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RELIANCE ON PUBLISHED FINANCIAL STATEMENTS AND INVESTMENT DECISION MAKING IN THE NIGERIA BANKING SECTOR

Michael Chidiebere Ekwe (Ph.D., ACA)
Department of Accountancy,
Enugu State University of Science and Technology
+234-8033768282

ABSTRACT: *Financial Reporting Standards and Practices have in the recent past come under great criticisms, demanding that accountants take further steps in ensuring that the true and fair view of the actual worth of business are also incorporated in the financial statements published by them. This was triggered off by an unpresedented line up of corporate failures throughout the globe. This paper is a critical investigation on the degree of reliance of the published financial statements by corporate investors. The study employed survey research design by which data were generated by means of questionnaire administered on one hundred and fifty corporate investors and senior management officials of the selected banks. The descriptive statistics and percentage analysis were used for the data analysis and the hypotheses were tested using t-test statistic. The statistical package for social sciences (SPSS) software version 17.0 was employed in the analysis of data and test of hypotheses. The results reveal that one of the primary responsibility of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor or financial experts (t_{cal} (16.59) > $t_{critical}$ (2.353). $p < 0.05$). It also showed that investors do understand the financial statement well before making investment decisions (t_{cal} (17.306) > $t_{critical}$ (2.353). $p < 0.05$). The results of the analysis also indicated that investors depend heavily on the credibility of auditors/financial expert approval of financial statement in making investment decisions (t_{cal} (4.592) > $t_{critical}$ (2.353). $p < 0.05$) and as such published financial statement is very important in the investors' decision making (t_{cal} 74.500 > $t_{critical}$ 6.314; $p < 0.05$). It hereby recommended that adequate care and due diligence should be maintained in preparing financial statements to avoid faulty investment decisions which could lead to loss of funds and possible litigations.*

KEYWORDS: Financial Statements, Investments Decisions, Banking Sector, Nigeria

INTRODUCTION

The insurgence of corporate failures, like that of Enron Corporation and World.com in the year 2002 and other accounting scandals compounded by the global energy, food and financial crisis leading to credit sqeeze across the globe, has partly been attributed to impact of financial statement manipulations which portrayed some ailing company as if they were sound. In Nigeria also, corporate failures and distresses have been witnessed in the banking sector. Evidence was the huge collapse of the Cooperative and Commerce Bank (CCB), Orient Bank of Nigeria, African Continental Bank (ACB) all due to massive accounting related frauds. This problem resulted in the establishment of Asset Management Company of Nigeria (AMCON) to prevent corporate failures particularly in the Nigeria banking sector by acquiring and financially distress companies.

This trend has now more than ever ensures that financial statements are sternly scrutinised. Investors, Financial analysts and other users of accounting information tend to use their *'third'* eye to scrutinise financial statements. This became necessary because audited financial statements, which used to provide assurance as to the healthy nature or otherwise of a firm has now, become an object of criticism due to manipulations done in these statements. According to Bishop and Wells (2002),one of the most difficulties facing the auditing profession is that there is no auditing process that can provide absolute assurance in detecting all fraudulent financial reporting. Calls have been made on the accounting/auditing profession to employ investigative principles in the preparation and audit of financial statements in order to restore confidence of the investing public on the financial statements. Silverstone and Sheetz (2007) opine that contrary to the external auditor who is basically concerned about compliance, the forensic accountant should employ investigative, law and business principles and accumen to carry out investigations on financial statement and prepare it for the court. Obviously it is the responsibility of the companies' directors and management to prepare the final account of their companies. When a company prepares its own final account purely for internal use by the directors and management, it can draft them in any way which is most suitable. Although such accounts might have been prepared with strict adherence to accounting theory and principles but will not necessarily be the one to be published. These separate sets of statements are viewed by investors as creative accounting and has contributed to eroding public confidence on the published financial statements. Banks have accused of publishing paper profits (Soludo, 2009). There is therefore the general belief that published financial statements have failed in its responsibility of provide credible information for investors and other users of financial statements. This study therefore investigates the degree of reliance on the published financial statements by corporate investors in Nigeria with a view of finding the extent of the erosion of public confidence on the published financial statements. The study focuses on the banking sector because the banking sector in any country plays a pivotal role in setting the economy in motion and in its developmental processes. Banks promote growth and success of businesses in both developed and developing countries. According to Kamath (2007), the banking sector is an ideal area for this type of research because the banking sector is "intellectually" intensive and its operations more homogeneous than those in other economic sectors. Therefore any loss of public confidence in the banking sector by investors will spell doom for the nation.

