ABSTRACT

The research work “The impact of Financial Accounting Reporting on the corporate performance of Business Organizations”, basically aims at ascertaining how financial accounting reporting has helped in advancing the objectives of corporate organizations. In the process, it investigated the effected that financial accounting bear on the performance of a business. Furthermore, if sought to ascertain the compliance of relevant statues by corporate organizations and the overall satisfaction of stakeholders in a corporate organizations. The study obtained its data basically from primary and secondary sources. The primary sources of data collection employed were questionnaire, oral interview and observations, while the secondary sources of data included textbooks, journals. in the analysis of the data collected, the chi-square was used to analyze the responses gathered. The study revealed that a loot of problems were inherent in financial reporting ranging from non-disclosure of vital information, subjective judgments of prepares of the financial information and most times non-compliance to relevant statues. There were recommendations given such as strict compliance to the relevant statute were made to the companies, the government needs to strengthen its regulatory agencies in order to ensure that the financial statements show a “true and fair view and comply with the relevant statues at all times.

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

CHAPTER TWO: REVIEW OF RELATED LITERATURE

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

CHAPTER ONE

INTRODUCTION

Background of the Study

The impact of financial reporting on the corporate performance of a business organization is becoming more apparent to user groups of a financial statement.

Accounting is a not an exact science neither are business operations without some subjective and judgmental errors when it comes to reporting them. A financial reporting therefore is a document statement which informs the various interest groups to a business on the operations and performance of their business in a period under review its present state of affairs as well as its anticipated future, in accordance with the statutes. If a financial report is to service its purpose it ought to be characterized by the following.

a. Relevance
b. Understandability
c. Reliability
d. Completeness
e. Objectivity
f. Timeliness

In the accounting process of an organization is to provide the information required to prepare a financial report which shall have the above characteristics then the transaction doing the period must be recorded prompt by and accurately and interpreted in conformity with the Generally Accepted Accounting Principles (GAAP), Statements of Accounting Standard Board (NASB), International Accounting Standard committee and the companies and Allied Matters Act cop LFN (CAMA)

Financial accounting reporting become necessary with the obvious need for accountability of stewardship from the managers to whom investors entrusted their financial resources. The Railway age in the UK. Occurred between 1830 to 1870 and for the first time the world same the emergence of multimillion corporations with large numbers of shareholders. It was a period of disorder but it brought the basis for the present day system of corporate financial report. Financial reporting is a duty of stewardship assigned to the directors of a company by section 334 of the company and Allied Matters Act Cap L20 LFN, equally the mandatory responsibility of companies to keep accounting records derives its strength from section 331 and 382 of the same act. These sections explicitly defined the necessary content and manner in which financial records should be kept.

1.2 STATEMENT OF THE PROBLEM

The study "The impact of Financial Reporting on the corporate performance of business organization" aims at investigating the financial reports of selected companies in Enugu State with a view to determine the following ;

a. The extent to which a standard financial report contributes to or detracts from the growth of a business organization.
b. The extent to which the financial reports of corporate business organization comply with statutory provisions.
c. The uniformity and conflict which exist in the financial reporting regulations given the multiplicity of regulators.

Therefore, bused on the above statements, the researcher shall investigate the financial accounting reporting standards and every regulation their bear on the financial statement and to the extent the selected company (s) has either complied with or disobeyed the relevant statutes.

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are to critically examine the financial reports of the selected company and to probe into the fundamental for their preparation as well as its presentation with a view to determining:

a. The adequacy of the basis and the fundamental that guides its preparation.
b. The degree to which the financial report meets the needs of its various users.
c. The extent to which the financial report conform to the established standard.
d. The influence that financial report has on business performance.
e. Finally, to present suggestions and recommendations based on my findings.

RESEARCH QUESTIONS

In order to determine the impact of financial reporting on the corporate performance of business organizations, it is pertinent to test the following question;

1. Does the information disclosed in the financial statements adequate to support good decision making?
2. Does the disclosure requirement of the statutes affect corporate performance positively or negatively?

3. Do companies comply strictly with the regulation?
4. Does the financial report meet the needs of the various users?

This study will offer solutions to ones raised it is my believe that the result of these finding will go a long why to helping researchers in this area of study, it will also enhance the understanding of the structure of published reports and accounts by the users.

The various users groups of the published financial report have their benefits from this study as follows:

1. **The Potential Investors:** These are groups who are interested in committing their financial resources to the buying of the company's shares. These set of people will benefit from this study as the result of this study still arm them with the necessary tools with which to evaluate the financial report of a corporate organization as it affects them.
2. **The General Public:** This group shall benefit from this report by the knowledge that the business organization exists for them and not against them, as such has to live up to its full responsibilities.
3. **The Regulators of Financial Accounting Report:** This group includes the Nigerian Accounting Standard Board (NASB), the companies and Allied Matters Act 2004 Cap (20 LFN (CAMA) the

Banking and Other Financial Institutions Act of 1991 (BOFIA), prudential guidelines for licensed Banks. The Insurance Act 2003. The study will help them to standardize and harmonize their operations.

4. **The Employee Group Including Existing:** Potential and past employees.
5. **The Government Including Tax Authorities Department who have Interest in the Financial Reports of Companies:** The result of this work shall be of immense assistance to each to these user groups in the advancement of their interest.

1.4 RESEARCH HYPOTHESES

The following null and alternative hypothesis shall be tested in this research works:

1. H0: The information provided in financial statements is not adequate to support good decision making.

Hi: The information provided in financial statements is not adequate to support good decision making.

2. H0: The disclosure requirements of statements do not affect corporate performance positively.

Hi: The disclosure requirements of statements do not affect corporate performance positively.

3. H0: corporate organizations do not comply strictly to the statutory regulations.

Hi: corporate organizations do not comply strictly to the statutory regulations.

4. H0: Financial reports do not meet the needs of the various users of financial information.

Hi: financial reports do not meet the needs of the various users of financial information.

1.5 SIGNIFICANCE OF THE STUDY

This study is a very important one and most significant at this period of economic situation which has witnessed the collapse of giant corporate with impressive profit and loss accounts and balance sheet statement, because the financial report serves is a “prima facie” evidence on the state of attains of such companies as well as its performance and could be relied upon as a certificate because it had the auditors certification, financial reporting could be done with every ser business, utmost good faith and diligence.

1.6 SCOPE OF THE STUDY

This study could have covered the impact of financial accounting reporting on corporate performance of all the sectors of the Nigerian economy but due to the challenges of such a task especially the financial resources with which to execute it, it is limited to braving industry. The study used the Nigerian Breweries plc, Enugu.

1.7 LIMITATIONS OF THE STUDY

The limitations encountered by the researcher of this work are given as follows:

a. The confidential nature of financial accounting information in the business organization posed as a problem to this business organization posed as a problem to this study.
b. The researcher was unable to reach all the members of the sample as a result of their frequent travels and busy schedule.
c. The sample used in the research though representative but it is relatively small compared to the population, as a result of lack of financial with which to carry out the research on a greater sample.

1.8 DEFINITION OF TERMS

Auditor: a person who is qualified to examine the accounts of an organization to see that they are in order.

Balance Sheet: a business as at a specified date.

Bank: a financial institution whose responsibilities among others is to keep deposits for their client and customers.

Government: an institution of the state whose responsibility is to maintain law and order in the society.

Prima facie: sufficient to establish something legally until disprove later.

Researcher: an enquiring basically concerned with search knowledge.

REFERENCES

Alexander, D. and Britton, A (1996); Financial Reporting (5th edition). London. Olakanmozco (2007); The Companies and Allied Matters Act Cap. (20 LFN 2204 (2nd edition) Law Lords Abuja.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 OVERVIEW OF THE FINANCIAL ACCOUNTING SYSEM

The financial accounting system is one that is well designed to facilitate the smooth, efficient and uninterrupted flow of data from the point where a transaction occurs through the various stages of data processing to the final stage, thereby culminating in a report.

A financial accounting system is made up of three distinct stages which are:

a. Data recording.

b. Information summarization and interpretation.

c. Information reporting

2.2 FINANCIAL ACCOUNTING RECORDS

The starting point for the financial accounting is the recording and analysis of transactions. A definite step is followed in the traditional accounting approach, the steps in the processing and generating of output of the accounting system are:

i. Identification and analysis of relevant transitions in the journal.

ii. Making entries of the transactions in the journal.

iii. Posting from the journal to the ledger.

iv. Preparation of trial balance.

v. Determining and recording of the adjusted entries in the journal the ledger.

vi. Preparation of the adjusted trial balance.

vii. Preparation of the final accounts and statement which are the profit and loss account and the balance sheet.

It must be noted that in the emerging business environment where e-commerce is the procedure of doing business, the majority of business are conducted electronically. Whereby transactions happen paperless, it is worthy of note that the steps may not followed sequentially but in essence. They very need for all the step is satisfied in the electronic system. But because accounting focuses on the transactions and the financial information content rather than the steps taken to actualize or document it, accountants have adapted themselves to the current e-commerce business environment and the product which is d a financial report is still the same.

2.3 THE SUBSIDIARY BOOKS THE GENERAL JOURNAL [PROPER]

This is used for the following:

a. Opening entries.

b. Closing entries.

c. Transactions of a special nature

It should be noted that every transaction is capable of entry in the journal proper, but in order to economize resources, other books are used in place of the general journal. A golden rule in accounting is that all transaction must pass through the journal proper before posting to the ledger. Each accounting transaction is entered in the journal in a chronological order, analysed into debit and credit, made self-contained and separated from any other transactions. Specifically a journal entry consists of:

a. The transaction data.
b. The amount of each debit and credit.
c. A brief narration of the transaction.

