IMPACT OF FINANCIAL REPORTING ON INVESTMENT DECISION IN SELECTED COMPANIES IN NIGERIA

BY

EKPE RAPHAEL BASSEY
NSU/ADMIN/MBA/BUS/162/15/16

BEING A PROJECT SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, NASARAWA STATE UNIVERSITY KEFFI, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE IN BUSINESS ADMINISTRATION

DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
NASARAWA STATE UNIVERSITY KEFFI,
NIGERIA

JANUARY, 2018

DECLARATION

I hereby declare that this Project has been written by me and it is a report of my research work. It has not been presented in any previous application for any Degree**.** All quotations are indicated and sources of information specifically acknowledged by means of references.

EKPE RAPHAEL BASSEY
NSU/ADMIN/MBA/BUS/162/15/16

CERTIFICATION

The Dissertation entitled "Impact of Financial Reporting on Investment Decision in Selected Companies in Nigeria" meets the regulations governing the award of Masters of Business Administration (MBA), Faculty of Administration, School of Postgraduate Studies of Nasarawa State University, Keffi for its contribution to knowledge and literary presentation.

_______________________ _______________________

Dr. Uche Uwaleke Date

Chairman Project Supervisory Committee

_______________________ _______________________

Dr. Barr. J.E.I. Abbah Date

Head of Department

_______________________ _______________________

Dr. H. Ibrahim Date

Dean, Faculty of Administration

_______________________ _______________________

Prof. S.A.S. Aruwa Date

Dean, School of Postgraduate Studies

_______________________ _______________________

External Examiner Date

DEDICATION

This research work is dedicated to Almighty GOD.

ACKNOWLEDGEMENT

My deep appreciation goes to the Almighty God for giving me the grace to complete this MBA programme successfully.

To my wonderful Wife, who also had just completed her Master's in Public Administration at University of Abuja. Thank you for always standing by me always, especially in my moments of travail. Your ultimate desire to see me succeed in my endeavors has been a source of pride and inspiration. Indeed you have a physical and spiritual alignment to my destiny.

To my Project Supervisor, Professor Uche Uwaleke for his invaluable guidance and supervision to the successful completion of this project. I must confess that Professor Uche's scholarly advice, analytical exposition of contemporary national and international issues especially in the economy, depth of knowledge of financial economics reorders me and arouse my interest to change my course from MBA General to MBA Finance. My deep sense of appreciation for everything you did for us in MBA Finance.

To Dr. Bolaji Jimoh, "Guru 1" as he is fondly called by all MBA students attending CCC tutorial class not a few of whom, now have versatile knowledge of Business Administration and Financial Management. Thank you for your useful contribution.

To Mrs. Helen Abolarin, Director (Finance & Accounts) for graciously granting me permission to embark on this programme despite the high pressure of my office.

To staff of Other Charges Recurrent of the Accounts Department of National Industrial Court of Nigeria, Allen Nkasi, Jerry Gad, Diji Nathaniel, Timothy Musa, Victoria Yakubu for their support and assistance. Of specificity, my deep appreciation to Allen Nkasi for always being there for me, covering up for me in my ever busy and demanding work schedule.

To Mr. Simon Odey who informed me of the existence of MBA programme in Nasarawa State University. His encouragement to do this programme is worthy of commendation. I will not fail to acknowledge his strong admonition at the heat of pressure, during my deployment to heas Other Charges Recurrent Section of the Department which coincided with my admission. He warned me that it will be an act of cowardice to contemplate withdrawal.
To you and Mr Musa Sokodabo, I remain grateful for your inspiration and friendship.

To my wonderful children Favour, Japhet, Divine and Joshua for their high sense of love.
Finally, I am thankful to my my MBA course mates, Mr. Joseph Ibezim, Seun, Chuks just to mention but a few, for their inspiration and friendship.

ABSTRACT

This dissertation centred on evaluation of impact of financial reporting on investment decision: A case study of Oando Plc., Total Plc. and UAC Foods Plc. was based on objectives which were: To examine how assets and liabilities in the financial statement has assisted the effectiveness of investment decision making, to examine the relationship between accounting information and investment decision and to examine the extent to which investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions. A survey design was employed. A simple percentage was used to present the relationships between the study variables and a multiple regression analysis was used to investigate the impact of financial reporting on investment decision. Data was collected through financial reports of the selected companies. The finding shows that importance is attached to the published financial statements by investors in Nigeria when making investment decisions. The finding shows that investors have good understanding of the financial statements before making investment decisions. The finding also shows that investors know whose duty it is to prepare financial statement. It is recommended that, Investors should attached good importance to the published financial statements when making investment decisions. It is recommends that Investors should ensure that they have a good understanding of the financial statements before making investment decisions.

TABLE OF CONTENTS

CHAPTER THREE: Research Methodology

CHAPTER FOUR: Presentation and Analysis of Results

CHAPTER FIVE: Summary, Conclusion and Recommendations

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Business organizations owe a duty to fully disclose matters concerning their operations so as to aid investors in making investment decisions. Both large and small organizations in addition to satisfying the legislating requirement tend to retain existing investors and to attract potential ones through the publication of their financial statements where the capital stock of a corporation is widely held and its affairs are of interest to general public relations. Financial statement based on result for the past activities was analyzed and interpreted as a basis for predicting future rate of returns and assessment of risk (ICAN, 2013).

Financial statement provides important information for a wide variety of decision, investors draw information from the statement of the firm in whose security they contemplate investing (Jimoh, 2015). Decision makers who contemplate acquiring total or partial ownership of an enterprise expect to secure returns on their investment such as dividends and increase in the value of their investment [capital gain]. Both dividends and increase in the value of shares of company depends on the future profitability of the enterprise. So investors are interested in future profitability. Past income dividend data are used to forecast returns from dividend and increase in share prices.

Financial statement is a formal and comprehensive statement describing financial activities of a business organization such as the financial institutions. For such a business entity, financial statement is a statement that reports all relevant financial information, presented in a structured manner and in a form easy to understand for managerial use for taking prompt and informed decision making related to investment (IASB, 2014) and also to decision making pertaining to cost planning, investment planning, expected returns and performance evaluation. The financial statement comprises of balance sheet (for determining financial position), profit and loss statement (describes statement of comprehensive income), statement of equity changes (explain the changes of the company's equity), and cash flow statements (reports on a company's cash flow activities, particularly its operating, investing and financing activities).

Financial statements may be used by users for different purposes. Lasher (2008) said that "If accounting is the language of finance then financial reporting is the communication of financial information useful for making investment, credit, and other business decisions". Like, prospective investors make use of financial statements to measure the sustainability of investing in a particular business. Investors commonly use financial analysis which are set by specialists (financial analysts) and make investment decision on the basis of those analyses.

Firms usually assume that the users of the financial statements are properly well-informed about business and finance and normally understand the basic accounting terms and measurement methods. But in actuality each normal investor not understands the accounting terms; few investors who have knowledge can understand the terms which are used in financial statements (McDaniel, Martin & Maines, 2012).

Although, these statements are often complex and may include an extensive set of notes to the financial statement and explanation of financial policies and management discussion and analysis (IASB, 2014). The notes typically describe each item on the balance sheet, income statement and cash flow statement in further detail. Notes to financial statement are considered an integral part of the financial statements. However, the approaches that the notes and financial statement are presented and reported are critically for investment decision making by existing and prospective investors in order to earn optimal returns on their investments.

This indicates that financial statement methods in terms of information disclosure pattern, transparency, auditing, reporting standards, regulatory control and flexibility, corporate governance, and financial scandals have influence on investment decision making in any organization, especially in financial institutions with extensive range of investment activities that requires comprehensive financial facts that can be obtained from a financial statement.

The perceived relevance of the financial statement are, to provide information about the financial position, performance and changes in financial position of a firm that is useful to a wide range of users in making management and investment decisions. These users include managers, directors, employees, prospective investors, financial institutions, government regulatory agencies, media, vendors and general public. Though, these financial statement are often prepared according to national standards, corporate governance, professional ethics, and code of ethics. This to avoid financial reporting fraud and scandals that might hinders effective decision making process by management and other users of reports. The purpose of ethics in financial accounting reporting with expected standards is to re-orientate corporate organization on the need to abide by a code of conduct that facilitates public confidence in their services (Okafor, 2006). In Nigeria, it has become common practice by financial institutions to adopt creative accounting in anticipation of sourcing for equity capital from the capital firms. Although this approach in financial reporting process often lead to over-valuation of assets and company's net worth in the views of prospective shareholders and other stake holders.

In Okoye and Alao (2008) view, "creative accounting is the transformation of financial accounting figures from what they actually are to what preparers desire by taking advantage of the existing rules and/or ignoring some or all of them". Also, another perceived problem of financial statement disclosure is the non-compliance to industry corporate governance, ethics, and regulatory standards which is prevalent in the financial institutions of Nigeria. In 2009, during CBN commercial banks test, huge financial fraud and scandal occurred in commercial banks and other financial institutions in Nigeria that led to service disengagement of its Managing Director and Executive Director. This was on the account of manipulating the company's financial records, book padding scandal and corruption. This warranted CBN to review and investigate all the financial institutions accounting records. The investigation confirmed a deliberate overstatement of the company's financial position over a number of years to the tune of billions of naira. The over-statements are directly traceable to those systems abuses, violation of regulatory standards, in particular, deliberate breaches of our accounting systems and controls.

It was observed that the roles of financial statement on investment decision making of financial institutions in Nigeria has some problems to both investors and managers of business organizations who are either not aware of the importance of interdependence relationship that exist between investors and financial organizations.

