APPRAISAL OF FINANCIAL REPORT AND ITS RELEVANCE TO INVESTMENT DECISION IN THE BANKING INDUSTRY

(A CASE STUDY OF UNION BANK OF NIGERIA, ILORIN BRANCH)

By

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HND/23/ACC/FT/0145

**BEING A RESEARCH PROJECT SUBMITTED
TO THE DEPARTMENT OF ACCOUNTANCY
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FOR THE AWARD OF HIGHER NATIONAL DIPLOMA
(HND) IN ACCOUNTANCY**

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CERTIFICATION

This is to certify that this study was carried out by **AKINBAYO FATIMOH OLUWATOYIN** with Matriculation Number **HND/23/ACC/FT/0145** titled "Appraisal of Financial Report and its Relevance to Investment Decision in the Banking Industry" has been read and approved as meeting part of the requirements for the award of Higher National Diploma (HND) in Accountancy, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin

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DEDICATION

This project is dedicated to Almighty God, ancient of days for His protection on me and my family throughout my academic pursuit. And for making my dream come true.

ACKNOWLEDGMENT

I give all the glory, honor, and thanks to **Almighty God** for making me stay in Kwara state polytechnic and this project a success. Sincerely want to extend my profound gratitude to my lovely mother for her prayer and support throughout my academic pursuit in this great citadel of learning.

My sincere gratitude goes to my project **Supervisor MR. MOHAMMED K.A.G.** who took his time and strength to go through this research work and also for giving me useful information and suggestion with his wealth of experience, being under you as my supervisor I have learnt a lot. And also to my amiable lecturer; **DR. YUSUF** May god almighty continue increasing you in wisdom, knowledge and understanding.

Also to my Parents **MR & MRS AKINBAYO** I really appreciate all your efforts towards my education I prayed to **God** that you shall eat the fruit of your labour, **Ameen.**

My appreciation goes to my brothers; **ABDULGAFAR and IBRAHIM,** and also to my friends; **AYOBAMI, OLAMIDE, SHERIFF, TOIBAT, OPEYEMI, ASIAH, MUYIDEEN, NURUDEEN** among others and to all that contributed in one way or the other to the success of my programme. Thank you all.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Financial reporting is very useful and important, because it helps investors and creditors to make better economics decisions it is a known, facts that the development and growing of business activities over the year has. Inevitably created considerable public interest in business activities. The public interest has caused business organization to accepts social as well as the means to communicate information to satisfy the ranging need of individual and organization is through the issue of annual financial report all the end of every accounting period of disclose the resources held by it claims on them or change there in within a specified period of time and result of its operation during such period to observed the need of the various parties interested in its activities.

Financial reports all at best only approximation of economic reality, because of the selective reporting of economic event by the accounting method and estimate. The tendency to delay accounting recognition of some transaction and valuation accounting recognition of some transaction and valuation charges means that financial reports tend to behind reality as well.

As a result of the diverse users of these financial reports and their various information needs, it becomes necessary for such reports to represent reliable and useful information which would be used to assess the performance and activities of the organization.

By virtue of this, the company act 1968 specified the nature of the procedures for the preparation and presentation of such financial reports and explicitly indicate the type of financial data and information, it should contain about the business organization. According to the act, such financial reports should show a true and fair view of companies financial position and it is expected to indicate the performance of the business not only for the current period but previous year also.

Through published annual reports account provide a valuable information about a particular company which need the application of analytical tools and technical to derives measurement and relationship that are useful in it's effectiveness in decision making investors are particularly concerned with present and expected. Future earning of the company they would want to know about the consistency in the earning power of the firm. As a result, investors might concentrate their analysis on the profitability of the term and also long term bond holders are also interested too in the earning power of the organization.

The investment decisions become a very critical decision most especially in an organization which requires massive investment to restore capacity.

Therefore, the annual report should be prepared and presented in such a manner that would enable used undertake such analytical examination and also confirm. Information that would enhance the value of the results of such analysis for various decision making like investment decision.

1.2 STATEMENT OF THE PROBLEM

The problem to be addressed in this project to examine the financial report preparation and the contents relating to investment decision making in the banking industry.

Generally speaking, only few investors are opportune to be able to read and understood the usefulness of financial reports in making investment decision various investor tale decision based on information provided in the financial statement but financial statement information will not provide a clear picture as to future trends, for example the goods. Profit and loss account could only be meaningful for decision only when compared with the asset employed in generating such profits, in this regard they will require. Some reliable information that will help them to either buy or sell old share of the company and their performances as well over a period of time.

