EFFECT OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD (IPSAS) ON FINANCIAL REPORTS RELEVANCE AND FAITHFUL REPRESENTATION. A STUDY OF KADUNA STATE

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Abstract

The study was carried out to examine the effect of International Public Sector Accounting Standard (IPSAS) on financial reports' relevance and faithful representation in Kaduna state. In carrying out the study, the Ex-post Facto research design was applied. This involved the examination of financial reports of Kaduna state for the periods 2015 to 2017 with 2016 as a timeline. Data analysis was done through content analysis, while the statistical tool of SPSS Multiple Regression technique was employed to test the formulated hypotheses. Findings revealed that the financial statements of Kaduna state exhibit the qualitative characteristics of relevance and faithful representation after the implementation of International Public Sector Accounting Standards accrual basis. It was therefore recommended that, other states that have not implemented IPSAS accrual accounting basis should do so in order to make their financial reports relevant for decision making and to faithfully represent what they purport to represent.

Introduction

Quality financial reports plays significant role in making governments accountable to their citizens and to meets its financial management obligations (Opanyi, 2016). Quality financial reports provide information about the financial performance, financial position, cash flow statement, changes in net assets, economic resources and claims of the reporting entity on those resources. It also provides information about effects of transactions and other events that can change an entity's financial position. This will make the information therein to be useful to existing and potential investors, workers, lenders, suppliers, trade payables and other relevant stakeholders in making economic decisions about the resources provided and manage by the entity (Bergmann, 2009 and Ernst & Young, 2012).

The introduction of International Public Sector Accounting Standard formed an important part of public sector reforms and followed a global trend in government accounting in response to calls for greater government financial reports comparability and accountability which are core fundamental characteristics of democracy (Ashbaugh & Pincus, 2001). International Public Sector Accounting Standards are issued by the International Public Sector

Accounting Standard Board. Their major purpose is to make for good presentation of financial statement in the public sector, majority of which is currently using the cash basis of accounting. IPSAS covers accounting of public sector entities, with exception of Government Business Enterprises (Ernst & Young, 2012).

IPSAS was developed as a child of necessity, because according to Adebayo (2010) and Zakiah (2007) the present system of cash basis being operated by a major part of the public sector, is not intended to provide information on the cost of services, earned revenues, accounts receivables, account payables, noncurrent assets and liabilities, accrued interest on external debts, inventories, among others. Also Okoye & Oghoghomeh (2011) revealed that, cash accounting system is not significantly effective in providing accounting information for effective performance of public sector organization, because there is no indication of long-term. As a result of this, the International Public Sector Accounting Standard Board decide to develop International Public Sector Accounting Standards for financial statements prepared on the accrual basis of accounting as well as for financial statements prepared on the cash basis of accounting in the public sector.

On the basis of the new International Public Sector Accounting Standard Board terms of reference and as one of the consequences of its conceptual framework project, International Public Sector Accounting Standard Board has widened its scope to include General Purpose Financial Reports (Aggestem, 2010; Adhikari, & Mellemvik, 2010). General Purpose Financial Reports are characterized by the fact that, they are not only comprised of financial statements but also refer to other financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs.

The International Public Sector Accounting Standards are based on the work of the Public Sector Council of the International Federation of Accountant. This standing committee has been dealing with public sector accounting and auditing since 1986. Its core tasks include the development of concepts to optimize the financial management and financial reporting of public authorities (Ernst & Young (2012).

Public sector entities generally include national and regional governments (for example: state, provincial and territorial governments; local authorities (for example: towns and cities) as well as related government entities (for example: agencies, boards, commissions and enterprises). In general, International Public Sector Accounting Standard Board guidance which is dealing with reports other than General Purpose Financial Statements (for example: reporting on the long-term sustainability of an entity's finances) is not part of the set of International Public Sector Accounting Standards. Currently, this guidance is called Recommended Practice Guidance.

International Financial Reporting Standard, according to Bergmann (2004), requires full compliance.

No financial statement can be claimed as being International Public Sector Accounting Standards – compliant if any of the International Public Sector Accounting Standard requirements has not been met in full. The International Public Sector Accounting Standard Board recognized the rights of governments and national standard setters to establish accounting standards and associated guidance within their jurisdictions. Its objectives therefore, is to serve the public interest by developing high quality public sector financial reporting standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial reporting throughout the world.