1.2 Statement of the Problem

Currently, the world and human life has been transformed from information age to a knowledge age (Curtis, 2005), and knowledge has been recognised as the most valuable asset. In fact, knowledge is not impersonal like money and does not reside in a book, a data bank or a software program (Choe, 2006). Choe believed that knowledge is always embodied in a person, taught and learned by a person, used or misused by a person.

Shareholders of a company, both existing and potential, will want to know how effectively the directors are performing their stewardship function. They will use the financial statement as a base for decisions to dispose of some or all of their shares, or to buy some. Investment decisions depend on expectations of the benefits of the investment, which in turn depend on expectations of future growth and product demand. Expectations of future growth are based on information that includes earnings per share, dividends per share, leverage, and liquidity. Thus, the financial statements are considered very important to shareholders.

Some authors have however argued that in developing economies, shareholders of corporate firms do not seem to pay particular attention to financial statements in their investment decisions but rather on other extraneous variables such as the frequency and regularity of dividend payment and market price per share (Ugwunba, 2010).
Shareholders are said to be quite keen with respect to the regularity of their (cash) dividend and, therefore, would usually react if there is an outright omission of dividend payment, or an announcement of dividend cut. To this effect, companies whose focus is to maximize shareholders wealth see the knowledge of how dividend change relates to the value of the company as a very important issue.

The insurgence of corporate failures, like that of Enron Corporation and World.com in the year 2012 and other accounting scandals compounded by the global energy, food and financial crisis leading to credit squeeze across the globe, has partly been attributed to impact of financial statement manipulations which portrayed some ailing company as if they were sound. In Nigeria also, corporate failures and distresses have been witnessed in the banking sector. Evidence was the huge collapse of the commercial banks all due to massive accounting related frauds. This problem resulted in the establishment of Asset Management Company of Nigeria (AMCON) to prevent corporate failures particularly in the Nigeria banking sector by acquiring and financially distress companies.

This trend has now more than ever ensures that financial statements are sternly scrutinized. Investors, Financial analysts and other users of accounting information tend to use their *'third'* eye to scrutinize financial statements. This became necessary because audited financial statements, which used to provide assurance as to the healthy nature or otherwise of a firm has now, become an object of criticism due to manipulations done in these statements. According to Onyekwelu (2010), one of the most difficulties facing the auditing profession is that there is no auditing process that can provide absolute assurance in detecting all fraudulent financial reporting. Calls have been made on the accounting/auditing profession to employ investigative principles in the preparation and audit of financial statements in order to restore confidence of the investing public on the financial statements. Mercy (2014), opined that contrary to the external auditor who is basically concerned about compliance, the forensic accountant should employ investigative, law and business principles and acumen to carry out investigations on financial statement and prepare it for the court. Obviously it is the responsibility of the companies' directors and management to prepare the final account of their companies. When a company prepares its own final account purely for internal use by the directors and management, it can draft them in any way which is most suitable. Although such accounts might have been prepared with strict adherence to accounting theory and principles but will not necessarily be the one to be published. These separate sets of statements are viewed by investors as creative accounting and has contributed to eroding public confidence on the published financial statements. Banks have been accused of publishing paper profits. There is therefore the general belief that published financial statements have failed in its responsibility to provide credible information for investors and other users of financial statements (Duru, 2012).

The above listed problems are the problems to look into in this research work. The problems analyzed tend to scare away both existing and potential investors. The reason for this study will be how to adequately look into the above problems. Nevertheless this research will find possible key factors to solving these problems because financial statement on investment decision making.

1.3 Research Questions

In order to achieve the set objectives of this study, the following research questions shall be addressed by this study:

i. To what extent has assets and liabilities in the financial statement assisted the effectiveness of investment decision making?

ii. What are the relationship between accounting information and investment decision?

iii. What extent do investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions?

1.4 Objectives of the Study

The main objective of this study is to assess impact of financial reporting on investment decision. Other specific objectives are:

i. To examine how assets and liabilities in the financial statement has assisted the effectiveness of investment decision making.

ii. To examine the relationship between accounting information and investment decision.

iii. To examine the extent to which investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

1.5 Statement of Research Hypotheses

In order to pursue the objectives of the study which is focused on the performance of firms through accounting information, the following hypothesis has been formulated and will be tested:

H_{01}: Assets and liabilities in the financial statement do not assist in the effective investment decision making.

H_{02}: There is no significant relationship between quality accounting information and investment decision.

H_{03}: Investors do not depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

1.6 Significance of the Study

To organizations: The knowledge obtained from this study will enable entrepreneurs and business managers plan strategically and be proactive to survive the volatile business environment, take advantage of the available accounting information in order to maintain increased productivity, enhanced performance and profitability.

The findings of this study will help organizations in formulating effective policies that will ensure their accounting information is relevant. It will enable Nigerian government and other regulatory authorities formulate policies and institute reforms that will enhance effective investment decision making.

Finally, academicians and researchers will find this study useful as it shall increases the body of knowledge on accounting information and investment decision making.

1.7 Scope of the Study

The scope of this research covers impact of financial reporting on investment decision. The case studies are Oando Plc., Total Plc. and UAC Foods Plc. The period under review covered 2010 to 2015 being a period large enough to gather necessary information.

1.8 Definition of Operational Terms

Some expressions and technical term used in this study are discussed below in order to prevent misinterpretation of its contents of the research work.

Efficiency: this is the short- term measure of how well on organization uses its resources.

Effectiveness: this refers to how well an organization reaches its objectives over a period of times.

Management: this refers to the act of getting thing done through people or labor by planning, organizing, staffing, motivating, directing and controlling etc.

Performance level: this is the state of act living a designed goal.

Regulatory Authorities: These are institutions, which are responsible for the orderly development of the financial system. They ensure compliance with laid down rules and regulations guiding their operations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

The basis of financial planning analysis and decision making is the financial information. Financial information is needed to predict, compare and evaluate a firm's earning ability. It is also required to aid in economic decision making investment and financing decision making. The financial information of an enterprise is contained in the financial statements. Financial statements according to Gavtan (2005) is defined as financial information which is the information relating to financial position of any firm in a capsule form.

Financial statement according to Ohison (2009) was defined as a written report that summarizes the financial status of an organization for a stated period of time. It includes an income statement and balance sheet or statement of the financial position describing the flow of resources, profit and loss and the distribution or retention of profit. Financial statement according to Academic of organization Dictionary is a document which sets out the assets, income, expenses and debts of a company to allow a third person to assess that company's health.

Financial statement can also be defined as the process whereby information relating to the organization as a whole is reported to the outside world. They are reports on management and not to management. It deals with most external financial transactions of the organization. Financial statements are source documents of accounting information. They are referred to as the final accounts.

Financial statements according to Nigeria accounting standard Board (NABS) are the areas of communicating to interested parties information on the resource obligations and performances of the reporting entity. Financial statements of Nigerian companies are regulated by the requirements of the Nigerian Accounting Standards Board (NASB) through its pronouncements referred to as Statement of Accounting Standards (SAS). Although originally fashioned after the standards promulgated by the IASC now IASB, the similarities between both sets of standards have dwindled with time and machineries are presently put in place to fully align the local standards with the international ones. The disclosure requirements of these Standards (SAS and IAS/IFRS) define the way accounting information was presented in financial statements.

Other voluntary disclosures, which are discretionary accounting information over and above the mandatory disclosures, are also provided by management. The financial statements provide valuable information for different stakeholders. The major objective of financial statements is that they provide information about the financial position, performance and changes in the financial position of an enterprise (Elliot & Elliot, 2005).

According to Meigs and Meigs (2010), financial statements are the principal means of reporting general-purpose financial information to users. There are several users – managers, investors, suppliers, customers, lenders, employee, government and the general public - who have vested interest in these financial statements (Glautier and Underdown, 2014, Lewis and Pendrill, 2013; Werner and Jones, 2010; Sutton, 2004; Elliot and Elliot, 2005; IASB, 2006). The accounting data presented in the financial statements must be relevant and meaningful to the user (Omoleyinwa, 2013).

Financial Statements have been widely defined in the extant literature by scholars and experts. According to the Companies and Allied Matters Act 2013 (CAMA), financial statements consists the basic statement of accounts used to convey the quantitative information of financial nature about a business to shareholders, creditors and others interested in the reporting company's financial condition, result of operation uses and sources of funds. Nwoha (2008) also defines financial statements as reliable financial information about the economic resource and obligations of a business enterprise. Meigs & Meigs (2008) defines financial statement is a logical point to begin the study of accounting. This is because most of the accounting information we see and use every day reflects the terminology and concepts used in these statements.

Duru (2012) defines financial statement as a statement which conveys to management and to interested outsiders a concise picture of the profitability and financial position of a business. Concurring with above definitions, we can generally define published financial statement as the audited annual report and accounts of an organization including the balance sheet, profit and loss account and the cash flow statements which gives a summary of the results of operations of a firm, the financial condition of a company or organization for the period represented. It is prepared by the company or organization and duly audited by the company's external auditor(s) and therefore made public for use by any the interested party. Flowing from the above, the published financial statements should be devoid of any material mis-representation or errors so the all the interested parties can be adequately equipped to make informed decision.

According to Meigns et al. (2001), Financial Statement simply means a declaration of what is believed to be true and which, communicated in terms of monetary unit. It describes certain attributes of a company that is considered to fairly represent its financial activities. It is also the means of communicating to interested parties the relevant information on resources, obligation and performances of the reporting entity.