Objectives of the Study:

This study therefore specifically finds out:

i. The degree of importance attached to the published financial statements by investors in the banking sector in Nigeria when making investment decisions.
ii. How well the investors have understood the financial statements before making investment decisions.
iii. How well the investors know whose duty it is to prepare financial statement.
iv. The extent to which investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

Statement of Hypotheses

The following hypotheses were formulated and formed the fulcrum of this study:

H_1: The published financial statement has no importance in the investors' decision making.

H2: The investor does not understand the financial statement well before making investment decision.

H3: The primary responsibility of management to the investors is not to give a standardized financial statement evaluated by a qualified auditor or financial experts.

H4: Investors do not depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

LITERATURE REVIEW/ CONCEPTUAL FRAME WORK

Definition of Financial Statements

Financial Statements have been widely defined in the extant literature by scholars and experts. According to the Companies and Allied Matters Act 1990 (CAMA), financial statements consists the basic statement of accounts used to convey the quantitative information of financial nature about a business to shareholders, creditors and others interested in the reporting company's financial condition, result of operation uses and sources of funds. Nwoha (1998) also defines financial statements as reliable financial information about the economic resource and obligations of a business enterprise. Meigs & Meigs (1998) defines financial statement is a logical point to begin the study of accounting. This is because most of the accounting information we see and use everyday reflects the terminology and concepts used in these statements. Duru (2012) defines financial statement as a statement which conveys to management and to interested outsiders a concise picture of the profitability and financial position of a business. Concurring with above definitions, we can generally define published financial statement as the audited annual report and accounts of an organisation including the balance sheet, profit and loss account and the cash flow statements which gives a summary of the results of operations of a firm, the financial condition of a company or organization for the period represented. It is prepared by the company or organization and duly audited by the company's external auditor(s) and therefore made public for use by any the interested party. Flowing from the above, the published financial statements should be devoid of any material mis-representation or errors so the all the interested parties can be adequately equipped to make informed decision.

Credibility of Published Financial Statements

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

Qualities of good Financial Statements

Qualitative characteristics of financial statements are attributes that enhance their meaningfulness to such users. However, the accounting trademark does not leave compliance with these to anyone's whims and caprices. According to Nwoha (1998) and Okpe (1998), Published financial statement must possess the following qualities:

a. Understandability: Financial statement can be somehow complicated for the unintiated to understand but user's must be able to understand the information within them. This applied to the format or layout of the statement, the terms used in the statement and the policies, methods and assumptions utilized in preparing the statement.

b. Relevance: Since financial statement is used by the uses to make economic decisions, therefore the information must be capable of being used to make decisions. Relevancy is guided by information about prior expectation and the ability to predict future trends.

c. Reliability: The financial statement should be free from error or bias. Users must have confidence in the financial statement, without it being misleading or deliberately constructed in a manner that present the entity in a favorable position

d. Comparability: Users of financial statement will want to compare the account with the previous account of their company and possibility with the account of other companies. Comparability adds a degree of transparency to financial statement by allowing comparison over time and among entities.

e. Realism: Financial statement should show a true and fair view of a company. It has been contented that accounts should not give a sense of absolute precision when such precision cannot exist.

f. Consistency: financial statement should be able to ensure a consistent evaluation of companies working in a particular industry. It should be able to be consistent in presentation and disclosure of accounting policies including their method of depreciation.

g. Completeness: A rounded picture of the company's activities is needed in the published financial statements.

h. Objectivity: Information that is free from bias will increase the reliance people have on financial statements. Therefore, it is essential that the information is prepared as objectively as possible.

i. Timeliness: Users of financial statement make use of current or up to-date information more than out dated information.