Objectives of the study

The aim of this study is to examine the effect of international public sector accounting standard (ipsas) implementation on public sector financial reports relevance and faithful representation. The specific objectives include:

- To evaluate the effect of IPSAS on public sector financial report relevance.
- To examine the effect of IPSAS on public sector financial report faithful representation.

Research questions

The following research questions were raised for the study:

- What is the relationship between IPSAS and financial report relevance?
- What is the relationship between IPSAS and financial reports faithful representation?

Research hypotheses

The following hypotheses were formulated for the study:

- There is no significant relationship between IPSAS and financial report relevance
- There is no significant relationship between IPSAS and financial report faithful representation.

Conceptual framework

Quality of Financial Reporting

Financial reporting is seen as means of communicating information relating to enterprise resources, obligations, earnings, among others to interested parties (internal and external users). The main objective of financial reporting is to provide high-quality information on reporting entities, which can be used for sound economic decisions making by the relevant stakeholders. This implies that, the information provided must be useful to present and potential investors, trade payables and other users in making rational investment, credit and similar decisions (Adejola, 2014; IASB, 2010).

The information should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence and also should be able to positively influence present and potential capital providers and other stakeholders when making economic decisions; (investments, credit decisions, and resource allocation) that may enhance overall capital markets efficiency. It should also provide information to help present and potential investor, trade payables and other users in assessing the amounts, timing and uncertainty of prospective cash receipts from dividends or interest and proceeds from sale, redemption or maturity of securities or loans ((IASB, 2008; 2010).

Quality financial reporting is the platform through which information about the economic resources of an enterprise, the claims to those resources and the effects of transactions, events and circumstances that change resources are presented to interested parties (Riahi-Belkaoni, 2004; Opanyi, 2016).

Various definitions of financial reporting quality exist in extant literature. Some of which include: Tang, Chen, & Zhijun, (2008) defined financial reporting quality as "the extent to which the financial statements provide true and fair information about the underlying performance and financial position of an organization. IASB (2008); Ishola (2013) sees quality financial reporting as a financial report that provides information about how management of an enterprise has discharged its stewardship responsibility to owners on the use of the enterprise resources entrusted to them and this information must be useful to present and potential equity investors, lenders and other trade payables in making decisions in their capacity as capital providers. Also this information should be useful to managers and directors in making decisions in the interest of the owners.

Relevance

This is regarded as a primary quality of financial statements and it is when financial information is capable of making a difference in the decisions made by users. In other words, it is the ability of financial Information to influence a manager's decision by changing or confirming their expectations about the results or consequences of actions or events. This implies that, for information to meet the standard of relevance, it must bear on or be usefully associated with the action it is designed to facilitate or the result it is designed to produce. This requires that, either the information or the act of the communication exert influence on the designate actions. There are degrees of relevance. The relevance of particular information varies among users and will depend on their needs and on the particular context in which the decisions are made. The Conceptual framework (IASB (2010) cited in Opanyi, (2016) revealed that, for financial information to be relevant, it must possess two major qualities:

i. **Predictive value:** Information is said to have predictive value if it can be used as an input to processes employed by users to predict future outcomes of organizations. That is, the information should be able to help investors, trade payables and other users to evaluate the past, present and future events of the entity.
ii. **Confirmatory value:** Financial report is said to have confirmatory value if it can provides feedback about previous evaluation. That is, it confirms or changes these evaluations or correct prior expectations (feedback value). Predictive and confirmatory values are interrelated. For example, revenue for the current year can be used to predict revenue for future years and can also be used to compare or confirm revenue predictions that were made in the past years.
iii. **Materiality:** This principle holds that, transactions and events having significant economic effects be handled in the most expeditious manner, whether or not they conform to generally accept accounting principles and need not to be disclosed. This implies that, trivial transactions which do not affect the result of the business, can be ignored or merged with other similar expenses, as the cost of individually ascertaining such expenses may be more than the benefits to be derived from such action. This is also essential in establishing the relevance of financial information. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. It is an entity-specific aspect of relevance, based on the nature or magnitude or both in relation to items. Reported information therefore is useful only if it relates to the issues that are prime concern to the users.

Summarily, to be relevant, information must have predictive value and feedback value and at the same time must be conveyed on a timely basis.

