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EFFECT OF THE IMPLEMENTATION OF VALUE-BASED MEASUREMENT APPROACHES ON FINANCIAL REPORTING IN NIGERIAN COMPANIES

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ABSTRACT
The purpose of this study was to investigate the effect of the implementation of value-based measurement approaches on financial reporting in Nigerian companies. Specifically, this research explored the impact of fair value measurement approach (as an indicator of value-based measurement approach) on four major qualitative features of accounting information, namely: faithful representation, significance, comparability and verifiability (which served as measures of financial reporting quality) of registered companies in Bayelsa State. The population of this research consist of all registered corporations in Bayelsa State, hence the population size was 264 registered companies while the sample size was 159 companies, with the senior accountants (or their representatives) of these companies serving as the respondents. Using purposive sampling method, questionnaires, designed on a four-point Likert scale, were administered to the sample size and the collected data was analyzed with SPSS. Findings revealed that value-based measurement approach has a significantly encouraging effect on financial reporting quality of corporations. It was therefore, suggested that companies should establish new procedures and databases that are ideal for recording and reporting relevant information that will assure stakeholders that financial reporting qualities are maintained while measuring items in the financial statement based on IFRS 13.
KEYWORDS: *accounting, companies, financial, measurement, reporting*

1. INTRODUCTION

The main way that organisations tell their stakeholders about their financial worth and health is, as is well known, via their financial statements. An organisation's financial statements are only as reliable and relevant as the data they include. The problem for accountants is determining which accounting measurement to employ when generating their financial statements as firms become more globally integrated and international accounting standards become more harmonised. Furthermore, the operations and protocols of organisations are becoming global in scope, and their business achievements are receiving the recognition they deserve. With the intention of generating a fast profit, sophisticated tradable financial items—that is, physical goods and financial instruments—are proliferating the financial markets in unison with this (Osanyinbi et al., 2023).

As to Ohidoa and Otakefe (2019), the most crucial aspect of the financial reporting process is the measurement of value. The choice of an acceptable measurement approach, such as historical cost, deprival value, replacement cost, or fair value upon exit (net realisable value), rests with the entity's management. Value-based measurement has been at the forefront of standard setters' efforts to address the difficulties associated with financial statement reporting in the contemporary global business environment. The International Accounting Standard Board (IASB) and the Financial Accounting Standard Board (FASB) have substantially altered financial statement reporting systems. The accounting sector has seen a shift in emphasis from historical techniques to value-based approaches like the fair value accounting measurement methodology (Ohidoa & Otakefe, 2019). Therefore, the focus has moved.

Ijeoma (2014) asserts that the tendency in financial reporting is to make reports more "relevant" to the audiences for whom they are intended. The appropriateness of matching income with the market using market-based measures has

become the dominant discussion in financial report circles, according to the IASB and the FASB, which have instigated this transition from the traditional approach to the fair value accounting approach, signalling a significant shift in the underlying conceptual basis of financial reporting. This modification has spurred a contentious debate over the importance of accounting measurement for the reliability of financial statements produced by companies in Nigeria (Abiahu et al., 2020). Measurement approaches are critical to accurate financial reporting; however, in countries like Nigeria, the conceptual framework of financial reporting places little emphasis on accounting measurement. This is so that measurement decisions and choices may be informed by the definitions given to financial statement items and qualitative features of accounting information within financial reporting goal (Ibadin & Izedonmi, 2013). Interestingly, among researchers this issue has not been given the much attention it deserves, as there is little or no study on the outcome of value-based accounting measurements on quality of financial statements, apart from a few studies relating to fair value accounting and financial reporting (Hodder et al., 2014; Osanyinbi et al., 2023) and Ibadin and Izedonmi (2013) who conducted a study on measurements in accounting, with respect to issues and choices determinants. It is in view of this dearth in this area of research and the need to fill the knowledge gap identified that this research is set out to interrogate the influence of value-based measurements in accounting on quality of financial reporting in Nigerian companies. Specifically, this research intends to investigate the effect of fair value measurement on financial reporting quality of firms in Nigeria. It is on this basis that hypotheses are subsequently formulated and evaluated.

