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Accountants' Readiness and the Quality of Financial Reporting Under IFRS 18: Evidence from Nigeria

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Abstract
This study assessed Accountants' Readiness and the Quality of Financial Reporting under IFRS 18: Evidence from Nigeria. Adoption of IFRS 18 will introduce a significant structural change to income statement presentation and mandatory disclosures which can create challenges for financial reporting quality in Nigeria. Many studies concentrated on IFRS adoption, without assessing the influence of knowledge and readiness in applying newer standards such as IFRS 18. A gap between these new standard and domestic accounting competencies and readiness may undermine the transparency and comparability of corporate financial reporting and disclosures in Nigeria. The paper was hinged on institutional and stakeholder's theories. The study adopted a survey research design using a quantitative approach. A total of 104 respondents were selected using purposive sampling technique. The respondents were professional accountants drawn from selected organisations in Nigeria. Primary data were retrieved using a structured questionnaire designed on a five-point Likert scale. Data were analysed using correlation and regression analysis. The findings showed that IFRS 18 has a positive and significant effect on financial reporting quality with correlation coefficient of 0.522 and p-value of 0.000. However, the readiness of accountants has a stronger influence compared to knowledge alone with correlation coefficient of 0.468 and significance value of 0.000. This means that even when accountants understand IFRS 18, lack of proper training and institutional support can still reduce reporting quality as expected by its introduction. The study concludes that both knowledge and readiness are important, but readiness plays a more critical role in achieving quality financial reporting. The study then recommends continuous training, stronger institutional support, and improved capacity building for accountants in Nigeria as the Commencement period for IFRS 18 implementation approaches.

Keywords: Accountants' readiness, financial reporting quality, IFRS 18 knowledge

1. Introduction

Realities of changes in structures of corporate environment and its attendant globalization of capital market has led to investors expanded expectations and intensified call for more uniformed and transparent financial standards. Financial standard -setters are forced to rethink the traditional financial architecture. Over the last two decades, international accounting standards have experienced a fundamental shift**.** This evolution responds directly to an intense, worldwide demand for financial reporting that offers genuine transparency, cross-border comparability, and immediate market relevance (Barth, 2018).

Presentation of Financial Statements for general-purpose that ease comparability of entity's previous periods and other entities was set out by IAS 1, IAS 1 main objectives are to ensure structure consistency**:** guarantee comparability**:** set minimum content by dictating mandatory components and systematic guidelines for structure. IAS 1 provided flexible framework guidelines; its excessive reporting freedom led to significant data incomparability across public entities (Dawkins, 2025)**.**

The primary aim of IFRS is to help ensure transparency, comparability, and the overall quality of financial reports among various nations. Nevertheless, in reality, the acceptance and execution of these standards often face challenges, particularly in developing nations where problems like insufficient technical skills, lack of training, and feeble institutional backing persist (Rash & Braim, 2026). IASB (2024) reported that IAS 1 lacked standardized performance metrics, its corporate disclosures are opaque and has structural inconsistencies, hence the need to replace it with IFRS 18 by January 1, 2027.

Many current studies primarily concentrate on overall IFRS adoption or the effects specific to certain sectors, without thoroughly assessing the joint influence of knowledge and readiness in applying newer standards such as IFRS 18. This leads to a void in the literature, particularly within the Nigerian context, where issues with implementation remain quite apparent. This study thus examines the effect of IFRS 18 knowledge and accountants' readiness on the quality of financial

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reporting. The research is significant as it clarifies not only if IFRS 18 will enhance reporting quality but also the circumstances that allow for this improvement to occur in practice.

2. Literature Review

2.1 Conceptual Clarifications

Financial statement must have some features for it to be useful for comparability and stakeholders' decision making, IASB (2018) defined financial reporting quality based on IASB conceptual framework that separated the characteristics into fundamental characteristics and enhancing characteristics.