Faithful representation

Since financial reports represent economic phenomenon and events in words and numbers to be useful therefore, it must faithfully represent the events that it purports to represent. This characteristic formally known as reliability quality also refers to the quality which permits users of data to depend on financial information with confidence as a representative of what it supposed to represent. Thus the reliability of financial reports depends on its degree of faithfulness in the representation of an event. Reliability differs between users, depending on the extent of their knowledge of the rules used to prepare the information. Similarly, different users seek information with different degree of reliability (IASB, 2010 and Riahi-Belkaoni, 2004).

In the context of the conceptual framework, to be reliable, a financial report must be complete, and neutral. Also it should be free from material errors, bias, not misleading and prudently represent estimates and uncertainties through proper disclosures. Therefore, to give a faithful representation of economic phenomena, annual reports must be complete, neutral, and free from material errors (IASB, 2010). These underlying characteristics are hereby discussed below:

i. **Completeness:** A complete depiction includes information necessary for a user to understand the phenomenon being depicted, including all necessary descriptions and explanations. That is, it refers to the correspondence between accounting data and the events those data purport to represent. If the measure portrays what it supposed to represent, it is depicted to be complete and free from measurement and measurer bias. A complete depiction of a group of assets, for example would include: the nature of the assets in the group, numerical description of all the assets in the group and a description of what the numerical depiction represents in terms of: original cost, adjusted cost or fair value.

ii. **Neutrality:** A neutral depiction is a financial report without bias in the selection or presentation of financial information. Thus neutral information is free from bias towards attaining the desire results or inducing a particular mode of behaviour and that the purpose of preparing the financial information should influence the predetermined result.

iii. **Freedom from error:** This means there are no errors or omissions in the description of the phenomenon and the process used to produce the reported information has been selected and applied with no errors in the process. This does not mean the information is perfectly accurate in all respects, because some information may have to be estimated. However, a representation of an estimate can be faithful if:

1. The amount is described clearly and accurately as being an estimate
2. The nature and imitations of the estimating process are explained
3. No errors have been made in selecting and applying the process of developing the estimate.

Therefore, Adejola, (2011); Oko (2018) has it that, in applying the fundamental qualitative characteristics of financial reporting; the following should be carried out:

1. Identify an economic phenomenon that has the potential to be useful to users.
2. Identify the types of information about the phenomenon that would be most relevant if it is available and can be faithfully represented.
3. Determine whether that information is available and can be faithfully represented.

Relationships between IPSAS and Quality of Financial Reporting

IPSAS, according to Hamisi, (2012), Opanyi (2016); Armstrong, Barth, Jagolinzer, & Riedl, (2010) is a set of accounting standards issued by the International Public Sector Accounting Standard Board (IPSASB) for use by public sector entities around the world in the preparation of financial statements on accrual basis of accounting as well as for financial statements prepared on the cash basis of accounting. These standards are based on international financial reporting standards (IFRS) issued by the International Accounting standard Board (IASB). International Public Sector Accounting Standards govern the recognition, measurement, presentation and disclosure requirements in relation to transactions and events in general purpose financial statements.

The main aim of International Public Sector Accounting Standards implementation is to improve the quality, reliability, credibility and integrity of General Purpose Financial Statements by public sector entities so as to have a better informed assessment of the decisions governments take to allocate and administer resources. Compliance with International Public Sector Accounting Standards guarantees that financial reporting by public entities conveys a "true and fair view" of the financial situation and can facilitate efficient internal control and result based financial management (Ernst & Young, 2012; Chan, 2008; Kara, 2012; Obazee, 2007).

Barth, Landsman, & Lang, (2008) opined that, accounting quality could be improved with elimination of accounting methods that are less reflective of firm's performance and replaced by accounting standards that will reflect an entity financial performance.

By eliminating many international differences in accounting standards, and standardizing reporting formats, International Public Sector Accounting Standards eliminate many of the adjustments that Accountants historically have made in order to make Public sector financial information more comparable internationally. International Public Sector Accounting Standards adoption and implementations therefore could make it less costly for the relevant stakeholders to compare government entities firms across markets and countries (Ashbaugh, & Pincus, 2001; Carlin, 2005). Thus, a common set of accounting standards would solve agency problem in the public sector, reduce information asymmetries among investors and/or lower estimation risk by increasing comparability between different tiers of governments (Bergmann, 2009; Bowrin, 2008).