The journal provides in a permanent form a full descriptive record of financial transaction and thus facilitates the entries into the ledger. The entering a transaction in journal is called journalizing.

ADVANTAGES OF A JOURNAL

Some of the advantages are:

a. The journal uniquely provides in one place complete picture of each transaction.
b. The journal provides a complete chronological history of all transactions, as such if serves as a source for future reference to the accounting transactions, of an entry.

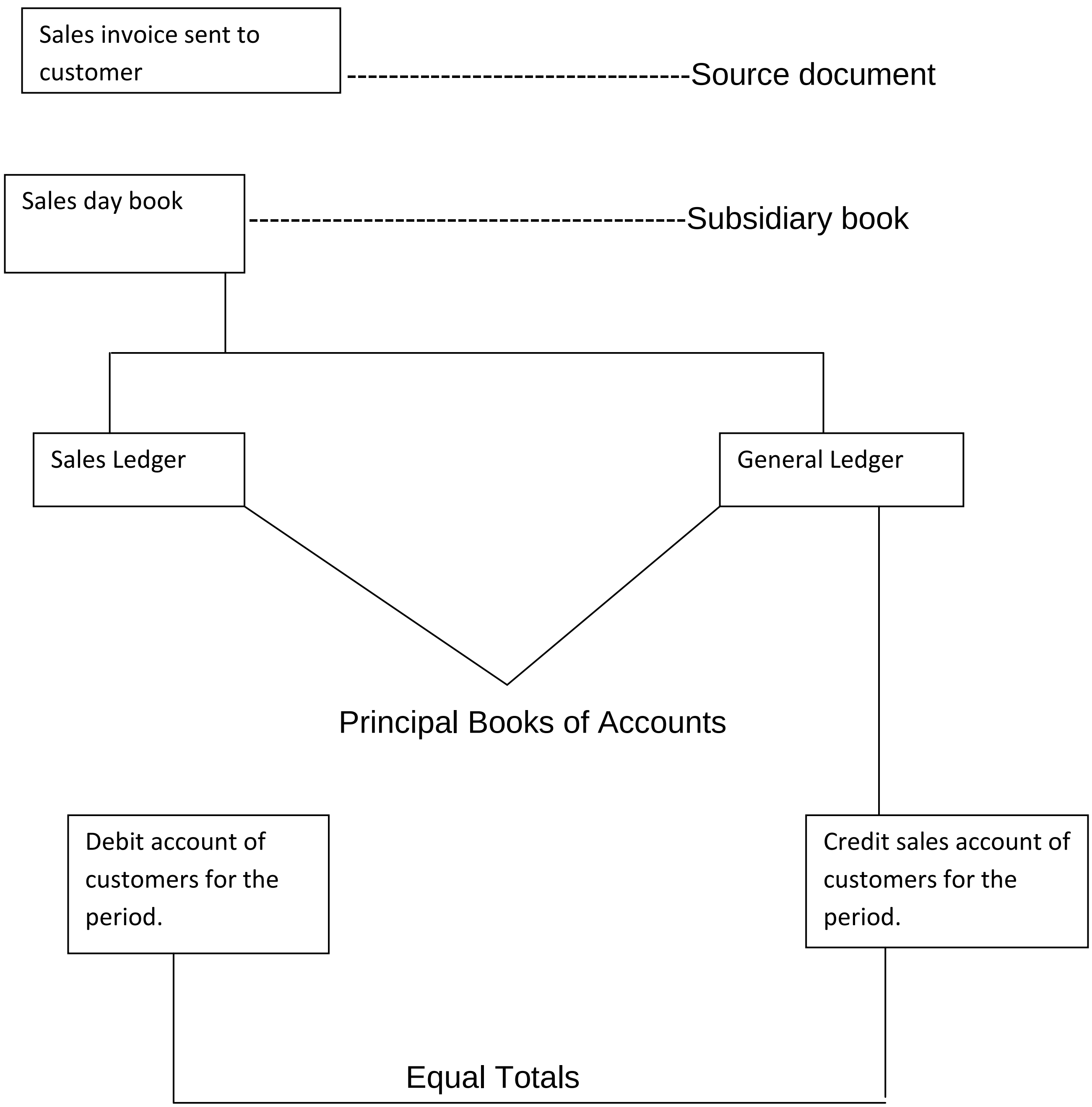
c. The use of a journal reduces the possibility of an error when transaction are first recorded.

d. A journal provides concede but informative narrative sufficiently detailed to prove or disprove the accuracy of a transaction.

SALES DAY BOOK

Each sale, with the exception of cash sales shall be entered in the sales day book with such details as dates, name, reference to duplicate invoice, and posted to the debit of the buyer's account in the ledger. At the end of any interval provided that if does not overlap the period for which the final accounts are to be prepared, the whole accounts are added and the total posted to the credit of sales account.

The inter-relationship between source documents, the sales day book and the ledger may be shown with the following diagram.



Source Document: Sales Day Book and Ledger Entries.

RETURNS INWARD BOOK

This is a book of original entry for recording sales returns it is therefore, sometimes called a sales returns book or returns inward and allowance journal, copies of credit noted sent to customers from the source of information.

The commonest reasons for returning goods are that they are unsatisfactory due to damage in transit, poor finishing or deviation from standard quality. Where the damage is partial, instead of the whole goods or even a part being returned, some reduction may be mark from the invoice price and the customer credited accordingly.

In each of these circumstances, the relevant details are shown in the credit note which is sent to the customer.

PURCHASES DAYBOOK

The purchase day book is a subsidiary book which credit purchases are entered. The source document from where the data from the entries is got from is the purchased invoice from suppliers. Particular attention must be to the method of dealing with trade discounts. Trade discounts should be adjusted from the listed prices of goods and should be deducted before the purchase is entered in the day book, so that the entry may represent the true state on purchase price.

RETURNS OUTWARD AND ALLOWANCE BOOK

The returns outwards and allowances book may be regarded as the opposite of the returns inward book. The latter is the book in which sales returns are recorded where as the former is a subsidiary for recording purchases returns allowances book. The source of information for making entries in the return outward book are credit noted sent to the business by suppliers.

2.4 SOURCE DOCUMENT

Sources documents are original documents from which accounting records are kept. The importance of source documents derive from the fact that they capture the details of transactions at the original and subsequent recording of the transactions will be based on details on the source documents. A typical source document will have the following key information:

a. Data of the transaction (s).

b. Brief details about the transaction (s).

c. Amount of the transaction in naira.

d. Signature of authorizing or approving officer.

The examples of source documents are:

a. **INVOICE:** an invoice is a business document prepared when goods are sold on credit and is normally sent by the seller to the buyer. It gives the detail of the goods and the value of the transaction to the seller of the goods as well as the buyer.
b. **RECEIPTS:** these are business documents issued by a creditor to a debtor when cash is received in the settlement of debt or a situation of outright cash sales in acknowledgment for the receipt of cash.
c. **DEBIT NOTES:** a debit note is a document prepared by a customer who returns some of the goods previously bought on credit, given to the creditor indicating that he has debited his account in his book to the amount replaced in the debit note. It has various uses between the seller and the buyer.
d. **CREDIT NOTE:** when the returned goods are received by the supplier, a document to evidence this, is prepared and forwarded to the customer. This document is called a credit note, because the document involved is entered on the credit side of the customer's personal account and debit to the returns inward. This has the effect to reducing the amount of his debit balance.

e. **VOUCHERS:** these are evidence to transactions thus a voucher provides evidence of certain transaction.

2.5 THE LEDGERS

The ledger can be defined as the principal book that contained the accounts for the transactions of a business organization. It is written up periodically and is the ultimate destination of all entries recorded in the subsidiary books.

The ledger is sub-divided into three forms namely:

i. Debtors ledger or sales ledger: this ledger contains the accounts of the credits customers.
ii. Creditors ledgers or purchase ledger: this is ledger contains the accounts of credit suppliers.
iii. General ledger of nominal ledger: this ledger contains all other accounts except accounts of trade debtors and trade creditors.

2.6 CLASSIFICATION OF ACCOUNTS

There are two broad classifications of accounts: These are personal accounts and impersonal accounts. Personal accounts are the accounts of persons, natural or corporate, which have business dealings with the organizations. The personal account comprises “debtor” accounts, creditor’s accounts, capital account and bank account.

Impersonal accounts are accounts of non persons. Impersonal accounts are further sub-divide into real accounts and nominal accounts. Real accounts relate the tangible assets whereas nominal accounts relate to revenue/income expenses and intangible assets.

2.7 THE TRIAL BALANCE

If the doubled entry principal has been completed and correctly applied, it is obvious that the total of credit entries. That is why the trail balance is seen as an account that tests the arithmetic accuracy of the ledger.

2.8 THE PROFIT AND LOSS ACCOUNT

This is an account that is prepared in order to disclose the performance of the business in terms of determining the gross and net profit of an organization.

According to the statement of accounting standard number two which highlights information to be disclosed in the financial statements, the trading profit and loss account forms a major part of the financial statements of corporate organizations.

2.9 THE BALANCE SHEET

A balance sheet is a statement that present the assets owned and used by a business organization for the purpose of generating income doing side the liabilities which is the amount owed by the business, thus the amount represents claims by outsides, over the assets of the organization.

The balance sheet is a very important statement which at a particular date shows the worth of the organization its presentation and disclosure is guided by the CAMA 2004 Cap C20 LFN and the statement of accounting standard.

