

**ACCOUNTING POLICIES AND FINANCIAL REPORTING QUALITY
IN NIGERIA**

BY

**IBOYI MILLER HOPE
MATRIC NO: SBS/2011940797**

**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTANCY SCHOOL OF BUSINESS STUDIES, AUCHI
POLYTECHNIC, AUCHI, EDO STATE
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF HIGHER NATIONAL DIPLOMA (HND) IN
ACCOUNTANCY**

JANUARY, 2022

CERTIFICATION

We the undersigned certify that this project work titled “Accounting Policies and Financial Reporting Quality in Nigeria” was carried out by **IBOYI MILLER HOPE** with Matriculation Number **SBS/2011940797** in the Department of Accountancy.

We also certify that the work is adequate in scope and quality in partial fulfillment of the requirements for the award of Higher National Diploma (HND) in Accountancy.

MRS. AGWEDA F.E
(Project Supervisor)

DATE

MR. DANIEL ABUMERE
(Head of Department)

DATE

DEDICATION

This project work is dedicated to God Almighty by whose infinite mercy, love and protection this programme was completed.

ACKNOWLEDGEMENT

First and foremost, my most sincere gratitude goes to Almighty God for giving me the zeal to complete my Higher National Diploma(HND) programme.

My most sincere gratitude goes to my project supervisor Mrs.. Agweda F.E who took pain to read through my manuscript and offered valuable suggestion and advice. I also wish to express my appreciation to my Head of Department Mr. Daniel Abumere for his advice and guidance.

My sincere thanks go to my parents Mr. and Mrs. Iboyi and my entire family members who catered for the financial and moral responsibilities of my academic pursuits.

Finally, a very special gratitude goes to my beloved ones. May God bless you all Amen.

Abstract

This study examines “Accounting Policies and Financial Reporting Quality in Nigeria”. Among the objective of the study is to ascertain if there is any significant relationship between accounting policies and financial reporting quality. A survey research design was adopted in the study. The target population was the capital market. A sample size of 55 was used for the study and the researcher adopted simple random sampling technique to ensure estimate of the chances that a given element of the population will be given equal treatment. The research made use of primary method of data collection to extract the available needed information. The findings from this study revealed among others that there was a significant relationship between accounting policies and financial reporting quality. The conclusion reached in this study was that comprehensive assessment of the quality of financial reports is important as it may improve users’ quality of economic decision making and enhance overall market efficiency, thereby reducing the cost of capital for companies. Among the recommendations made in this study was that firms in Nigerian should ensure that the size of audit committee is effective and efficient in discharging their duties as to enhance financial reporting quality.

TABLE OF CONTENTS

Title page	-	-	-	-	-	-	-	-	-	-	i
Certification-	-	-	-	-	-	-	-	-	-	-	ii
Dedication	-	-	-	-	-	-	-	-	-	-	iii
Acknowledgement-	-	-	-	-	-	-	-	-	-	-	iv
Abstract	-	-	-	-	-	-	-	-	-	-	v
Table of Contents	-	-	-	-	-	-	-	-	-	-	vi

CHAPTER ONE

INTRODUCTION

1.1	Background to the Study	-	-	-	-	-	-	-	-	1
1.2	Statement of the Problem	-	-	-	-	-	-	-	-	3
1.3	Objectives of the Study	-	-	-	-	-	-	-	-	4
1.4	Research Questions	-	-	-	-	-	-	-	-	4
1.5	Research Hypotheses	-	-	-	-	-	-	-	-	4
1.6	Scope of study	-	-	-	-	-	-	-	-	5
1.7	Significance of the Studies	-	-	-	-	-	-	-	-	5
1.8	Limitations of the Study	-	-	-	-	-	-	-	-	6
1.9	Operational Definition of Terms	-	-	-	-	-	-	-	-	6

CHAPTER TWO:

REVIEW OF RELATED LITERATURE

2.1	Conceptual Review	-	-	-	-	-	-	-	-	10
2.2	Theoretical Framework	-	-	-	-	-	-	-	-	17
2.3	Empirical Review	-	-	-	-	-	-	-	-	21
2.4	Summary of the Review	-	-	-	-	-	-	-	-	24

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Research Design	-	-	-	-	-	-	-	-	26
3.2	Population of the Study	-	-	-	-	-	-	-	-	26
3.3	Sample Size	-	-	-	-	-	-	-	-	26

3.4	Sampling Technique	-	-	-	-	-	-	-	26
3.5	Source of Data Collection	-	-	-	-	-	-	-	27
3.6	Method of Data Presentation	-	-	-	-	-	-	-	27
3.7	Model Specification	-	-	-	-	-	-	-	28

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND HYPOTHESIS TESTING

4.1	Presentation and Analysis of Data	-	-	-	-	-	-	-	30
4.2	Testing of Hypothesis	-	-	-	-	-	-	-	31
4.3	Discussion of Findings	-	-	-	-	-	-	-	35

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1	Summary of Findings	-	-	-	-	-	-	-	36
5.2	Conclusion	-	-	-	-	-	-	-	36
5.3	Recommendations	-	-	-	-	-	-	-	37
	References	-	-	-	-	-	-	-	38
	Appendix I	-	-	-	-	-	-	-	43
	Appendix II	-	-	-	-	-	-	-	44

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Today, the necessity for producing quality financial report has received great attention all over the world. Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit and similar resource allocation decisions enhancing overall market efficiency (IASB, 2013).

The primary objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, primarily financial in nature, useful for economic decision making (IASB, 2008). Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions enhancing overall market efficiency (IASB, 2008). Although both the FASB and IASB stress the importance of high-quality financial reports, one of the key problems found in prior literature is how to operationalize and measure this quality. Because of its context-specificity, an empirical assessment of financial reporting quality inevitably includes preferences among a myriad of constituents (Daske and Gebhardt, 2006). Since different user groups will have dissimilar preferences, perceived quality will deviate among constituents. In addition, the users within a user group may also perceive the usefulness of similar information differently given

its context. As a result of this context and user-specificity, measuring quality directly seems problematic (Botosan, 2014). Consequently, many researchers measure the quality of financial reporting indirectly by focusing on attributes that are believed to influence quality of financial reports, such as earnings management, financial restatements, and timeliness (e.g. Barth et al., 2018; Schipper & Vincent, 2013; Cohen et al., 2014).