2. LITERATURE REVIEW

Value-Based Accounting Measurements Concepts

According to Ibadin and Izedonmi (2013), bases of measurement in financial reporting are not carved in stone. Therefore, the following present some value-based accounting measurements.

a. Fair value accounting

FASB's Statement of Financial Accounting Concepts No 7, Using Cash Flow Information and Present Value in Accounting Measurements, defines the fair value of an asset (or liability) as 'the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.' The IASB (2008) defines fair value as "the price at which an asset might be exchanged for another or a liability resolved between knowing, arms-length parties."

Ibadin and Izedonmi (2013) state that a corporation using the fair value accounting approach will report a loss if the fair values of its liabilities increase or its assets decrease. As a consequence, businesses can declare lower levels of equality and less net income. Due to the possibility of overstating the book value of assets, a corporation (and its auditor) that uses fair value accounting has an increased risk of lawsuits and reputational harm. But the risk of expensive litigation and reputational harm ought to decrease as fair value estimates become more accurate. Therefore, a commitment to fair value may seem like a costly way for firms that are confident in the correctness of their estimates to differentiate themselves from rivals who have less precise fair value estimations. The significance of fair value accounting has increased along with the number and weight of accounting rules that require it. Businesses must evaluate all relevant information when determining fair value, including projected future cash flows and current risk-adjusted discount rates. In fair value accounting, the most important concern is whether or not companies provide accurate and impartial estimations of fair values.

Fair value accounting has several benefits, which include:

i. It allows for more reliable, timely, and comparable financial reporting from businesses. i.
ii. It allows for the continuous reporting of updated amounts by businesses.
iii. Because gains and losses on assets and liabilities are declared at the time they occur rather than when they are realised as a consequence of a transaction, this practice limits the company's capacity to manipulate its net income.
iv. It improves the chances that enterprises with limited growth prospects will rein in their penchant for capital expenditures.
v. Gains and losses from revisions to fair value estimations are indicators of economic developments that may need further disclosures to corporations and investors.
vi. With accounting information, consumers are able to make decisions based on an accurate depiction of their current economic resources and liabilities.
vii. It's useful for making forecasts.

viii. It may be a true representation of assets and liabilities as the framework describes them because it incorporates a risk- and probability-weighted evaluation of anticipated future inflows and outflows.

The benefits of fair value accounting notwithstanding, there have been some criticisms against it. They include:

i. As the market returns to normalcy, reported losses disappear.
ii. Because of the lack of transparency in the market, fair value estimates are notoriously inaccurate.
iii. There is a rise in financial system risk and more losses as a result of the market's reaction to the news of those losses.

In many cases, there are no active markets for the assets and liabilities shown in a company's books in their same form and condition as of the date of the statement of financial status, making it impossible to determine sale and settlement values. Business Combinations provides many options for determining fair value. When calculating a company's fair value, it's important to take into account assets and liabilities that would otherwise go unnoticed when using historical costs. Having a fair value is a strong argument in favour of recognising an asset or obligation. Acknowledging profits as they are earned rather than waiting until they are achieved is another implication of fair value. This prevents the issue of asset sales being timed to smooth reported profits, which occurs under historical costs. According to the literature (Ibadin & Izedonmi, 2013; Hodder et al., 2014), fair value income is the rise in the fair value of a company's net assets throughout the accounting period.

b. Deprival value

An organisation's deprival value (DV) is the amount of loss it would incur if an asset were to disappear. The recoverable amount is defined as the smaller of two measures and is the larger of the value in use and the net realisable value (NRV). The recoverable value is the higher of the consumption value and the exchange value. According to the deprival value framework (Canadian Accounting Standards Board, 2005, as cited in Hodder et al., 2014), an asset's value to a corporate entity is equal to the economic loss that the corporation would suffer if it were to lose the asset. Any losses sustained ought to be less than the current most economical way to replicate the lost capacity for production or delivery of the lost service. An asset's "deprival value" is the amount of money that a firm would lose if it were to lose it. This might serve as a roadmap for the company to decide in a way that maximises value. The company could potentially simply go out and buy another asset to replace the one it lost if it were to lose its assets and the recoverable worth was more than the replacement cost. Because of this, it's crucial to account for replacement costs when estimating possible losses. Nonetheless, it will make sense for the business to forgo the replacement if it cannot recover more money by replacing the asset than it is worth (referred to as the recoverable value) (Hodder et al., 2014).