Quality financial reporting relies on two fundamental characteristics: relevance and faithful representation. Disclosures achieve relevance when their predictive and confirmatory value directly informs stakeholder decisions, while faithful representation demands that reports mirror economic realities by remaining complete, neutral, and free from error. The utility of these core attributes is systematically amplified by four enhancing characteristics: comparability, verifiability, timeliness, and understandability**.** Comparability enables users to map longitudinal trends and execute cross-sectional benchmarking against industry peers, anchored by verifiability, which ensures independent observers reach identical economic conclusions. Furthermore, timeliness guarantees that information is disseminated rapidly to prevent the obsolescence of decision-useful insights, while understandability synthesizes complex transactional data into a clear, concise format accessible to proficient users.

International Financial Reporting Standard 18 (IFRS 18) is a newly established accounting standard released by the International Accounting Standards Board in 2024, intended to succeed IAS 1 and enhance the presentation and disclosure of financial statements by January 1st, 2027. The standard aims to improve transparency, consistency, and comparability in financial reporting, particularly by providing a clearer classification of income and expenses into operating, investing, and financing activities, along with the revelation of performance measures defined by management (Oyedokun et al., 2025). The standard aims to reduce the discrepancies in reporting methods.

The anticipated result of implementing IFRS 18 is enhanced Financial Reporting Quality (FRQ), which denotes how well financial statements deliver relevant, trustworthy, clear, and accurately depicted information for making decisions. Accurate financial reporting aids investors, lenders, regulators, and other stakeholders in making well-informed economic choices (Olorunfemi & Tunji, 2025). Earlier research indicates that the adoption of IFRS typically enhances reporting quality by bolstering transparency, comparability, and disclosure practices in Nigeria (Offor & Ezugwu, 2026). Moreover, Ogiriki and Michael (2025) discovered that effective IFRS implementation lessens earnings manipulation, enhancing the reliability of financial reports, while Saeed (2026) observes that improved earnings quality under IFRS can affect significant results like borrowing costs.

Nonetheless, the efficacy of IFRS 18 relies not just on implementation. A crucial aspect is the preparedness of accountants, which pertains to how ready accounting professionals are to comprehend, analyze, and apply the new reporting standards efficiently. Accountants' preparedness encompasses sufficient training, technical skills, institutional backing, familiarity with IFRS standards, and assurance in practical implementation. In the absence of these, the advantages of IFRS 18 may not be completely realized (Olowookere et al., 2025).

Additionally, Rash and Braim (2026) clarify that institutional difficulties, implementation costs, and a lack of technical expertise are common obstacles to IFRS adoption. In a similar vein, Puławska and Strzelczyk (2025) contend that market players' readiness to adjust to reporting changes will determine how successfully newly proposed IFRS standards are implemented. Muñoz et al. (2025) also point out that organizational preparedness, institutional strength, and the regulatory environment all affect the quality of IFRS disclosure. The quality of financial reporting, accountants' preparedness, and IFRS 18 are strongly related. While IFRS 18 offers a framework for better reporting, the desired result is financial reporting quality, and the practical condition that decides whether the standard's advantages can be realized in the Nigerian reporting context is accountants' preparedness.

Transition from IAS 1 to IFRS 18 is a major change in financial reporting. Effective from January 1, 2027, IFRS 18 will replace IAS 1 to fix inconsistency in profit and loss statements. It introduces mandatory categories, strict subtotals, and rules for performance measures.

2.1.2 Mandatory Profit or Loss Categories

Profit or Loss statements performance is divided into five mandatory areas: operating activities handle core trading income and expenses, while investing tracks asset returns like interest or dividends. Simultaneously, financing isolates capital-raising costs such as loan interest, leaving income taxes—both current and deferred—and discontinued operations from disposed business units to adjust the final net outcome.

