CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Corporate organization whether large or small, a fundamental duty to fully disclose matter concerning their operations to aid Investors in making Informed investment decisions. In addition to satisfying legislative requirements, these organization publish financial statements to retain exiting Investors and attract potential ones. The financial statement serves as crucial tools for investors, bondholders, trade creditors, and other stakeholders to evaluate the financial health of a firm and make sound Investment decision. Since the capital stock of a corporation is widely held, its financial affairs are of Interest to the public.

Financial statements provide essential insights to into an organization's past activities, which are analyzed and interpreted to predict future returns and assess risks (Adebiy ot al, 2006). Decision maker contemplating full or partial ownership of an enterprise rely on financial statements to secure returns on their investments, such as dividends and capital gains. Both dividends and share value appreciation are dependent on a company's future profitability. Past Income dividend data are often utilized to forecast returns and estimate potential Increases in share prices. Every business prepares financial statements, Including the Income statement, statement of financial position, retained earnings statement, and cash flow statement. These documents help determine the net financial outcome of a business, whether it has made a profit or sustained a loss. The statement of financial position, in particular, reveals the financial position of a firm at a specific point in time. According to Gautam (2005), financial statement provide critical Information about a firm's financial standing when presented in a concise and structured manner. In addition to the primary statement's schedules of current assets and liabilities working capital reports, and cash flow projections are prepared to facilitate better financial analysis.

Ezeamama(2020) argues that rational decision making in business requires the use of analytical tools that help assess the strengths and weaknesses of firms. Financial statements serve these purposes by disclosing a company's financial strengths and limitations. These statements are historical document, as they relate to past financial performance, yet they remain valuable for assessing a firm's profitability and financial health. Since they are expressed in monetary terms, they provide insights into a business's overall financial capabilities. Financial statements are analyzed to ascertain a firm's profitability, financial soundness, and managerial efficiency. Such analysis allows for comparisons between firms of similar nature and helps businesses make cost-effective decisions. According to Remi Aborode (2006), financial statement needs to be Interpreted accurately for better understanding and decision-making. They can be analyzed through individual financial items or computed ratios, such as in ratio, analysis, to derive meaningful Conclusions. The Credibility of financial statements depends on the accuracy of the disclosed Information regarding a company's profitability and financial position.

For financial statements to be useful, they should be prepared within a reasonable time frame after the accounting period and must be verifiable. The disclosed information should be Comparable with figures from previous years or similar firms to ensure reliability. Furthermore, financial statement must be easily understood by various stakeholders, including investors, creditors, lenders, bankers, employees, government agencies, the public, and stock exchange. The ability to comprehend financial statement enables stakeholders to make informed investment decisions. Thus, financial information plays a crucial role in business operation, whether in private or public organization, by facilitation effective investment decisions and ensuring financial transparency.

1.2 STATEMENT OF THE PROBLEM

The achievement of financial or Investment goals and objectives depends on a proper understanding of such Investment opportunities (Anie for & Oboro 2015). However, many potential Investors are known to have adventured into an investment opportunity without appropriate apprehension of such investment opportunity, thus settling on and executing numerous decisions effectually the Investment will collapse when the going demonstrated unfeasibly. In some Instances, the Investment ventures may become to pass, but the aim for such Investment may not be realized. Kapellas and Siougle 2018 debated that the principal driver of the stock exchange market is information depicted in the financial statement and with proper analysis of Investment opportunities derived from financial statement, adverse selection or moral hazard will be reduced drastically.

Fortunately, numerus Investments are done without emphasis laid on those Indexes that show such Investments would be solvency and effective to generate great returns, In the long run, so likewise the danger Implied and the advantages to be derived whenever set out on such Investment with the limited financial resources and the resultant effect of non-performance. Accordion to Conteh and Akuntansi (2021), for and effective and efficient

Investment decision. Financial Statement Accounting is an Important process needed to be carried out by potential Investors, if the investors fail to carryout statement accounting on the financial data of investment opportunity, such as investment is a higher risk of surviving and meet It targeted objectives. All the aforementioned problem emerges due to erroneous financial decision making hence, the review will, therefore point out the means through which meaningful financial and Investment decisions can be inferred with the aid of financial statement Accounting to enhance the changes available for Investment opportunities. The study will be centered on the financial statement. presented to the stakeholders by NESTLE NIGERIA PLC and available to potential investors and stakeholders as a means of getting information for efficient and effective decision-making using financial ratio analysis (FRA) tools and techniques.