Financial reporting is considered as being of high quality if it possesses three attributes which include transparency, full disclosure and comparability. Transparency is referred to as the revealing of information about events, transactions, judgment and estimates which allows users to see the result and implication of decisions, judgment and estimates of the preparers. Full disclosure is related to the provision of all information necessary for decision-making while comparability means that similar transactions are accounted for in the same manner both cross- sectional arising among companies as well as over time.

Several factors could influence the quality of financial reporting among which are the accounting policy and the audit committee. The effectiveness of the audit committee in overseeing the financial reporting process could depend on its size and the independence of members. The management opportunist conduct which could influence the quality of reporting may likely be moderated or reduced by an effective Accounting policy. The disclosure principle in accounting requires that financial statements present the most useful amount of

relevant information that is necessary in order not to be misleading. The Central Bank of Nigeria, (CBN, 2009) defines full disclosure as the mandatory financial, operational and management information which financial institutions are required to disclose in the rendition of their periodic returns to the regulatory authorities and the public. The process has to do with ensuring the integrity of data in the rendition of reports to the supervisory authority and the public in order to enable them ascertain the true financial position and performance of deposit money banks.

From the foregoing, this research was design to investigate accounting policies and financial reporting quality in Nigeria.

1.2 Statement of the Problem

The legislation (Financial Reporting Council of Nigeria Act, 2011) is to create an enabling environment for the implementation of IFRS and to guarantee laudable financial reporting regime in both private and public sector entities in Nigeria. Government has equally empowered the Financial Reporting Council of Nigeria to issue and regulate accounting, actuarial valuation and auditing standards. What this means is that, the Nigerian Accounting Standard Board (NASB) together with the Statement of Accounting Standards (SAS) issued is now replaced. Several studies have been conducted recently to ascertain the acclaimed benefits of IFRS after the Nigeria adoption. However, instead of certifying the benefits most of these studies lists the difficulties Nigeria faced in adopting or implementing the road map and attaining the benefits, there is need

therefore to provide a detailed catalogue of these challenges and to provide the full understanding of what ought to be done for the benefits to be attained. Hence, the objective of this research is to survey literature and identify the challenges of IFRS adaptation.

1.3 Objective of the Study

The primary aims of this study are stated below:

- i. To know the relationship between accounting policy and financial reporting quality in Nigeria
- ii. To examine if accounting policies are relevant in the preparation of financial statement in Nigeria
- iii. To find out if financial institutions used accounting policies as a tool to evaluate financial transactions in Nigeria

1.4 Research Questions

The following research questions will aid the study:

- i. What is the relationship between accounting policy and financial reporting quality in Nigeria?
- ii. Are accounting policies relevant to the preparation of financial statements in Nigeria?
- iii. Do financial institutions use accounting policies as a tool for evaluating financial transactions in Nigeria?

1.5 Research hypotheses

The following null hypotheses were formulated to answer the above research questions:

Hypothesis One:

Ho: There is no significant relationship between accounting policy and financial reporting quality in Nigeria

Hypothesis Two:

Ho: Accounting policies are not relevant to the preparation of financial statement in Nigeria

Hypothesis Three:

Ho: financial institutions do not use accounting policies as a tool to evaluate financial transactions in Nigeria

1.6 Scope of the study

Accounting policies and financial reporting quality in Access Bank will assist in the development and standardization of accounting principles in Nigeria at large and Edo State in particular. This study took a time frame of 2014-2020 and using a sample size of 50 for effective survey.

1.7 Significant of the Study

Users of financial statements can get further insight about financial strength and weakness of a company if they properly analyze information reported in these statements. Therefore, financial analysis is the process of identifying financial strength establishing relationship between the items in the statement of financial position and statement of comprehensive income.

Financial analysis can be undertaken by the management of the company or by parties outside the company. Some users of financial statement are shareholders,

creditors, investors, government, the general public etc. The type of information a specific user requires from the financial statement depends upon the kind of decision that is to be made. Thus, it is said that financial statement is user.

Therefore, this study would be of great use to intending researchers in this aspect of accounting. From this, one can affirm that this work will be of immense use by various parties such as the CBN, the chamber of commerce, Banks etc within the business and academic setting.

1.8 Limitation of the Study

In the course of this study, some problems were encountered. These are reviewed below:

One of the limiting factors is that of availability of data which might be difficult to obtain following the trend of the attitude of Nigerians with regards to giving out information.

Literature on the topic as it relates to government parastatals is very few. This posed some challenges in getting the required information for the completion of the study.

In the face of the above limitations, it was difficult to carryout in-depth study. However, every attempt possible has been made to capture the main purpose and the objective of the study.

1.9 Operational definition of Terms

For the purpose of understanding and clarity, it is deemed expedient to define some technical terms used in this project work.

Accounting Policies: are the specific principles and procedures implemented by a company's management team and are used to prepare its financial statements. These include any methods, measurement systems and procedures for presenting disclosures.

Accounting Concept: is basically the accounting rules that should be followed while preparing the financial statements and accounts.

Accounting Conventions: The concepts of accounting have become accepted in the business world. The concepts are capable of being interpreted in many ways. Therefore what have grown up in accounting are generally accepted approaches to the application of the concepts.

Assets: Assets are economic resources, which are owned by a business and expected to benefit future operations. Assets may have definite physical forms such as building and machinery. On the other hand, some assets exist not in physical or tangible form but in the form of valuable legal claims or rights such as amount due from customers, investment etc. Finery and Miller identified the following categories of assets.

Non Current Assets: Fixed assets are assets of a relatively permanent in nature in the operation of the business and not intended for resale. Such assets include, land and building, plant and machinery, furniture and fittings etc which are expected to have a long useful life. These assets are always carried in the financial statement at cost less accumulated depreciation.

Tangible Assets: These are assets having bodily substance. Tangible assets including land and building, plant and machinery and other similar properties having physical substance. Tangible assets could be fixed or current assets.

Current Assets: this represent all the assets of a company that are expected to be conveniently sold, consumed, utilized or exhausted through the standard business operations, which can lead to their conversion to a cash value over the next one year period.

Liquid Assets: These include debtors, temporary investment and cash. They are called liquid asset because they are readily realizable.

Liabilities: is the obligation of a business to other entities or person in respect of money owing for goods or services already received.

Current Liabilities: These are obligations whose liquidation (settlements) is reasonably expected to require the use of current assets or the substitution of other current liabilities. All liabilities to be paid within one year are classified as current liabilities. In general they are Listed in their probable order of liquidation. Example includes account payable and accrued liabilities.

