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RESEARCH ARTICLE

Challenges of Implementation of International Financial Reporting Standards Amongst SMES In Anambra State, Nigeria

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ABSTRACT

This study focused on the 'Challenges of Implementation of International Financial Reporting Standard Amongst SMEs in Anambra State, Nigeria'. The study was prompted by the perceived poor implementation of IFRS amongst the Small and Medium Enterprises in Nigeria in spite of the January 2014 cutoff date for compulsory adoption of IFRS by all SMEs in Nigeria. Thus, the study examined the effect of high cost, technical skills, knowledge in Standard and Regulatory reviews on IFRS disclosure amongst SMEs in Anambra State. Primary data were used for the execution of this research work with survey research design. Data extracted from questionnaire were tested with the regression statistical tool using the Statistical Package for Social Sciences (SPSS) Version 20.0. The outcome of the analyses carried out shows that high cost of implementation of IFRS and technical skills have significant effect on the IFRS disclosure amongst SMEs in Anambra State. It was therefore recommended amongst others that Small and Medium Enterprises should hire accountants that are knowledgeable in the IFRS application and disclosure. This will help reduce the cost of training new employees and SMEs should also embark on the training of existing employees on technical skills required for the application and IFRS disclosure amongst SMEs.

Keywords: *International Financial Reporting Standards (IFRS); SMEs; Anambra State; IFRS Disclosure*

Introduction

This study was informed by critical challenges which affect the SMEs in Nigeria in disclosing their financial report using International Financial Reporting Standard (IFRS). This has created an asymmetry in financial reporting in the business world thus necessitating the need for uniformity in financial reporting in the global marketplace. Businesses today including small and medium enterprises reach out beyond the boundaries of national and domestic economies, thus, involving heavily in international trade. In the course of this, investors and other players in the global marketplace require uniformity in financial information to enhance their participation in the global trade, to enable them access quality accounting information to permit informed economic decisions about investment opportunities and risks, and to improve capital allocation by obtaining a globally comparable accounting standard that promotes transparency, accountability, and efficiency in financial markets around the world. However, the perceived poor implementation of IFRS among the Small and Medium Enterprises has warranted an empirical investigation to ascertain the extent to which some perceived critical challenges like high cost of implementation, technical skills, knowledge in standard and regulatory review affect the IFRS disclosure amongst SMEs particularly in Anambra State which is the focus of this study.

Research Objectives

The main objective of this study is to examine the challenges of implementation of International Financial Reporting Standard amongst SMEs in Anambra State, Nigeria. Specifically, the study intends to ascertain the effect of high cost, technical skills, knowledge in standard and regulatory review on IFRS disclosure amongst SMEs in Anambra State, Nigeria.

Research Hypothesis

High cost, technical skills, knowledge in standard and regulatory review have no significant effect on IFRS disclosure amongst SMEs in Anambra State, Nigeria.

Research Scope

The scope of this study is restricted to Onitsha and Nnewi in Anambra state, Nigeria where there is a high concentration of SME businesses. Therefore, the results of this study may be generalized to the SMEs in Anambra State and Nigeria (especially the southeastern states). SMEs studied will include SMEs drawn from different lines of businesses, ranging from manufacturing, commerce and trading.

Conceptual Review

Small and Medium Scale Enterprise (SMEs)

The definition of SMEs differs with jurisdiction and there is no consensus on the real definition of Small and Medium Scale Enterprises (SMEs) as the terms, 'Small' and 'Medium' are relative and they differ from industry to industry and country to country. Besides, no single definition can reflect the difference between firms, sectors and countries due to the varying level of development (Ezeagba, 2017). Kanu, Egwu, and Isu (2014), claim that there is no generally accepted definition of SME because the classification of businesses into large-scale or small-scale is a subjective and of qualitative judgment. However, the classification of a business as SME usually follows the general criteria as recommended by the United Nations (UN) and Organization for Economic Co-operation and Development (OECD) using turnover, assets base and number of employees.

Alarape (2007) noted that defining SMEs depends on the local banking context and Economy size so while international organizations like the World Bank including the IFC tend to set high sales, assets and staff employment threshold for SMEs. In developed countries, definitions vary by country according to the size of the economies and structure of the corporate sector. In Nigeria, definition of SMEs differs with different organizations but thresholds are usually set by local institutions like banks and government agencies.