IFRS 18 also stipulates new required subtotal: these are Operating profit or loss: A universal measure for core business results, Profit before financing and income taxes: Operating profit plus investing results and Profit before income taxes: Final subtotal before tax deduction. The standard also introduces Management Performance Measures (MPMs) and consequently make it compulsory for organisations to disclose custom metrics in a single note, explain why the metric is useful. and provide a full reconciliation back to an IFRS 18 defined subtotal. Ensuring the efficient usage

Table 1: Major differences between IAS 1 and IFRS 18

Comparison Feature	IAS 1 (Current Standard)	IFRS 18 (Effective 1 January 2027)
Primary Focus	General principles for presenting all primary financial statements.	Enhanced presentation and disclosure, specifically targeting the Income Statement.
Income Statement Categories	No mandatory categories. Management holds full discretion over line items.	Five mandatory categories: Operating, Investing, Financing, Income Taxes, and Discontinued Operations.
Operating Profit Subtotal	Neither defined nor mandatory, causing high variation across companies.	Strictly defined and mandatory as a baseline performance subtotal.
Mandatory Subtotals	Requires only Profit before Tax and Net Profit for the period.	Requires three subtotals: Operating Profit; Operating Profit + Integral JVs/Associates; Profit Before Financing and Tax.
Alternative Metrics (MPMs)	No formal rules for metrics like Adjusted EBITDA or underlying earnings.	Formally regulates Management-Defined Performance Measures; requires audited note reconciliations to IFRS subtotals.
Expense Disaggregation	Flexible choice between presentation by Nature or by Function.	Preserves both choices but mandates disclosure of specific operating expenses by nature if presented by function.
Associates & Joint Ventures	Results are usually aggregated into a single line item without mandatory grouping.	Mandates a split between "Integral" and "Non-integral" associates/joint ventures on the face of the P&L.
Unusual Items	No official definition; "extraordinary items" are expressly prohibited.	Explicitly defines "unusual income and expenses" and mandates their disclosure in a single note.
Application Method	Standard historical rules applied.	Full retrospective application required; comparative periods (e.g., 2026) must be restated under new structures.

of IFRS 18, Kilian et.al, (2025) opined that training of users of new instruments or standards in the case of IFRS 18 will enhance the readiness and will on the long run lead to efficient usage (quality financial reporting).

2. 2 Theoretical Background

This paper is based on Institutional Theory and Stakeholder Theory. Institutional theory posits that organizations function within a framework of regulations, conventions, and external influences that determine their actions. Agana et al. (2025) stated that the adoption of IFRS is profoundly affected by institutional factors, including regulations, professional norms, and international reporting standards. Similarly, Balzano et al. (2025) indicate that companies also react to institutional pressures, demonstrating that organizations frequently embrace international standards not solely due to internal demands but also due to outside expectations.

Giner et al. (2025) further support this notion, contending that institutional isomorphism significantly influences voluntary adoption of IFRS. This implies that organizations often mimic others or adhere to prevalent global standards to attain legitimacy and approval. This research highlights that IFRS 18 represents one of the institutional pressures influencing organizations in Nigeria to enhance their reporting practices. Moreover, the implementation of IFRS relies on the level of support provided by institutions. Alharasis (2026) demonstrates that electronic financial reporting systems such as XBRL enhance the relevance of financial data, indicating that institutional infrastructure similarly influences the practical application of IFRS standards. Puławska and Strzelczyk (2025) emphasize that the effectiveness of IFRS implementation relies on the comprehension and reactions of market participants to the standard, highlighting once more the significance of the institutional environment.

Conversely, stakeholder theory posits that financial reporting is designed to support various groups that rely on financial data for their decision-making processes. These stakeholders consist of investors, regulators, creditors, employees, and the general public. Accurate financial reporting is essential as it fosters trust and facilitates improved economic choices. Muñoz et al (2025) elaborate that the quality of IFRS disclosures is affected by country-specific factors like regulation and enforcement. This reinforces the idea that the adoption of IFRS 18 in Nigeria will rely not just on the standard, but also on the readiness of stakeholder's in facilitating compliance and disclosure activities. Zaki (2026) states that contemporary IFRS-based disclosure frameworks, including IFRS aim to enhance transparency and fulfill stakeholder information requirements, particularly concerning sustainability and accountability. This indicates that financial reporting serves not just for compliance, but also for meeting stakeholder expectations.

