ACCOUNTING INFORMATION AS A TOOL FOR MANAGEMENT DECISION MAKING
(A CASE STUDY OF FIRST BANK OF NIGERIA LIMITED ABDULLAHI FODIO ROAD BRANCH, SOKOTO)

BY

ABUBAKAR MOHAMMED DANJUMA
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DECLARATION

I, ABUBAKAR MOHAMMED DANJUMA hereby declare that this research work titled Accounting Information as a Tool for Management Decision Making (A case study of first Bank of Nigeria Limited, Abdullahi Fodio Road Branch) is a product of my research work under the supervision of Mallam Abdulkareem S. Ukashatu

_________________  ___________________  _____________
 Name of Student    Signature       Date
CERTIFICATION

This is to certify that this research project is an original work undertaken by Abubakar Mohammed Danjuma (2014/14120905033) under the supervision of Dr Ukashatu and has been prepared in accordance with the regulations governing the preparation of projects in the Department of Business Administration, UsmanuDanfodiyo University, Sokoto. This project has been read and approved by:

__________________________________  __________________________
Mallam A.S Ukashatu  Date
Project supervisor

__________________________________  __________________________
Dr. M.S Umar  Date
Head of Department

__________________________________  __________________________
External Examiner  Date
DEDICATION

This research project is dedicated to Almighty Allah(SWT) and my lovely family.
ACKNOWLEDGMENT

The success of this work will not be complete without mention being made of those who have been helpers of destiny.

First and foremost, I remain eternal grateful to Almighty ALLAH(SWT).

My profound gratitude goes to my mother, Hajiya Hadiza Iyagba Abubakar, my lovely wives, Fatimah Nna’adi Ishaq and Fatimah Zara’u Salisu for their support.

To my supervisor, I say thanks for his effort towards the successful completion of this work.
ABSTRACT

This research work highlights the result of a research carried out to examine the relevance of accounting information to management decision making in First Bank of Nigeria Limited, Abdullahi Fodio Road Branch. A substantial aspect of the study involved collecting data through the instrumentation of questionnaires and interview. The data collected were classified, analysed and the percentages of the findings presented in a table.

The hypothesis was then statistically tested with chi-square in which the calculated value of chi-square equals 14.357 and is greater than the critical value of 5.991. This result showed that accounting information is a tool for management decision making hence, the null hypothesis was rejected and the alternate hypothesis accepted. Based on the findings, it was recommended that managerial decision making in organisations should be an offspring of accounting information.
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CHAPTER ONE

INTRODUCTION

BACKGROUND OF STUDY

Accounting is fundamentally a measurement and communication process used to report on the activity of profit and non-profit seeking organizations. In other words, it is concerned with the discipline of summarizing, recording, analysing and interpreting economic events and other financial activities. This process is performed by accountants who furnish management with the relevant information needed for effective and efficient decision making as to contribute to the quest for means of surmounting industrial, commercial, governmental and academic problems inherent in a dynamic and volatile socio-economic and political setting. The chambers 20th century dictionary defines information as “intelligence given-knowledge”. This is because reliable information is necessary before a sound decision involving the allocation of scarce resource (land, labour and capital) can be made, that is why accounting profession is dynamic and there is always the need for an accountant to continually update his/her knowledge of accounting portfolio. Accounting information is valuable because it can be used to predict the financial consequences of each alternative course of action. An organization needs quantitative information to function or make decision. Management uses the best available information system to
provide management information which is used primarily to accomplish three broad purposes;

(i) To provide financial statement to the interest of external users,

(ii) To plan the organization activities and operations in both short and long run, and

(iii) To control the result of its operations.

The American Accounting Association (1966) also defined accounting as “the process of identifying, measuring, and communicating economic information to permit informed judgements and decisions by users of the information”. Another definition, which is widely accepted, is by the American Institute of Certified Public Accountants (1970) defined accounting as “the art of recording, classifying and summarizing an event which is in part at least of a financial character and interpreting the result thereof”.

The above definition place emphasis on the use of accounting information for evaluating the results of the past and present activities and making decisions concerning future actions. The information is primarily financial and generally stated in monetary terms. It is the process by which the profitability and solvency of an organization can be measured and also periodic information needed as a basis for making business decision and appropriate control that will enable the management to guide the organisation on a profitable and solvent
course. The accounting information is prepared and presented in form of financial statement in accordance with the accounting standard issued by the Nigerian Accounting Standard Board Act (2003) which are the means of conveying to management and interested outsiders a concise picture of the profitability and financial position of the business. The form of preparing and presenting accounting information includes the following; the profit and loss account, balance sheet, income statement etc.

Hence, accounting is divided into three (3), namely;

(i)      Financial accounting

(ii)     Cost accounting, and

(iii)    Management accounting

According to Leopold (1982), he said that, financial accounting “is concerned with providing information on the financial activities of the organization for the benefit of both internal and external users”. It is also the classification, recording of monetary transaction of an entity in accordance with establish concepts, principles, accounting standard and legal requirement and presentation of a view of those translations during and at the end of an accounting period.
While cost accounting on the other hand produce information about cost that are incurred by organization in running the organization so as to achieve the objectives on which it is set up.

Finally, Calvin (1982), stated that management accounting “is concerned with providing information to management for the purpose of planning or provision of information needed at all levels”. Management and creditors use these reports internally.

Stamford (1978) stated that accounting information has played a role as “a tool for management decision making” because it function as “a historical record of contractual obligations between the outsiders with the end product in form of financial statements to report the financial status of an organization at a point in time”.

However, the relevance of accounting information to effective management decision making in many organisation is still not appreciated but with the test to be conducted in this research, the degree of accounting information as a “tool for management decision making” shall be clearly understood.

1.1 STATEMENT OF PROBLEM

Management who takes wrong decision always end up not achieving their set goals and objectives. Many managers who think that they can operate successfully without the use of information provided by their accountants, leads
to economic failure such as liquidation of many banks. So, effective decision or management decision cannot be taken by managers if the information provided by their accountants is not properly adhered to. Accounting information answer questions such as;

(i) Are the disclosures of accounting information accurate and reliable?

(ii) Is accounting information prepared with General Accepted Accounting Principle (GAAP)?

(iii) Does accounting information as a tool for decision making satisfy the management?

1.2 AIMS AND OBJECTIVES

The purpose of this study is to establish the relevancy of accounting information as a tool for management decision-making.

The subsidiary objectives of this study are;

(i) The basic issues of how the accounting information systems are used to perform the generally recognised financial and management function in First Bank Nigeria Limited, Abdullahi Fodio Road Branch, Sokoto.

