

**ANALYSIS AND INTERPRETATION OF FINANCIAL
STATEMENT AS A MANAGERIAL TOOL FOR
DECISION MAKING**

**(A CASE STUDY OF NWOKEJI URBAN PLANNING AND
ARCHITECTURAL STUDIO [NUPAS])**

BY

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ACC/2008/495

**DEPARTMENT OF ACCOUNTANCY
FACULTY OF MANAGEMENT AND SOCIAL SCIENCES
CARITAS UNIVERSITY, AMORJI-NIKE,
ENUGU, ENUGU STATE**

AUGUST, 2012

TITLE PAGE

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**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
ACCOUNTANCY**

**FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, CARITAS
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**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
AWARD OF BACHELOR OF SCIENCE (B.SC.) DEGREE IN
ACCOUNTANCY**

AUGUST, 2012

APPROVAL PAGE

We hereby satisfied that the project by Nwokeji Uzochukwu with Registration Number **ACC/2008/495** is worthy of acceptance in partial fulfillment of the requirement for the Award of Bachelor of Science Degree (B.Sc.)

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Supervisor

Dr. Frank Ovute
Head of Department

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Signature/Date

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External Examiner

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DEDICATION

I dedicate this work to God Almighty. And also to my parents
Mr. and Mrs. Jerome Nwokeji

ACKNOWLEDGEMENT

I acknowledge and honour the Almighty God for His grace and kindness towards the success of this research work.

I am deeply committed in gratitude to my parents Mr. & Mrs. Jerome Nwokeji whose abilities made me to be a baptized academic.

My sincere thanks goes to my supervisor, Mr. Chinedu Enekwe for his encouragement and who supervised with all his effort to make sure that my research project is successful. Also with him I share my heartfelt to my HOD, Dr. Frank Ovute, and my lecturers Mr. Nsoke, Mr. Desmond and Mr. James for their love, care and encouragement.

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Finally, I appreciate my siblings – Udenna, Aunli, Mmeli and Nonye for their love and care throughout my stay in school and also to my friends and well-wishers. May God bless you all.

Abstract

Financial Statement Analysis and Interpretation is a very vital instrument of good management decision-making in business enterprise. Good decisions ensure business survival, profitability and growth. Without financial statement analysis in investment decisions, an enterprise is likely to make decisions, which could spell its doom. Poor or lack of qualitative financial statement analysis could lead to investment returns, low profitability and even inability to identify viable investment opportunities. The main objective of this project is therefore, was to determine how firms could use financial statement analysis and interpretation to aid management decisions and to avert the problems highlighted above. Primary and secondary data are employed to broaden the scope of this study. Primary data are sourced from questionnaire responses. This provided data for the validation of the hypotheses tested with the use of chi-square (X^2). The test revealed as follows: (1) Significant difference between the returns of the financial statement in Analysis and Interpretation based on management decision. (2) Organizational profitability has relationship with financial statement analysis and interpretation based management decision but not significantly. The project concludes that companies should pay great attention to the use of financial statement analysis so as to properly equip themselves with this invaluable tool. The researcher recommends the following: (a) Accountants or financial analysts should not be rushed in collection, preparation, analysis and interpretation off financial statements. (b) Financial statements should be made to reflect current cost accounting to eliminate or reduce the effects to historical cost principle and inflation risk element. (c) A combination of different ratios should be used in analyzing a company's financial and/or operating performance. Proper use of financial statement analysis should be made not only in investment but also in other areas of decision making.

TABLE OF CONTENT

Title page	-	-	-	-	-	-	-	--	-	i
Approval page	-	-	-	-	-	-	-	-	-	ii
Dedication	-	-	-	-	-	-	-	-	-	iii
Acknowledgement	-	-	-	-	-	-	-	-	-	iv
Abstract	-	-	-	-	-	-	-	-	-	v
Table of content	-	-	-	-	-	-	-	-	-	vi

Chapter One: INTRODUCTION

1.1	Background of the Study	-	-	-	-	-	-	1
1.2	Statement of Problem	-	-	-	-	-	-	4
1.3	Objectives of the Study-	-	-	-	-	-	-	4
1.4	Research Questions	-	-	-	-	-	-	5
1.5	Hypotheses of the Study	-	-	-	-	-	-	6
1.6	Significance of the Study	-	-	-	-	-	-	6
1.7	Scope of the Study	-	-	-	-	-	-	7
1.8	Limitation of the Study	-	-	-	-	-	-	7
1.9	Definition of Terms	-	-	-	-	-	-	8
	References-	-	-	-	-	-	-	10

Chapter Two: LITERATURE REVIEW

2.1	Introduction	-	-	-	-	-	11
2.2	What is Financial Statement?-	-	-	-	-	-	12
2.2.1	Objective of a Financial Statement Analysis	-	-	-	-	-	13
2.3	Uses and Users of Financial Statement	-	-	-	-	-	14
2.4	Classification of Financial Statement	-	-	-	-	-	15
2.5	Relationship among the Statement of Financial Position, Income Statement, Statement of cash Flows and Statement of Retained Earnings	-	-	-	-	-	18
2.6	Techniques and financial Statement Analysis and Interpretation	-	-	-	-	-	19
2.6.1	Horizontal Analysis	-	-	-	-	-	19
2.6.2	Trend Analysis	-	-	-	-	-	20
2.6.3	Vertical Analysis	-	-	-	-	-	24
2.6.4	Ratio Analysis	-	-	-	-	-	24
2.7	Definition of Ratio	-	-	-	-	-	24
2.8	Types and Classification	---	-	-	-	-	26
2.8.1	Liquidity Ratios	-	-	-	-	-	27
2.8.2	Leverage Ratios	-	-	-	-	-	30
2.8.3	Activity Ratios	-	-	-	-	-	32

2.8.4 Profitability Ratios	-	-	-	-	-	34
2.9 Nature of Accounting Ratios	-	--	-	-		37
2.10 Uses of Ratio in Analyzing Financial Statement						39
2.11 Limitations of Financial Statement Analysis	-					40
2.12 Use of Different Accounting Principles	-	-				40
2.13 Industry Affiliation	-	-	-	-	-	41
2.14 Accounting Differences Between Countries	-					42
2.15 The Impact of Inflation of Financial Statement						
Analysis	-	-	-	-	-	42
2.16 Features of a Good Management Decision						
Technique	-	-	-	-	-	44
2.17 Environment of Management Decision Making-						45
References	-	-	-	-	--	47

Chapter Three

3.1 Research Design-	-	-	-	-	-	4
3.2 Sources and Method of Data Collection	---	-				48
3.3 Research Instrument	-	-	-	-	-	49
3.4 Reliability/Validity of Research Instrument	-					49
3.5 Population	-	-	-	--	-	50
3.6 Sample size and Technique	-	-	-	-		50

3.7	Administration of Research Instrument	-	-			53
3.8	Method of Data Analysis	-	-	-	-	53
3.9	Decision Criteria for Validation of Hypothesis	-				56
	References-	-	-	-	-	57

Chapter Four: DATA PRESENTATION AND ANALYSIS -58

4.1	Data Presentation	-	-	-	-	60
4.2	Analysis of Question	-	-	-	-	61
4.3	Test of Hypothesis	-	-	-	-	71

Chapter Five: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1	Summary of Findings	-	-	-	-	76
5.2	Conclusion -	-	-	-	-	77
5.3	Recommendations	-	-	-	-	77
	Bibliography	-	--	-	-	79
	Appendix - -	--	-	-	-	80