An investor who wishes to makes sound investment decision must be able to appraise critically and understood thoroughly the financial statement disclosures that are relevant his investment decision.

Aside the problem inherent in the financial statement itself, there is a problem of tick of industry and economic data should be analyzed together with the financial statement. When these are available there is the problem of synthesizing them i.e of trying to bring information together what is relevant from what is relevant.

1.3 RESEARCH QUESTIONS

The Following research questions are formulated to guide the conduct of the study:

i. What is the financial report of Union Bank of Nigeria?

ii. What is the relationship between financial reporting and investment decision in the banking Industry?

iii. What relevance does financial report has on investment decision making in the banking industry?

1.4 OBJECTIVE OF THE STUDY

The purpose of this study is to investigate and determine the use to which financial reports disclose of an organization are put by investor.

To examine the nature of annual report as specified by the companies act 1968, also to determine the degree of compliance with the companies act.

Also in the course of the study, any short coming either in the annual report or with regards to the investors inability to the information cautioned, in the annual report would be highlighted, and if necessary useful suggestions would be provided in the study.

1.5 RESEARCH HYPOTHESES

Hypothesis is defined as assumption set up based on the fact which to indicates a given phenomenon in the research. Hence, the following hypotheses were developed from research questions:

i. There is no significant relationship between financial reporting and investment decision in the banking Industry?
ii. financial report has no relevance on investment decision making in the banking industry?

1.6 SIGNIFICANT OF THE STUDY

The main reason behind the presentation of financial reports by companies is to transmit information about the financial position and condition of the company to those who are interested in the affair of the company. It is in light of this, the companies act of 1998 explicitly stipulate the contents and presentation of these financial reports. Management still exercises discretion over these disclosure of certain management information depending on whether it is for the best interest of the organization despite the fact that the acts regulate the contents of annual reports. Therefore this study would be justified to management who are responsible for the preparation of annual reports it would reasonable management to be aware of the importance of the disclosure of certain financial information reports to tone and fair view of financial condition of the company.

The relevance of annual report to instrument decision can only be release and accurate interpretation can be drawn from such reports and this to large extent depends on degree of analysis undertaking by the investors. As a result, this study is justified as I will introduce investor of various method of financial analysis which could lead to effective and accurate interpretation toward the best decision making.

This study would also enlighten the investors on how the recessionary economy effects the performance of the company toward profit making and operation.

1.7 SCOPE OF THE STUDY

The study attempted to core the preparation of financial report and these reports serve as a guide for decision making by investors. This study covered the financial report of Union Bank of Nigeria for previous year.

1.8 LIMITATION OF THE STUDY

This study attempted to core the preparation of financial report on appraisal of financial report and its relevance to investment decision in the banking industry and limited to Union Bank of Nigeria, Ilorin Branch.

1.9 DEFINITION OF TERMS

In a study of the nature, it is usual to define some unfamiliar terms that would be used in the study:

a. *Financial Statement*: This is the annual report of public quoted companies to comprises of the balance sheet profile and loss account, statement of accounting policies and five years financial summary as well as value added statement.
b. *Investment*: The use of money for the purpose of making more money to gain income or increase capital or both.
c. *Creditors*: A person whom an account of money is owned.
d. *Financial*: To provide capital either through borrowing as from internally generates fund.
e. *BalanceSheet*: A statement is showing the assets and liabilities of the business.
f. *Investors*: A person who buys a security or some other property for the purpose of obtain an income from it while preserving the principal.
g. *Uses of financial statement*: Users include investor private and institution financial analyst.
h. *Profit and loss*: This is an account which show traders, true financial position at a given period.

CHAPTER TWO

LITERATURE REVIEW

2.1 PREAMBLE

Corporate 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. The discussions and illustrations of the study is centered on the financial statement presented to shareholders and also available for potential investors, bond holders and trade creditors as a tool of information for investment decision. 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. 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, 2007a) 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).

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, "creating 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.

2.2 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 decisionmaking, 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 (1999) 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.

Definition of Financial Statements

Financial Statements have been widely defined in the extant literature by scholars and experts. According to the Companies and Allied Matters Act 1990 (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 (1998) also defines financial statements as reliable financial information about the economic resource and obligations of a business enterprise. Meigs & Meigs (1998) 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.

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.

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.

Published Financial Statement 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.

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.

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;

a) The exchange of current funds for future benefits

b) The funds are invested in long-term assets

c) The benefits will occur to the firm over a series of years The two importance aspects of investment decisions are;

i. The evaluation of the prospective profitability of new investments.
ii. The measurement of a cut-off rate against that the prospective return of new investment could be compared.