The Central Bank of Nigeria (CBN) under its Small and Medium Enterprise Credit Guarantee Scheme (SMECGS) defines SME as an enterprise that has assets base (excluding land) of between N5million - N500million and labor force of between 11 and 300. However, the Central Bank of Nigeria has not formally stipulated this definition of SMEs for reporting purposes, so banks mostly use account debit turnover to determine categories but even such turnover parameter varies from bank to bank. The Nigerian Bank survey in Oni, & Daniya (2012) described such SME definition variations in banks which mostly use account turnover criteria noting that “for small enterprises, the median maximum annual turnover is N60million, the 1st quartile is N38million and the 3rd quartile is N322 million, over five times the median”. For medium enterprises, the median turnover is N480 million, 1st quartile threshold is N200 million while 3rd quartile threshold is N2,500 million. The 3rd quartile threshold for both small and medium enterprises lean more towards the World Bank’s SME definition.

Bank of Industry classified SMEs on the basis of Number of Employees, as shown below.

Table 1: Total Asset and Annual Turnover

ENTERPRISE CATEGORY	NUMBER OF EMPLOYEES	TOTAL ASSET (N’MILLION)	ANNUAL TURNOVER (N’MILLION)
MICRO	<=10	<=5	<=20
SMALL	>10<=50	>5<=100	>20<=100
MEDIUM	>50<=200	>100<=500	>100<=500

SMEs category Table (BOI)

This implies that SMEs include all Registered Businesses that employ 200 or less individuals and having an annual turnover of Five Hundred Million naira or less with a total asset of Five hundred million naira or less.
The National Council of Industry in 2001 also put the limit at 300 employees and assets base of N200m excluding land. The Small and Medium Enterprises Agency of Nigeria (SMEDAN) defines SMEs as Enterprises that have less than 200 employees and has and assets base of N500 million or less (excluding land and building).

International Financial Reporting Standard (IFRS)

Recently, there has been a push towards the adoption of IFRS developed and issued by the International Accounting Standards Board (IASB). The increasing growth in international trade, cross border financial transactions and investments which unavoidably involves the preparation and presentation of accounting reports that is useful across various national borders, has brought about the adoption of IFRS by both the developed and developing countries (Borker, 2013). The process of adoption received a significant boost in 2002 when the European Union adopted a regulation 1606/2002 requiring all public companies in the territory to convert to IFRSs beginning in 2005 (Iyoha and Faboyede, 2011).

A number of African countries including Nigeria, Ghana, Sierra Leone, South Africa, Kenya, Zimbabwe and Tunisia among others have adopted or declared intentions to adopt the standards (Isenmila, & Adeyemo, 2013). In particular, Nigeria adoption of IFRS was launched in September 2010 by the Honorable Minister, Federal Ministry of Commerce and Industry Senator Jubriel Martins-Kuye (OFR) (Oseni, 2013). The adoption was planned to commence with Public Listed Companies in 2012 and by the end of 2014, all stakeholders were expected to have complied. As at today, the banking sector has fully implemented it. This is considered a welcome progress for developing countries, especially, some of those that had no resources to establish their own standards.

There are proponents as well as opponents for and against the global adoption of IFRS. According to Pran (2006), the adoption of a common body of international standards is expected to have the following benefits: lower the cost of financial information processing, familiarity with one common set of international accounting standards instead of various local accounting standards by Accountants and Auditors of financial reports, comparability and uniformity of financial statements among companies and countries making the work of investment analysts easy, attraction of foreign investors in addition to general capital market liberalization. Ball (2006) stated that many developing countries where the quality of local governance institutions is low, the decision to adopt IFRS will be beneficial. Serwanja (2017) noted that Foreign Direct Investment (FDI) often generates somewhat higher-paying jobs than might otherwise be available to local citizens, it generates investment that may not be possible with the local resources only, it links the recipient economy into the world economy in manners that would be hard to achieve by new firms of a purely local origin (Isenmila & Adeyemo (2013).

