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FINANCIAL INSTRUMENT DISCLOSURE IFRS7 AND COPORATE REPORTING: GLOBAL REVIEW OF LITERATURE

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ABSTRACT

In today's global economy, users of financial statements frequently needs information about the impact of financial instruments on the financial aspects of the entity, including entity's exposure to any risks relating to those financial instruments and how entity manages associated risks. This study examines the impact of financial instrument disclosure on corporate reporting through global review of literature from the period 2008-2017. The analysis is done with respect to categories of publication source and countries covered. The study found out that IFRS7 is still very much at infant stage.

KEY WORDS –*annual report, corporate reporting, financial instrument disclosure, IFRS7.*

INTRODUCTION

Good corporate reporting has an important role to play in helping to restore the trust that has been lost. Companies need to communicate more clearly, openly and effectively with investors and other stakeholders about how they plan to grow in a sustainable way. Stakeholders are demanding greater transparency around strategy, business models and risks and the commercial prospects of the enterprises and institutions with which they engage; A key component in corporate reporting is an annual corporate report. What is an annual report?.

It is a comprehensive report intended to give information to shareholders and other interested people about a company's activities and financial performance throughout the preceding year. Most jurisdictions require companies to prepare and disclose an annual corporate report. Companies listed on stock exchange are required to engage in corporate reporting at more frequent interval.

The adoption of international financial reporting standards in more than a hundred countries has brought increased comparability of financial information for the global capital markets. However, more generally there are valid concerns about increased complexity and disclosure overload in current financial reporting.

In recent times, researches to evaluate the impact and consequences of standard IFRS7 adoption on the quality of corporate reporting have attracted attention and have been a topic of debate empirically among researchers in both developed and developing nations all over the world. Many researchers have been undertaken in various jurisdictions on the impact of financial instrument disclosure; especially in banks and in other organizations dealing with financial instruments in their corporate report (J.Arolim& Oppinger, 2012).

IFRS7 financial instrument Disclosure applies to financial and non-financial institutions and therefore also applies to investment funds, private equity funds, real estate funds and investment managers. The extent of disclosure required depends on the extent of the funds use of financial instruments and its exposure to risk. (Price water,2010).

IFRS7 is divided into two sections. The first section covers the quantitative disclosures about the numbers in the balance sheet and the income statement. The second section deals with risk disclosures. This is what takes the disclosure to a new level. The risk disclosures arising from financial instruments under IFRS7 are given "through the eyes of management" and should reflect the way management perceives, measures and manages the fund's risks.

Seeing risk "through the eyes of management" is a welcome opportunity to bring financial reporting more closely in line with the way funds are managed. It allows management to disclose internal measures not previously recognized under IFRS7. IFRS7 enhances the fund's ability to demonstrate the strengths of its control environment, but it could also expose any flaws in the risk assumptions underlying key accounting judgments and estimates.

The study examines the impact of financial instrument disclosure on corporate reporting through review of related literature globally. It aim at giving a clear understanding of risk assets in the books of institutions around the world. The study is also to confirm or reject the insinuation of shortage of IFRS7 financial instrument disclosure studies universally.