2.3 Empirical Studies

2.3.1 Developed Countries

Kumar, (2026) evaluated a comprehensive descriptive analysis of operating expense disaggregation using a large and manually collected dataset as-reported in financial statements (n = 4,160 firm-year observations in the European and UK setting). In contrast to prior research relying on experimental settings or structured database inputs, our approach captures the real-world richness and variation in presentation and disclosure practices substantial cross-firm heterogeneity and systematic variation across expense reporting formats and jurisdictions. Findings showed that UK firms exhibit below average disaggregation both on the face of the Profit or Loss and in the notes, it also identified specific line items, such as selling, general, and administrative expenses, and reporting locations where greater disaggregation may be expected under IFRS 18.

Johri, (2024) analyzed how the adoption of IFRS influences the financial reporting quality of multinational firms in India with a survey data from 512 participants. The results indicated that perceived advantages, ease of application, and governmental regulations significantly promote IFRS adoption. Nonetheless, legal obligations were not a significant influence. The research indicates that practical elements are more significant in influencing IFRS adoption than mere regulations.

Gardi et al. (2023) examined the connection between corporate governance and the quality of financial reporting in Iraqi banks, considering IFRS adoption as a mediating element. The paper utilized data from 298 questionnaires, and discovered that the adoption of IFRS enhances the relationship between effective corporate governance and the quality of financial reporting. This indicates that when banks implement IFRS alongside robust governance practices, the quality of reporting, compliance, and decision-making all enhance.

De Melo Gaspar Neto, (2026).examined pre-adoption readiness for IFRS 18 using a sample of 20 firm-year observations from 10 non-financial IFRS reporters across Brazil, the United Kingdom, Switzerland, Australia, and the Netherlands for fiscal years 2023 and 2024, the study answered the question whether publicly observable reporting architecture already reveals meaningful cross-firm and crosscountry heterogeneity in preparedness for IFRS 18. The study reported that Switzerland showed the highest sample mean (0.760) and Brazil the lowest (0.481). Transition-preparedness disclosure is sparse,

Klish et al., (2022) examined the implementation of IFRS in the MENA area and its impact on the quality of financial reporting. The research revealed that companies implementing IFRS exhibited superior reporting quality when contrasted with those adhering to local standards. Specifically, the adoption of IFRS diminished earnings management, leading to enhanced transparency in financial reports.

Latyshev, (2026) investigated the key areas of the reform of financial statements presentation under IFRS 18 and IFRS 19. The new framework of the statement of profit or loss, the requirements for disclosure of management-defined performance measures as well as the reduced disclosure regime for subsidiaries are analyzed. The study concluded that the reform increases the information base of investment analysis of multinational companies, reduces information asymmetry and the cost of capital.

De Melo Gaspar Neto, (2025). Evaluated the impact of IFRS 18 on the standardization of performance subtotals employing institutional theory, the study used a sample of 425 companies and aggregated data from regulators in the United Kingdom, Australia, Canada, South Korea, and Brazil over the period 2015-2024, a multilevel econometric strategy combining triple fixed-effects panel models with difference-indifferences approaches, instrumental variables, and mediation analysis was used. Findings showed that the adoption of IFRS 18 is associated with a 42.3% reduction in cross-country dispersion of operating profit ($p < 0.01$), Heterogeneity analyses reveal that the effects are 73% larger in jurisdictions with high-quality enforcement, corroborating institutional theory assumptions.

2.3.2 Developing Countries

Khasanova (2025) examined accounting and financial result reporting in Uzbekistan, the study identified shortcomings, and proposed a framework for improvement. 120 enterprises were sampled, the result showed an inconsistency in revenue recognition, asset valuation, and disclosure practices but reported that full IFRS adoption could enhance financial transparency indices by 23–26%. The study recommended the adoption of standardized IFRS, comprehensive retraining programs for accountants, enhanced regulatory oversight, and digitalization of reporting processes.

Kinana, (2026) investigated the organizational readiness of firms listed on the Amman Stock Exchange (ASE) to implementation of International Financial Reporting Standard (IFRS) 18, evaluating its subsequent implications for financial data quality The study was underpined by stakeholder, legitimacy, and silent stakeholder theories, which collectively frame how institutional preparedness and disclosure dynamics dictate credibility of corporate financial reports. primary data were gathered via a structured instrument administered to auditors, chief financial officers, and senior accountants across listed ASE entities. Findings showed thar readiness acts as a robust positive driver of accounting disclosure quality, which concurrently serves as a transmission mechanism to elevate financial data quality.