According to Serwanja (2017), FDI alters a country's comparative advantages and improves its competitiveness through technology transfer with myriad of externalities and domestic investment which can alter a country's volume and pattern of trade in many income enhancing directions. Countries that suffer from corruption, slow-moving, or ineffectual government are likely to resist the change (Oladeji & Agbesanya, 2019) but in such countries, the opportunity and switching costs are lower which makes the possibility of adopting IFRS advantageous (*Okaro &Tauringana,2012).*

The foreign capital has the potential to deliver enormous benefits to developing nations. In addition to helping bridge the gap between savings and investment in capital-scarce economies, capital often brings with it modern technology and encourages development of more mature financial sectors. Capital flows have proven effective in promoting growth and productivity in countries that have enough skilled workers and infrastructure (Jaafar, & McLeay, 2007). Some economists believe capital flows also help to discipline governments' macroeconomic policies.

IFRS for SMEs

IFRS for SMEs is a modified and simplified version of full IFRS aimed at meeting the needs of private company financial reporting users and easing the financial reporting burden on private companies through a cost-benefit approach. IFRS for SMEs in itself is an independent global accounting and financial reporting standard that can be applied in the preparation of general-purpose financial statements and other financial reporting by SMEs. IFRS for SMEs are developed by the International Accounting Standards Board (IASB). Although established with focus on the needs of a typical mid-size company, IFRS for SMEs may be used by any non-publicly accountable entity regardless of size (Akande, 2011).

According to Pran (2006), South Africa was the first country in the world to adopt the IFRS for SMEs. It was first adopted in its draft form. In the work of Stain bank, it was concluded that the major reason for the adoption of the draft IFRS for SMEs was the urgent need for auditors to express an opinion on financial statements which are prepared in accordance with an accepted framework of the auditing profession in South Africa. The second major reason for the adoption was to provide a beneficial framework for the preparation of the financial statements.

Challenges of High cost of Implementing IFRS

Cost-benefit analysis is a practical tool for assessing any project, irrespective of its subject matter. A full analysis requires taking account of not only direct effects, i.e., relatively easy to quantify, but also side effects of going ahead with a project, which can be observed both in the immediate, as well as in more distant, future (Akhidime & Ekiomado, 2014). Measuring the costs and benefits associated with the implementing of legal norms, in this case IFRS is not an easy task. That is because legal norms have a multilevel and multidimensional impact. On top of that, in the case of IFRS, the cost-benefit analysis gets complicated by the fact that these standards have been implemented as a result of accounting policy delivered at three levels: global, macro- and microeconomic (Alabi, Alabi & Ahiawodzi, 2007).

At all of these levels, we encounter various stakeholders (actors, animators) of accounting policy. Hence, the conditions for implementing accounting policy may differ across the levels. Costs and benefits are linked with the framework of the true and fair view concept, and the imperative according to which the benefits of IFRS adoption should exceed the cost of their implementation and application (Serwanja, 2017). However, to observe them, we need to take a holistic approach and be familiar with their specificities, which call for permanent monitoring. Guidelines clearly state that where costs entailed by the application of a given law exceed the benefits resulting from this law, we have a solid premise for the laws modification (Serwanja, 2017). The above imperative should also apply to cost-benefit analysis in connection with the implementing of IFRS.

Importantly, from a cost-benefit analysis of IFRS implementation, we have learnt that studies in this field entail serious difficulties. The authors of the Report, although acting upon the mandate received from the EU and with access to various sources of information, decided that cost-benefit analysis contributes to the development of evidence-based policy, it has its limitations, which become visible particularly when the costs and benefits are unevenly distributed across the examined population (Watts & Zimmerman, 1978). They added that some researchers who engaged in the study claimed that certain key benefits resulting from the adoption of IFRS were very difficult to identify and aggregate. Other benefits, such as enhanced transparency and comparability, or higher quality of accounting, are not quantifiable at all. Moreover, drawing conclusions is not easy as the distribution of costs and benefits is uneven.

Costs are largely incurred by companies preparing IFRS financial statements whereas benefits are shared by users of financial statements (investors included). In addition, the authors stress the lack of availability of data, even where the effects of IFRS application could have been calculated relatively easily. They also noted that none of the experts representing Member States organized public consultations, which resulted in little objective data being produced on the costs and benefits entailed by IFRS adoption in the EU. In this way, indirectly, we have been informed that a macroeconomic assessment of costs and benefits connected with the application of IFRS has been, to a certain extent, neglected in the EU Member States.

