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ACCOUNTING DISCLOSURE QUALITY AND CROSS BORDER MERGERS AND ACQUISITION OF SELECTED OIL AND GAS COMPANIES IN NIGERIA

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Abstract

This study examined how accounting disclosure quality has influenced cross border merger and acquisition of selected Nigerian oil and gas companies. Specifically, this study determined whether there is any significant difference in total assets of selected Nigeria oil and gas companies by virtue of accounting disclosure quality vis-sa-viz: adoption of International Financial Reporting Standard (IFRS) in preparation of financial statements/annual reports. Using descriptive statistic for data analysis, applying paired sample t-test and using secondary data from 2005 to 2018 sourced from financial statements/annual reports of Oando Oil Plc and MRS Oil Plc, this study found that there is significant difference in total assets of Oando Oil Plc and MRS Oil Plc before and after adoption of IFRS. Consequently, this study concluded that accounting disclosure quality aids or stimulates cross border mergers and acquisitions. The study recommends that due diligence should be adopted in the identification and selection of compatible partners in order to achieve synergy. In the case of policy-induced merger and acquisition, a reasonable time should be allowed for compliance and implementation should be closely monitored.

Keywords: Accounting Disclosure Quality; Cross Border Mergers and Acquisition.

Introduction

Published annual reports are required to provide various users - shareholders, employees, suppliers, creditors, financial analysts, stockbrokers, management, and government agencies – with timely and reliable information useful for making prudent, effective and efficient decisions. The extent and quality of disclosure within these published reports vary from company to company and also from country to country. Literature reveals that the level of reliable and adequate information by listed companies in developing countries lags behind than in developed countries and government regulatory forces are less effective in driving the enforcement of existing accounting standards (Ali, Ahmed & Henry, 2004). Non-disclosure results from immature development of accounting practice in developing nations (Osisioma, 2001). The government regulatory bodies and the accountancy profession in these nations suffer from structural weaknesses which could encourage corporate fraud at the expense of those that have economic and proprietary interest in the business environment (Osisioma, 2001).

The business environment has witnessed changes over the years, mainly influenced by globalization and technological innovation. In recent years, there has been substantial increase in trading activities at the Stock Exchanges worldwide and Nigeria is not left out. For example, according to the Central Bank of Nigeria statistical bulletin of 2018, the market capitalization at the Nigerian Stock Exchange was ₦23.10 billion in 1999; it grew to ₦9,918.21 billion in 2010 and to ₦21,904.04 billion in 2018. Companies worldwide are now vying to penetrate international capital markets. The disclosure of adequate and reliable information is necessary to penetrate these international markets. Since the fall of Enron in the United States, a wider recognition of the importance of corporate transparency and disclosure has evolved (Akhtaruddin, 2005). Corporate transparency is determined by the information it discloses in its financial report. Accurate, relevant and reliable disclosures are seen as means of enhancing corporate image, reducing cost of capital, and improving marketability of shares. High-quality accounting information facilitates the acquisition of short and long term fund and also enables management to properly account for the resources put in their care. Thus, it acts as a significant spur to the growth and development of money and capital markets, which are fundamental to the smooth running of any economy.

The mandatory and voluntary disclosure of financial information in corporate annual reports and their determinants have attracted considerable research attention in the developed countries than developing ones (Barako, 2007). Discoveries in the developed countries most especially in the European Union (EU) have aided the government to revamp the compliance mechanisms. They have also assisted the government in issuing out directives that facilitate the harmonization process and invariably bring all community companies up to a reasonable level of disclosure. The field of mergers and acquisitions has attracted a mass of disciplines that remarkably explored in management literature. In particular, the stream of cross-border mergers and acquisitions is found to be a promising area for prospect research due to international setup across borders in the world economy. While drawing attention to the market for overseas acquisitions not only in developed countries but also in developing countries. Based on the review of literature in the context of Nigeria, there is no internet available study on accounting disclosure quality and cross border mergers and acquisition of oil and gas companies. It is against this backdrop that this study examine how accounting disclosure quality has influenced cross border merger and acquisition of selected Nigerian oil and gas companies. The null hypothesis is that "there is no significance difference in total assets of selected oil and gas companies in Nigeria before and after adoption of IFRS".