Importance of Published Financial Statement

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

According to Lunt (1999), the satisfaction of the needs of the various users of accounting information as contained in the annual report can be accepted as the objective of financial statement. This objective of information is emphasized by the various accounting principles because investors and creditors use them in making rational investment and credit decisions. Financial statement fairly represents the business and economic situation of a country, which if studied carefully can lead to the achievement of some financial and economic goals.

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

According to Elis/Thacker (1998:21), the most important purpose of the annual report is to get the shareholders informed about the financial status of his company, especially as to its income and financial position. The usefulness of financial statement to investors is to assist them to assess the ability of an enterprise to pay divided and interest when due while to the potential investors, published financial statement is used to decide on the type of security to invest in or which company to invest in. Conclusively, financial statement of accompany should provide information about the economic resources of a company, which are the sources of prospective cash inflows to the company. It should also provide its obligation to transfer economic resources to others which are the source of prospective cash outflow from the company and its earnings which are the financial results of its operation.

Problems of Published Financial Statement

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

More also, financial statements do not reflect many factors that affect financial condition because they cannot be stated in monetary terms. Such factors include the reputation and prestige of the company with the public, the credit rating of the company, the efficiency, loyalty and integrity of management. Again, both the balance sheet and the income statement reflect transactions that involve naira value of many dates. It is evidenced that naira has declined remarkably in purchasing power, and the challenges here now is how has the published financial statement taken care of these changes in price level. The published statement is considerably prepared using historical cost system which represents fictions paper profit. Remarkably, Statement of Standard Accounting Practice (S.SA.P) 7 or International Accounting Standard (I.A.S) 6 provides that financial statement should reflect the impact of changes in price level, yet in the current published financial statements, the application of this standard (the current cost accounting and current purchasing power accounting) is still a thing of doubt.

In addition to that, the complexity and technicality of reported information including the highly technical language of accounting appear to make the qualitative aspect of company and other reports unsuitable source of knowledge for a typical private investor lacking the experience to make best use of them. This invariably places a considerable premium on the analyst and the journalist upon whom the private investors may largely rely in their investment decision making. Equally, according to Umeaka (2003) there is a problem of harmonization of accounting practices and standards of different counties of the world into agreement, so that a common set of principles will be used in preparing financial statement and making disclosure. This harmonization is necessitated by the fact that managers and investors found it difficult to understand the context in which financial information from other nations is generated. Some of the cause of divergences in practice includes:

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

All these have significant effect on reported asset values and income (Umeaka, 2003).

Creative Accounting

Creative accounting can be described as the manipulation of the financial numbers, usually within the law and accounting practices and standards but very much against their spirit and certainly not providing the true and fair view of a company that accounts are supposed to.

It is characterized by excessive complication and the use of novel ways of characterizing income, assets or liabilities and the intent to influence readers to as a systematic representation of the true income and asset of corporation or organizations. A primary benefit of public accounting statement is that they allow investors to compare the financial health of competing companies. However, when firms indulge in creative accounting they often distort the value of the information that their financials provide. In that case, creative accounting capitalizes on loopholes in the accounting standards to falsely portray a better image of the company.

Moreover, a typical aim of creative accounting will be to inflate profit figures. Some companies may also reduce reported profits in good years to smooth result. It can also be used to manage earnings and to keep debt off the balance sheet. Assets and liabilities may also be manipulated, either to remain within limits such as debt covenants, or to hide problems. Some typical creative accounting tricks include off balance sheet financing, over- optimistic revenue recognition and the use of exaggerated non-recurring items.