This implies that, reducing international differences through International Public Sector Accounting Standard implementation will assists to a high degree in facilitating international comparism of Public Sector financial reporting. Lastly, better accounting standards make reported government revenue less noisy and more accurate, hence more "value relevant". It would also, make government revenue easier to forecast and would improve average analyst forecast accuracy (Ashbaugh & Pincus, 2001; Hope, 2003).

Theoretical Framework

The study is anchored on organization theory of the firm. According to Oko (2018), the conceptual foundation of corporate finance reporting is the theory of the firm that emphasizes managers as agents of the owners of the firm. Government accounting needs broader theory of government accountability which can be derived from Simon's organization theory (Simon, 1945). When applied to public sector, the essence of the theory states that a variety of stakeholders have vested interests in the financial viability of the government. Their incentive to use government's financial statements as a source of their common knowledge comes from their desire to know the amount, timing and degrees of uncertainty of the benefits they expect to receive from the government.

In the context of the firm, a major issue is the information asymmetry between the managers and the stakeholders, whereby the owners are faced with moral dilemmas as they cannot accurately evaluate and determine the value of the decisions made by users of financial reports .Watts (2003) argued that demand for financial reporting and disclosure arises from information asymmetry and agency conflicts between managers and outside investors. The credibility of management disclosures is enhanced by regulators, standard setters, auditors and other capital market intermediaries.

Therefore general purpose financial reporting reduces the information asymmetry between the stakeholders and government financial accounting systems. This forms the major objective of International Public Sector Accounting Standards as it prescribe the manner in which general purpose financial statements should be prepared to ensure their relevance for decision making and for them to faithfully represent what they are prepared to represent.

The major criticism of this theory is that, it is made up of different theories, which include: bureaucracy, rationalization and division of labour. Each displays distinct advantages and disadvantages when adopted.

Empirical Reviews

Ademola, Ben-Caleb, Madugba, Adegboyegun & Eluyela (2020). Carried out a study on International Public Sector Accounting Standards (IPSAS) Adoption and Implementation in Nigerian Public Sector. The aim of the study is to evaluate the relationship between IPSAS adoption and financial reporting quality in South West, Nigeria. Specifically, it analysed the effect of IPSAS adoption on credibility and comparability of financial statements. The study was anchored on the stakeholder theory. Primary data collected from one hundred and eighty accountants in South West Nigeria were analysed using tabulation, graphs, factor analysis, and Goodman and Kruskal's Gamma statistics. The empirical results indicated that IPSAS adoption exerted significant and positive relationships with financial reporting quality, credibility and comparability of financial statements. Decisively, discoveries from this study reflect that implementation cost, staff training, technological factor, IPSAS knowledge and awareness and availability of expertise significantly affect IPSAS implementation. However, findings further revealed that IPSAS implementation is not significantly influenced by institutional commitment, cultural, sociological, legal, political and environmental factors.

Augusto (2018). Carried out a study on the impact of IPSAS on financial reporting quality in the public sector. The main objective of the study is to examine the impact of International Public Sector Accounting Standards on financial reporting quality. The methodology involved a quantitative research approach using both primary and secondary sources. A targeted population of 33 respondents and a sample of 28 made of management, internal audit and other relevant accounting staff. Findings shows that, the implementation of IPSAS in public sector reporting will result in quality reporting and improve transparency, accountability, relevance, comparability and reliability of financial statements.

Hassan, El-Mousawi & Sayed-Ahmad (2019). Carried out a study on the impact of implementing IPSAS on Public organizations in Lebanon: an empirical study. The aim of the study is to investigate the impact and impediments of implementing IPSAS in Lebanon. The researchers adopted the analytical descriptive approach utilizing an empirical study. A questionnaire was distributed to a sample of 123 respondents; while the independent T-Test was used to test the hypotheses formulated. Findings revealed that, adopting and implementing IPSAS will lead to the advancement in the qualitative characteristics of financial statements in public organizations

Methodology

Research design: The study design was based on Ex-Post Facto research design. According to Kpolovie (2010), ex-post facto is a Latin expression that means “after the fact”. It is a research design used to cover investigations that are done retrospectively to identify possible cause-and-effect relations between the variables under study through observation of existing conditions and inquisitively searching back historically for the plausible causal factors. The present study use ex-post facto methodology because, it involved the examination of the Reports of the Accountant General Financial Statements (with notes to the Accounts) of Kaduna state between the periods of 2015-2017 (www.kadunastate.gov.ng).

