International Journal of Multidisciplinary Research and Development

International Journal of Multidisciplinary Research and Development

Volume: 2, Issue: 10, 212-217
Oct 2015
www.allsubjectjournal.com
e-ISSN: 2349-4182
p-ISSN: 2349-5979
Impact Factor: 5.742

P.A. Donwa
Department of Accounting, Faculty of Management Science, University of Benin, Nigeria.

C.O. Mgbame
Department of Accounting, Faculty of Management Science, University of Benin, Nigeria.

A. Olateru-Olagbegi
Department of Accounting, Faculty of Management Science, University of Benin, Nigeria.

Correspondence
P.A. Donwa
Department of Accounting, Faculty of Management Science, University of Benin, Nigeria.

International Financial Reporting Standards (IFRS) and Financial Reporting in the Oil and Gas Sector: Conceptual Perspective

P.A. Donwa, C.O. Mgbame, A. Olateru-olagbegi

Abstract
The study examines the implications of International Financial Reporting Standards (IFRS) on financial reporting in Nigerian oil and gas sector. This paper aims to have a comprehensive review on the disclosure practice of oil and gas activities in compliance with IFRS 6 and identify whether there is a difference in disclosure practice between pre-IFRS and post IFRS financial reporting. The study employed mainly the secondary data from journals, contents of annual reports and existing literatures. The findings of the study revealed that the adoption of IFRS by various jurisdictions around the world is derived with mixed reactions and the proponents of IFRS adoption argue that a single global accounting standard has the prospects of improving information quality across the borders and will foster cross border listing investments. They further argue that, with a single set of global accounting standards, comparability of financial statements would be achieved.

Keywords: International Financial Reporting Standards (IFRS), Nigerian Oil and Gas Sector, Nigerian-GAAP, Nigerian Accounting Standards Board (NASB) and Financial Reporting Council (FRCN).

Introduction
The accounting treatment of exploration and evaluation expenditures of oil and gas (capitalising or expensing) can have a significant impact on the financial statements and reported financial results, particularly for entities at the exploration stage with no production activities. This conceptual study considers the available for the treatment of such expenditure under IFRS. Two broadly acknowledged methods (successful method and full cost method) have traditionally been used under Nigerian-GAAP to account for Exploration and Evaluation and subsequent development costs. Successful efforts and full cost, many different variants exist under Nigerian-GAAP, but these are broadly similar. US-GAAP has had a significant influence on the development of accounting practice in this area; entities in those countries that may not have specific rules often follow US-GAAP by analogy, and US-GAAP has influenced the accounting rules in other countries.

The successful efforts method has perhaps been more widely used under Nigerian-GAAP by integrated oil and gas companies, but is also used by many smaller upstream-only businesses. Costs incurred in finding, acquiring and developing reserves are capitalised on a field-by-field basis. Capitalised costs are allocated to commercially viable hydrocarbon reserves. Failure to discover commercially viable reserves means that the expenditure is charged to expense. Capitalised costs are depleted on a field-by-field basis as production occurs.

However, some upstream companies under Nigerian-GAAP have historically used the full cost method. All costs incurred in searching for, acquiring and developing the reserves in a large geographic cost centre or pool, as opposed to individual fields, are capitalised. Cost centres are typically grouped on a country by country basis, although sometimes countries may be grouped together if the fields have similar or linked economic or geological characteristics. These larger cost pools are then depleted on a country basis as production occurs. If exploration efforts in the country or geologic formation are wholly unsuccessful, the costs are expensed. Full cost, generally, results in a larger deferral of costs during exploration and development and increased subsequent depletion charges. Debate continues within the industry on the conceptual merits of both methods. IFRS 6 was issued to provide an interim solution for Exploration and Evaluation costs pending the outcome of the wider extractive industries project by the IASB. Entities transitioning to IFRS can continue applying their current accounting policy for Exploration and Evaluation. IFRS 6 provides an interim solution for exploration and evaluation costs, but does not apply to costs incurred once this phase is completed. The period of shelter provided by the

standard is a relatively narrow one, and the impairment rules make the continuation of full cost past the E&E phase a challenge.