Likewise, Eugene (2026) noted that the awareness and implementation of IFRS among SMEs in West Africa remain restricted due to obstacles including insufficient

training, financial burdens, and technical issues.

2.3. 3 Nigeria

In Nigeria, studies have shown that the adoption of IFRS improves financial reporting practices. Similarly, Ali-Momoh and Salami (2025) identified significant variations in reporting quality over time, particularly between 1999 and 2024. Ogiriki and Michael (2025) also observed that the adoption of IFRS can diminish earnings management in emerging markets, yet the results rely on the quality of its implementation.

Dim, (2025), for instance, opined that IFRS contributes to better reporting practices among publicly listed deposit money banks in Nigeria.

Lingga et al., (2025) further highlight that the effectiveness of IFRS adoption in management accounting systems enhances financial reporting quality only when organizations are sufficiently prepared in both technical and structural aspects. Saeed (2026) also notes that adopting IFRS can impact financial results like the cost of debt, though this is contingent on the quality of earnings. Even with these contributions, attention remains limited on how IFRS 18 directly influences the quality of financial reporting concerning accountants' knowledge and readiness in Nigeria.

Offor and Ezugwu (2026) examined the adoption of IFRS 18 and corporate financial reporting practices in Nigeria. A cross-sectional survey involving 346 professional accountants from accounting firms in South-East Nigeriawas employed and data were collected using structured questionnaires, which were then analyzed using ANOVA. The results indicated that IFRS 18 greatly enhances the reliability of financial reporting through improvements in reporting structure, transparency, and consistency. The research determined that IFRS 18 enhances the quality and usefulness of financial reports and advised uniform application of operating profit subtotals, accurate classification of financial activities, and standardized disclosure of management-defined performance indicators to enhance reporting reliability in Nigeria.

Oyedokun et al., (2025) explored the implementation of IFRS 18 and its effects on the future of financial performance reporting in Nigeria. The research noted that IFRS 18 establishes standardized presentation formats, which comprise specified subtotals and disclosure of management performance measures, to enhance transparency, comparability, and the decision-usefulness of financial statements. Nonetheless, the research also observed that effective execution might face obstacles like insufficient training, fragile technological infrastructure, and the necessity for enhanced regulatory backing. The article determined that IFRS 18 offers a chance to enhance the quality of financial reporting and corporate responsibility, while suggesting professional education, stakeholder involvement, and institutional backing for successful implementation

Matthew et al., (2024) evaluated the adoption of IFRS in Nigerian listed non-financial companies by analyzing the periods before IFRS (2003–2011) and after IFRS (2012–2020). The research indicated that IFRS lessened earnings manipulation in certain sectors, though the impact varied among different industries. Thus, the effect of IFRS varies by sector and the quality of its implementation. Adnan and Khan (2021) examined the literature on IFRS implementation and discovered that it enhances consistency, value relevance, and earnings quality. They pointed out that IFRS functions optimally when backed by robust legal frameworks, proficient experts, and effective regulatory oversight.

Olowookere et.al, (2025) examined the impact of International Financial Reporting Standards (IFRS) adoption on the financial reporting quality of listed oil and gas firms in Nigeria. Utilizing a purposive sampling technique, panel data were gathered from six of the nine listed sector companies spanning the 2018–2022 financial years. The data were evaluated using descriptive statistics, correlation analysis, and ordinary least squares (OLS) regression, alongside post-estimation diagnostic tests to ensure econometric robustness. The empirical results demonstrate a statistically significant negative relationship between IFRS implementation and earnings management metrics ($t = -0.1458$, $p < 0.05$). This indicates that the transition to IFRS significantly mitigated opportunistic income-smoothing behaviors, thereby enhancing institutional transparency and financial statement quality.

