THE ROLE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN MITIGATING AGAINST THE PRACTICE OF CREATIVE ACCOUNTING AMONG DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

The practice of creative accounting has brought about many questions regarding the importance of International Financial Reporting Standards (IFRS) in the protection of users of financial statements. The questions arise as a result of the fact creative accounting promotes falsification of financial reports. Therefore this study examined the effect of IFRS in mitigating against the practice of creative accounting in Deposit Money Banks in Nigeria. The main objective of the study was to examine how proper implementation of IFRS would diminish the practice of creative accounting. The independent variable was proxied by IFRS contents, IFRS implementation and IFRS compliance while the dependent variable was proxied by the practice of creative accounting. The study adopted descriptive research design and the data for the study were obtained from questionnaires administered on randomly selected practitioners and professionals such as accountants, auditors and investors in money deposit banks in Nigeria. The data were analysed with descriptive statistics, correlation and multiple regression. SPSS version 20 was used in analysing the data. The result of findings indicates a negative relationship between IFRS implementation and compliance on the practice of creative accounting. This implies that increase in the implementation and compliance of IFRS in the preparation of financial statements will diminish the practice of creative accounting. However, the result of the findings on the contents of IFRS on practice of creative accounting was inconclusive. The study therefore concludes that adequate implementation and compliance with IFRS will mitigate against the practice of creative accounting and therefore recommends amongst others strong discouragement of the adoption of creative accounting in the preparation financial statements.

Key Words: Creative accounting, International Financial Accounting Standards, Financial Statements, Deposit Money Banks.

Introduction

One of the main objectives for the introduction of International Financial Reporting Standards (IFRS) was to ensure uniformity in presentation of financial reports across the globe. This was made possible by the fact that all jurisdictions were made to adopt IFRS in the preparation of financial statements with Nigeria being no exception. As a consequence, the International Accounting Standards Board (IASB) was mainly saddled with the responsibility of ensuring that the standards are adopted on a globally consistent basis to provide investors and other users of financial statements with the ability to compare financial performance of publicly listed companies on a like-for-like basis with their peers. The need for improvement in the financial reporting and disclosure arose as a result of increased globalisation of the capital market which place emphasis on the provision of consistent and high quality information (Abdelqader, Nimer & Darwish, 2021).

According to Mbir, Agyemang, Tackie and Abeka (2020) IFRS was developed and intended to be used worldwide to harmonise and guide the preparation and presentation of financial statements in various jurisdictions. In the same vein, IASB (2010) documents that the primary objective of financial reporting is to provide high-quality financial reporting information concerning the economic entities, primarily financial in nature, useful for economic decision-making. The benefit of adopting IFRS are numerous. For instance, a study by Queku (2017) shows that IFRS compliance significantly predicts earnings of banks in Ghana.

The value-relevance of financial statements stems from the fact it presents a comprehensive report on the transactions undertaken by an entity within the period being reported. The financial statement is relevant so long as the users find it useful in their decision making process. Consequently, different users find the financial statements relevant according to their individual needs. Over time, preparers of financial statements have attempted to harmonise various interests of users of financial statements in the preparation of the statement.

In doing this, efforts are made to take into consideration the various applicable laws, standards, regulations, policies and global best practices which is what is described as generally accepted accounting principles (GAAP). To make the statement persuasive enough through value creation, preparers of financial statements go as far as window dressing the financial statements objectively and within the known boundaries of the existing legal framework or standards. This window dressing comes in form of creative accounting. This implies that the preparers of financial statements could embrace creative accounting as a tool of enhancing the value of the firm legitimately.

