CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The impact of financial reporting on corporate performance of business organization is becoming more apparent to users, of financial report.

Accounting is not an exact science neither a business operations without some subjective and judgmental errors when it comes to reporting them. A financial reporting therefore is a document statement which informs the various interest group to a business on the operation and performance of their business in a period under reviewing its present state affaires as well as it's anticipated future in accordance with statements.

If a financial report is to serve it ought to be characterized by the following :

a) Relevance

b) Understandability

c) Reliability

d) Completeness

e) Objectivity

f) Timeliness

In the accounting process of an organization is to provide the information required to prepare a financial report which shall have characteristics then the transaction doing the period must be recorded prompt by and accurately and interpreted in conforming with the General Accepted Accounting Principle (GAAP), Report of accounting standard board

(NASB), internal accounting standard committee and the companies and Allied matter act cap LFN (CAMA)

Financial accounting reporting become necessary with the obvious need for accountability of stewardship from the managers to whom investors entrusted their financial resources.

1.2 STATEMENTS OF THE PROBLEM

Since the dramatic collapse of the Enron Corporation, an American company, in 2001, and the subsequent dissolution of Arthur Andersen, which was then one of the ‘’Big five’’, audit and accounting firms around the world have been seen as irrational organization, because of their inconsistency in reporting and poorly structured accounting statement.

WorldCom another American company in telecommunication industry with over US$107 billion in assets, also suddenly collapsed just after one year (ie 2002) of the Enron misfortune. This financial scandals and the financial crunch facing the economy of most nations have resulted in increased attention to improve and enforce quality financial reporting practices worldwide in order to reform the global economy. However, this aims investigating the financial reports of some companies with a view to detect the extend to which

A. Financial accounting contributes to the growth or performance of a business organization
B. The extent to which the financial accounting of an organization comply with statutory provisions uniformity
C. The adequacy of the base and the fundamental that guilds its preparation
D. The degree to which the financial report meets the needs of its various users.

1.3 RESEARCH QUESTIONS

In order to determine the impact of financial accounting on the business performance of organization, it is pertinent to ask or test the following questions:

1) Does companies comply strictly with the statutory regulations of accounting profession?
2) Does the financial accounting information has impact on business profession?
3) Does the information disclosed in the financial statement adequate to support good financial decision making?

1.4 OBJECTIVES OF THE STUDY

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

a) The adequacy of the basis and the fundamental that guides us preparation.
b) The degree to which the financial report meet the need of its various users.
c) The extent to which the financial report conforms to the established standards.
d) The influence that financial report has on business performance.
e) Finally, to present suggestion and recommendations based on my findings.

1.5 RESEARCH HYPOTHESIS

The following null and alternating hypothesis shall be tested in the course of this research work.

Hypothesis 1

Ho: corporate organization do not comply with the statutory regulations of accounting profession

Hi: corporate organization do comply with the statutory regulations of accounting profession

Hypothesis 2

Ho: The information provided in financial statement is not adequate to support good financial decision making

Hi: The information provided in financial statement is adequate to support good financial decision making

Hypothesis 3

Ho: Financial accounting has no impact on corporate organization performance

Hi: Financial accounting has impact on corporate organization performance

1.6 SIGNIFICANCE OF THE STUDY

This study is very important and most significant at this period when companies with impressive income report and report of financial position are still faced with continuity threat. Financial account is “Prima Facie” evidence on the state of affairs of companies as well as its performance and could be relied upon as a certificate because it has the auditors’ certification This study after solutions to the alternative question, it is of my believe that the result of the findings will go a long way to help other researchers in this area of study. It will also enhance the understanding of the structure of published financial information and account by users.

1.7 SCOPE OF THE STUDY

This study concern about the impact of financial accounting on the corporate performance of a business organization with a particular reference to Tuyil Pharmaceutical Company. This research work basically aims at ascertaining how financial accounting report has helped in advancing the objectives of corporate organization. In the process, it investigated the effects that financial accounting bear on the performance of a business.

1.8 LIMITATIONS OF THE STUDY

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

a. The confidential nature of financial accounting information in the business organization posed as a problem to this business organization posed as a problem to this study.

b. The researcher was unable to reach all the members of the sample as a result of their frequent travels and busy schedule.

c. The sample used in the research through representative but it is relatively small compared to the population, as a result of lack of finance with which to carry out the research on a greater sample.