Implementation of IFRS challenges includes – poor enlightenment campaign, shortage of manpower for IFRS implementation, associated problems in higher institutions, lack of training resources, and the tax implication. Another problem inherent with the adoption of IFRS is the universal tendency to resist change. Ibrahim (2014) opined that the successful adoption of IFRS entails assessing technical accounting, tax implications, internal processes, and statutory reporting, technology infrastructure, and organizational issues. Oladeji & Agbesanya (2019) are also of the opinion that IFRS implementation possess major challenges for tax practice in Nigeria. For example, capital expenditure incurred is not tax deductible under Company Income Tax Act (CITA). In lieu of this, CITA grant capital allowances to deserving tax payers in some cases may be higher than depreciation expenses but IFRS decides to prescribe a tax depreciation rate for repair of plant and machineries. This will significantly affect the income statement and statement of financial position as there will be increase in net worth and increase in profit which may not be the true state of the financial statement.

Another major challenge of IFRS implementation in developing countries is the ideal of developed countries wanting to dominant the IASB structure and standards setting process to the detriments of the developing countries through strong lobbying and opposition (Ball, 2006). To further buttress this point, Ebrahim (2014) opined that International Financial Reporting Standards are “carbon copies” of standards originating from the UK and the USA with strong orientations towards maximizing shareholders wealth rather than the social functions of accounting.

Most developing countries have weak or even no structures to develop good accounting system and for that reason. Ayuba (2012) said that the first point of call when it comes to accounting issues is crafting and developing meaningful accounting system rather than adopting already structured standards from the developed countries. This ideal of dominance will continue to pose challenges until it is squashed because adopters need assurance of IASB true independence with stable funding, expert staffing, appropriate governance to ensure standards setting process is free from undue influence and politicization maneuvers. This will ensure IASB legitimacy and assure the confidence of market participants for the adopting nations around the world.

Effects of IFRS Implementation on Financial Statement

The adoption of IFRSs tends to enhance transparency, disclosure and comparability Přemysl & Bohumila (2017). It is evident that the implementation of IFRSs reinforces stock market liquidity and leads to lower cost of capital and transaction costs, higher market value and better reputation (Jeanjean & Stolowy, 2008). Hence, it would be easier for firms implementing IFRSs to obtain debt and equity capital (Ibrahim & Fattah, 2015). The higher disclosure requirements and financial reporting quality that stem from IFRSs implies that the adoption of IFRS gives a positive signal to investors as information asymmetry and agency costs tend to diminish (Borker, 2012). It appears, therefore, that firms that adopt IFRS tend to display lower potential for earnings management and managerial discretion

(Jeanjean & Stolowy, 2008). Less subjectivity would lead to fewer opportunities to influence reported earnings and bonuses and/or mislead investors (Ana, Bonito & Cláudio, 2018). Hence, in countries with strong investor protection mechanisms such as the UK, the costs of IFRS adoption would tend to be lower because the level of earnings management is lower as managers are less inclined to manipulate the reported accounting figures (Gernon & Wallace, 1995). In contrast, in countries with weak investor protection mechanisms, the scope for earnings management would tend to be higher and the quality of financial reporting lower, implying that the costs of adopting IFRSs would be higher (Fox, Gwen, Helliar & Veneziani, 2013).

Methodology

The research design adopted in this work is survey design which comprises the use of oral interview, questionnaire, and personal observation. The questionnaire was used for primary data collection from staff of major manufacturing and Service SMEs in Onitsha and Nnewi, with bias to staff in accounts department, as well as Proprietors/MDs of major trading SMEs in the 13 major markets in the two cities. The table below shows the list of population of the study.