This paper is broken down into sections with introduction as section one. Section two comprises review of related literature. Methodology takes care of section three, section four for results and discussion while section five features conclusion and recommendations.

Review of Related Literature

Accounting Disclosure Quality and Cross Border Mergers and Acquisition

Accounting disclosure quality involves recording financial information according to relevant accounting standards. According to (Vargiya, 2015), Accounting disclosure quality includes the exposure of related financial information to the different Stakeholders about an organization over a predefined timeframe. These Stakeholders include – investors, lenders, suppliers, and government organizations. Accounting disclosure quality is considered as the final result of Accounting. It comprises of various important statement which include - financial related explanations from statement of financial position, statement of comprehensive income, statement of cash flow, statement of changes in equity, notes to financial related explanations, quarterly and annual reports (if there should be an occurrence of quoted organizations), prospectus (if there should be an occurrence of organizations going for initial public offers) and management discussion and analysis (if there should be an occurrence of open organizations). A merger is the combination of two or more separate companies into a single company. When it involves combination of companies in different countries. It then become cross border mergers and acquisition. The company that results from the process could take any of the following identities: acquire target or new identity (Lekan, 2000). Acquisition on the other hand, takes place where a company takes over the controlling shareholding interest of another company. Usually, at the process, there exist two separate entities or companies. The target company becomes either a division or a subsidiary of the acquiring company. The process of companies' merger and acquisition has been argued to enhance companies' efficiency through cost reduction in the long run.

Mergers & Acquisitions (M&A)

In principle, mergers and acquisitions can be defined as the purchase of companies or specific assets in a company by another company creating the combination of existing assets into a new asset in the best possible productive way. A merger is also defined as a combination of two or more companies to form a new company while acquisitions (takeovers) of a company is the takeover of a company by another company. A merger is also defined as a process, where two or more companies combine their operations and company to create a new company leading to the automatic creation of the other companies. On the other hand, an acquisition is a process whereby a company takes over the operations of another company, making the company taken over a part of the acquiring company (Aren, 2008). The Organization for Economic Co-operation and Development (OECD) defines a merger, "two (or more) companies agree to merge into a new single company rather than remain separated for creating business synergies"32. Despite the slight differences and semantic style of definition, a common denominator is that mergers and acquisitions are created for a common goal- the creation of synergies- where the new whole is greater than the sum of the parts.

Theoretical Underpinning

With regard to theoretical exploration, there is no generally accepted theory governing accounting disclosure (Schipper, 2007). Positive agency theory is found by previous researchers as a framework that relates company attributes to the extent of financial disclosure hence, this study is limited to positive agency theory. Positive Agency Theory (PAT) came into being in the mid-1960s. It stemmed from the works of the popular theorist Fama in the 1960s, particularly the work that related to the Efficient Markets Hypothesis (Deagan, 2004). Positive agency theory was popularized with the works of Gordan in 1964. He argued that senior management was likely to manipulate the information in the financial statements in its own favour by selecting accounting procedures that maximize their own utility. Afterwards several attempts had been made to provide a positive agency of financial reporting (Jenson & Meckling, 1976; Watts, 1977; Watts & Zimmerman, 1978). They tried to explain why accountants do what they do and explained its effect on people and resource allocation.

Positive agency theory was developed and utilized by Jensen and Meckling in 1976 to analyse the relationship between the owners of the organization and the managers within the nexus of contract. Prior to this period, Italian Professor Aldo Amaduzzi in 1949 published a book entitled, *Conflitto ed equilibrio di interessi nel bilancio dell'impresa*' (translated in English it means, Conflict and Equilibrium of Interests in Corporate Financial Statements), in which he analysed financial statements (and their content) as the equilibrium outcome of a conflict of interests between different corporate stakeholders.