Creative accounting have been described in several ways. It can be described as the conscious manipulation of the contents of financial statements based on identified loopholes in order to compel users of such financial statements to rely on them. It can also be described as the conscious distortion of economic changes in a company for a predetermined purpose and it can be characterised as a process in which accountants use their knowledge of accounting laws and rules to manipulate the data contained in the accounting books (Adamikova & Sedlakova, 2021). Also Osazevbaru (2012) sees creative accounting as the manipulation of financial numbers, usually within the letter of the rules of law and standard accounting practices, but deviating from the spirit of those rules and certainly not providing the true and fair view that accounts are supposed to depict. In the same vein, Mulford and Comiskey (2009) as cited by Uwah and Akpan (2019) views creative accounting as deviation from accounting standards and taking advantage of loopholes in accounting standard to manipulate accounting figures. Moreover, Abed, Hussin, Haddid, Almubaydeen and Ali (2022) define creative accounting as the practice of influencing financial indicators using accounting knowledge without explicitly violating policies, rules and the law.

According to Siyanbola, Benjamin, Amuda and Lylod (2020) creative accounting involves both performance statements and financial decisions manipulation. Furthermore, they maintained that accounting manipulation is seen as the deliberate alteration and falsification of financial information to satisfy the management with the intention to deceive users either by creating conceivable position of the firm to outsiders or satisfying the expectation of owners of the organisation. The impetus for creative accounting stems from the fact that there are many areas in accounting practices that allow preparers of financial statements the option of choosing among various alternatives. This creates the avenue for continuous change of policy or practice according to how it suits the whims and caprices of the preparers of such financial statements. Issues such as depreciation, provisions for doubtful debts, timing of recognition of income and expenses, year-end adjustments; allow preparers of financial statements to make use of any method they find suitable to their purpose.

The consequence of this allowance for choice makes a window for the continuous adjustments of the information contents in order to satisfy the interest of the preparers of the financial statements. As documented by Abed, et al (2022) the primary purpose of financial reports is to present the primary data to their users for better awareness and continuous updates on the financial status of the organisation. However, the current policies provides some choices regarding accounting practices and the objective judgement required to define the measurement strategies, recognition criteria, and in some cases, the characterisation of the accounting bodies.

Apart from using creative accounting to create bogus value which may not be in line with the real value of the firm, it can also be used to understate taxation through overstating of expenses. Moreover, the artificiality of the value creation process through dubious means is more of criminal than legitimate process. There are many negative views of creative accounting, for instance Siyanbola, et al (2020) maintained that creative accounting may lead shareholders and investors to inadequate information when evaluating the organisational effectiveness. Therefore, there are fears that creative accounting may be misused. Thus Siyanbola, et al (2020) argued that the misuse of creative accounting techniques may affect the reliability of the financial statement because accounting principles and standards are manipulated to hinder the reliability, objectivity and comparability of such statements with ultimate effect of making decisions based on such information to be misleading. As noted earlier, the major thrust of creative accounting is to make users of financial statements to act in an otherwise manner than they would have acted if the undistorted information was available to them.

Despite the various measures implemented in order to facilitate the provision of holistic information which is sufficient for investors to use in their investment making decisions, creative accounting practices still find its way in between. This creates lacuna in several ways. Firstly, that the IFRS may not have made sufficient coverage of loopholes which gives the impetus for creative accounting to thrive. Secondly, the users of financial reports may actually demand more than it is contained in annual reports. Thirdly, the regulators and promoters of IFRS have not envisaged the loopholes which give rise to the practice of creative accounting. The above identified loopholes create research gap which this study intends to address. Thus this study is intended to address whether the adoption of IFRS have any effect in moderating the practice of creative accounting. Implied here is whether the compliance with IFRS have helped to reduce the practice of creative accounting among deposit money banks in Nigeria. The banks are chosen considering the volatility of banks and the likely effect it may have when information contained in their financial statements are not in agreements with the actual transactions particularly in the current dispensation.

Review of related literature

Concept of creative accounting

Creative accounting which is also called income smoothing, earnings management are the financial reporting gimmicks used to moderate company's financial reports to encourage investors to buy the company's stock to increase the firm's market value (Comiskey &

Mulford, 2002). According to Adamikova and Sedlakova (2021) creative accounting can be understood to be a conscious distortion of economic changes in a company for a predetermined purpose and can be characterised as a process in which accountants use their knowledge of accounting laws and rules to manipulate the data contained in the accounting in the accounting books. Also Adetoso and Ajigba (2017) creative accounting occurs as a result of loopholes created by the accounting rules that are often exploited by managers to generate underserved and undue benefits. They attribute the numerous corporate failures to the lapses in the corporate accounting disclosure practices among corporations globally with Nigeria being no exception.