Table 2: List of population of the study

SMEs	Population size	Percentage
Citizen Paint Factory Onitsha	20	2%
Kates Associates	22	2%
Reliable Steel Company Ltd	25	2%
Brollo Pips & Profiles	15	1%
Nso Table water	20	2%
Dozzy Oil & Gas	14	1%
Tiger Foods Ltd	24	2%
Transtell Ventures	12	1%
E. A. Agro Ltd	28	3%
Group Enterprise (Polyfoam)	35	3%
Zubi IK table water	30	3%
Trinity Gas Company	34	3%
Transtabansi Ltd	28	3%
Picone Paints Ltd	36	3%
Kobis –Hero Ind Ltd	26	2%
Emife Industries Ltd	24	2%
Alben Pharmaceuticals Ind Ltd	35	3%
Eastern Distilleries & Food Ind Ltd	38	4%
Envoy Oil	30	3%
First Express Aluminum Co Ltd	32	3%
Cento Group of companies	32	3%
Tummy Tummy Foods Industries	30	3%
Cutix	33	3%
Kotech Industries	36	4%
Uru Industries	38	4%
De best table water	28	3%
Gold penny flavor firm	35	3%
Skye Best Paint	35	3%
Jimex Factory	30	3%
Major trading SMEs in ten major Markets	260	24%
Total	**1,075**	**100%**

Source: Field survey, 2022

In order to ascertain the size of the sample that would serve as our respondents in this study, the Taro Yamane formula for determining the sample size of a finite population was deployed to obtain a sample of 292 SMEs as shown in the table below:

Table 3: List of 292 SMEs

SMEs	Sample size	Percentage
Citizen Paint Factory Onitsha	6	2%
Kates Associates	6	2%
Reliable Steel Company Ltd	6	2%
Brollo Pips & Profiles	3	1%
Nso Table water	6	2%
Dozzy Oil & Gas	3	1%
Tiger Foods Ltd	6	2%
Transtell Ventures	3	1%
E. A. Agro Ltd	9	3%
Group Enterprise (Polyfoam)	9	3%
Zubi IK table water	9	3%
Trinity Gas Company	9	3%
Transtabansi Ltd	9	3%
Picone Paints Ltd	9	3%
Kobis –Hero Ind Ltd	6	2%
Emife Industries Ltd	6	2%
Alben Pharmaceuticals Ind Ltd	9	3%
Eastern Distilleries & Food Ind Ltd	12	4%
Envoy Oil	9	3%
First Express Aluminum Co Ltd	9	3%
Cento Group of companies	9	3%
Tummy Tummy Foods Industries	9	3%
Cutix	9	3%
Kotech Industries	12	4%
Uru Industries	12	4%
De best table water	9	3%
Gold penny flavor firm	9	3%
Skye Best Paint	9	3%
Jimex Factory	9	3%
Major trading SMEs in ten major Markets	61	24%
Total	**292**	**100%**

The work employed descriptive statistics and frequency tables to group comments collected through questionnaires in other to determine the frequency of certain type of comments and compare among categories. This was complemented with the t-test statistical tool to analyze the hypothesis formulated in this research work, using the

SPSS Statistical software IBM 20.0. The Statistical Package for Social Sciences (SPSS) was deployed to pave more room for credibility of results obtained in this work through the analysis.

Presentation and Analysis of Data

The table below shows that out of a total of two hundred and ninety-two (292) copies of questionnaire distributed to respondent, two hundred and ninety (290) copies were completed and analyses were based on these returned questionnaires.