Positive agency theory is concerned with resolving the problems that can occur in agency relationships (Jensen & Meckling, 1976). They define agency relationship as a contract under which the owners of the organization principal(s) engage the manager (agent) to perform some service on their behalf. Under this arrangement, the owners delegate some decision making authority to the manager. It is presumed that both parties are utility maximizes, with varying philosophies and this could result in divergent and misaligned interest between them. Owners' would want to maximize net present value of firm while the managers would want to maximize utility, of which income is part. Most cases, the agent will not always act in the best interests of the principal. The agents could also hide information for selfish purpose by non-disclosure of important facts about the organization (Barako, 2007). Owners face moral dilemmas because most times they cannot ascertain or evaluate the decision made by their agents (Barako, 2007).

Jenson and Meckling (1976) and Jenson (1983) acknowledge that agency problem is common to all organizations and it exists in all corporative efforts at each level of management in firms. This includes public organizations, private organizations, non-for-profit organizations such as schools, hospitals, and foundations, and even governmental enterprises and bodies such as the federal, state and local government. Jenson and Meckling (1976) focused exclusively on the positive aspects of the agency relationship as it applies to corporations. That is how to structure the contractual relation between the owner and manager to induce the manager to make choices which will maximize the owner's welfare, given that uncertainty and imperfect monitoring exist.

Agency cost is a summation of the monitoring costs, bonding costs and residual loss. The owners' limit the abnormal activities of the managers, by incurring monitoring costs. They establish appropriate incentives such as management compensation policies to ensure that the managers' behavior aligns with the owners' interest. The managers' compensate the owners' in return, by incurring "bonding costs" to assure the owners' that their actions will not be injurious (e.g. provision of adequate information in financial reports). Residual loss is the loss incurred by the owners' because the manager's decisions do not serve its interests. Agency costs can be reduced by disclosing more information in the financial statements which enable the owners to have access to appropriate, relevant and reliable information.

Jenson and Meckling (1976) assert that the magnitude of the agency costs varies from firm to firm. Agency costs depend on the tastes of managers, the ease with which they can exercise their own preferences and the costs of monitoring and bonding activities. They emphasize that agency costs may increase or decrease based on the extent of separation and control within a corporation. For instance, widely-held share ownership could result to greater conflicts between the owners' and managers'. In order to remedy the situation, managers disclose more information than their counterparts managing closely-held organizations. These information disclosures are signals to the owners that the managers are acting in their interest. This allows the owners to monitor their interests more effectively.

Agency costs are also involved in debt finance. Jenson and Meckling (1976) also consider the role of monitoring and bonding costs to debtholders. The debtholders can limit the managers' behavior by the inclusion of various covenants in the debt agreement which results in reductions in the value of the bonds. These provisions are detailed and cover most operating aspects in order to provide cover to the debtholders from the incentive effects. Such provisions are in respect of dividends, maintenance of working capital and future debt issues. The costs involved in writing such provisions, the costs of enforcing them and the reduced profitability of the firm are termed monitoring costs. The debtholders will have incentives to engage in the monitoring actions to the point where the “nominal” marginal cost is equal to the marginal benefits. The manager also has incentives to take into account the costs imposed by these debt agreements because it directly affect the future cash flows of the firm. To reduce these costs the managers incur bonding costs by disclosing detailed financial statements such as those contained in the usual published accounting report. This will facilitate the debtholders’ assessment of the company and also to assure them that their interests are well protected.

Watts (1977) in a review of the development of corporate reporting in U.K., investigated the implications of Jensen and Meckling's analysis for the content of financial statements. He developed a positive theory of accounting towards the determination of accounting standards. Watts and Zimmerman (1978) expatiate more on the works of Watts by focusing on costs and benefits generated by accounting standards which accrue to management. Among the factors, Watts and Zimmerman (1978) advocated to influence accounting standards are political costs. Political sector has the power to affect wealth transfer and redistribute wealth via the political process. They could lobby for nationalization, expropriation, break-up or regulation of an industry. Managers have the incentive to counter these potential government intrusions by employing a number of devices such as government lobbying, social responsibility campaigns and selection of accounting procedures to minimize earnings. They asserted that the magnitude of the political costs is highly dependent on the firm size and profitability.

