Original Article

FINANCIAL STATEMENT ANALYSIS AND ITS INFLUENCE ON TREASURY BILL INVESTMENT DECISIONS IN NIGERIAN BANKS

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Abstract: The research focused on the study of the role of financial statements in treasury bill investment using four Nigerian banks. The identified problem motivating the study stems from the misunderstanding on the path of many investors on the importance of proper interpretation of the role of financial statements in financial information dissemination especially as regards investment decisions taken. The research objective is to determine if accounting information has significant relationship in investing in treasury bills. The methodology of study employed the use of primary data derived from questionnaires distributed to four banks (25questionaires each). In the process of sampling the study involves the use of primary data and regression diagnostics and SPSS. The R value in the model summary table shows an R-value of 0.963. The R2 value shows how much of the total variation in the dependent variable (Treasure bill) that can be explained by the independent variable (Financial statement). The table shows that 93% variation in Treasure bill can be explained by financial statement. This is equally high. With a sig (p-value) of (0.000) which is less than Alpha (0.05) and a t value of 50.246, the overall regression model, therefore, statistically predicts the outcome variables (That is, it is a good fit). Since the p-value (0.000) is less than Alpha (0.05), that is $0.000<0.05$, and t calculated (50.246) is greater than t tabulated (1.960), we therefore reject the null hypothesis and accept the alternative hypothesis which implies that there is a significant relationship between financial statement and Treasury bill investment of banks. In conclusion there is a proven significant association between financial statement and Treasury bill investment of banks. Deposit money banks should employ rigorous ratios and other forms of financial analysis in their financial statements to facilitate the decision making of the investor on their Treasury bill. With improved technological methods, financial analysts should be encouraged at developing statistical packages that would aid investment decisions taking into consideration the average expectation of profit, time value of money, asset diversification, time horizon of payback period etc.

Keywords: Roles, Financial Statements, Treasury bills and Nigerian Banks

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1.0 Introduction

Accounting is the language of business; it is the information system that measures business activity, process data into reports and communicates the results to decision makers (Horngren, Harrison and Oliver, 2009). According to Drury (2008), the process of identifying, measuring and communicating economic information to permit informed judgment and decisions by users of the information is referred to as “Accounting” Ama (2010), accounting is the language of every business organization; this is because it communicates financial information about a business enterprise. In the view of Weetman (2003), a conceptual framework for accounting is a statement of principles which provide generally accepted guidance for the development of new reporting practices; challenging and evaluating the existing practices. Accounting has continued to change since the time of Luca Pacioli in the year 1494 till the current era in modern times. Especially in the areas of owner and managers of business, these result to what is called stewardship accounting. This is where the managers’ gives account of the business delegated to him through the presentation of financial statements. The question is what is financial statement?

1.2.1 First Bank Ltd

First bank was founded in 1894 as the Bank for British West Africa; it was the First banking institution to be established on African Continent. With over 120 years of its banking history, the bank is considered a significant representation of the industry. It is headquartered in Marina, the heart of Lagos. The bank originally served as the British Shipping and Trading Agencies in Nigeria. The founder, Alfred Lewis Jones was a shipping magnet who originally had a monopoly in importing silver currency into West Africa through his Elder Dempster Shipping Company.

After Nigeria independence in 1960, the Bank began to extend more credits to indigenous Nigerians. At the same time citizens began to trust British Bank, since there was an independent financial control mechanism and more citizens began to patronize the Bank of West Africa now known as First Bank Nigeria Plc. It converted to a public company in 1970 and was listed on the NSE in 1971. However, as part of the implementation of the nonoperating holding company structure, it was delisted from the stock exchange and replaced with FBN Holdings Plc. in 2012.

1.2.2 Access Bank Plc

Access bank Plc is a Nigerian multinational commercial bank, owned by Access Bank Group and licensed by the CBN. It is headquartered in Victoria Island, Lagos, and the financial capital of Nigeria. The bank received its license from the CBN in 1989 and was listed in the Nigerian Stock Exchange in 1998. In 2002 the bank was taken over by a core of new management led by Aigboje Aig-Imoukhede and Herbert Wigwe. During the reforms of 2005, the bank acquired Marina Bank and Capital Bank. In 2007, it established a subsidiary in Gambia. In 2008, there were more acquisitions as the bank consolidated positions with 88% shares of Omnifinance bank, 90% of Banque Privee du Congo, 75% shares of Bancor SA in Rwanda. Also in 2008 there were subsidiaries established at Lusaka, Freetown and London. By 2010 Access Bank had fully acquired the defunct Intercontinental Bank making the bank one of the largest four commercial banks in Nigeria with over 5.7 million customers, 309 branches and 1,600 Automated Teller Machines.

