected and the results. The analyses of the research questions and hypotheses are presented sequentially using tables.

4.1. Data Presentation

Research question-1

What is the extent of compliance with IAS-16 disclosure requirements by the listed cement manufacturing firms in Nigeria?

Table 4. Summary of scores of compliance with IAS 16 by listed Nigerian Cement manufacturing firms.

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_1	3	3	3	4	4	17	85	Extremely Complied
b_2	3	3	3	3	4	16	80	Extremely Complied
b_3	3	3	4	4	3	17	85	Extremely Complied
b_4	3	3	3	3	4	16	80	Extremely Complied
b_5	3	3	3	3	4	16	80	Extremely Complied
b_6	3	3	3	4	4	17	85	Extremely Complied
b_7	1	2	2	2	3	10	50	Fairly Complied
b_8	2	3	4	3	4	16	80	Extremely Complied
b_9	3	2	3	3	3	14	70	Extremely Complied
b_{10}	0	1	2	2	3	8	40	Weakly Complied
b_{11}	4	4	4	4	4	20	100	Extremely Complied
b_{12}	2	2	2	3	2	11	55	Fairly Complied
b_{13}	2	4	3	3	3	15	75	Extremely Complied
b_{14}	1	1	2	2	1	7	35	Weakly Complied
b_{15}	3	3	2	4	3	15	75	Extremely Complied
b_{16}	0	2	2	3	2	9	45	Weakly Complied
b_{17}	1	3	2	1	3	10	50	Fairly Complied
b_{18}	2	3	4	2	3	14	70	Extremely Complied
b_{19}	2	3	3	3	3	14	70	Extremely Complied
b_{20}	2	2	3	2	3	12	60	Fairly Complied
b_{21}	0	1	3	3	3	10	50	Fairly Complied
Observed	43	54	60	61	66	284	1420	—
Total	84	84	84	84	84	420	2100	—
Percentage Observed (%)	51.2	64.3	71.4	72.6	78.6	67.6	67.6	Fairly Complied
Remarks	FC	FC	EC	EC	EC	FC	—	—

Source: Researcher's Field Work, 2015

Table 4 displays aggregate disclosure level of four listed Nigerian cement manufacturing firms with the disclosure requirements of IAS 16 on requirement by requirement basis. While they demonstrate extreme or full compliance with b1 (disclosure of basis for measuring carrying amount of property, plant and equipment), b2 (disclosure of depreciation method(s) used), b3 (disclosure of useful lives or depreciation rates used), b4 (disclosure of gross carrying amount and accumulated depreciation and impairment losses), b5 (disclosure of additions in the reporting period), b6 (disclosure of disposals made in the reporting period) b8 (Disclosure of revaluation increases or decreases), b9 (disclosure of impairment losses), b11 (Disclosure of depreciation charge for the period), b13 (Disclosure of other movements in property, plant and equipment), b15 (Disclosure of expenditures to construct property, plant, and equipment during the period), and b19 (Disclosure of the methods and significant assumptions used in estimating fair values) such was not the case with requirements b7 (Disclosure of acquisitions through business combinations), b12 (Disclosure of net foreign exchange differences on translation), b17 (disclosure of the effective date of revaluation of revalued items), b20 (Disclosure of the extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques), and b21 (disclosure of the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders) they are fairly or reasonably (moderately) comply with by the listed four Nigerian cement manufacturing firms. The four firms had compliance index of 85%, 80%, 85%, 80%, 80%, 85%, 80%, 70%, 100%, 75%, 75%, 70%, 70%, 50%, 55%, 50%, 60% and 50% respectively based on individual item requirements.

Conversely, it is remarkable to note that the firms weakly (imperceptibly) or poorly comply with the other disclosure requirements namely b10 (Disclosure of reversals of impairment losses), b14 (Disclosure of restrictions on title), and b16 (Disclosure of contractual commitments to acquire property, plant, and equipment). Compliance index of 40%, 35% and 45% were obtained respectively based on individual item requirements. A critical look at those requirements reveals that they do not have complete equivalents in the Nigerian SAS3 but on annual aggregate compliance index of the four listed firms are 51.2%, 64.3%, 71.4%, 72.6% and 78.6% for year 2010, 2011, 2012, 2013, and 2014 respectively, while the aggregate mean compliance index for the four listed cement manufacturing firms is 67.6% this indicates that the firms had moderately or fairly comply with the IAS16 disclosure requirements and also, they have disclosed their accounting information to the stakeholders reasonably. This collective moderate performance or disclosure index level can be attributed to two factors; first is the adoption of International Financial Reporting Standards (IFRS) by Financial Reporting Council of Nigeria-FRCN (formerly Nigeria Accounting Standard Board-NASB) in the year 2012. Secondly is the presence of multinational firms in the sector who have subsidiaries in other countries within and beyond Africa continent.