2.10 PRINCIPLES AND ASSUMPTIONS UNDERLYING FINANCIAL ACCOUNTING

Principles are generally ideas that are intended to guide accountants in recognizing economic activities. Assumptions represent common understanding about the accounting entity and the environment under which principle will have to be applied.

Accounting principles are built on some fundamental concepts which are often disclosed because they are generally accepted as the under pinniys for the preparation and presentation of financial statements.

THE BASIC CONCEPT

The Entity Concept: accounting information is prepared from the point of view that every economic unit, regardless of its legal form of existence is treated us a separate entity from parties having proprietary or economic interest in it. Thus, the business and the owner (s) are considered completely separate. This is so such that the business will always be treated by the accountant on its own merit.

THE MONEY MEASUREMENT CONCEPT

This convention states that the accountant only records those facts that are expressed in money terms. Any facts, however revenant they may be to the user of the financial information is ignored by the accountant if they can not conveniently by expressed in money terms. It is often that the greatest asset on effective and efficient business possesses is the work force. So why does the work force never appear on a business balance sheet? The short answer is that it would be extremely difficult to quantify this asset and other resources in money terms. So the accountant does not bother to try. Facts and outcomes that cannot be expressed in money terms are ignore.

THE GOING CONCERN CONCEPT

This concept states that in the absence of evidence to the contrary it is assumed the business will continue to indefinite future. This concept has a major influence on the assumptions made when evaluating a particular item in the balance sheet. For example, the convention allows us to assume that stock will eventually be sold in the normal course of business i.e. at normal selling price. Perhaps, even more obviously it allows for the principle of depreciation. If an item of plant is depreciated over ten years, when we are assuming that the plant will have a useful life to the business of ten years. It is worthy of note that the going concern concept does not say that the business is not going to heep being profitable into the indefinite future. It merely says or assumes that the business will manage not to collapse altogether.

THE HISTORICALL CONCEPT

The historical concept holds that cost is the appropriate basis for initial account recognition of all assets acquisition, service rendered or received expenses incurred, creditors and owners interests and it also holds that subsequent to acquisition values are retained throughout the accounting process. The historical cost concept does not always receive the new universal support of earlier years.

THE PERIODIC CONCEPT

It is a well known fact that the result of a business unit cannot be determined with precision until its final liquidation, the business community and users of financial statements require that the business be divided into accounting periods usually one year and that the charges in position be measured over these period.

THE DUALITY CONCEPT

This may be regarded as a formalization of the basis of double entry. It states that in relation to any one economic event, two aspects are recorded in the account namely:

a. The source of wealth.
b. The form is takes (its application). The concept further states that these two aspects always equal to each other.

THE MATCHING CONCEPT

This concepts holds that for any accounting period the earned revenue and all the incurred costs that generated that revenue must be matched and reported for the period if revenue is carried over from a period or deferred to a future period all elements of costs and expenses is relation to the revenue are usually carried over or deferred as the case may be.

THE CONSISTENCY CONCEPT

Usually, there is more that one way in which an item may be treated in the accounts, without violating accounting principles. The concept of consistency holds that when a company selects a method, it should continue (unless conditions warrant a change) to use that method on subsequent periods so that a comparison of accounting figures over time is meaningful.

THE REALIZATION CONCEPT

The concept establishes the rule for the periodic recognition of revenue as soon as:

a. It is capable of objective measurement.
b. The value of assets received or receivable in exchange is reasonably certain. It is the view that revenue can be recognized at various points for example, when goods we produced, when goods are delivered and the owner has assumed liability or when the transaction is completed choice, in most cases is an industrial norm and depends

on which of the points is the critical even only when the event is passed can revenue be legitimately recognized.

THE FUNDAMENTAL ACCOUNTING PRINCIPLES

In the choice and application of the appropriate accounting principle or policies, some fundamental concepts contradict one another. It is exercise of judgment needed but some practical principles have been evolved for use in particular circumstances some of these principles are:

a. **Substance over form:** Although business transactions are usually governed by legal principles, then are nevertheless accounted for and presented in accordance with their substance and financial reality and not merely with legal form.
b. **Objectivity:** This principle connotes independence of judgment on the part of the accountant preparing the financial statements. Objectivity requires support by veritable evidence, in contrast to subjectivity or dependence on the inevitable opinion of the accountants preparing the financial statement.
c. **Fairness:** This is an extension of the objectivity principles in view of that fact that there are many users of accounting information, all having different needs, of the fairness principles requires that

accounting reports should be prepared not to favour any group or segment of society.

d. **Materiality:** This principle holds that items of materials values are accorded their strict accounting treatment.

e. **Prudence:** This principles demands exercising great care in the recognition of profit whilst all known losses are adequately provided for. This is however, not a justification for the creation of secret of hidden reserves.

ACCOUNTING BASES

These are the totality of methods adopted by an enterprise for applying fundamental accounting concepts to its financial transactions. They include for example the determination of the accounting period for the purpose of revenue and cost recognition and the values to place on items appearing in the balance sheet as at the end of each accounting period. There are two distractive accounting bases, the accrual and the cash

ACCRUAL BASIS

Under this basis revenue and expenses are recognized in the accounting period to which they relate and in which they are earned and incurred and not when they are received or paid.

CASH BASIS

Under this basis only revenue actually received and expenses actually paid during an accounting period are recognized in that period.

2.11 ACCOUNTING STANDARDS

A standard is an greed upon criteria of what is proper practice in a given situation, a basis for comparison and judgment, a point of departure when variation is justifiable by the circumstance and reported as such. Standards are not designed to confine practice within rigid post to truth, honest and fair dealing. They are not accidental but intentional in origin and direct a high, but attainable level of performance. Without precluding justifiable departures and variations in the procedures and process.

The financial accounting reporting in Nigeria is guided by the standards issued by the Nigeria Accounting Standard Board (NASB).

The Nigeria Accounting Standard Board came into being in September, 1982 but was formally established by the National Assembly via the Nigeria Accounting Standard Board Act l003 which became effective on 10th July, 2003.

FUNCTIONS:

The functions of the NASB among others are to:

- Develop and publish Statements of Accounting Standards (SAS) which is to be observed in the preparation of the financial statement.
- Promotes the general acceptance and adoption of such standard by then preparers of financial statements, external authors and user of financial statements.
- Review from time to time the accounting standards developed in line with the prevalent social economic and political environment.

As at August 008, the NASB has issued (30) operational standards in Nigeria which have been adopted by the shareholders in the accounting professional practice.

International Federation of Accounting Bodies (1FAB) the internal federation of accountancy bodies is an international organization to which each country's accounting body is affiliated to and an organization that promotes uniformity of principles adopted by accountants throughout the world. IFAB has a standing committee known as the international accounting standard committee (IASC) which is responsible for the issuing of accounting standards known as international accounting standards (IAS). As present, the IASC of IFAB has issued forty one (41) operational standards adopted by member countries and is being practiced worldwide.

STATEMENTS OF INTERPRETATION OF INTERNATIONAL ACCOUNTING STANDARD (SIC).

From time to time, the IASC issue out interpretation of (ISA) known as statement of interpretation (SIC) which insists in the better understanding of IAS because of the ambiguity in the statement earlier issued. At present, IASC has issued eleven (11) of such interpretations.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

With the globalization trend in commercial activities the need for a uniform and globally accepted standards for the treatment of financial transactions such standards should be widely acceptable and thereby bring uniformity and consequently, give room for comparison of financial information regardless of where the financial statements are prepaid. At present, one IASC of IFAB has issued out five international financial reporting standards.

THE PRUDENTIAL GUIDELINES FOR LICENSED BANKS

Banking is essentially an international business especially now that internationalization of most domestic financial markets in many countries are happening at a greater pace. One implication of international banking is the necessity to develop and continuously review the reporting systems which allow for a high degree of compatibility of banking performance across nation boarders. It is on this note that the apex institution in the Nigeria banking system, the central bank of Nigerian (CBN) through the Banking Supervision Department (BSD) issued on November 7, 1990 circulation letter N0: BSD/DO/23/VOL: 1/11 to all licensed banks and their auditors. The circular addressed requirement for assets classification and disclosure, provisions, interest accruals and off-balance sheet engagements.

This guideline is to be strictly adhered to be all licensed banks because it bears heavily on the financial accounting reporting of bank in Nigeria.

2.12 CONTROVERSIAL ISSUES IN FINANCIAL ACCOUNTING REPORTING.

Financial accounting is an evolutionary disciple that has continued to change in its method and practice over time as such some practices of the disciple have raised questions from the accounting expert as to what constitutes the best accounting practices.

ACCOUNTING METHODS AND PRACTICES

a. Historical cost accounting method

The historical cost accounting is the current accounting practices and techniques adopted by companies in preparing and presenting their published financial statements of public use. There is not strict definition of historical cost accounting according to OKWUOSU, but is characteristics revolve around concepts and conventions contained in the international accounting standards and local statement of accounting standard issued by the NASB. The two main characteristics of historical cost accounting are:

1. All the financial transactions of an enterprise are recorded at their historical cost.
2. Monies received and paid out are at historical cost. At the end of the profit and loss account, balance sheet and cash flow statement are produced using historical figures of transactions.
3. Transactions are matched in the profit and loss account such that the income generated in a period is matched with the expense incurred to generate income. This is the matching accrued concept.

Although the use of historical cost accounting excluded adjustments for information, the cost needs adjustment when calculating the book values of assets. A modified historical cost is used in practice and makes use of fair values net realizable value and revaluations to reflect the current situation.