According to Ibadin and Izedonmi (2013), the approach used to optimise inflows—whether monetary or not—should have an impact on how recoverable values are calculated. The company has two options: it may take the asset's net realisation value—which is the sale proceeds less the selling costs—in exchange for a different asset, or it can take no action at all. Conversely, value in use is the preferable approach to valuation since it accounts for both the predicted future cash flows from the asset and those from its final sale. The deprival value concept is often used in Australia and the United Kingdom, where it is seen as the value to the owner or the value to the firm, according to Hodder et al. (2014). This is due to the fact that it offers a dependable framework for deciding which current value type is most defendable for every kind of asset and obligation, as well as how big the value should be. The dependability and clarity of financial reporting would increase with its broad adoption. Not only does it provide a strategy for finding an acceptable measuring foundation in a specific case, but it also assists in estimating the amount that would appropriately compensate the entity for the loss of an asset.

Detractors of deprival value contend that what counts to business owners is profit after sustaining financial capital rather than profit after maintaining operational capability. A firm may be able to enhance both the operating capability of the business and the wealth of its owners. There is disagreement over whether the metrics used by potential new competitors to assess their performance and financial status are the most beneficial to consumers. Because of this, the concept of replacement—which is essential to depreciation—might appear archaic in the modern economy, where rapid changes in consumer tastes and technical breakthroughs are the norm. The fact that the deprival value model exclusively considers contemporary, entity-specific bases is another argument against it. On the other hand, the selected bases are unlikely to significantly diverge from market values in the case of regularly traded assets and liabilities (and without transaction fees). The idea of depreciation value offers a solid foundation. It is important to

consider whether the implicit basis appropriately captures the various qualitative aspects of financial reporting. This kind of in-depth analysis considers every qualitative characteristic and the need to achieve a good balance between them (Hodder et al., 2014).

c. Current cost accounting

In Ibadin and Izedonmi's (2013) opinion, CCA takes the cost of creating a new one into account. Reproduction cost estimation is the process of determining the cost of replacing an asset with a new one that is identical to the original (reproduction cost) or that has comparable production and service delivery capability (replacement cost).

i. Reproduction cost

This is usually equivalent to the buried costs at the time of first realisation. Conversely, self-constructed assets require the allocation of costs. It is possible that significant, previously unrecognised expenses were written off at the time they were spent or that the cost to replicate an item has changed from what was originally paid for it. Reproduction cost is only intended to quantify that which can be predicted on a measurement date. It also has to meet a recoverability condition since it isn't a valuation tool (Ibadin & Izedonmi, 2013).

ii. Replacement cost

This represents the minimum financial outlay that the organisation may incur in order to restore the productive capacity of a given asset (inclusive of any proceeds that may be obtained from its eventual disposal) as of the date of financial reporting. A replacement cost study endeavours to ascertain the financial outlay required to replicate the productive or service-oriented capabilities of a given asset. Advocates of the replacement cost theory posit that this metric serves as a reliable indicator of a company's ability to recuperate its replacement expenses through generated revenues. This becomes particularly pertinent in circumstances characterised by price volatility. Numerous proponents of this measure additionally underscore its capacity to obviate the necessity of factoring in improbable yet plausible increments or decrements in the organisation's assets while projecting forthcoming profitability. The disparity between an entity's utilisation of replacement cost and the market's implementation of fair value accounting arises when the entity possesses distinct prognostications regarding the lifespan or productive potential of an asset, as elucidated by Hodder et al. (2014).

The estimations pertaining to the costs of replacing a singular entity may exhibit a tendency towards excessive prudence. When endeavouring to determine and quantify the individual productive capabilities or service potentials of assets, this fact becomes apparent. There exist significant challenges pertaining to its capacity to offer accurate estimations. The absence of universally acknowledged standards for discerning assets possessing the utmost potential for economic utility or productivity engenders this quandary. Furthermore, it is worth noting that the comprehensibility of the computation pertaining to the replacement cost may present challenges in certain circumstances. As a corollary, the acquisition of information through the utilisation of replacement cost methodology would inevitably result in a diminishment of its verifiability, timeliness, and comparability. The expenditure associated with conducting such a computation may prove to be substantial. The significance of fair value at the point of initial recognition surpasses that of replacement cost due to the inherent limitations associated with the latter. The conceptual significance of replacement cost, as posited by Ibadin and Izedonmi (2014), surpasses that of reproduction cost or historical cost during the initial recognition phase.

d. Realisable Value

According to Hodder et al. (2014), the ascertainable worth of an asset corresponds to its prospective selling price, whereas the ascertainable worth of a liability corresponds to its settlement amount. The conventional approach entails assessing the realisable value in a net manner. Within this comprehensive analysis, the term "realisable value" is precisely elucidated as the net realisable value, wherein the value is adjusted by subtracting the associated costs of selling assets and augmented by incorporating the costs of settling liabilities. The precise computation of realisable value in practical application, encompassing all assets and liabilities, presents a formidable challenge due to its limited utilisation in actuality. One could posit that the concepts of realisable value and fair value are fundamentally akin, save for the distinction that realisable value is commonly computed after deducting the costs associated with realisation. The utilisation of realisable value in a broad context necessitates the formulation of alternative metrics to derive numerical values in situations where a functioning market is absent.