1.9 DEFINITION OFKEY TERMS

Below are terms and words which was used by the researcher during the course of research:

1. **AUDITOR**: An auditor is a person authorized to review and verify the accuracy of financial records and ensure that companies comply with tax laws.
2. **BANK:** This is a financial institution that accepts deposits from the public and creates a demand deposit while simultaneously making loans. Lending activities can be directly performed by the bank or indirectly through capital markets.

3. **BALANCE SHEET :** Is a financial statement that reports a company's assets, liabilities, and shareholder equity. The balance sheet is one of the three core financial statements that are used to evaluate a business. It provides a snapshot of a company's finances (what it owns and owes) as of the date of publication.
4. **GOVERNMENT:** Is the political direction and control exercised over the actions of the members, citizens, or inhabitants of communities, societies, and states.
5. **PRIMA FACIE**: This is a legal term or legal claim which is made when the prosecution has enough evidence to proceed with a trial of judgment and to prove that the dependant is guilty.
6. **RESEARCHER**: Is someone who conducts research i.e an organized and systematic investigation into something.
7. **ACCOUNTING:** A systematic and comprehensive recording of financial transactions pertaining to the business.
8. **GOING CONCERN THREAT:** It is an accounting assumption that state that a business will stay in operation for the foreseeable future.
9. **GAAP(General accepted accounting principles):** Is a framework of accounting standards, rules and procedure defined by the professional accounting industry.
10. **FINANCIAL REGULATOR:** This is an institution that supervise and control a financial system. Their objective is to guarantee far and efficient markets an financial stability.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Chang (2001) asserts that accounting information plays a significant role in enhancing organizational effectiveness in a global competitive environment. Dorms, Jarmin and Klimek (2004) say that financial reports still remain the most important source of externally feasible information on companies. In spite of their widespread use and continuing advance, there is some concern that accounting practice has not kept pace with rapid economic and high technology charges which invariably affects the value relevance of accounting information. The importance of changes assertion is reinforced by massive accounting fraud in developed countries especially United States of America (USA), rapidly changing business environment and reports by some researchers that value relevance of accounting information has declined. However, a number of researchers claim that accounting information has not lost its value relevance.

Borthick and Clark (1990) believe that accounting exists because it satisfies a need primarily for information. In order to be relevant, accounting data must be quick to respond to users' need (particularly the investors). Generally, investors are not in a situation to directly access the performance of companies in which they intend to invest. They usually depend on financial reports prepared by the management of such organizations. Financial report is one of the best sources of accounting information about a company. Financial reporting is an essential part of disclosure that helps investor to discover investment opportunities. The primary purpose of financial reports is to provide information concerning the financial situation of the company, its operational results, any changes of control in the company and cash flow.

2.2 CONCEPTUAL FRAMEWORK

Overview of the Financial Account System Reporting

According to Schaltegger (2004) in Jasch and Scteasiskiene (2005) define financial account reporting a subject of accounting and reporting that deals with activities, methods and system to record, analysis and report. Firstly environmentally and socially induced financial impacts and secondly ecologically and social impacts of a defined economic system (example, a company, production site and nation). Thirdly, financial accounting reporting deals with the measurement analysis and communication of internationals and links between social, environmental and economic issues constituting the three dimension of financial account reporting.

According to parliament of Australia financial account reporting involves companies and organisation demonstrating their corporate responsibilities through measuring publicly reporting on their financial account performance and impacts some of the most useful definition of financial accounting reporting include that given by the global reporting initiative (GRI).

Similarly, Dow Jones financial account system index in Lapma (2008) reporting as a business approach that created long term shareholder value by embracing opportunities and undamaging risks deriving the economic, environmental and social development. Corporate sustain leader achieve long term shareholder value by gearing the strategies and management to harness the market potential to sustain products and services while at the same time successfully reducing and avoiding cost and risks. According to potential Isengmann, Brosowski Thiessan and Markgomex (2008).