Furthermore, financial statement is a mechanism of communicating to all interested parties such full information on the resources, obligations and performances of the reporting enterprise. Therefore, they are the means to present a firms' financial situation to the users. The basic contents of financial statements include the following:

i. *Balance Sheet:* This is a statement showing the financial position of an enterprise by summarizing the assets, liabilities and owners' equity during a given period.

ii. *Profit and Loss:* This presents the company's revenue and expenditure for a product. It equally shows the profit or loss generated from the business during a given period of time (Ekong, 2001).

iii. *Cash Flow Statement:* This is a statement showing the flow of cash (that is, cash receipt and payment) in the organization for a particular period of time.

iv. *Notes to the Account:* These are usually explanatory notes to the accounts to give reasons for the figures and information contained in financial statements.

v. *Value Added Statement:* It reports the wealth presented by the company employees, etc. and the distribution of such wealth to pay for all expenditure incurred by it during the period under review.

vi. *Historical Financial Summary:* This enables an instant comparison over a period, usually five years. It provides vital information about an organization with regards to its turnover, profit before and after taxation, dividends, asset employed, issued and paid-up capital and reserves (Meigns, 2001).

2.1.1 Concept of Financial Reporting

A written message presented on sheets of paper is known as a report (Hall, 2008). Literarily, financial report is written financial information signed, sealed and delivered.

According to Meigns (2008), financial reporting is the process of communicating financial information to decision-makers. It provides information useful for making investment decisions.

Its disclosure provides both quantitative and qualitative information for its user's effective use and reliable decisions. In other words it presents information in a way that can be understood by users. Again, the view that is more likely his opinion is that of Larson (2009), who viewed financial reporting as the communication of relevant financial information to decision- makers.

Further, the American Financial Reporting Standards Board (AFRSB) defined financial reporting as "activities which are intended to serve the information needs of external users, who lack the authority to prescribe the financial information they want from enterprise and therefore must use information that the management communicates to them" (Lewis & Pendrill, 2006). Thus, the management pre- pares financial reports for the use of the external users who cannot but use the information at their disposal to make various decisions concerning an organization. Majority of the big companies around us have become so large that they attract investing capital from a great number of investors. Hence, these companies are required by law to prepare and present their financial reports covering a period (say 12 months) to their shareholders at their Annual General Meeting (AGM). The small companies are not left out also.

The primary means of financial reporting is by issuing a set of accounting reports called financial statements. These statements normally are of two categories, namely:

i. *External Financial Reports:* These are reports prepared for all users of financial statements irrespective of whether the user has direct access to the books and records of the business or not. These reports are usually in form of a published account;

ii. *Internal Financial Reports:* There reports are usually prepared exclusively for management uses (Akintoye, 2012).

2.1.2 Significance of Financial Reporting

Financial reporting is of great significance to decision-making, because certain decisions cannot be made without the items in financial report. For instance, investors and potential investors will need the information contents of the financial report to take investment decisions.

This is to allow for informed judgments about the economic and financial position of the organization. Moreover, financial reporting is very important to management in the process of presenting their stewardship report to the shareholders, who are the owners of the business. Thus, financial reporting enables organizations to improve on its activities, its performance, determine all loopholes and come up with strategies aiming at moving a company forward.

The overall objective of financial reporting is to provide information that is useful for rational investment, credit and similar decisions (Akintoye, 2012). According to a committee set up by UK accounting British Parliamentary Committee the objective of corporate financial report is "… to communicate economic measures of and information about, the resources and performance of the reporting entity, useful to those having reasonable rights to such information …" (CIBN, 2001). This simply means that financial reports enable making meaningful decisions from the information so provided. Other significance of financial report are:

i. It shows compliance with statutory regulations and standards;
ii. It determines the extent of stewardship of the management to the shareholders;
iii. It determines the extent to which the resources of the enterprise have been fully utilized; and
iv. It ascertains whether financial statements show a true and fair view of an enterprise financial position (Akinloye, 2012).

2.1.3 Credibility of Published Financial Statements

Source credibility is the extent to which information is believed based on where it comes from. This work seeks to enhance the comprehension or understanding of the process by which published financial statement influences users' behavior particularly the investors in the Nigeria banking sector. This depends on the extent of the users' appreciation and acceptance of the financial statement, which indirectly depends on the users' perception of the source. An individual's acceptance of information and ideas is based on who said it and those associated with it. Therefore, for any published financial statement to be credible for acceptance, it must be endorsed by a reputable audit firm. Source credibility is very important to investor's reception of the published financial statement because the authenticity of the financial statement is assumed therefore to be the reliance of the investors.

2.1.4 Problems of Published Financial Statement

The use of accounting information by shareholder depends on their efficiency on both making reasonable decision from such statement and also the level of their knowledge over the board areas of accounting information. Accounting concepts do not rest on universal truth or general laws. Therefore, judgment are applied to the interpretation of economic and social events and the subjective nature of these values implies that measurement process in accounting is not precise and there is opportunity for controversy as regards to how to measure events.

More also, financial statements do not reflect many factors that affect financial condition because they cannot be stated in monetary terms. Such factors include the reputation and prestige of the company with the public, the credit rating of the company, the efficiency, loyalty and integrity of management. Again, both the balance sheet and the income statement reflect transactions that involve naira value of many dates. It is evidenced that naira has declined remarkably in purchasing power, and the challenges here now is how has the published financial statement taken care of these changes in price level. The published statement is considerably prepared using historical cost system which represents fictions paper profit. Remarkably, Statement of Standard Accounting Practice (S.SA.P) 7 or International Accounting Standard (I.A.S) provides that financial statement should reflect the impact of changes in price level, yet in the current published financial statements, the application of this standard (the current cost accounting and current purchasing power accounting) is still a thing of doubt.

In addition to that, the complexity and technicality of reported information including the highly technical language of accounting appear to make the qualitative aspect of company and other reports unsuitable source of knowledge for a typical private investor lacking the experience to make best use of them. This invariably places a considerable premium on the analyst and the journalist upon whom the private investors may largely rely in their investment decision making. Equally, according to Umeaka (2010) there is a problem of harmonization of accounting practices and standards of different counties of the world into agreement, so that a common set of principles will be used in preparing financial statement and making disclosure. This harmonization is necessitated by the fact that managers and investors found it difficult to understand the context in which financial information from other nations is generated. Some of the cause of divergences in practice includes:

i. Some counties allow upward revaluation of asset which causes distortion in depreciation charges while other do not.
ii. There are inconsistence in asset capitalization policies among different counties of the worlds.
iii. Some counties allow the use of discretionary provisions and reserves to help smooth reported profit while others do not.

All these have significant effect on reported asset values and income (Umeaka, 2010).

2.1.4 Concept of Investment Decisions

As postulated by I. M Pandeg (2005) investment decisions or analysis has to do with an efficient allocation of capital. It involves decision to commit the firm's funds to the long-term assets. Such decisions are of considerable importance to the firm since they tend to determine its value size by influencing its growths, profitability and risk. Investment decision of a firm is one which is expected to produce benefits to the firm over a long period of time and it can pass both tangible and intangible assets (Porter, 2005).

The investment decisions of a firm are generally known as the capital budgeting decision may be defined as the firm's decision to invest its current funds most efficiently in the long-term assets in anticipated of an expected flow of benefits over a series of years. According to Canada and White (4) is the series of decisions by individual economic units as to how much and where resources will be obtained and expected for future. Situation where capital expenditure decisions are made or taken, they are based primary with measurement of capital productivity which provides an objective means of measuring the economic worth of individual investment proposals in order to have a realistic basis for choosing among the Firm's long run property. (Pandey, 2005). The long-term asset is those which affect the firms operation beyond the year period. The firm's investment decision would generally include expansion acquisition, modernization and replacements of the long-term assets. Sales of division or business divestment are also analyzed as an investment decision. Activities such as change in the methods of sales distribution or undertaking an advertisement campaign or a research and development programmes have long-term implications for the firms expenditures and benefits, and therefore, they may also be evaluated as investment decisions. It is important to note that investment in long-term assets invariably requires funds to be tied up in the current assets such as inventories and receivables, some of the features of investment decisions are as follows;

i. The exchange of current funds for future benefits
ii. The funds are invested in long-term assets
iii. The benefits will occur to the firm over a series of years

The two importance aspects of investment decisions are;

a) The evaluation of the prospective profitability of new investments.

b) The measurement of a cut-off rate against that the prospective return of new investment could be compared.

Future benefits of investment are difficult to measure and cannot be predicted with certainty. Risk in investment arises because of the uncertain returns. Investment proposals should therefore, be evaluated in terms of expected return and risk. Beside the decision to commit funds in new investment proposals, capital budgeting also involves replacement decisions that are decision of recommitting funds when an asset becomes less productive or non-profitable. The correct cut-off rate in investments is the opportunity cost of capital which is the expected rate of return that an investor could earn by investing in financial assets of equivalent risk.

It is significant to emphasize that expenditures and benefits or an investment should be measured in cash. In an investment analysis, it is cash flow which is important, not the accounting profit. It may also be pointed out that investment decisions affect the firm’s value. The firm’s value will increase if investments are profitable and add to the shareholder’s wealth. These increases are reflected in the financial statement of the firm, which invariably are used as tool for investment decisions owing to certain analysis inherent in them.

2.1.5 Financial Reporting and Investment Decision

Publication of financial statement provides a way for a firm to present its financial health or otherwise to shareholders, creditors and the general public and to potential investors, to enable them make rational investment decision. The role of financial statement analysis in making investment decisions should not be overlooked as it helps investors to establish the fiscal strength and weakness of a firm. Financial statement analysis can reveal the red flags of an investment opportunity. On the other hand, they can also reveal the strength of a company as well as the potential profit of investing with a particular company. By their nature, financial statements are retrospective, which means an investor should never look at a single statistic or metric in making investment decisions. For instance, an actual or potential investor must analyze the balance sheet, to assess the company's asset, liabilities and ownership equity (net worth) at a particular point in time.