Table 4: Distribution and Return of Questionnaires

Respondents	*No. Distributed*	*No. Returned*	*% Returned*	*No. Not Returned*	*% Not Returned*	*% Total*
Citizen Paint Factory Onitsha	6	5	83%	1	17%	100%
Kates Associates	6	6	100%	0	0%	100%
Reliable Steel Company Ltd	6	6	100%	0	0%	100%
Brollo Pips & Profiles	3	3	100%	0	0%	100%
Nso Table water	6	6	100%	0	0%	100%
Dozzy Oil & Gas	3	3	100%	0	0%	100%
Tiger Foods Ltd	6	6	100%	0	0%	100%
Transtell Ventures	3	3	100%	0	0%	100%
E. A. Agro Ltd	9	9	100%	0	0%	100%
Group Enterprise (Polyfoam)	9	9	100%	0	0%	100%
Zubi IK table water	9	9	100%	0	0%	100%
Trinity Gas Company	9	9	100%	0	0%	100%
Transtabansi Ltd	9	9	100%	0	0%	100%
Picone Paints Ltd	9	9	100%	0	0%	100%
Kobis –Hero Ind Ltd	6	6	100%	0	0%	100%
Emife Industries Ltd	6	6	100%	0	0%	100%
Alben Pharmaceuticals Ind Ltd	9	9	100%	0	0%	100%
Eastern Distilleries & Food Ind Ltd	12	12	100%	0	0%	100%
Envoy Oil	9	9	100%	0	0%	100%
First Express Aluminum Co Ltd	9	9	100%	0	0%	100%
Cento Group of companies	9	9	100%	0	0%	100%
Tummy Tummy Foods Industries	9	9	100%	0	0%	100%
Cutix	9	9	100%	0	0%	100%
Kotech Industries	12	12	100%	0	0%	100%
Uru Industries	12	12	100%	0	50%	100%
De best table water	9	9	100%	0	0%	100%
Gold penny flavor firm	9	9	100%	0	0%	100%
Skye Best Paint	9	9	100%	0	0%	100%
Jimex Factory	9	9	100%	0	0%	100%
Major trading SMEs in ten major Markets	61	60	83%	1	17%	100%
Total	**292**	**290**		**2**	**100%**	**100%**

Source: Field Survey, 2022

Regression Analysis Result

Table 5: Challenges of implementation of International Financial Reporting Standard amongst SMEs in Anambra State, Nigeria.

Model	*B*	*Std. error*	*T*	*Sig.*
Constant(C)	0.075	0.041	1.829	0.240
High Cost	-0.399	0.078	-5.098	0.001
Technical Skills	0.356	0.088	4.055	0.002
Knowledge in Standard	0.330	0.067	4.925	0.003
Regulatory Review	-0.526	0.087	-6.046	0.000
R	0.929			
R^2	0.893			
Adj. R^2	0.860			
F-statistic	221.210			0.000

Source: Field Survey, 2022

Dependent Variable: IFRS Disclosure amongst SMEs

To ascertain the effect of implementation of international financial reporting standard amongst SMEs in Anambra State, Nigeria, the weighted mean of the four independent variables were regressed on the dependent variable to enable us determine the nature of relationship between the dependent and independent variables, effect of the independent variables on the dependent variable, the overall fitness of the model using the F-statistics and probability value and the level of significance of the independent variables in influencing the dependent variables using the t-test and probability value. The table above shows the regression result. It also shows the precision of the model which was analyzed using economic a priori criteria and statistical criteria.

Discussion of Findings

Discussion using this criterion enables us to determine the nature of relationship between the dependent and independent variables. In this case, the sign and magnitude of each variable coefficient are evaluated against theoretical or economic a priori criteria/expectations. As showed in the table above, it is observed that the regression line has a positive intercept as presented by the constant (c) = 0.075. This means that if all the variables are held constant or fixed (zero), the extent of IFRS disclosure amongst SMEs in Anambra State increases by 7.5%. The result also conforms to the a priori expectation. This states that the intercept could be positive or negative, so it conforms to the theoretical expectation (Gujarati, 2008).

High cost has an inverse relationship with implementation of International Financial Reporting Standard Amongst SMEs in Anambra State. This implies that the high cost and implementation of International Financial Reporting Standard Amongst SMEs in Anambra State increase in the opposite direction. In other words, 1% increase in high cost will bring about 39.9% a reduction in the IFRS disclosure amongst SMEs in Anambra State.

Technical Skills has a direct and positive relationship with implementation of International Financial Reporting Standard amongst SMEs in Anambra State. In other words, 1% increase in technical skills will bring about 35.6% increase in the IFRS disclosure amongst SMEs in Anambra State.

Knowledge in Standard has a direct and positive relationship with implementation of International Financial Reporting Standard amongst SMEs in Anambra State. As the knowledge in Standard grows, it increases the IFRS disclosure amongst SMEs in Anambra State or the implementation of International Financial Reporting Standard Amongst SMEs in Anambra State. In other words, 1% increase in knowledge in Standard will bring about 33.0% increases in the IFRS disclosure amongst SMEs in Anambra State or the implementation of International Financial Reporting Standard Amongst SMEs in Anambra State.