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.

2.3 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) $\sum$*assets* - $\sum$*liabilities* = $\sum$*equity, 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 and Van Breda, 1992) 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) $\sum assets = \sum liabilities$ (Paton, 1922) Or

(2) $\sum assets = \sum equities$ (Paton, 1922) Or

(3) $\sum assets = \sum equities + \sum liabilities$ (Hendriksen and Van Breda,1992)

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, 1964). Suojanen (1954)'s 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 and Van Breda, 1992; Kam, 1990; 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 (1973) 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, 1990).

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.

$$\mathrm{ROE} = \frac{\text{Net income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Average Shareholder Equity}}$$

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 (1991), 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 1990 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 and Martins 1997).

The debt-equity management ratio is proportional to the amount of debt being used by the company, because assets equals a company's liabilities plus stockholders' equity; hence, this ratio shows the amount of leverage that the company is using, and the ROE shows how well management is using debt to increase returns for stockholders. However, using debt also entails risk, since interest must be paid even in bad economic times.

2.4 EMPIRICAL FRAMEWORK

According to Michael C. E. (2013) in his 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, C. F. 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.

According Adebayo, M. 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.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 AREA OF STUDY

Financial reports are at approximation of economic reality, because of the selective reporting of economic events by the accounting method and estimates. The tendency to delay accounting recognition of some transaction and valuation charges means that financial reports tend to behind reality as well.

As a result of the diverse use of these financial reports and their various information needs, it becomes necessary for such reports to represent reliable and useful information which would be used to asses the performance and activities of the organization.

By virtue of this is the company act 1968 specified the nature of the producers for the preparation and presentation of such financial report and explicitly indicates the type of financial data and information, it should contain about business organization. According to the act, such financial reports should show a true and fair view of the companies financial position and it is expected to indicate the performance of the business not only for the current period but for previous year also.

3.2 SOURCES OF DATA

The sources of any researcher undertaking depends on the availability of data, Agbonifh (1999:24). This research work will adopt both primary and secondary sources of data collection.

3.2.1 PRIMARY SOURCES OF DATA

The primary sources of data was obtained through the use of structural questionnaire and oral interview, the questionnaire were designed and distributed to respondents by the researcher.

3.2.2 SECONDARY SOURCES OF DATA

The secondary sources of data was obtained from the review of related literature in other work, I also constituted published and unpublished online books, journals, periodicals and also internet for materials.

3.3 POPULATION OF THE STUDY

The population of the research was restricted only to the banking industry in Nigeria.

Therefore, due to some certain constraint, the research limit it scope of the study to a firm which will serve as a "sample" in the industry and which will provide all the necessary information. Hence, Union Bank of Nigeria. was selected to test the industrial performance.

The data collected would be to generalize findings for the benefit of all the banking industries in Nigeria. This is because all the industries show the same characteristics.

3.4 SAMPLE SIZE

The sample size of the focuses in the Union Bank of Nigeria which covers affairs nationwide. All other information used are exclusively related to industries affairs. Such as Annual financial report of the industry for the period of five (5) years of financial year within 200-2014 this period provided the necessary information due to its length and through past economic policies and strategies that have been adopted in the country. This causes various charges and fluctuation within the firm and the centre industry in general which in turn affect the performance especially areas of crucial importance that could be compared on assessment carried out.

3.5 SAMPLING TECHNIQUES

The techniques employed in this research essay is the random selection techniques of a firm that will be tested in the industry, especially. It consider its standard in the industry's which made more appropriate to the researcher's undertaken. This will enable more reliable information upon the form of assessment in the industry.

3.6 METHOD OF DATA COLLECTION

Data can be grouped into two (2) namely: primary and secondary data. Methods of data are considerable from the respondent of affected environments. Therefore, data of this nature is unprocessed to produce more reliable information from this type of data may mainly be gathered through interview, questionnaire e.t.c usually it covers a specific aspect that is needed, due to reliability.

Other limitations constitute the major obstacle that cannot be used for various purpose guide towards decision making.

Secondary method of data arises through formal methods that is, through a series of procedures e.g textbooks, journal, magazines e.t.c it is necessary to consider more appropriate data to be used to any research work in order to produce more reliable more and useful information as to achieved a desired objectives. To this conclusion or end, research undertake the use of secondary data method towards evaluating industrial performance. This consists of items such as companies. Balance sheet, profit and loss account, all related information, financial and non-financial information needed by the research being conducted.