Non Current Liabilities: These are sums falling due for payment after one year from the statement of financial position date. Examples are items of bank loan or overdrafts trade creditors or taxation not falling within one year.

Share Capital: The term capital has many connotations. It is therefore considered necessary to discuss the important ones.

Owner's Equity: This kind of equity results from funds received from investors either the share holders of a corporations or owner of a partnership or proprietorship. And earnings of the firm that did not pay out dividend are added to their equity.

Capital Employed: This is the amount available for production; it represents the total assets less current liabilities employed in the business.

Working Capital: This is the amount of capital that is available for the day-to-day running of the business. It represents the difference between the Current assets and current liabilities. The solvency or insolvency of an enterprise depends on the size of its working capital.

CHPATER TWO

REVIEW OF RELATED LITEATURE

2.1 Conceptual Review

Financial reporting is concerned with the presentation of financial statements in a form for comprehension by users of financial information. It is essentially a process of communication of financial information and also represents an instrument of identifiable stewardship (Obazee, 2005). Similarly, financial reporting is the medium of communicating information about the financial affairs of both profit and non-profit organizations and constitutes an important service that is so special which the accounting profession extends to societies of economic and social systems. It is by no means, the only avenue by which managers of organizations (public and private) give account of their stewardship to their owners and other stakeholders (Adebayo, 2005). Generally accepted accounting principles (GAAP) which, according to Libby (2001), are the measurement rules used to develop the information in financial statements, guide the preparation of financial reports. It is of immense importance to the disclosure of accounting policies which provide the bases on which information contained in financial statements are reported. Accounting policies are the specific accounting bases judged by management of an enterprise to be most appropriate to their circumstances and adopted by them for the purpose of preparing their financial accounts so as to ensure a true and fair view of the

enterprise's performance and financial position, for example the methods for depreciating fixed assets and consumption of stock (Harvey and Keer, 2009).

Accounting policies are rules and guidelines that are selected by a company for use in preparing and presenting its financial statements. Accounting policies are important, as they set a framework, which all companies follow, and provide`1 comparable and consistent standard financial statements across years and relative to other companies Hassan and Bello (2013).

Accounting policies are the specific principles and procedures implemented by a company's management team that are used to prepare its financial statements. These include any accounting methods, measurement systems, and procedures for presenting disclosures. Accounting policies differ from accounting principles in that the principles are the accounting rules and the policies are a company's way of adhering to those rules Nyor, (2013).

Accounting policies are a set of standards that govern how a company prepares its financial statements. These policies are used to deal specifically with complicated accounting practices such as depreciation methods, recognition of goodwill, preparation of research and development (R&D) costs, inventory valuation, and the consolidation of financial accounts. These policies may differ from company to company, but all accounting policies are required to conform to generally accepted accounting principles (GAAP) and/or international financial reporting standards (IFRS) Omar and Simon (2011).

Accounting principles can be thought of as a framework in which a company is expected to operate. However, the framework is somewhat flexible, and a company's management team can choose specific accounting policies that are advantageous to the financial reporting of the company. Because accounting principles are lenient at times, the specific policies of a company are very important Musa and Oloruntoba (2014).

Looking into a company's accounting policies can signal whether management is conservative or aggressive when reporting earnings. This should be taken into account by investors when reviewing earnings reports to assess the quality of earnings. Also, external auditors who are hired to review a company's financial statements should review the company's policies to ensure they conform to GAAP Beretta, (2014).

Importance of Accounting Policies

There are several reasons as to why accounting policies are extremely important to a company preparing the financial statements, but also to the investor and the government Beretta, (2014). Below are some of the reasons:

Government retaining a hold on financial statements: All companies should follow either the GAAP or IFRS when preparing financial statements. It is a way the government can keep a check on financial statements and simultaneously protect the interests of investors.

Proper framework: As mentioned earlier, accounting policies essentially provide companies with a framework to report their financial statements, so they follow a standardized format throughout.

Providing advantage to investors: By mentioning to investors that they've followed particular accounting policies, investors will gain added confidence in the company and the numbers, and the statements can easily be compared to other companies' financial statements (as they follow a standardized format).

Disclosure: A company must disclose the accounting policies they follow. The policies comprise separate rules on how to disclose information to investors and companies should comply with adequate disclosure requirements.

Financial Reporting Quality

Financial reporting quality is defined as the financial disclosure statements that will disclose the financial status in the annual report and strengthen the investors' confidence in making credible decisions about their organizations. The chief objectives of financial reporting is to portray the position and performance of the entity in question so that investors in equity and debt, among other stakeholders, can make credible and economic decisions based on accurate information regarding potential risks and returns (Deloitte, 2012; FRCN, 2015). Financial reporting is considered as being of high quality if it possesses three attributes which include transparency, full disclosure and comparability.

Transparency is referred to as the revealing of information about events, transactions, judgment and estimates which allows users to see the result and implication of decisions, judgment and estimates of preparers.

Full disclosure is related to the provision of all information necessary for decision-making while comparability means that similar transactions are accounted for in the same manner both cross- sectional arising among companies as well as over time (Barton &Waymire, 2014).

Factors That Can Influence the Quality of Financial Reporting Quality

Several factors could influence the quality of financial reporting among which are the audit committee.

The effectiveness of the audit committee in overseeing the financial reporting process could depend on its size and the independence of members. The management opportunist conduct which could influence the quality of reporting may likely be moderated or reduced by an effective audit committee (Chandar, Chang, & Zheng, 2012; Liao & Hsu, 2013).

The existence of an audit committee in an organization is beneficial to management, external and internal auditors since it enhances the quality of the internal control system (Musa & Oloruntoba, 2014).

The audit committee tends to provide a positive signal about financial disclosure and help enhance shareholders' confidence in financial reporting quality.

Recent research documents that audit committee size could be fundamental to high financial reporting quality (Fodio et al. 2013; Hassan, 2012).

Benefits of Accounting Policy and Financial Reporting Quality

It guarantees accurate information: Due to the fact that quality of financial report guarantees and enforces the company to present good and accurate information, which in turn reduces the mystery and the conflict in information provided for both shareholders and stakeholders and other market participants interested in this report. The integrity and reliability of data produced by organizational information systems are critical, not just for the production of reliable financial reports, but also for overall business success (Krishnan et al. 2015).