Several researchers had built their work using positive accounting theory. For example, Ali, Ahmed and Henry (2004) state that larger organizations have a greater tendency to disclose more financial information in their annual reports than smaller ones. This enhances their agency costs, reputation, public image and government intervention. Large audit firms are susceptible to agency costs. The have a greater incentive to disclose the adequacy of the accounting systems than smaller firms. Positive accounting theory has a direct bearing on the research topic. In this research, accounting disclosure presents an excellent opportunity to apply positive agency theory. This is premised on the fact that managers (agents) have better access to company’s’ accounting information can make credible and reliable communication to the market to optimise the value of the firm. Through financial reporting they communicate to the users of financial reports information that is useful in making choices among alternative uses of scarce resources. On the contrary, these managers may because of their selfish interests, fail to make proper disclosure or nondisclosure of important information to the users. Such practices will not be in the interests of shareholders (principal). Consequently, this may result in a higher cost of capital and lower value of shareholders’ investments.

Empirical Studies

Sun, Zhao, He and Zhang (2019) investigated how accounting standards convergence influences Chinese firms’ overseas mergers and acquisitions and showed that this convergence significantly promotes Chinese firms’ overseas mergers and acquisitions. Specifically, they found that both the probability of success and the value of transactions increases significantly in countries that implemented International Financial Reporting Standards (IFRS) prior to 2007. These results suggested that accounting standards convergence can improve the comparability of accounting information between China and other countries that have adopted

IFRS. Moreover, they found that the impact of accounting standards convergence on state-owned enterprise (SOE) acquirers is weak. These findings demonstrated that accounting standards (AS) convergence can facilitate Chinese firms' overseas they found by improving the comparability of accounting information between China and target countries.

Monteiro, Pereira and Brandao (2012) determined what lead to cross-border mergers and acquisitions in the EURO zone, by analysing a total sample of 980 transactions occurred between 2001 and 2010 in the 13 EURO zone original member countries, 218 of which are cross-border operations. The Ordinary Least Squares (OLS) regression results suggested that some issues such as international tax arbitrage and a lower complexity of the target country's fiscal rules, the quality of accounting disclosure, the level of each country's bureaucracy, the standards of corporate governance, and bilateral trade increase the likelihood of mergers between two countries.

Erel, Liao and Weisbach (2010) provided an analysis of a sample of 56,978 cross-border mergers occurring between 1990 and 2007. In addition to the factors that motivate domestic mergers, national borders provide an additional set of factors that affect the likelihood that two firms choose to merge. Geography, the quality of accounting disclosure, and the bilateral trade increase the likelihood of mergers between two countries. In addition, valuation appears to play a role in motivating mergers; firms in countries whose stock market has increased in value, whose currency has recently appreciated, and who have a relatively high market to book value tend to be purchasers and firms from weaker-performing economies tend to be targets.

Unuagbon and Oziegbe (2016) studied the relationship that exists between a company's performance and its voluntary disclosure level. The sample of the study were drawn from fifty (50) companies listed on the Nigerian Stock Exchange (NSE) and Ordinary Least Square (OLS) regression analysis was used to test the data generated from their annual reports. The study found out that there is significant positive relationship between companies' performance and the extent of their voluntary disclosures.

Yoo, Lim & Chang (2013) examined the association between financial reporting quality and acquisition profitability in a sample of 282 acquisitions in South Korea between 2001 and 2011. Using the accruals quality measure developed by Dechow and Dichev (2002) and McNichols (2002), they found that firms with high-quality financial reporting make more profitable acquisitions, as measured by the bidder's announcement returns. In addition, they found that the importance of financial reporting quality increases in firms with poor information environments.

Ogiji and Eze (2015) investigated the impact of merger and acquisition on the growth of Nigerian Economy using descriptive study and qualitative data. The paper found that there is long run impact of merger and acquisition on economic growth in Nigeria. The study also recommends that policy makers should implement a law or statute that will protect the rights and interest of the employees during and after any event of mergers and acquisitions.