The techniques of creative accounting change over time. As accounting standards change, the techniques that will work also changes. Many changes in accounting standard are meant to block particular ways of manipulating accounts which means that intent on creative accounting needs to find new ways of doing things.

Published Financial Statement and Investing Decision

Publication of financial statement provides a way for a firm to present its financial health or otherwise to shareholders, creditors and the general public and to potential investors, to enable them make rational investment decision. The role of financial statement analysis in making investment decisions should not be overlooked as it helps investors to establish the fiscal strength and weakness of a firm. Financial statement analysis can reveal the red flags of an investment opportunity. On the other hand, they can also reveal the strength of a company as well as the potential profit of investing with a particular company. By their nature, financial statements are retrospective, which means an investor should never look at a single statistic or metric in making investment decisions. For instance, an actual or potential investor must analyze the balance sheet, to assess the company's asset, liabilities and ownership equity (net worth) at a particular point in time. Also, he will assess the income statement to know the company's expense income and profit or loss over a specified period of time. He will also assess the cash flow statement, to find out how the company raised up cash through investors or creditors; how the cash is used to acquire assets and inventory; how the asset and inventory allow the company to generate cash to pay for business expenses; and finally how the cash is returned to investors and creditors. Moreover, the purpose of cash flow analysis is to estimate the amount of money an investor would receive from an investment, based on future free cash-flow projections for the company, at least in the short term.

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

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

METHODOLOGY

The study adopted the survey research design by which a section of investors and senior bank officials were drawn from five money deposit banks in Nigeria. A total of one hundred and seventy- five (175) respondents were selected for the study and were issued with copies of the questionnaire. Of this number, one hundred and fifty (150) copies of the questionnaire were correctly filled and returned. The questionnaire was designed with the five point likert scale as follows:

Strongly Agree (A) / Very Favourable (VF)	-	*1*
Agree (A) / Favourable (F)	-	*2*
Undecided (U) / Neutral (N)	-	*3*
Disagree (D) / Unfavourable (UF	-	*4*
Strongly Disagree (SD) / Very Unfavoubrable (VUF)	-	*5*

Decision Rule
If mean < 2.5, the respondents agree/favourable
If mean ≥ 2.5, the respondents disagree/ unfavurable

Data Analysis and Presentation

The data extracted from the questionnaire were analysed and presented in tables below.

Importance of Financial Statement in Investors' Decision Making

In determining the importance of financial statement in investors' decision making, responses to questions 8 to 11, as presented in table 1.0 are used.

Table 1.0: Response on determining whether or not published financial statement is important in investment decision making

ITEM	SA (%)	A (%)	U (%)	D (%)	S.D (%)	Mean	Std Dev.
The concept published financial statement consists of the basic statement of accounts used to convey the quantitative information of financial nature about a business to all her stakeholders	120 (80.0)	22 (14.7)	4 (2.7)	2 (1.3)	2 (1.3)	1.29	0.71
There are internal factors benefits of cash flow to management and external factor benefits to investors.	92 (61.3)	48 (32.0)	4 (2.7)	4 (2.7)	2 (1.3)	1.51	0.79
Published financial statement in business organization is fully playing its role for right decision making.	75 (50.0)	60 (40.0)	5 (3.3)	5 (3.3)	5 (3.3)	1.70	0.94
Implementing this concept published financial statement in every financial decision will lead to better investment decision	75 (50.0)	60 (40.0)	8 (5.4)	5 (3.3)	2 (1.3)	1.66	0.83

Source: Field Survey, 2013

As presented in table 1.0 above, it is the view of the respondents that the concept published financial statement consists of the basic statement of accounts used to convey the quantitative information of financial nature about a business to all her stakeholders. This view is reflected in the responses of 120 (80%) respondents who strongly agreed, 22 (14.67%) respondents who agreed, 4 (2.67 %) respondents who were undecided, 2 (1.33%) respondents who disagreed and another 2 (1.33%) respondents who strongly disagreed as well as the mean responses score of 1.29. With 92 (61.33%) respondents strongly agreeing, 48 (32%) respondents agreeing, 4 (2.67%) respondents being undecided, 4 (2.67%) respondents disagreeing and 2 (1.33%) respondents strongly disagreeing and a mean of 1.507, respondents agreed that there are internal factors benefits of cash flow to management and external factor benefits to investors.