3.7 RELIABILITY OF THE STUDY

Validity is the degree of which a test measure what is it suppose to measure. Validity is concerned with what a text measures and for whom it is appropriate, since test are designed for a variety of purpose and since validity can be evaluated only in term of purpose. There are several types of validity can be namely. Contents, construct and productive.

Content validity is used I this research work. In the content of the research work, 2 series of discussion were help with staff of the five departments earlier mentioned.

3.8 METHODS OF DATA ANALYSIS

The data obtained were presented using table and analyzed by using simple percentage. The percentage was used to evaluate the responses of the respondents to each question in the questionnaire.

3.9 LIMITATION OF THE STUDY

In any research undertakes certain factors of constraints must limit one's inspiration, hence the research work was not an exception. In adequate funds, lack of time other academics words and information was not exception in adequate funds, lack of time other academic works and information was not satisfactory.

a. As regards time factors, a topic like need to be given at last one year for the researcher together and study trends properly. But the work was given completed in less than six month.

b. In addition, the attitude of respondents. That are supposed to be the primary source of data and information not satisfactory. There are some financial statement on which they failed to disclose as they consider such as top secret which can only be made available for the use of the staff.

c. The limitation are also inclusive of the limits set by the project write up.

d. The research found it hard to visit the area of the study frequently as it ought to be due to the cost of transportation.

Despite these limitations that encountered the research had to vigorously devote the limited time to the work in order to conduct a comprehensively study in terms of financial needs the researcher try to utilize the available fund efficiently and effectively.

Finally, the research had to search for secondary data information through the reading of relevant literature.

3.10 DATA SPECIFICATION

Primary and sundry data were used in conducting a research. The secondary data are used in conducting this research; the secondary data are information collected from various textbook; journals and unpublished work. The primacy data was collected by personal interview.

Personal interview was used in order to clarify some needed information and it allows. Some more accurate information to be obtained by asking the respondents more suggestion.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 PREVIEW

For every investor to take investment decision via the financial statement of a financial institution the focus is majorly on the profitability of the organization and the profit of the organization is a function of the assets, liabilities and equity contribution of the owner of the organization, as such the relationship between the profit and asset, liabilities, and equity is very significant for where the investors put their resources.

This section deals with data presentation, analysis and discussion of findings. Hence, the secondary data obtained from the financial statement of the bank; according to the issues involved in the research are hereby presented for interpretation and analysis. The ordinary least square method is used to analyze the data presented, followed by the discussion of findings about the test results of the hypotheses and inferences drawn to answer the research questions of the study.

4.2 DEMOGRAPHIC CHARACTERISTIC OF THE RESPONDENTS

Over twenty five (25) questionnaires were distributed to the respondents out which twenty three were returned and two of them are wrongly filled.

TABLE 1: ***Which group of respondent do you belong to?***

GROUP	NUMBER	PERCENTAGE (%)
Employee	8	38.1
Employer	2	9.5
Shareholder	7	33.3
Stock brokers	4	19.1
Total	21	100

Source: Field Survey 2025

The essence of the questionnaire is to enable researcher access the respondent to understand the subject matter from table 1,8 respondent representing 38% are employee, which only 2 respondents of 9.5% are employers and 7 respondents of 33.3% represents the shareholder while 4 respondents of 19.1% are stock holder with this varying group of respondents, if shown subject matter was given a bird-eye judgment.

TABLE 2: ***Does the company prepare financial report in accordance with (AMA 1990)***

RESPONSE	NUMBER	PERCENTAGE (%)
Yes	21	100
No	0	0
Total	21	100

Source: Field Survey 2025

From table 2 above, the aim of this is to determine whether the financial report comply with the general statutory and professional requirements and all respondent respond positively which shows that it disclose all the acquired information.

TABLE 3: ***Does the financial report contain relevant information to enable investors to value effective decision.***

RESPONSE	NUMBER	PERCENTAGE (%)
Yes	21	100
No	0	0
Total	21	100

Source: Field Survey 2025

The essence of the question is to enable the researcher to evaluate the quality of corporate annual report of Union Bank of Africa contains relevant information for investment decision.

TABLE 4: ***If Yes, what are these relevant information?***

	Yes	%	No	%	No	%
Rate	21	100				
Amount of undrawn profits	21	100				
An appropriate valuation of capital	15	71.4	6	23.6	21	
Extended nature of liabilities	21	100			21	100
Aggregate amount of resources	21	100				
Market quotation of shared and debenture	19	90.5	2	9.5	21	100
General nature of Asset	18	97.3	3	14.3	21	100

Source: Field Survey 2025

To know whether the information of this question is to make certain on whether to increase their investment, decrease or withdrawn their investment as contained in the financial statement because the quality of decision taken by investors depend on the financial information analysis undertaken by investors.