In the accounting and finance sector, companies cook figures and manipulate financial statements; tax avoidance is the norm of the day while persistent earnings management is left unchecked by the authorities because of weak and ineffective regulation. Most of the Nigerian Statement of Accounting Standards (SASs) or NG-GAAP issued by the NASB are outdated and considered insufficient to provide the necessary guidance in the preparation of qualitative financial statements.

These problems coupled with many issues, necessitated the present government to introduce series of economic reform programmes in the various sectors of the economy in order correct the aberration and to propel the country among the twenty most developed nations in the World by the year 2020 (vision 202020). The most prominent reforms in the accounting and Oil and Gas sectors are; the adoption of International Financial Reporting Standards (IFRS), the replacement of the Nigerian Accounting Standards Board (NASB), the body responsible for the issuance of SAS with the Financial Reporting Council (FRC) and the establishment of the IFRS Academy. These reforms are intended to improve the general accounting quality of Nigerian companies, improve the comparability and transparency of their financial statement and reduce information asymmetry. While in the Oil and Gas sector, a Petroleum Industry Bill (PIB) aimed at revamping the oil and gas sector is currently being debated by the country's national house of assembly.

Statement of the Research Problem

Given the importance of the oil and gas industry to the Nigerian economy and as the country moves to the adoption of IFRS, the oil and gas industry companies need to take on a leadership role to demonstrate best practice in financial reporting. To tackle the complexity of accounting for extractive activities and the variety of accounting policy choices available to a company in the sector, the Nigerian standard setter issued in 1993 Statement of Accounting Standards dealing with upstream activities and later completed the task by issuing standards for downstream activities.

To this end, the following research problems are formulated thus:

i. Whether the disclosure of oil and gas activities are in compliance with IFRS 6.
ii. Whether there is a difference in disclosure between pre-IFRS and post IFRS financial reporting.
iii. Whether there is a difference in reporting for Expected and Evaluation (EXC) expenditures incurred by oil and gas entity before and after IFRS.
iv. Whether there is an agreement between the methods adopted in dealing with the accounting for oil and gas expenditures before and after the adoption of IFRS in dealing with the accounting for oil and gas expenditures before or after the adoption of IFRS.

But in terms of IFRS, not willing to issue industry specific standards, the IASB has issued only one standard so far, IFRS 6, which deals with Exploration for and evaluation of mineral resources. When considering IFRS conversion by the oil and gas industry companies, there will be a variety of challenges faced by the companies in that sector. There are some companies which are the subsidiaries of oil-multinationals, which are already preparing IFRS financial statements and which would technically have no difficulties to understand the IFRS implications while there are others for whom IFRS would be new such as the US multi-nationals,

IFRS prescribes the minimum standards of disclosure and with only IFRS6 issued so far, the oil and gas industry company to provide additional disclosure to explain any unusual circumstances faced by it. In addition, where there are no IFRS standards which specifically address circumstances, particular events, transactions or other conditions arising in the industry, the oil and gas industry companies will have to select their own accounting policy. Following the IFRS hierarchy of guidance for the selection of an accounting policy, will existing accounting policies in line with the SASs be sufficient or are there alternatives which will provide more relevant and useful information? Nigerian accountants working in the oil and gas industry faces the challenge of moving to a new framework IFRS which does not deal with all the intricacies, complexities of transactions and events common to the sector.

Section 55 (1) of the Companies Income Tax Act, Cap C21, LFN 2004 requires a company filing a return to submit its audited account to the FIRS while Sections 8, 52 and 53 of the Financial Reporting Council of Nigeria Act, 2011 gave effect to the adoption of International Financial Reporting Standards. The implication of this is that the audited accounts are to be submitted to the FIRS after the adoption of International Financial Reporting Standards shall be prepared in compliance with Standards issued by IFRS. It is in line with the above that FIRS published these guidelines on tax treatments to be given to each of the Standards especially where there are deviations from Nigerian Generally Accepted Accounting Practice after the adoption.