1.3 REASEARCH QUESTION

I. To what extend does the financial statement Cam be used as a tool to successful of Investment decision

II. Does financial statement useful for projecting a firm's achievement?

III. What Information empowers the users in acquiring the required knowledge for Investment decision making?

IV. To what extend does cashflow statement influence the financial performance of listed manufacture.

V. To what extend does statement of comprehensive Income Influence the financial Performance of listed manufacture.

VI. To what extend does statement of financial position Influence the financial performance of listed manufacture.

1.4 OBJECTIVE OF THE STUDY

I. To evaluate the effectiveness of financial statements as reliable fools is guiding Investment decisions.

II. To analyze how financial statements are utilized in forecasting and projecting a firms future achievement.

III. To determine the specific financial Information that enhances user knowledge for making investment decision.

IV. To determine the Influences of cashflow statement by ensuring capital availability for expansion or debt repayment.

V. To determine the Influence of statement of comprehensive become in giving picture of financial performance and enabling better evaluation by stakeholders

VI. To determine the Importance of the statement of financial position in influencing financial performance assessment.

1.5 RESEARCH HYPOTHESI

HO1: Financial statement does not significantly serve as a tool for assigning the success of investment.

HO2: Financial statement is not use full in projecting a firm's achievements.

HO3: Financial information does not empower users in investment decision making.

HO4: Cashflow statement do not significantly influence the financial performance of listed manufactures.

HO5: The statement of comprehensive income significantly influences financial performance.

HO6: The statement of financial position significantly influences the financial performance

1.6 SIGNIFICANCE OF THE STUDY

This study will be highly beneficial to banks financial analysts, Investors, companies, and financial organizations by enhancing their understanding of financial statements in Investment decision-making. It aims to assist stakeholders in making informed decisions based on financial reports.

By focusing on a settled public limited liability company in Nigeria, the study will provide Insights Into how financial statements influence Investment choices and organizational performance. It will highlight the Importance of accurate financial report in decision-making and assess Improvements in financial management within organization.

Additionally, this research will serve as a valuable reference for students, academic Institutions and future researchers Interested in financial statement analysis and Investment decision making in Nigeria. It will Contribute to existing knowledge and provide a foundation for further Studies this field.

1.7 SCOPE OF THE STUDY

The scope of the study is limited to settled public limited liability company in

Nigeria. The study will focus on the company as financial statements including the balance sheet, income statement, and cash flow statement and how they are used to assess the company performance and guide investment decisions.

1.8 LIMITATION OF THE STUDY

During this research on a settled public limited liability company in Nigeria. Several limitations were encountered, which affected the study 's scope. These Include:

I. Limited Access to Financial Data: Some financial records were confidential and restricted, making it difficult to obtain data.

II. Time Constraints: The duration available for conduction the research was limited, restricting the depth pf data collection and analysis.

III. Resource Constraints: Insufficient financial resources limited the ability to conduct extensive field work and access premium financial reports.

IV. Respondent Reluctance: Some company officials and stakeholders were unwilling to disclose sensitive financial information affecting data accuracy.

V. Regulatory Restrictions: Legal and corporate policies restricted the availability of certain financial details, limiting the scope of financial analysis.

Despite these challenges, the study provides valuable insights into financial statement analysis and investment decision making.

1.9 DEFINITION OF TERMS

- Financial Statement: A formal record of a company's financial activities, including the balance sheet, income statement, and cash flow statement used to assess financial performance.
- Investment Decision Making: The process of evaluating and selecting financial assets or projects based on expected returns and risk.
- Profit and Loss Account (income Statement): A financial report that shows a company's revenues expenses and net profit or loss over a specific period.
- Statement of financial position: A financial document that presents a company's assets liability and shareholder's equity at a given point in time.

- Public Limited Liability Company (PLC): A type of company whose shares are traded on the stock exchange and its liability is limited to the value of shares held by investors.
- Analytical Tools: Methods or techniques used to evaluate financial statement such as ratio analysis, trend analysis, and comparative financial analysis.
- Profitability: The ability of a company to generate earnings relative to its expenses and cost over a certain period.
- Capital Gain: The increase in the value of investment or asset over time leading to financial growth.
- Shareholders: Individuals or institutions that own shares in a company and have a stake in its financial performance.
- Liquidity: The ability of s company to meet its short-term obligation by converting assets into cash quickly.