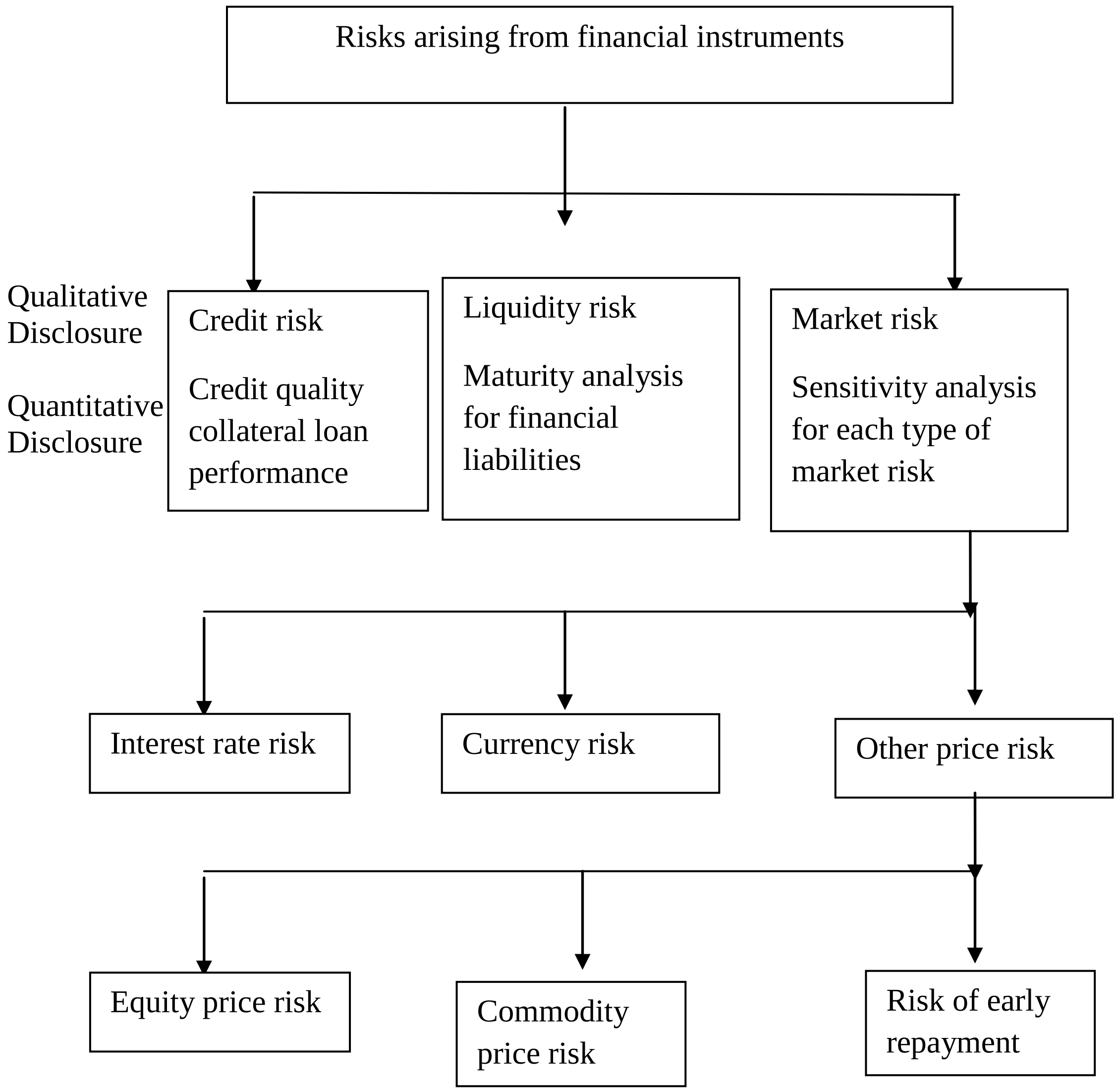
2. AN OVERVIEW ON IFRS7 AND LITERATURE REVIEW

IFRS 7: financial instruments disclosures was issued by international accounting standards board (IASB) in 2005 and has been effective since January 1, 2007. IFRS 7 replaced IAS 30 disclosures in the financial institutions and the similar disclosure requirements in IAS 32 financial instruments: Disclosure and presentation

IFRS 7 requires an entity to provide disclosures about the significance of financial instruments for its financial position and performance. IFRS 7 requires disclosure of:

- The significance of financial instruments for an entity's financial position and and performance. Theses disclosures incorporate many of the requirements previously in IAS 32.
- Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describes management's objectives, policies and processes for managing these risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk based on information provided internally to the entity's key management personnel.

Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risk they created.



Source: Sabrina and Marco (2013).