The question that continues to raise concern in the historical cost accounting usage in financial accounting reporting is whether it reflects the true position of the state of the business given the inflationary trend in most economies? The fact that historical cost accounting was developed when there was little inflation without considering the impact in changing prices is an indication that it can no longer be effective if s financial report is to present a “true and fair view” of the state of affairs of a business.

a. current Purchasing Power Accounting (CPP). The greatest criticisms of traditional historical cost accounting has stemmed form its inability to reflect the effects of changing price levels. This raised a hearted debate in the un with several committee set up in 1949 by the institute of chartered accountants of England and Wales and the government.

The Current Purchasing Power (CPP) accounting was the most acceptable method adopted by professional accountants in the united Kingdom for accounting for inflation in the 1980s, but with the report of the committee set up by the government and chaired by sanfilands, which says that the current accounting should be the basic of reporting as inflation is no much of a problem in the UK. CPP was then abandoned. The fundamental aim of CPP accounting is to show the effect of inflation on the purchasing power at the end of the current year.

c. The Current Cost Accounting

This method which was recommended by Sandilands committee set up in the UK to be the basic of financial accounting reporting for public companies. This concept has it that the current cost incurred are matched against current revenue for the purpose of determining profit.

But this method has its sett-backs, in real life companies utilize not only input the are bought currently but also inputs that were bought in the past when prices were different from present ones. There are delays of various lengths between acquisition of inputs and realization thereby causing these transactions to be measured by monetary units of different purchasing power.

d. Replacement Cost Accounting

This method in a bud to reflect the current economic situation in the financial accounting report is of the opinion that only income that is in excess of replacement requirements i.e. prevailing market price is real profit.

Accounting to its proponents in a period of inflation the historical cost of asset –inputs should be continuously adjusted to replacement values. If this is done, current sales are matched with real current cost and this basis of conventional profit calculation will be eliminated. The major disadvantage of this market prices of items in the accounts which is not only time consuming but involves outrageous expenses. Although the historical cost accounting has suffered such criticism it has many advantages the reason it has stood the test of time compared to other methods whose cost of implementation for outweigh the possible benefits to be derived.

ADVANTAGES OF HCA

1. **Objective:** This is often stated us being the major advantage of historical cost accounting certainly, if one buts and sells stock or assets if is easy to identify what have been the payments of the receipts.
2. **Cheap:** Compared with other systems of accounting historical cost accounting is cheap to produce in terms of both money and manpower.
3. **Profit Concept:** It is understood that the idea that the difference in the amount between the purchases invoice and sales invoice is the profit.

4. **Comparability:** Historical cost accounting can provide a sound basis for comparing different companies and the ability to compare the result of different periods.

2.13 CROSS SECTIONAL ANALYSIS OF THE SELECTED COMPANY

For the purpose of this research Nigerian Breweries Plc was selected in order to carry out an analysis of their financial statement using their financial accounting records. The annual reports and accounts for the year ended 31st December, 2007.

BRIEF HISTORY OF THE COMPAY

The Nigerian Breweries plc is a subsidiary of Heinekn N.V. which has a 54.10% interest in the equity of the company i.e. Nigerian Breweries plc. The company, which is a publicity quoted, was incorporates on 16th November 1940 under the name of Nigerian Brewery limited. It was later named Nigerian Breweries plc in 1990 when the companies and Allied Matters Act of that year came into effect.

Principle Activities:

During the year under review, the principal activities of the company remained brewing marketing and selling lager, stout, non-alcoholic malt drinks and soft drinks.

RE- APPRAISAL OF COMPLIANCE WITH THE STATEMENTS OF ACCOUNTING STANDARD SAS 2 INFORMATION TO BE DISCLOSED IN THE FINANCIAL STATEMENT

NIGERIA BREWERIES PLC PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007.

	Notes	2007	2006
		N' 000	N' 000
Turnover	1	111, 748297	86,32205
Cost of sales		(52, 563937)	(41, 99004)
Gross Profit		59, 183, 460	44332 071
Selling and distribution			
Expenses		(17, 866, 000)	15, 010, 210
Administrative expenses		(14, 210, 786)	(12, 496, 390
Other income	2	249, 466	122, 962
Operating profit		27357040	169484433
Bank interest	3	51926	512178
Profit before taxation	4	27876336	16436255
Taxation	5	(18933489)	(55, 35731
Profit after taxation		18942856	10900524
Appropriations			
Declared dividend	6	12024474	9075075
Transfer to general reserve		6918383	1825445
		18942856	1090054
Earning per share	7	250	144
Divided per share	8	159	120

Fixed assets	1	50194044	49677917
Investment	2	1500, 001	150,000
Long-term debtors and prepayments	3	272383	911935
Current assets			
Stock	4	16156788	12671803
Debtors and prepayments	5	758575	4933097
Foreign currencies			
Purchased for imports			
Imports		392957	150290
Band aid cash balances	6	15795757	7162021
Total current assets		39931255	24917210
Current liabilities taxation	7	7297562	4288141
Divided	8	4169720	3242106
Other current liabilities		17946249	16345228
Net current assets		10517724	10041735
Total assets less			
Current liabilities		61134751	51781587
Long term liabilities			
Deferred taxation	9	(11360359)	(8784716)
Gratuity and other			
Long employment benefit	10	(6591350)	(6747478)
Total assets		43183042	36249393
Capital and reserves			3781282
Share capital	11	3781282	7353600
Fixed assets revaluation reserve	12	7324530	4568038

Share premium	13	4568038	20546473
General reserve	14	27509192	36249393
Shareholder’s funds		43183042	

RATIO ANALYSIS OF THE FINANCIAL STATEMENT

An accounting ratio is a proportion of fraction or a percentage expressing the relationship between one item in a set of financial statements and another item in the same financial statement. Accounting ratio are the most powerful of all the tools used in the analysis and interpretation of financial statements. Thought them have their short comings

1. **Short term slovenly and liquidity ratios;**

a. Current ratio $= \dfrac{\text{Current assets}}{\text{Current liabilities}}$

.: Nigeria Breweries 2007 $= \dfrac{39931255000}{29413531000}$

$= 1.358:1$

Given that this ratio measures the extent the current assets can cover the current liabilities, the ratio of Nigerian Breweries plc for this 2007 is a poor cover.

b. Quick assets (or acid test) ratio:

This ratio indicates the ability of a business to meet its short-term obligations out of its liquid assets. Liquid assets are assets that can be converted into cash without appreciable loss of cash value. A ratio of 1.1 is considered to be ideal.

$$\text{Quick assets ratio} = \frac{\text{Current assets - stock}}{\text{Current liabilities}}$$

$$\text{Nigeria Breweries 2007} = \frac{39931255000-1615678800}{2941353100}$$

$$= \mathbf{0.808:1}$$

As can be observed from the ratio above aside stocks which its realizable value could be less than the stated value, the liquid assets cannot cover the current liabilities. Though this is because of its buyer investment in stock

2. Efficiency /Profitability Ratios

a. Return on capital employed (ROCE) ROCE shows the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed out their disposal. This measure of the profitability and efficiency of a business.

$$\text{ROCE} = \frac{\text{profit after taxation}}{\text{Capital employed}} \times \frac{100}{1}$$

$$\text{Nigeria Breweries 2007} = \frac{1894285600}{4318304200} \times \frac{100}{1}$$

$$= \mathbf{43.87}$$

The above computation shows that the management of Nigerian Breweries plc has returned 43.87% of its capital employed.

b. Gross margin: This ratio expresses the relationship between gross profit and net sales refer to sales after dedication of returns and VAT. The ratio helps to determine the efficiency of an enterprises trading and manufacturing operations.

$$\text{Gross Margin} = \frac{\text{Gross profit}}{\text{Turnover}} \times \frac{100}{1}$$

$$\text{Nigeria Breweries 2007} = \frac{59184360000}{111748297000} \times \frac{100}{1}$$

$$= \mathbf{53\%}$$

The computation shows that Nigerian Breweries plc does not have good gross margin, this indicated that the company's cost of sales in on the high side and needs to be controlled.

3. Investors / Shareholders' Ratios

1. Earnings per share (EPS)

This ratio gives an indication of the amount of net profit after tax and preference dividend (but before taking accounting of extra ordinary income) and expenses attributable to each ordinary the period.

EPS = profit on ordinary activities after tax minus preference divided by the number of issued ordinary shares ranking for divided.

$$\text{Nigeria Breweries 2007} = \frac{1894285600}{7562562340}$$

$$= \textbf{250 kobo}$$

4. Long term solvent and stability ratio.
   a. Long-term debts to shareholders funds. This ratio reveals the relationship between shareholders' funds, and long term debts. It measures the extent of security for creditors. The shareholder's equity includes ordinary shares and reserves. It is given by

$$\text{Gross Margin} = \frac{\text{Long-term}}{\text{Shareholders' funds}} \times \frac{100}{1}$$

$$\text{Nigeria Breweries 2007} = \frac{272383000}{43183042000} \times \frac{100}{1}$$

$$= \textbf{0.63 \%}$$

b. Total debts to shareholders fund

$$= \frac{\text{long liabilities x} \quad \text{current liabilities}}{\text{Shareholder's fund}}$$

Nigeria Breweries plc 2007 $= \frac{2723883000 \text{ x } 2941353100}{4318304200}$

$$= \mathbf{68.74\%}$$

Summary of Ratios

Ratio	NB PLC
Current Ratio	1.1358:1
Quick Assets Ratio	0.808:1
ROCE	43. 87%
Gross Margin	53%
EPS	250k
Long-term debt to shareholders funds	0.63%
Total debt to shareholders funds	68. 74%

LIMITATIONS OF RATIO ANALYSIS

1. The major limitation derives from the fact that they are mostly computed from historical accounts. Consequently they suffer from the same limitations which historical accounts suffer. According to (Kodjo,

200;18) in his concept of relevant information which bear on the decisions, he is of the view that historical data are irrelevant, although for decision making they may serve to enrich the experience of decision maker without affecting the decision itself.