Also, he will assess the income statement to know the company's expense income and profit or loss over a specified period of time. He will also assess the cash flow statement, to find out how the company raised up cash through investors or creditors; how the cash is used to acquire assets and inventory; how the asset and inventory allow the company to generate cash to pay for business expenses; and finally how the cash is returned to investors and creditors. Moreover, the purpose of cash flow analysis is to estimate the amount of money an investor would receive from an investment, based on future free cash-flow projections for the company, at least in the short term.

The broad objectives of financial reporting is to provide information about the financial position, performance and financial adaptability of an enterprise that is useful to a wide range of users for assessing the stewardship of management and for making economic decision.

Decision-making is one of the functions of management amongst many other functions that are undertaken by the management of an organization (Pandey, 2013). Decision- making is the key to financial managers' success and is very crucial for any business. Managers constantly take actions that affect the firms. For example, the introduction of new products a very important decision to make. Therefore, financial reporting is crucial to decision-makers to make decision on investment, credit policy, marketing strategies, financial, and similar decisions (Kaurdi, 2009). Decisions are made out of available information; hence, financial reports should be made available to users periodically.

Finally, virtually everyone has been to a doctor's office or hospital and at some point gotten an xray. Typically, when it comes to financial markets, the same diagnostic principles apply to securities analysis. But rather than X-rays, we have financial statements. The income statement, balance sheet and cash flow statement provide analysis multiple angles for making a proper company diagnosis. Each financial statement provides the user a unique perspective, and together, the statements paint a more complete picture into the financial condition of a company.

Additionally, investment bankers also rely heavy on financial statement when determining the sustainability of a corporate business. For instance, a company cannot be bought or sold without determining an agreed-up on valuation. Therefore financial statements help bankers establish an appropriate price for transactions.

2.1.6 Relationship between accounting information system and organisational effectiveness

Ponemon and Nagida (1990) also asserts that the main reason for which accounting information is generated is to facilitate decision making. However, for financial reporting to be effective, among other requirements, it is relevant, complete and reliable. These qualitative characteristics require that the information must not be unfair nor has predisposition of favouring one party over the others. Accounting information should give a decision maker the capacity to predict future actions. It should also increase the knowledge of the users to identify similarities and differences in two type of information (Bolon, (1998). Therefore, reliable accounting information can be described as an essential pre-requisite for stock market growth. Based on the "engine of economic growth" potential of the stock market, developed nations do not toy with their Stock Markets and relevance of financial reporting.

Hunton, (2002) study, which investigated the relationship between automated accounting information system and organizational effectiveness; showed that there was strong relationship between accounting information system and organizational effectiveness, which means access to accounting information will lead to organizational effectiveness.

Several recent studies on value of accounting information for equity valuation, share price and earnings prediction have queried current financial reporting model in the developed world. The same issue can be raised in Nigeria about the value relevance of accounting numbers to investors. This assists the researcher to determine whether the result agrees or digresses from the previous studies.

In managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control. Although the information generated from an accounting information system can be effective in decision-making process, purchase, installation and usage of such a system are beneficial when the benefits exceed its costs. Huber, (1990) agrees that automated accounting information system aids decision making for management of orgnisations. Benefits of accounting information system can be evaluated by its impacts on improvement of decision- making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transactions. Regarding the above five characteristics, the effectiveness of AIS is highly important for all the firms.

The main function of Accounting Information System (AIS) is to assign quantitative value of the past, present and future economics events. AIS through its computerized accounting system (Contract Plus) produces the financial statements namely income statements, balance sheets and cash flow statement. The system will process the data and transform them into accounting information during input, processing and output stages that will be used by a wide variety of users such as internal and external users (Wilkinson, 2000). Wilkinson noted that an effective Accounting Information System (AIS) performs several key functions throughout these three stages such as data collection, data maintenance, data Accounting Information Systems (AIS) and Knowledge Management; data control (including security) and information generation.

The construction projects undertaken by the company are divided according to the type of construction activities that comprised of five divisions, namely infrastructure, building, power, wastewater and oil and gas, where each project is treated as a separate company. The number of projects undertaken by each division depends on the contracts being awarded to the company. The sources of data originated from external parties such as client, subcontractors and suppliers.

The Project Accountants will work closely with the Quantity Surveyors to come out with the appropriate information as follows:

Client: The client's Quantity Surveyors (QSs) will evaluate work in progress (WIP) and come out with percentage of WIP to be agreed by both parties. Once agreed, Progress Billing Certificates (PBC) will be issued by Client's QSs, which a copy of it will be sent to head office for data processing.

Subcontractors: The Quantity Surveyors will evaluate subcontractor's work in progress (WIP) at site and come out with percentage of work in progress (WIP) to be agreed by both parties. Once agreed, Subcontractor Progress Certificate (SPC) will be issued by Quantity Surveyors and verified by Project Manager, which a copy of it will be sent to head office for data processing.

Suppliers: Quantity Surveyors and Project Accountants will ensure that the materials and machineries are delivered in good condition at construction site before delivery orders are accepted. The delivery orders will be attached to supplier's invoice and sent to Head Office for processing.

The first five stages represent the decision-making or the planning process. Planning involves making choices between alternatives and is primarily a decision making activity. The final two stages represent the control process, which is the process of measuring and correcting actual performance to ensure that the alternative that are chosen and the plans for implementing them are carried out. Let us now consider each of the elements of the decision-making and control process.

i) Specify the Goals or Objectives of the Organization: Before good decisions can be made there must be some guiding aim or direction that will enable the decision-makers to assess the desirability of favouring one course of action over another. Hence, the first stage in the stage in the decision-making process should be to specify the goals or objectives of the organization.

ii) The Search for Alternative Courses of Action: The second stage in the decision-making model is a search for a range of possible courses of action (or strategies) that might enable the objectives to be achieved.

iii) Gather Data about Alternatives: When potential areas of activity are identified, management should assess the potential growth rate of the activities, the ability of the company to establish adequate market shares, and the cash flows for each alternative activity for various states of nature.

iv) Select Appropriate Alternative Courses of Action

In practice, decision-making involves choosing between competing alternative courses of action and selecting the alternative that best satisfies the objective of an organization.

v) Implementation of the Decisions: Once alternative courses of action have been selected, they should be, implemented as part of the budgeting process. The budget is a financial plan for implementing the various decisions that management have made.

vi) Comparing Actual and Planned Outcomes and Responding to Divergences from Plan: The managerial function of control consists of the measurement, reporting and subsequent correction of performance in an attempt to ensure that the firm's objectives and plans are achieved.

2.1.7 Value Relevance

The studies on value relevance are broad and diverse. According to Beisland (2009), value relevance is the ability of financial statement information to capture and summarise firm value. Beaver (2002) opines that value relevance research investigates the association between a security price dependent variable and a set of independent accounting variables. Value relevance is measured as the statistical association between financial statement information and capital market values or returns. The key commonality in the definitions is that an accounting amount is deemed value relevant if it has a significant association with security market value.

Earnings and book value are commonly used as the basis for firm valuation. However, the reliability of earnings may be affected by the earnings management; it may affect the relevance of earnings in determining firm value. There are several approaches to this definitional explanation. Francis and Schipper (1999) and Nilsson(2003) define it from four perspectives: (a) the predictive view of value relevancethe accounting number is relevant if it can be used to predict future earnings, dividends, or future cash flows (b) the information view of value relevance –the value relevance is measured in terms of market reactions to new information (c) fundamental analysis view of value relevance-the accounting information is relevant in valuation if portfolios formed on the basis of accounting information are associated with abnormal returns and (d) the measurement view of value relevance –the financial statement is measured by its ability to capture or summarize information that affects equity value. It is therefore important to define the structure of concept of value relevance for this study. The Information perspective of value relevance is used for this study to determine the value relevance of accounting data of listed firms. Informational perspective measures the usefulness of accounting to individual users without much emphasis on the precise structure of the relation between accounting data and firm value (Bernard, 1995).

2.2 Empirical Review

Michael (2013) did a critical investigation on the degree of reliance of the published financial statements by corporate investors. The study employed survey research design by which data were generated by means of questionnaire administered on one hundred and fifty corporate investors and senior management officials of the selected banks. The descriptive statistics and percentage analysis were used for the data analysis and the hypotheses were tested using t-test statistic. The results reveal that one of the primary responsibility of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor or financial experts. It also showed that investors do understand the financial statement well before making investment decisions. The results of the analysis also indicated that investors depend heavily on the credibility of auditors/financial expert approval of financial statement in making investment decisions and as such published financial statement is very important in the investors' decision making. He recommended that adequate care and due diligence should be maintained in preparing financial statements to avoid faulty investment decisions which could lead to loss of funds and possible litigations.

There is therefore the general belief that published financial statements have failed in its responsibility of provide credible information for investors and other users of financial statements (Duru, 2012). According to Popoola et-al (2014), they investigated published financial statement as correlate of investment decision among commercial bank stakeholders in Nigeria. A correlation research design was used in their study. 180 users of published financial statement were purposively sampled from Lagos and Ibadan. Data generated were analyzed using Pearson correlation and regression. The findings of their study revealed that, balance sheet is negatively related with investment decision, while income statement, notes on the account, cash flow statement, value added statement and five-year financial summary are positively related with investment decision making. Their findings also revealed that components of published financial statement significantly predicted good investment decision making for commercial bank stakeholders. And they recommended that Nigeria banks and professional bodies should instigate programs that will increase the knowledge of stakeholders on published financial statement.