Financial account reporting has its roots in environmental or non-financial reporting respectively. It describes a development path towards a concept of balance reporting of an organization, often communicating the three pillars of environmental, social and economic performance and its mutual interactions, what in business terms. It caused the triple bottom line approach or corporate social responsibilities reporting respectively.

Accounting report can be classified into two board categories internal and external report internal report are referred to as management accounting report which deals with function such planning control and co-ordination of operation and with the decision necessary to the report typically is moer detailed than external report and offer deals with segment of the organisation rather than the whole business.

External report usually caused financial accounting report and offer deals with segment of the organization such as investors, lender and owners. Corporate annual report and account as provide to see him 334 of the companies and allied matters act (CAMA) 1990, as amended, the following shall be the content of the financial shoe be the comfit of

a) Company a statement of activity poesis
b) The balance sheet as at the last day of the year
c) Ap part and lost ascent or in the case of a company not thus doing the profit and income expenditure account for the year.
d) Notes to the account
e) The auditors deport

f) The director deport

g) A cash flow statement

h) Value added statement for the year

i) A time year financial summary for the year

j) On the care of holding company, the group financial statement.

2.2.2 Controversial Issues in Financial Accounting Reporting

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

Accounting Method and Practices

Historical Cost Accounting Method: The historical cost accounting is the current accounting practices and techniques adopted by companies preparing and presenting their published financial statement of public use. There is not strict destruction of historical cost concept and convention contained in the international accounting standard issued by NASIB. The two main characteristics of historical cost accounting are

a) All the financial transaction of an enterprise are recorded at their historical cost.

b) Monies receive and paid out at historical cost at the end of the profit and loss accounting, balance sheet and cash flow statement are produced using historical figures of transaction.

Transitive method are matched in the profit and loss account excluded adjustment account such that the income generated in a period is matched with the expenses incurred to general income thus is the matching accrued concept.

Although the use of historical cost accounting excluded adjustment, for instance, the cost needs adjustment when calculating the reflect current situation. The questions that raise concern in the historical cost accounting usage in financial reporting is whether it reflect the true position of the state of the business given the inflation developed when there was little inflation considering the impact in changing. Price in an indication that can no longer be effective if financial report is to present a true and fair view of the state of affairs of a business.

a) **The current purchasing power accounting (CCP):** the greatest critism of traditional historical cost accounting has stemmed from its inability to reflect the effects of changing price levels. The raised a hearted debated in with several committees set up in 1949 by the institute of chartered accountants of England and Wales and the government.

b) **The current cost accounting:** this method which was recommended by Sandilands committee set up in UK to be the basic of financial accounting reporting for public companies this concept has it that the current cost incurrent are matched against comment revenue for the purpose of determining profit.

But this method has its self back in real life companies utilize not any input the bought current but also input that were bought in the past when prices where different from present comes. There are delays of various lengths between acquisition of input and realization. Thereby causing these transactions to be measured by monetary units of different purchasing power.

c). **Replacement cost accounting:** this method in a bud to reflect the current economic situation in the finance accounting report is of the opinion that only income that is in excess of replacement requirement i.e. peeving market price is real profit.

Accounting to its proponent in a period of inflation the historical cost of asset input should be continuously adjusted to replacement values. This is done, current sales are matched will real current cost and this basis of conventional profit calculation will be eliminated. The major disadvantages of this market price of items in the account which is no only time consuming but involves outrageous expenses. Although the historical cost accounting has suffered such critism it has many advantages the reason it has show the test of time compared to other method whose cost of implementation for outweigh the possible benefit to be derived.

2.2.3 PRINCIPLES AND ASSUMPTION UNDERLYING FINANCIAL ACCOUNTING

Principles are general ideas that are intended to guide accountant in recognizing economic activities. Assumptive represent community understands about the accounting entity and the environment under which principles will have to be applied.

Accounting principle are built in some fundamental concept which one often disclosed become they are generally accepted as the under pennies for the preparation and presentation of financial statement.

The Basic Concept

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

The Money Measurement Concept

This convention states that the accountant only records those facts that are expressed in money terms. Any facts, how relevant they may be to the users of financial information are ignored by the accountant if they cannot conveniently express in money terms. It is often that the greatest asset on effective and efficient business possesses is the work force. So why does the work force never appear on a business balance sheet?