(ii) To carefully look at the need for accounting information for management decision-making.
(iii) To make suggestions as to the usefulness of accounting information to
the users in general.

(iv) The research seeks to know the extent to which the management of
the organisation under review have used the accounting information.

1.3 SIGNIFICANCE OF STUDY

The study is aimed at establishing whether there is any correlation between the
accounting information provided by the account department (accountants) and
the decision made thereof by the users of the information, most importantly
management of First Bank of Nigeria Limited Abdullahi Fodio Road Branch,
Sokoto.

These groups will benefit from the research namely;

(i) The organization under study

(ii) Business Managers

(iii) Future researchers, and

(iv) The researcher personally.

(i) THE ORGANISATION UNDER STUDY

The management of the organisation (Bank) will use the research where
applicable as a tool for formulating policies for the firm as a standard of
evaluating accounting information and control of their accounts department through financial decision.

(ii) BUSINESS MANAGERS

The work will also go a long way to educate managers on the relevance of a sound accounting information in decision-making process of their organisation and subsequently on its growth.

(iii) FUTURE RESEARCHERS

The work will serve as a source of secondary data to future researchers who intend to carry out further research work on “accounting information as a tool for management decision making” or any related topic. It will also help students in the accounting department to have in-depth knowledge of the practical application of accounting information.

(iv) THE RESEARCHER PERSONALLY

The research will enable us imbibe thorough knowledge of the uses of accounting information as a tool for management decision making. It will also give foresight on the applicability of accounting information on the Management of the Bank.
1.4 RESEARCH HYPOTHESIS

Abubakar (2004) said, “Hypothesis is a theoretical conceptualization or guess about how the researcher thinks the result should look like or as statement that was usually linked to the theory being treated and it was tested in a testable form to predict the relationship between two variables”.

For the purpose of this study, the following hypothesis was available for testing:

\[
\begin{align*}
H_0 & \quad \text{There is no statistically significant difference in the respondent size among those who accept that accounting information are not tools for management decision making.} \\
H_1 & \quad \text{There is a statistically significant difference in the respondent size among those who accept that accounting information are tools for management decision making.}
\end{align*}
\]

1.5 SCOPE OF STUDY

The research work will cover certain aspect of accounting systems operational in First Bank of Nigeria Plc (as a case study of Abdullahi Fodio Road Branch, Sokoto and types of reports prepared for decision making. The relationship that exist between accounting information and management decision making will be examined and some related literatures in the field of the study will be reviewed and incorporated.
The study will also be limited to the importance of each branch of accounting and the type of information they prepare, usefulness of each of the information prepared by individual segment of the branches of accounting, examples financial accounting section, management accounting section and cost accounting section.

1.6 LIMITATION

The project is limited by many factors which posed as snags or obstacles to the smooth compilation of the work. It is important that users of the work note the limitations in the course of carrying out the work. The significant problems faced include the following:

ECONOMIC TREND

The global economic meltdown, which apparently affected the Nigerian economy ate deep into the Banking sector of the economy destroying the shares value of all financial institutions in the Country and resulted in poor performance. This has a psychological impact on the respondents.

FINANCE

The economic turndown coupled with inflation has increasingly raised the cost of materials. This led to the devaluation of Naira affecting every aspect of the Nigerian economy. The impact of this on the study is enormous limiting visits to the respondents and qualitative materials for carrying the study.
TIME

Time is another limiting factor which acted as a snag to the completion of the project, though lengthy period was given for the submission of the work but considering the academic pressure coupled with the writing of the project made things not too really easy for the research.

NON-DISCLOSURE

There are some vital as well as important information which the Bank refused to disclose for security reasons. Incomplete and lack of availability of records, which was considered to be very useful, were referred to as confidential.

However, time and financial constraints are the most impactful limitation to the study. Finally, despite all limitations and constraints, the research contained the necessary relevant resource material and to-date data obtained, analysed and provided in the work.

1.7 TERMINOLOGY

Accounting

This is the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information.

Information

This is a complete set of processed data that has a meaning.
Accounting information

These are processed data used by an organization to make financial decision.

Financial Accounting

It is the process of collecting, classifying, recording, summarizing and communicating data in respect of event, which can be expressed in terms of money for the purpose of making decisions.

Accountant

This is a professional whose job is to prepare and keep the books of account of an organization.

Management Accounting

This is a process of allocating resources by planning, organizing, controlling and directing for the purpose of producing desired output.

Management

This means a group of decision makers or managers in an organization who see to the smooth running of the affairs of the business.

Assets

These are the economic resources of the business that can usefully be expressed in monetary terms. Assets may be in form of land, building and equipment which have readily identifiable physical features.

Liabilities

These are the debts or obligations of the company in which the company must pay in money or services at some time in future. They therefore, represent creditors’ claims on the firm’s assets.
Balance sheet

This is a financial statement that shows the financial position of a firm at a specific date, usually at the close of the last day in the month of an accounting period. It represents the listing of a firm’s assets, liabilities and owner’s equity on a given date.

1.8 HISTORICAL BACKGROUND OF CASE STUDY (FIRST BANK OF NIGERIA PLC)

First Bank of Nigeria Limited remains one of Africa’s most diversified financial services solution providers. Since its establishment in 1894, the Bank has consistently met growing market demands for financial services, through a process of continuous re-intervention. Its current customer-centred architecture combines service delivery through the traditional branch outlet and emphasis on person-to-person contact, with the ease of the automated delivery channel, to create a customer-service experience that is strong on choice, convenience and mass customisation. In the over one Century since its establishment, the Bank has continued to build relationships with its customers and alliances with key sectors of the economy that have been strategic to the well-being and growth of the Nigerian economy.

First Bank has been through many seasons since 1894, worthy of mention is, the Bank got listed on the Nigerian Stock Exchange (NSE) in march 1971 and in 2005 the Bank acquired two Banks- MBC International Bank Ltd and FBN (Merchant Bankers) Ltd in the then Central Bank of Nigeria (CBN), Bank
reforms policy (Bank Consolidation of N25 billion Capital base). With over 520 First Bank locations and over 1000 First Bank ATM’s nationwide, the Bank is said to be all over Nigeria.

The total assets and contingencies of the Bank as at March 31, 2014 stood at 2,982,395 million naira and the shareholders’ funds grew from 339,847 million naira in 401,054 million naira in 2014.