1.2.3 Zenith Bank Plc

Zenith Bank Plc was established in May 1990, and commenced operations in July of the same year as a commercial bank. The Bank became a public limited company on June 17, 2004 and was listed on the Nigerian Stock Exchange (NSE) on October 21, 2004 following a highly successful Initial Public Offering (IPO). Zenith

Bank Plc currently has a shareholder base of about one million and is Nigeria's biggest bank by tier-1 capital. In 2013, the Bank listed $850 million worth of its shares at $6.80 each on the London Stock Exchange (LSE).
Headquartered in Lagos, Nigeria, Zenith Bank Plc has more than 350 branches and business offices in prime commercial centers in all states of the federation and the Federal Capital Territory (FCT). In March 2007, Zenith Bank was licensed by the Financial Services Authority (FSA) of the United Kingdom to establish Zenith Bank (UK) Limited as the United Kingdom subsidiary of Zenith Bank Plc. Zenith Bank also has subsidiaries in: Ghana, Zenith Bank (Ghana) Limited; Sierra Leone, Zenith Bank (Sierra Leone) Limited; Gambia, Zenith Bank (Gambia) Limited; UAE, Zenith Bank (UK) Limited - (DIFC Branch). The bank also has representative offices in South Africa and The People's Republic of China. The Bank plans to take the Zenith brand to other African countries as well as the European and Asian markets.

Zenith Bank is one of Nigeria's largest banks. The bank currently has a shareholder base of about one million and is the biggest tier-1 bank in Nigeria.
Established in May 1990, it became a public limited company on June 17, 2004 and was listed on the Nigeria Stock Exchange on October 21, 2004. The bank's shares are traded on the London Stock Exchange (LSE) following a listing of the $850 million worth of its shares at $6.80 each.
With its headquarters in Lagos, Nigeria, Zenith Bank has more than 350 branches and business offices spread across all states of the Federation and the Federal Capital Territory (FCT), Abuja. Zenith Bank has presence in the United Kingdom, United Arab Emirates, Ghana, Sierra Leone and The Gambia. The Bank also has representative offices in South Africa and China and plans are afoot to take the Zenith franchise to other Sub-African regions as well as the European and Asian markets while consolidating its position as a leading financial service provider in Nigeria and locations where she currently operate.

1.2.4 Guaranty Trust Bank Plc

Guaranty Trust Bank plc also known as GTBank or simply GTB is a Nigerian multinational financial institution, that offers Online/Internet Banking, Retail Banking, Corporate Banking, Investment Banking and Asset Management services, based in Victoria Island, Lagos. Guaranty Trust Bank plc was incorporated as a limited liability company licensed to provide commercial and other banking services to the Nigerian public in 1990 and commenced operations in February 1991. In September 1996, Guaranty Trust Bank plc became a publicly quoted company and won the Nigerian Stock Exchange President's Merit award. In February 2002, the Bank was granted a universal banking license and later appointed a settlement bank by the Central Bank of Nigeria (CBN) in 2003.
Guaranty Trust Bank undertook its second share offering in 2004 and raised over N11 billion from Nigerian Investors to expand its operations. On 26 July 2007 GTBank became the very first subsaharan bank and first Nigerian joint stock company to be listed on London Stock Exchange and Deutsche Börse. The IPO raised US$750,000,000. In the same year, they successfully placed Nigeria's first private Eurobond issue on the international capital markets. The GTBank USD 500,000,000 Eurobond was the first ever Benchmark Eurobond issue by a Nigerian corporate and the second Eurobond programme by GTBank in the last 5 years. The long-term debts of Guaranty Trust Bank plc are rated BB- by Standard & Poor's and AA- by Fitch Ratings, which are the highest ratings for a Nigerian bank. They introduced online banking and SMS banking in Nigeria and a naira

denominated MasterCard as well as the Platinum and World Signia cards and with GTB-on-wheels, mobile branches.

On 12 March 2008, GTBank was given a banking license for the United Kingdom by the Financial Services Authority. GTBank is a partner of Eko Atlantic City a new made island (820 ha.) in the Atlantic Ocean, adjacent to Victoria Island Lagos. It will be the home of the new Financial District. The building of Eko Atlantic City started in 2009 and is expected to be finished in 2016. To commemorate the bank's 20th anniversary, the Nigerian Postal Service issued a set of GTBank Anniversary postage stamps. This was the first time in Nigeria that a corporate organization was honored in such a way. In 2011, the bank became the biggest bank in Nigeria by market capitalization. In 2013, the Bank issued a USD 400,000,000 Euro bond at a coupon rate of 6%; the least obtained by a Nigerian company in the international capital market. The Eurobond was issued under the USD 2,000,000 Global Medium Term Note Programme, which is registered under both Regulation in the United State of America and Rule 144A in the United Kingdom and sold to investors across Africa, America, Asia and Europe. The Bank has over 10,000 employees.