This is not unconnected with the fact that while the IAS was reviewed a number of times since it was originally issued the last time in 2003 Nigerian SAS were never reviewed since it was issued in 1983. It is equally interesting to observe that compliance practice of the four listed cement firms do not vary with the reporting period, this was revealed through the total compliance index of observed in four firms the study covers. The only firm with exception is Company Cement of Northern Nigeria Plc and this could be attributable to complete omission of non-current (fixed) asset schedule in the published financial statement.

Research question-2

What is the level of compliance with IAS-16 disclosure requirements between the four listed cement manufacturing firms in Nigeria?

Table 5. Summary of scores of compliance with IAS 16 by Ashaka Cement Plc.

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_1	1	1	1	1	1	5	100	Extremely Complied
b_2	1	1	1	1	1	5	100	Extremely Complied
b_3	1	1	1	1	1	5	100	Extremely Complied
b_4	1	1	1	1	1	5	100	Extremely Complied
b_5	1	1	1	1	1	5	100	Extremely Complied
b_6	1	1	1	1	1	5	100	Extremely Complied
b_7	1	1	0	0	0	2	40	Weakly Complied
b_8	1	1	1	1	1	5	100	Extremely Complied
b_9	1	1	1	1	1	5	100	Extremely Complied
b_{10}	0	0	1	1	1	3	60	Fairly Complied
b_{11}	1	1	1	1	1	5	100	Extremely Complied
b_{12}	0	0	1	1	0	2	40	Weakly Complied
b_{13}	0	1	1	1	1	4	80	Extremely Complied
b_{14}	0	0	1	1	0	2	40	Weakly Complied
b_{15}	0	1	0	1	1	3	60	Fairly Complied
b_{16}	0	0	1	1	0	2	40	Weakly Complied
b_{17}	1	1	1	0	1	4	80	Extremely Complied
b_{18}	1	1	1	0	1	4	80	Extremely Complied
b_{19}	1	1	1	0	1	4	80	Extremely Complied
b_{20}	1	1	1	0	1	4	80	Extremely Complied

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_{21}	0	0	1	1	1	3	60	Fairly Complied
Observed	14	16	19	16	17	82	1640	—
Total	21	21	21	21	21	105	2100	—
Percentage Observed (%)	66.7	76.2	90.5	76.2	81	78.1	78.1	Extremely Complied
Remarks	FC	EC	EC	EC	EC	EC	—	—

Source: Researcher's Field Work, 2015

Table 5 has shown the disclosure level of Ashaka Cement Plc with the disclosure requirements of IAS 16 on individual item requirement. While it shows extreme or significant compliance with b1 (Disclosure of basis for measuring carrying amount of property, plant and equipment), b2 (Disclosure of depreciation method(s) used), b3 (Disclosure of useful lives or depreciation rates used), b4 (Disclosure of gross carrying amount and accumulated depreciation and impairment losses), b5 (Disclosure of additions in the reporting period), b6 (Disclosure of disposals made in the reporting period), b8 (Disclosure of revaluation increases or decreases), b9 (Disclosure of impairment losses), b11 (Disclosure of depreciation charge for the period), b13 (Disclosure of other movements in property, plant and equipment), b17 (Disclosure of the effective date of revaluation of revalued items), b18 (Disclosure of whether an independent valuer was involved), b19 (Disclosure of the methods and significant assumptions used in estimating fair values), and b20 (Disclosure of the extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques) such was not the case with requirements b10 (Disclosure of reversals of impairment losses), b15 (Disclosure of expenditures to construct property, plant, and equipment during the period), and b21 (Disclosure of the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders) with individual item compliance index of 100%, 100%, 100%, 100%, 100%, 100%, 100%, 100%, 100%, 80%, 80%, 80%, 80%, 80% and 60% respectively.