Strouhal, Bobek, and Žïárská (2008) analyzed the current situation with regards to reporting of financial instruments under IFRS 7 standards in the Czech Republic and stressed the importance of risk disclosure reporting under fair value concept under a developing capital market. Finding from this study indicated that the standard issuing bodies aim of providing investors with the most up-to-date data on financial instruments at the moment of issuing the annual report with reference to the values of company's assets in the capital market has been satisfied.

Bischof (2009) observed the level of IFRS 7 compliance with disclosure requirements by 171 banks from European countries for a period of two years 2006 and 2007 using the first time disclosure quality over a total of 342 financial statements. Findings from this study revealed an increase in disclosure quality in both financial statement and risk reports with focus being on credit instead of market risks. The result attributes variations to regulatory enforcement that is typical of European economy.

Bamber and Mc Meeking (2010) assessed the existing dearth of studies on derivative financial instruments reporting whose prior evidence indicates non-compliance with mandatory requirement in annual report using FTSE100 non-financial IFRS 7 compliant firms. The study's finding based on proprietary theory suggested that these firms voluntarily published information in excess of mandatory IFRS 7 requirements. This result suggests a legitimation strategy by the board of directors and management of these firms in order to win investor confidence.

Bischof, Bruggemann & Daske (2010) using a global sample of publicly listed IFRS compliant banks, examined the economic consequences of this amendment to the revised IFRS 7 necessitated under intense political pressure at the peak of the financial crisis in 2008. A total of 302 commercial banks from 39 Countries were selected to represent the universe. The results suggested that the suspension of fair value accounting for selected financial assets produced both positive and adverse consequences. The result confirmed desired relieve to most troubled banks that may otherwise record fair value losses and regulatory penalties in their financials. However, further analysis reveals that the suspension may an increase in information asymmetry. This result supports the claim that fair value measurement of financial assets provides decision useful information for both the capital and debt markets.

Pal (2010) examined IFRS 7 financial instruments disclosure in relation to auditor's perception of judging different types of risks when assessing companies especially with regards to the 'going concern concept during a period of crisis. The author found that auditors were at liberty to use terms as the principles of quality assurance and audit standards in their assessment of risks. However, the study found that using such terms may not solve the problem so easily.

Bamber (2011) investigated mandatory disclosure requirements of financial instruments of FTSE 100 non-financial IFRS 7 compliant firms. This study adopted a combination of content analysis of comment letters, survey data and semi-structured interviews. The variables of this study were explained by legitimacy theory, impression management and proprietary costs theory. The results reveal that disclosure levels were high on higher level of derivative assets, managerial ownership, news stories and analyst following and in some cases firms produce more disclosure than mandatorily required.

Horing & Grundl (2011) explored the risk disclosure practices in annual reports of European primary insurers in the Dow Jones Stoxx 600 Insurance Index between 2005 and 2009. Using self-constructed risk disclosure index, insurance company characteristics such as size, risk, profitability, ownership dispersion, cross-listing, home country and type of insurance sold were lineally regressed against the extent of risk disclosure. The relationship among the variables was explained using the positive accounting theory. The regression results showed a significant positive relationship between the extent of risk disclosure and insurer size, due to the introduction of IFRS 7, Basel 11 and as a result of the financial crisis. Further, result revealed a significantly positive relationship between insurer risk and risk disclosure but negative relationship between insurer risk and profitability. The study also confirmed the findings in other studies of the positive influence of ownership dispersion and cross-listing status on the level of risk disclosure.

Oliveira, Rodrigues and Craig (2011) Pasternak (2011) reviewed empirical studies related to IFRS 7 financial instruments disclosure after its implementation in 2007 using selected US Euronext listed companies annual report from 2007-2009. The study applied content analysis to explain factors that contribute to company's risk disclosure of at least financial, market and credit risks. Results using agency theory reveals that IFRS 7 does provide stakeholders with value relevant information on risk bearing investments for effective decision making.

Prihatiningtyas (2011) measured both mandatory and voluntary hedge accounting disclosure level employing IFRS 7 and IASB's user outreach survey result respectively. The sample includes 128 non-financial firms from 2007–2009. The author uses both agency theory, political cost theory, and also signaling theory to explain his reasoning. Findings from the study provided evidence that industrial sectors, listing status, firm's corporate governance, and profitability significantly impact on firm's hedge accounting disclosure level. In contrast, no effect is found that capital structure regulates the firm's disclosure level.