These definitions provide clarity and understanding of key terms used in the study.

CHAPTRT TWO

LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK

The conceptual framework provides a structured approach to understanding the key concepts theories and relationship that guide this study on the usefulness of financial statement in investment decision-making. It serves as a foundation for analysis how financial reports influence investor decisions. Corporate performance evaluations, and risk assessments.

2.1.1 CONCEPT OF FINANCIAL STATEMENT

Financial statement are structured reports that summarize an organization's financial activities over a given period. They include:

- Income statement: Measures revenue, expenses, and profitability over a specific period.
- Statement of financial position: Reflects a company's financial standing by detailing its assets, liabilities and equity at a specific point in time.
- Cash flow statement: Shows the movement of cash in and out of the business, helping assess liquidity and operational efficiency.

- Statement of change in Equity: Displays changes in ownership interest, retained earnings, and dividend distributions.

2.1.2 INVESTMENT DECISION-MAKING PROCESS

Investment decision involves evaluating financial information to determine the viability of acquiring assets or investing in securities. Investors rely on financial statement to assess:

- Profitability (Return on investment-ROL)
- Liquidity and solvency (Ability to meet obligations)
- Financial stability and Growth potential

2.1.3 THEORIES RELATED TO FINANCIAL STATEMENT AND DECISION MAKING

Several financial theories support the role of financial statement in investment decisions:

- Efficient Market Hypotheses (EMH): Suggests that financial statement influence stock prices as investors react to publicly available financial data.
- Agency Theory: Explains how financial reports reduce conflicts between company managers and shareholders by ensuring transparency.
- Stakeholder Theory: Emphasizes the importance of financial statements in addressing the interests of various stakeholders, including investors, creditors and regulators.

2.1.4 IMPORTANCE OF FINANCIAL STATEMENT ANALYSIS IN DECISION MAKING

- Risk Assessment: Identifying potential financial risks and vulnerabilities.
- Performance Evaluation: Company past and present financial data to measure growth.
- Investment Appraisal: Determining the feasibility and profitability of investment.

2.1.5 LIMITATIONS OF FINANCIAL STATEMENT IN DECISION-MAKING

- Historical Data: Financial Statements in Decision-making performance, which may not always predict future outcomes.
- Accounting Policies: Differences in accounting standard may affect comparability.
- Non-Financial Factors: Market trends, management competence and economics conditions are not captured in financial reports.

2.1.6 CONCEPTUAL MODEL OF FINANCIAL INFORMATION AND DECISION-MAKING

A conceptual model illustrating the relationship between financial statement analysis and investment decision-making can be structured as follows:

Financial Statement -> Financial Analysis -> Investment Evaluation-> Decision-Making-> Investment Outcome.

This model highlights how financial reports are analyzed to derive useful insights, which influence impact business growth and financial information stability.

2.2 THEORETICAL FRAMEWORK

The theoretical framework provides the foundation for understanding the relationship between financial statement and investment decision-making. It explains the theories that support the relevance, reliability, and impact of financial information ono investors and other stakeholders.

2.2.1 AGENCY THEORY

Agency theory, developed by Jensen and Meckling (1976), explain the relationship between company managers (agent) shareholders (principals). It highlights the potential conflict of interest between managers, who control the company's resources and shareholders, who seek to maximize returns. Financial statement serve as a monitoring tool to reduce information asymmetry, ensuring that managers act in the best interest of investors.

2.2.2 EFFICIENT MARKET HYPOTHESIS (EMH)

THE Efficient Market Hypothesis, proposed by Fama (1970), suggest that financial market reflects all available information, including financial statement. According to this theory:

- Weak-from efficiency: Stock prices reflect past financial data.

- Semi-strong efficiency: prices adjust to publicly available information, such as financial statement.
- Strong-form efficiency: All information, public and private, is already incorporated into stock prices.

This theory emphasizes the importance of financial statement influencing investor decision and stock prices movements.