In addition, the Central Bank of Nigeria (CBN) also embarked on automation of all the activities including the clearing system. With these avenues, financial interventions were few and highly competitive resulting in general margin for First Bank Nigeria Plc. These make First Bank of Nigeria Limited market to be active. The gross earnings rose, an impressive increase of 53.80% from 2013 to 2015 and profitability also improved as Profit Before tax (PBT) rose by 33.28% from 2013 to 2014 and Profit attributable to ordinary shareholders increased by 19.10% during same period under review.

Against the emerging Nigerian economy in the context of increasing globalization and increasing competition in the Banking industry the prospect of First Bank Nigeria Limited looks bright. The Bank is responding through efforts towards charting a strategic direction that will reposition the institution to be twice the size of the number two Banks in the country in terms of financial services delivery and other key indices in the industry.
CHAPTER TWO

LITERATURE REVIEW

This chapter forms the bedrock of the study as it viewed past studies necessary to draw objective conclusions of the study. According to the American Institute of Certified Public Accountants (1970) which defined accounting as “the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least of a financial character and interpreting the result.

2.1 ACCOUNTING INFORMATION

However, in a broader view, American Institute of Certified Public Accountants (1970) stated the function of accounting is to provide quantitative information, primarily financial in nature, about economic entities that is needed in making economic decision” (an economic entity is a unit such as a business that has an independent existence). Etuk-Udo (2003) stated that the “modern accountants are concern not only on record keeping but also with a whole range of activities involving planning and problem solving, control and attention, directing and evaluation, review and auditing”. The present day accounting information on the ultimate needs those who use accounting information, whether these users are inside the business itself.
Stanford (1978) stated “an information system that measures, processes and communicates financial information allows the users to make reasonable choice among alternative of scarce resources in the conduct of business and economic activities”.

A distinction is traditionally made between accounting information that is provided for those people within the business and that which is provided for those outside the business (internal and external users). James (1979) stated that “management accounting concerns accounting information used mainly by those within the business organization (internal or management). And that it gives answers to;

(i) How income is being created?

(ii) What are the available resources in the firm?

(iii) How much does the company owe to the outside?

James (1979) also stated “financial accounting information report is used by the outsider (external or shareholders) of the organization”.

However, Robert (1979) said “whether management or financial accounting information, the both are very essential to the management in making decision to achieve business goals”. Furthermore, he said “accounting system creates information by recording business events as they occur and summarizing the
data into accounting reports designed to meet the information needs of decision makers”.

The ultimate justification of accounting information therefore is its usefulness in certain objective. Robert (1979) stated these objectives and specified as follows;

(i) Report of financial information to proprietors, and other interested parties; such reports may include the preparation of annual reports and statements of source and application of funds.

(ii) Provision of information for planning and decision making to management, through analysis of data about past transactions and events and projection of future economic events.

(iii) Measurement of financial data by means of proper recording, analysing and interpreting in accordance with Generally Accepted Accounting Principle (GAAP).

(iv) Internal control, including the safe guarding of organization’s money and other properties, the regular collection and payment of money owing to and by it, and the prevention and detection of errors and frauds by employees of the organization.
2.1.1 BOOKKEEPING: AN ACCOUNTING PROCESS

Bookkeeping as a process of accounting is the means of recording transaction and keeping records. Mechanical and repetitive bookkeeping is only a small simple part of accounting.

Accounting on the other hand, includes the design of an information system that meets users’ needs, as described earlier. The major goals of accounting are the analysis, interpretation and the use of information. Chris (1990) said “Accountants look for important relationships in the figure they produce and are interested in finding trends and studying the effects of different alternatives.” Accounting includes system design, budgeting, cost analysis and income tax preparation or planning.

2.1.2 THE COMPUTER AS AN ACCOUNTING TOOL

The computer is an electronic device that can collect, organize, store and communicate vast amount of information with great speed. Accountants have been among the earliest and most enthusiastic users of computer.

The computer is been practically used in every area of human activity these days. In virtually any job, whether it is clerical, technical, business or professional; whether it is banking, manufacturing, medicine or retailing, computers are useful tools. Johnson (1999) stated “Computers are tool with which to calculate measure, assess, store, retrieve, regulate and monitor
information”. One or a combination of these processes characterizes any field of human endeavour.

Before the ages of computers Messrs (unpublished) stated that “millions of large and small organizations data had to be recorded by hand (manually)”, it often took months to produce financial reports that now take days or hours. Although, it may appear that it is instructed to do the routine bookkeeping operations, it is important that the user of accounting information and the new accountant understand the processes underlying accounting. So, we can see that most large accounting operation is now computerised.

2.1.3 ACCOUNTING AND MANAGEMENT INFORMATION SYSTEM (MIS)

Most businesses use a large amount of non-financial information. Their marketing departments for example, are interested in the style or packaging of competitor products. Personnel departments keep health and employment records of employees. With the wide spread of computers and computer applications today, many of these varied information needs are being organized into what is called Management Information System (MIS). According to Esiefa (2005) he stated that “the management information systems consist of interconnected subsystems that provide the information needed to run a business”. The accounting information system is the most important subsystem because it plays the primary role of managing the flow of economic data to all
parts of the business and to interested parties outside the business. Accounting is the financial nub of the management information system; it gives both management and outsiders a complete view of the business organization.

Some organizations have many operational activities, but how to express the achievement of the operation requires qualification of the operational activities and accounting services as a tool for quantifying (management) activities and the result is the accounting information. Simply put, accounting information is to use the language to reflect the operational achievements but why is accounting information so important? Mainly it has too close relation with all. As economic cells of the society, all enterprises or organizations are associated with people which rely on accounting information. For instance, Graham (1990) stated that “an investor has to take decision based on accounting information; enterprises (management) has to take operational and other decisions according to accounting information, banks have to take decisions on loans base on accounting information”. “This is because the society and economy are in alienable from accounting information”. This is the reason for the need of accuracy and reliability of accounting information.

2.2 RELIABILITY OF ACCOUNTING INFORMATION

The first question to be asked is what is reliable accounting information? By “reliable” it referred according to Walter (1979) as “the fact that accounting information mirrors the operational achievements and financial situation of an
enterprise truthfully and accurately enough to be true and accurate”. As even the accounting information is true and accurate, but get little information from it, they cannot take effective investment decision either. The accounting information, according to Robert (1979) therefore, “has to be complete, mirroring the operational condition of the enterprise in round manner”.

2.3 RECORDING AND REPORTING ACCOUNTING INFORMATION

Accounting is often viewed as being limited to the recording process. No distinction is perceived between the recording and the reporting of accounting data. The recording process involves measuring business transactions. This process according to Stamford (1978) “may take form of hand written records, records produced mechanically or on cards or magnetic tape in a computerized system”.