Access to relevant information use of that information to enhance management standards; and assurance that the information is accurate, relevant and secure (Barrett, 2014). Accounting information systems maintain and produce the data (e.g. financial statements containing information about accounts and their balances) used by organizations to plan, evaluate and diagnose operations and financial reposition, therefore, the aim of the regulators should be to make a system (accounting) that offers maximal benefits at lowest possible costs.

reduction of information risk and liquidity.

Reduction of information risk and liquidity: Other benefits of having high-quality information from financial reporting are mentioned in Lambert et al.

(2017). He clarifies that the high-quality information guarantees the reduction of information risk and liquidity.

It reduces the managers authority and power in making decisions: Other opinions are mentioned in Chen et al. (2011): It reduces the managers authority and power in making decisions for their own interests and guides them to make appropriate and efficient investment decisions. Rajgopal and Venkatachalam (2011) add that the high-quality financial reporting reduces the lack of equivalence and the asymmetric information that arises from conflicting agency.

It helps in understanding company operations: It also helps market agents to get full understanding about all company operations and activities by reducing the ambiguity that surround some events (Jo and Kim, 2017). Lambert et al. (2017) mention that quality of accounting information has critical effects on market participants' perceptions about the distribution and decisions related to the company future cash flow. On the other hand, Chen et al. (2011) find both banks and government can get benefits of having the high-quality financial reporting, because it has a positive effect on private firms investment efficiency and financial performance, which in turn increases tax payment and lending from banks. Financial reporting quality gets its importance from the fact that it helps in reducing information risk and enhancing liquidity.

2.2 Theoretical Framework

Agency Theory

The model of this paper is premised on the agency theory where an agency relationship occurs when one or more principals engage another person as their agent to do a service at their behest. Notably, such an arrangement may result in the delegation of accountability by the principal which necessitates the placement of trust in an agent to act in the principal's best interest Jensen and Meckling (1993). This lead to conflict of interest between the managers and the shareholders that the need for an auditor. It is supported by the stakeholder theory.

Stakeholder theory

The stakeholder theory, originally defined by Freeman (1984) is a theory of organizational management and business ethics that addresses morals and values in managing an organization. In this theory, the concept "stakeholders" refers to managers, shareholders or other users of financial reports which are influenced, either directly or indirectly by the actions of the auditor. A fundamental characteristic of stakeholder theory is therefore to attempt to identify individuals and groups that states, organizations and companies are accountable to. This has also been part of the theory's challenge (Anheier, 2015).

The agency and stakeholder theory perspective of financial reporting quality suggest that no single element should be assured as having the dominant

influence on financial reporting quality explained in the study as audit tenure. This requires that different stakeholder should carefully analyzed their actions so as to determine the effects of their action and their impact on the perspective of financial reporting quality reason be that audit provide assurance to investors, creditors, managers, shareholders and other stakeholder thus providing confidence on financial reporting

Asymmetric information theory

The asymmetric information theory assumes that at least one party to a transaction has relevant information whereas others do not. Asymmetric information model speaks about a deviation from perfect information. Alcerlof (2009) opined that inequalities in access to information upset the normal market for the exchange of goods and services. It says that in some economic transactions, inequalities in access to information upset the normal market for the exchange of goods and services. This theory provides a theoretical explanation of the burden to disclose on the directors of the banks who are better placed in the corporate structure to know the banks better and therefore release the information they have to the investors that will use same for decision making. Ball, (2009) note that audited financial statements and voluntary disclosures are complementary mechanisms for managers to communicate information. Gigler and Hemmer (2012) observe that reporting independently audited financial outcomes plays a ‘confirmatory role’, allowing shareholders to evaluate the informativeness and truthfulness of past discretionary disclosures.

In turn, this allows managers to credibly disclose value relevant information, even if the information is not directly verifiable.

Umoren (2009) listed out the most popular characteristics are corporate size, profitability, liquidity, gearing, audit size, listing status, multinational parent, age, and ownership structure. Each construct suggests that the quality of disclosure can be measured by an index representing the dependent variable. Overall, the findings regarding the compliance level of companies and the relationship between the level of disclosure and various corporate attributes are mixed. Cerf (2011) pioneers the study on the relationship between extent of corporate disclosure and company attributes. He utilizes a random sample of 527 listed and unlisted corporate organizations for evidence of compliance with certain minimal standards of disclosure. Cerf considers twelve explanatory variables for possible correlation with superiority of disclosure. The independent variables include profitability, asset size, method of trading shares, stock ownership, industry, frequency of external financing, stability of growth in earnings and dividends, product, degree of competition, association with CPA firms and management characteristics. Only the first four of these variables are tested. Superiority of disclosure is measured by an index of disclosure. This is constructed based on thirty one information items each weighted by importance.

The consumers or users of financial reports according to Alexander and Britton (2008) are equity investors, loan creditors, employees, business contact groups

(including customers, trade creditors and suppliers) and the adviser group including financial analysts. Others are the government and the public including taxpayers, consumers and other community and special interest groups. From the views of Pandey (2001), users of accounting information could be classified into two categories; those with direct interest and those with indirect interest. Direct interest parties are owners, managers, creditors, investors, employees, customers and tax authorities, while indirect interest parties are financial analysts, trade associations, trade unions etc. Users of financial reports have different objectives or purposes. These purposes vary from one interest group to another. As stated by Alexander and Britton (2009), equity investors require information about profit performance for the purposes of establishing return on their investments by way of dividends, as well as estimating share prices which also is influenced by profit performance. Loan creditor groups (short, medium and long-term) constitute the providers of finance. Their interests depend on the time horizon associated with funds made available. Short term loan providers are interested in liquidity or cash position of a company to enable them recover the principal and interest on loans extended within the short-term, while long term financiers aim to identify future cash and profit positions of the company to be able to recoup their investments together with interest in the longer-term. Similarly, employees are interested in both future cash and profit positions of a company for regular payment of their salaries and job security. Suppliers and trade creditors are concerned with cash position of a company to enable them

receive payments on their supplies within the short-term. Government authorities evaluate profitability performance for the levying of taxes while the public which represents the larger society where the business operates are interested in both liquidity and profit performance of a company for the purposes of assessing responsiveness to social responsibilities, for example, donation to charities, education and health. From the foregoing, though, profitability is an indication of an organization's going concern ability; more weight is placed on solvency/liquidity to be able to meet cash obligations both in the long and short- terms,

2.3 Empirical Review

Many studies have examined the quality of corporate information disclosures in various contexts. Examples of such studies are: Wong (2001), Joshi and Ramadhan (2002); Gray (2002); and Okoye (2006). Each of these studies has been distinguished by differences in research setting, differences in definition of the explanatory variables, differences in disclosure index construction and differences in statistical analysis. However, Popova et al. (2013) investigated the relationship between mandatory disclosure and financial reporting quality using a sample of UK companies included in FTSE 350 index. The findings showed that the average mandatory disclosure index for the 5 year period is 91.51% (with minimum 69.31% and maximum 100%) which is consistent with disclosure index by Omar et al. (2011) in conformity with the financial reporting quality.