Steck and de la Paz (2011) examined the level of IFRS7 disclosure of 12 European banks using their annual reports from 2007-2010. The banks were chosen based on market capitalization of 2007. IFRS 7 disclosure checklist was created to evaluate the banks level of credit risk information disclosure. The findings suggest that most banks did not comply fully with credit risk information disclosure obligation and their risk disclosure is assessed the risk□related disclosure practices of 42 listed and 39 unlisted Portuguese non- financial firms in their 2005 annual reports using content analysis methodology. Findings from the study indicated that companies appear to manage their reputation through disclosure of risk-related information as explained by agency theory. The study further found that the implementation in the level of risk disclosure in the European Union's Modernisation Directive in 2005 did not affect both quantity and quality of financial instruments disclosure. The study finally, observed significant improvement in the level of risk disclosure with the presence of independent directors on board. They also found leverage to be an important influence of agency cost in the listed companies studied selectively moderate. Further result reveals the need for additional disclosure by using the implementation guidance of IFRS7. Moreover, the study observes minimal correlation between compliance and performance suggesting that higher disclosure during a period of financial crisis may not help in preventing credit losses.

Amoako and Asante (2012) examined the extent to which listed banks in Ghana comply with IFRS 7 financial instruments disclosure requirements. The study uses mandatory disclosure index based on self-constructed checklist on six incorporated and listed banks in Ghana. The result of this study reveals high degree of compliance with IFRS 7, disclosure requirements. The authors attribute the compliance rate to enforcement of the standards hence recommend its sustenance to ensure absolute compliance.

Arouri, Bellalah, Hamida & Nguyen (2012) examined the significance of fair value accounting based on financial instruments disclosure on security valuation and the role of financial instability for a sample of mandatory IAS 39 (IFRS 7) French listed firms. This study also extends Ohlson (1995) model where the authors use different income-volatility measures, lagged values of stock return and price volatility to account for the security valuation. The result of the study shows insignificant relationship between stock price and its volatility. Thus, the authors conclude that there is no risk relevant information for the sampled firms studied.

Bosch (2012) assessed the three steps used in measuring fair value of IFRS 7 financial instruments using quality of the input factors. The study further analyses the impact of the reclassification of financial assets and of the regulatory capital ratio on the reliability of fair values. Result of the study using a value relevance research setting found significant perception in the reliability of level 1 fair values which is higher than the reliability of level 3 fair values by investors. However, contrary to expectations, level 2 fair values are perceived as reliable by investors. Further findings show a weakly significant influence of regulatory capital ratio, while no influence is seen on the reliability reclassification in reported fair values.

Laghi, Pucci, Tutino & Di Marc Antonio (2012) empirically assessed fair value on a sample of domestic and foreign listed banks that adopted fair value hierarchy in line with SFAS 157 and IFRS 7 recommendations. The aim being to verify if the requirements adopted in these regulations are helpful at improving the disclosure level and the usefulness of information for investors and other users. The authors use an enlarged sample of the S&P 1500 Index for the first quarters of fiscal years 2007 and 2008. Results from the study found no evidence of efficient opportunistic selection of the fair value option in financial statements.

Mala & Chand (2012) assessed the threats of fair value accounting that was adjudged a major contributor of the financial crisis in the convergence of accounting practices around the world. The researchers explore significant consequences of the global financial crisis for banks financial reporting. They further seek to identify whether the trend towards convergence has been hampered by some intrinsic problems in the IFRS 7 financial instruments disclosure. In contrast, the study's analysis shows that the financial crisis has made the issue for global convergence of accounting standards of more relevance than before. The need for IFRS 7 now put IASB under pressure from regulators, financial institutions and policy makers to take measures aimed at improving the reporting requirements in the light of the financial crisis.