The reporting function is much broader according to Stamford (1978) because it consists of “classifying and summarizing accounting data into financial statements, as well as preparing any other interpretive disclosures necessary to make the data understandable.” The process is highly technical and requires an accountant with extensive training, experience and also professional judgement. In addition to record and report, accounting information according to Chris (1990) also include “the designing of account systems, the audit of financial statements, cost of studies and the preparation of tax returns”.

2.4 THE USERS OF ACCOUNTING INFORMATION
Accounting information is used more than commonly realized. Here are some questions according to Graham (1990) a company (bank) might face in its everyday activities, that’s involving accounting information:

(i) In applying for loan: - How should the financial statement for the bank be computed? How is the interest on the loan computed?

(ii) In making an investment: - Is this a good company to invest in? What is the risk? Is the company in a good cash position?

(iii) In going to school: - How much money will it take to get through the next school year? Will there be enough money for rent, food and transportation next month? etc.

(iv) In taking a job: - Is the company financially sound? Are they the most profitable? What are the company’s benefit plan and retirement programme?

There are just few of many important uses of accounting information. As a member of various groups in management and society, the student of business and financial accounting will be doing accounting daily as an aid in making difficult decisions.

The users of accounting can be divided roughly into three (3) groups according to Needles/Anderson Caldwell 5 (1976), they are: -

(i) Those who manage a business (Management)
(ii) Those outside a business enterprise who have direct financial interest in the business; and

(iii) Those persons, groups or agencies that have an indirect financial interest in the business.

1. MANAGEMENT:

The management decision and analysis in financial condition and results of operation focuses on the financial statements as a whole rather than on the summary of operations and call for discussion of at least three (3) aspects of the organisation, these are the liquidity, capital resources and results of operations. Needles/ Anderson Caldwell 5 (1976) stated than within each area of discussion, “Favourable and unfavourable trends and the identification of significant events or uncertainties are to be emphasized”.

This discussion should also include a narrative discussion of the effect of inflation and perhaps changing prices on an enterprise’s net sales and revenue and on income from continuing operation according to Needles (1976).

One thing to note is that, the group of people in a business who have overall responsibility for achieving the company’s goals. Business enterprises have many goals. According to Richard (1982) these goals
include “providing quality goods and services at low cost, creating new and improved products, increasing the number of jobs available, improving the environment and accomplishing many other social tasks.”

In order to achieve these goal (profitability and liquidity).

Liquidity means having enough funds in hand to pay debts when fall due.

Management at all levels is responsible for a company’s successful operation. In a small business, the greatest responsibility is often with the owner who also manages the company’s operation. In a large corporation, the company’s goal will be assigned to many people from the board of directors and officers of the firm to the management, departmental heads and supervisors.

Managers must constantly decide what to do, how to do it, and whether the result matches the original plans. Successful managers consistently make the right decision on the basis of timely and valid information. Many of these decisions are based on the flow of accounting data as one of the most important uses of accounting information, and a major function of accounting is to provide management with relevant and useful information.

For example, here are some questions a manager might ask: -

(i) What products are most profitable?
(ii) What was the company’s net income during the past quarter?

(iii) What is the cost of manufacturing each product?

All these questions can be answered with the help of accounting information.

**USERS WITH DIRECT FINANCIAL INTEREST**

A major function of accounting information stated by Graham (1990) “is to measure and report information about how a business has performed”. Most businesses periodically publishes a set of general-purpose financial statement that report on their successes in meeting objectives of profitability and liquidity. Though these statements show what has happened in the past, they are important guides to future success. Today, there are many people outside the company who carefully study these financial reports. They are: -

(i) Present or potential investors

(ii) Present or potential creditors

(i) **PRESENT OR POTENTIAL INVESTORS**

Those who are thinking of investing in a company are interested in the past success of the business and its potential earning in the future. A thorough study of the company’s financial statements will help potential investors
judge the prospects for a profitable investment. After investing in a company, investors must continually review their commitment.

1. Is the company performing as expected?

2. Are earnings satisfactory?

3. Are interest payments and other distributions protected by an adequate supply of cash flow?

4. Is the company investing in projects that can be expected to be profitable?

All these methods of financing questions and many more can be answered by a stubby of the periodic financial statement.

(ii) PRESENT OR POTENTIAL CREDITORS

Most companies must borrow money for both long-term and short-term operation needs. The creditors who lend the money are interested mainly in whether the cash to pay the interest charges and repay the debt at the appropriate time is adequate. They study the company’s liquidity and cash flow as well as its profitability. Banks, finance companies, mortgage companies, security firms, insurance firms, individuals and others who lend money will not except they analyse a company’s financial position before making a loan to the company.
USER S WITH AN INDIRECT FINANCIAL INTEREST

The society as a whole through its government officials and public groups, have in recent years become one of the biggest and most important users of accounting information. Some of the users who need accounting information to make decisions on public issues include: -

(i) Tax authorities

(ii) Regulatory agencies

(iii) Economic planners, and

(iv) Other groups.

(i) Tax authorities: -

Governments are financed through the payment of taxes. Under federal, state and local laws, companies and individuals pay taxes. Among these levies are federal, state and city income taxes, social security and other payroll taxes and sales taxes. Each tax requires special tax returns and often a complex set of records as well. Proper accounting is generally a matter of law and can be very complicated. The internal revenue code of the federal government, for instance, contains thousands of rules governing preparation of the financial statements used in computing federal income tax.

(ii) Regulatory agencies: -
Most companies must report to one or more regulatory agencies at the federal, state and local levels. All public corporations must report periodically to the Security and Exchange Commission (SEC). This body was set up by congress to protect the public and therefore regulate the public and selling of stocks. Accounting reports are also important in other areas of government regulations. The Interstates Commerce Commission regulates industries such as transportation (trucking and railroads) and Federal Aviation Administration regulates airline and maintenance of airstrips. All public utilities such as electricity, gas, telephone companies are regulated and must defend their rates with accounting reports. Accounting is also involved in the new and broader regulations like those of environmental protection agency, which is concerned with the cost and speed of reducing environmental pollution.

(iii) Economic planners: -

Since the 1930s, the government took active part in planning and forecasting economic activities, which led to greater use of accounting and accounting information. A system of accounting called Nation Income Accounting (NIA) was developed for the economy. It deals with the total production, inventories, income, dividends, and taxes of our economy. Planners, who are members of the president’s Council of Economic advisers or are connected
with the Federal Reserve System, use this information to set economic policies and judge economic programme.