Corporate organizations owe a duty to fully disclose matters concerning their operations so as to aid investors in making investment decisions because Investment decision makers rely on information obtained from financial statements to predict future rates of return. Without the financial statement, there will be a problem of how to determine the profit of a company, and evaluation of performance of a company. The general objective was to ascertain the role of financial statement in investment decision making. The study was based on survey and questionnaire used to gather the information. He discovered from the test of hypotheses that financial statement is relied upon in investment decision making and financial statements are useful for forecasting company's performance. The concluded was drawn based on the findings that financial statement plays a vital role in investment decision making and recommends that no investment decision should be taken without the consideration of a company's financial statements (Mercy, 2014).

Otley (2012) argues that financial statement is an important part of the fabric of organizational life and the need to be evaluated in their wider managerial, organizational and environmental context. Therefore the effectiveness of financial report not only depends on the purposes of such systems but also depends on contingency factors of each organization.

Financial statements are said to be effective when the information provided by them serves widely the requirements of the users. Effective financial statement should systematically provide information which has a potential effective on investment decision making by the prospective investors.

The perception of investors about a company's ability affects the market prices of the company's security relative to others in the industry. Financial statement can only be useful if they are well understood published financial statement is the information source that is most directly related to the items of interest to both existing and potential investors.

According to Onyekwelu (2010), the satisfaction of the needs of the various users of accounting information as contained in the annual report can be accepted as the objective of financial statement. This objective of information is emphasized by the various accounting principles because investors and creditors use them in making rational investment and credit decisions. Financial statement fairly represents the business and economic situation of a country, which if studied carefully can lead to the achievement of some financial and economic goals.

For instance, the balance sheet provides the observant with a clear picture, of the financial condition of the company as a whole. It lists in detail the tangible and intangible assets that the company owns and owes, while the profit and loss accounts summaries the income and expenditure of a company in a given period of time. It shows the result of operation during these accounting periods. Also, it is through the use of financial reports that users can assess the project of receiving cash as divided or interest and proceeds from sales, exemption or maturing securities or loans for instance, cash flow statement shows how cash is predicted to move around at a particular given period of time. It is useful for planning future expense. It shows whether or not there will be enough cash to carry out the planned activities and whether or not the cash coming in will be enough to cover the expenses. It is useful in the determination of the company's liquidity in a given period of time.

According to Aroh, et-al (2011), the most important purpose of the annual report is to get the shareholders informed about the financial status of his company, especially as to its income and financial position. The usefulness of financial statement to investors is to assist them to assess the ability of an enterprise to pay divided and interest when due while to the potential investors, published financial statement is used to decide on the type of security to invest in or which company to invest in. Conclusively, financial statement of accompany should provide information about the economic resources of a company, which are the sources of prospective cash inflows to the company. It should also provide its obligation to transfer economic resources to others which are the source of prospective cash outflow from the company and its earnings which are the financial results of its operation.

According Adebayo et. al. (2013), they examine the impact of accounting information system in assisting organizations in making sound and effective investment decision. The major source of data to their research was primary data through the administration of questionnaires. Regression analysis and Karl Pearson's correlation was used for the data analysis. Their findings shown that, accounting information system is an indispensable tool in investment decision making in today's turbulent world. Organizations are however, advised to invest on information technology tools as it improve their efficiency, effectiveness and their overall performance.

2.3 Theoretical Framework

The theoretical framework gives the meaning of a word in terms of the theories on financial statement such as proprietary, residual equity theory, entity theory, enterprise or social theory, DuPont mean- variance of portfolio investment theory and the modern portfolio theory. It assumes both knowledge and acceptance of the theories that this research work depends upon.

2.3.1 Proprietary and residual equity theory

Proprietary equity theorists such as Husband (1938), insisted that the accounting process of companies must be conducted from the shareholders' perspective. Staubus (1952, 1959), developed the residual equity theory which considered that the accounting must be done from the perspective of the residual equity holders, which for a going concern coincides with that of the common shareholders. Residual equity theory is often regarded as a more restrictive form of proprietary theory.

Under the proprietary view, transactions and events are analyzed, recorded and accounted for as to their immediate effect on the proprietors. Financial statements are prepared from the viewpoint of the proprietors and are meant to measure and analyses their net worth expressed by the accounting equation:

(1) Σassets - Σliabilities = Σequity, proprietorship or net worth

In the proprietary view, the assets are considered the proprietors' assets, and the liabilities are the proprietors' liabilities. According to Newlove and Garner (1951) under proprietary theory "liabilities are negative assets – negative properties, which must be sharply defined and separated in the accounting process." Revenues are increases in proprietorship and expenses are decreases. Net profits, "the excess of revenues over expenses, accrues directly to the owners; it represents an increase in the wealth of the proprietors" (Hendriksen & Van Breda, 2012). Staubus (1959) narrowed the concept of owners to common stockholders and considered preference shareholders as liability holders and stressed the importance to investors of the estimation of future cash receipts. The accounting equation becomes:

(2) Assets – Specific Equities (=Liabilities + Preferred Stock) = Residual Equity

The proprietary approach represents an agency view of the company where the main responsibility of management is to manage the firm in the best interests of the owners. As the assets and liabilities are considered the owners' assets and liabilities, the maximization of profits equals maximization of the increase in the shareholders' net assets. For this reason, the asset/liability approach to income determination, where income is the by-product of the valuation of assets and liabilities, is the most direct way of quantifying the increase in net assets. Under both the proprietary theory and the asset/liability approach to income determination, it is imperative that shareholders' interests are sharply distinguished from the interests of the providers of debt capital in order to be able to measure the increase in net assets.

2.3.2 Entity theory and enterprise or social theory

Under the entity view, transactions are analyzed as to their effect on the accounting entity. Financial statements are prepared from the viewpoint of the entity. The income statement is meant to calculate income for distribution and analyze the company's performance over a period, whereas the balance sheet serves to indicate the security or riskiness of the company's financial position. Under the different varieties of entity theory the accounting equation may take the following forms.

(1) Σassets = Σliabilities (Paton, 1922) Or

(2) Σassets = Σequities (Paton, 1922) Or

(3) Σassets = Σequities + Σliabilities (Hendriksen & Van Breda, 2012)

In the entity view as expressed in equation 3, the assets are considered the company's assets, and the liabilities are the company's liabilities. Alternatively, as expressed in equation 4, the assets are considered the company's assets and the equities are all the financial stakeholders' equities. Entity theory views the entity as "having a separate existence – an arm's length relationship with its owners. The relation to the owners is regarded as not particularly different from that to the long-term creditors." (Lorig, 2004).

Suojanen (1954) enterprise or social theory sees the large listed corporation as an institution with social responsibilities. Companies' actions affect many different stakeholders such as stockholders, creditors, customers, employees, the government as a taxing and regulatory authority and the public at large. (Hendriksen & Van Breda, 2012; Kam, 2013; Suojanen, 1954) Suojanen traces this institutionalization of the large enterprise to the separation of management and ownership leading to increasingly large proportions of income being retained within the company to reduce the corporation's dependence on external financing. Large corporations may decide to pay only 'conventionally adequate dividends' because this ties in with their survival and growth objectives. (Suojanen, 1958).

Financial reports according to the enterprise theory are to be prepared from the perspective of the enterprise as a social institution. Income generated by the enterprise is analyzed to measure the contribution of the enterprise to society using the concepts developed in national income analysis. Therefore, ultimately, the balance sheet is secondary to output, income and value added considerations. The balance sheet equation expressing the enterprise theory according to Meyer (2010) is:

(4) Assets = Investors' input contributions

Suojanen proposes that large companies prepare a value added statement in addition to the balance sheet and income statement. "If the enterprise is considered to be an institution, its operations should be assessed in terms of its contribution to the *flow* of output of the community" (Suojanen, 1954). "Although stockholders have legal rights as owners, from the point of view of the enterprise their rights are subsidiary to the organization and its survival." (Kam, 2013).

2.3.3 DuPont Mean- Variance of Portfolio Investment Theory

According to Adebimpe (2009) who adopted DuPont equation stated that, it is an expression which breaks return on equity down into three parts. The name comes from the DuPont Corporation, which created and implemented this portfolio formula into their business operations in the 1920s. It was adopted from Markowitz Mean-Variance Portfolio theory which states that profit of a firm is a function of total sales, total assets, shareholder equity contribution and the liabilities (debts). This formula is known by many other names, including DuPont analysis, DuPont identity, the DuPont model, the DuPont method, or the strategic profit model.

In the DuPont equation, ROE is equal to profit margin multiplied by asset turnover multiplied by financial leverage. Under DuPont analysis, return on equity is equal to the profit margin multiplied by asset turnover multiplied by financial leverage. By splitting ROE (return on equity) into three parts, companies can more easily understand changes in their ROE over time. Components of the DuPont Equation: Profit Margin: Profit margin is a measure of profitability. It is an indicator of a company's pricing strategies and how well the company controls operating costs. Profit margin is calculated by finding the net profit as a percentage of the total revenue. As one feature of the DuPont equation, if the profit margin of a company increases, every sale will bring more money to a company's bottom line, resulting in a higher overall return on equity.

Components of the DuPont Equation: Asset Turnover Asset turnover is a financial ratio that measures how efficiently a company uses its assets to generate sales revenue or sales income for the company. Companies with low profit margins tend to have high asset turnover, while those with high profit margins tend to have low asset turnover. Similar to profit margin, if asset turnover increases, a company will generate more sales per asset owned, once again resulting in a higher overall return on equity.

Components of the DuPont Equation: Financial Leverage: Financial leverage refers to the amount of (liabilities) debt that a company utilizes to finance its operations, as compared with the amount of equity that the company utilizes. As was the case with asset turnover and profit margin, increased financial leverage will also lead to an increase in return on equity. This is because the increased use of debt as financing will cause a company to have higher interest payments, which are tax deductible. Because dividend payments are not tax deductible, maintaining a high proportion of debt in a company's capital structure leads to a higher return on equity.