From the respondents' responses which shows 75 (50%) respondents strongly agreeing, 60 (40%) respondents agreeing, 5 (3.33%) respondents being undecided, another 5 (3.33%) respondents disagreeing, and another 5 (3.33%) respondents strongly disagreeing and a mean responses score of 1.7, it is the respondents opinion that published financial statement in business organization is fully playing its role for right decision making. Respondents were of the view that implementing this concept published financial statement in every financial decision will lead to better investment decision. This was expressed in their responses where 75 (50%) respondents strongly agree, 60 (40%) respondents agree, 8 (5.33%) respondents are undecided, 5 (3.33%) respondents disagree and 2 (1.33%) respondents strongly disagree to this assertion as well as a mean responses score of 1.66.

Proper Understanding of Financial Statements by Investors before Investment Decision Making

The respondents' responses on whether they properly understand financial statements before any investment decision, in response to questions 12 to 15, are presented in table 2.0.

Table 2.0: Response on whether investors understands financial statement well before making investment decision

ITEM	SA (%)	A (%)	U (%)	D (%)	S.D (%)	Mean	Std Dev.
Introduction of ratio analysis in published account would aid you in utilizing financial statement.	120 (80.0)	22 (14.7)	4 (2.7)	2 (1.3)	2 (1.3)	1.29	0.71
Understanding of ratio analysis aids in interpreting published financial statement	75 (50.0)	60 (40.0)	5 (3.3)	5 (3.3)	5 (3.3)	1.70	0. 94
aware of the concept published financial statement	80 (53.3)	70 (46.7)	0 (0.0)	0 (0.0)	0 (0.0)	1.47	0.50
published financial statement ever aid your financial decisions	100 (66.7)	40 (26.7)	5 (3.33)	0 (0.0)	5 (3.3)	1.43	0.72

Source: Field Survey, 2013

As presented in table 2.0, with a mean response score of 1.293 and the responses of 120 (80.0%), respondents, 22 (14.67%) respondents, 4 (2.67%) respondents, 2 (1.33%) respondents and 2 (1.33%) respondents who strongly agreed, agreed, undecided, disagreed and strongly disagreed respectively, it is the opinion of the respondents that the introduction of ratio analysis in published account would aid investors in utilizing financial statement..

The respondents also agree that understanding of ratio analysis aids in interpreting published financial statement. This opinion is captured in the responses of 75 (50%) respondents strongly agreeing, 60 (40%) respondents agreeing, 5 (3.33%) respondents being undecided, another 5 (3.33%) respondents disagreeing, and another 5 (3.33%) respondents strongly disagreeing and a mean responses score of 1.7. Responses of the respondents in the above table also show that out of the 80 (53.33%) sampled respondents and 70 (46.67%) respondents strongly agreed and agreed respectively that they had awareness of the concept published financial statement while none of the respondents (0%) was undecided or not aware. The mean response of 1.47 confirms this.

From the above data the respondents were of the opinion that financial statements their investment decisions financial decisions. This is reflected in the mean response score of 1.43 and the responses of 100 (66.67%) respondents who strongly agreed, 40 (26.7%) respondents who agreed, 5 (3.3%) respondents who were undecided, another 5 (3.3%) respondents who disagreed and yet another 5 (3.3%) respondents who strongly disagreed that financial statements aid their investment decisions financial decisions.