Jarolim and Öppinger (2012) evaluated the amendment to IAS 39 & IFRS 7 by conducting a survey of the banking sector with the sole aim of critically assessing fair value accounting in general. These researchers choose 52 largest banks in the European region to represent the universe. This is so because according to the authors, a significantly greater portion of the bank's assets and liabilities falls into this category than that of other companies. Result from this study found that the financial crisis of 2008 was not caused by an inadequate corporate disclosure or inappropriate accounting but reclassification and securitization of assets, which the board of directors and management whose level of risks cannot communicate to the capital market for fear of reprisal by stakeholders.

Damian, Bonaci and Strouhal (2013) studied the issue of IFRS 7 financial instruments risk disclosures based on 13 fair value measurements in the financial statements using a disclosure index on a sample of 20 financial sector companies. These companies are constituents of 10 financial institutions from UK with capitalization worth 81% of the total UK stock market and 10 selected from DAX and MDAX 30 and 50 financial firms listed with the Frankfort stock exchange. These 20 financial companies were adjudged to be the highest in the world in terms of turn over by the FESE in 2012. The result of this study found significant increase in the volume of disclosure which the authors argue was made in order to boost investor confidence in the company's annual reports.

Jonker, Maroun, Joosub and Segal (2013) examined IFRS 7 disclosures of 29 South African listed firms for the four years, 2008 to 2011, to determine if listed firms are enhancing their compliance with the requirements of IFRS and whether or not compliance with IFRS 7 is positively correlated with beta. The study finds that listed firms disclose more financial risk related information in their financial statements. However, this information did not translate into meaningful information for users. This indicates that financial information preparers need to carefully consider how to better structure financial reports to enhance their utility.

Mattei, Palmucci and Bonetti (2013) using Italian evidence hypothesized that the new quantitative disclosures affect both stock returns and trading volume in terms of credit risk disclosures mandated by IFRS 7 Financial Instruments: Disclosures thus sensitive to exchange rate changes in financial statements. Results show that, investors wrongly assessed firms' exposures to currency risk before the adoption of IFRS 7. However, after the release of the new disclosures guidelines, the capital market aligns favourably with changes in the quantitative information provided by firms due to the application of IFRS 7 disclosure requirements.

Probohudono, Tower and Rusmin (2013) analysed IFRS 7 financial instruments voluntary disclosure practices of five major types of risks (business, strategy, market and credit risk) in the financial statements of key South East Asian countries' listed manufacturing companies during the period of intensive Global Financial Crisis (GFC) 2007-2009. The Key findings of the study show that business risk is the most disclosed while strategy risk is the least disclosed. Credit and business risk disclosure show steady increase over the three years, while market, operating and strategic risks increases in 2008, but decrease slightly in 2009.

Pucci and Tutino (2013) studied disclosure with the aim of evaluating the transparency of IFRS as highlighted by the IASB as regards market risks with emphasis on interest rate, currency and price risk disclosure and the relevance and effectiveness of IFRS 7 financial instruments disclosure requirements as shown in notes of the annual reports of banks. Content analysis methodologies were employed on a sample of 17 Italian listed banks from 2008-2010. The study's findings show appreciable improvement of market risk disclosure in both qualitative and quantitative financial reporting using IFRS 7 financial instruments disclosure as the sampled banks substantially complied with the requirement of the standard when compared with previous year. However, inadequate compliance was observed on sensitive items of disclosure that the sampled banks deemed too sensitive to disclose to the public.

Adznan and Nelson (2014) investigated the financial instruments disclosure practices (FID) and revised Malaysian corporate governance code of 2012 among 319 Malaysian listed companies specifically, on their level of compliance. The findings of this study indicate that companies complied with IFRS 7, though there are several requirements omitted by companies. Further result indicates that audit committee independence, internal audit independence (out-source) and audit fees are positive and significantly associated with FID. Hence, the result suggests that effective corporate governance may have some influence on the extent of disclosure level among companies.