(iv) Other groups: -

Employees, consumers and the general public, all have an interest in the financial statements of businesses. Employees and labour unions study the financial statements of corporation as part of their task of preparing for important labour negotiation. The amount and computation of income and costs are often important in this negotiation. Those who advise investors and creditors (that is, auditor) also have an indirect interest in the financial performance and prospect of a business. In this group are financial analysts and advisers, brokers, underwriters, lawyers, economists and the financial press. Consumers’ group, customers and the general public have become more curious about the financing and earnings of corporations in their environment, this is to measure the corporations’ extent of social responsibility.

2.5 STANDARDS FOR THE USEFULNESS OF ACCOUNTING INFORMATION

If accounting information is to be useful, it is very important to set out some standards for finding out the usefulness of the information, which is produced. So, it is of great importance to know the standard for selecting tools among
various accounting information. However, Walter (1979) stated “Accounting information must have two (2) major qualitative characteristics” which are: -

1. Reliability and

2. Relevance

1. Reliability: -

Information must be reliable as well as relevant. Reliability is related to representational faithfulness, verification and neutrality. Representational faithfulness has to do with how well the information agrees with what is meant to represent. The Central Bank of Nigeria (2003) stated, “Accounting information is to give a clear picture of the economic resources and obligations”. Verifiability deals with the credibility of accounting information and means that the information can be confirmed as duplicated by independent parties using the same means of measuring.

Neutrality means that in carrying out Generally Accepted Accounting Principle (GAAP), the main concern should be the relevance and reliability of the accounting information, not the effect of carrying out the principle, which may have a particular interest. This should not mean that accounting information should be without purpose according to Walter (1979). He said “business activity must be reported as faithfully as possible, without
colouring the picture that is being presented in order to influence anyone in a certain direction”.

2. Relevance: -

Relevance according to Walter (1979) means that, “information is able to make difference to the outcome of a decision, information prepared for performance and control purpose should cover only those items for which the managers are responsible”. The Central Bank of Nigeria (2003) also stated that “accounting information should also be useful or helpful in choosing among alternatives faced by those making the decision”. For example, a manager who wishes to decide whether or not to change old machine must have an estimate of the future income (income as a result of retaining the assets and those from changing it). Information can influence a decision if it has predictive value, feedback value and if it is timely.

Predictive value according to Walter (1979) means that, “information is useful to the decision maker in making a prediction, not self prediction but professional”. To have feedback value means the information must tell something about the accuracy of earlier expectations. Timeless according to Esiefa (2005) means, “having the information arrives in time or ready when needed (if the value will not be relevant)”.
2.6 TYPES OF INFORMATION NEEDED IN DECISION MAKING

As stated earlier, the objective of accounting information is to provide information that will help the users make better economic decision. According to Graham (1990) he stated that, “the users of accounting information are interested in three (3) types of information”, which are as follow;

1. Past performance

2. Present performance, and

3. Future performance

1. The past performance

This type of information concerns such items as income, sales volume, extraordinary items, cash flows and return on investment to help assess the success of the business and the effectiveness of the management. Past information also helps greatly in decision making by allowing users to compare one entity with the others.

2. The present performance

The present performance is also useful in assessing the cash and profit potential of the business. Graham (1990) stated that “it also help decision makers to answer the following questions by evaluating the information about the present condition of a business”, such questions are: -
1. What types of assets are owned?

2. What are the retained earnings of the business?

3. What is the earning per share (EPS)?

4. What is the return on investment and debt to equity ratio?

The answers to these related questions will help the users (shareholders) or the decision makers (management) to assess the success or failure of the past.

3. The future performance

   In practicing the probable future impact of decision, reliable measurement of what happened in the recent past are valuable. As we know, the future of an organization is full of risk and uncertainty. To study these trends and conduct other relevant analysis for the future, the management needs relevant and reliable accounting information. This type of information springs from the fact that all decisions are future oriented which does not affect the past but forecasting success in time to come.

   Thus, accounting information are indispensable tools, if a sound financial and managerial decisions are to be made.

2.7 OTHER CHARACTERISTICS OF ACCOUNTING INFORMATION
Aloba (2000) also said that “Accounting information also has other attributes to make information useful to the management for decision making”, these are:-

1. Understandability

2. Comparability and

3. Accuracy

1. Understandability

The accounting information should be reported in a form that will be understandable, reasonably by management. The information must be interpreted correctly so as not to be misleading. If information is not understandable, it will not be useful. Understandability requires that information must be as simple as possible.

2. Comparability

Accounting information is more useful if it facilitates comparison, as all decision-making, control and evaluations involves comparison. Information has little significance when used in isolation.

3. Accuracy

The accuracy of accounting information may invariably depend on the accuracy of data. Inaccurate accounting information when used for the
day-to-day operations of a business may lead to liquidation or eventual bankruptcy of the business or organization.

2.8 RELATIONSHIP BETWEEN ACCOUNTING INFORMATION AND DECISION MAKING

Information is needed in virtually every field of human thought and action. Besides, it is being essential to individuals who use it to achieve personal ends. Managers in organizations also need information. It implies therefore, that if management must succeed, it needs relevant up-to-date information about material and external environment of the business. This will enable management to modify its goals; its philosophies evaluate and reformulate its policies and strategies that are necessary for the survival and growth of the business. The relationship between available information and decision-making is basic to economic theories of decision making, knowledge about costs, prices and competitors is assumed in almost all traditional theory. It can be seen extensively that accounting concerns the management and connection of economic information.

According to Longley (1982) he said, “The capital purpose of accounting is to make possible the periodic matching of costs (efforts) and revenue (accomplishment) of raw materials, services (efforts) and the selling price of goods and services (accomplishment) are data used by accountants as possible candidate for input date”. Decision making and accounting information
according to Calvin (1982) is “focus on different time and period except to the extent of the decision process employs accounting information”. An important question is when is accounting information relevant for decision making?

The importance of accounting information is that it makes allocation of resources where organizations are largely free to allocate the resources which they control between competing ends.

Management make use of accounting information to see the consequence of particular course of action which they can setup plans to control the situation if things go wrong. Management is often seen to be the users of accounting reports. The information contained in account reports is used to assist management at all levels to form conclusion and reach economic decision.

The manager is charged with the responsibilities of correcting the past mistakes as forecasted outside influence that cannot control the business activities of an organization and establish realistic goals for those activities for which its responsible. The management accountant is one of the major providers of information for planning purpose through cost accounting and to do this effectively, it is essential that he understands the nature of planning, how plans are established, how to compare the self plan with performance, the distinction between long term planning and setting target and how planning relates control.