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In a manner akin to the compilation of proxies devised for the purpose of ascertaining fair value in accordance with IFRS 3, it is plausible to anticipate the generation of a roster of proxies aimed at determining realisable value. An alternative perspective on the concept of realisable value, as posited by Ibadin and Izedonmi (2014), entails its assessment through the utilisation of the method of disposal within the customary trajectory of commercial operations. However, it is apparent that this particular approach to ascertaining the attainable worth is confined to assets of the nature of inventory that would be liquidated in the customary progression of commercial operations. One cannot feasibly employ a rational approach to encompassing the entirety of a corporation's assets. There is another way to look at the idea of "realisable value." This way says that it refers to the expected money that will be made from a forced transaction, like when a company goes out of business.

When ascertaining the realisable value through disposal in the ordinary course of business, it is plausible that the measures employed could exhibit a lesser degree of subjectivity compared to the concept of fair value in certain instances. In certain scenarios, the quantification of inventory can be objectively determined when it is either under a sales contract or swiftly sold subsequent to the balance sheet date of the financial statement. This approach proves useful in situations where determining a hypothetical market price may pose greater difficulty. In alternative scenarios, the requisite alterations for a typical commercial enterprise may exhibit a greater degree of subjectivity. Data generated through the utilisation of the realisable value approach possesses heightened relevance compared to data derived from alternative methodologies, particularly in specific circumstances. For instance, the concept of realisable value provides investors, lenders, and regulators with valuable insights into the potential net proceeds that could be obtained from the sale of a company's distinct assets. This is achieved through the presentation of prevailing market valuations, adjusted for the deduction of associated costs of realisation. Due to its consideration of distinct entity-specific factors, such as contractual provisions pertaining to asset disposal, certain individuals may perceive it to possess greater worth than the concept of fair value. Moreover, the concept of realisable value assumes paramount significance in circumstances where a business entity does not possess the characteristics of a going concern or is intended to operate for a finite duration, as it serves to elucidate the potential proceeds that could be derived from a compelled transaction.

The criticisms pertaining to the pertinence of realisable value mirror those directed towards fair value, save for the potential superiority of net measurements and their applicability to enterprises that either lack foresight or neglect to strategize for long-term viability (Ibadin & Izedonmi, 2013).

Financial Reporting Quality

There are two categories for financial reporting quality: essential and elevating qualitative traits. The essence of these qualitative characteristics is to avoid misrepresentation in financial reporting process. According to Osanyinbi et al. (2023), the expectation of users of financial reports is to obtain information that would aid in the evaluation of the state of affairs of a reporting entity. It is expected that financial reporting quality should lead to reduction in the risks associated with liquidity and information asymmetry. Further, it inhibits corporate management from exercising discretionary judgement for personal gains and as well guides corporate managers in strategic investment decisions. Specifically, the minimization of asymmetric information anomalies that arises due to incompatible interest of stakeholders is one of benefits of higher financial reporting quality. Firms release good quality financial reports to agents in the market so that the market could act at a high level of information thus gaining superior advantage over others.

Moreover, financial reporting quality provides information of decision usefulness to existing and potential investors, lenders and other creditors (Ahn, 2022). Osanyinbi et al. (2023) postulate that every financial reporting should have the basic fundamental and enhancing qualitative characteristics. These concepts can be further classified as follows: pertinence, accurate depiction (essential attributes), comparability, verifiability, timeliness, and comprehensibility (augmenting attributes). The inclusion of these qualitative attributes is imperative within the realm of financial reporting for any given organisation.