The short answer is that it would be extremely difficult to quantify this asset and other resources in money terms. So the accountant does not bother to try. Facts and outcomes that cannot be expressed in money terms are ignore.

The Going Concern Concept

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

The Historical Concept

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

The Periodic Concept

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

The Duality Concept

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

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

The Matching Concept

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

The Consistency Concept

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

The Realization Concept

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

a. It is capable of objective measurement

b. The value of assets received or receivable in exchange is reasonably certain. It is the view that revenue can be recognized at various points for examples, when goods produced are delivered and the owner has assumed liability or when the transaction is completed, in most cases is an industrial norm and depends on which of the points is the critical even only when the event is passed, can revenue be legitimately recognized.

2.2.4 The Fundamental Accounting Principle

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

a. ***Substance over form:*** Although business transactions are usually governed by legal principles, they are nevertheless accounted for and presented in accordance with their substance and financial reality and not merely with legal form.

b. ***Objectivity:*** This principle cannot have independence of judgment on the part of the accountant preparing the financial statements. Objectivity requires support by veritable evidence, in contrast to subjectivity or dependence on the inevitable opinion of the accountants preparing the financial statement.

c. ***Fairness:*** This is an extension of the objectivity principles in view of the fact that there are many users of accounting information, all having different needs, of the fairness principles requires that accounting reports should be prepared not to favour any group on segment of society.

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

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

Accounting Bases

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

a. Accrual basis

b. Cash basis

Accrual Basis

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

Cash Basis

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

2.2.5 Classification of Accounts

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

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

The Trial Balance

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

The Profit And Loss Account

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

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

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

2.3 THEORETICAL FRAMEWORK

2.3.1 LEGITIMACY THEORY

In organization perspective legitimacy has been defined by Lindlom (1994) in Deegan (2007) as a condition or stating which exist Cohen an entity system is congruent with the value system of the largest social system of which the entity is a point. When a disparity actual or potential exists between the two values system there is a throat of the entity legitimacy. Legitimacy theory is derived from a political economy theory (Gray et al 1996 in Kent and Stewart, 2005) and relies on the idea that the legitimacy of a company to operate in a society. Depend on an implicit social contract between the company and society. Manger continually attempt to their companies with its social contract by operating within society expectations.

This suggests the manager have incentive to disclose intimation that indicates the company is not normal expectation of society (Deegan and Biomquit 2006 in Kent and Stewart, 2005).

Organization legitimacy is summarized by Linblom (1983) in Mathews and per era (1996) in the following terms.

(A) Legitimacy is not synonyms with economic success or legally.

(B) Legitimacy is determined to exist when the organization goals output and method of operation are in conformance with norms and values.

(C) Legitimacy challenges are related to size of the organization and the amount of social and political it receives with the visible being most likely to be challenged.

(D) Legitimacy challenge may involve legal, political and social sanction Mathews and per era states further that the implied which the notion of organization have for management of inclined better communication with thus enlarged accounting is accountability may be essential for the continued existence of the corporation in its present Cuthrie and part her (1989) in nasaral-itussani emphasis that under legitimacy theory. Therefore the company attempts maintain its survival and continuity by voluntarily disclosing defiled information to society to prove its good citizens.

2.3.2 POLITICAL ECONOMIC THEORY

The political economy has been defined Gray et al (1996) in Deegan (2007) as the social, political and economic framework within which human life take place.

Political economy theory explicitly recognized by the power conflict that exists within society and the various struggles that occur between various groups within the society.

The perspective embraced in political economic theory is that society politics and economic are inseparable and economic issue cannot meaningfully be investigated in the absence of consideration about the political economy, a researcher is better able to consider broader (society) issue with the impact on how an organization operate and what information is elect to disclose.

Following from the above point, Guhrie and Parker (1990) in Deegan (2007) explain the relevance of accounting within a political economy perspective accounting report as a social and political document. They serve as a tool for constructing, sustaining and legitimacy economics and political arrangement, institution and ideological themes which contribute to the corporation power interest.

Political economy theory on the concept that societies, political and economic are indivisible and economic event cannot be a studied in comprehensive manner without reference to political and economic event cannot be studied occur.