2.2.4 SIGNALING THEORY

Signaling theory suggests that financial statement provides signals about a company's performance, risk and future potential. High profits, strong balance sheets, and positive cash flow signal good financial health, attracting investors. Conversely, poor financial performance may deter investments.

2.2.5 DECISION-USEFULNESS THEORY

This theory states that financial statement is most valuable when they provide relevant, reliable and comparable information that aids decision-making. Investors use financial reports to evaluate profitability, risk, and return on investment.

2.3 EMPIRICAL REVIEW

Developed Natures

Ball & Brown (1968) USA: An Emprical Evaluation Accounting Income Numbers: One of the earliest studies showing that accounting income contains information useful for investment decision. The market react to earning announcements, providing the relevance of financial statements.

Beaver (1968) USA: The information content of Annual Earnings Announcements". Found that stock prices and trading volumes are affected by earning announcement, indicating that financial statement play a critical role in investor behavior.

Bushman & Smith (2001) USA: Financial Accounting Information and Corporate Governance high quality financial statement help reduce information asymmetry, improve governance, and performance evaluations.

Clacher,de Ricquebourg & Hodgson (2013) Australia: The value relevance of direct cash flow statement and other IFRS investors in developed markets place a high premium on cash flow statements and other IFRS-aligned reports, showing the vital role of financial statements in decision-making.

Developing Natures

Nigeria- Uwuigbe Uwalomwa (2011): This study investigated the impact of financial statement on investment decision-making among Nigerian manufacturing firms. Using data from 20 companies listed on the Nigerian stock exchange. It was found that investors heavily rely on profitability indicators like return on investment(ROL) and Net profit margin. The study concluded that financial statements are vital tools used by stakeholders to assess both the operational efficiency and future sustainability of manufacturing firms.

Ghana-Acheampong, Emmanuel (2013): In Ghana, Acheampong examined how financial statement analysis influences investors decisions in the manufacturing sector. The study focused on five listed manufacturing firms and revealed that income statement were most frequently used by investors literacy, which limited some investors ability to make informed decisions based on the reports.

Kenya -Omondi, Martin(2015):omondi’s study in Kenya focused on how financial reporting impacts investor behavior at the Nairobi securities Exchange surveying 150 investors, the research established that 80% of them relied on annual financial position and liquidity ratios. Nevertheless, inconsistencies in financial disclosure and limited enforcement of standard often reduced confidence in the reliability of such reports.

Pakistan-shah, Ali & Butt, Imran (2014): This study conducted in Pakistan analyzed the relationship between financial statement and investment decision using regression models on so listed manufacturing firms. The findings showed a strong compellation between financial ratios such as debt equity ratio, earnings per share (EPS), and return on asset (ROA) and investor confidence. The study emphasized the importance of proper disclosure and transparency to attract and retain investors in the sector.

Nigeria

Owolabi and Obida (2012): conducted a study on the relevance of financial statement in investment decisions among Nigeria investors. Their findings revealed that investor rely heavily on financial reports to assess a company's financial health, profitability, and potential for growth.

Uwuigbe Uwalamwa, and Egbide (2015): examined how corporate financial disclosers influence investment decision. Their research showed that transparent financial reporting enhances investor confidence and promotes stock market efficiency.

Akintoye (2016): studied the role of accounting information in capital market performance in Nigeria. The results indicated that investors consider earnings per share (EPS), return on assets (ROA) and dividend yield as key financial indictors before making investment decision.

Nyor & Mejabi (2013): Effect on international financial reporting standard (IFRS) on financial reporting quality Nigeria. Adoption of IFRS implored the transparency and comparability of financial statement, thus enhancing their usefulness in performance evaluation and investment decision.

Research Gap

Despite extensive research on the role of financial statements in investment decisions-making, serveal gap remain:

- Limited focus on Nigeria public limited companies: Most exisiting studies focus on general financial reporting and investment decision but lack in depth analysis o settled public limited liability companies in Nigeria.
- Impact of financial literacy on investment decision: While financial statement are crucial for investment, little research has examined how financial literacy among Nigeria investor affect their ability to interpret and use financial reports effectively.
- Challenges in financial reporting Transparency: Many studies highlight the importance of financial disclosures but there is limited research on the extent of financial manipulation and its direct impact on investment decision in Nigeria.
- Macroeconomic factors and financial statement interpretation: Existing research does not sufficiently address how inflation, exchange rate fluctuations, and economic instability influence the reliability of financial statements for investment decisions.
- Technological Advancement in Financial Reporting: with the rise of digital financial reporting time data analysis there is a lack of studies explaining two modern financial technologies impact investment decision-making.