2. When carrying out inter company analysis, different accounting policies adopted by the thereby making comparison in its strict sense difficult.

REFERENCES

Admon, K. and Schmidt, G. (1977); Profit Measurement During Inflation, Avilla Inter Science Publication New York.

Alexander, D. and Britton, A. (1996); Financial Reporting, International, Thomas Business Press London.

Eboe, L. E. (1988); Social and Economic Research Principles and Methods Academic Publishers and Development Resources ltd, Lagos.

Ofoegbu, G. N. (2003); Advanced Financial Accounting, Precision Publishers Ltd, Enugu.

ICAN (2006); Business Communication and Research Methodology vii Publishers Lagos.

Igben, R. (2003); Financial Accounting Made Simple Rol Publishers, Lagos.

Okwuosa, (2005); Advanced Financial Accounting Manual Arnohl Consulting ltd.

Prudential Guidelines for Licensed Banks Issued by the Central Bank of Nigeria November 1990.

Statement of Accounting Standards; issued up to 2008-SSI-30 The Companies and Allied Matters Act Cao (20 LFN 2004).

Tom, L. (1976); Company Financial Reporting Chapman and Hall Ltd, London.

Wood and Saugter, (2002); 9th edition Business Accounting Prentice Hall, England.

CHAPTER THREE

RESEARCH METHODOLOGY

The method used in the generation of ideas and collection of data for this research as well as the methods employed in the analysis of the data shall be discussed briefly in this chapter. The researcher employed various method and procedures to achieve the objectives of this research. The methods that were used in the collection and analysis of data are outlined together with how these methods led to the conclusion drawn with regards to the research question.

3.1 RESEARCH DESIGN

This section which could be referred to as either research design or research method is very critical to the entire research process. It is in this section that the research stamps his scientific status on the process. A research design therefore is a blue print or scheme that is used by the research for specific structure and strategy in investigating the relationship that exist among variables of the study so as to enable him or her collect the data which will be used for the study. Research designs are basically of four types, which are experimental, historical, survey and case study research design. For the purpose of this study, I adopted the case study approach in evaluating the impact of financial accounting on the corporate performance of business organizations.

3.2 SOURCES OF DATA

Both primary and secondary sources of data were adhered to on the course of this study and the attitude and responses of those interviewed were noted.

Primary Sources of Data: The primary sources of data are the sampling or study unit from which information is obtained on a first hand basis (Eboh, E.S.1998:68). It is very important to note here that the researcher did not adopt any rigid method in the collection of data; rather the data for the research were collected in response to the requirements of the research problem. Creativity and judgment also played a vital role at this stage of the project, bearing in mind that the final judgment will be partly constrained be the type and value of information collected. The primary data were gathered from the following sources.

a. **Oral Interview:** personal interviews were conducted in addition to the questionnaires which were duly administered. The information obtained through the oral interview was use in cross-checking the responses to the questionnaire. It either affirmed or disproved the data collected

b. **Unstructured Interviews:** unstructured interviews were also collected out through informal discussions with various staff members at different levels of operations. This gave the researcher the opportunity to structure the questionnaire wordings in order to gain the understanding of the subjects and enabled him receive the more accurate and reliable information. This in no little way contributed the objectivity on the part of the respondents.

c. **Actual field investigation:** The researcher was privileged to see the annual reports in order to fully comprehend their performance as well as its reporting style.

Secondary Sources of Data

Library materials provided the bulk of the secondary research data collected by the researcher. These resource materials were used to review extensively the facts and the reporting components of Nigerian Breweries plc. For the purpose of obtaining these secondary data, the following academic libraries were used:

a. Central Bank of Nigeria
b. National Library, independence layout Enugu.
c. University of Nigeria Enugu Campus Library

In the summary these sets of data were gathered which includes:

- Data from oral interview and library materials.
- Data from the compilation of other related research work previously conducted

The Data Gathered Was Used At Three Different Stages As Follows:

- In anticipation of these data the question on the questionnaires were designed in order to ensure that the respondents will confirm these data.
- The data also formed the basis upon which the review of related literature was carried out.
- They also formed part of the analysis carried out in chapter four which led to conclusion which were later arrived at in chapter five.

3.3 METHOD OF DATA COLLECTION

Collection of data refers to the research instruments used by the researcher to collect whatever data needed. The research instruments used in this research include: questionnaires, interviews and library research. Questionnaires were employed by the researcher because it is most practical, economical and easiest way of obtaining information about events. They also helped in collecting information that are valid. Interview schedule was made use of by the researcher because of its usefulness in following up an unexpected result in order to validate other method or problem motivation of respondents and their reasons for responding the way the did. The primary gathered were effectively and extensively employed in the next chapter to test the formulated hypothesis.

3.4 DETERMINATION OF POPULATION SIZE

Whenever a researcher is planning to carry out a study, he or she must consider carefully those things that will constitute the object of his focus-those people or things constitute his study population simply put, a study population is the total of the critical analysis on aggregate of which is the total of the number of persons on objects for investigation. However, our population size for this stud constitute the staff members of Nigerian Breweries plc who are knowledgeable in the preparation of the financial reports of the company. The population is arrived at by a census of the population components. The study population is one hundred (100).

3.5 DETERMINATION OF SAMPLE SIZE

A sample is a representative subset of the population. The sample size is thus determined using the formula:

$$n = \frac{z^2 \ s^2}{e^2}$$

Where s = 1.96, z = 95%, e = 5%

n = sample size to be determined

z = the confidence level desired

e = the sampling error permitted

s = the standard deviation of the population substituting the values into the formula, the sample size can be derived thus

$$
\begin{aligned}
n &= \frac{(1\text{-}96)^2 \quad (13)^2}{5^2} \\
&= \frac{3.8416 \times 169}{25} \\
&= 25.96 \\
&= \mathbf{26}
\end{aligned}
$$

In order that sample adequately represents the population and to enable the research to draw a valid conclusion based on the sample studied, the non-random sampling method was used by the researcher, this enabled me to reach certain persons who had the knowledge about the subject matter.

3.6 METHOD OF DATA ADMINISTRATION AND QUESTIONNAIRE

A questionnaire is a composition of carefully selected and ordered questions and statements presented to the respondents in order to obtain information or data required to test the hypothesis. This test will provide answers to the questions raised in the research problem.

The questionnaires were administered based on the non-random selection of the persons as contained in the sample. This was done in such as way as to get the desired result. The questionnaire contains a total of twenty-seven (27) questions. The questions are of the from of closed-ended, where the responders are only expected to choose from alternatives and open-ended where respondents are expected to give their opinion freely without having to choose from any alternative.

3.7 METHOD OF DATA NANLYSIS

I translated the data collected into simple percentages. This was to enable an inferential statement to be made about any relationships. The formulated hypothesis were tested using chi-square (x^2) test statistics which measures the significance of the difference between the observed set of frequencies. The computations were done using the chi-square formula which is

$$X^2 = \frac{£\ (of - ef)^2}{ef}$$

Where; of = observed frequency

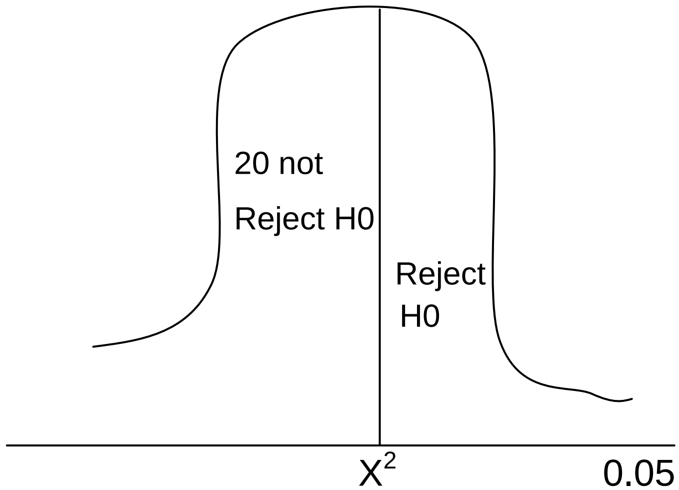
ef = expected frequency

The research hypothesis earlier formulated in the chapter one were tested in chapter four for acceptance or rejection using the chi-square statistical technique. In using percentage and frequency distributions, a number of tables will be used in analyzing the responses of the questions asked and the percentage calculated and based on the total number of responses.

3.8 DECISION RULE

The research hypothesis will be tested accordingly so as to achieve the objectives of the study. Each of the four sets of hypothesis was tested and the result in each case was used to determine whether or not the alternate hypothesis should be rejected or accepted. Based upon the degree of freedom (df) and the level confidence derived, a critical value of chi-square is determined from the chi-square table (x^2).

The decision rule therefore is to reject the null hypothesis if the critical value (x^2e) obtained from table of chi-square is greater than the chi-square value (x^2) computed using the formula; if otherwise do not reject the null hypothesis.



The decision rule is summarized by the curve drawn above.