According to Adetoso and Ajiga (2017) the effect of creative accounting can be viewed from three perspectives: the shareholder, the company and the economy. From the shareholder's perspectives the directors are the managers of the investments of shareholders in order to increase their earnings per share (EPS). Consequently, the directors manipulate the financial statements in order to create false EPS above the actual value. Thus the investors are misled into taking wrong investment decisions as they rely on the 'cooked' financial statement. From the perspective of the company, creative accounting makes it possible to understate the losses and expenses in order to maintain a good profit trend. This causes firms to loose integrity and reputation. Finally, from the economy's perspectives creative accounting have led to the loss of revenue from taxes which arises as a result of understating profits leading to loss in tax revenue.

Al-Khafaji, Mustafa and Alsaalim (2022) opined that some accounting procedures applied by management of companies in pursuit of a fictitious improvement, either in their profitability or in the financial position, by exploiting the gaps in the external audit methods or by taking advantage of the various alternatives available in the accounting policies provided by the company's accounting standards in the areas; and the measurement and disclosure methods used in preparing the financial statements; may negatively affect the quality of the numbers shown in those financial statements, whether with regards to profit or the position. Akenbor and Ibanuchuka (2012) maintained that creative accounting is the accounting technique in which financial information is distorted by window-dressing and various manipulations in order to present theoretically, a better financial picture by either increasing or reducing profit as the case may be, by giving a misleading appearance of capital size or structure and conceding relevant information from existing or potential investors.

2.1.1. Mode of operations of creative accounting

There are various ways in which creative accounting is operated. A review of related literature reveals that creative accounting operates in various ways identified below.

i. Overestimation of revenue – This arises when public companies in order to boost their income prematurely recognise revenues earlier than they ought to. This enables the company to recognise sales before deliveries of products or services are made.

ii. Lowering of depreciation charges – This involves spreading out of the cost of assets over long duration rather than expensing them in one swoop. This is done by reducing the annual charges on these items thereby reducing the useful economic life estimate of the asset or increasing the salvage value of the asset. The effect of this is to increase the profitability of the firm.

iii. Delaying expenses – This involves deferring the recognition of current period expenses such as payment of rent or payment for supplies of raw material, to another period in order to make current period earnings better.

iv. Masking contingent liabilities – This is achieved by failure to recognise the potential liabilities that may likely occur and underestimating how much they are likely to cost and this can boost the net income of the company and subsequently the shareholder's equity.

v. Undervaluing pension liabilities – this is where pension obligations are manipulated because the liabilities are expected to arise in the future.

vi. Inventory manipulation – This involves overstating the value of inventory thereby leading to the understatement of the cost of goods sold. Inventory represents the value of goods held in store either for sale of further production. They can either be purchased or produced. The effect of inventory manipulation is that income will artificially be raised higher, particularly when actual inventory and sales level have not changed.

2.1.3. Forms of creative accounting practices

According to Al-Khafaji, et al (2022) creative accounting come in various forms such as profit management or income smoothing. The major thrust of creative accounting is to create artificial profit which does not actually exist. This is achieved by either suppression of expenses or recognition of income earlier than when it actually occurs. As documented by them, profit management is one of the most important forms of creative accounting and it is divided into two: bad earnings management and good earnings management.

Bad earnings management involves hiding the real performance of the firm by creating some fictitious operations and artificial accounting restrictions. For instance creating secret reserves, wrong recognition of revenues, or using excessive and illogical estimates when exercising accounting judgements such as reducing allowances for doubtful debts. Accordingly, bad profit management practices can be considered unproductive and do not add value to the organisation as they represent fraudulent operations. On the other hand, good profit refers to every management process carried out by the organisation's management aimed at improving its performance and achieving its goals, to interact with expected threats. At the available opportunities, it recognises all the obligations of the organisation in a timely manner and can create value for shareholders. The good profit management is the management of operating profits that occur when management takes voluntary decisions that will maintain acceptable and stable financial performance for institutions.