Theoretical Review

The theory underpinning this research is the management theory, otherwise known as the stakeholder theory. This theory, propounded by Freeman (1984) is based on the assumption that the management of an entity is focused on the

satisfaction of stakeholders and not only on the shareholders of the company. Scholars portray stakeholders as "those people who can influence or be influenced by the activities associated with trade" or as "the people who depend on the firm to attain their individual objectives and on whom the firm depends on for its existence". The concept of stakeholder theory garnered considerable scholarly interest within the realm of organisational and management research subsequent to the release of Edward Freeman's seminal work, "Strategic Management: A Stakeholder Approach," in the year 1984. As posited by Freeman (1984), the stakeholder theory posits that corporations bear a fiduciary responsibility towards an array of stakeholders, distinct from shareholders. These stakeholders encompass creditors, customers, suppliers, employees, government entities, the community, the environment, and future generations, among others.

Valentinov (2022) espoused that the stakeholder's theory was criticized on the basis that the impact of the stakeholders differs in terms of their stake and the manner of measure of their risk level. Furthermore, he observed that the corporate stakeholders vary in relation to their influence. This indicates that while the presence of some corporate stakeholders represents a tangible real asset, others could constitute a bottleneck for an organization. Disregarding the concerns and welfare of stakeholders possesses the potential to inflict detrimental consequences upon a company's esteemed reputation, thereby engendering an adverse influence upon its fiscal and operational efficacy. The company possesses a profound cognizance of the invaluable contributions rendered by its esteemed clientele, esteemed partners, esteemed creditors, the esteemed government, the esteemed environment, and the esteemed host community, all of which play an integral role in the company's resounding triumph. Due to this circumstance, enterprises bear a considerable responsibility towards their stakeholders, encompassing the imperative of providing comprehensive and transparent accounts of their performance, encompassing both their fiscal and non-fiscal aspects. Through the implementation of this approach, stakeholders are afforded the opportunity to discern and assess the intricate interplay between a firm's operations and the various stakeholders it engages with. This recognition underscores the fundamental reality that a firm operates within a complex ecosystem of stakeholders, upon whom it is reliant for its very functioning. Given that the stakeholders heavily depend on the ultimate outcome of the financial report in order to make informed decisions, this study is predicated upon this underlying assumption.

Empirical Review

The primary objective of Philander's (2016) research study was to scrutinise the impact of fair value measurement on the valuation of financial statements within the context of South African listed firms. Examining the disparities between historical cost and fair value, which constitute the bedrock of quantification in financial statements, emerged as a viable approach to accomplishing this task. The findings of the literature analysis revealed that the utilisation of fair value as a fundamental metric offer accurate and pertinent financial data. that augments the worth of financial statements. Utilising the pertinent financial data, encompassing both the unadjusted figures and those incorporating fair value adjustments, the empirical investigation meticulously calculated distinct financial ratios pertaining to the period spanning from 2009 to 2015. This analysis was conducted exclusively on a subset of carefully chosen publicly traded enterprises listed on the esteemed Johannesburg Stock Exchange (JSE). The impact of financial ratios assessing fair value was found to possess a statistically significant influence on various key metrics, namely interest cover (IC), financial leverage (FL), net current asset value per share (NCAVPS), net tangible asset value per share (NTAVPS), and equity to debt (ED). This phenomenon has significantly influenced the efficacy of financial statements. Investors and shareholders may encounter challenges in accurately forecasting the future financial stability of an entity due to the potential impact of debt management financial ratios on users' decision-making processes. The intricate nature of the financial ratios within the capital market poses a formidable challenge for shareholders and investors in discerning the current potential of an entity to generate profits.

In their scholarly investigation, Ibidunni and Okere (2019) conducted an empirical inquiry into the intricate nexus between fair value accounting and the veracity of accounting information pertaining to Nigerian enterprises that are publicly listed. By employing the methodological approach of survey research and employing quantitative techniques, a set of meticulously crafted questionnaires was devised and subsequently distributed to a cohort of 161 esteemed corporate portfolio managers and investment analysts. This carefully selected group of individuals constituted the sample size for the present study. The data was subjected to analysis using the SPSS, and the hypothesis was examined at significance levels of 5% and 10% employing the Pearson product moment correlation technique. The study's empirical evidence shows a strong correlation among the use of fair value accounting and the accuracy of the financial

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data provided by Nigerian corporations. Starting from now on, it has been suggested that because fair value is subjective, there is a good chance that prices will be skewed because of problems in the market, worries about liquidity, or investors acting irrationally (especially at level 3). Henceforth, it is imperative to augment the divulgence of accounting information generated through the fair value approach, as it would inherently facilitate users in acquiring a more profound comprehension of the intricate methodologies and procedures entailed in the assessment of specific assets and liabilities. In order to bolster the user's trust in accounting data, it is imperative that listed entities be mandated to adhere to the augmented disclosure prerequisites set forth by the IFRS 13, specifically pertaining to the measurement of fair value.