Nevertheless, it is interesting to note that Ashaka Cement Plc feebly or inadequately comply with the other disclosure requirements namely b7 (Disclosure of acquisitions through business combinations), b12 (Disclosure of net foreign exchange differences on translation), b14 (Disclosure of restrictions on title) and b16 (Disclosure of contractual commitments to acquire property, plant, and equipment) with compliance index of 40%, 40%, 40%, and 40% respectively. Its annual total compliance index are 66.7%, 76.2%, 90.5%, 76.2% and 81% for the year 2010, 2011, 2012, 2013 and 2014 correspondingly; Ashaka Cement Plc. had overall compliance index of 78.1% this is an indicator that the firm had extremely and effectively disclosed its accounting information in its audited annual accounts and reports to the stakeholders' interests.

This can be accounted for as a result of majority shareholding of Lafarge WAPCO Cement Plc in Ashaka Cement Plc that has resulted into efficient and effective information disclosure and corporate governance among the board of directors and audit committee.

Table 6. Summary of scores of compliance with IAS 16 by Company Cement of Northern Nigeria Plc.

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_1	0	0	0	1	1	2	40	Weakly Complied
b_2	0	0	0	0	1	1	20	Not Complied
b_3	0	0	1	1	0	2	40	Weakly Complied
b_4	0	0	0	0	1	1	20	Not Complied
b_5	0	0	0	0	1	1	20	Not Complied
b_6	0	0	0	1	1	2	40	Weakly Complied
b_7	0	0	0	0	1	1	20	Not Complied
b_8	0	0	1	0	1	2	40	Weakly Complied
b_9	1	0	1	0	0	2	40	Weakly Complied
b_{10}	0	1	0	0	0	1	20	Not Complied
b_{11}	1	1	1	1	1	5	100	Extremely Complied
b_{12}	1	0	0	0	0	1	20	Not Complied
b_{13}	0	1	0	0	0	1	20	Not Complied
b_{14}	0	1	0	0	0	1	20	Not Complied
b_{15}	1	0	0	1	0	2	40	Weakly Complied
b_{16}	0	0	0	0	0	0	0	Not Complied
b_{17}	0	0	0	0	0	0	0	Not Complied
b_{18}	0	0	1	0	0	1	20	Not Complied
b_{19}	0	0	0	1	0	1	20	Not Complied
b_{20}	0	0	0	0	0	0	0	Not Complied

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_{21}	0	0	0	0	0	0	0	Not Complied
Observed	4	4	5	6	8	27	540	—
Total	21	21	21	21	21	105	2100	—
Percentage Observed (%)	19	19	23.8	28.6	38.1	25.7	25.7	Not Complied
Remarks	NC	NC	NC	WC	WC	NC	—	—

Source: Researcher's Field Work, 2015

Table 6 above presents compliance of Company Cement of Northern Nigeria Plc with the disclosure requirements of IAS 16 on individual requirement basis. It exhibits full compliance with b11 (Disclosure of depreciation charge for the period), while it poor or inadequate compliance with requirements b1 (disclosure of gross carrying amount and accumulated depreciation and impairment losses), b2 (Disclosure of depreciation method(s) used), b3 (Disclosure of useful lives or depreciation rates used), b6 (Disclosure of disposals made in the reporting period), b8 (Disclosure of revaluation increases or decreases), b9 (Disclosure of impairment losses), and b15 (Disclosure of expenditures to construct property, plant, and equipment during the period) with the compliance index of 100%, 40% and 40%, 40%, 40%, 40%, and 40% in that order. This can be accounted for as a result of total omission of non-current asset schedule from annual accounts and reports of the firm.

The firm demonstrates noncompliance with other disclosure requirements of IAS16 namely b2 (Disclosure of depreciation method(s) used), b4 (Disclosure of gross carrying amount and accumulated depreciation and impairment losses), b5 (Disclosure of additions in the reporting period), b7 (Disclosure of acquisitions through business combinations), b10 (Disclosure of reversals of impairment losses), b12 (Disclosure of net foreign exchange differences on translation), b13 (Disclosure of other movements in property, plant and equipment), b14 (Disclosure of restrictions on title), b16 (Disclosure of contractual commitments to acquire property, plant, and equipment), b17 (Disclosure of the effective date of revaluation of revalued items), b18 (Disclosure of whether an independent valuer was involved), b19 (Disclosure of the methods and significant assumptions used in estimating fair values), b20 (Disclosure of the extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques), and b21 (Disclosure of the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders) with the compliance index of 20%, 20%, 20%, 20%, 20%, 20%, 20%, 20%, 20%, 20%, 0%, 0%, 0%, and 0%,. This is signaled through it overall performance in the disclosure index with overall average of 25.7%. This is an indicator that Company Cement of Northern Nigeria has shown noncompliance with IAS16 disclosure requirements based on overall assessment.

