

INTRODUCTION

BACKGROUND OF THE STUDY

The introduction of accounting standard and worldwide by the various professional accountancy bodies has tried to solve the problem of non-uniformity in financial statement and also the acceptance of financial statement by the standardization.

The need for accounting standard in Nigeria to suit our local, political, legal and economic environment has been recognized long, particularly during the indigenization period. Government ministries, departments, and regulatory public have for many years demanded for uniformity in the recording of accounting transaction.

It is the researcher's opinion that by the end of this study, the attempts made to standardize financial statement as well as their merit and demerit would be highlighted.

It is also necessary to say that accounting standard board whether statement of accounting standard (SAS) issued by the Nigeria accounting standard board of the standard accounting practices (SSAP) have a great impact on the level of relevance placed on financial statement and the accounting profession as a whole. Cognizance should be taken of the fact that accounting standard by various accounting bodies have a persuasive effect outside the committees' boundaries. A chartered accountant in Nigeria may be forced to comply with the standard set by Britain, America or any other country on his Nigeria Based client company-prior to the promulgation of Nigeria Enterprises promotion decree 1977 when most of the publicity quoted Nigeria companies was foreign controlled. It was easy to persuade the local government to comply with the.

STATEMENT OF THE PROBLEM

There are several problems that are faced in the appraisal of accounting system of multinational company operations some of them are:

The conflict and difficulties induced by different national accounting standard and

practices.

The problem of adjusting financial statements to reflect the various level of inflation on different countries.

The deficiency in the consolidation of the financial statement of foreign subsidiaries and its regulative effect on the multinational settings.

The problem of determine the total return form a multinational setting.

The problem involved foreign exchange translation into the accounting system of multinational companies.

Internalization of some technical accounting standard.

1.3 SIGNIFICANCE OF THE PROBLEM

This study will be useful to all financial statement of bank as this research will enable the current and prospective user of financial statement, both external and internal users be acquainted with the knowledge of analytical tool in making decision. Serve as relevant guide for future researchers in the area of the of the user of financial statement. Help to supplement the existing knowledge of users of financial ratios as a guide toward determine the banks achievement as well as to show how financial ratio analysis can identify this strength and weakness of the bank both a day and in the future.

It enable the intending investors who are not well raised in accounting to be able to appreciate how to critically evaluate financial statement or organization of interest to them before making investment decision.

THE HYPOTHESIS TO TEST

Ho Accounting standard does not have effect on financial statements.

H₁ Accounting statements not have effect on financial statements.

1.4 RESEARCH QUESTION

The research will be

What is accounting standard?

What is financial statement?

What are benefits of accounting standards?

How does accounting standard affect the preparation of financial statement.

Indigenization programmed in 1978.

In order to facilitate easy consolidation of financial results the same accounting policies are now readopted by both of the present and subsidiary companies, for the purpose of this project, statement of accounting standard (SAS) will be used in the following categories!

ADDITIONAL DISCLOSURE: some standard requires information be provided which is not required by law in such category fall SAS2 and SAS6 which requires companies to publish financial date / financial reporting found in financial statement. Added to deal with ordinary items and to take care of prior adjustment.

SPECIFICATION OF APPROPRIATE METHOD OF VALVATION: In this category such standard tell the accountant and manager how to annivota current figure for the purpose of inclusion in the profit / loss, balance sheet in the account e.g. SAS4, SAS9 and so on. It is in fact use categories that have pronounced most discussion and criticisms.

OBJECTIVES OF THE STUDY.

This study is aimed at determining the extent of compliance to an accounting standard in the preparation of financial statement. Accounting standard are to be taken into cognizance and unlike auditing guidelines which may provide a guide.

Accounting standard are to be observed in understand by all users. Financial statement are therefore the means of communicating for instead meaningful information must be presented information recommended in the SAS2, it is expected to be the best practices in Nigeria.

INFORMATION TO BE DISCLOSED IN FINANCIAL STATEMENT SAS2

In any company, these are many accounting information that will assist to access the financial liquidity profitability and viability of reporting entity.

The financial statement of a reporting company should include the following.

Accounting information: these are data that are found in financial statement.

Balance sheet: show the assets, liabilities and properties interest at a point in time.

Others are: profit and loss account or income statement notes on the account statement of source and application of funds, value added statement and five years financial summary.

LIMITATION OF THE STUDY

By implication, this study untended to look at the nature of financial statement in Nigeria in order to verify and ascertain whether what is analyzed in the theory is actually put in practice in use of financial statement overtime through the study tries to determine variance between actual performance and stated standards but because of financial constraint and time factors will be a limitation to this study since most of manufacturing company apply the SAS to suit the purpose and the adherent to the SAS is not strong as we have in the theory.

Preparation of financial statement and where in any circumstances, it is not being complied with then the financial statement that does not company with a particular standard should be disclosed in the financial statement and the extent of its non-compliance should ne noted.

The stuffy is also aimed at determining the attempt made by professional bodies to standardize financial accounting reports / statements. The improvement without considering the impact of accounting standards in information contained in financial statement.

THE EXTENT OF COMPLIANCE TO ACCOUNTING STANDARD IN THE PREPARATION OF FINANCIAL STATEMENT

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