Nyor (2013) examined the quality of annual reports and accounts of Nigerian firms from the perspective of users of accounting information. The findings showed that the quality of annual reports and accounts of Nigerian firms is only moderate. Hassan and Bello (2013) examined firm characteristics and financial reporting quality of quoted manufacturing companies in Nigeria and the finding revealed that there is a significant positive relationship between firm characteristics and financial reporting quality in Nigeria.

Umoren (2009) listed out the most popular characteristics are corporate size, profitability, liquidity, gearing, audit size, listing status, multinational parent, age, and ownership structure. Each construct suggests that the quality of disclosure can be measured by an index representing the dependent variable. Overall, the findings regarding the compliance level of companies and the relationship between the level of disclosure and various corporate attributes are mixed.

Cerf (2011) pioneers the study on the relationship between extent of corporate disclosure and company attributes. He utilizes a random sample of 527 listed and unlisted corporate organizations for evidence of compliance with certain minimal standards of disclosure. Cerf considers twelve explanatory variables for possible correlation with superiority of disclosure. The independent variables include profitability, asset size, method of trading shares, stock ownership, industry, frequency of external financing, stability of growth in earnings and dividends, product, degree of competition, association with CPA firms and

management characteristics. Only the first four of these variables are tested. Superiority of disclosure is measured by an index of disclosure. This is constructed based on thirty one information items each weighted by importance. A percentage score is given to each company by dividing the number of points achieved by the total points possible for all items applicable to the company. Cerf finds that there is a positive relation between disclosure and asset size, profitability, and shareholder number.

Adebayo (2003) investigated the relationship between mandatory disclosure and financial reporting quality using a sample of UK companies included in FTSE 350 index. The findings showed that the average mandatory disclosure index for the 5 year period is 91.51% (with minimum 69.31% and maximum 100%) which is consistent with disclosure index by Adebayo (2003) in conformity with the financial reporting quality. Adebayo (2003) examines the relation between corporate governance and financial reporting quality disclosure in a context of principal-principal conflicts and poor investor protection. The result showed that there is a positive relationship between corporate governance and disclosure of financial reporting quality but no relationship between financial reporting quality disclosures and cross listing. Adebayo (2003) examined the extent of corporate governance and financial reporting quality by United Arab Emirates (UAE) listed corporations. The result revealed that the highest financial reporting disclosures are those dealing with management structure and transparency which are also found to be significantly different across the sectors

in the UAE. pandey (2001) examined the quality of annual reports and accounts of Nigerian firms from the perspective of users of accounting information. The findings showed that the quality of annual reports and accounts of Nigerian firms is only moderate. Adebayo (2003) examined firm characteristics and financial reporting quality of quoted manufacturing companies in Nigeria and the finding revealed that there is a significant positive relationship between firm characteristics and financial reporting quality in Nigeria. Pandey (2001) reported that companies that have independent audit committee are less likely to manipulate profits, disclose more information voluntarily and present high quality of financial reporting. pandey (2001) opines that audit committee enhance internal control system and reduces asymmetry of information between management and shareholders while also improving high financial reporting quality. Pandey (2001) posits that audit committee size would largely influence independence and reported that companies with more outsiders in the board favor independence audit committee to resolve the problem of asymmetry of information and thereby enhance financial reporting quality.

2.4 Summary of the Review

This study deals with the review of related literature to Accounting Policy and Financial Reporting Quality in Nigeria while assessing Guinness Nigeria Plc as a case study.

It was observed that Transparency and adequate disclosure of information are key attributes of good corporate governance which merged banks must cultivate

with new zeal in order to provide stakeholders with the necessary information to judge whether their interests are being taken care of. Accounting disclosure leads to better transparency and stronger market discipline in the banking sector. The provision of adequate information enhances the integrity of banks and reduces the reputational risks that could lead to loss of confidence and patronage. It will also help to reduce market uncertainty and limit the risk of unwarranted contagion.

Asymmetric information model speaks about a deviation from perfect information. Akerlof (2009) opined that inequalities in access to information upset the normal market for the exchange of goods and services. It says that in some economic transactions, inequalities in access to information upset the normal market for the exchange of goods and services. Umoren (2009) listed out the most popular characteristics of financial reporting are corporate size, profitability, liquidity, gearing, audit size, listing status, multinational parent, age, and ownership structure.

Studies have examined the quality of corporate information disclosures in various contexts. Examples of such studies are: Wong (2001), Joshi and Ramadhan (2002); Ofoegbu and Okoye (2006).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The survey research design was adopted in this study. This is because the variables of interest cannot be manipulated by the researcher.

3.2 Population of Study

The population of the study comprises of Nigeria stock exchange in the Nigeria capital market and chosen population is 105 representative selected randomly for the study.

3.3 Sample Size

A sample is a subject or portion of the population. It is a portion or specimen of the large group selected in such a way that the attributes exhibited by the smallest portion are accepted as the representative of the whole group. The samples size for the study is 55 staff selected randomly from the population of the study as stated above.

3.4 Sampling Technique

The researcher adopted simple random sampling technique to ensure estimate of the chances that a given element of the population will be selected to a number of the sample and also, it is simple to understand and also give the researcher the opportunity to review the population of the study. Since the whole population of the study cannot be made use of, the researcher selected a sample size of 55 respondents through the use of research survey design for effective

correlation. From the questionnaire distributed, 50 were successfully retrieved for analysis.