Objective of the study

The main objective of this study is t to examine the implications of IFRS on financial reporting in Nigerian Oil and Gas sector. Specifically objectives of this study review that:

1. Identify the disclosure of oil and gas activities in compliance with IFRS 6.
2. Identify whether there is a difference in disclosure between pre-IFRS and post-IFRS financial reporting.
3. Identify whether there is a difference in reporting for Exploration and Evaluation (E&E) expenditure in reporting for E&E expenditures incurred by oil and gas entity before and after IFRS.
4. Identify whether there is an agreement between the methods adopted in dealing with the accounting for oil and gas expenditure before or after the adoption of IFRS.

Literature review

Overview of Nigerian Oil and Gas Sector:

The advent of the oil industry in Nigeria can be traced back to 1908, when a German entity, the Nigerian Bitumen Corporation, commenced exploration activities in the Araromi area of Western Nigeria. These pioneering efforts ended abruptly with the outbreak of the First World War in 1914. Oil prospecting efforts resumed in 1937, when Shell D'Arcy (the forerunner of Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary rights covering the whole territory of Nigeria. Concerted efforts after several years and an investment of over N30 million, led to the first commercial discovery in 1956 at Oloibiri in the Niger Delta by Shell D'Arcy Petroleum, with a modest production rate of 5,100 barrels per day. This discovery opened up the Oil industry in 1961, bringing in Mobil, Agip, Safrap, Tenneco and Amoseas to join the exploration efforts both in the onshore and offshore areas of Nigeria.

Masud (2013) cited the country began to export its entire production of 5,100 bpd in 1958 and was among the world's oil elite by 1972 with an average production of 2.46 million barrels per Day (bbl/day) NNPC (2013). According to the United States Energy Information Administration (EIA 2012), Nigeria is the 12th largest oil producer in the world and the most prolific oil producer in Sub-Saharan Africa. The country has the capacity to produce an average of 3 million b/d if not for the problems bedevilling the Oil sector. Nigeria joined the Organisation of Petroleum Exporting Countries (OPEC) in 1971 and established the Nigerian National Petroleum Company (NNPC) in 1977; a state owned and controlled company which is a major player in both the upstream and downstream sectors. The EIA reported in the Oil and Gas Journal (OGJ, 2010), that Nigeria had an estimated 37.2 billion barrels of proven oil reserves as of the end of 2011 which is equivalent to 41.4 years of current production and 2.25% of the world's reserves. Natural gas reserve is estimated at 165 trillion standard cubic feet (scf) including 75.4 trillion scf of non-associated gas. Due mostly to the lack of a gas processing infrastructure, 75% of associated gas is flared and 12% re-injected to enhance oil recovery. The majority of reserves are found along the country's Niger River Delta and offshore in the Bight of Benin, the Gulf of Guinea and the Bight of Bonny. Current exploration activities are mostly focused in the deep and ultra-deep offshore with some activities planned in the Chad basin, located in the northeast of the country (OGJ, 2010).

The Nigerian economy is largely dependent on its oil sector which supplies 95% of its foreign exchange earnings and over 80% of the country's revenue (NITCUK, 2013). Nigeria's oil bumper breakthrough started in 1973 with the Arab-Israeli war, following the Yom Kippur (October 5) attack on Israel by Egypt and Syria (Kolawale, 2010). The Western world opposed the onslaught and, in retaliation, Arab countries placed an embargo on supplies to Israel's sympathisers. That meant a cut in production by about 5 million barrels/day. Prices rose by 400 per cent between October 1973 and March 1974 from an average price of $3 in 1973, to $12 by December 1974 (EIA 2010). Nigeria began to benefit from the massive windfall of petrodollars as a result of the oil boom. From modest oil earnings of about $200 million in 1970, Nigeria earned $32 billion between 1973 and 1978, averaging over $6 billion oil earnings per year 1977; a state owned and controlled company which is a major player in both the upstream and downstream sectors.