Table 7. Summary of scores of compliance with IAS 16 by Dangote Cement Plc.

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	Total %	Remarks
b_1	1	1	1	1	1	5	100	Extremely Complied
b_2	1	1	1	1	1	5	100	Extremely Complied
b_3	1	1	1	1	1	5	100	Extremely Complied
b_4	1	1	1	1	1	5	100	Extremely Complied
b_5	1	1	1	1	1	5	100	Extremely Complied
b_6	1	1	1	1	1	5	100	Extremely Complied
b_7	0	1	1	1	1	4	80	Extremely Complied
b_8	1	1	1	1	1	5	100	Extremely Complied
b_9	0	0	0	1	1	2	40	Weakly Complied
b_{10}	0	0	1	0	1	2	40	Weakly Complied
b_{11}	1	1	1	1	1	5	100	Extremely Complied
b_{12}	1	1	1	1	1	5	100	Extremely Complied
b_{13}	1	1	1	1	1	5	100	Extremely Complied
b_{14}	0	0	0	1	1	2	40	Weakly Complied
b_{15}	1	1	1	1	1	5	100	Extremely Complied
b_{16}	0	1	0	1	1	3	60	Fairly Complied
b_{17}	0	1	1	0	1	3	60	Fairly Complied
b_{18}	0	1	1	1	1	4	80	Extremely Complied
b_{19}	0	1	1	1	1	4	80	Extremely Complied
b_{20}	0	0	1	1	1	3	60	Fairly Complied
b_{21}	0	1	1	1	1	4	80	Extremely Complied
Observed	11	17	18	19	21	86	1720	—
Total	21	21	21	21	21	105	2100	—

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	%	Remarks
Percentage Observed (%)	52.4	81	85.7	90.5	100	81.9	81.9	Extremely Complied
Remarks	FC	EC	EC	EC	EC	EC	—	—

Source: Researcher's Field Work, 2015

Table 7 above indicates that compliance of Dangote Cement Plc with the disclosure requirements of IAS 16 on item by item basis is tremendous; compliance with b1, b2, b3, b4, b5, b6, b7, b8, b11, b12, b13, b15, b18, b19 and b21 with their respective disclosure index as follow: 100%, 100%, 100%, 100%, 100%, 100%, 80%, 100%, 100%, 100%, 100%, 100%, 80%, 80% and 80%; it was not the case with requirements b20, b17, and b16 with the compliance index of 60%, 60%, and 60% respectively.

Nonetheless, it is attention-grabbing to note that the firm does weakly comply with the other disclosure requirements namely b9, b10 and b14. A critical look at the overall annual aggregate compliance index reveals that Dangote Cement Plc does comply with IAS 16 disclosure requirements with compliance index of 52.4%, 81%, 85.7%, 90.5%, and 100% respectively with the overall average compliance index of 81.9%. This shows that the firm has extremely complied with the IAS16 disclosure requirements. This can be attributed to the status of Dangote Cement Plc as a Multinational company that has its subsidiaries in other nations of the world.

Table 8. Summary of scores of compliance with IAS 16 by Lafarge Wapco Cement Plc.

Standards \ Years	2010	2011	2012	2013	2014	Total Scores	%	Remarks
b_1	1	1	1	1	1	5	100	Extremely Complied
b_2	1	1	1	1	1	5	100	Extremely Complied
b_3	1	1	1	1	1	5	100	Extremely Complied
b_4	1	1	1	1	1	5	100	Extremely Complied
b_5	1	1	1	1	1	5	100	Extremely Complied
b_6	1	1	1	1	1	5	100	Extremely Complied
b_7	0	0	1	1	1	3	60	Fairly Complied
b_8	0	1	1	1	1	4	80	Extremely Complied
b_9	1	1	1	1	1	5	100	Extremely Complied
b_{10}	0	0	0	1	1	2	40	Weakly Complied
b_{11}	1	1	1	1	1	5	100	Extremely Complied
b_{12}	0	1	0	1	1	3	60	Fair Complied
b_{13}	1	1	1	1	1	5	100	Extremely Complied
b_{14}	1	0	1	0	0	2	40	Weakly Complied
b_{15}	1	1	1	1	1	5	100	Extremely Complied
b_{16}	0	1	1	1	1	4	80	Extremely Complied
b_{17}	0	1	0	1	1	3	60	Fairly Complied
b_{18}	1	1	1	1	1	5	100	Extremely Complied
b_{19}	1	1	1	1	1	5	100	Extremely Complied
b_{20}	1	1	1	1	1	5	100	Extremely Complied
b_{21}	0	0	1	1	1	3	60	Fairly Complied
Observed	14	17	18	20	20	89		—
Total	21	21	21	21	21	105		—
Percentage Observed (%)	66.7	81	85.7	95.2	95.2	84.8	84.8	Extremely Complied
Remarks	FC	EC	EC	EC	EC	EC	—	—