1.2 Statement of research problem

The identified problem motivating the study stems from the misunderstanding on the path of many investors on the importance of proper interpretation of the role of financial statements in financial information dissemination especially as regards investment decisions taken. Many investors do not realize the importance of using the right techniques in accurately interpreting accounting data either as a path towards precise predictability of business events or as a post mortem on past events.

1.3 Research objective

The research objective is to determine if accounting information has significant relationship in investing in treasury bills.

1.4 Research hypothesis

H_o: There is no significant association between accounting information and investment in treasury bills.

2.0 Literature review

Purpose of financial statement

According to IFRS (2010), the purpose is to meet the needs of users who are not in a position to compare an entity to prepare reports tailored to their peculiar information needs.

Financial statement is a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management’s stewardship of the resources entrusted to it. To meet these objectives, financial statements provide information about an entity’s assets, liabilities, equity, income and expenses, including gains and losses; contributions distributed to owners in their capacity as owners and cash flow.

This information, along with other information in the notes, do assist users of financial statement in predicting the entity’s future cash flow, in particular, timing and certainty.

Components of financial statement

According to IFRS (2010), complete set of financial statement contains the following;

a. Statement of financial position as at end of the period.
b. Statement of comprehensive income for the period
c. Statement of changes in equity for the period
d. Statement of cash flows for the period
e. Notes, comprising a summary of significant accounting policies and other explanatory information; and
f. Statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatements of items in its financial statements, or when it reclassifies items in its financial statements.

Addition statements that compliment financial statement are;
g. The auditor's report
h. The director's report
i. In the case of holding company, the group financial statement.
j. Five year financial summary

Some of the above listed components of financial statement are explained below;

1. Statement of financial position: This is a financial statement showing the assets, liabilities and net equity of a company as of a given point in the work capital (current assets less current liabilities). It shows the wealth of the shareholders.

2. Statement of profit or loss and other comprehensive income: the statement of profit or loss shows the profit earned or loss incurred by business entity during a specified period. Basically, it measures the financial performance of a business during a particular period. Other comprehensive income, these are income and expenses (usually, unrealized gains and losses) that occurred during the period that are not recognized in the statement of profit or loss.

3. Statement of changes in equity: It shows the earnings of firms which are not out to stockholders as dividend but re-invested or ploughed back into the business. This is also known as statement of retained earnings and it details.

4. Statement of cash flows: It shows the cash inflows and outflows of an entity over a specified accounting period. That is, the statements of cash flows concentrate on the sources and users of cash and a useful indicator of a company liquidity and solvency.

5. Notes to the financial statements: Notes are additional information used to amplify the information given in the statement of financial position, statement of profit or loss, other comprehensive income statement and statement of changes in equity. It gives more detailed analysis, narrative information and additional information in the statements.

6. The Auditor's reports: This is the report that compliments financial statement, which depict the fair and true view of the prepared financial statement of the company to the shareholders. The auditor's report is a conclusion drawn from the audit evidence of the financial statement.

7. The Director's Reports: The director's report gives certain factual information relating to the year under review which has to be disclosed by law. This report contain the following: **a.** The statement of the company affairs

b. Propose transfers to reserves
c. Recommended dividend
d. Political or charitable contributions
e. Share on debenture issued during the years
f. Names of directors who served during the years
g. Directors shares and debenture ownership
h. Significant changes in fixed assets
i. Average number of employees on the payroll throughout the year where they exceed 100 and their aggregate remuneration.

8. A five year financial summary: This allows insight comparison over the period usually five years of vital financial information about an enterprise, particularly with regard to it turnover, profit before and after tax, dividend and asset employed (Agubata, 2009).

Users of financial statements

The persons who receive accounting reports are termed users of financial statements. The type of information a specific user requires from the financial statements, varies based on kind of decision the person wants to make or is embarking upon. That is, financial statement is user oriented. The various users of financial statements can be grouped into two broad divisions which are:

a. Internal users
b. External users

The internal users are as follows:

i. Management Team: This is the management of the entity itself. They are concerned with the overall financial worth of the enterprise. Management has the overall responsibility to see that the resources of the firm are used most effectively and efficiently and that the firm's financial position is always sound. They need the financial statement for planning, controlling and decision making on the day to day operations and long range (strategic) plan of the organization.

ii. Employees: Employees and trade union are more concerned about long term survival and profitability of the firm, as such its ability to pay higher wages, salaries, bonus and better working condition.