The study carried out by Osanyinbi et al. (2023) examined the concept of fair value measurement in relation to its influence on the financial reporting quality of items in the financial statement of insurance companies. The study used survey method and questionnaire as research instrument to gather relevant data from professional accountants in selected listed insurance companies in Lagos state, using convenience sampling technique. Using SPSS to analyse the data collected, results shows that there is substantial relationship among fair value measurement and the financial reporting quality and that the fair value measurement has substantial influence on financial reporting quality at each level of the hierarchies. The study therefore, recommended that insurance companies should observe the qualities of financial reporting while preparing financial reports and during the process of fair value measurement.

3. METHODOLOGY

The research used survey design. It also adopted content analysis of relevant literatures on fair value accounting and quality of financial reporting. The population of this study comprised all the companies registered in Bayelsa State. As such, as per the Nigeria Business Directory website (www.businesslist.com.ng), there are 264 registered companies in Bayelsa State as of the time of this study. Using Taro Yamane formula, the sample size of this study was 159 registered companies in Bayelsa State. Similarly, the study used primary source of data (primarily questionnaire design) to elicit data from the accountants of the companies under study. The questionnaire's design incorporated the utilisation of a four-point Likert scale.

Results and Discussion

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.550	.840	159

Source: Researchers' Computation (2023)**.**

By conducting an analysis of the percentage of systematic variance exhibited by a scale, one can obtain valuable insights regarding its reliability. Given that Cronbach alpha exhibits an upward trend in correspondence with an augmentation in the intercorrelations among the items under analysis, it functions as a dependable gauge of internal coherence. Table 1 above shows that the coefficient of reliability is more than 50%. This observation suggests that the items and measuring scales employed in the research instrument exhibit a notable degree of internal consistency.

Table 2: Level I

Item	Financial reporting quality	Strongly agree (%)	Agree (%)	Disagree (%)	Strongly disagree (%)
1	Understandability	60.3	37.1	2.6	-
2	Timeliness	58.4	40.3	1.3	-
3	Comparability	60.6	37.5	1.9	-
4	Faithful representation	49.5	40.4	10.1	-
5	Verifiability	70.9	29.1	-	-
6	Relevance	61.7	30.5	7.8	-

Source: Researchers' computation (2023)

Table 2 above indicates that at the level one hierarchy, above 90% of respondents are of the opinion that fair value measurement will enhance all the qualitative characteristics of useful financial information which will improve the

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quality of financial reporting. This indicates that fair value measurement ensures items that will influence users in decision situations are incorporated into the financial reports.

Table 3: Level II

Item	Financial reporting quality	Strongly agree (%)	Agree (%)	Disagree (%)	Strongly disagree (%)
1	Understandability	59.2	32.9	6.2	1.7
2	Timeliness	59.5	30.7	5.1	4.7
3	Comparability	46.7	31.3	11.3	10.7
4	Faithful representation	16.3	39.9	27.3	16.5
5	Verifiability	10.4	26.3	50.6	12.7
6	Relevance	54.7	32.3	10.1	2.9

Source: Researchers' Computation (2023)

Table 3 above on the level two hierarchy of fair value measurement shows that 59.2% and 32.9% strongly agree and agree respectively that fair value measurement increases understandability of items in the financial report. The item 2 shows that more than 80% of the respondents are of the opinion that fair value measurement improves timeliness in financial reporting system.

Furthermore, 78% of respondents believe that fair value measurement would engender comparability of items in the financial reports. In addition, 36.7% affirm that fair value does not impair verifiability of items in the financial report and over 85% equally agree that fair value measurement enhances relevance of items in the financial reports of companies in Nigeria. This proves that fair value measurement at level two of the hierarchy will influence the relevance and decision usefulness of the items in the financial reports.

Test of Hypothesis

Table 4: Chi-square Test Statistics

	F Fair value measurement and faithful representation	FFair value measurement and relevance	FFair value measurement and comparability	F Fair value measurement and uverifiability
chi-Square	7.430[a]	554.861[b]	4 49.165[b]	5 54.215[a]
chi-square	1.424	2.195	2.195	1.424
DF	3	4	4	3
Asymp.	0.059	000	000	000

Source: Researchers' computation (2023)

Hypothesis One

H_O: There is no effect of fair value measurement on quality of faithful representations of items in the financial report.