3. Methodology

This study adopted a survey research design. This is because the study relied on primary data collected directly from respondents through structured questionnaire. The design made it possible to obtain opinion from professional accountants regarding IFRS 18, their readiness for implementation, and the likely effect on financial reporting quality in Nigeria. The quantitative approach was used because the study intends to test the relationship among the variables using statistical techniques, particularly regression analysis. This is consistent with prior studies (Tekwa et al., 2025; Ogiriki & Michael, 2025; Olorunfemi & Tunji, 2025). The paper was anchored by Institutional Theory and Stakeholder Theory. Institutional theory posits that organizations function within a framework of regulations, conventions, and external influences that determine their actions. Agana et al. (2025) stated that the adoption of IFRS is profoundly affected by institutional factors, including regulations, professional norms, and international reporting standards. Similarly, Balzano et al. (2025) reported that organisations react to institutional pressures, due to outside expectations.

Table 2: Measurement of Variables

Variable	Measurement	Type
FRQ	Mean score of FRQ1–FRQ6	Dependent
IFRS18	Mean score of IFRS1–IFRS8	Independent
READINESS	Mean score of READ1–READ10	Independent

Source: Researchers' Compilation, 2026

A total of 104 respondents were used as the sample for this study. The sample consists of accountants drawn from selected organisations and professional accounting environments in Nigeria. The study employed purposive sampling technique in selecting respondents. This sampling technique was considered suitable because only respondents with accounting knowledge and reasonable familiarity with IFRS and financial reporting matters were included in the study.

The study made use of primary data collected through a structured questionnaire. The questionnaire was designed using five-point Likert scale format ranging from; Strongly Agree; Agree; Neutral; Disagree; Strongly Disagree. The questionnaire was divided into Section A: IFRS 18 items measuring respondents' knowledge, familiarity, and understanding of IFRS 18 requirements; Section: Accountants' readiness items measuring preparedness, training, institutional support, and implementation confidence; and Section C: Financial reporting quality items measuring expected transparency, comparability, relevance, and faithful representation of financial statements. A total of 24 measurement items were used. Correlation was used to examine association among variables, while regression was used to test the effect of IFRS 18 and accountants' readiness on financial reporting quality.

3. 1 Empirical Model

To assess the effect of IFRS 18 and accountants' readiness on the financial reporting quality in Nigeria, the regression model for the study is specified as:

$$FRQ = \beta 0 + \beta 1 IFRS18 + \beta 2 READINESS + \varepsilon$$

where:
FRQ = Financial Reporting Quality
IFRS18 = IFRS 18 knowledge/perception score
READINESS = Accountants' readiness score
β0 = Constant term
β1 – β2 = Regression coefficients
ε = Error term

4. Results and Discussion

4.1 Results

Table 3 shows the reliability result indicating that all the 104 questionnaires administered were properly filled and used for analysis, representing 100% response rate, while no questionnaire was removed from the analysis. The Cronbach's Alpha value of 0.898 was obtained for the 24 items used in measuring the study variables. Since the value is higher than the acceptable benchmark of 0.70, it means the questionnaire items are reliable and have strong internal consistency. This result suggests that the instrument used to measure IFRS 18, accountants' readiness, and financial reporting quality in Nigeria is dependable and suitable for further analysis. Therefore, the data collected can be considered adequate for correlation and regression analysis in this study.

Table 4 reveals a KMO value of 0.603, which is above the benchmark value of 0.60. This means that the sample used for the study is adequate and suitable for analysis. Furthermore, Bartlett's Test of Sphericity produced a p-value is less than 0.05, meaning that, the result is statistically significant. This indicates that there is enough correlation among the questionnaire items and the variables are suitable for measuring the study constructs.

From Table 5, IFRS 18 recorded a minimum value of 8 and maximum value of 37, with mean score of 28.00 and standard deviation of 7.683. This suggests that respondents generally have reasonable awareness and understanding of IFRS 18, although there is some variation in their responses. For accountants' readiness, the m inimum and maximum values are 2 and 8 respectively, while the mean score is 4.58 with standard deviation of 2.432. This implies that accountants show moderate readiness towards implementation of IFRS 18 in Nigeria. Also, financial reporting quality has minimum value of 6 and maximum value of 28, with mean score of 18.88 and standard deviation of 6.254. This indicates that respondents perceive that IFRS 18 is likely to improve financial reporting quality in terms of transparency, comparability, and relevance**.**

Table 6 presents the result of normality test conducted using Kolmogorov-Smirnov and Shapiro-Wilk tests. The result shows that IFRS 18 has Kolmogorov-Smirnov significance value of 0.000 and Shapiro-Wilk significance value of 0.000. Also, Accountants' Readiness recorded significance values of 0.000 for both tests, while financial reporting quality equally has significance values of 0.000.