Bischof, Daske, Elfers and Hail (2014) assessed the effect of heterogeneous regulations on the disclosure behaviour of European financial institutions based on two attributes. These are the level of enforcement of risk disclosure regulation and adherence to IFRS 7 securities law and Basel 11 regulation. This study's findings using OLS panel regression analysis over the years from 2006 to 2009 reveal that financial institutions generally increase their risk disclosure based on Basel 11 in countries where regulators have power and resources and are less involved in oversight of their securities market. Surprisingly however, the result shows an improvement in market liquidity around Basel 11 but not around IFRS 7. This study's findings support recent calls by regulatory bodies around the world on the need for harmonized financial supervision enforcement on disclosure by financial institutions particularly in the EU and elsewhere around the world.

Cipullo & Vinci Guerra (2014) Hossain & Sultana (2014) scrutinized the existing reporting standard for a sample of 10 Private Commercial Banks in Bangladesh and find out the extent of their compliance with IFRS 7 financial instruments disclosure requirements. The result of their study shows that the average compliance level of all of the Private Commercial Banks compliance is 61.52% of the IFRS 7 disclosure introduced the concepts of Liquidity and Liquidity Risk that are instrumental to the critical study of IFRS 9 by enriching their analysis to cover IFRS 7 disclosure on Liquidity Risk. This they did by looking for information that could overcome IFRS 9 limits in IFRS 7 financial instruments disclosure requirements. The study concluded that, IASB should think about paying more attention to the Business Model pattern and to behavioural liquidity characteristics associated with enhancing financial instruments accounting rules on liquidity in banks. The researchers further observed that financial instruments in banks is a topic poorly addressed by academics and the professional bodies as an emerging field of scholarship.requirements. The study recommended that relevant accounting bodies should work together to enhance existing standards for more transparent financial reporting in Commercial banks.

Jobair, Hossain and Ahmed (2014) examined the extent of compliance of six specialized Bangladeshi banks in 2010 by employing a self-constructed checklist of IFRS 7 disclosure items using their annual report and financial statements. The results through content analysis reveal modest compliance of 55%.

Nadia & Rosa (2014) enriched their analysis, on IFRS 9 to investigate the content of IFRS 7 regarding financial instruments disclosure on liquidity risk looking for information that could overcome IFRS 9 to limit the impact of accounting rules on liquidity of Italian banks. The authors found a need for IASB to pay more attention to the behavioural liquidity characteristics associated with IFRS 7 financial instruments disclosure pattern of business models as an emergin field of research.

Tahat (2014) analysed risk disclosures in terms of credit risk, market risk and liquidity risk related to IFRS 7 financial instruments disclosure of 82 Jordanian listed companies in annual report. Using self-constructed disclosure checklist and also use the un-weighted (dichotomous) disclosure index. The study's samples are divided across four sectors. These are banks, financial services, and manufacturing companies. The findings demonstrate that a large cross-section of listed Jordanian firms provided higher level of risk-related disclosure across all risk disclosure categories after the implementation of IFRS 7, financial instruments risk disclosure.

Atanasovski (2015) assessed the quality of disclosures related to financial instruments provided in annual financial statements of Macedonian listed companies using self-constructed disclosure index. The author specifically investigates factors that have the potential to influence the quality of these disclosures in accordance with IFRS 7 requirements. The study's findings using regression analysis of independent variables such as size, industry, type of auditor engaged, ownership concentration, profitability and leverage reveal that the level of compliance with IFRS 7 requirements is related to the type of auditor engaged and ownership concentration in the investigated companies.

Atanasovski, Serafomoska, Jovanovski & Jovovski (2015) evaluated the quality of risk reporting practices of Macedonian listed entities and provide empirical evidence on the level of IFRS 7 compliance requirements. Using 22 self-constructed disclosure indexes, the authors run regression analysis with firm size, industry, and type of auditor, ownership concentration, profitability and leverage as independent variables. The authors found 66.7% level of compliance on risk information disclosure, type of auditor and ownership concentration but without any influence observed on the degree of IFRS 7 compliance on firm size, profitability and industry.