Results

The result of the test of hypothesis in Table 4 above shows that at the degree of freedom of three and 5% level of significance, the computed value is 7.430 while the tabulated value is 1.424. Therefore, since the computed value is more than the tabulated value, the null hypothesis is hereby rejected. This, therefore, implies that there is effect of fair value measurement on the quality of faithful representation of items in the financial reports.

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Hypothesis Two
H_O: There is no effect of fair value measurement on quality of relevance of items in the financial report.

Result
The result of the test of hypothesis in Table 4 above reveals that at the degree of freedom of four and 5% level of significance, the computed value is 54.861 while the tabulated value is 2.195. The null hypothesis is hereby rejected since the computed value is more than the tabulated value. This implies that there is effect of fair value measurement on the quality of relevance of items in the financial report.

Hypothesis Three
H_O: There is no effect of fair value measurement on quality of comparability in financial reporting system.

Result
The test of this hypothesis reveals that at the degree of freedom of four and 5% level of significance, the computed value is 49.165 while the tabulated value is 2.195. However, since the computed value is greater than the tabulated value, the null hypothesis is hereby rejected. This implies that there is effect of fair value measurement on the quality of comparability in financial reporting system.

Hypothesis Four
H_O: There is no effect of fair value measurement on quality of verifiability of items in the financial report.
Table 4 above shows that at the degree of freedom of three and 5% level of significance, the computed value is 54.215 while the tabulated value is 1.424. Since the computed value of 54.215 is more than tabulated value of 1.424, the null hypothesis is hereby rejected. This implies that there is effect of fair value measurement on the quality of verifiability of items in the financial report.

Discussion of Findings
Table 4 revealed the effect of fair value measurement on four individual qualitative characteristics of financial information, which represented the test of hypotheses. With respect to the first test of hypothesis, the study found that fair value measurement has a significantly positive effect on the quality of faithful representation of items in financial reports of companies. In the same vein, findings relating to hypothesis two indicated that fair value has a significant and positive effect on the quality of relevance of items in financial reports of companies.

Furthermore, in relation to hypothesis three, findings showed that there is a significantly positive effect of fair value measurement on the quality of comparability of items in the financial reports of companies. Lastly, in hypothesis four, findings equally indicated that a positive and significant relationship exists between fair value measurement and the quality of verifiability of items in the financial reports of companies. On a general note, with respect to the general objective of the study, it can be inferred that fair value measurement (which served as an indicator of value-based measurement) has a significantly positive effect on financial reporting quality of companies. This result is in line with the findings of Osanyinbi et al. (2023) who conducted a related study on insurance companies in Lagos State and concluded that fair value measurement has a significantly positive relationship with the quality of financial reporting of insurance companies in Lagos State.

4. CONCLUSION AND RECOMMENDATIONS

This study was conducted to interrogate the effect of value-based accounting measurement on quality of financial reporting of companies. There is no doubt that fair value measurement (as the most commonly used value-based measurement of accounting) improves the quality of financial reporting. Fair value accounting measurement approach requires an organisation to disclose comprehensive information about any relevant issue that would bring about the publication of a thorough and extensive financial report.

In the light of this, the conclusion reached from this study is that there is a significant and positive effect of value-based measurement (represented by fair value measurement) on quality of financial reporting (proxied by faithful representation, relevance, comparability and verifiability of items in the financial reports of companies). In addition, it can be concluded that financial reporting qualities in the process of value-based measurement will facilitate the

production of corporate financial reports that are useful and reliable to analysts and investors in evaluating the performance and prospects of any organisation. Based on the findings of this study, the following suggestions are proffered:

Companies should establish new procedures and databases that are ideal for recording and reporting of relevant information that will assure stakeholders that financial reporting qualities are maintained while measuring items in the financial statement based on IFRS 13.

Standard setting bodies and other accounting regulatory bodies should consider developing international standards relating to other value-based measurement approaches (especially deprival value). This is to promote comparability of accounting measurements.

Through the establishment of fundamental criteria for the unequivocal assessment of financial assets and liabilities, specifically within the context of level 3 within the fair value hierarchy, those responsible for setting standards can endeavour to mitigate perplexity within the realm of financial markets.

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