The Nigerian economy is largely dependent on its oil sector which supplies 95% of its foreign exchange earnings and over 80% of the country's revenue (NHCUK, 2013). Nigeria's oil bumper breakthrough started in 1973 with the Arab-Israeli war, following the Yom Kippur (October 5) attack on Israel by Egypt and Syria (Kolawale, 2010). The Western world opposed the onslaught and, in retaliation, Arab countries placed an embargo on supplies to Israel's sympathisers. That meant a cut in production by about 5 million barrels/day. Prices rose by 400 per cent between October 1973 and March 1974 from an average price of $3 in 1973, to $12 by December 1974 (EIA 2010). Nigeria began to benefit from the massive windfall of petrodollars as a result of the oil boom. From modest oil earnings of about $200 million in 1970, Nigeria earned $32 billion between 1973 and 1978, averaging over $6 billion oil earnings per year. 1977; a state owned and controlled company which is a major player in both the upstream and downstream sectors. The EIA reported in the Oil and Gas Journal (OGJ, 2010), that Nigeria had an estimated 37.2 billion barrels of proven oil reserves as of the end of 2011 which is equivalent to 41.4 years of current production and 2.25% of the world's reserves. Natural gas reserve is estimated at 165 trillion standard cubic feet (scf) including 75.4 trillion of non-associated gas. Due mostly to the lack of a gas processing infrastructure, 75% of associated gas is flared and 12% re-injected to enhance oil recovery. The majority of reserves are found along the country's Niger River Delta and offshore in the Bight of Benin, the Gulf of Guinea and the Bight of Bonny. Current exploration activities are mostly focused in the deep and ultra-deep offshore with some activities planned in the Chad basin, located in the northeast of the country (OGJ, 2010).

The Nigerian economy is largely dependent on its oil sector which supplies 95% of its foreign exchange earnings and over 80% of the country's revenue (NHCUK, 2013). Nigeria's oil bumper breakthrough started in 1973 with the Arab-Israeli war, following the Yom Kippur (October 5) attack on Israel by Egypt and Syria (Kolawale, 2010). The Western world opposed the onslaught and, in retaliation, Arab countries placed an embargo on supplies to Israel's sympathisers. That meant a cut in production by about 5 million barrels/day. Prices rose by 400 per cent between October 1973 and March 1974 from an average price of $3 in 1973, to $12 by December 1974 (EIA 2010). Nigeria began to benefit from the massive windfall of petrodollars as a result of the oil boom. From modest oil earnings of about $200 million in 1970, Nigeria earned $32 billion between 1973 and 1978, averaging over $6 billion oil earnings per year.

Implications of IFRS Adoption in Nigeria

Impairment of assets: The adoption of IFRS in Nigeria has brought about the need for review of assets for impairment. IAS 36 requires that impairment review be carried out at the end of every reporting period and that assets be subjected to impairment test if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The determination of recoverable amount of an asset is the crux of impairment testing and the process is often not straight-forward. This may require lots of assumptions and judgments on the part of management. Impairment test is not optional for any entity reporting on the basis of IFRS. Many entities are looking for ways to avoid this requirement due to the cost implications of the exercise (Oduware, 2012).

Identification and consolidation requirement of special purpose entities: Based on the provisions of IFRS 10 and SIC 12, special purposes entities are created to accomplish a narrow and well defined objective, such as securitization of financial assets. The standard requires the consolidation of entities that are controlled by another entity. Consequently financial institutions must consolidate all such entities controlled by them (Okpala, 2012; Oduware, 2012). Typical example is an employee share trust where an SPE is set-up, loan is advanced to SPE to purchase own equity of the entity on behalf of its staff. Entities will no longer be allowed to exclude this from entities that they control under IFRS.