Oloye and Osuma (2015) examined the impacts of mergers and acquisition of commercial bank's performance in Nigeria as the main objective. The research used shareholders fund and profit after tax of the selected banks as proxies to measure the financial efficiency of the banks in both pre and post consolidation eras in Nigeria. Two banks were selected for this study using simple random sampling methods. Data were collected from Academic journals, Nigerian stock exchange archive, text books, magazines, newspapers, companies' annual reports, and internet sources and were subsequently analysed using correlation and regression. The research found out that "mergers and acquisition" is an effective means of ensuring the stability and profitability of the banking sector, the study also found out that shareholders' fund contributed significantly to the profit after tax of the banks, and that corporate restructuring has affected the capital adequacy of commercial banks positively, it was also discovered that synergy gains are the key motive for bank mergers.

Al-Hayek (2018) identifying the effect of acquisition on income statement items in acquired company (subsidiary company), a case study of Irbid Electricity (IDECO). In order to achieve this objective, the researcher has carried out an analytical study that applied the descriptive analytical approach, using the necessary scientific knowledge on the different aspects of the study by reference to the previous studies and the scientific references, the use of the statistical approach to analyse the study data represented by the actual data taken from Irbid Electricity (IDECO) for the period (2002-2016). The results of the study showed statistically significant differences in energy sales average, energy purchase cost, other operating revenues, other revenues, operating expenses, and earning per share before and after acquisition, and also, the results have shown no significant differences between the average of other expenses before and after acquisition.

Amidu, Sissy and Issahaku (2017) analysed the implications of cross-border banking and institutional quality for accounting information quality. They sample 330 banks across 29 African countries and employ System GMM estimator as a methodological approach to test for two related hypotheses. First, banks financial statements are prepared on the basis of international accounting standards as banks cross-border when national institutions are strengthened. They build on these results and employ various specifications of institutional quality; the second test suggests that the relative quality of accounting information among banks in Africa during the period, 2002-2013, is attributed to cross border banking, larger market share and the level of transparency.

Umale, Alkali and Yisa (2013) evaluated the impact of information disclosure on goodwill impairment in merger and acquisition decision in Nigerian banks. Questionnaires were administered to the bank staff and preparers of financial statements for banks. 10 banks were selected for the study. Chi-square was used as a statistical tool from the data analysis. Form the study it was found that financial reporting in Nigerian universal banks recognized goodwill impairment in a low term for merger and acquisitions.

Okoye, Modebe, Achugamonu and Isibor (2016) assessed the extent to which banking sector performance differs between pre- and post-merger and acquisition periods. Return on assets, bank asset ratio and capital adequacy ratio were adopted as proxies for bank performance. The study employed ex-post facto research design and covers a period of nine (9) years before and nine (9) after the 2005 banking sector recapitalization exercise. Data on the variables were analysed using the independent sample test technique. The study found that there is non-significant negative difference in the performance of return on asset in the pre and post-merger and acquisition periods. Bank asset ratio showed significant positive difference between the pre and the post-merger and acquisition periods. However, the result showed significant negative difference for capital adequacy ratio between the periods.

Adekunle and Asaolu (2013) determined financial reporting practices among post consolidation banks in Nigeria and the subsequent stability of the banks. The study relied on secondary data collected through in-depth content analysis of published annual reports and accounts of 13 out of the 21 banks quoted on the Nigerian Stock Exchange between 2005 and 2009. Reporting practices by the banks were predicated on scores obtained from a Composite Disclosure Index (CDI) computed from a checklist from SASs and Prudential Guidelines' requirements. The results indicated a high level of compliance with the mandatory disclosure requirements for banks by scoring high on the CDI (mean in excess of 90%). In addition, the regression results showed that disclosure has a positive and significant influence on banks stability (as defined by ROA and liquidity).

Rossi and Volpin (2003) studied the determinants of mergers and acquisitions around the world by focusing on differences in laws and regulation across countries. We found that the volume of mergers and acquisitions activity is significantly larger in countries with better accounting standards and stronger shareholder protection. The probability of an all-cash bid decreases with the level of shareholder protection in the acquirer country. In cross-border deals targets are typically from countries with poorer investor protection than acquirers, suggesting that cross-border transactions play a governance role by improving the degree of investor protection within target firms.

Udofia (2018) investigated the impact of International Financial Reporting Standard (IFRS) adoption on cross border investment comprising of foreign portfolio investment and foreign direct investment in Nigeria from 20072016. The research employed a mixed research design comprising cross sectional survey and ex-post facto design using content analysis and inferential statistical tools. The study found that there is a positive perception from users and preparers of financial statements on the benefits derived from IFRS adoption in Nigeria. In addition, IFRS adoption impacts cross border investment in Nigeria.