2.3.4 The Modern Portfolio Theory (MPT)

Harry Markowitz (2001), an American economist in the 1950s developed a theory of "portfolio choice," which allows investors to analyze risk relative to their expected profit. For this work Markowitz, a professor at Baruch College at the City University of New York, shared the 2013 Nobel Memorial Prize in Economic Sciences with William Sharpe and Merton Miller.

Markowitz's theory is today known as the Modern Portfolio Theory, (MPT). The MPT is a theory of investment which attempts to maximize portfolio expected profit for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected profit, by carefully choosing the proportions of various assets. Although the MPT is widely used in practice in the financial industry, in recent years, the basic assumptions of the MPT have been widely challenged.

The Modern Portfolio Theory, an improvement upon traditional investment models, is an important advance in the mathematical modelling of finance. The theory encourages asset diversification to hedge against market risk as well as risk that is unique to a specific company. The theory (MPT) is a sophisticated investment decision approach that aids an investor to classify, estimate, and control both the kind and the amount of expected risk and profit; also called Portfolio Management Theory. Essential to the portfolio theory are its quantification of the relationship between risk and profit and the assumption that investors must be compensated for assuming risk. Portfolio theory departs from traditional security analysis in shifting emphasis from analyzing the characteristics of individual investments to determining the statistical relationships among the individual securities that comprise the overall portfolio (Edwin & Martins, 2014).

The fundamental concept behind the MPT is that assets in an investment portfolio should not be selected individually, each on their own merits. Rather, it is important to consider the profitability of the company.

According to William (2011), the best measure of a company is its profitability, for without it, it cannot grow, and if it does not grow, then its stock will trend downward. Increasing profits are the best indication that a company can pay dividends and that the share price will trend upward. Investors will put their money at a cheaper rate to a profitable company than to an unprofitable one; consequently, profitable companies can use leverage to increase stockholders' equity even more.

The common profitability measures compare profits with sales, assets, equity and liabilities: net profit margin, return on assets, and return on equity. Although most financial services publish these ratios for most companies, they can be calculated independently by using net profit and total revenue from the *Income Statement* of a company's financial report, and total assets and stockholders' equity from the *Balance Sheet*, (Iyiola, et-al, 2012).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

Descriptive research design has been adopted for the purposes of this study. According to Best and Kahn (2009), descriptive research is the type of enquiring that deals with the collection and analysis of data for the purposes of describing and interpreting existing conditions and also to make discovery and explanation of past events. Descriptive research is utilized because it enables exploring relationships between two or more variables. Also, it is appropriate for testing the hypotheses of the study and help to answer the research questions concerning the financial reporting and investment decision which are crucial concern of this study.

3.2 Population, Sample and Sampling Technique

The population of the study constitutes all the listed companies in Nigerian. However, for easier collection of data and analysis, a sample technique was randomly selected for the study based on convenience. The sample consists of Oando Plc., Total Plc. and UAC Foods Plc. The justifications for companies in the sample include; Purposive-judgmental techniques were employed because the method is confined to specific types of companies who can provide the desired information either because they are the only ones who possess it or conform to the criteria set by the researcher (Kothari, 2001).

3.3 Method of Data Collection

The data used in this study has been collected from secondary sources. The instrument utilized for the collection of secondary data is documentation. Documentary data has been collected via the financial reports of the selected companies. The study utilizes the secondary source because it provides a basis for purposeful research work and also gives a direction for the research work.

3.4 Technique for Data Analysis

The procedure for analyzing the data was econometric procedure. Here the technique used was the multiple regression analysis to test whether the financial reporting indices have impacted on the investment decision of selected companies.

Model Specification

The following model was used for the analysis as shown below and is based on the Modern Portfolio Theory (MPT) as adopted by (William, 2011 & Iyiola et-al., 2012).

Profit after Tax Functional Form

PAT = f (AST, LBT, EQT)

The regression equation based on the above functional relational model is stated below:

$$PAT = \alpha_0 + \alpha_1 AST + \alpha_2 LBT + \alpha_3 EQT + \mu$$

Where;

The a priori expectation is $\alpha_1, \alpha_2, \alpha_3 > 0$

PAT = Profit after Tax

AST = Asset

LBT = Liabilities

EQT = Equity

μ = Error term

α = Intercept

$\alpha_1 - \alpha_3$ = Coefficient of the Independent Variables.

Note, all variables are in their natural logarithm form.

The decision to test the hypothesis of the study is as follows:

If the p-value of the t-coefficient is less than 1% (0.01) or 5% (0.05), the null hypothesis is rejected and otherwise we fail to reject it.

3.5 Justification of Method of Data Analysis

In choosing a research method to adopt for a particular study, it is relevant to consider the suitability of the method of the study.

The basic source of data available is the secondary data on the other has to do with auxiliary source other than the actual source. The data obtained from this source are more accurate, since the researcher has no control over the situation thereby, justifying the method used. Furthermore, secondary source of data collection which includes reliable information from journals, magazines, relevant textbooks and unpublished projects were used so as to make the research work easier and reduce expenses and time of going into the field too often to collect data.

Multiple regression analysis will be used because it has the following advantages: first, it has the advantage of giving more informative data as it consists of both the cross sectional information, which captures individual variability, and the time series information, which captures dynamic adjustment. Unlike time series studies which is plagued with multi-collinearity issues, panel data gives less collinearity among the variables, more degrees of freedom and more efficiency.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

The descriptive statistic presented in table 4.2.1 shows the mean, range, minimum, maximum and standard deviation of all the variables under consideration. The table indicate that the selected companies generates a mean Profit after Tax (PAT) of about 23% with a negative minimum of -216% and an abnormal maximum of 145%.

Table 4.2.1: **Descriptive Statistics**

	N	Min	Max	Mean	Std. Deviation
PAT	15	-216.3300	145.2800	22.784904	.394
AST	15	.1360	3.4108	1.403667	.394
LBT	15	.0994	2.5029	.822924	.394
EQT	15	221	817	35.28	.394
Valid N (listwise)	15				.394

Source: Output from SPSS 15.0

The table also reveals that the mean values of Assets (1.4) and Liabilities (0.8). However, with the maximum of 3.41 and 2.50 for the Assets and Liabilities respectively show that some of the companies are doing very well. Other attributes revealed by the table with respect to the variables under consideration are the minimum and maximum Equity indicates 221 and 817.

4.2 Data Analysis and Result

To test the hypothesis that is formulated in the course of this research, simple linear regression was used to test the hypothesis, the result of the test will determine whether to accept null hypothesis or reject it.

To further investigate the predictive ability of our predictor variables on the criterion variable we employed the multiple regression analysis. The analysis was guided by the simple definitional model specified in section three. We recall the model for emphases: $PAT = \alpha_0 + \alpha_1 AST + \alpha_2 LBT + \alpha_3 EQT + \mu$

Table 4.4.1 **MULTIPLE REGRESSION STATISTICS TABLE**

Variables /Description	Beta	Coefficients	T – Value	P – Value	F
Asset (AST)	0.303	0.301	5.083	0.000	
Liability (LBT)	0.283	0.306	4.029	0.000	
Equity (EQT)	0.327	0.360	4.057	0.000	
R					0.818
R^2					0.669
Adjusted R^2					0.664
F – Value					127.42
P – Value (Probability of F - Statistics)					0.000
Variance Inflation Factor (VIF)					3.702
Durbin-Watson					0.773

Source: SPSS, 2017.

From Table 4.2, there is no evidence of multicollinearity among the independent variables used for this study because the highest Variance Inflation Factor (VIF) is 3.7. A VIF within the range of 1 to 10 indicates no evidence of multicollinearity. The Durbin Watson statistic of 0.77 indicates the absence of autocorrelation as the standard requirement is within 1.5 to 2.5. R is the correlation coefficient measuring the strength and direction of the linear relationship. The R value is 0.818 which implies a strong positive linear relationship. The R^2 value is the coefficient of determination (expressed as a percentage) and shows variability in dependent variable explained by the variability in independent variables. The R^2 value of 0.669 implies that 66.9% of the variations in the dependent variable (investment decisions) are explained by the variations in independent variables (Assets, Liabilities, Equity). Therefore, the findings reveal that the independent variables appear to be strong variables for predicting investment decisions in the study area. The Adjusted R^2 is used to estimate the expected shrinkage in R^2, in this case is 0.664 which is very close to R^2 value of 0.669. This shows that there is minimal shrinkage.

In this analysis, the model is significant since the F value of 127.42 is large and the P-value of 0.01 is less than 0.05 significance level of this study. Therefore, the researcher rejected all the three null hypotheses while the alternate hypotheses were accepted.

The coefficients of Assets, Liabilities and Equity are 0.301, 0.306 and 0.360 respectively. They are all positive, meaning that as the magnitudes of the independent variables increases, the magnitude of the dependent variable (investment decisions) also increases.

The result also shows the unique contribution of each component of financial reports in explaining the variance of investment decisions. The beta values in Table 4.2 above assess the contribution of each independent variable towards the prediction of dependent variable, since these values have been converted in the same scale to enable comparison. Equity, having the biggest beta of 0.327 has the largest effect in explaining the variance of investment decisions. The second most important variable was Assets with a beta of 0.303. The least important predictor of these three independent variables is Liabilities with a beta of 0.283.

The t-test statistics shows that all the beta coefficients of Assets, Liabilities and Equity are significant since their respective P-value is 0.01 each which is less than 0.05, significance level. Based on this, therefore, all the null hypotheses were rejected while the alternate hypotheses were accepted.