Source: Researcher's Field Work, 2015

Table 8 above indicates that compliance of Lafarge Wapco Cement Plc with the disclosure requirements of IAS 16 on item by item basis is tremendous; compliance with b1, b2, b3, b4, b5, b6,, b8, b9, b11, b13, b15, b16, b18, b19 and b20 with their respective disclosure index as follow: 100%, 100%, 100%, 100%, 100%, 100%, 100%, 80%, 100%, 100%, 100%, 80%, 100%, 100%, and 100%; it was not the case with requirements b7, b12, b13, b17, and b21 with the compliance index of 60%, 60%, 60% and 60% respectively. On the other hand, it is interesting to note that the firm does feebly comply with the other disclosure requirements namely b10 and b14 with compliance index of 40% and 40% correspondingly. A serious look at the annual aggregate compliance index reveals that Lafarge Wapco Cement Plc does comply with IAS 16 disclosure requirements with compliance index of 66.7%, 81%, 85.7%, 95.2% and 95.2% for the year 2010, 2011, 2012, 2013 and 2014 respectively with the overall average compliance index of 84.8%. This shows that the firm has extremely complied with the IAS16 disclosure requirements. This can be attributed to the status of Lafarge Wapco Cement Plc as a transnational company that has its subsidiaries in other nations of the globe.

Research question-3

To what extent is the association between the firms' compliance with IAS-16 disclosure requirements among the listed cement manufacturing firms in Nigeria?

Table 9. The Spearman's Rank Order Correlation Coefficient (rho) and Eta Squared (η^2) Showing Association between Aggregate Compliance Disclosure Index and IAS16 Disclosure Requirements.

Variables	IAS16	Eta	Eta Squared (η^2)
Disclosure Compliance Index - Correlation Coefficient	-.608	.912	.831

Source: SSPS Version21 Output

Table 9 answers research question three (3) in regards to the association between aggregate disclosure compliance index between the four listed cement manufacturing firms and IAS 16 disclosure requirements. It shows that there is a negative association or relationship between IAS-16 disclosure compliance index of the four cement manufacturing firms; the Spearman's Rank Order Correlation Coefficient (*rho)* indicates a negative trend (*rho* = -.608) and the Eta Squared shown a strong association between the aforementioned variables with coefficient statistics (η^2 =.831). The eta squared measure strength of relationship or association it ranges between 0 and +1, the closer the Eta squared is to +1 the better the strength of the relationship. The Eta square accounted for 83.1% of the association between IAS16 and aggregate disclosure compliance index of the four firms this shows that there is strong association between the two variables.

The respective overall firm's compliance indexes are 78.1%, 25.7%, 81.9% and 84.8% for Ashaka Cement Plc., Company Cement of Northern Nigeria Plc., Dangote Cement Plc., and Lafarge WAPCO Cement Plc., respectively. Lafarge WAPCO Plc. ranked first followed by Dangote Cement Plc, while Ashaka Cement Plc ranked third and Company Cement of Northern Nigeria Plc had the least disclosure compliance index among the quoted cement manufacturing firms on Nigeria Stock Exchange. The implication of this analysis is that using the descriptive results, it showed that the quoted cement manufacturing firms had complied to a moderate extent with the disclosure requirements of IAS16 (Property, Plant and Equipment-PPE), further test shall be conducted to confirm the validity of this assertion.

4.2. Results of Test of Hypotheses

1: The Nigerian quoted cement manufacturing firms' compliance with the disclosure requirements of IAS 16 is not statistically significant.

Table 10. Showing the Results of Kaiser-Meyer-Olkin Measure (KMO) and Bartlett's (Chi-Square-X^2) Goodness-of-fit Test.

Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy.		.813
	Approx. Chi-Square	39.542
Bartlett's Test of Sphericity	df	10
	Sig.	.000
Chi-Square		64.476[a]
df		4
Asymp. Sig.		.000

Source: SSPS Version21 Output

The Kaiser-Meyer-Olkin (KMO) measures the adequacy of the observed frequencies which ranges between 0 and 1; value closer to 1 is better, this account for 81.3% of the observed frequencies which shows that it is adequate. Bartlett Test of Sphericity is employed to test the overall significance of the connection within a correlation matrix which is similar to the goodness-of-fit test; this is employed to indicate whether or not set of observed frequencies fit closely a set of theoretical or expected frequencies. Uses Chi-Square (X^2) distribution. Sig. gives p-value which is (p=.000), less than (α =.05) here. Thus, there is statistical significant association among the Nigerian quoted cement manufacturing firms' disclosure compliance level with the disclosure requirements of IAS 16. We therefore reject the null hypothesis and accept the alternate hypothesis, that is, the Nigerian quoted cement manufacturing firms' compliance with the disclosure requirements of IAS 16 is statistically significant.

2: There is no significant difference in the level of compliance with IAS-16 disclosure requirements between the four listed cement manufacturing firms in Nigeria.

Table 11. Analysis of Variance –ANOVA (F-Test) Showing the Result of Difference in Disclosure Compliance Scores among the four Listed Cement Manufacturing Firms in Nigeria.

Subhead	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	521.200	3	173.733	26.224	.000
Within Groups	106.000	16	6.625		
Total	627.200	19			

Source: SSPS Version21 Output

To test the above hypothesis a two-tail f-test (ANOVA) of the difference between the disclosure compliance scores of the four cement manufacturing firms (i.e. Ashaka Cement Plc., Company Cement of Northern Nigeria Plc., Dangote Cement Plc., and Lafarge WAPCO Plc) was undertaken based on the disclosure compliance scores or ratings of the four firms. The F-test analysis as shown in Table 11 revealed that the calculated p-value of f (3, 19) = 26.224 (p=.000) is lower than the significant level of five percent (α=.05). Consequently, the null hypothesis (H_o) of no significant difference between the four listed cement manufacturing firms was rejected and the converse (i.e. alternate hypothesis-H_1) was accepted. The disclosure compliance scores or index among the listed cement manufacturing firms is not the same. In conclusion, there is statistical significant difference in the level of compliance with IAS-16 disclosure requirements between the four listed cement manufacturing firms in Nigeria.

3: There is no statistical significant association between the firms' compliance with IAS-16 disclosure requirements among the quoted cement manufacturing firms in Nigeria.

Table 12. The Spearman's Rank Correlation Coefficient (rho) and Eta Squared (η^2) Showing Association between Aggregate Compliance Disclosure Index and IAS16 Disclosure Requirements.

Variables	IAS16	Eta	Eta Squared
Disclosure Compliance Index - Correlation Coefficient	-.608**		
Sig. (2-tailed)	.003	.912	.831
N	21		

Source: SSPS Version 21 Output

Table 11 test research hypothesis three (3) in regards to the relationship between aggregate disclosure compliance index between the four listed cement manufacturing firms and IAS 16 disclosure requirements. It shows that there is a negative relationship between IAS16 and disclosure compliance index of the four cement manufacturing firms, that is, they move in opposite direction; the Spearman's Rank Order Correlation Coefficient (*rho)* signifies a negative trend (*rho* = -.608) and the Eta Squared shown a strong connection between the aforementioned variables with coefficient statistics (η^2 =.831).

The Eta Squared measure strength of association it ranges between 0 and +1, the closer the Eta squared is to +1 the better the strength of the relationship. The Eta square accounted for 83.1% of the association between IAS16 and aggregate disclosure compliance index of the four firms this shows that there is strong association between the two variables. Based on the fact that the p-value is less than the significant level (α=.05), the null hypothesis (H_o) is rejected and the Alternate hypothesis (H_1) is accepted. We can therefore conclude that there is statistical significant association between the firms' compliance with IAS-16 disclosure requirements among the quoted cement manufacturing firms in Nigeria.