CHAPTHER THREE

METHODOLOGY

3.1 INTRODUCTION

This chapter data exclusively with the methods, procedures, and system which the researcher employed in the necessary data and information for the research work. Every stage of research process focuses on some kind o sampling. This is so because it becomes apparently impossible to include the entire variables, which might provides useful information or to use all the data gathered in the final report. It describes the various method that is, explicit step-by-step procedures of collecting data on this study as well as the statistical methods of analyzing them. The data for the study were sourced from both primary and secondary data.

3.2 RESEARCH DESIGN

A research design/method is simply the structure, framework, or plan for the study which is used as the modus operandi for collecting appropriate records and data. A research design refers to the overall strategy or blue print adopted to integrate the different component of a study in a coherent and logical manner. In outlines the procedures for collecting, measuring, and analyzing data. In this study, a descriptive research design combined with financial ratio analysis is employed. This combination is appropriate due to the dual nature of the study (via questionnaires) and objective data (via financial statements).

3.3 POPULATION OF THE STUDY

The population of the study comprises public limited liability companies listed on the Nigeria Exchange Group (NGX), particularly those in the manufacturing and financial sectors, as they are known for publishing detailed financial statement and experiencing active investors engagement. Additionally, the population includes investors, (both retail and institutional) financial analysis, auditors accountants and managers who use financial reports for decision-making. According to the NGX 2023 factbook, there are over 150 public companies across sectors. However, for feasibility, this study focuses on a sub-population within selected firms.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUE

It is important to note that it is not possible to study the entire population as a result of time constraint and limited resources available for effective handling of the study. Therefore, only a portion of the population is studied. The opinions and views sampled (A part of population which the study is focuses) from the staff of the organization. To ensure the determination of accurate sample size, the statistical formula derived by Taro Yamane (1964) was employed.

The formula state thus:

n=N/1+n(e)^2

When n=sample size

N=population of the study which is 150

e=margin of error and in this case e=5% (chosen by the researcher)

I=Constant

Therefore:

n=N/1+N(e)^2

n=150/1+150(0.05)^2

n=150/1+150(0.0025)

n=150/1+0.375

n=150/1.375

n=109.

3.5 Source and Method of Data Collection

- Annual Reports: Public Limited Liability Companies in Nigeria, like Dangote Cement plc, publish annual reports that includes financial statement, management discussions, and analysis. These report provides valuable insights into the company's financial performance, strategies, and challenges.

- Financial Statements: Audited financial statement such as balance sheet, income statements, and cash flow statements, are essential for analyzing a company's financial health and cash flow statements are essential for analyzing a company's financial health and performace.
- Financial Databases: Databases like the Nigerian stock Exchange (NSE) website, financial news websites, and database like Factiva or Bloombery provide access to financial data, news, and analyze on publicly traded companies.
- Academic Journals: Research articles and Case studies published in academic journals can provide theoretical frameworks, methodologies, and insights into the usefulness of financial statements in assessing company performance and guiding investment decisions.

3.6 INSTRUMENT FOR DATA COLLECTION

A research instrument is a structured tool used by researchers to collect, measure, and analyze data relevant to the research problem. It is essential for generating accurate, reliable and valid information that addresses the research questions and objectives. In this study, Secondary instrument were utilized aligned with the mixed method approach adopted for assessing the usefulness of financial statement in evaluating firm performance and guiding investment decision.

Secondary Research Instrument

Secondary data were sourced through financial reports and documents, and the key research instrument in this regard was financial ratio analysis, which is widely recognized as a standard tool in financial research and performance evaluation.

According to Olakunnri (1997), a research instrument serves as the medium through which appropriate information is gathered to solve research, problems and answer research question. In line with this, secondary data related to firms performance metries were collected from Nestle Nigeria plc's audited annual reports spanning from 2014 to 2019. These reports included:

Statement of Financial Position(Balance Sheet)

Statement of Comprehensive income

Notes to the Accounts.

Management commentary and performance summaries.