3.5 Source of Data Collection

This denotes the techniques and sources use to collect data for the study. The primary source of information was used. The primary source was through the administration of questionnaire and conducting personal interview.

a. Questionnaire: The first course of primary data which provided the information for this research was through the use of questionnaire. The questionnaire was administered through the researcher's personal contact with the respondents.

b. Personal Interview: This method was used to compliment the objectives that the questionnaire is meant to acquire. However the questions asked could not be included in this questionnaire due to the sensitive nature of the questions and the response required. Therefore, selected officers were interviewed to get a clearer perspective and picture of accounting policies and financial reporting quality in Nigeria.

3.6 Method of Data Presentation

In presenting the data collected from respondents, the researcher makes use of simple table while using simple percentage and the Regression analysis to analyze the data.

In order to achieve the fit set in this study, the data elicited from the respondents were tabulated and analyzed. After the tabulation and analysis of data,

Regression analysis was used to test the hypothesis stated in chapter one of the study.

3.7 Model Specification

The data collected in the course of this study were tabulated and analyzed with regression method. After the tabulated and analysis of data, regression was used to test the hypothesis stated in the introductory part of this study using the stata computer software.

The model specification for the purpose of testing the hypothesis of the study is presented below:

AP = Accounting Policies

FRQ = Financial Reporting Quality

FSSIZE1 = Financial Statement/Firm Size

PROF = Profitability

Explanatory variables	Measurement
Financial Reporting Quality (FRQ)	Dichotomous variable if the list 1 otherwise 0
Financial Statement/Firm Size (FSSIZE1)	The firms' shares capital size and the turn over
Profitability (PROF)	Earnings per share
Firm Size (FSIZE)	Natural log of total assets

Variable may be dependent or independent. It may be intervening variable or moderator variable. In this study, the variable used are dependent and independent variable. Accounting Policy (AP) is the independent variable determining the level of financial reporting quality in Nigeria, while the

Financial Reporting Quality (FRQ), Financial Statement/Firm Size (FSSIZE) and Profitability (PROF) are the dependent variable (DV) which depend on the accounting policies employed by the organization in analyzing its financial transaction.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND HYPOTHESIS TESTING

4.1 Presentation and Analysis of Data

Table 1 descriptive statistics

Variables	Obs	Means	Strd dev.	Min	Max	Pr (Kurtosis)	Prob < chi ²
AP	105	3.980952	1.184686	1	5	0.9275	0.0036
FRQ	105	3.342857	0.9590517	1	5	0.8225	0.0505
FSSIZE	105	3.104762	1.208335	1	5	0.0000	0.0008
PROF	105	3.152381	1.335758	1	5	0.0000	0.0000

Source: Author's computation using stata 13.0

The above table present a summary of the descriptive statistics for the dependent and independent variables for 105 observations. The dependent variable shows that Accounting Policy and Financial Reporting Quality has a mean rating value of 3.98% and a standard deviation of 1.184686% among all variables. The maximum in rating is 5% while the minimum is 1%.

The table shows that the data used in the estimation of the parameter of the model are significantly normally distributed. This is implied by the probability value kurtosis and prob>chi² of nearly all the variables which are less than 0.05(5%)

Correlation Matrix

Table 2

	AP	FRQ	FSSIZE	PROF
AP	1.000			
FRQ	0.3189	1.000		
FSSIZE	0.2902	0.2674	1.000	
PROF	0.0748	0.2065	0.853	1.000

Source: Author's computation using Stata 13.0

The above table shows that the measure of performance has mixed correlation with the various independent variables used in the study. All variables are positively correlated with Accounting Policy. The table shows that no two of the explanatory variables are perfectly correlated or nearly so. Thus, the problem of multi-co-linearity is absent in this model.

4.2 Testing of Hypotheses

Test Statistics

The statistical tool used in testing the stated hypothesis is the panel regression test procedure which uses the individual significance test (Z test) and the model is tested using the co-efficient of determination. The estimation of these statistics is done using the stata computer software.

Level: The level of significance adopted in the study in testing the hypotheses of

the study is 5%. This level is usually considered adequate for studies in management and other behavioural sciences.

Decision Rule

This criteria p-value used in these test is 0.05. Thus, the researcher accepts a given alternative hypothesis as being accepted if calculated p-value is less than or equal to 0.05, otherwise the researcher accepted the null hypothesis that there is no significant effect.

Hypothesis 1

Ho: There is no relationship between accounting policies and financial reporting quality in Nigeria

Hi: There is relationship between accounting policies and financial reporting quality in Nigeria

Computation: The test statistic is computed by stata software and the results are shown in

Table3: Regression result of the relationship between accounting policies and financial reporting quality

AP	Coefficient	std, error	Z	p>/z/
FRQ	0.5716728	0.1769916	3.23	0.001
Prob. > chi ² = 0.0009				
Pseudo R ² = 0.0400				

Source: Author's computation using Stata 13.0

The table shows that the explanatory variables do not account for much of the systematic variations in the dependent variable. The table shows pseudo R² and prob > χ^2 shows that the model overall is suitable for estimating use stated model

Decision

With a co-efficient of 0.5716728 the results indicate that Accounting Policy is positively affect Financial Reporting Quality, while the probability value of 0.001 indicate that positive impact is significant. Thus accepting the alternative

hypothesis that there is significance relationship between accounting policies and financial reporting quality and that such effect is positive.

Hypothesis II

Ho: Accounting policies are not relevant to the preparation of financial statements in Nigeria

Hi: Accounting policies are relevant to the preparation of financial statements in Nigeria

Computation: The test statistics is computed by state software and the results are as shows in table 4.3.2 below:

Table 4.: Regression result on accounting policies is not relevant to the preparation of financial statements

tafd	Coefficient	std, error	Z	p>/z/
FSSIZE	0.4906553	0.161932	3.03	0.002
Prob. > $\chi^2 = 0.0019$				
Pseudo $R^2 = 0.0300$				

Source: Author's computation using Stata 13.0

The table shows that the explanatory variables does not account for much of systematic variations on the dependent variable. It shows Pseudo R2 and prob > χ^2 values of 0.0300 and 0.0019 respectively.

Decision

With a co-efficient of 0.4906553, the results indicate that Accenting Policy affect preparation of financial statements while the probability value of 0.002 indicates that the positive impact is significant. This leads to the acceptance of

the alternative hypothesis, thus rejecting the null hypothesis. The researcher accepts that Accounting policies are relevant to the preparation of financial statements and that such effect is positive.

Hypothesis III

Ho: Financial institutions do not use accounting policies as a tool to evaluate financial transactions in Nigeria.

Hi: Financial institutions do use accounting policies as a tool to evaluate financial transactions in Nigeria.