Since all the p-values are less than 0.05, the strict statistical result suggests that the variables are not normally distributed. However, despite this result, the study proceeded with further parametric analysis such as correlation and regression because the sample size of 104 respondents is considered adequate, and regression analysis is generally robust to moderate violation of normality assumption, especially where sample size is above 30.

Table 3: Reliability Test

N	%
104	100.0
0	.0
104	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.898	24

Source: Researchers' Computation, 2026

Table 4: Validity Test

KMO and Bartlett's Test- IFRS 18		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.603
Bartlett's Test of Sphericity	Approx. Chi-Square	1374.397
	df	120
	Sig.	.000

Source: Researchers' Computation, 2026

Table 5: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IFRS18	104	8	37	28.00	7.683
READ	104	2	8	4.58	2.432
FRQ	104	6	28	18.88	6.254
Valid N (listwise)	104				

Source: Researchers' Computation, 2026

Table 6: Normality Test

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	df	Sig.	Statistic	df	Sig.
IFRS18	.199	104	.000	.869	104	.000
READ	.240	104	.000	.793	104	.000
FRQ	.178	104	.000	.915	104	.000

a. Lilliefors Significance Correction

Source: Researchers' Computation, 2026

Table 7: Correlation Analysis

		IFRS18	READ	FRQ
IFRS18	Pearson Correlation	1	.260**	.522**
	Sig. (2-tailed)		.008	.000
	N	104	104	104
READ	Pearson Correlation	.260**	1	.468**
	Sig. (2-tailed)	.008		.000
	N	104	104	104
FRQ	Pearson Correlation	.522**	.468**	1
	Sig. (2-tailed)	.000	.000	
	N	104	104	104

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

Source: Researchers' Computation, 2026

Table 8: Regression Results

Model Summary[b]

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.625[a]	.391	.378	4.930	1.812

a. Predictors: (Constant), READ, IFRS18
b. Dependent Variable: FRQ

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1573.410	2	786.705	32.363	.000[b]
	Residual	2455.205	101	24.309		
	Total	4028.615	103			

a. Dependent Variable: FRQ
b. Predictors: (Constant), READ, IFRS18

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
(Constant)	4.910	1.895		2.592	.011		
IFRS18	.349	.065	.429	5.335	.000	.933	1.072
READ	.916	.207	.356	4.429	.000	.933	1.072

a. Dependent Variable: FRQ

Source: Researchers' Computation, 2026

The result indicates that IFRS 18 is positively related with accountants' readiness with correlation coefficient of 0.260 and significance value of 0.008. This means that as accountants' knowledge and understanding of IFRS 18 improves, their readiness towards implementation is also likely to improve. The table also reveals that IFRS 18 has positive and significant relationship with financial reporting quality with correlation coefficient of 0.522 and p-value of 0.000. This implies that better understanding and implementation of IFRS 18 can contribute positively to financial reporting quality. Similarly, accountants' readiness is positively related with financial reporting quality with correlation coefficient of 0.468 and significance value of 0.000. This suggests that higher level of readiness among accountants can enhance the quality of financial reporting.

Table 8 presents the regression results showing the effect of IFRS 18 and Accountants' Readiness on Financial Reporting Quality in Nigeria. The model summary shows an R value of 0.625, indicating a moderate positive relationship between the independent variables (IFRS 18 and Accountants' Readiness) and the dependent variable (Financial Reporting Quality). The R Square value of 0.391 indicates that approximately 39.1% of the variation in financial reporting quality is explained by IFRS 18 and accountants' readiness, while the remaining 60.9% is explained by other factors not included in the model. The Adjusted R Square of 0.378 shows that after adjusting for the number of predictors, the model still explains about 37.8% of the variation in financial reporting quality. Also, the Durbin-Watson statistic of 1.812 is approximately close to 2, indicating absence of serious autocorrelation problem in the model.