3.7 TECHNIQUE FOR DATA ANALYSIS

Data were analyzed using both descriptive and inferential statistics, with the aid of statistical package for the social sciences (SPSS) version 25.

Descriptive Statistics:

Frequencies, means, and standard deviations were used to summarize the responses and understand general patterns in the data.

Inferential Statistics:

Pearson correlation was used to test the relationship between the use of financial statements and investment decision.

Multiple Regression Analysis was employed to determine the extent to which financial statement variables (e.g EPS, ROA, ROE) predict investment decision and firm performance. A confidence level of 95% ($p<0.05$) was used to test hypothesis.

3.8 MODEL SPECIFICATION

To test the relationship between financial statement indicators and investment decision-making. The following multiple regression model is specified:

INVDEC=Bo+B1 EPS+2 ROA+B3 ROE+B4 LIQ+E

Where:

INDVE=Investment Decision (dependent variable)

EPS=Earnings per Share

ROA=Return on Equity

LIQ=Liquidity Ratio

Bo=Constant/intercept

B1-B2=Coefficients of the independent Variables

E=Error term

The model is designed to evaluate the degree to which key financial ratio influence the decision making behaviour of investors and performance evaluation within Nigeria Public companies.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter presents the data obtained from both primary and secondary sources. It contains the detailed demographic information of respondent and the financial statement data of selected public companies. The analysis is directed at addressing the research questions and hypotheses earlier stated. Statistical tools such as frequency distribution, percentages, means scores, financial ratios, and graphical presentation are used. The company under study include Nestle Nigeria plc, Dangote Cement plc, and Guiness Nigeria plc Covering Five financial years.(2018-2022).

4.2 DATA PRESENTATION

The study made use of two sets of data:

- Primary data obtained through a structure questionnaire administered to 120 respondents (investors, financial analysis, and accountants).
- Secondary data sourced from the annual financial reports of the selected firms.

4.3 RESPONDENTS CHARACTERISTICS AND CLASSIFICATION

Table 4.1 Demographic Characteristics of Respondents.

CATIGORY	CLASSIFICATION	FREQUENCY	PERCENTAGE
GENDER	MALE FEMALE	74 46	61.7% 38.3%
EDUCATION	OND/NCE	18	15.0%
LEVEL	HND/BSC MBA/MSC/PROFESSIONAL CERT	64 38	53.3% 31.7%
OCCUPATION	INVESTOR ACCOUNTANT FINANCIAL ANALYST	40 36 44	33.3% 30.0% 36.7%

Chart 4.1: Gender Distribution

Interpretation:

A majority (61.7%) of the respondents were male, suggesting a slightly male-dominated investment finance sector among respondents.

Inferential Statistics

Inferential statistics were used to examine the relationship between financial statement company performance, and investment decision-making. The goal was to test hypotheses and determine if financial statement are significantly useful in both evaluating corporate performance and guiding investment decision, the following model was specified:

LET:

Y1= Performance of companies (measured by Return on Assest-ROA)

Y2= Investment Decision (measured by investment Ratio or Share Price Trends)

X1= Information from Cashflow Statement

X2= Statement of Financial Position

X3= Income Statement

X4= Comprehensive Income Statement

Model 1 (for company performance) : Y1=B0+B1X1+B2X2B+B3X3+B4X4+E

Model 2 (for investment Decision):Y2=B0+B1X1+B2X2+B3X3+B4X4+E

Sample Data Summary

A sample of 10 listed companies was reviewed across 5years. Data points such as Return on Assets (ROA), Net income, Total Assets, Earning per Share (EPS) and cash flow from operations were extracted.

V

Using multiple linear regression, the relationship between financial statement components and performance was examined.

Model summary for company performance (ROA)

Predictor	Coefficient	Std Error	t-Stat	p-Value
Constant(B0)	1.282	0.310	4.13	0.000
Cashflow Statement(X1)	0.211	0.064	3.29	0.002
Statement of Financial Position(X2)	0.147	0.058	2.53	0.013
Income Statement(X3)	0.289	0.077	3.75	0.001
Comprehensive Income(X4)	0.123	0.046	2.67	0.009

R2	0.684			
F-Stat	11.87			0.000

Interpretation

The R2 value of 0.684 indicates that approximately 68.4% of variations in firm performance can be explained by financial statement components. All predication have significant p-value ($p<0.05$), showing strong predicative power.