2.3.3 STAKEHOLDER THEORY

The traditional definition of a stakeholder is any group or individual, who can attract or is affected by the achievement of the organization objective (Freeman 1984 in Fontaine, Harman and Schmid (2006) the general idea of the stakeholders concept is redefinition of the organization in general the concept is about what the organization should be conceptualized Friedman (2006).

In Fontaine et al (2006) states that purpose of organization should be to manage interest needs and view point. This stakeholder management is through to be fulfilled by the manager of a firm. The manger should on the one hand manage the corporation for the participation in decision making and on the other hand the management must act as the stakeholder, the purpose and the character of the organization and the role of manager are very in clear and contested in literature and have changed his definition over the time. In one of his latest definition Freeman (2004) in Fontaine (2006) define stakeholder as those group who are vital to the survival and success of the corporation. In one of his latest publication freeman (2004) in Fontaine (2006) adds a new principle, which reflect a new trend in stakeholder theory. In this principle in his opinion the consideration of the perspective of the stakeholders. They and their activities are also very important to be taken into the management of companies. He state the principle of stakeholders may bring an action against the directors for failure to perform the required duty of care (Freeman 2004, in Fontaine 2006) another approach to the stakeholder concept is the so caused descriptive. Stakeholder theory, this theory is concerned with how managers and stakeholder actually behave and how they view action and role. In some literature the own interest is conceived as the interest of the organization which is usually to maximize profit or to maximize stakeholders. Value this means if manager treat stakeholder in line with the stakeholder concept of organization will be more successful in the long run.

2.4 EMPIRICAL REVIEW

Empirical frameworks on the impact of financial accounting on the corporate performance on the manufacturing were drawn from many scholars in Nigeria such as the following;

Popal, Blodsel and Bodgan (2009) on the research work on effect of financial accounting report on the corporate performance of an organization which used analysis of variance, yaro Yamane method, chi-square and 2 test to test the hypothesis and analysis the data from the findings of this research topics on the effect of financial accounting reporting in the corporate performance in organization can be achieved through check and balance and norms principle. Fully utilized in maintain its records and adopting general accepted accounting principles in disclosing their financial statement.

The empirical review were drawn from Peromi and Tencah (2006) on his review in research in topic the corporate performance on business organization which used confident level (significant level) time series, tables and percentage, measure of dispersion, such as means, standard director variance and test to the analysis and its hypothesis from the findings of this research topics on the corporate performance in business organization should address policy formulation and coordination so that effective corporate performance can be achieved. It tend to addressed of the attitude of the business and may frequently contribute to major set pursuit of growth of the business.

The empirical review was select form Deegan and Blonguist, 2006. According to Deegan and Blonquist, 2006 on their research work in the importance of financial reporting in business organization which used the statistical tool used to examine hypothesis was means analysis of variance (ANOVA), variance and standard deviation and chi-square in the findings of this were showed he importance of financial reporting in the business organisation can be used to control and make vivid/decision in an organization. It records are not being kept by the business organisation. The business will not tend to grow because the mechanism are not being effective used and decision cannot be easily made.

According to Alexander and Britton (1999) identify that financial information should be relevant, understandable, reliable and complete. In addition, they should also be objective timely and comparable by being relevant, data contained in financial reports are expected to satisfy the requirement of users (investors, managers, government etc.) for their intended purposes. Such information are also expected to be understandable by interested parties; though simplicity may undermine the presentation of specialized activities, too much complexity is not encouraged in order to accommodate groups with divergent knowledge in accounting and finance. Reliability is another essential characteristic of financial reports. Information contained in financial reports should provide reliable evidence of financial activities of an organization. Financial information should in addition to these other attributes be complete information should not be partially reported it should be total to provide full picture of events.

According to Maseko and Manyani (2011) in Zimbabwe on 100 SMEs revealed that SMEs do not keep complete records as a result of lack of knowledge in accounting and the cost of engaging professional accountants.

According to Okoli (2011), he asserted that due to inability of SME owners not keeping proper records they were not able to assess their performances effectively. Okoli (2011), further argued that there is need for SME to keep proper records in order to enhance their profitability and continuity

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The method used in generation of idea and collection of data for this research as well as the method employed in the analysis of the data shall be briefly discussed in this chapter. The researcher employed various method and procedure to achieve the objective of this research.