4.3 Discussion of Findings

The findings of this study revealed that financial reports have a strong impact on investment decision in Nigeria. This implies that a financial report is performing a lot of roles in ensuring effective investment decision. Other specific findings are:

i. The study also reveals that importance is attached to the published financial statements by investors in Nigeria when making investment decisions.

ii. The study also reveals that investors have good understanding of the financial statements before making investment decisions.

iii. The study also reveals that investors know whose duty it is to prepare financial statement.

iv. The study also reveals that investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The aim of this study is to on assess the impact of financial reporting on investment decision in Nigeria, other relevant areas which the study highlighted are: accounting information as a tool of management that provides an orderly method of gathering and organising information about the various business transactions so that it may be used as an aid to investors in decision making process.

The general description of the area of study, which depicted the inevitability of financial reporting in achieving easy decision making by investors, was stated. In the course of the study, statement of problem such as; inability to summarize equity share investment in the Nigerian stock market, the absence of adequate financial accounting information, investors not able to make wise investment decisions, difficulty in distinguish between potentially successful and unsuccessful business and none availability of information on the effect of book value per share on equity share were pointed out. To examine how assets and liabilities in the financial statement has assisted the effectiveness of investment decision making, to examine the relationship between accounting information and investment decision and to examine the extent to which investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions forms essential part of the objectives of the study. Questions relating to the objectives and problems were also looked at.

The study looked into some review literatures that covered different models and theories on accounting information by different scholars, various definitions given by several scholars, types and the importance of financial reporting in decision making process. Various textbooks, journals, articles and other scholarly materials were used to get terms, ideas, concepts and academic as well as professional viewpoints.

Secondary data was used for this research work. Data gathered from the financial reports of Oando Plc., Total Plc. and UAC Foods Plc. The data collected were processed and analyzed through the use of multiple regression analysis.

5.2 Conclusions

Financial reports provide the observant with a clear picture, of the financial condition of the company as a whole. It lists in detail the tangible and intangible assets that the company owns and owes, while the profit and loss accounts summaries the income and expenditure of a company in a given period of time. It shows the result of operation during these accounting periods. Also, it is through the use of financial reports that users can assess the project of receiving cash as divided or interest and proceeds from sales, exemption or maturing securities or loans for instance, cash flow statement shows how cash is predicted to move around at a particular given period of time. It is useful for planning future expense. It shows whether or not there will be enough cash to carry out the planned activities and whether or not the cash coming in will be enough to cover the expenses. It is useful in the determination of the company's liquidity in a given period of time.

Financial reports are said to be effective when the information provided by them serves widely the requirements of the users. Effective financial statement should systematically provide information which has a potential effective on investment decision making by the prospective investors.

The perception of investors about a company's ability affects the market prices of the company's security relative to others in the industry. Financial statement can only be useful if they are well understood published financial statement is the information source that is most directly related to the items of interest to both existing and potential investors.

5.3 Limitations of the Study

In the course of carrying out this research, the researcher will come across some constraints that impinged on the supposed extensive research that would have been carried out. Just as many other research works, this study too will be faced with some limitations such as:

Funding; the study needs to be properly financed so as to gather enough information.

Another militating factor will be time. As it is known that the study would be combined with course work, which will make the time available too limited.

Lastly, the attitude of Nigerians towards research will also go a long way in affecting the actual result of the study. Nigerians are known to have negative attitude towards research.

5.4 Recommendations

The findings show that financial reports have a strong impact on investment decision in Nigeria. Based on this the following recommendations were made:

i. Investors should attached good importance to the published financial statements when making investment decisions.

ii. Investors should ensure that they have a good understanding of the financial statements before making investment decisions.

iii. Investors ensure that they only invest in organizations where it is the appropriate people that prepare the financial statement.

iv. Management of organization should always prepare their financial statement in such a way that will give investors necessary information for making effective investment decisions.

BIBLIOGRAPHY

Ahmed, H. (2005). Corporate voluntary reporting practices in India. *The Cost and Management,* 33 (5), 73-79.

Ahmed, K. and Nicholls, D. (2004). The impact of non-financial company characteristics on mandatory disclosure compliance in developing countries: The case of Bangladesh. *The International Journal of Accounting,* 29 (1), 62-77.

Akhtaruddin, M. (2005). Corporate mandatory disclosure practices in Bangladesh. *International Journal of Accounting*, 40, 399- 422.

Alford, A., Jones, J., Leftwich, R., & Zmijewski, M. (2010). The relative informativeness of accounting disclosures in different countries. *Journal of Accounting Research,* 31, 183-223.

Alexander, D, Britton, A and Jorissen, A. (2010). *International Financial Reporting and Analysis,* (1st edition). Surrey: Thomson Learning.

Ali, M. J., Ahmed, K., and Henry, D. (2004). Disclosure compliance with national accounting standards by listed companies in South Asia. *Accounting and Business Research,* 34 (3), 183 - 200.

Ball, R. (2006). International Financial Reporting Standards (IFRS): pros and cons for investors. *Accounting and Business Research,* International Accounting Policy Forum, 5-27.

Barako, D. G. (2014). Determinants of voluntary disclosures in Kenyan companies annual reports. *African Journal of Business Management*, 1 (5), 113-128.

Barako, D.G., Hancock, P. and Izan, H.Y. (2006). Relationship between corporate governance attributes and voluntary disclosure in annual reports: Kenyan experience. *Financial Reporting, Regulation and Governance,* 5 (1), 1-25.

Barrett, M. E. (2005), Financial reporting practices: Disclosure and comprehensiveness in an International Setting, J*ournal of Accounting Research,* 14 (1), 10-26.

Belkaoui, A. and Kahl, A. (2008). Corporate financial disclosure in Canada. *Vancouver: Canadian Certified General Accountants Association,* 6 (2), 44-55.

Bujaki, M. and McConomy, B. J. (2012). Corporate governance: Factors influencing voluntary disclosure by publicly traded Canadian firms. *Canadian Accounting Perspectives*, 1 (2), 105-139.

Buzby, S.L. (2005). Company size, listed versus unlisted stocks, and the extent of financial disclosure. *Journal of Accounting Research*, 13 (1), 16-37.

Camfferman, K. and Cooke, T.E. (2012). An analysis of disclosure in the annual reports of U.K. and Dutch Companies. *Journal of International Accounting Research*, 1, 3-30.

Chamisa, E.E (2013). The relevance and observance of the IASC Standards in developing countries and the Particular Case of Zimbabwe", *The International Journal of Accounting*, 35 (2), 267–286.

Chau, G.K. and Gray, S.J. (2012). Ownership structure and corporate voluntary disclosure in Hong Kong and Singapore. *The International Journal of Accounting*, 37, 247–265.

Chavent, M., Ding, Y., Fu, L., Stolowy, H. and Wang, H. (2006). Disclosure and determinants studies: An extension using the Divisive Clustering Method (DIV). *European Accounting Review*, 15 (2), 181–218.

Choi, F.D.S (2010). Financial disclosure and entry to the European capital market", *Journal of Accounting Research*, 11 (2), 159-175.

Chow, C.W. and Wong-Boren, A. (2014). Voluntary financial disclosure by Mexican corporations. *The Accounting Review*, 62 (3), 533-541.

Cooke, T. E. (2010). Disclosure in Japanese corporate annual reports. *Journal of Business Finance & Accounting,* 20 (4), 521-535.

Courtis , J. K. (2006). Relationship between timeliness in corporate reporting and corporate attributes. *Accounting and Business Research,* 45-56.

Coy, D., Tower, G. and Dixon, K. (2010). Quantifying the quality of tertiary education annual reports, *Accounting and Finance,* 33 (2), 121-130.

Cuijpers, R. and Buijink, W. (2005). Voluntary adoption of non-local GAAP in the European Union: A study of determinants and consequences. *European Accounting Review,* 14 (3), 487–524.

Dahawy, K. and Conover, T. (2014). Accounting disclosure in companies listed on the Egyptian stock exchange. *Middle East Finance and Economics,* 1, 1-20.

Daske, H. and Gebhadrt, G. (2006). International Financial Reporting Standards and experts' perceptions of disclosure quality. *ABACUS,* 42 (4), 461- 498.

Deegan, C. (2004). Environmental disclosure and share prices – a discussion about efforts to study this relationship", *Accounting Forum,* 28 (1), 87-97.

Depoers, F. (2013). A cost benefit study of voluntary disclosure: Some empirical evidence from French listed companies. *European Accounting Review,* 9 (2), 245-263.

Dhaliwal, D.S. (2013). Improving the quality of corporate financial disclosure. *Accounting and Business Research,* 10 (40), 385-391.

Elliot, B. and Elliot, J. (2005). *Financial Accounting and Reporting* (9th edition). Essex: Pearson Education Limited.

Eng, L. L. and Mak, Y. T. (2010). Corporate governance and voluntary disclosure. *Journal of Accounting and Public Policy,* 22 (4), 325–345.

Entwistle, G. M. (2009). Exploring the R&D Disclosure Environment. *Accounting Horizons,* 13 (4), 323-341.

Ezejelue, A.C (2001). *A Primer on International Accounting* (1st edition). Port Harcourt : Educational Books and investments Limited.

Ferguson, M. J., Lam, K.C.K. and Lee, G.M. (2012). Voluntary disclosure by state owned enterprises listed on the stock exchange of Hong Kong, *Journal of International Financial Management and Accounting,* 13 (2), 125-152.

Firth, M. (2009). The impact of size, stock market listing, and auditors on voluntary disclosure in corporate annual reports. *Accounting and Business Research,* Autumn, 273-280.

Fremgen, J.M. (2010). "Corporate reporting and investment decisions" by A.R. Cerf. Book review in *The Journal of Business*, 36 (4), 465-467.

Glaum, M. and Street, D. (2010). Compliance with the disclosure requirement of German's new market, IAS Versus US GAAP. *Journal of International Financial Management and Accounting,* 14(1), 64-100.