TABLE 5: What is the extent and nature of the liabilities?

RESPONSE	NUMBER	PERCENTAGE (%)
Secured on asset partly	-	-
Secured on asset not secured on asset		
Not secured on asset	21	100
Total	21	100

Source: Field Survey 2025

From the overleaf analysis, liabilities of the company are not seemed on asset as 100% of the respondents responded positively. Even from the financial statement it was stated that long term loans. Short term credit facilities are in respect of borrowing from banks and have not been secured against any of the asset of the company. The bank overdraft are secured in negative. The shows that the companies are not charged against debt.

TABLE 6: ***What is the behaviour of aggregate amount of resources?***

RESPONSE	NUMBER	PERCENTAGE (%)
Increasing	221	100
Decreasing	-	-
Total	21	100

Source: Field Survey 2025

The essence of this is to know the company can meet up with investment opportunity by financial through the reserve of the company, from the above; it shows that the company's reserve is increasing.

TABLE 7: ***Is the market price of the share changing?***

RESPONSE	NUMBER	PERCENTAGE (%)
Increasing	-	-
Decreasing	21	100
Total	100	100

Source: Field Survey 2025

From responses as the of the market behaviour price of the company's share journal and stock exchange as well as the financial statement of the company, the share price has been fluctuating negatively as 100% of the respondent said the price if decreasing.

TABLE 8: ***Are the profit adequate to the capital employed?***

RESPONSE	NUMBER	PERCENTAGE (%)
Yes	15	71.4
No	6	28.6
Total	21	100

Source: Field Survey 2025

The relevance of this is to know whether the return or profit earned from the business are enough to attract more investors or to be commended when compared with capital employed from the responses 71.4% responded positively and only 28.6% responded negatively this shows that the profit is more attractive and adequate in relation to the capital employed.

TABLE 9: ***Could better return be relieved from another company?***

RESPONSE	**NUMBER**	**PERCENTAGE (%)**
Yes	19	90.5
No	2	9.5
Total	21	100

Source: Field Survey 2025

The table above show that 90.5% of the respondent believed that better return could be earned from company if received from another company.

TABLE 10: ***Which of the tools do you use to assess the operating performance of the company*?**

RESPONSE	**NUMBER**	**PERCENTAGE (%)**
Comparative Analysis	6	28.6
Commonsize statement	2	23.8
Trend Analysis	5	9.5
Ratio Analysis	8	38.1
Total	21	100

Source: Field Survey 2025

The essence of the questionnaire is to enable the researcher to know the tools and method used in analyzing financial statement.

TABLE 11: ***Which among the ratios could aid in deciding whether to buy or sell share?***

The table 11 above shows that investor believe much more in dividend per share 76.2% of the respondents response positively.

RESPONSE	NUMBER	PERCENTAGE (%)
Dividend for share (DPS)	16	76.2
Earning per share (EPS)	3	14.2
Dividend yield (DY)	1	4.8
Dividend cover (DC)	1	4.8
Total	21	100

Source: Field Survey 2025

That is to say most investors believe that or bind at trend. Is better than two in the bush therefore they prefer to get dividend gain now than capital gain. Though responses to earning per share 14.2% dividend yield is 4.8% and dividend cover is also 4.8% but this is insignificant.

TABLE 12: ***Does the auditors, directors and chairman report gives the investors a bird-eye view of the position of the company?***

RESPONSE	NUMBER	PERCENTAGE (%)
Yes	19	95.2
No	2	4.8
Total	21	100

Source: Field Survey 2025

Table 12 show that 95.2 responded positively while 4.8% responded negatively the essence of this is to know important the auditors, directors and chairman report and investors in assessing the company. In conclusion these reports give the users, especially the investors a bird-eye view of the position of the company.

TABLE 13: ***Five Years Financing Summary For The End Of 31st December 2022***

Assets	Bank 2022₦000	Bank 2021₦000	Bank 2020₦000	Bank 2019₦000	Bank 2018₦000
Cash and Bal with CBN	38,922	95,733	63,902	57,866	12,411
Treasury Bill & other bill	15,945	171,401	96,958	159,571	53,444
Due from other bank loans					
And advance to customer	543,289	405,540	320,299	107,194	67,610
Investment securities	150,565	96,397	74,421	49,543	7,432
Investment in associates	9,943	595	21	21	-
Investment subsidiaries	37,753	13,562	5,786	5,533	403
Investment in joint ventures	900	900	-	-	-
Other assets	80,497	56,165	48,213	32,226	6,154
Property & equipment	63,497	56,165	48,213	32,226	6,154
	1,400,879	1,520,091	1,102,348	851,241	248,928
Finance by ordinary share capital	10,778	8,622	5,748	3,530	1530
Share premium	113,645	114,036	119,006	23,209	-