Computation

The test statistics is computed by state software and the result are shown in the Table below.

Table 5: Regression result accounting policies as a tool to evaluate financial transactions.

rctpt	Coefficient	std, error	Z	p>/z/
Tsaimp1	0.915748	0.1475006	0.62	0.535
Prob. > $\chi^2 = 0.0349$				
Pseudo $R^2 = 0.0112$				

Source: Author's computation using Stata 13.0

The above table shows that the explanatory variables do not account for much of the systematic variations in the dependent variable. The table shows Pseudo R^2 prob > χ^2 value of 0.0112 and 0.349 respectively. The P-value of the χ^2 shows that the model overall is suitable for estimating the stated model. Decision With coefficient of 0.0915748, the result indicate that receipt and

payment positively affect accounting policy while the probability value of 0.535 indicate that the positive impact is significant because it is greater than 0.05, this leads to the acceptance of the Null hypothesis, and rejecting the alternative. The researcher accepts that financial institutions do not use accounting policies as a tool to evaluate financial transactions.

4.3. Discussion of Finding

From the analysis, it was found that accounting policies is the main basis for the preparation of financial statement,

Financial institutions use accounting policies as a tool to evaluate financial transactions,

There was a significant relationship between accounting policies and financial reporting quality.

Accounting policies are relevant in the preparation of financial statement.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This project work was carried out to determine accounting policy and financial reporting quality in Nigeria. Based on an extensive and intensive literature review and careful presentation analysis and interpretation of data collected through personal interview and discussion with the accountant and management of some companies, trade payable and shareholders, the following facts were brought to light.

- There is a significant relationship between accounting policies and financial reporting quality in Nigeria
- Accounting policies are relevant to the preparation of financial statements in Nigeria
- Financial institutions do not use accounting policies as a tool to evaluate financial transactions in Nigeria

5.2 Conclusion

From the foregoing, it is apparent that accounting policies are the bedrock on which financial accounting rests. They ensure a huge degree of standardization in financial reporting by harrowing those or streaming their limits which the accountants can exercise judgment, thus achieving its objectivity in financial reporting.

We recall that financial reporting are users oriented, the conclusion is inescapable that these policies are also of immense value to the various, users and hence in the reporting and decision making processes, the fundamental role(s) of these policies should be given their pride of place.

5.3 Recommendations

The following recommendations are made;

Firms in Nigerian should ensure that the size of audit committee is effective and efficient in discharging their duties as to enhance financial reporting quality.

Data should be presented in a way which will highlight information that is vital, rather than movable emphasize summary net effects in a single over simplified figure we need to establish more definite terms which are really useful and relevant in financial data

Financial information should be reported in a manner and with terminologies, that is within the user's range of understanding and since there are many users of financial reports, they should be reported in a way which would make them easy for the average user to interpret and apply them.

References

- Adebayo, F. (2005). A Multivariate Regression Analysis Approach to Commercial Bank Performance in a Developing Country” Unpublished PhD Thesis, City University of London
- Akerlof, S.B. (2009). Impact of Accounting Standards on Financial Reporting in Nigeria, Unpublished PhD Thesis, University of Lagos.
- Akhtaruddin, H. (2005). Corporate voluntary reporting practices in India. *The Cost and Management*, 33 (5), 73-79. Au, M. J.,
- Alexander, K., and Brotton, D. (2008). “Disclosure compliance with national accounting standards by listed companies in South Asia”. *Accounting and Business Research*, 1st Edition.
- Alexander, K., and Brotton, D. (2009). “Disclosure compliance with national accounting standards by listed companies in South Asia”. *Accounting and Business Research*, 34 (3), pp 183 - 199.
- Anheier, H. K. (2015). *Introducing the journal of civil society*: an editorial statement.
- Ball, R. (2009) . infrastructure Requirements for an Economically Efficient System of Public Financial Reporting and Disclosure. Brookings — Wharton papers on Financial Services Pp. 127-69.
- Barth, M., Landsman, W. & Lang, M. (2018). International Accounting Standards and Accounting Quality. *Journal of Accounting Research*, 46(3), 467-498.
- Barton, J. & Waymire, G., (2014). Investor protection under unregulated financial reporting. *Journal of Accounting and Economics*, 38,65-116.
- Beretta, S. (2014). A framework for the analysis of firm risk communication. *The International Journal of Accounting*, 39, 265-288.
- Botosan, C. (2014). Discussion of a framework for the analysis of risk communication. *The International Journal of Accounting*, 39, 289-295.
- Central Bank of Nigeria (2009). “Paper presented in the Global Corporate Governance Forum research Network Meeting, April, 5.

- Cerf, K. T. (2011). An analysis of disclosure in the annual reports of UK and Dutch Companies. *Journal of International Accounting Research*, 1, 3-30.
- Chandar, N., Chang, H. & Zheng, X., (2012). Does overlapping membership on audit and compensation committees improve a firm's financial reporting quality?. *Review of Accounting and Finance*, 11(2).141-165.
- Chen, F., Hope, O.K., Li, Q. & Wang, X. (2011). Financial reporting quality and investment efficiency of private firms in emerging markets. *The Accounting Review*, 86(4), 1255-1288.
- Cohen, J., Krishnamorthy, G. & Wright, A. (2004). The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 23, 87-152.
- Daske, H. & Gebhardt, G. (2016). *International Financial Reporting Standards and Experts' Perceptions of Disclosure Quality*. *Abacus*, 42(3-4), 461-498.
- Deloitte (2012). *Key factors shaping financial Reporting: The decade ahead*, publication.
- Ebhamie, M. G. (2009). Adoption of IFRS' on the NSE, Retrieved from http://www.stockmarketnigeria.com/2009/04////adoption_of_IFRS_on_the_rise. May 31, 2010
- F.R.C.N. (2015). *Financial Reporting Council of Nigeria Act*. Federal Republic of Nigeria Official Gazette.
- Fodio, M.I., Ibikunle, J. & Oba, V.C., (2013). Corporate governance mechanisms and reported earnings quality in listed Nigerian insurance firms. *International Journal of Finance and Accounting*, 2(5).279-286.
- Freeman, E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman Publishing
- Gigler, F.C. and Hermmer (2012). "Bank Failure: An Evaluation of factors Contributing to the Failure of National Bank". *Issues in Bank Regulation*, vol. 12, no. 2: pp8 — 12
- Gray, J. M. (2002). "Corporate reporting and investment decisions" by A.R. Cerf. Book review in *The Journal of Business*, 36 (4), 465-467.
- Harvey, K. L. (2009). "Stake holder Theory, Corporate Governance and Public Management" *Journal of Business Ethics* 53, pp 247-265

