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ABSTRACT

The study was directed towards examining the extent of reliance of financial accounting information for effective business and financial decision in corporate organisation in Nigerian.

(A Case study of First Bank of Nigeria PLC)

In carrying out the examination, Certain problems were identified. These problems included the fact that some business are managed Ineffectively, In their words regardless of the information content of financial statement.

Secondly, some organizations may unknowingly employ Incompetent and unskilled manpower insourcing financial accounting information.

The objective of the study Include factors which may constrain or promote the effective use of financial accounting information, analysing impact of and roles of financial accounting information ascertaining whether there is a direct relationship between financial accounting information and the decision made in corporate organizations, identifying the information derived from financial accounting, with these objectives in mind, two hypotheses were formulated, the first hypothesis is that financial accounting information has contributed to effective decision making in First Bank of Nigeria PLC and the information content of annual financial statement of the bank is effective.

The descriptive research approach was chosen for this study and both primary and secondary data sources were explored. Two sets of questionnaire were distributed and in analyzing the data generated, simple percentage, statistical tables and chi-square were used.

After data analysis, it was discovered that financial accounting information has contributed of effective decision making in the bank. It was also discovered that the information content of annual financial statement is the organization is effective.

Other findings made include that inconsistent accounting policies and reporting practices make Comparison of the performance of organizations difficult, the level of information given in financial statement is highly reliable.

At the end of the study answers were provided to some basic questions such as:

- How reliable is the level of information in financial statement ?*
- The rate of effectiveness of financial accounting information in achieving organizational objectives.*
- Whether organizations rely mainly on financial accounting information for making business and financial decision.*

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CHAPTER ONE

1.0 INTRODUCTION

Accounting is the recording, classifying and interpreting financial data relating to a particular organisation or person. (Aspinall, 1970:37).

Accounting has one or more of the following objects

1. The maintenance of a classified records of cash debtors and other property, of creditors and of changes in them.
2. The maintenance of a record of transactions classified to show gains or losses resulting from the various activities.
3. The periodic preparation of statements summarizing the economic results of the activities and the financial position.
4. The use of such statements, by the management of an Undertaking to assist them in the conduct of its business by the proprietors to assist them in assessing the efficiency of the management and in determining policy with regards to further investment and the withdrawal of profit, and by the government in determining tax liability.

The owners of any business naturally wishes to run their business as efficiently as possible in order to be able to do this, accounting information is kept. These accounting information enable the owner of the business to make comparisons of the amount of each cost and each expense, it also services as a guide to business and financial decisions.

Accountants are responsible for preparing financial accounting information. Some of these accountants exercise their profession as the employees of Commercial Industrial and public practice of accountancy.

The financial accounting information prepared by accountants are of quantitative nature because it is usually expressed in monetary terms, though non monetary information are also often contained in accounting reports.

The method and procedure for preparing financial accounting information are based upon definite

principle which are usually rules and Conventions which have been adopted as a general guide to action by accountancy profession.

These principles are formulated in such a way that the practical details of accounting may differ from one Company to another. However, in order to secure acceptance such an accounting principle must be useful in coping with a practical recording problem, it must be reasonably objective that is provides a similar answer in the hands of qualified practitioners, and it must be feasible and as such not expensive to apply. These accounting principles are known as generally accepted accounting principle (GAAP).

1.1 STATEMENT OF PROBLEM

Most corporate organisations may have sound accounting system which enable them not only in their decision making but also in monitoring operating expenses. The information content of the financial statement is quite uncertain because they may be managing the business intuitively.

Financial accounting information involves technicalities such as quantitative analysis, adequate recording reporting etc. Some organisation may unknowingly employ incompetent and unskilled manpower and as such the financial accounting information prepared may not show a true and fair view of the financial strength, profitability and future prospects of the organisation.

Some organizations have to realise that accounting information is the only medium through which both the management and external users get a clear picture of an organization. They fail to realise, appreciate an accountant's analysis in respect of the accounting information generated, this often leads to poor management decisions which will have negative effects on the performance of organization.

1.2 OBJECTIVES OF THE STUDY

The Core objectives of the study is to examine the extent of reliance on financial accounting information for effective business and financial decision in corporate organization in Nigerian and in First Bank of Nigeria to be precise.

More so, the research intends to accomplish the following objective:

1. To ascertain whether there is a direct relationship between the performance of First Bank of Nigeria and effective use of financial accounting information.
2. To ascertain whether there is a direct relationship between financial accounting information and the decision made in the bank.
3. To analyse the impact of and roles of financial accounting in First Bank of Nigeria Plc.
4. To identify the factors which may constrain or promote the effective use of financial accounting information.

1.3 SIGNIFICANCE OF THE STUDY

Business organization exists to provide goods and services and in return provide rewards to its Owners. These two needs are linked to each other in the sense that profitable organizations are those that normally receives more resources from their customers in exchange of goods and services.

Some business organizations are non-profit oriented. However, Irrespective of the types of organisation therefore always have accounting information regarding the value/ normally in monetary terms, of the resources used in generating the required product and / or services used in generating the required product and/ or services on the one hand and on the other, a fairly accurate measurement of income or profit or value of benefits earned from the disposal of their products and or services.

The study provide insight into the nature and roles of financial accounting information, as well as management needs for accounting information which may be said to resolve around the purpose of planning and controlling the affairs of an organisation making policy decisions and making choices among a number alternative options under circumstance which may be unexpected.

This work will serve as a guide to others who may intend to undertake a review of the work or other related topics in the future.

1.4 RESEARCH HYPOTHESIS

In view of the nature and extent of the problem outlined for this study, it was considered appropriate to have a sound basis for a research for this nature.

These are:

Hi: Financial accounting information has contributed to effective decision making in first banks of Nigeria Plc.

Ho: Financial accounting information has not contributed to effective decision making in the bank.

Hi: The information content of annual financial Statement of the bank is effective.

Ho: The information content of annual statement in the bank is not effective.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

This study was limited at various stage by several factors which include the following:

1. The time to conduct, compile, produce and submit this work was not adequate due to compacted academic

and non academic programme.

2. Accounting information is very vast, it covers various branches of accounting such as public sector accounting, financial accounting, management accounting etc. Consequently the study is limited.

3. There were financial constraints however judicious use of available resources was made in order to achieve the objective of the study.

1.6 DEFINITION OF TERMS

ACCOUNTING: The provision of relevant economic information to permit informed judgement and decisions by users of the information.

ACCOUNTANT: A person whose profession is to keep and examine business accounts.

ACCOUNTING ASSUMPTIONS / CONCEPTS: These are general guide to action by the accountancy profession.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): They are accounting principles that have been developed largely in accounting practice or have been established by an authoritative organisation.

LIABILITIES: Debts owned by a company e.g. trade creditors.

OWNER EQUITY; That share of the business that owners own out – right.

FINANCIAL ACCOUNTING INFORMATION: These are information obtained as a result of systematic gathering, identifying, summarizing and reporting business transactions in monetary terms.

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