Methods of data collection

The secondary data approach was used because of the nature and peculiarity of the study which is about a technically distinctive situation with many variables of interest (Argento, Peda & Grossi (2017; Alesani, Jensen, Steccolini (2012). By this, data were collected by examining the financial statements of Kaduna state for the periods under study to ascertain whether they possessed quality financial report characteristics of relevance and faithful representation.

Operationalization of the variables

Two variables will be used as the benchmark for the study and they will be measured as follows:

Relevance: This is a primary quality and is made up of predictive value, confirmatory value and materiality. The basic proxies of predictive and confirmatory values as well as materiality, according to Beast, Bream, & Boelens, (2009), are:

1) The extent to which annual reports provide forward-looking statements.
2) Whether the annual reports disclose information in terms of business opportunities and risks. 3) Whether the company uses fair value. Others according to IASB (2010) include:
4) Were the statements conveyed timely?
5) Whether there is feedback value.
6) Whether all material items highlighted.
7) Whether non-financial information are included in the statements.

Faithful Representation: Faithful representation is the second fundamental qualitative characteristic espoused in the IASB (2008) framework. Faithful representation is usually measured in terms of neutrality, completeness, freedom from material error, and verifiability. However the proxies commonly used to measure faithful representation according to Jonas &

Blanchet, 2000; Ernst & Young, 2012; Beast, Bream, & Boelens, (2009), include: Freedom from bias, Neutrality, Unqualified audit report and corporate governance statement.

To be free from bias, financial reports should clearly explain assumptions and estimates made in the preparation of the financial statements, as well as the choice of accounting principles. A financial report is assumed to be neutral if it highlights both the positive and negative events in a balanced way (IASB, 2008; Beast, Bream, & Boelens, 2009).

Procedure for data analysis

Content analysis was used to extract data from the financial reports, using the measurement variables of relevance and faithful representation. The procedure applied was, if the variable to be measured is available in the financial statement a nominal value of '1' is assigned, but if the variable is absent, '0' value is assigned. The dependent variable is however represented by nominal values of '1s' and '0s' as the case may be.

Statistical model specifications

The study statistical model was adapted from the Basic Requirement Model (BRM) for successful implementation of accrual accounting in the public sector (Ouda, 2010; Hamisi, 2012).

The model is represented as follows:
IPSAS = ƒ(FRR, FRF,)
IPSAS, (Y) = $b_0 + b_1FRR + b_2FRF + \mathcal{E}$ **(Eqn…1)**
The a priori expectations are:
$b_1 > 0$; implies that, the higher the FRR, the higher the Y.
$b_2 > 0$; implies that, the higher the FRF, the higher the Y.
b_0 = a constant
$b_1 – b_2$ are unknown regression coefficients

Variable Definitions: Y (IPSAS) = International Public Sector Accounting Standard; as the dependent variable. The others shown below are the independent variables.
ƒ = function
FRR = Financial Report Relevance
FRF = Financial Report Faithful Representation
Ɛ = Error term (assumed to be purely random)

The above variables are predictive in nature as such they will be measure through the content analysis techniques.

Financial Report Relevance Model

This model relates hypothesis 1 to research question 1. The measurement variables are as follows: The Extent to which Annual Reports provide forward-looking statements (EAR), Whether the Annual Reports disclose information in terms of investment opportunities and risks (WAR), whether the States Uses Fair value (SUF), whether the Statements are Conveyed Timely (SCT), Existence of Feedback Value (EFV), whether all Material Items Highlighted (MIH)? Are Non-financial Information included in the statements (ANI)?

The regression model developed to test this hypothesis is as follows:
FRR = ƒ(EAR, WAR, SUF, SCT, EFV, MIH, ANI)
FRR, (Y) = $a_0 + a_1EAR + a_2WAR + a_3SUF + a_4SCT + a_5EFV + a_6MIH + a_7ANI + \mathcal{E}$… **(Eqn. 2)**

Financial Report Faithful Representation model

This model relates hypothesis 2 to research question 2. It opines that, financial report faithful representation means: Freedom From Bias (FFB), Neutrality (NTL), Unqualified Audit Report (UAR) and Corporate Governance Statement (CGS). The regression model developed to test this hypothesis is shown below:

FRF = ƒ(FFB, NTL, UAR, CGS)

FRF, (Y) = $c_0 + c_1$FFB + c_2NTL + c_3UAR + c_4CGS + Ɛ …… **(Eqn. 3)**

Decision rule

The significance of a statistical test results based on the probability of p is; if $0.01<p<0.05$, report as significant.