Bischof, Daske & Hail (2015) examined the effects of heterogeneity in regulatory supervision on firms' disclosure behavior and the ensuing capital market consequences. The authors argue that disclosure is not only dependent upon written rules but also on regulatory enforcement. Hence, these authors further exploit IFRS 7 financial instruments disclosure standard and Basel 11 accord. Their finding reveals that, banks risk disclosure have increased with the application of pillar 3 of Basel 11 accord even as firms complied with IFRS 7 beforehand. The researchers however observed that having multiple regulators may result to inconsistent implementation and enforcement of rules which is also dependent upon the institutional fit between regulator and regulatee.

Sarea & Al-Dalal (2015) examined level of compliance with 10 IFRS 7 disclosure requirements by 21 listed companies in Bahrain in 2013. The authors found variations in compliance level by industry with investment sector having the highest and the insurance industry having the lowest in terms of IFRS 7 standards disclosure requirements. The authors found differences in compliance between companies in the same sector.

Zaiceanu and Hlaciuc (2015) analysed and assessed the quality and the quantity of risk disclosure presented in the annual reports of 52 non-financial firms listed on Bucharest Stock Exchange from 2009-2014. Using 21 disclosure index score, the authors found a positive relation between quality of risk disclosure and the time variable. They further found higher quality financial instruments information in post than in pre-IFRS adoption period. A relation is observed between quality of risk disclosure and company's size only in post-IFRS adoption. The study finally found a correlation between the audit company and the quality of risk disclosure.

Zango, Kamardin & Ishak (2015) assessed the extent of mandatory compliance with international financial reporting standards 7 (IFRS7) 0f 14 listed banks on the Nigerian stock exchange using a comprehensive list of 132 mandatory disclosure required items covering a two-year period of 2012 and 2013. Findings from the study reveal non-compliance with disclosure requirements. They recommend intensive monitoring and enforcement by the Financial Reporting Council (FRC) especially on bank surveillance of the complex nature of banking and the need to mitigate banking crisis in Nigeria.

Adamu, Hannah and Rokiah (2015) studied the relationship between risk management committee effectiveness and ifrs7 compliance using nineteen listed banks in Nigeria with financial year ended December 31, 2013. The empirical result using OLS reveled high level of compliance and positively relates with risk management committee effectiveness. The study also used cross-sectional statistical technique to measure compliance; it provides strong evidence of the importanceof risk management committee oversight on IFRS compliance.

Bamber, Mc Meeking and Petrovic (2016) extended the literature on mandatory disclosure by reviewing the determinants of the financial instruments' mandatory disclosure application and quantity of disclosure in annual report of 58 FTSE-100 non-financial firms. Agency theory was used to explain firm's disclosure in an attempt to reduce information asymmetry to satisfy stakeholders. The results show that a firm's financial management ability and clear benefits are the greatest determinants of disclosure. Moreover, the regression analysis indicates positive relationship between compliance and size. However, study did not find any cause for non-compliance.

Bean (2016) explored whether the derivatives disclosures required under international accounting standards provide users with information that is decision useful, and to the extent that they do not, identify possible reasons. The decisions usefulness of IFRS 7 were examined using interviews and by finding out whether IASB incorporated the views of users in IFRS 7 financial instruments disclosure from 2004-2014. The result of this study reveals that companies' disclosure are decision useful to some extent because users were unable to understand the firms risk management practices and their off-balance sheet risk information in the annual report.

Tahat, Dunne, Fifield and Power (2016) compared and contrasted financial Instrument disclosures under IFRS 7 with the former regulation under IAS 30/32 as applied by – A sample of 82 Jordanian listed companies using self constructed disclosure index. Results of the regression analysis shows that the sampled firms' disclosure using IFRS 7 is 47% compared with 30% disclosure implementation under IAS 30/32. Further analysis reveals highest level of disclosure by firms in the banking sector. Moreover, no significant changes across and within sectors post implementation of IFRS 7 was observed suggesting that the new standard may have enhanced the information comparability.