Primary responsibility of management to investors in ensuring the evaluation of financial statements by qualified experts

The views of the respondents on the above matter, as captured from their responses to questions 16 to 19 are presented in table 3.0.

Table 3.0: Analysis to determine the primary responsibility of management to the investors in give a standardized financial statement evaluated by a qualified auditor or financial experts

ITEM	VF (%)	F (%)	N (%)	UF (%)	VUF (%)	Mean	Std. Dev.
How would you assess the attitude of management towards published financial statement?	92 (61.3)	48 (32.0)	4 (2.7)	4 (2.7)	2 (1.3)	1.51	0.79
Is the attitude of management favourable in producing report that would compliment investor’s financial decision?	55 (36.7)	56 (37.3)	17 (11.3)	11 (7.3)	11 (7.3)	2.11	1.19
management favours qualified auditor or financial expert	120 (80.0)	22 (14.7)	4 (2.7)	2 (1.3)	2 (1.3)	1.29	0.71
Management favours auditors’ report for financial gain	32 (21.3)	10 (6.7)	27 (18.0)	46 (30.7)	35 (23.3)	3.28	1.44

Source:Field Survey, 2013

Table 3.0 shows that 92 (61.33%) of the respondents believed that attitude of management towards published financial statement was very favourable. 48 (32%) of the respondents held that the attitude of management towards published financial statement was favourable. 4 (2.67%) respondents noted that management was neutral, 4 (2.67%) respondents noted unfavourable and 2 (1.33%) respondents noted very unfavourable. With a mean of 1.507, it is believed that the attitude of management towards published financial statement is favourable. Respondents are of the opinion that the attitude of management is favourable in producing report that would compliment investors’ financial decision. This is shown in table 4.12 with a mean response score of 2.113 and the responses of 55 (36.67%), respondents, 56 (37.33%), respondents, 17(11.33%) respondents, 11 (7.33%) respondents and 11 (7.33%) whose responses were very favourable, favourable, neutral, unfavourable and very unfavourable respectively. With a mean response score of 1.293

and the responses of 120 (80.0%), respondents, 22 (14.67%) respondents, 4 (2.67%) respondents, 2 (1.33%) respondents and 2 (1.33%) whose responses were very favourable, favourable, neutral, unfavourable and very unfavourable respectively, it is the opinion of the respondents that management would favour qualified auditor or financial expert.

According to respondents, management will not favour auditors' report for financial gain. This was shown in table 4.12 with respondents responses of 32 (21.33%) respondents indicating very favourable, 10(6.67%) indicating favourable, 27(18.00%) indicating neutral, 46 (30.67%) respondents indicating unfavourable and 35(23.33%) indicating very unfavourable as well as a mean response of 3.28 to the question.

Investors' dependability on the credibility of auditors/financial experts approval of financial statements in making investment decisions

The views of the respondents on this subject matter, in response to questions 20 to 21 of the research instrument, are presented in 4.0.

Table 4.0: Investors dependability on the credibility of auditors/financial experts approval of financial statements in making investment decisions

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

Source:Field Survey, 2013

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

Test of Hypotheses

The results for the various tests of hypotheses, which were tested with the t-test statistics, are presented below. The decision rule used in the various test of hypotheses are:

Test of Hypothesis One

H_O: The published financial statement has no importance in the investors' decision making

H_1: The published financial statement has importance in the investors' decision making

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

Table 5.0: One-Sample T-Test Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Importance of financial statement in investment decision making	4	1.5400	.18565	.09283

As presented in table 5.0, the overall mean score of 1.54 indicates that the respondents agree that financial statements are importance in investment decision making.

Table 5.1: One-Sample T-Test Result for Hypothesis One

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Importance of financial statement in investment decision making	16.590	3	.000	1.54000	1.2446	1.8354

As presented in table 5.1, the calculated t-test value is 16.59. This value is greater than the critical t-test value of 2.353, i.e. t_{cal} (16.59) > $t_{critical}$ (2.353). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, published financial statement has importance in the investors' decision making.