Mathematically the decision rule could by stated thus:

Reject H0 if $X^2 > x^2{}_e$

Accept H0 if $X^2 < x^2{}_e$

When X^2 = chi – square value obtained from the chi – square table or simple known as the critical value.

X^2 = the calculated chi – square value the table value which is represented by $X^2 = 3.841$

REFERENCES

Ebe, L.F. (1988); Social and Economic Research Principles and Methods, Lagos Academic Publications and Development Resources Ltd.

Ezejielue et al (1990); Basic Principles in Managing Research Project, Africana Publisher Ltd, Onitsha.

Fred and Frank (1983); Modern Business Statistics London, Pitman Books Limited.

ICAN Study Pack (2006); Business Communication and Research Methodology vi, Publishing Limited, Lagos.

Nkemakolam, E.D. (1995); Designing and Conducting Research in Education, Cannum Publishers Limited, Owerri.

Onoh and Igenma, (2000); Applied Statistics Techniques for Business and Basic Science. RCP Limited Owerri.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 DATA PRESENTATION

The data collected for this study were presented, analyzed from the questionnaires based on the responses received from the questionnaires which were computed and returned. A total of twenty-six copies were administered to the selected sample, but it was only twenty-three copies that were duty completed and retuned. The table below shows the summary of the distribution of the questionnaire and the number returned.

Table 4.1

Number of questionnaire issued and the percentage returned.

Respondents	Issued	Returned	Percentage (%)
Accountants	10	10	38.5
Auditors	5	5	19.2
Analysis	11	8	30.8
Total	26	23	88.5

In the due process of presenting and analyzing the relating directly to the four hypothesis. The chi-square (X^2) test at the 5% level of significance of tolerable error or at a 95% confidence level. The testing procedure will follow the same decision rule that is to reflect the null hypothesis if the computed value is greater than the theoretical or critical value, otherwise the alternative hypothesis is accepted.

4.2 DATA ANALYSIS

In this section the researcher analyzed in a tabular form, the responses to the questionnaire as it relates to the impact of financial accounting reporting on the corporate performance of business organization. The questionnaire is divided into two section, section a contains socio-economic data.

SECTION A: BIO-DATA OF RESPONDENTS

Question 1: The question was optional for the respondents to state their manes since this was of no statistical value, no analysis was carried out on the question.

Question 2: The required the respondents to state their gender. This distribution by gender is presented on the frequency table as follows:

Table 4.2 Gender Frequency Distribution of Responses

Response	No of respondents	Percentage (%)
Male	13	56.5
Female	10	43.5
Total	23	100

Source: Responses from questionnaire No 2

From the table above it was found out that among the number of respondents, thirteen persons, representing fifty-six points five percent were make whereas forty three points five percent were female.

Question 3: The question required the respondents to state their academic qualifications.

Response	No of respondents	Percentage (%)
HND	8	34.7
B. Sc	15	65.3
Professional qualification	(5)	(22)
Total	23	100

Source: Responses from questionnaire No 3

It is observed that a total number of five persons had professional qualification in addition to the other qualifications obtained. This represents 22% of the total respondents.

Question 4: The fourth question required respondents to state their profession.

Response	No of respondents	Percentage (%)
Accounting	15	65.2

Finance	8	34.8
Total	23	100

Source: Responses from questionnaire No. 4

The inference from the above is that a greater majority of the respondents representing 65.2% of the total respondents were of the accounting profession, whereas 34.8% of the total respondents were of the finance profession.

SECTION B: Socio Economic Data

Question 5: The fifth question required the respondents to state whether they have seen an annual report of a company before. The responses were presented in

Table 4.5

Response	No of respondents	Percentage (%)
Yes	23	100
N0	0	0
Total	23	100

Source: Responses from questionnaire No. 5

It could be inferred that the entire respondents had seen the annual report of a company representing 100%

Question 6: The sixth question required the respondents to determine whether the information as contained in the annual report is sufficient to inform a good investment decision of not. The responses were represented in table 4.6

Table 4.6

Response	No of respondents	Percentage (%)
Yes	13	56.5
N0	10	43.5
Total	23	100

Source: Responses from questionnaire No. 6

It could be inferred that there is no significances difference between the respondents that were of the view that the information contained in the annual report was not sufficient to inform a good investment decision and vice versa.

Question 7: The seventh question required the respondents to determine whether the financial reports reflect the true state of affairs of the company. The responses were set below in the table 4.7

Table 4.7

Response	No of respondents	Percentage (%)
Yes	18	78.3
N0	5	21.7
Total	23	100

Source: Responses from questionnaire No. 7

It could be inferred that majority of the respondents were of the opinion that the financial report reflect the true state of affairs of their company whereas the majority representing 21.7% of the total respondents thought otherwise.

Question 8: The eight questions required the respondents to state whether they have shares in their company. The responses were set below in the table 4.8

Table 4.8

Response	No of respondents	Percentage (%)
Yes	17	73.9
N0	6	26.1
Total	23	100

Source: Responses from questionnaire No. 8

It could be deduced that 73.9% of the respondents were shareholders in their company.

DISCLOSURE REQUIREMENT

Question 9: The ninth question required the respondents to determine whether their company complied with the disclosure requirements of the statutes. Their responses were set below in table 4.9

Table 4.9

Response	No of respondents	Percentage (%)
Yes	13	56.5
N0	10	43.5
Total	23	100

Source: Responses from questionnaire No. 9

It could be inferred that only an insignificant disparity existed between those that made one opinion that the company does not adhere to the disclosure requirement of the statutes and those with the opposite opinion.

Question 10: The tenth question required the respondents to determine whether one minimum disclosure requirement were enough to show the state of affairs of the company. The responses were set out below in table 4.10

Table 4.10

Response	No of respondents	Percentage (%)
Yes	10	52
N0	13	48
Total	23	100

Source: Responses from questionnaire No. 10

It could be inferred that majority which respondents fifty two precent were of the opinion that the minimum disclosure requirement were not enough to show the state of affairs of their company whereas the other though otherwise.

Question 11: The eleventh question sought to know from the respondents whether is it true that some companies become illiquid after posting huge profits. Their responses were set below in table 4.11

Table 4.11

Response	No of respondents	Percentage (%)
Yes	2	8.7
N0	21	91.3
Total	23	100

Source: Responses from questionnaire No. 11

As can be seen from their response, the minority representing 8.7% were of the opinion that companies become illiquid after posting huge profit whereas 91.3% had an opposite view.

Question 12: The twelfth question required the respondents to state their monthly income. Their responses were set out in the table 4.12 below

Table 4.12

Response	No of respondents	Percentage (%)
0.50, 000	5	21.7
51, 000 - 200,000	12	52.2
201, 000 - 500,000	6	26.1
501, 000 – infinity	0	0
Total	23	100

Source: Responses from questionnaire No. 12

It could be inferred that the monthly income range of 51, 000 - 200,000 was the highest given the percentage.

Question 13: The thirteenth question required from the respondents to determine whether they would subscribe to the share of the Nigerian Breweries plc. Their responses were set below in table 4.13.

Table 4.13

Responses	No of respondents	Percentage (%)
Yes	14	60.9
N0	9	39.1
Total	23	100

Source: Responses from questionnaire No. 13

It could be seen from the table that the majority representing 60.9% would subscribed to the shares of the company whereas only 39.1% of the total respondents would not.

Question 14: The fourteenth question sought to know whether the information content of the financial repot is capable of informing a sound judgment. Their responses were set below in table 4.14

Table 4.14

Responses	No of respondents	Percentage (%)
Yes	12	52
N0	11	48
Total	23	100

Source: Responses from questionnaire No. 14

It could be seen that there was no significant difference in once response of the respondents.

Question 15: The fifteenth question required to know whether the statements of accounting standard and other relevant statutes in Nigeria prescribe the standard format for financial report 4.15.

Table 4.15

Responses	No of respondents	Percentage (%)
Yes	16	69.6
N0	7	30.4
Total	23	100

Source: Responses from questionnaire No. 15

From the above table majority were of the opinion that there is a set format for preparation of financial report, whereas the minority though otherwise.

Question 16: The sixteenth question enquired to know whether the financial report meets the desired need of the various user of accounting information. Their responses were set out below in table 4.16.

Table 4.16

Responses	No of respondents	Percentage (%)
Yes	14	60.9
N0	9	39.1
Total	23	100

Source: Responses from questionnaire No. 16

It could be deduced that the majority representing 60.9% were of the opinion that the financial report meets the needs of the various users of accounting information whereas the minority represented by 39.1% though otherwise.

Question 17: The seventeenth question sought to know whether their company complied strictly with the provision of the statutes. Their responses were set out below in table 4.17

Table 4.17

Responses	No of respondents	Percentage (%)
Yes	19	82.6
N0	4	17.4
Total	23	100

Source: Responses from questionnaire No. 17.

It could be seen from the table above that a valid conclusion could be reached since 82.6% of the total respondents were of the opinion that their company had complied with the provisions of the relevant statues whereas 17.4% thought otherwise.

Question 18: The eighteenth question required the respondents to state whether the financial reports so presented were prepared objective. The analysis of the responses was set below in table 4.18.

Table 4.18.

Responses	No of respondents	Percentage (%)
Yes	17	73.9
N0	6	26.1
Total	23	100

Source: Responses from questionnaire No. 18

The table above shows that 73.9% of the respondents were of the view that the financial report were prepared objectively whereas only 26.1% thought otherwise.