Another form of creative accounting is income smoothing. According to Comiskey and Mulford (2002) income smoothing is a form of earnings management designed to eliminate distortions in the normal earnings chain that includes steps to reduce or save earnings during good years for use in bad years. Al-Khafaji, et al (2022) also defined income smoothing as the efforts made by management to reduce fluctuations in the company's declared profits. They further stated that smoothing the income is within the limits of the flexibility available in generally accepted accounting principles (GAAP).

2.1.4. Motives for using creative accounting

The promoters of creative accounting practices have as their motive the manipulation of accounting figures to present information that is distorted to the advantage of the companies and to the disadvantage of users of such financial statements. It is worthy of note that no matter how creative accounting is painted, the end is not always in the best interest of users of such financial statements. This stems from the fact that the various laws, policies and regulations are supposed to protect users of financial statements. According to Comiskey and Mulford (2002), the motives for creative accounting practice by management are limited to the followings:

i. To create positive impact on the company's reputation in the market through improvement in the financial values related to the performance of business establishments.

ii. To influence the company's share price in the financial market with the aim of maximizing the financial values and then improving the share prices of those companies in the financial markets.

iii. To improve the financial performance of the facility to achieve personal interest.

International Financial Reporting Standards (IFRS) and creative accounting

The IFRS can be described as a set of accounting rules issued for public companies with the goal of making company financial statements to be consistent, transparent, and easily comparable across various jurisdictions globally. The emergence of IFRS came as a result of efforts made by International Accounting Standards Committee (IASC) to ensure uniformity of financial reporting globally. The International Standard Accounting Standards Board (IASB) took over from IASC in 2001 with the main aim of setting the International Accounting Standards (IAS). The main goal of IASB is to develop high quality international accounting standards that will be easily understandable and enhance transparency in financial reporting globally (IASB, 2010).

Various authors have enumerated the benefits of adoption of adopting IFRS. According to Oladeji and Adesanya (2019) the adoption of IFRS will save multinational corporations the expense of preparing more than one set of accounts for different national jurisdictions, the professional status of accounting bodies will be enhanced and the big accounting firms will benefit in their efforts to expand their global markets for their services. Odo (2018) argued that the adoption of IFRS in Nigeria and beyond is aimed at bringing improvement through a uniform set of standards for financial reporting. Also Osinubi (2020) found that changes in the regulatory framework brought some improvement to corporate financial reporting practices such as the timing of corporate filings of audited financial reports.

The income statements should help investors and creditors determine the past financial performances of the enterprise, predict future performance, and assess the capacity of generating future cash flows through reports of the income and expenses.

Considering the intention of the originators of IFRS it is therefore questionable why creative accounting should still strive despite the various efforts aimed at ensuring proper reporting of financial activities of organisations.

The ethical challenge

The most difficult dimension of creative accounting is the non-disclosure of information on creative accounting. It is difficult in the sense that preparers of financial statements usually do everything within their ability to make the contents of the financial statements to look real. This off-course is the creativity in the preparation of the financial statements. In most instances, the users of the financial statements are deceived into taking wrong investment decisions. The questions arises as to how to track creative accounting or income smoothing in any particular financial statements. The effect of this could be devastating. According to online edition of This Day Newspaper of 30th September, 2015, creative accounting led to the fall of major corporations the world over including Cadbury Nigeria which overstated its accounts over a period of time in the past. As documented by Akenbor and Ibanuchuka (2012) the corporate failures of most of Nigerian banks was as a result of the doctoring of accounts to cover up certain inadequacies or some unscrupulous deals perpetrated by management.

