This paper aims at determining the value relevance of accounting information in the Nigerian banking sector. Value relevance implies ability of the financial information contained in the financial statements to explain the stock market measures. This study aims at explaining likely impact of financial reporting by listed banks on the Nigerian Stock Exchange and the market prices of their shares. Our study reveals that value relevance of published financial statements, per se, is negligible. In fact, ratios based on the financial statement such as the earning per share show insignificant association with stock market prices. But the book value per share has a positive and significant impact on the market share price. Despite the widespread use and continuing advancement in the financial reporting practices of earnings as reflecting value changes, there is some concerns about it not carrying enough value in the eyes of the shareholders or investors. The result of our investigation found that although earnings per share is positively related to market price per share, it does not have a significant impact on market price of the shares. It is recommended that the regulatory authorities must continue to ensure that banks comply with the codes of corporate governance and the relevant accounting standards in preparing their financial statements. Besides, strict compliance with accounting standards coupled with legal sanctions will bring more value relevance to financial statements of banks and accounting information in the Nigerian banking sectors.


CREATIVE ACCOUNTING IN NIGERIA: AN EMPIRICAL ANALYSIS

ABSTRACT

Creative accounting constitutes the instrument for fraudulent financial reporting that entails intentional misstatement by corporate management of financial results in order to mislead investors and other users of published financial reports is considered a universal phenomenon. While much is reported and known about the practice of creative accounting in the developed world, the practice does not seem to have a good share or wide knowledge and publicity in Nigeria. This descriptive empirical study seeks to ascertain the opinions and attitudes of various categories of accountants in Nigeria who are the preparers of financial statements about the reported incidence of creative accounting including possible measures towards its curtailment. The study reveals that creative accounting has long been a long practice among companies in Nigeria, traces the motives behind the practice to selfish interests of few stakeholders to the detriment of the common good of the larger society. Measures for the curtailment of the practice are found to lie in the collaborative efforts of the professional accounting bodies, accounting training institutions, the government and the judiciary.