4.3 HYPOTHESIS TESTING

In this section of this work, hypothesis which had earlier been formulated in chapter one are now being tested accordingly so as to achieve the objectives of this study each of the four hypothesis formulated were tested using an appropriate statistics tool, i.e. chi-square test statistic and the findings in each case were used to determine whether or not each of the alternative hypothesis were to be accepted or rejected. The data for testing the hypothesis were based upon the twenty three respondents whose questionnaires were returned.

HYPOTHESIS ONE

H0: The information provided in the financial statements is not adequate to support good decision making.

Hi The information provided in the financial statements is not adequate to support good decision making.

Test Data: the data used in testing the above hypothesis were responses to questions N0 14, 18 and 19 of the questionnaire. Level of significance. The hypothesis was tested at the 5% level of significance.

Test of Statistics: The test statistics employed is the chi-square (x^2) distribution.

Degree of freedom, df = (r-1) (a-1)

= (2-1) (2-1)

= 1

Computation of critical value (x^2e 0.05 = 3.841)

(Table of x^2)

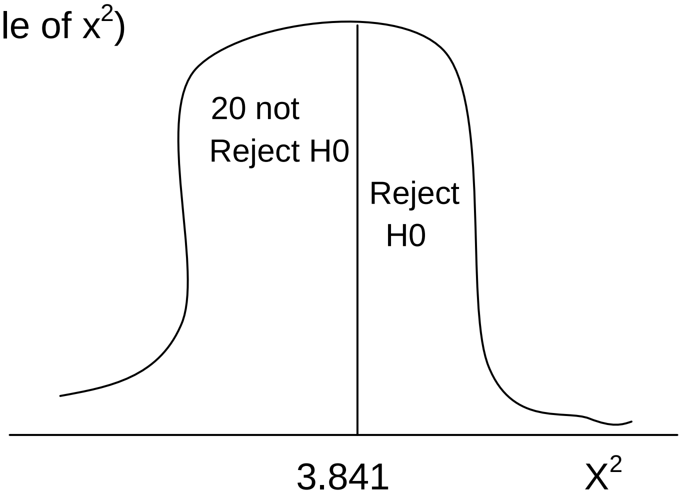


Figure 4.3 1 x^2 curve of hypothesis 1

Decision rule:

Reject H0 if X^2 calculated > 3.841

Accept H0 if X^2 calculated < 3.841

Computation of data for validation of hypothesis

Questions	Yes	N0	Total
Do you think that the financial report has enough information capable of informing a sound judgment?	12	11	23
Do you think that the company has imbibed objectivity in its reporting?	17	6	23
Do you think that the stakeholders desire more information than the organization is giving?	9	14	23

$$ef_{1,1} = \frac{23 \times 38}{69} = \mathbf{12.67}$$

$$ef_{1,2} = \frac{23 \times 31}{69} = \mathbf{10.33}$$

$$ef_{2,1} = \frac{23 \times 38}{69} = \mathbf{12.67}$$

$$ef_{2,2} = \frac{23 \times 31}{69} = \mathbf{10.33}$$

$$ef_{3,1} = \frac{23 \times 38}{69} = \mathbf{12.67}$$

$$ef_{3,2} = \frac{23 \times 31}{69} = \mathbf{10.33}$$

Computation of Calculated Chi-Square Values

of	ef	(of-ef)	$(of-ef)^2$	$\frac{(of-ef)^2}{ef}$
12	12.67	(0.67	0.4489	0.0354
11	10.33	0.67	0.4489	0.0435
17	12.67	4.33	18.7489	1.4798
6	10.33	(4.33)	18.7489	1.8149
9	12.67	(3.67)	13.4689	1.0631
14	10.33	3.67	13.4689	1.34689
Total	-	-	-	5.80219

Decision:

The test statistics has fallen into the rejection area since the calculated chi-square value of 5.80219 is more than the critical or table value obtained i.e. 3.841

$X^21 = 5.80210 > x^2e \quad 0.05 \; = \quad 3.841$

In accordance with the decision rule stated earlier, H0 is hereby rejected and Hi accepted. Therefore, I agree to the statement that the information provided in the financial statement is adequate to support good decision making.

HYPOTHESIS TWO

H0: The disclosure requirements of the statues do not affect corporate performance positively.

Hi The disclosure requirements of the statues do not affect corporate performance positively.

Test Data: the data used in testing the above hypothesis were responses to questions N0 9, 16 and 20 of the questionnaire.

Level of significance: The hypothesis was tested at the 5% level of significance.

Test of Statistics: The test statistics employed is the chi-square (x^2) distribution.

Degree of freedom, df = (r-1) (c-1)

= (2-1) (2-1)

= 1

Computation of critical value (x^2e 0.05 = 3.841) (table of x^2)

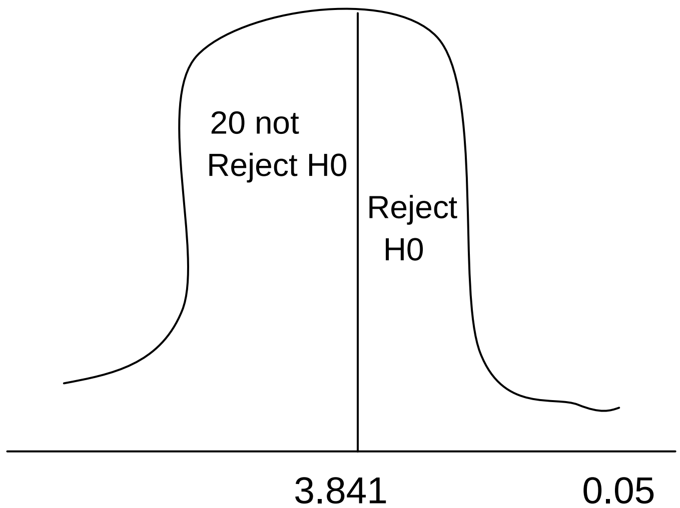


Figure 4.3 2 x^2 curve of hypothesis 2

Decision rule:

Reject H0 if X^2 calculated > 3.841

Accept H0 if X^2 calculated < 3.841

Computation of data for validation of hypothesis

Questions

Questions	Yes	N0	Total
Do you company strictly to the disclosure requirement of the statutes?	13	10	23
Does the financial report meet the desired need of the various users of accounting information?	14	9	23
Do you think your company are eager to disclose more details then the statutes require them to do?	7	16	23
Total	38	31	69

Source: Responses to questions N0s, 9, 16 and 20

$$ef_{1,1} = \frac{23 \times 34}{69} = \mathbf{11.33}$$

$$ef_{1,2} = \frac{23 \times 34}{69} = \mathbf{11.67}$$

$$ef_{2,1} = \frac{23 \times 34}{69} = \mathbf{11.33}$$

$$ef_{2,2} = \frac{23 \times 35}{69} = \mathbf{11.67}$$

$$ef_{3,1} = \frac{23 \times 34}{69} = \mathbf{11.67}$$

$$ef_{3,2} = \frac{23 \times 35}{}$$

69 = **11.67**

Computation of Calculated Chi-Square Values

of	ef	(of-ef)	$(of\text{-}ef)^2$	$\frac{(of\text{-}ef)^2}{ef}$
13	11.33	1.67	2.7889	0.2462
10	11.67	(1.67)	2.7889	0.2390
14	11.33	2.67	7.1289	0.6293
9	11.67	(2.67)	7.1289	0.6293
7	11.33	(4.33)	18.6498	1.6548
16	11.67	4.33	18.7489	1.6066
Total	-	-	-	4.9868

Decision:

The test statistics has fallen into the rejection area since the calculated chi-square value of 5.80219 is more than the critical or table value obtained i.e. 3.841

$X^2_1 = 5.80219 > x^2_e \quad 0.05 = \quad 3.841$

In accordance with the decision rule stated earlier, H0 is hereby rejected and Hi accepted.

CONCLUSION:

Based on the results of the test and hypothesis carried out, it is reasonable that H0 be rejected and Hi Accepted. Accordingly, we agree that the disclosure requirements of the statutes affect corporate performance positively.

HYPOTHESIS THREE:

H0: corporate organizations do not comply strictly to the statutory regulations.

Hi corporate organizations do not comply strictly to the statutory regulations.

Test Data: the data used in testing the above hypothesis were responses to questions N0 15, 17 and 18 of the questionnaire. Level of significance:

Test of Statistics: The test statistics employed is the chi-square (x^2) distribution.