However, the essence of control is the comparison of performance against plan or target, the monitoring of progress and the comparison with target revealed
variations from the original plan which can either be used to guide activities back forwards the original plan. Management accounting information help management in comparing the set plan with performance and identifying the variance analysis is the process of analysing the total difference between planned and actual performance and finally investigate the cause of the variance such as paying higher or lower price than planned.

Finally, it is essential that management is presented with details of the standard and actual cost of each product manufactured together with an analysis of the available. If full benefit is to be obtained from the standard costing system, prompt action by management is vital if adverse variances are to be investigated and possibly rectified.
CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

According to Osuala (1986), a research is “a process of arriving at dependable solution to a particular problem through the planning and systematic collection, analysis and interpretation of data”. It can also be seen as a planned procedure towards solution of the problem (Burn 2000). Fafunwa (1994) also defined research as “an abstract noun that contains some psychological, philosophical and physical technique that gives new ideas which can be used in a society for future development”. This chapter states how the information for this study was collected and methods used for the collection.

3.1 RESEARCH DESIGN

These research design approaches was informed by need to use only First Bank Nigeria Limited, Abdullahi FodioRoad Branch as a case study and obtaining information directly from primary source of banking institution in respect of certain variables in relation to the Banking Institutions in Nigeria. The samples for the study were selected using the stratified and convenience sampling techniques. The samples were also studied under a natural condition. The primary data of questionnaires were analysed using descriptive and inferential
analysis methods. These research works were also carried out within a space of one month.

3.2 POPULATION OF THE STUDY

In the course of finding out the importance of “Accounting Information as a tool for Management Decision Making” a case study of First Bank of Nigeria Limited, Abdullahi Fodio Road Branch, the population involved the following;

(i) Staff of First Bank

(ii) Non-staff (other institution)

3.3 SAMPLES AND SAMPLING TECHNIQUES

Sampling is an act of selecting a given number of people, subject or organization to forms a defined population as the representative of that population. Sampling technique is defined according to Badejo (1999) as “the liberty or right of researchers to choose some or select some data or elements on what they are researching for in a random way and made analysis”.

According to Osuala (1986), he stated that “the application and choice of a random sample by the researcher is based on the prescription”, that is, in other to infer from the performance of a sample, what performance can be expected from the total population, the sample must of course be representative of its population and the best way to obtain a representative sample is to draw its members from the population at stratified. According to Yalam and Ndomi
(2000), “it is not always possible to use every members or object of the population”. For this reason, samples have to be selected from population for study. However, there are four basic sampling techniques, these are;

(i) Random sampling

(ii) Stratified sampling

(iii) Cluster sampling and

(iv) Systematic sampling

But the researcher used stratified sampling in the research in which all individuals have equal chance of being selected.

3.4 TYPES AND METHOD OF DATA COLLECTION

The method of collection is both primary and secondary data were used for this study. There are three (3) ways used in collecting data for this study, these are

(i) Observation

(ii) Questionnaire and

(iii) Interview

i. Observation:

This involves watching the respondents and taking records of facts.

ii. Questionnaires:
These are methods of obtaining specific information about a defined problem. According to chambers 20\textsuperscript{th} century dictionary, questionnaire is “a written list of questions that are answered by a number of people (staff) so that information can be collected from the answers”.

iii. Interview

Interview is a conversation held with a person whose views are being sought on a certain subject matter. This entails asking questions, seeking opinions, idea and thought as regards the subject matter and receiving answers for the question as well as expressing ideas and opinions.

Through the interview, the interviewer would be able to deduce the extent of reliance on what the interviewee is saying by examining his interest and expression. Interview was therefore used as a method of collecting data in this research work, for it is very effective and efficient way of communication as it is only first-hand information that is passed in the course of the interview.

The secondary data, which were collected from textbooks, journals, seminars and others, are used in chapter two.

3.5 INSTRUMENT FOR DATA COLLECTION

The instrument used to collect the primary data of this study was through interview, questionnaires and personal observation. The questionnaire is divided
into two sections based on design and administered to the samples. Section I which was designed for the personal status (sex), while section II in the questionnaire was prepared for the staff of the case study, other institutions and students (if any) which contained 25 open ended, close and contingency.

3.6 METHOD OF DATA COLLECTION

Quantitative and qualitative data collected was presented and analysed with the objective of knowing the precise nature of controls that accounting exercise has over “management decision making” in First Bank Nigeria Limited, Abdullahi Fodio Road Branch.

The description of data analysis will be statistical and narrative in nature. The statistical method will consist of the use of tables and computation of percentages and ratios using the Chi-square test. The methods are supposed to be complimentary to each other in order to show the analysis of the research studied in a very clear manner that will easily be understood by all and sundry.

The Chi-square test is suitable for the research because it is a statistical distribution test of differences or similarity between observed set of values on one hand and expected set of values.

3.7 THE CHI-SQUARE ($x^2$)

Fadare (1998) stated that “if a researcher is interested in comparing his observed measurements with the expected, the chi-square goodness-of-fit is very
appropriate. Though a non-parametric statistics, it can also be applied to intervals and ratio data”. The formula is given as:

$$x^2 = \sum \frac{(0 - E)^2}{E}$$

Where;

$$x^2 =$$ Chi-square summation

0 = Observed

E = Expected
CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The purpose of this chapter is to present and analyse the result of the available data collected on “Accounting Information as a tool for Management Decision Making” in First Bank Limited, Abdullahi Fodio Road Branch. It present the primary data collected for the study through the instrument of questionnaires. The data was accordingly sorted out, summarized, analysed and interpreted before conclusion was drawn on the study.

4.1 ANALYSIS AND INTERPRETATION OF QUESTIONNAIRES DISTRIBUTED

A total of 20 questionnaires were administered on the samples of the study. The samples completed and returned a total of 17 questionnaires which represented 85% response rate while 3 of the questionnaires which represented 15% were not returned.

The table 4.1 below shows the analysis of the questionnaires administered and returned in the course of the study.

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
</table>

Table 4.1: Analysis of questionnaires completed and returned by samples.
The questions on these areas are strictly designed to provide information which best help in proving or disproving the hypothesis formulated for the research study. The observation made and personal interviews conducted with the management of the branch and other staff was effectively used.