The argument of whether creative accounting is ethical or not is dependent of which school of thought one comes from. One school posits that the current accounting practices allows a degree of choices of policies and professional judgements in determining the method of measurement, criteria for recognition, and even the definition of the accounting entity (Akenbor & Ibanichuka, 2012). Consequently, the exercise of this choice is not considered unethical so long as it is within the boundaries allowed. Furtherance to this concern, Akenbor and Ibanichuka (2012) posited that the exercise of this choice involve deliberate non-disclosure of information and manipulation of accounting figures thereby making the business appear to be more profitable (or less profitable for tax purpose) and financially stronger than it is actually. This school of thought sees nothing wrong in the practice of creative accounting and the practice is beneficial to the management of such firms.

The second school of thought is that the financial statements should present the true and fair view posture such that all information which any user requires about the firms being reported supposed to be disclosed and proper measurement of values taken. Moreover, according to IFAC (1992) the accountants and auditors should be straight forward, honest and sincere in their approach to their professional work. This implies that moral issues should be brought to bear in the preparation of financial statement such that there should be no dishonesty (see Osahon, 2012). This school of thought believes that the users of financial of financial statements should be protected from misleading information and actions. Consequently, any decisions that would till the pendulum to the side of management should be jettisoned. Creative accounting practice is the negation of this school of thought. In this context the practice of creative accounting will mislead the users (including investors) in taking decisions which will lead them into losses. Thus the users of financial statements will be at a loss when creative accounting is allowed to be operational.

The fundamental question which proponents of creative accounting should answer is how does the practice of creative accounting protect the interest of users of financial statements? The various standards, laws and regulations guiding the practice of accounting are put in place to ensure the protection of the interest of users of financial statements. The practice of creative accounting is negation of this objective. Where do we apportion the blame? The auditors who are expected to act independently to protect the interest of stakeholders are constrained as they cannot identify which institution indulges in the practice of creative accounting. Also the auditors are more or less handicapped as their scope of operations are limited by laws, regulations which are in place in such entities. Thus they cannot express their opinion beyond what was made available to them. One would also probe further to authenticate whether creative accounting is not an attempt to deliberately falsify the financial statements.

Another important consideration is whether the practice of corporate governance cannot discourage the practice creative accounting as this challenged the ethical conduct of corporate entities. As identified by Tassadaq and Malik (2015) corporate governance should moderate the practice of creative accounting. The professional accountants are also culpable as they are those who identify the perceived loopholes and then prepare their financial statements around these loopholes. Arguably, major stakeholders have been found to be play one role or the other either positively or negatively to the thriving of creative accounting.

Empirical literature

Various scholarly articles have been written on creative accounting by different authors. Extant literature is rich with work in this subject. Uwah and Akpan (2019) investigated the relationship between creative accounting practice and investment decisions by shareholders in Nigeria. Using data solicited from financial consultants, firms, auditors and academicians and analysed through Pearson product moment correlation to measure the degree of association between the variables, they found that there is existence of significant relationship between creative accounting and investment decisions.

Tassadaq and Malik (2015) investigated the issue of creative accounting in the financial report. Data for the study were obtained through questionnaires solicited from industrial sector. The data were analysed through descriptive and inferential statistics and their findings reveal that creative accounting plays significant role in financial reporting but has been negatively correlated ; implying that this practice decrease the value of financial information.

Abed, Hussin, Haddad, Almubaydeen and Ali (2022) studied creative accounting determinants and financial reporting quality: the integrating of transparency and disclosure. The study investigated the moderating role of transparency and disclosure with respect to enhancing the impact of creative accounting determinants and financial reporting quality in the context of commercial banking. Using data obtained from questionnaires, they found that the degree of impact for creative accounting determinants is linked to the aspect of transparency and disclosure. The results agrees with evidence of creative accounting determinants with implications for transparency and disclosure and financial reporting quality.

Osazevbaru (2012) examined the effect of creative accounting on firm's value in Nigeria. The primary objective of the study was to establish if the practice of creative accounting enhances firm's value. The study used survey research design and primary data obtained by means of questionnaire administered on selected chartered accountants firms and stock broking firms in Benin City; and analysed through chi-square test. The result of findings show that the practice obtained in Nigeria positively affect firm's value which can impact on its share price. The result of their findings also show that investors (especially individual investors) take accounting information as correct especially when they are from audited accounts.