Reserves	62,296	65,497	40,007	20,882	16,172
Customers deposits	1,151,086	1,252,036	897,651	757,407	205,110
Due to other banks	10,080	32,000	-	-	-
Borrowing	14,760	-	1,135	1,135	1,676
Current income tax	1,416	3,443	3,959	1,359	2,494
Other liabilities	34,273	37,424	33,749	35,118	18,995
Different income tax liab	-	991	991	1499	1070
Dividend payable	42	42	42	7,102	1878
Retirement benefit	1503	-	-	-	-
	1,400,879	1,520,091	1,102,348	851,241	248,928
Acceptance and Guaranties	684.049	616,031	373,325	167,184	248,928

Sources: Union Bank of Nigeria Report 2024

4.3 TEST OF RESEARCH HYPOTHESES

A Priori Criterion

The following coefficients of the assets, liabilities and equity justify implicit theories that underline the relationship between profit of an organization and the selected exogenous variables as stated in the methodology; this is a strong indication that these variables are the major factors that determine investment decision making of the prospective investors via multiplier effect of the financial position of the bank.

The coefficient of determination

The coefficient of determination obtained was 0.95 (95%) which is commonly referred to as the value of R^2. The cumulative test of hypotheses using R^2 to draw statistical inference about the explanatory variables employed in this regression equation, shows that, there is 95% variation explained in the profit of the bank by assets, liabilities and equity chosen for this study. And 5% was explained by unknown variables that were not included in the model.

Test of Research hypothesis 1

H_0: Assets as an item of financial statement does not significantly assist the effectiveness ofinvestment decision making in Union Bank of Nigeria.

H_1: Assets as an item of financial statement does significantly assist the effectiveness ofinvestment decision making in Union Bank of Nigeria.

The t-calculated at the absolute value of the assets estimate of 2.344 is greater than the critical value of $t_{0.05\ (6)}$ =1.943 at 5% level of significance, we therefore, do not accept the null hypothesis and conclude that it is statistically significant and accept the alternate hypothesis that says; Assets as an item of financial statement does significantly assist the effectiveness of investment decision making in Union Bank of Nigeria.

Test of Research hypothesis 2

H_0: There are no significant analytical tools of liabilities and equity on the balance sheet ofthe bank set to aid prospective investors in accessing the financial position of Union Bank of Nigeria.

H_1: There are significant analytical tools of liabilities and equity on the balance sheet of thebank set to aid prospective investors in accessing the financial position of Union Bank of Nigeria.

The t-calculated at the absolute value of liabilities and equity estimates respectively of 1.986 and 3.814 are greater than the critical value of $t_{0.05\ (6)}$ =1.638 at 5% level of significance, we therefore, do not accept the null hypothesis and conclude that they are statistically significant and we accept the alternate hypothesis that says; There are significant analytical tools of liabilities and equity on the balance sheet of the bank set to aid prospective investors in accessing the financial position of Union Bank of Nigeria.

Test of Research hypothesis 3

H_0: There is no significant way of evaluating the financial statement of Union Bank of Nigeria and its impacts on investment decision making of the bank over this period

H_1: There is significant way of evaluating the financial statement of Union Bank of Nigeria and its impacts on investment decision making of the bank over this period**.**

Test of Research Hypothesis 4

H_0: There is no significance extent to which investors depend on the credibility ofauditors/financial expert approval of financial statement in making investment decisions.

H_1: There is a significance extent to which investors depend on the credibility ofauditors/financial expert approval of financial statement in making investment decisions.

In testing this hypothesis, the mean response score were tested using the t-test statistic. The results are presented below.

Table 4.2 One-Sample T-Test Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Investors' dependability on the credibility of auditors /financial experts' approval of financial statements in making investment decisions	2	1.4900	.02828	.02000

Source: SPSS 2025

As presented in table 4.3, the overall mean score of 1.490 indicates that the respondents agree that investors depend on the credibility of auditors/financial experts' approval of financial statements in making investment decisions.