Consolidation of investments where investor has less than 50% control: Under previous GAAP financial institutions were able to avoid consolidating certain investments because they did not own up to 50% of the voting power of the entity. Under IFRS this would no longer be the case because the ownership of voting power is not the only consideration in determining control. Therefore entities may consolidate investments where they do not own 50% in voting power. Also based on IAS 27 entities may also not consolidate when

they have more than half of the voting power of the entity but the onus now lie on the entity to prove and clearly demonstrated that such ownership does not constitute control (Oduware, 2012).

Loans Obtained at below market rate IAS 20 specifically states: "The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognized and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement (or, when adopted, IFRS 9 Financial Instruments). The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 (or, when adopted, IFRS 9) and the proceeds received".

On receipt of such loans, an entity is expected to initially recognize it at fair value being a financial instrument (financial liability). Fair value is determined by discounting the cash flows associated with the loan using an imputed market interest rate (e.g. prime lending rate or market rate specific to the arm's length transaction of obtaining external borrowings or the prevailing rate of interest existing on a refinanced loan by way of government assisted or subsidized loans) on the date the loan is obtained. The difference between the proceeds received from the government assisted/subsidized loan and the fair value of the loan is the government grant which is deferred and amortized to profit or loss on a systematic basis over the periods in which entity recognizes as expenses the related costs for which the grant is intended to compensate (Okpala , 2012; Oduware, 2012).

Conceptual Framework

Upstream activities comprise the exploration for and discovery of hydrocarbons; crude oil and natural gas. They also include the development of these hydrocarbon reserves and resources, and their subsequent extraction (production).

Reserves and resources

The oil and gas natural resources found by an entity are its most important economic asset. The financial strength of the entity depends on the amount and quality of the resources it has the right to extract and sell. Resources are the source of future cash inflows from the sale of hydrocarbons and provide the basis for borrowing and for raising equity finance.

What are reserves and resources?

Resources are those volumes of oil and gas that are estimated to be present in the ground, which may or may not be economically recoverable. Reserves are those resources that are anticipated to be commercially recovered from known accumulations from a specific date. Natural resources are outside the scope of IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". The IASB is considering the accounting for mineral resources and reserves as part of its Extractive Activities project. Entities record reserves at the historical cost of finding and developing reserves or acquiring them from third parties. The cost of finding and developing reserves is not directly related to the quantity of reserves. The purchase price allocated to reserves acquired in a business combination is the fair value of the reserves and resources at the date of the business combination but only at that point in time.

Reserves and resources have a pervasive impact on oil and gas entity's financial statements, impacting on a number of significant areas. These include, but are not limited to: and restoration obligations; and business combinations. The geological and engineering data available for hydrocarbon accumulations will enable an assessment of the uncertainty/certainty of the reserves estimate. Reserves are classified as proved or unproved according to the degree of certainty associated with their estimated recoverability. These classifications do not arise from any definitions or guidance in IFRS. This publication uses terms as they are commonly used in the industry but there are different specific definitions of reserves and the determination of reserves is complex.

Several countries have their own definitions of reserves, for example China Russia, Canada, and Norway. Companies that are SEC registrants apply the SEC's own definition of reserves for financial reporting purposes. There are also definitions developed by professional bodies such as the Society of Petroleum Engineers (SPE). Application of different reserve estimation techniques can result in a comparability issue; entities should disclose what definitions they are using and use them consistently. Proved reserves are estimated quantities of reserves that, based on geological and engineering data, appear reasonably certain to be recoverable in the future from known oil and gas reserves under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made.

Proved reserves are further sub-classified into those described as proved developed and proved undeveloped: can be expected to be recovered through existing wells with existing equipment and operating methods; are expected to be recovered from new wells on undrilled proved acreage, or from existing wells where relatively major expenditure is required before the reserves can be extracted. Unproved reserves are those reserves that technical or other uncertainties preclude from being classified as proved. Unproved reserves may be further categorized as probable and possible reserves: that are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; Financial reporting in the oil and gas industry that analysis of geo-science and engineering data suggest are less likely to be recoverable than probable reserves.

