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

NWOKEJI OGONNA UZOCHUKWU

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 UNIVERSITY OF AMORJI-NIKE ENUGU

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.)

Mr. Chinedu Enekwe
Supervisor

……………………………...
Signature/Date

Dr. Frank Ovute
Head of Department

……………………………...
Signature/Date

External Examiner

…………………………..
Signature/Date

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.

My special thanks goes to Rev. Fr. Remy N. Onyewueyi, the chaplain and DVC Caritas University Amorji-Nike for his moral advice and support.

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.

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