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2tailed)	Mean Difference	Lower	Upper
Investors' dependability on the Credibility Of auditors/financial experts' Approval of Financial statements in making investment decisions	74.500	1	.009	1.49000	1.2359	1.7441

Source: SPSS 2025

As presented in table 4.3, the calculated t-test value is 74.50. This value is greater than the critical t-test value of 6.314, i.e. t_{cal} (74.500) >$t_{critical}$ (6.314). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

Investor's dependability on the credibility of auditors/financial expert's approval of financial statements in making investment decisions

ITEM	SA (%)	A (%)	U (%)	D (%)	SD (%)	Mean	Std. Dev.
Endorsement Of financial statement By reputable auditing firm gives credibility to financial statement	92 (61.3)	48 (32.0)	4 (2.7)	4 (2.7)	2 (1.3)	1.51	0.79
To what Extent does the endorsement of a reputable Auditor Influences your investment decision decisions	80 (53.3)	70 (46.7)	0 (0.0)	0 (0.0)	0 (0.0)	1.47	0.50

Source: Field Survey, 2025

With 92 (61.33%) respondents strongly agreeing, 48 (32%) respondents agreeing, 4 (2.67%) respondents being undecided, 4 (2.67%) respondents disagreeing and 2 (1.33%) respondents strongly disagreeing and a mean of 1.51, respondents agree that the endorsement of financial statement by reputable auditing firm gives credibility to financial. The views of the respondents 80 (53.3%) who strongly agreed and 70 (46.67%) who agreed while no (0%) respondent was undecided, disagreed or strongly disagreed and the mean responses of 1.47 reveals that the endorsement of a reputable auditor influences respondents' investment decisions.

Test of Research Hypothesis 5

H_0: There is no significance in how well the investors have understood the financialstatements before making investment decisions.

H_1: There is significance in how well the investors have understood the financial statementsbefore making investment decisions.

In testing this hypothesis, the mean response score were tested using the t-test statistic. The results are presented below.

Table 4.5 One-Sample T-Test Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Investors understand financial statements before investment decisions	4	1.4725	.17017	.08509

Source: SPSS 2024

As presented in table 4.5, the overall mean score of 1.473 indicates that the respondents agree that investors understand financial statements before investment decisions.

Table 4.6 Test Result for Hypothesis Five

	Test Value = 0					
					95% Confidence Interval of the Difference	
	T	df	Sig. (2tailed)	Mean Difference	Lower	Upper
Investors understand financial	17.306	3	.000	1.47250	1.2017	1.7433

statements before investment decisions							

Source: SPSS 2025

As presented in table 4.6, the calculated t-test value is 17.306. This value is greater than the critical t-test value of 2.353, i.e. t_{cal} (17.306) >$t_{critical}$ (2.353). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, investors do understand the financial statement well before investment decision.

Response on whether investors understands financial statement well before making investment decision

ITEM	SA (%)	A (%)	U (%)	D (%)	S.D (%)	Mean	Std Dev.
Introduction of ratio analysis in published account would aid you in utilizing financial statement.	120 (80.0)	22 (14.7)	4 (2.7)	2 (1.3)	2 (1.3)	1.29	0.71
Understanding of ratio analysis aids in interpreting published financial statement	75 (50.0)	60 (40.0)	5 (3.3)	5 (3.3)	5 (3.3)	1.70	0. 94
aware of the concept published financial statement	80 (53.3)	70 (46.7)	0 (0.0)	0 (0.0)	0 (0.0)	1.47	0.50

published financial statement ever aid your financial decisions	100 (66.7)	40 (26.7)	5 (3.33)	0 (0.0)	5 (3.3)	1.43	0.72

Source: Field Survey, 2024

As presented in table 4.7, with a mean response score of 1.293 and the responses of 120 (80.0%), respondents, 22 (14.67%) respondents, 4 (2.67%) respondents, 2 (1.33%) respondents and 2 (1.33%) respondents who strongly agreed, agreed, undecided, disagreed and strongly disagreed respectively, it is the opinion of the respondents that the introduction of ratio analysis in published account would aid investors in utilizing financial statement..

4.4 SUMMARY OF RESEARCH FINDINGS

The major findings revealed that for every investor to take investment decision via the financial statement of the financial institution the focus is majorly on the profitability of the organization and the profit of the organization is a function of the assets, liabilities and equity contribution of the owner of the organization, as such the relationship between the profit and asset, liabilities, and equity is very significant for where the investors put their resources via multiplier effect.