The ANOVA result shows an F-statistic value of 32.363 with significance value of 0.000, which is less than 0.05. This indicates that the regression model is statistically significant and fit for predicting the effect of IFRS 18 and accountants' readiness on financial reporting quality. This means that the independent variables jointly have significant effect on financial reporting quality in Nigeria.

The regression coefficients show that IFRS 18 has a positive and significant effect on Financial Reporting Quality with coefficient value of 0.349, t-value of 5.335, and significance value of 0.000. Also, Accountants' Readiness has a positive and significant effect on Financial Reporting Quality with coefficient value of 0.916, t-value of 4.429, and significance value of 0.000. The collinearity statistics reveal that both predictors have tolerance value of 0.933 which is greater than 0.10 and VIF value of 1.072 which is less than 10. This indicates absence of multicollinearity problem among the explanatory variables.

4.2 Hypotheses Decision

$H_0$1**: There is no significant effect of IFRS 18 on financial reporting quality in Nigeria**.
Since IFRS 18 has p-value of 0.000, which is less than 0.05, the null hypothesis is rejected. Therefore, IFRS 18 has significant effect on financial reporting quality in Nigeria.

$H_0$2: Accountants' readiness has no significant effect on financial reporting quality in Nigeria. Since Accountants' Readiness has p-value of 0.000, which is less than 0.05, the null hypothesis is also rejected. Therefore, accountants' readiness has significant effect on financial reporting quality in

Nigeria.

4.3 Discussion of Findings

Findings revealed that IFRS 18 positively and significantly impacts FRQ, suggesting that as accountants enhance their understanding and perception of IFRS 18, the quality of financial reporting increases as well. This outcome is consistent with Khasanova (2025) and Oyedokun et al. (2025), who claim that IFRS 18 will likely enhance the organization and transparency of performance reporting, but its effectiveness relies significantly on adequate implementation and user comprehension. In the same context, Offor and Ezugwu (2026) discovered that the adoption of IFRS enhances corporate reporting practices in Nigeria, although they observed that effectiveness relies on the preparedness of the preparers. Furthermore, the findings of this research align with Olowookere et al. (2025), who discovered that the adoption of IFRS in Nigeria's oil and gas industry enhances the quality of financial reporting, particularly regarding transparency and comparability. They emphasized that limited implementation capability can diminish the anticipated advantages, highlighting the significance of IFRS 18 knowledge noted in this research.

Furthermore, the findings indicate that the preparedness of accountants significantly and positively influences the quality of financial reporting. This indicates that readiness is an even greater predictor than knowledge of IFRS 18 itself. It indicates that even if accountants grasp IFRS 18, the quality of financial reporting can remain poor without adequate preparation like training, institutional backing, and practical ability. This outcome aligns with Kinana (2026), who stated that IFRS readiness is crucial for determining the quality of financial data, with disclosure quality serving as a link between knowledge and the actual reporting results. It further supports Lingga et al. (2025), who highlighted that the quality of financial reporting through IFRS implementation in accounting systems enhances only when organizations are adequately prepared both technically and structurally.

5. Conclusion and Recommendations

The study concludes that maximizing financial reporting quality relies on a dual-pathway where advanced knowledge of IFRS 18 must be paired with preparation to successfully transform theoretical standards into transparent, value-relevant corporate disclosures to enhance the quality of financial reporting in practice. Based on the findings, the following recommendations were made:

Organizations must prioritize structural and technical preparedness over basic theoretical comprehension. Management should implement comprehensive internal readiness audits and establish dedicated transition taskforces prior to full adoption to enhance financial reporting quality.

Policymakers and industry leaders should collaborate to develop tailored implementation blueprints that explicitly address the disclosure and classification updates of IFRS 18 to maximize reporting transparency and ensure a seamless transition.

Regulatory bodies like ICAN and the FRC should mandate practical IFRS 18 training frameworks to increase level of readiness of Accountants in order to increase financial reporting quality.

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