- Hassan, S.U. & Ahmed, A., (2012). Corporate governance, earnings management and financial performance: A case of Nigerian manufacturing firms. *American International Journal of Contemporary Research*, 2(7).214-226.
- Hassan, S.U. & Bello, A., (2013). Firm characteristics and financial reporting quality of listed manufacturing firms in Nigeria. *International Journal of Accounting, Banking and Management*, 1(6).47-63.
- Hernandez, L.A. and cooke, K. I. (2005). Financial Analysis, Tools and Techniques, A Guide for Managers. 10th Edition, McGraw-Hill, New York
- IASB. (2008, 2013). Exposure draft on an improved conceptual framework for financial reporting: The objective of financial reporting and qualitative characteristics of decision-useful financial reporting information. London.
- Jensen, M.C. & Meckling, W.H., (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4)305-360.
- Jo, H. & Kim, Y. (2017). Disclosure frequency and earnings management. *Journal of Financial Economics*, 84, 561-590.
- Joshi, P.L. and Ramadhan, S. (2002). The adoption of international Accounting Standards by small and closely held companies: Evidence from Bahrain. *The International Journal of Accounting*, 37, 429—440.
- Krishnan, G. & Parsons, L. (2018). Getting to the Bottom Line: An Exploration of Gender and Earnings Quality. *Journal of Business Ethics*, 78(1), 65-76.
- Lambert, R., Leuz, C. & Verrecchia, R.E. (2017). Accounting information, disclosure and the cost of capital. *Journal of Accounting Research*, 45(2), 385-420.
- Lambert, R., Leuz, C. & Verrecchia, R.E. (2017). Accounting information, disclosure and the cost of capital. *Journal of Accounting Research*, 45(2), 385-420.
- Liao, C.H. & Hsu, A.W.H., (2013). Common membership and effective corporate governance: Evidence from audit and compensation committees. *Corporate Governance: An International Review*, 21(1).79-92.
- Libby, M.R. (2001). Cross sectional determinants of analyst rating of corporate disclosures. *Journal of Accounting Research*, 31(2), 246-271.

- Longenecke, J.H (2009). "Corporate Governance" Retrieved from http://en.wikzpedia.org/wikilcorporate_govemance. July 28, 2010
- Musa, F.I. & Oloruntoba, F.O., (2014). Examination of the relationship between audit committee characteristics and financial reporting quality of Nigerian Deposit banks. *Euro Economica*, 33(1).
- Nyor, T., (2013). Financial reporting quality of Nigeria firms: Users' perception. *International journal of Business and Social sciences*, 4(13).
- Obaze, G. and F. Okoye (2005). The relevance of accounting and auditing Standards in corporate financial reporting in Nigeria: Emphasis on compliance. *The Nigerian Accountant*, 39 (4), 45-53.
- Okoye, A. C. (2006). Banks Soundness and Prudential Regulation in Nigeria. A Ph.D proposal presented to Faculty of Social and Management Sciences of Olabisi Onabarijo University, Ago-Iwoye.
- Omar, B. & Simon, J., (2011). *Corporate aggregate disclosure practices in Jordan*. *Advances in Accounting*, 27(1), 166-186.
- Pandey, (2001). Extension of information in accounting reports: An investigation. *Nigerian Financial Review*, 3(2).
- Popova, T.T., Georgakopoulos, G., Sotiropoulos, I. & Vasileiou, K.Z., (2013). Mandatory disclosure and its impact on the company value. *International business research*, 6(5).1.
- Rajgopal, S. & Venkatachalam, M. (2011). Financial reporting quality and idiosyncratic return volatility. *Journal of Accounting and Economics*, 51, 1-20.
- Schipper, K. & Vincent, L. (2013). Earnings Quality, *Accounting Horizons*, 17, 97-110 (Supplement).
- Tadesse, C.C. (2005). "Predicting Commercial Bank Failure since Deregulation, Federal Reserve Bank of Boston New England Economic Review, July/August, pp 37 —47
- Umoren, E. N. (2009). 'Corporate Governance in Nigeria. The Status Quo' *Corporate Governance: An International Review*, Vol. 15, No. 2, pp. 173-193
- Wong, W. R. (2001). Introduction to Discriminate Analysis. Mimeo. University of Cincinnati.

World Bank (2006). The impact of corporate attributes on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. *The International Journal of Accounting*, 33 (5), 605-631.

APPENDIX I

Department of Accountancy,
School of Business studies,
Auchi Polytechnic,
P.M.B 13
Auchi, Edo State.
6th September, 2021

Edo State Capital Market,
Benin City,
Edo State.
Sir/Ma,

QUESTIONNAIRES

I am a final year Higher National Diploma student in the above named Institution. I am presently carrying out a research on the topic ‘Accounting Policies and Financial Reporting Quality in Nigeria using your company as a case study.

I humbly request that you kindly give your sincere solution to the question asked in the attached questionnaires, because this research work is purely an academic exercise.

I assured you that all the information given will be treated as confidential as possible.

Your co-operation will be highly appreciated.

Yours faithfully

Iboyi Miller Hope

APPENDIX II

Instruction: Please tick (✓) where necessary appropriately in the box provided.

SECTION A (Bio-Data)

Name

2. Age

3. Are you employed by Government Ministry, Department or Agency? Yes ()

No ()

4. What is your position in the Agency?

If yes in 4 above, are you still in office or retired?

Section B

		SA	A	UD	D	SD
I	Accounting policies are the main basic for preparing financial statement					
2	Accounting policies are indispensable background for the preparation of financial statement					
3	accounting policies set out the procedure that, financial statement should be prepared					
4	financial institutions use accounting policies in evaluating financial statement					
5	management of banks and financial institution used accounting policies in presenting their financial report to shareholders and trade payables					
6	Accounting policies serve as a guideline in preparing financial statement					
7	There is significant relationship between accounting policy and financial reporting quality in Nigeria					
8	Accounting policies are not relevant to the preparation of financial statement in Nigeria					

NOTE:

SA = Strongly Agreed

A = Agreed

UD = Undecided

D = Disagreed

SD = Strongly Disagreed