This result agreed with work of Gavtan. U.S. (2005), he simply put it that investment decision making is a process of determining and interpreting the relationship between assets, liabilities, and equity of financial statement to provide a useful understanding of the performance, solvency and profitability of an enterprise.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.4 SUMMARY

The basic aim of this study is to evaluate the role of financial statement on investment decision making of Untied Bank for Africa Plc in Nigeria. This is because prospective investor's uses financial statement of financial institutions as a major parameter for assessing the profitability and the risk of investing in such ventures and the aim of financial statement is to provide financial information about an entity to interested parties. The information can become meaningful through financial interpretations and the decisions unveil the essence of financial statement as the major custodian of financial information necessary for any investment decision. Investment are not made on a vacuum hence, there are bedrocks on which they will stand.

The first chapter contained the general description of the study that is the main objective of the study which was ascertain the degree of compliance of the banking sectors to both statutory and professional requirement with respect to corporate financial report preparation and to assess the impact of such financial report on investment decision making. It also contain among other things like the hypothesis, justification and limitation of the study and lastly the scope of the study.

Chapter two contained all relevant works related to the study. Which were received with much emphasis on the companies and allied matter decree 1990 and other statutory law and regulation like Nigeria Accounting standard Board (NASB) as well as other findings are recommendation of various author together with major point raised by them.

Chapter three, dealt with the methodology the population of the study. Sampling techniques used were also explained the sample size is the Union Bank of Nigeria Plc, Ilorin branch documentary sources of data were employed as mean of collection.

Chapter four, form the body of the research works, this deals with the analysis and interpretation of data collected. The chapter also highlighted other findings on the course of the research study. Therefore, it was exhibited that Union Bank of Africa Plc prepares their financial reports in accordance with companies Act as regard timing, contents and in areas where accounting standard are available.

5.5 CONCLUSION

Because of the recent privatization and commercialization going on in the country, there have been increase in investment in banking industry.

Therefore, rapidly expanding interest in the accounts and comment on the investment analysis, broker and many users all of whom require full information accounts.

In recent year, there has been a marked improvement in the presentation of the audited account and effective steaming of balance sheet and profit and loss account.

Much work still have to be done if annual report are to have a greater import on the users of such reports the Nigeria Accounting Standard Board (NASB) should continue to conduct to conduct corporate financial reports and should also issue as many statements are possible so as to narrow areas of different and consequently enhance the quality of financial statement.

5.6 RECOMMENDATIONS

In view of the importance of published reports in investment decisions and the problems faced by the investors certain measure can be adopted by the various companies, professional and regulatory bodies and even the entire financial community in order to enhance the value of the information provided to users.

The following are some of the measures:

a. Supplementary to satisfy the needs of the users, a supplementary statement could be attached which would highlight significant figures in the account.

b. Availability of external statistical data: That is, an effort should be made to compile and makes available financial data about operation of those companies quoted on the stock exchange market.

c. Furnishing of information on regular basis: If a company could issue information about its performance and affair on a more regular basis this will improve. It corporate image and encourage investors and other interested parties to make decision on a timely basis such media include daily newspaper financial newspaper etc.

d. Narrowing are of differences: To solve the problem of historical cost data for the effect of inflation and revolving non-monetary asset can be solved through the use of present price level. It also to solve the problem of alternative method employed by companies this could be through Nigeria Accounting Standard Board (NASB) to issue and publish. More of accounting standard which would help in eliminating or reducing the area of differences.

e. Accounting for price level change: The problem of historical cost data for the effect of inflation and revolving non-monetary asset can solved through the use of present price level, adjusted result along with a firm historical results. So that the impact of inflation on its income in financial position can be highlighted.

f. Every financial institution should ensure that all material facts as regard the assets and equity of the organization should be reflected in their yearly financial statement. As such, the financial institutions should adhere to the demand of subjecting their financial statement to statutory audit as a way of authenticating their contents.

g. The financial statement should be prepared using such a language and terms a layman can understand because the technical terms do not mean much to the investors. These should be prompt provision of the financial statement at the end of each financial year and the profit after tax should be reported precisely and correctly with actual figures and avoid use of percentage to enable any layman make good investment decision.

h. Investment decision should not be on a vacuum or rule of thumb rather, the financial statement should be used as the bedrock and the volume of liabilities acquired by financial institutions should be minimal and invested wisely to avoid its negative effect on the profit of the bank which will discourage prospective investors. No investment decisions on a financial institution should be taken without the consideration of a company's financial statement.

h. Banks and companies should carry out educational enlightenment programme from time to time to enable investors understand the financial report fully. Investors should attach much importance to the annual reports so that banks and companies can really know the extent of their responsibility in preparing the financial statement.

Banks and companies should sponsor research into the information needs of their investors and how best to communicate this information to them. There should be a review of annual report of banks and companies by the authority concerned, in order to effect the much needed charges raised by investors considering the changing economic trend in the country.

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