Degree of freedom, df = (r-1) (c-1)

= (2-1) (2-1)

= 1

Computation of critical value (x^2_e 0.05 = 3.841) (table of x^2)

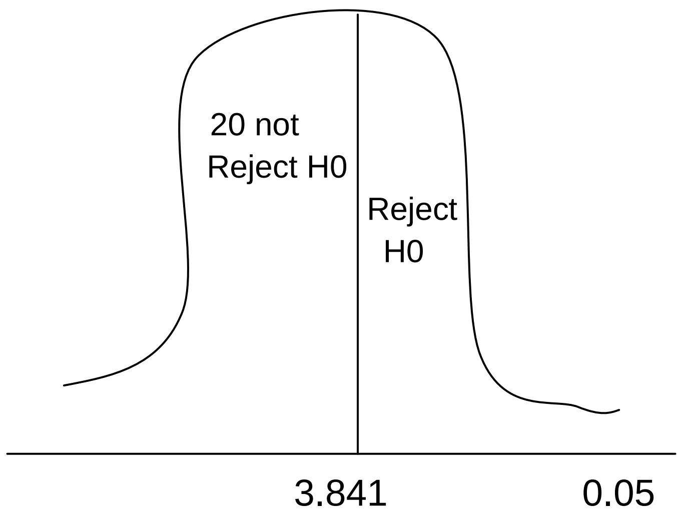


Figure 4.3 3 x^2 curve of hypothesis 3

Decision rule:

Reject H0 if X^2 calculated > 3.841

Accept H0 if X^2 calculated < 3.841

Computation of data for validation of hypothesis

Questions

Questions	Yes	N0	Total
Does the statement of accounting standard and the relevant statutes in Nigerian prescribe the standard format for financial report ?	16	7	23
Do companies comply strictly to the provisions of the relevant statues?	19	4	23

Do you think that companies have imbibed objectivity in their reporting practice?	17	6	23
Total	52	17	69

Source: Responses to questions N0s, 15, 17 and 19

$$ef \quad 1,1 = \frac{23 \times 52}{69} = \mathbf{17.33}$$

$$ef \quad 1,2 = \frac{23 \times 17}{69} = \mathbf{5.67}$$

$$ef \quad 2,1 = \frac{23 \times 52}{69} = \mathbf{17.33}$$

$$ef \quad 2,2 = \frac{23 \times 17}{69} = \mathbf{5.67}$$

$$ef \quad 3,1 = \frac{23 \times 52}{69} = \mathbf{17.33}$$

$$ef \quad 3,2 = \frac{23 \times 17}{69} = \mathbf{5.67}$$

Computation of Calculated Chi-Square Values

of	ef	(of-ef)	$(of-ef)^2$	$\frac{(of-ef)^2}{ef}$
16	17.33	(1.33)	1.7689	0.1021
7	5.67	1.33	1.7689	0.3119

19	17.33	1.67	2.7889	0.1609
4	5.67	(1.67)	2.7899	0.0628
17	17.33	(0.33)	0.1089	0.0192
6	5.67	0.33	0.1089	0.0192
Total	-	-	-	1.09228

Decision:

The test statistics has fallen into the rejection area since the calculated chi-square value of 1.09228 is more than the critical or table value obtained i.e. 3.841

In accordance with the decision rule stated earlier, we accept H0 and rejected and Hi agree to the statement that the corporate organizations do not comply strictly with the statutory regulations.

HYPOTHESIS FOUR

H0: Financial report does not meet the needs of the various users of financial information.

Hi Financial report does not meet the needs of the various users of financial information.

Test Data: the data used in testing the above hypothesis were responses to questions N0 21, 23 and 24 of the questionnaire.

Level of significance: The hypothesis was tested at the

Decision.

Decision:

The test statistics has fallen into the rejection area since the calculated chi-square value of 1.2322 is more than the critical or table value obtained i.e. 3.841.

Based on the results of the test and analysis conducted, it is reasonable that Hi be rejected and H0 accepted. Conclusively, I agree that the financial report does not meet the needs of the various users of financial information.

The 5% Level of significance:

Test of Statistics: The test statistics employed is the chi-square (x^2) distribution.

Degree of freedom, df = (r-1) (c-1)

= (2-1) (2-1)

= 1

Computation of critical value (x^2e 0.05 = 3.841) (table of x^2)

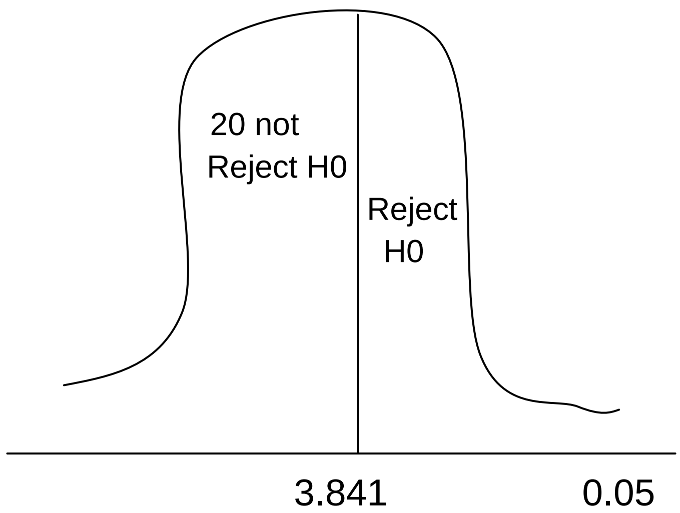


Figure 4.3 .4 x^2 curve of hypothesis 4

Decision rule:

Reject H0 if X^2 calculated > 3.841

Accept H0 if X^2 calculated < 3.841

Computation of data for validation of hypothesis

Questions

Questions	Yes	N0	Total
Does a good financial report enhance corporate image?	15	8	23
Do companies window-dress their financial report to look appending?	18	5	23
Does the concept of “true and fair view” adequately satisfy the needs of users of financial information?	15	8	23
Total	48	21	69

$$ef_{1,1} = \frac{23 \times 48}{69} = \mathbf{16}$$

$$ef_{1,2} = \frac{23 \times 21}{69} = \mathbf{7}$$

$$ef_{2,1} = \frac{23 \times 21}{69} = \mathbf{16}$$

$$ef_{2,2} = \frac{23 \times 21}{69} = \mathbf{7}$$

$$ef_{3,1} = \frac{23 \times 48}{69} = \mathbf{16}$$

$$ef_{3,2} = \frac{23 \times 21}{69} = \mathbf{7}$$

Computation of Calculated Chi-Square Values

of	ef	(of-ef)	$(of-ef)^2$	$\frac{(of-ef)^2}{ef}$
15	16	(1)	1	0.0625
8	7	1	1	0.1429
18	16	2	4	0.25
5	7	(2)	4	0.5714
15	16	(1)	1	0.0625
8	7	1	1	0.1429
Total	-	-	-	1.2322

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This research is aimed at providing an insight into the impact of financial reporting on the corporate performance of business organizations. On the course of the research work, data were gathered, collected and analysed, also various hypotheses were tested with a view to finding the extent to which financial accounting reporting bear on the performance of a business organization. It was discovered that not much significance difference existed between the respondents who were of the opinion that the information contents of the financial report was not enough to inform a good investment decision and the respondents who though otherwise. Again it was observed in question N0 10 of the questionnaire, that 52 percent of the respondents were of the opinion that the minimum disclosure as stipulated in the statutes for companies was enough, the remaining 48 percent were of the opposite view.

The hypothesis number two of the research work was tested and it was discovered that the disclosure requirements of the statutes affects corporate performance of business organizations positively. This is because of the desire in every stakeholder to know about their business organizations.

The extent to which this need is satisfied is the gravity of the weight if will bear on the positive or negative performance of the business organization. The hypothesis number four that was tested yielded quite an interesting result. The number should that the financial information. If the operation does not satisfy the needs of the people whose stake in the business is enormous, then there is need for proper check.

5.2 CONCLUSION

In the light of the observation and discussions carried out on the impact of financial accounting reporting on the corporate performance of business organizations, the following conclusions were drawn.

1. That the financial accounting report is a veritable document through which the status and performance of a business organization could be evaluated.
2. Their given the weight of the financial accounting report, a lack of adequate information exists.
3. The stakeholders place heavy reliance on the financial accounting report or desist from venturing into the business organization whose financial information rail to meet their taste.

4. That there is no water-tight check which ensures that there is no compromise to an objective and fair reporting.
5. That the information content in the financial report does not meet the needs of the various users of financial accounting information.

5.3 RECOMMENDATIONS

For the purpose of drawing a well balance insight into the impact of financial accounting reporting on the corporate performance or business organizations, I recommend as follows:

1. If stakeholder’s confidence is to be restored and sustained for the growth of the business organization, care must be exercised to ensure that the financial accounting report furnishes them with the required information they need.
2. Reports on the organization operations should be made available to its users timely so that it can be put to adequate use.
3. The regulators of the financial accounting reporting should ensure that business organizations adhere strictly to the reporting rules.

The directors who have the traditional role of preparing this financial report should ensure that it is prepared in accordance to the best international practices.

BIBLIOGRAPHY

Aborode, R. (2006). *A Practical Approach to Financial* Accounting, Lagos: Master Stoke Consulting.

Adomon, K. and Schmidt, G. (1977). *Profit Measurement During Inflation,* New York: Arilla Inter Science Publication.

Alexander, D. and Britton, A (1996). *Financial Reporting, International*, London: Thomas Business Press.

Eboe, L. E. (1988). *Social and Economic Research Principles and Methods,* Lagos: Academic Publishers and Development Resources Ltd.

Ezejielue et al (1990). *Basic Principles in Managing Research Project,* Onitsha: Africana Publishers Ltd.

Fred and Frank (1983). *Modern Business Statistics.* London: Pitman Book Ltd.

Ofoegbu, G.N.(2003). *Advanced Financial Accounting Precision,* Enugu: Publishers Ltd.

ICAN (2006). *Business Communication and Research Methodology vii,* Lagos: Publishers.

Igben. R. (2003). *Financial Accounting made simple,* Logos: ROL Publishers.

Nkemakolam, E. O. (1995). *Designing and Conducting Research in Education,* Owerri: Cannum Publishers Ltd.

Olakanmizco (2007). *CAP L20 LFN 2001 (2nd edition)*, Abuja: Law Lords.

Onodugo, V. (2006). *Research Methodology, Unpublished Monograph and Lecture Note*, Enugu.

Onah and Igemba (2000). *Applied Statistics Techniques for Business and Basic Science,* Owerri: RCP Ltd.

Statement of Accounting Standards, Issued up to 2008-SS1-30.

Lee, T. (1976). *Company's Financial Reporting* London: Chapman and Hall Ltd.