4.3. Discussion of Findings

With reference to the research questions of this study it can be deduced therefore that the Nigerian listed cement manufacturing firm comply with the provisions of IAS 16. The observed overall 67.6% disclosure compliance with the standard is moderate. This outcome was achieved as a result of adoption of International Financial Reporting Standards (IFRS) in year 2012 by Financial Reporting Council of Nigerian-FRCN; why Nigerian cement manufacturing firms cannot comply extremely is as a result of existence of more relevant provisions in the IAS16 than it exists in the Nigerian SAS3. The levels of compliance observed from the test of hypotheses were lower than that observed in other studies on compliance in developed countries. This suggests that incentives for compliance are less in Nigeria than in developed countries.

Table 6 is the tabular presentation level of compliance with the requirement of IAS 16 by Company Cement of Northern Nigeria Plc. It is important to note that the firm did not make full disclosure of information relating to property, plant and equipment schedule in its annual audited financial statement. This could be attributable to ignorance on the part of the management responsible for the preparation of the financial statements or weak enforcement on the part of the Board.

The outcome as revealed in table 12 above discloses that there is strong indication that Nigerian cement manufacturing firms do not comply equivalently with the disclosure requirements of IAS 16 in the period under review. The ANOVA statistics produce the result with p-values (p =.000) less than alpha value (α=.05). Therefore, we reject the null hypothesis and conclude that there is a statistical significant difference in compliance with the disclosure requirements of IAS16 among the quoted cement manufacturing firms in Nigeria.

5. Summary of Findings

Out of the four listed cement manufacturing firms studied only one firm (i.e. Company Cement of Northern Nigeria Plc.) did not comply moderately with the disclosure requirements of IAS16. The firm performed poorly in terms of disclosure compliance with the provisions of the IAS16 (property plant and equipment) while the rest of the firms performed moderately. The two major players in the cement industry that is, Lafarge WAPCO Plc. and Dangote Cement Plc. have subsidiaries in other part of the world, they are multinational or transnational firms this might have been responsible for their full disclosure and adequate compliance with the provision of the IAS16 (property, plant and equipment); since the companies might have engage the service of professional personnel and efficient board members that are versatile in corporate management. Furthermore, the adoption of International Financial Reporting Standards issued by International Accounting Standards Board (IASB) which many countries of the world has adopted make the two major players (i.e. Lafarge WAPCO Cement Plc and Dangote Cement Plc) to comply extremely. This implies that Nigeria regulatory bodies in charge of business affairs need to sit tight and ensure full disclosure of accounting information by the listed firms in Nigeria.

6Conclusion and Recommendations

The results reported that the mean level of disclosure compliance with IAS 16 was 67.6% which connotes that the firms had complied moderately on aggregate. This suggests that we have made positive progress at reasonable pace when it comes to regulations implementation. This has resulted in a higher number of disclosure requirements required by IAS 16 when compared to our local SAS and this could be responsible for the low compliance of Company Cement of Northern Nigeria Plc with IAS 16 disclosure requirements. The outcomes also connote that although a set of enforcement mechanisms to promote compliance is in place, functions of regulatory agencies have been insufficient to ensure compliance and this is what makes possible existence of disclosure compliance gap among the listed companies. Possible reasons for this could be a lack of expertise and pitiable condition of service to draw adequately qualified personnel. Following upon the outcomes derived above, the study hereby suggests thus:

i. The Financial Reporting Council of Nigeria, Nigeria Stock Exchange and other regulatory agencies should formulate policy of Extensible Business Reporting Language (XBRL) that will ensure efficient reporting, supervision and monitoring of firms in order to enforce strict compliance with the disclosure requirements of IFRS. This in turn will lead to unproblematic comparability of financial statement at global level.

ii. There is a need to put efforts together to guarantee full compliance with disclosure requirements of adopted International Financial Reporting Standard by Nigerian firms to be able to enlist and compete in international capital market. This in turn will boost the level of foreign direct investment (FDI) in Nigeria economy.

iii. Firms should endeavor to comply with all regulatory and statutory framework in the preparation and presentation of audited financial report, based on the fact that financial statement project the image and performance of the reporting firm. This in turn will promote the investors and other stakeholders' confidence.

iv. The Nigeria accounting regulatory bodies should encourage both manual and electronic (using website) full disclosure of accounting information by listed firms that operate in Nigeria.

The study extends the existing literature on compliance with disclosure requirements of accounting standards, developed theoretical and conceptual models of accounting information disclosure and introduces significant insight from behavioural sciences and law, so that the concept of disclosure compliance in financial accounting information and reporting can be properly understood.

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