Test of Hypothesis Two

H_0: The investor does not understand the financial statement well before investment decision

H_1: The investor do understand the financial statement well before investment decision

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

Table 6.0: One-Sample T-Test Descriptive Statistics

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

As presented in table 6.0, the overall mean score of 1.473 indicates that the respondents agree that investors understand financial statements before investment decisions.

Table 6.1: One-Sample T-Test Result for Hypothesis Two

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

As presented in table 6.1, the calculated t-test value is 17.306. This value is greater than the critical t-test value of 2.353, i.e. t_{cal} (17.306) > $t_{critical}$ (2.353). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, investors do understand the financial statement well before investment decision.

Test of Hypothesis Three

H_O: The primary responsibility of management to the investors is not to give a standardized financial statement evaluated by a qualified auditor or financial experts

H_1: The primary responsibility of management to the investors is to give a standardized financial statement evaluated by a qualified auditor or financial experts

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

Table 7.0: One-Sample T-Test Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Management's primary responsibility of ensuring standardised financial statement evaluation by qualified financial experts/auditors	4	2.0475	.89175	.44588

As presented in table 7.0, the overall mean score of 2.048 indicates that the respondents agree that management’s primary responsibility of ensuring standardised financial statement evaluation by qualified financial experts/auditors is carried out.

Table 7.1: One-Sample T-Test Result for Hypothesis Three

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Management's primary responsibility of ensuring standardised financial statement evaluation by qualified financial experts/auditors	4.592	3	.019	2.04750	.6285	3.4665

As presented in table 7.1, the calculated t-test value is 4.592. This value is greater than the critical t-test value of 2.353, i.e. t_{cal} (4.592) > $t_{critical}$ (2.353). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, the primary responsibility of management to the investors is to give a standardized financial statement evaluated by a qualified auditor or financial experts.

Test of Hypothesis Four

H$_O$: Investors do not depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions

H$_1$: Investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions

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

Table 8.0: One-Sample T-Test Descriptive Statistics

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

As presented in table 8.0, the overall mean score of 1.490 indicates that the respondents agree that investors depend on the credibility of auditors/financial experts’ approval of financial statements in making investment decisions.

Table 8.1: One-Sample T-Test Result for Hypothesis Four

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

As presented in table 8.1, the calculated t-test value is 74.50. This value is greater than the critical t-test value of 6.314, i.e. t_{cal} (74.500) > $t_{critical}$ (6.314). With $p < 0.05$, this result is significant. Hence, the null hypothesis is rejected and the alternative hypothesis accepted accordingly. Therefore, investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions.

CONCLUSIONS / RECOMMENDATIONS

This conclusion is informed by the findings both from the questionnaire and the treated hypotheses, also from the discussion made above. And as a result of these, it was concluded that,

- The ability of the investors to read and understand the financial report determines the degree of impact the published annual report will have on the investors investment decision making.
- Enough and easy to understand information enables the financial report to impact immensely on investors in making their investment decisions.
- Those who prepare published financial statement do not necessary consider the various user-groups. They are mostly interested in following strictly accounting principles, ethics and accounting technicalities that are mostly understood by people that are well versed in accounting.

The following recommendations were made from the conducted research.

- The financial statement should be prepared using such a language and terms a layman can understand because the technical terms do not mean much to the investors.
- Banks and companies should carry out educational enlightenment programme from time to time to enable investors understand the financial report fully.
- Investors should attach much importance to the annual reports so that banks and companies can really know the extent of their responsibility in preparing the financial statement.
- Banks and companies should sponsor research into the information needs of their investors and how best to communicate this information to them.
- There should be a review of annual report of banks and companies by the authority concerned, in order to effect the much needed charges raised by investors considering the changing economic trend in the country.

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