Methodology

Population and Source of Data

The population of this study were the twelve (12) oil and gas companies quoted on the Nigerian Stock Exchange (NSE) as contained in www.nse.com.ng as at 31st December, 2018. Out of these twelve (12) oil and gas companies, two (2) were purposively selected. The reason for the choice of the two (2) companies was based on the fact that they are the only two oil and gas companies in Nigeria that have engaged in cross border mergers and acquisition based on their annual reports of the period covered by the study. The two (2) companies are Oando Oil Plc and MRS Oil Plc. Secondary data for the period 2005 to 2018 were sourced from their financial statement/annual reports as available in their website. The cross border mergers and acquisitions of this companies were measured by their total assets; why accounting quality disclosure was proxied by the adoption of International Financial Reporting Standard (IFRS) by companies. The determination of whether there is significant difference in their total assets before the period of adoption of adoption of International Financial Reporting Standard (2005 to 2011), and after adoption of adoption of International Financial Reporting Standard (2012 to 2018) was aided by the paired sample t-test. The paired sample t-test technique of data analysis was adopted because it is a robust method of comparative analysis.

Cross Border Merger and Acquisition Profile of Oando Oil Plc: The principal activity of Oando PLC ("the Company") locally and internationally is to have strategic investments in energy companies. The Company was involved in the following business activities via its subsidiary companies during the year reviewed:

a) Exploration and production (E & P) - Oando Energy Resources Inc., Canada, engaged in production operations and other E & P companies operating within the Gulf of Guinea.
b) Supply and distribution of petroleum products - Oando Trading Dubai and Oando Trading Bermuda. In 2016, the Company divested its interest in the downstream businesses and significant part of the gas and power businesses. In 2017, the Company completed a sale of its 100% interest in Alausa Power Limited. Alausa Power Limited was involved in the production and supply of power to Lagos State.

Cross Border Merger and Acquisition Profile of MRS Oil Plc: On 20th March 2009, there was acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global S. A. of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS Africa Holdings Limited, Bermuda. The new management of the company announced a change of name of the company from Chevron Oil Nigeria to MRS Oil Nigeria (MRS) effective 2nd December 2009 following ratification of the name change of the company at the 40th Annual General Meeting of the company on 29th September 2009.

Discussion of Result

Oando Oil Plc

Table 1 provides insight to the descriptive properties of Oando Oil PLC total assets before and after adoption of IFRS. It was evidence in that the mean of Oando Oil PLC total assets before adoption of IFRS is 54,177,538.43, while after adoption of IFRS is 156,446,254. The standard deviation of Oando Oil PLC total assets before adoption of IFRS (29,035,543.57) is better than after adoption of IFRS (94,706,136.97). Judging by the standard deviation, Oando Oil PLC witnessed less fluctuation in their total assets before adoption of IFRS when compared to after adoption of IFRS. With regard the difference in the mean of Oando Oil PLC total assets before and after adoption of IFRS, the p-value of the paired T-Test in Table **2** is significant at 5% level of significance. By implication, there is a significance difference in Oando Oil PLC total assets before and after adoption of IFRS. With this, it can be adduced that the significant difference in the mean of Oando Oil PLC total assets after adoption of IFRS would be attributable to quality of accounting disclosure by virtue of IFRS for cross border mergers and acquisitions or investments.

Table 1: Descriptive Properties of Oando Oil PLC Total Assets before and after Adoption of IFRS

Year	Minimum	Maximum	Mean	Std. Deviation
Total Assets @ t	22725791.00	93679844.00	54177538.4286	29035543.57260
Total Assets @ t-1	43610177.00	277116711.00	156446254.0000	94706136.96797
Valid N (listwise)				

Source: SPSS Version 21 output data

Note: (t) represents periods before adoption of IFRS and (t+1) reflects periods after adoption of IFRS

Table 2: Paired Samples Test of Oando Oil PLC Total Assets before and after Adoption of IFRS