Linear Regression on Financial Report Relevance

Table 1: Correlations

		FRR	PREIPSAS	FIRSTIMPL	SECONDIMPL
Pearson Correlation	FRR	1.000	.167	-.471	-.167
	PREIPSAS	.167	1.000	.471	.167
	FIRSTIMPL	-.471	.471	1.000	-.471
	SECONDIMPL	-.167	.167	-.471	1.000
Sig. (1-tailed)	FRR	.	.360	.143	.360
	PREIPSAS	.360	.	.143	.360
	FIRSTIMPL	.143	.143	.	.143
	SECONDIMPL	.360	.360	.143	.
N	FRR	7	7	7	7
	PREIPSAS	7	7	7	7
	FIRSTIMPL	7	7	7	7
	SECONDIMPL	7	7	7	7

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	1.000(a)	1.000	1.000	.00000	1.000	9E+015	3	3	.000

a Predictors: (Constant), PREIPSAS, FIRSTIMPL, SECONDIMPL.

Table 3: ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.857	3	.286	9E + 015	.000(a)
	Residual	.000	3	.000		
	Total	.857	6			

a Predictors: (Constant), PREIPSAS, FIRSTIMPL SECONDIMPL.
b Dependent Variable: FRR

Table 4: Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.000	.000		2E + 008 1E + 008 2E + 008	.000	2.000	2.000		
	PREIPSAS	1.000	.000	1.000	1E + 008	.000	1.000	1.000	.583	1.714
	FIRSTIMPL	-1.000	.000	-1.414		.000	-1.000	-1.000	.467	2.143
	SECONDIMPL	-1.000	.000	-1.000		.000	-1.000	-1.000	.583	1.714

a Dependent Variable: FRR

The correlation result in table 1 above revealed the entire pairwise correlation coefficients and it indicates the actual significance level for each correlation as follows: FRR and PREIPSAS implementation has r of .167 not significant ($p > .05$); FRR and FIRST TRANS IPSAS IMPL. has r of -.471 significant ($p <.05$); FRR and SECOND IPSAS IMPL. has r of -.167 which is significant ($p < .05$). The Model Summary show results of multiple regressions (R), adjusted R^2, and the error of estimates all having the value of 1.0000. The change statistics in this table also shows R^2 of 1.000, this means that all the predictors actually contributed significantly to the prediction and this is statistically significant at ($p < 0.5$).

The third table ($ANOVA_{(b)}$) has shown that, when converted to F, the multiple correlation has an F ratio of 9E + 015 that is significant ($p < .05$). The Coefficients table shows the unstandardized multiple regression of 1.000 for PREIPSAS, -1.000 for FIRST IMPL and also -1.000 for SECONDIMPL. However, the standard regression coefficients (β) are: PREIPSAS is 1.000 (significant, $p < .05$), -1.414 for FIRSTIMPL (significant, $p< .05$) and -1.000 for SECONDIMPL (significant, $p < .05$). The table has also shown the 95% confidence intervals (lower and upper) for the contribution of each variable into the prediction. PREIPSAS has lower and upper interval to be 1.000, FIRSTIMPL has -1.000 and SECONDIMPL also has -1.000 an all contributed significantly to the prediction of the criterion.

From the above, FRR, predicts the criterion (IPSAS) significantly. This is statistically significant as t = 1E+008, $p < .05$.

Linear Regression on Financial Report Faithful Representation

Table 5: Correlations

		FRF	PREIPSAS	FIRSTIMPL	SECONDIMPL
Pearson Correlation	FRF	1.000	.	.577	-.333
	PREIPSAS	.	1.000	.	.
	FIRSTIMPL	.577	.	1.000	.577
	SECONDIMPL	-.333	.	.577	1.000
Sig. (1-tailed)	FRF	.	.000	.211	.333
	PREIPSAS	.000	.	.000	.000
	FIRSTIMPL	.211	.000	.	.211
	SECONDIMPL	.333	.000	.211	.
N	FRF	4	4	4	4
	PREIPSAS	4	4	4	4
	FIRSTIMPL	4	4	4	4
	SECONDIMPL	4	4	4	4