Estimation

Reserves estimates are usually made by petroleum reservoir engineers, sometimes by geologists but, as a rule, not by accountants. Preparing reserve estimations is a complex process. It requires an analysis of information about the geology of the reservoir and the surrounding rock formations and analysis of the fluids and gases within the reservoir. It also requires an assessment of the impact of factors such as temperature and pressure on the recoverability of the reserves. It must also take account of operating practices, statutory and regulatory requirements, costs and other factors that will affect the commercial viability of extraction. More information is obtained about the mix of oil, gas, and water, the reservoir pressure, and other relevant data as the field is developed and then enters production. The information is used to update the estimates of recoverable reserves. Estimates of reserves are revised over the life of the field.

Exploration and Evaluation

Exploration costs are incurred to discover hydrocarbon resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of the resources found. Exploration, as defined in IFRS 6 "Exploration and Evaluation of Mineral Resources", starts when the legal rights to explore have been obtained. Expenditure incurred before obtaining the legal right to explore is generally expensed; an

exception to this would be separately acquired intangible assets such as payment for an option to obtain legal rights. The accounting treatment of exploration and evaluation ("E&E") expenditures (capitalising or expensing) can have a significant impact on the financial statements and reported financial results, particularly for entities at the exploration stage with no production activities.

Successful efforts and full cost methods

Two broadly acknowledged methods *successful efforts methods and full cost methods) have traditionally been used under local GAAP to account for E&E and subsequent development costs: successful efforts and full cost. Many different variants of the two methods exist. US GAAP has had a significant influence on the development of accounting practice in this area; entities in those countries that may not have specific rules often follow US GAAP by analogy, and US GAAP has influenced the accounting rules in other countries. The successful efforts method has perhaps been more widely used by integrated oil and gas companies, but is also used by many smaller upstream-only businesses. Costs incurred in finding, acquiring and developing reserves are typically capitalised on a field-by-field basis. Capitalised costs are allocated to commercially viable hydrocarbon reserves. Failure to discover commercially viable reserves means that the expenditure is charged to expense. Capitalised costs are depleted on a field-by-field basis as production occurs. However, some upstream companies have used the full cost method under local GAAP. All costs incurred in searching for, acquiring and developing the reserves in a large geographic cost centre or pool are capitalised. A cost centre or pool is typically a country. The cost pools are then depleted on a country basis as production occurs. If exploration efforts in the country or the geological formation are wholly unsuccessful, the costs are expensed.

Methodology

This study is based on secondary data. The secondary data for the study is the existing financial reporting of corporate entities in Nigerian oil and gas sector. The study focuses exclusively on selected oil and gas companies in both the upstream and downstream sector of the Nigerian petroleum. Data were sourced through journals, contents of annual reports and existing literatures.

Conclusion

This paper focuses on the implication of IFRS in Oil and Gas industries in Nigeria. Majority of this literature has focused on the micro-based risks and issues associated with IFRS and IFRS conversions, senior management should not lose sight of the macro-based benefits to IFRS conversion. IFRS may offer more global transparency and ease access to foreign capital markets and investments, and that may help facilitate cross-border acquisitions, ventures and spin-offs. For example, and as a final thought, by converting to IFRS, oil and gas companies should be able to present their financial reports to a wider capital community. If this lowers the lending rate to that company by, say, a quarter of a percentage point for the annuity of the instrument, then the benefits are clearly measurable despite the short-term pain of the finance group through the IFRS conversion process.

The adoption of International Financial Reporting Standards by various jurisdictions around the world is viewed with mixed reactions. Proponents of IFRS adoption argue that a single global accounting standard has the prospects of improving information quality across borders and will foster cross border investments. They further argue that with a single set of global accounting standard, comparability of financial statements would be achieved leading to reduction in information processing costs associated with different national accounting standards and thereby reducing the overall cost of capital as shown by previous researches.