3.2 RESEARCH DESIGN

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

3.3 POPULATION OF THE STUDY

Whenever a researcher is planning to carry out a study, he or she must consider carefully those things that will constitute the object of his focus-those people or things constitute his study population simply put, a study population is the total of the critical analysis on aggregate of which is the total of the number of persons on objects for investigation.

However, our population size for this stud constitutes the staff members of Nigerian Breweries plc who are knowledgeable in the preparation of the financial reports of the company. The population is arrived at by a census of the population components. The study population is one hundred (100).

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

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

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

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

n = sample size to be determined

z = the confidence level desired

e = the sampling error permitted

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

$$n = \frac{(1\text{-}96)^2 \times (13)^2}{5^2}$$

$$= \frac{3.8416 \times 169}{25}$$

= 25.96

= 26

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

3.5 SOURCES AND METHOD OF DATA COLLECTION

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

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

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

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

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

Secondary Sources of Data

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

a. Wikipedia.com

b. Google.com

c. The library

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

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

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

- In anticipation of these data the question on the questionnaires were designed in order to ensure that the respondents will confirm these data.
- The data also formed the basis upon which the review of related literature was carried out.

- They also formed part of the analysis carried out in chapter four which led to conclusion which were later arrived at in chapter five.

3.6 INSTRUMENT FOR DATA COLLECTION

A questionnaire is a composition of carefully selected and ordered questions and statements presented to the respondents in order to obtain information or data required to test the hypothesis. This test will provide answers to the questions raised in the research problem. The questionnaires were administered based on the non-random selection of the persons as contained in the sample. This was done in such as way as to get the desired result. The questionnaire contains a total of eighteen (18) questions. The questions are of the from of closed-ended, where the responders are only expected to choose from alternatives and open-ended where respondents are expected to give their opinion freely without having to choose from any alternative.

3.7 TECHNIQUES FOR DATA ANALYSIS

The researcher translated the data into simple percentages. This was to enable an inferential report to be made about any relationship. The formulated hypotheses were tested chi-square (X^2) test statistics which measures the significance of the difference between the observed set of frequencies. The computations were done using the chi-square formula which is:

$$X^2 = \sum \frac{(of - ef)^2}{ef}$$

Where, of = observed frequency

ef = expected frequency

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

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 DATA PRESENTATION

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

Table 4.1

Number of questionnaire issued and the percentage returned.

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

Source: Questionnaire, 2023

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

4.2 DATA ANALYSIS

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

SECTION A: BIO-DATA OF RESPONDENTS

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

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

Table 4.2 Gender Frequency Distribution of Responses

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

Source: Field Survey, 2023

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

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

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

Source: Field Survey, 2023

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

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

Response	No of respondents	Percentage (%)
Accounting	15	65.2
Finance	8	34.8
Total	23	100

Source: Field Survey, 2023

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

SECTION B: Socio Economic Data

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

Table 4.5

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

Source: Field Survey, 2023

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

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

Table 4.6

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

Source: Field Survey, 2023

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

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

Table 4.7

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

Source: Field Survey, 2023

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

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

Table 4.8

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

Source: Field Survey, 2023

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

DISCLOSURE REQUIREMENT

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

Table 4.9

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

Source: Field Survey, 2023

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

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

Table 4.10

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

Source: Field Survey, 2023

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

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

Table 4.11

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

Source: Field Survey, 2023

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

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

Table 4.12

Response	**No of respondents**	**Percentage (%)**
50, 000	5	21.7
51, 000 - 200,000	12	52.2

201, 000 - 500,000	6	26.1
501, 000 – infinity	0	0
Total	23	100

Source: Field Survey, 2023

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

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

Table 4.13

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

Source: Field Survey, 2023

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

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

Table 4.14

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

Source: Field Survey, 2023

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

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

Table 4.15

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

Source: Field Survey, 2023

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

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

Table 4.16

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

Source: Field Survey, 2023

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

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

Table 4.17

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

Source: Field Survey, 2023

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

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

Table 4.18

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

Source: Field Survey, 2023

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

4.3 HYPOTHESIS TESTING

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

HYPOTHESIS ONE

Ho: corporate organization do not comply with the statutory regulations of accounting profession

Hi: corporate organization do comply with the statutory regulations of accounting profession

Test Data: the data used in testing the above hypothesis were responses to questions No. 14, 18 and 19 of the questionnaire. Level of significance. The hypothesis was tested at the 5% level of significance.