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F. Change
1	1.000(a)	1.000	1.000	.00000	1.000	2E+015	2	1	.000

a Predictors: (Constant), SECONDIMPL, FIRSTIMPL

Table 6: ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.750	2	.375	1E.015	.000(a)
	Residual	.000	1	.000		
	Total	.750	3			

a Predictors: (Constant), SECONDIMPL, FIRSTIMPL

b Dependent Variable: FRF

Table 7: Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.000	.000		6E+007 5E+007 4E+007	.000	1.000	1.000
	FIRSTIMPL	1.000	.000	1.155		.000	1.000	1.000
	SECONDIMPL	-1.000	.000	-1.000		.000	-1.000	-1.000

a Dependent Variable: FRF

The correlation result in shown in table 5 above revealed the entire pairwise correlation coefficients and it indicates the actual significance level for each correlation as follows: FRF and PREIPSAS implementation has no r value; FRF and FIRST TRANS IPSAS IMPL. has r of .577 not significant ($p > .05$); FRF and SECOND IPSAS IMPL. has r of -.333 significant ($p < .05$). The Model Summary show results of multiple regressions R, R square and adjusted R^2, all having value of 1.000 and the error of estimates having the value of .00000. The change statistics in this table also shows R^2 of 1.000, this means that all the predictors actually contributed significantly to the prediction and this is statistically significant at ($p < 0.5$). Table 6 (ANOVA $_{(b)}$) shown that, when converted to F, the multiple correlation has an F ratio of 1E + 015 that is significant ($p < .05$). The Coefficients table shows the unstandardized multiple regression of 1.000 for FIRST IMPL and -1.000 for SECONDIMPL. However, the standard regression coefficients (β) are: 1.155 for FIRSTIMPL (significant, $p < .05$) and -1.000 for SECONDIMPL (significant, $p < .05$). The table has also shown the 95% confidence intervals (lower and upper) for the contribution of each variable into the prediction. FIRSTIMPL has 1.000 and SECONDIMPL also has -1.000 and all contributed significantly to the prediction of the criterion.

From the above, FRF, predicts the criterion (IPSAS) significantly. Which is statistically significant as t = 4E+007, $p < .05$.

Summary of Findings

Using the regression analysis, it was discovered that, FRR, the first predictor entered predicts the criterion (IPSAS) significantly ($R = 1.0000$; $R^2 = 1.0000$; R^2 change = 1.0000; Beta =

1.0000, -1.414 and -1.000; t =1E+008, p < .05). The second predictor entered, FRF, predicts IPSAS significantly (R = 1.0000; R2 = 1.0000; R^2 change = 1.0000; Beta = 1.155, and -1.000; t =4E+007, p < .05).

Conclusion, Contribution to knowledge and Recommendations

From the findings, we hereby conclude that, the application of IPSAS in Kaduna state brought about relevance and faithful representation to her financial reporting for 2016 and 2017. This result is in line with the works of Ademola, Ben-Caleb, Madugba, Adegboyegun and Eluyela (2020); Augusto (2018) & Hassan, El-Mousawi and Sayed-Ahmad (2019). Whose findings indicated that IPSAS adoption exerted significant and positive relationships with financial reporting quality, credibility and comparability?

From the above findings, this study has contributed to knowledge by actually ascertaining that, IPSAS accrual accounting implementation in Nigerian can achieve the desired financial reporting qualitative objectives of relevance, faithful representation, and improvement in quality of financial reporting in the Nigerian public sector.

Based on the findings, the study therefore recommends that:

i. All states should be encouraged to implement IPSAS accrual in their financial reporting.
ii. States that are still implementing IPSAS cash basis should migrate to IPSAS accrual in order to improve their financial reporting.
iii. Efforts should be made in order to ensure that all appropriate regulatory systems contained the requirements of IPSAS accrual basis.
iv. The implementation of IPSAS accrual basis should be passed into law with appropriate sanctions. This is to ensure strict compliance and to hasten those states that are foot-dragging.

Delimitation and Further Research

This study was limited to financial statements qualitative characteristics of relevance and faithful representation and to first and second implementation of IPSAS accrual in Kaduna state. Other researches could be carried out by increasing the scope of the characteristics and increasing the number of the implementation years.

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