4.2 ANALYSIS OF DEMOGRAPHIC/SOCIO-ECONOMIC DATA

The data collected from the samples is to provide information about their demographic/socio-economic background, which are presented and analysed below

Table 4.2: Sex of samples

<table>
<thead>
<tr>
<th></th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>12</td>
<td>70.59%</td>
</tr>
<tr>
<td>Female</td>
<td>5</td>
<td>29.41%</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015

The table indicated that male(s) that responded to the study’s questions were 12 or 70.19% of the total samples that completed and returned the questionnaires
only 5 of the respondents were female(s) representing 29.41% of the respondents that returned the questionnaire.

Table 4.3: Qualifications of samples

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSCE/GCE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NCE/ND</td>
<td>2</td>
<td>11.76%</td>
</tr>
<tr>
<td>HND/B.Sc</td>
<td>15</td>
<td>88.24%</td>
</tr>
<tr>
<td>M.Sc/Ph.d</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other specify</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey 2015

The table revealed that majority of the respondents are holders of HND/BSc which represents 88.24% while 11.76% of the respondents are NCE/ND holders.

Table 4.4: Working Experience

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>15</td>
<td>88.24%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11-15 years</td>
<td>2</td>
<td>11.76%</td>
</tr>
<tr>
<td>16-20 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Above 20 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey 2015
The table indicated that 88.24% of the total respondents have been working in the banking sector within the range of 1-5 years while 2 of the respondents representing 11.76% are in the range 11-15 years in the sector.

4.3 ANALYSIS OF DATA

This section analyses the samples response to the aspect of the questionnaires that dealt with accounting related questions as it aid in decision making.

Question 5: Does accounting information provided in your bank aid in adequate decision making?

Table 4.5: Aid in adequate decision making

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very adequate</td>
<td>3</td>
<td>17.65%</td>
</tr>
<tr>
<td>Adequate</td>
<td>12</td>
<td>70.59%</td>
</tr>
<tr>
<td>Fairly adequate</td>
<td>2</td>
<td>11.76%</td>
</tr>
<tr>
<td>Not adequate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey 2015

In response to the question above, 3 respondents representing 17.65% of the total number of respondents were of the opinion that accounting information aid in decision making is very adequate while 70.59% of the respondents were of the opinion that accounting information aid in decision making adequately and
the remaining 11.76% were of the opinion that accounting information aid in decision making fairly adequate respectively.

Question 6: Is accounting department adequately equipped with Man power?

Table 4.6: Account department man power

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very adequate</td>
<td>7</td>
<td>41.18%</td>
</tr>
<tr>
<td>Adequate</td>
<td>10</td>
<td>58.82%</td>
</tr>
<tr>
<td>Fairly adequate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Not adequate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey, 2015

The table indicated that 41.18% of the total respondents said accounting department is very adequate with manpower while the remaining 58.82% were of the view that accounting department is adequate with manpower.

Question 7: Does the management of your organization rely on accounting information for decision making?

Table 4.7: Reliance on accounting information

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very adequate</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>Adequate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fairly adequate</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
The above table indicated that all the respondents representing 100% agreed that management rely on accounting information for decision making is very adequate.

Question 7: Do you think that your bank will or can cope with advancement of technology (ICT)?

Table 4.8: Advancement of technology

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>9</td>
<td>52.94%</td>
</tr>
<tr>
<td>Effective</td>
<td>5</td>
<td>29.41%</td>
</tr>
<tr>
<td>Fairly effective</td>
<td>3</td>
<td>17.65%</td>
</tr>
<tr>
<td>Not effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015

The response from the respondents suggested that 52.94% are of the opinion that the organization is very effective in advancement of technology, 29.41% effective and 17.65% fairly effective respectively.

Question 9: Are the accounting systems in your bank computerised?
The table revealed that all respondents 17 in number representing 100% agreed that accounting systems in the Bank are computerised.

Question 10: If yes in question 9, has computerised accounting system enhanced effective decision making in your bank?

The table shows that 82.35% of the respondents accepted that computerised accounting system enhance decision making very effective while 17.65% are of the view that the impact of computerization in decision making is effective.
Question 11: How adequate do you think information provided for decision making justify the time and money spent?

Table 4.11: Justifying accounting information

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Effective</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>Fairly effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Not effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015

The table revealed that all respondents representing 100% of the respondents accepted that time and money spent justifies accounting information provided for decision making.

Question 12: How effective does accounting information should be presented to the management?

Table 4.12: Effectiveness of accounting information presented

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>13</td>
<td>76.47%</td>
</tr>
<tr>
<td>Effective</td>
<td>4</td>
<td>23.53%</td>
</tr>
<tr>
<td>Fairly effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Not effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey, 2015
The table above indicates that 76.47% of the respondents agreed that accounting information should be effectively presented to management very effective and 23.53% of the respondents agreed should be effective.

Question 13: How often do you think accounting information should be presented to the management?

Table 4.13: Frequency of accounting information

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>5</td>
<td>29.41%</td>
</tr>
<tr>
<td>Monthly</td>
<td>9</td>
<td>52.94%</td>
</tr>
<tr>
<td>Quarterly</td>
<td>3</td>
<td>17.65%</td>
</tr>
<tr>
<td>Annually</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All above</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey, 2015

The table indicates that 29.41% of the respondents accepted that accounting information should be presented to management weekly, 52.94% monthly and 17.65% quarterly respectively.

Question 15: Which of the accounting information is presented to the management for decision making?
Table 4.14: Accounting information presented to management

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statement</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost analysis statement</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special report</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015

The 17 respondents representing 100% of the total number of the respondents are of the opinion that all accounting information should be presented to management.

Question 18: Which level of management do you think makes use of more accounting information?

Table 4.15: Level of management using accounting information

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Middle management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Low management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015
The table revealed that all respondents 17 in number which represent 100% of the respondents agree that all level of management should be furnished with accounting information.

Question 22: Which of the following problems do you think is militating against effective performance of the account department?

Table 4.16: Problem of effective performance

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of management</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inadequate accounting facilities</td>
<td>10</td>
<td>58.82%</td>
</tr>
<tr>
<td>Inadequate technical know-how</td>
<td>7</td>
<td>41.18%</td>
</tr>
<tr>
<td>All</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field survey, 2015

From the table above, 58.82% of the respondents totalling 10 of the 17 respondents accepted that inadequate accounting facilities is militating against effective performance while 41.18% i.e. 7 of the 17 respondents are of the opinion that inadequate technical know-how is militating against effective performance.

Question 23: How effective do you think accounting information reveals any financial misappropriation in your bank?

Table 4.17: Revealing of financial misappropriation

53
The table shows that 14 of the respondents which represents 82.35% of the respondents agreed that accounting information reveals misappropriation effectively while 3 of the respondents i.e. 17.65% of the total respondents agreed that accounting information is fairly effective in revealing financial misappropriation.