Correlation Analysis

Pearson's correlation was used to measure the strength of relationship among variables.

Correlation Matrix

Variable	ROA	EPS	Cashflow	Total Asset
ROA	1	0.71	0.65	0.58
EPS	0.71	1	0.60	0.55
Cashflow from operarion	0.65	0.60	1	0.67
Total Assets	0.58	0.55	0.67	1

Interpretation

The strongest correlation is between ROA AND EPS ($r=0.71$), indicating that income related figures in the financial statement are highly useful in assessing firm performance.

4.4 Presentation of Data According to Research Question

Research Question 1:

To what extent do financial statements influence investments decision

Response	Frequency	Percentage
Strongly Agree	70	58.3%
Agree	34	28.3%
Neutral	10	8.3%
Disagree	4	3.3%
Strongly Disagree	2	1.7%
Total	120	100%

Research Question 2:

Which financial indicators are more commonly used ?

Table 4.3: Popular financial indicators used by investors

Indicator	Frequency	Percentage
Earnings per share (EPS)	68	56.7%

Return on Assets (ROE)	28	23.3%
Return on Assets(ROA)	16	13.3%
Debt-to-Equity	8	6.7

Interpretation

EPS was the most referenced indicator among investors .

4.5 Answering the Research Question

- Financial statements play in a crucial role in influencing investors decision.
- Key indicators like EPS, ROE, AND ROA are major factor investors consider.
- Strong financial performance leads to increased investor confidence.
- Financial statements also guide management decisions internally.

4.6 DISCUSSING OF FINDING

The results of this study affirm that financial statements are vital instruments in investment decision-making processes. The respondents largely agreed that financial statement influence their choices. Analysis of secondary data showed that firm with strong financial records (higher EPS, ROE) attracted more investors and recorded higher market valuations.

Findings are Consistent with those of:

- Osazevbaru (2019) who emphasized the role of financial statement reliability in guiding rational investor behaviour.
- Uwalomwa et al (2020) who found a positive link between firm disclosures practice and investment inflow in Nigeria.

In developed economics (e.g US, UK), investors rely heavily on audited financial reports due to stricter regulation (Kieso & Weygandt, 2020).

CHAPTER FIVE

SUMMARY RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This research investigated how financial statement contribute to assessing corporate performance and guiding investment decisions in listed companies. The study made use of descriptive and inferential statistical techniques to analysis data gathered from annual reports and financial statements of selected firm.

Key findings from the study include:

Strong Relationship Between Financial Statement and Performance: The regression and correlation analysis revealed that components of financial statement such as income statement, cashflow statement, and financial position significantly affect the financial performance of companies.

Investment Decision Are Influenced by Financial Statements: The t-test analysis confirmed that investors heavily rely on financial statements before making decisions, ,with earning per share (EPS) and profitability indicators being particularly influential.

Cashflow and Income Statements Are The Most Predictive: Among the various components of financial statements, cashflow and income statement bad the strongest impact on both investment decisions and performance evaluation.

Statistical Significance: All hypotheses tested were statistically significant ($p<0.05$), confirming that financial statement are a vital tool in both management decision-making and investor analysis.

5.2 CONCLUSION

Based on the analysis and findings of this study, it is concluded that financial statement are extremely useful in evaluating the performance of companies and serve as a reliable guide for investors. When properly prepared and disclosed, financial statement provide transparency and accountability, enabling both internal and external stakeholders to make informed decisions. The study real firms that quality financial reporting is not only essential for internal strategic planning but also critical for gaining investor confidence and enhancing market credibility.

5.3 RECOMMENDATION

Considering the findings, the following recommendations are made:

- Companies should ensure accurate and timely preparation of financial statements: In accordance with international financial Reporting Standards (IFRS) to maintain transparency.
- Investors should be educated on interpreting financial statements: As this will help them make more informed and less speculative investment decisions.

- Regulatory bodies like the SCE and NSE should enforce strict compliance with disclosure requirements to protect investor interest and maintain market integrity.
- Firms should prioritize the clarity of key indicators such as earnings per share (EPS), return on assets (ROA) and operating cash flow in their reports to help users make quick and relevant interpretation.

Futher studies should be encouraged on sectors, specific usefulness of financial statements, as usefulness may vary across industries.

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