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

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

= (2-1) (2-1)

= 1

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

Decision rule:

Reject Ho if x^2 calculated >3.841

Accept Ho if x^2 calculated <3.841

ef 1,1 = $\frac{23x52}{69}$ = 17.33

ef 1,2 = $\frac{23x17}{69}$ = 5.67

ef 2,1 = $\frac{23x52}{69}$ = 17.33

ef 2,2 = $\frac{23x17}{69}$ = 5.67

ef 3,1 = $\frac{23x52}{69}$ = 17.33

ef 3,2 = <ins>23x17</ins> = 5.67

69

Computation of calculated chi-square value

of	Ef	(of-ef)	$(of-ef)^2$	$\frac{(of-ef)^2}{ef}$
16	17.33	(1.33)	1.7689	0.1021
7	5.67	1.33	1.7689	0.3119
19	17.33	1.67	2.7889	0.1609
4	5.67	(1.67	2.7889	0.0628
17	17.33	(0.33)	0.1089	0.4354
6	5.67	0.33	0.1089	0.0192
Total	-	-	-	1.09228

Decision:

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

In accordance with the decision rule stated earlier, we accepted H0 and rejected Hi agree to the statement that corporate organization do not comply with the statutory regulations of accounting profession.

HYPOTHESIS TWO

Ho: The information provided in financial statement is not adequate to support good financial decision making

Hi: The information provided in financial statement is adequate to support good financial decision making

Test Data: The data used in testing the above hypothesis were responses to questions N0 14 and 18 of the questionnaire.

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

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

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

= (2-1) (2-1)

= 1

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

Decision rule:

Reject Ho if x^2 calculated >3.841

Accept Ho if x^2 calculated <3.841

Computation of data for validation of hypothesis

Questions	Yes	No	Total
Do you thinks that the financial report has enough information capable of informing sound judgment?	12	11	23
Do you think that company has imbibed objectively in its reporting ?	17	6	23
Do you think that the stakeholder desire more information	9	14	23

than the organization is giving?			

$$ef\ 1,1 = \frac{23x38}{69} = 12.67$$

$$ef\ 1,2 = \frac{23x31}{69} = 10.33$$

$$ef\ 2,1 = \frac{23x38}{69} = 12.67$$

$$ef\ 2,2 = \frac{23x31}{69} = 10.33$$

$$ef\ 3,1 = \frac{23x38}{69} = 12.67$$

$$ef\ 3,2 = \frac{23x31}{69} = 10.33$$

Computation of calculation chi-square value

Of	Ef	(of-ef)	$(of\text{-}ef)^2$	$\frac{(of\text{-}ef)^2}{Ef}$
12	12.67	(0.67)	0.4489	0.0354
11	10.33	0.67	0.4489	0.0435
17	12.67	4.33	18.7489	1.4798

6	10.33	(4.33)	18.7489	1.8180
9	12.67	(3.67)	13.4689	1.0631
14	10.33	3.67	13.4689	1.3039
Total	-	-	-	5.7444

Decision

The test statistics has fallen into the rejection area since the calculated chi-square value of 5.7444 is more than the critical or table value obtained i.e. 3.841

$x^2 1=5.7444> X^2 e\ 0.05=.841$

In accordance with the decision rule stated earlier, we accepted H0 and rejected Hi agree to the statement that The information provided in financial statement is not adequate to support good financial decision making.

Hypothesis 3

Ho: Financial accounting has no impact on corporate organization performance

Hi: Financial accounting has impact on corporate organization performance

Computation of data for validation of hypothesis

Test Data: The data used in testing the above hypothesis were responses to questions N0 11,13 and 14 of the questionnaire.