Adamikova and Sedlakova (2020) studied the impact of creative accounting on the company value with empirical evidence from Slovakia. The objective of the study was to investigate whether the practice of creative accounting affect the value of the firm. Their findings show that creative accounting can significantly affect the overall value of a business.

Syanbola, Benjamin, Amuda and Lylod (2020) examined the effect of creative accounting on investment decision in selected listed manufacturing firms in Nigeria's real sector for the period of 2007 to 2017. The data for the study were extracted from the CBN statistical bulletins and NDIC annual reports and analysed using regression analysis. The result of the finding reveal a positive but insignificant effect of creative accounting on investment decisions in manufacturing firms in Nigeria's real sector.

Theoretical issue

This work is anchored on agency theory. This theory was developed and brought to prominence by Jensen and Meddling in 1976 to explain the relationship between the owners and providers of capital and the managers of capital. Here the providers of capital were described as the principal and the managers were described as agents. The agent is required to present a true state of their transactions to the principal at the end of the accounting period. However, the practice of creative accounting does not seem to agree with this postulation. Thus it raises the question of the truthfulness of managers in informing the owners of business on the actual activities that took place in the organisation within the period under consideration.

Methodology

Hypothesis development

In order to conduct the study three hypotheses were developed. The first hypothesis attempts to address the completeness of IFRS in addressing any gap that will give room for the practice of creative accounting.

> H_{01}: The contents of IFRS is not sufficient enough to mitigate against the practice of creative accounting in deposit money banks in Nigeria.

The second hypothesis attempts to evaluate whether there is proper implementation of the IFRS policy which would have created room for the practice of creative accounting. The basic assumption here is that those banks that practice creative accounting would have found loopholes due to improper implementation of IFRS.

> H_{02}: The implementation of IFRS is not adequate enough to guard against the practice

of creative accounting in deposit money banks in Nigeria.

The third hypothesis attempts to evaluate whether there is adequate compliance with IFRS which would have diminished the practice of creative accounting among deposit money banks.

H_{03}: Compliance with IFRS is not responsible for the practice of creative accounting among deposit money banks in Nigeria.

Model development

The functional relationship between the dependent variable which is creative accounting practice (CAP) and the independent variable which is IFRS is expressed in the models which is shown below.

The first model shows the composition of creative accounting practice:

$$IFRS = f(SC, ADIM, ECOM) \quad \ldots \quad . \quad . \quad .(i).$$

Where: IFRS = International Financial Reporting Standards
SC = Scope coverage
ADIM = Adequate implementation
FCOM = Full compliance.

The second model expresses the relationship between the dependent and independent variables.

$$CAP = f(IFRS) \quad . \quad . \quad . \quad . \quad . \quad (ii)$$

Thus a third which shows the relationship between the dependent variable (creative accounting practice) and independent variable (IFRS) is constructed as indicated below:

$$CAP = ß_0 + ß_1SC + ß_2ADIM + ß_3FCOM + \varepsilon \quad - \quad - \quad - \quad (iii)$$

The values of $ß_0$, $ß_1$, $ß_2$ and $ß_3$ are obtained from the results of analysis and ε is included to measure other factors which may promote the practice of creative accounting but are not captured in the model.

Data collection

This study uses descriptive research design as data for the study were drawn from primary sources through the issue of questionnaires. Questionnaires were administered on sixty randomly selected practitioners such as accountants, auditors and consultants in the banking industry in Nigeria. The main purpose was to obtain the view of the respondents on the adequacy of IFRS in addressing the challenges of creative accounting practice.

Results of data analysis

The data were analysed using SPSS version 20. The results of analysis are as shown hereunder.