Opponents of IFRS adoption however, countered that a single set of accounting standards might not accommodate the differing political, economic, social and cultural features of other jurisdictions. Tanko argued that it is unclear if investors benefit simply from IFRS adoption. They argue that the potential IFRS adoption benefit will simply be wiped out by the differential or tax implementation.

This study intends to contribute to this debate by investigating the potential benefits or otherwise of IFRS adoption in Nigeria. The study investigates the implication of the adoption of IFRS on Nigerian listed Oil and Gas companies because of the unique nature of this industry. It is only in the Oil and Gas sector that heavy investment does not guarantee a commensurate return. The sector is also characterised by risks and uncertainties in the exploration and production processes. Oil and Gas sector has a unique accounting system, the SE and FC methods. Companies are allowed to use either method to account for their E&E expenditures and other costs incurred in the exploration process. IFRS 6: *Exploration for and evaluation of mineral resources* is the standard designed by the IASB specifically for the Oil and Gas sector to provide firms with guidance on recognition, classification and measurement of their assets. These characteristics make the Oil and Gas sector a unique industry worthy of investigating. The Nigerian economy is heavily dependent on this sector. According to the International Monetary Fund, Oil and Gas sector accounts for over 95% of the country's export earnings and about 40% of government revenues. Therefore investigating the effects of IFRS adoption on the Oil and Gas sector, is like investigating the effects of the policy on the Nigerian economy as a whole.

References

1 Barde, I. M. (2011). Regulatory authorities and enhancing compliance with requirements of accounting standards: any role for whistleblowers? Department of Accounting, Bayero University Kano.
2 Henock, L. & Oktay, U. (2012). The effect of IFRS on cross-border acquisitions. London Business School University of Hertfordshire.
3 Masud B. (2013). Effects of IFRS adoption on the financial reports of Nigerian listed entities: The case of oil and gas companies. *A Multidisciplinary Journal of Global Macrotheme trends, 2(7), 9-25.*
4 Michelle B. (2011). The effects of IFRS on financial ratios: early evidence in canada. certified general accountants association of Canada, 100 – 4200 North Fraser Way, Burnaby, BC, Canada, V5J 5K7
5 NITCUK (2013). Nigeria High Commission, London UK: Overview of Nigerian economy. Retrieved from http://www.nigeriahc.org.uk/economy, 18, April 2013
6 Oduware, U. (2012). IFRS adoption in Nigeria and optimizing the gains of global investment climate. Akintola Williams Deloitte.
7 Oil and Gas UK (2012). The voice of the offshore industry: 2012 Decommissioning Insight. Retrieved from http://www.oilandgasuk.co.uk/cmsfiles/modules/ publications/pdfs/OP073.pdf

8 Okpala, K. E. (2012). Adoption of IFRS and financial statement effects: the perceived implications on FDI and Nigeria economy. *Australian Journal of Business and Management Research, 2*(5), 76-83.
9 OPEC (2012). Organisation of petroleum exporting countries: *Annual Statistical Bulletin* 2012.
10 Outa E. R. (2011). The impact of international financial reporting standards (IFRS) Adoption on the Accounting Quality of Listed Companies in Kenya. *International journal of accounting and financial reporting., (1),*1. 20-25.
11 Paananen, M. (2008). The IFRS adoption's effect on accounting quality in Sweden.
12 Paiva I. C. & Lourenco I. C. (2010). Determinants of accounting quality: empirical evidence from the European Union after IFRS adoption. ISCTE – IUL business school Avenida Forças Armadas 1649-026 Lisboa – Portugal.
13 Punda P. (2011). The impact of international financial reporting standards (IFRS) adoption on key financial ratios – Evidence from the UK. Aarhus School of Business, Master's Thesis.
14 PWC (2011). Similarities and differences between IFRS and Nigerian GAAP. PricewaterhouseCoopers, February 2011. www.pwc.com/ng
15 Tanko, M. (2012). The effects of IFRS adoption on the performance of firms in Nigeria. Journal of administration and economic science Qassim University, 5(2), 133 – 157.