	Paired Differences					T	df	Sig.(2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Total Assets @ (t)	-102268715.57	7617492 4.4	287914 15.2	-172718770.5	-31818660.6	-3.552	6	.012
Total Assets @ (t+1)								

Source: SPSS Version 21 output data

Note: (t) represents periods before adoption of IFRS and (t+1) reflects periods after adoption of IFRS

MRS Oil Plc

The descriptive properties of MRS Oil Plc total assets in Table 3 show a before and after adoption of IFRS mean of 7,273,105 and 20,838,952.7 with standard deviation of 7,983,213.50 and 1,412,975.33 respectively. The standard deviation of the total assets after adoption of IFRS is better than before adoption of IFRS, while after adoption of IFRS mean is higher than before adoption of IFRS. The p-value of the mean of MRS Oil Plc before and after adoption of IFRS is significant at 5% as revealed by the paired sample T-test in Table 4. This is to say that there is a significant difference in MRS Oil Plc total assets before and after adoption of IFRS. Consequently, it will not be wrong to assert that the significant difference in MRS Oil Plc total assets after adoption of IFRS was as a result of quality of accounting disclosure. That is, the growth in MRS Oil Plc total assets from 2012 to 2018 was significantly cross border investments through mergers and acquisitions.

Table 3: Descriptive Properties of MRS Oil PLC Total Assets before and after Adoption of IFRS

Year	N	Minimum	Maximum	Mean	Std. Deviation
Total Assets @ t	7	.00	18988685.00	7273105.0000	7983213.50325
Total Assets @ t-1	7	19054010.00	23109497.00	20838952.7143	1412975.32617
Valid N (listwise)	7				

Source: SPSS Version 21 output data

Note: (t) represents periods before adoption of IFRS and (t+1) reflects periods after adoption of IFRS

Table 4: Paired Samples Test of MRS Oil PLC Total Assets before and after Adoption of IFRS

	Paired Differences					T	Df	Sig.(2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Total Assets @ (t)								
Total Assets @ (t+1)	-13565847.71	7327620.53	2769580.23	-20342766.40	-6788929.03	-4.898	6	.003

Source: SPSS Version 21 output data

Note: (t) represents periods before adoption of IFRS and (t+1) reflects periods after adoption of IFRS

Conclusion and Recommendations

This study examines how accounting disclosure quality has influenced cross border merger and acquisition of selected Nigerian oil and gas companies. Specifically, the research determined whether there is any significant difference in total assets of selected Nigeria oil and gas companies by virtue of accounting disclosure quality vis-sa-viz: adoption of International Financial Reporting Standard (IFRS) in preparation of financial statements/annual reports. With the application of paired sample t-test, this study found that there is significant difference in total assets of Oando Oil Plc and MRS Oil Plc before and after adoption of IFRS. Consequently, this study concludes that accounting disclosure quality aids or stimulates cross border mergers and acquisitions and will aid in curbing fluctuations in the total assets of the firms under study. Also, it concluded that the voluntary disclosures alone would not enhance the quality and the level of cross border mergers and acquisitions in the oil and gas industry in Nigeria, but will go a long way improving their total assets. Considering the findings, the study recommends that due diligence should be adopted in the identification and selection of compatible partners in order to achieve synergy. In the case of policy-induced merger and acquisition, a reasonable time should be allowed for compliance and implementation should be closely monitored.

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Appendix

Data on Total Assets of Oando Oil Plc and MRS Oil Plc 2005 to 2018

YEAR	Oando Total Assets (₦'000)	MRS Total Assets (₦'000)
2005	22,725,791	N/A
2006	24,396,270	4,468,009
2007	47,416,277	4,045,355
2008	44,878,733	1,915,015
2009	53,380,868	2,965,925
2010	93,679,844	18,528,746
2011	92,764,986	18,988,685
2012	105,354,528	19,054,010
2013	162,368,077	19,629,147
2014	43,610,177	20,218,121
2015	50,893,926	20,977,324
2016	192,344,579	22,163,872
2017	263,435,780	23,109,497
2018	277,116,711	20,720,698

Source:Oando Oil Plc and MRS Oil Plc Annual Reports from 2005 to 2018