Question 25: How effective does accounting information aid management in decision making?

Table 4.18: Effectiveness of management decision making

<table>
<thead>
<tr>
<th>Options</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective</td>
<td>14</td>
<td>82.35%</td>
</tr>
<tr>
<td>Fairly effective</td>
<td>3</td>
<td>17.65%</td>
</tr>
<tr>
<td>Not effective</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: field survey, 2015
The table shows that 12 respondents representing 70.59% are of the opinion that accounting information aid management decision making very effective while 5 respondents about 29.41% of the respondents are of the opinion that accounting information aid management decision making aid is effective.

4.4 TESTING OF HYPOTHESIS

This section deals with testing of the hypothesis postulated by the researcher. The criteria used for acceptance or rejection of this hypothesis are based on the outcome of the findings considered in the analysis and presentation of data.

The study hypothesis,

\( H_0 \)- There is no statistically significant difference in the respondent size among those who accept that accounting information are not tools for management decision making.

\( H_1 \)- There is a statistically significant difference in the respondents’ size among those who accept that accounting information are tools for management decision making.

The respondents’ response was used to test the hypothesis. The researcher adopted responses to Q5 and Q7 to test the hypothesis as they are key to effective management decision making.
Table 4.19: Determination of observed frequency

<table>
<thead>
<tr>
<th>Variables</th>
<th>Q5</th>
<th>Q7</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very adequate</td>
<td>3</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Adequate</td>
<td>12</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Fairly adequate</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Not adequate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>17</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: field survey, 2015

**Hypothesis:**

H₀ – There is no statistically significant difference in the respondent size among those who accept that accounting information are not tools for management decision making.

H₁ – There is statistically significant difference among those who accept that accounting information are tools for management decision making.

\[ \alpha = 0.05 \]

\[ degree \ of \ freedom \ (d.f) = n - 1 = 3 - 1 = 2 \]

Table 4.20: Computation: Using extract from table 4.19

<table>
<thead>
<tr>
<th>Variable</th>
<th>Respondent size (O)</th>
<th>E</th>
<th>(O-E)²</th>
<th>( \frac{(O-E)^2}{E} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very adequate</td>
<td>20</td>
<td>11.33</td>
<td>75.17</td>
<td>6.635</td>
</tr>
<tr>
<td>Adequate</td>
<td>12</td>
<td>11.33</td>
<td>0.45</td>
<td>0.040</td>
</tr>
<tr>
<td>Fairly adequate</td>
<td>2</td>
<td>11.33</td>
<td>87.04</td>
<td>7.682</td>
</tr>
</tbody>
</table>

Source: field survey 2010
The expected value is calculated by computing the mean of respondent size that is:

\[ E = \frac{20 + 12 + 2}{3} = 11.33 \]

Hence, from table 4.20

\[ x^2 = \sum \frac{(O - E)^2}{E} = 14.357 \]

Or

\[ \frac{(20 - 11.33)^2}{11.33} + \frac{(12 - 11.3)^2}{11.3} + \frac{(2 - 11.33)^2}{11.33} = 14.357 \]

*Critical \( x^2 \) value = 5.991*

4.5 DECISION RULE

Since 14.357 > 5.991 therefore, \( H_0 \) is rejected. The calculated \( x^2 \) value of 14.357 is greater than the critical value of 5.991 therefore; there is enough statistical evidence to reject the null hypothesis. The decision rule thus is to reject the null hypothesis and accept the research hypothesis as seen from the above chi-square.
CHAPTER FIVE

SUMMARY, FINDINGS, RECOMMENDATION AND CONCLUSION

This chapter summarises the work, draw conclusions and make recommendations on the findings.

5.1 SUMMARY

Chapter one identifies the concepts and problems arising from accounting information in an organisation. The chapter gave a general background to the study in relation to accounting information.

The chapter also states the problems, significance and purpose of the study. Also formulated was the hypothesis of the study which was tested in chapter four.

Chapter two used secondary data of renowned authors in the field of accounting to create literature review for the study. The chapter discussed users of accounting information. A section in the chapter also gave a techniques used for decision making process and selecting the approximate decision.

In chapter three, the various procedures employed to obtain both the primary and secondary data were outlined. These include the design of the research work, the population of the study, sampling method used in gathering data and the tool to test the classified data.
The classification, presentation, evaluation and analysis of data was done in chapter four. The chapter also analysed the data obtained through the questionnaire and utilisation of interview tips on the hypothesis. The test tool was applied on the key questions.

Chapter five which is the last chapter summarized, drew conclusions and made recommendations on the study.

Generally, it was concluded that in all aspect of an organisation, accounting information contributes significantly to achieving set goals of both internal and external users of financial advisory services.

5.2 FINDINGS

The followings were the findings of the researcher in the course of carrying out the research work:

1. The ledger accounts were not reviewed from time to time which would have ensure that debtors with outstanding advances are not granted new ones for easy determination of outstanding balances at any point in time.

2. The internal auditors of the bank were not given adequate report at the appropriate time to ensure due consideration and accurate records.

3. Responsible officers are not at supervisory and management level which would helped maintain adequate implementation, proper segregation of
duties and follow up procedures to ensure adherence to management policies. Safeguarding the asset

5.3 RECOMMENDATION

In the course of the study, some lapses were discovered through investigation and observation hence, the following recommendation:

1. The ledger accounts should be reviewed from time to time to ensure that staff debtors with outstanding advances are not granted new ones for easy determination of outstanding balances at any point in time.

2. The management should be able to compare alternative actions and events from the accounting information or report supplied them.

3. Responsible officers should be both at supervisory and management level to maintain adequate implementation, proper segregation of duties and follow up procedures to ensure adherence to management policies. Safeguarding the assets.

4. The internal audit of the bank should be given adequate report at the appropriate time to ensure due consideration and accurate records.

Finally, in the researcher’s view, “the successful implementation of these recommendations will facilitate the effectiveness of accounting information on management and control of business activities in First Bank of Nigeria Limited, Abdullahi Fodio Road Branch, Sokoto branch.
5.3 CONCLUSION

The study has proved the essence of accounting information in an organisation (economic enterprise). It has shown clearly the usefulness of accounting information as a tool for effective management decision making. Accounting information also gave priority to capital project that will improve the standard of the economy.

From the responses to the questionnaires, it was evident that management of organizations use accounting information for decision making.

Finally, it was discovered that inadequate accounting facilities greatly militate against management decision making.
BIBLIOGRAPHY