Test of Hypotheses

The t-test was used to know the statistical significance of the individual parameters at 5% significance level. The result is showed on the table below.

Table 6: Summary of T-Statistic

Variables	***t-cal (t_{cal})***	***Sig.***	***Conclusion***
Constant(C)	1.829	0.240	Statistically Insignificance
High Cost	5.098	0.001	**Statistically Significant**
Technical Skills	4.055	0.002	**Statistically Significant**
Knowledge in Standard	4.925	0.003	**Statistically Significant**
Regulatory Review	6.046	0.000	**Statistically Significant**
F-statistic	221.210	0.000	**Statistically Significant**

Source: Researchers' computation

We begin by restating the individual coefficients (high cost, technical skills, knowledge in standard and regulatory review) being the significant determinants of IFRS disclosure amongst SMEs in Anambra State as contained in our hypothesis.

I. *High cost has no significant effect on the IFRS disclosure amongst SMEs in Anambra State.* From the table above, the t-test value of high cost of the IFRS disclosure amongst SMEs in Anambra State is significant. We, therefore, reject the null hypothesis and conclude that high cost has significant effect on the IFRS disclosure amongst SMEs in Anambra State.

II. *Technical skills have no significant effect on the IFRS disclosure amongst SMEs in Anambra State.* From table above, the t-test value of technical skills is significant at 0.002 level of significant. We, therefore, reject the null hypothesis and accept the alternate by concluding that technical skills have significant effect on the IFRS disclosure amongst SMEs in Anambra State.

III. *Knowledge in standard has no significant effect on the IFRS disclosure amongst SMEs in Anambra State.*

IV. From table above, the t-test value of knowledge in standard is significant at 0.047 level of significant. We, therefore, reject the null hypothesis and accept the alternate by concluding that knowledge in standard has significant effect on the IFRS disclosure amongst SMEs in Anambra State.

V. *Regulatory review has no significant effect on the IFRS disclosure amongst SMEs in Anambra State.* From table above, the t-test value of regulatory review is significant. We, therefore, reject the null hypothesis and conclude that regulatory review has significant effect on the IFRS disclosure amongst SMEs in Anambra State.

Conclusion

In the final analysis, this study has examined the challenges of implementation of international financial reporting standard amongst SMEs in Anambra State, Nigeria. Specifically, the study ascertained the effect of high cost on IFRS disclosure amongst SMEs in Anambra State, determined the effect of technical skills on IFRS disclosure amongst SMEs in Anambra State, examined the effect of knowledge in standard on IFRS disclosure amongst SMEs in Anambra State and ascertained the effect of regulatory review on IFRS disclosure amongst SMEs in Anambra State.

In order to evaluate the challenges of implementation of international financial reporting standard amongst SMEs in Anambra State, Nigeria, the analysis was also done based on statistical criteria by applying the coefficient of determination (R^2) and the F–test. In general, the joint effect of the explanatory variables - independent variables - in the model account for 0.860 or 86.0% of the variations in the IFRS disclosure amongst SMEs in Anambra State. This implies that 86.0% of the variations in the IFRS disclosure amongst SMEs in Anambra State are being accounted for or explained by the variations in high cost, technical skills, knowledge in standard and regulatory review. While other independent variables not captured in the model explain just 14% of the variations in IFRS disclosure amongst SMEs in Anambra State.

All the four coefficients (high cost, technical skills, knowledge in standard and regulatory review) are significant determinants of IFRS disclosure amongst SMEs in Anambra State. Two of the variables (high cost and regulatory review) have positive relationship with IFRS disclosure amongst SMEs in Anambra State, while two of the variables (technical skills and knowledge in standard) have negative relationship with IFRS disclosure amongst SMEs in Anambra State.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. Small and Medium Enterprises should hire accountants that are knowledgeable in the IFRS application and disclosure, this will help reduce the cost of training new employees.
2. Small and Medium Enterprises should also embark on the training of existing employees on technical skills required for the application and IFRS disclosure amongst SMEs in Anambra State.
3. The government should continue to create continuous awareness on adherence to financial reporting on the bases of IFRS, this will help publicize knowledge in standards.

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