Tauringana and Chithambo (2016) investigated the extent and determinants of risk disclosure compliance with IFRS 7 by Malawian Stock Exchange (MSE) listed companies over a three-year period using a mixed-method approach. The quantitative approach employs panel data regression analysis to examine association between proportion of non-executive directors (NEDs), size, gearing and profitability and the extent of risk disclosure compliance while the qualitative uses personal interviews employing company managers. The findings indicate very low average compliance of 40% over the three-year period (2007 - 2009). The result of regression analysis suggests that size, NEDs, and gearing are significantly and positively related with the extent of IFRS 7 risk disclosure compliance. The interview recorded mixed result as some are supportive whilst others oppose the regression results.

Mitra(2017) researched on the implementation of IFRS7 in India and other countries of the world. The study find out that India and some other countries like Australian, Russia, South Africa, New Zealand, Taiwan, Canada have not yet implemented IFRS7 fully. Only few countries of the world, basically European countries have adopted IFRS7. It concludes that it will take many more years for adopting of IFRS7 by all countries of the world.

3. METHODS

This review covered findings from research based on 39 extant studies on IFR7 financial instrument disclosure around the world from 2008-2017. Use of secondary data source from the internet using Google scholar search engine.

4. DISCUSSION OF FINDINGS

The discussion focused on the depth of research with respect to categories of publication source and countries covered.

Table 4.1 reviewed IFRS 7 studies by publication categories

Sources	Years									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
Journals	1	1	2	3	3	2	3	4	1	1	21
Conferences			1	1	2	1	1		1		7
Thesis				1	1	1		2			5
Working paper							1		1		2
Articles						1	1	1	1		4
Total	1	1	3	5	6	5	6	7	4	1	39

This study found out that out of 39 studies 21 are journal, 7 conference proceedings, 5 thesis, 2 working papers and 4 news articles as presented on table 4.1

Table 4.2 Review IFRS 7 studies by country

Developed countries	Number of studies	Developing countries	Numbers of studies
U.K	10	Malaysia	1
USA	2	Nigeria	2
Australia	2	Shana	1
Italy	7	South Africa	1
France	2	Macedonia	2
Netherlands	1	Jordan	2
Portugal	1	Czech Republic	1
Italy and the world	1	South Asia	1
World sample	1	Malawi	1
Total	27		12

This paper discovered that of the 14 Africana countries that adopted IFRS 7 only four studies (Ghana, Nigeria, Malawi and South Africa) are found in the internet within the period under review.

IFRS 7 has been adjudge as a high quality accounting, it adoption and eventual application is still very much at infant stage as can be observed from table 4.1

Further more, when comparing developed and developing countries in terms of IFRS7 financial instruments studies it was discovered that only 12 studies was carried out in the developing countries as against 27 from the developed countries as summarized in table 4.2

5. CONCLUSION

The globalization of business necessitates changes in accounting regulation to ensure the safety and security of capital provider's wealth thereby restoring the confidence of investors. This paper contributes by reviewing a set of empirical studies dealing with IFRS 7 financial instruments disclosure around the world. In doing so, this study uses a body of literature to quantitatively test the general assumption made by regulators and standard setters that IFRS 7 adoption is decision useful as an externally-focused accounting information provider. The paper also found that 85% of the reviewed studies use agency theory to explain relationship between IFRS 7 and the independent variables with significant results as against the multiple theories advocated in modern research.

Overall, this review findings suggest that IFRS 7 financial instruments disclosure may be of benefit to a firm's information environment through its effect on users of financial statements such as investors, financial analysts and others that rely on that information for decision making. Further research should be undertaken to explore why these earnings have enhanced relevance.

Finally, for firms with financial instruments in their portfolio, results from this review suggest that there are lots of benefits in compliance with the requirement of IFRS 7 that may exceed the costs if board of directors and management show real commitment towards transparency and strict enforcement. This study recognizes the fact that the review may not explore all of the IFRS 7 financial instruments disclosure studies as it may skip some relevant studies. However, this study represents a starting point and as the literature investigating this important accounting standard expands, similar review may be conducted to enhance this initial finding.

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