Gordon, M. (2004). Postulates, principles and research in accounting. *The Accounting Review*, 39 (2), 251–263.

Guttman, I., Kadam, O. and Kandel, E. (2006). A rational expectations theory of kinks in financial reporting", *The Accounting Review*, 81 (4), 811–848.

Haniffa, R.M and Cooke, T.E. (2012). Culture, corporate governance and disclosure in Malaysian corporations. *Abacus,* 38 (3), 317-349.

Ho, S. and Wong, K. S. (2001). A study of the relationship between corporate governance structures and the extent of voluntary disclosure. *Journal of International Accounting, Auditing & Taxation,* 10 (2), 139-156.

Hughes, P.J. (2006). Signalling by direct disclosure under asymmetric information. *Journal of Accounting and Economics*, 119-142.

Iatridis, G. (2008). Accounting disclosure and firms' financial attributes: Evidence from the UK stock market. *International Review of Financial Analysis,* 17 (2), 219-241.

Inchausti, B. G. (2014). The influence of company characteristics and accounting regulation on information disclosed by Spanish firms. *The European Accounting Review,* 6 (1), 45 – 68.

Imhoff, E. (2012). The relationship between perceived accounting quality and economic characteristics of the firm. *Journal of Accounting and Public Policy, 3*, 97-118.

Izedonmi, P.F. and Ola, C. (2001). *Intermediate Financial Accounting (2nd edition)*. Benin City: BOFIC Consulting Group and Centre for High Performance Organizations.

Joshi P.L. and Ramadhan, S. (2012). The adoption of International Accounting Standards by small and closely held companies: Evidence from Bahrain. *The International Journal of Accounting*, 37, 429–440.

Jenson, M.C. (2010). Organization theory and methodology. *The Accounting Review*, 58 (2), 319-339.

Jenson, M.C and Meckling, W. H. (2006). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics,* 3 (4), 305-360.

Karim, A.K.M.W., Islam, A. and Chowdhury, A. (2008). Financial reporting in Bangladesh: The regulatory framework, *Journal of Business Administration*, 24 (1 & 2), 57-88.

Lang, M and Lundholm, R. (2010). Cross sectional determinants of analyst rating of corporate disclosures. *Journal of Accounting Research,* 31 (2), 246-271.

Leftwich, R.W., Watts, R. and Zimmerman, J. (2001). Voluntary corporate disclosure: The case of interim reporting. *Journal of Accounting Research,* 19 (Supplement), 50-77.

Lewis, R and Pendrill, D. (2013). *Advanced Financial Accounting.* (6th Edition). London Pearson Education Limited.

Lopes, P.T. and Rodrigues, L.L. (2014). Accounting for financial instruments: An analysis of the determinants of disclosure in the Portuguese Stock Exchange", *International Journal of Accounting,* 42, 25-56.

Malone, D., Fries, C. and Jones, T. (2010), An empirical investigation of the extent of corporate financial disclosure in the Oil and Gas industry. *Journal of Accounting, Auditing and Finance,* 3(3), 249-273.

McNally, G. M., Eng, L. H. and Hasseldine, C. R. (2012). Corporate financial reporting in New Zealand: An analysis of user preferences, corporate characteristics and disclosure practices for discretionary information', *Accounting and Business Research,*13 (Winter), 11-20.

Meek, G. C., Roberts, B. and Gray, J. (2005). Factors influencing voluntary annual report disclosures by U.S., U.K. and Continental European multinational corporations. *Journal of International Business Studies,* 26 (3), 555-572.

Meigs, R. F. and Meigs, W.B. (2010). *Accounting: The Basis for Business Decisions* (9th edition). New York: McGraw Hill, Inc.

Melis, A. (2014). Financial statements and positive accounting theory: The early contribution of Aldo Amaduzzi. *Accounting, Business & Financial History,* 17 (1), 53–62.

Naser, K., Al-Khatib, K. and Karbhari, R. (2012). Empirical evidence on the depth of corporate information disclosure in developing countries: The case of Jordan, *International Journal of Commerce and Management,* 12 (3 & 4),122-155.

Naser, K. and R. Nuseibeh (2010). Quality of Financial Reporting: Evidence from the listed Saudi nonfinancial Companies", *The International Journal of Accounting*, 38, 41.

Ofoegbu, G. and E. Okoye (2006). The relevance of accounting and auditing Standards in corporate financial reporting in Nigeria: Emphasis on compliance. *The Nigerian Accountant,* 39 (4), 45-53.

Okike, E.N.M. (2013). Extension of information in accounting reports: An investigation. N*igerian Financial Review,* 3(2).

Omolehinwa, E. (2013). *Foundation of Accounting* (1st edition). Lagos: Pumark Nigeria Limited.

Osisioma, B.C. (2001). Fine tuning corporate reporting task for accountants, *The Certified National Accountants,* 9 (2), 40-55.

Osuagwu, L. (2012). Business Research Methods: Principles and Practice (2nd edition). Lagos: Grey Resources Limited.

Owusu-Ansah, S. (2008). 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.

Owusu-Ansah, S and Yeoh, J.(2005). The effect of legislation on corporate disclosure practices. *ABACUS,* 41 (1), 92 - 109.

Prencipe, A. (2004). Proprietary costs and determinants of voluntary segment disclosure: Evidence from Italian listed companies. *European Accounting Review,* 13 (2), 319 –340.

Radebaugh, L.E, Gray, S.J, and Black, E.L. (2006). *International Accounting and Multinational Enterprises* (6th edition). New York: John Wiley and Sons.

Raffournier, B. (2005). The determinants of voluntary financial disclosure by Swiss listed companies. *European Accounting Review*, 4 (2), 261-280.

Rahman, M.Z. (2008). The role of accounting in the East Asian financial crisis: lessons learned? *Transnational Corporations,*7(3), pp. 1-52

Ray, D.D. (2009). *Corporate Reporting and Investment Decisions.* by A. R. Cerf, book review in *The Accounting Review*, 37 (3), 595-596.

Roberts, C., Weetman, P. and Gordon, P. (2012). *International Financial Accounting: A Comparative Appr*oach (2nd Edition). London: Pearson Education Limited.

Schipper, K. (2014). Required disclosures in financial reports. *The Accounting Review,* 82 (2), 301–326.

Singhvi, S.S. (2008). Corporate disclosure through annual reports in the United States of America and India. *The Journal of Finance*, 23(3), 551-552.

Singhvi, S.S.and Desai, H.B. (2001). An empirical analysis of the quality of corporate financial disclosure. *The Accounting Review*, 46 (1), 129-138.

Sutton, T. (2004). *Corporate Financial Accounting and Reporting* (2nd Edition), Essex: Pearson Education Limited.

Stanga, K.G. (2006). Disclosure in public annual reports. *Financial Management,* 5 (Winter), 42-52.

Street, D.L., Gray, S.J. and Bryant, S.M. (2009). Acceptance and observance of International Accounting Standards: An empirical study of companies claiming to comply with IASs. *The International Journal of Accounting*, 34 (1), 11–48.

Street, D.L and Bryant, S.M. (2013). Disclosure level and compliance with IASs: A comparison of companies with and without U.S. listings and filings. *The International Journal of Accounting*, 35 (3), 41–69.

Taplin R., Tower, G. and Hancock, P. (2012). Disclosure (discernibility) and compliance of accounting policies: Asia-Pacific evidence. *Accounting Forum*, 26 (2), 172-190.

Taylor, M.E and Jones, R.A. (2009). The use of International Accounting Standards terminology, a survey of IAS compliance disclosure. *The International Journal of Accounting*, 34 (4), 557–570.

Tower, G., Hancock, P. and Taplin, R.H. (2009). A regional study of listed companies' compliance with International Accounting Standards. *Accounting Forum,* 23 (3), 293-305.

Ujo, A.A. (2004). *Understanding Social Research in Nigeria* (1st edition). Kaduna: Joycee Graphic Printers.

Van Horne, J.C. and Wachowicz, J.M. (2001). *Fundamentals of Financial Management* (11th edition), Delhi: Pearson Education, Inc.

Wallace, R. S. O. (2008). Corporate financial reporting in Nigeria. *Accounting and Business Research*, 18 (72), 352-362.

Wallace, R.S.O. (2013). Survival strategies of a global organization: The case of the International Accounting Standard Committee. *Accounting Horizon,* 1-22.

Wallace, R.S.O and Naser, K. (2005). Firm-specific determinants of the comprehensiveness of mandatory disclosure in the corporate annual reports of firms listed on the Stock Exchange of Hong Kong. *Journal of Accounting and Public Policy*, 14, 311-368.

Wallace, R.S.O., Naser, K. and Mora, A. (2004). The relationship between the comprehensiveness of corporate annual reports and firm characteristics in Spain.
Accounting and Business Research, 25 (97), 41-53.

Watts, R.L. (2014). Corporate financial statements, a product of the market and political processes. *Australian Journal of Management*, 4, 53-75.

Watts, R.L and Zimmerman, J.L. (2008). Towards a positive theory of the determination of Accounting Standards. *The Accounting Review*, 53 (1), 112-134.

Watts, R.L., and Zimmerman, J.L. (2013). Positive accounting theory: A ten year Perspective. *The Accounting Review*, 65 (1), 131-156.

Werner, M. L. and Jones, K.H. (2010). *Introduction to Financial Accounting: A user perspective,* (3rd edition), Japan: Pearson Education Limited.

Wilson M. and Shailer, G. (2014). Accounting manipulations and political costs: Tooth & Co. ltd, 1910-2005. *Accounting and Business Research,* 17 (4), 247-266.

Xiao, Y. (2009). Corporate disclosures made by Chinese listed companies. *The International Journal of Accounting,* 34 (3), 349-373.