Correlations

		CAP	SC	ADIM	ECOM
CAP	Pearson Correlation	1	-.378	-.276	.[a]
	Sig. (2-tailed)		.148	.300	.
	N	16	16	16	0
SC	Pearson Correlation	-.378	1	.907**	.[a]
	Sig. (2-tailed)	.148		.000	.
	N	16	16	16	0
ADIM	Pearson Correlation	-.276	.907**	1	.[a]
	Sig. (2-tailed)	.300	.000		.
	N	16	16	16	0
ECOM	Pearson Correlation	.[a]	.[a]	.[a]	.[a]
	Sig. (2-tailed)	.	.	.	
	N	0	0	0	0

**. Correlation is significant at the 0.01 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

All the correlation parameters were negative showing a negative relationship between mitigating factors of IFRS and creative accounting. This is consistent because an increase in the independent variable should lead to a reduction in the dependent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510[a]	.260	.075	17.00000

a. Predictors: (Constant), FCOM, SC, ADIM

The results of the analysis of data obtained from the responses from the questionnaires show that the coefficient of determination (R^2) stood at 0.260 indicating that 26 percent of movement in the mitigating factors of IFRS will result in the adjustment in creative accounting practice. However, the adjusted R squared (R^{-2}) seems to be insignificant at 0.075, i.e. 7.5%.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1217.938	3	405.979	1.405	.289[b]
	Residual	3468.000	12	289.000		
	Total	4685.937	15			

a. Dependent Variable: CAP

b. Predictors: (Constant), FCOM, SC, ADIM

The parameters of independent variables shows negative values. This indicates that increase in the mitigating factors of IFRS will result in diminution in the practice of creative accounting. The beta factor for scope coverage stood at -.241 which shows that the scope coverage of IFRS will lead to diminution in the practice of creative accounting. Moreover, the beta for adequacy of implementation of IFRS is -0.287 indicating that adequate implementation of IFRS will result in reduction in the practice of creative accounting by 28.7 percent. The beta factor for the effective compliance with IFRS contents stood at -0.441. This indicates that effective compliance with the IFRS will result in reduction in creative accounting practice by 44.1 percent.

In summary all parameters which measure the mitigating factors of IFRS on creative accounting practice are negative. This signifies that there is negative relationship between IFRS scope contents, implementation and compliance with the practice of creative accounting. This is interpreted to mean that increase in the mitigating factors will result in reduction in creative accounting practice. This findings is consistent with the prior studies of Adetoto and Ajiga (2017) who found that compliance with IFRS recognition, measurement and disclosure requirements each has significant effects in curtailing creative accounting practices among Nigeria listed banks.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	37.566	6.716		5.593	.000
	SC	-.241	.181	-.791	-1.337	.206
	ADIM	-.287	.461	-1.250	-.622	.545
	ECOM	-.441	.505	1.672	.874	.399

a. Dependent Variable: CAP

The findings of the study indicates that the scope contents of IFRS are adequate enough to mitigate against the practice of creative accounting. However, the findings regarding implementation and compliance are indicates that there is enough evidence to suggest that they are significantly related to the practice of creative accounting. Consequently, the study concludes that the International Financial Reporting Standards (IFRS) is sufficient to mitigate against the practice of creative of creative accounting;

Recommendations

It can be deciphered from the results of the study that proper implementation, compliance and scope coverage of IFRS are sufficient mitigations against the practice of creative accounting. On the basis of the above, it is recommended that the Financial Reporting Council of Nigeria (FRCN) should strictly enforce the implementation and compliance of all the items in the International Financial Reporting Standards (IFRS). Also there should be periodic review of the contents of IFRS in order to ensure that any loophole in the standard which promote the practice of creative accounting is discovered on time and appropriate measures taken to forestall it. Moreover, the regulators of financial reporting in Nigeria should do everything possible to discourage the practice of creative accounting. Appropriate sanctions should be meted on any preparer of financial statements found to deliberately alter window dress or modify any part or section of financial statements in order to deceive or mislead intending users. The users of financial statements should be sensitised on the need to be conscious of creative accounting while making use of financial statements.

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