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

= (2-1) (2-1)

= 1

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

Decision rule:

Reject Ho if x^2 calculated >3.841

Accept Ho if x^2 calculated <3.841

Computation of data for validation of hypothesis

ef 1,1 = $\frac{23x48}{69}$ = 16

ef 1,2 = $\frac{23x21}{69}$ = 7

ef 2,1 = $\frac{23x48}{69}$ = 16

ef 2,2 = $\frac{23x21}{69}$ = 7

ef 3,1 = $\frac{23x48}{69}$ = 16

ef 3,2 = $\frac{23x21}{69}$ = 7

Computation of calculation chi-square value

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

Decision:

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

4.4 SUMMARY OF FINDING

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

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

This research is aimed at providing an insight into the impact of financial reporting on the corporate performance of business organizations. On the course of the research work, data were gathered, collected and analysed, also various hypotheses were tested with a view to finding the extent to which financial accounting reporting bear on the performance of a business organization. It was discovered that not much significance difference existed between the respondents who were of the opinion that the information contents of the financial report was not enough to inform a good investment decision and the respondents who thought otherwise. Again it was observed in question No. 10 of the questionnaire that 52 percent of the respondents were of the opinion that the minimum disclosure as stipulated in the statutes for companies was enough, the remaining 48 percent were of the opposite view.

The hypothesis number two of the research work was tested and it was discovered that the disclosure requirements of the statutes affects corporate performance of business organizations positively. This is

because of the desire in every stakeholder to know about their business organizations.

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

5.2 CONCLUSION

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

1. That the financial accounting report is a veritable document through which the status and performance of a business organization could be evaluated.
2. Their given the weight of the financial accounting report, a lack of adequate information exists.
3. The stakeholders place heavy reliance on the financial accounting report or desist from venturing into the business organization whose financial information rail to meet their taste.
4. That there is no water-tight check which ensures that there is no compromise to an objective and fair reporting.
5. That the information content in the financial report does not meet the needs of the various users of financial accounting information.

5.3 RECOMMENDATIONS

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

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

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

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APPENDIX

Department Accountancy

Institute of Finance and Management Studies,

Kwara State Polytechnic, Ilorin.

Dear Respondent,

Am a final year students of the aforementioned department, carrying out a research on the topic: Impact of financial accounting on the corporate performance of business organization.

This is in partial fulfillment for the award of Higher National Diploma (HND) in Accounting

Kindly fill the attached questionnaire and I be assured that all information given will be treated with utmost confidentiality.

Thank you for your co-operation.

Yours faithfully,

____

Jimoh, Zainab Arike

Instruction: Tick As Appropriate

Section A

1. Name (optional) ____________________________________

2. Sex: Male ☐ Female ☐

3. Educational Qualification: HND ☐ Sc ☐

Professional qualification ☐

4 Profession : Accounting ☐ finance ☐

SECTION B: Socio Economic Data

5. is there an annual report of a company before? YES { } NO { }

6. The information as contained in the annual report is sufficient to inform a good investment decision of not? YES { } NO{ }

7. The financial reports reflect the true state of affairs of the company?

YES { } NO{ }

8. Do you have shares in your company? YES { } NO{ }

9. Does your company complied with the disclosure requirements of the statutes? YES { } NO{ }

10. Do you one minimum disclosure requirement were enough to show the state of affairs of the company? YES { } NO{ }

11. Is it true that some companies become illiquid after posting huge profits?

YES { } NO{ }

12. state your monthly income (A) below 50, 000 (B) 51, 000 - 200,000 (C) 201, 000 - 500,000 (D) 501, 000 – infinity

13. Do you subscribe to the share of the Nigerian Breweries plc? YES { } NO{ }

14. Does information content of the financial report is capable of informing a sound judgment? YES { } NO{ }

15. Does the statements of accounting standard and other relevant statutes in Nigeria prescribe the standard format for financial report? YES { } NO{ }

16. Does the financial report meets the desired need of the various user of accounting information? YES { } NO{ }

17. Does your company complied strictly with the provision of the statutes? YES { } NO{ }

18.Does the financial reports so presented were prepared objective? YES { } NO{ }

Key:

Yes, No, Undecided (U),

		Yes	**No**	**U**
8	Does accounting information system have any effect on management decision ?			
9	is there any relationship between the perception of the employee and accounting information system of the firm?			
10	Does accounting information affect the performance of the company positively?			