The external users are as follows;

i. Public: They are interested in many ways especially the economic life and the standard of living.

ii. Customers: Customers who buy or subscribe for the services or goods of the firm are more concerned about the long-run survival of the firm to continue to supply goods or services.

iii. Stock Exchange: Stock exchange may derive several conclusions from the figures of financial statement such as performance, profitability prospects of change in the share value and wealth of the company. **iv. Educational/Research Institutions:** They require the accounting information for teaching and research purpose.

v. Potential buyers: Potential buyers of the firm through acquisition or merger are more concerned about the potential profitability of the firm in the future as such they decode on the reasonable price to pay and the actions to be taken on the purchase of the firm or merger.

vi. Government: They study the financial statement of a company to enable them impose tax on profit earned.

vii. Banks and other financial institutions: They study a company's financial statement to enable them grant loans for investment with the expectation of interest in return.

viii. Suppliers: Suppliers of long term debt would be more concerned with the firm's longterm solvency and survival. They analyze the firm's profitability over time, its ability to generate cash to be able to pay interest and repay principal and the relationship between various sources of funds (Capital Structure relationship).

ix. Trade Creditor: Trade creditors like suppliers and other short term. Lenders are more interested in the firm's ability to meet their claims over a very short period of time.

x. Prospective Investors: Investors who wish to become shareholders of the firm are more concerned about the firm's long-run survival and earnings. They bestow more confidence in those firms that show steady growth in earnings. As such, they concentrate on the analysis of the firm's present and future profitability.

The IFRS compliance impact and quality on financial statement

The Nigerian Accountant (2017) opined that the intervention effort of the International Accounting Standard Board in this respect led to the birth of a principle Based set of high quality International Accounting Standards called International Financial Reporting Standards (IFRS) with effect from April 2001. The new global Accounting Standards are believed not only to have achieved the convergence dream of coordinating all accounting practices obtainable across different national jurisdictions by using one financial reporting framework, but has also encourage the increased use of personal judgment among Accountants and Auditors. Successive reforms became the case in Nigeria in her bid to restore confidence in the Nigeria Capital Market and her company's financial reports. One of such most successful reforms was the mandatory adoption of the new International Financial Reporting Standards (IFRS) in January 1, 2012. Although a road map preceding the adoption phases was already made public by the federal government in July 2010, some notable deposit money bank with multinational interest in other countries in their bid to reassure the investing public of their embrace of sound corporate governance in line international best practice and regain her confidence in the midst of rising financial crisis, restricted to voluntary adherence to a guidelines of the new IFRS in preparing her financial reports with effect from 2010 reporting year.

As proffered by Khalad (2017), theoretical argument suggests that adoption of IFRS will enhance the quality of financial reporting. Reemphasizing on the very main objective of financial statements to provide information that are quite useful to investors, creditors and other relevant stakeholders in making investment, credit allocation, and similar resource allocation decision. Affirmatively, two primary qualitative characteristics of financial information that are disclosed in financial statements usually stand out, and these are: Relevance and faithful representation (IFRS, 2014). This means that information disclosed in financial reports should be relevant to users of financial statement during decision making process. However, faithful representation tends to emphasize more on the truthfulness of such financial information so disclosed by the management of the company.

Attributes of an ideal financial statement

Ama (2010) defines financial statement as a means of communicating to interested parties, information on resources obligation and performance of the reporting entity or enterprise. Some important attributes of an ideal financial statement are;

i. Relevance: For information that is disclosed in the financial statement to be useful at all, that is, it must be associated with the decisions it is designed to aid and facilitate. **ii. Verifiability:** It means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. **iii. Timeliness:** It means having information available to decision-makers in time to be capable of influencing their decision.

iv. Understandability: That is, classifying, characterizing and presenting information clearly and concisely.

v. Comparability: This is the qualitative characteristic that enables users to identify and understand similarities in, and difference among items.

vi. Consistency: It refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities.

i. Completeness: It includes all information necessary for a user to understand the phenomenon being depicted, including all necessary descriptions and explanations.

The role of financial statement in investment decision

The aim of financial statement is to provide financial information about an entity to interested parties. The information contained interpretations derived from the analysis of the reported data. The interpretations and decisions unveil the essence of financial statements as the major custodian of financial information necessary for any investment decisions. Investment decisions are not made on a vacuum; hence, there are bedrocks on which it will stand. One major tool for these investment decisions is the ratio analysis. Ratio analysis is the judgmental process which aims at evaluating the current and past financial positions and the results of an entity's, the primary objectives of determining the best possible estimate about the future conditions and performances. It provides a quick diagnostic look at an entity's financial health and trigger off subsequent financial and operational analysis (Okwoli, 2008).

Several ratios exist but this research work will only x-ray the major ones that are used in investment decision. The major issue to note is that financial statement is the key source of the raw materials for the investment decisions.

Analysis of financial statement

Financial statement analysis is an integral and important part of the broader field of business analysis (Wild, Subramanyam & Halsey, 2007).

Investors, creditors and other interested parties read company's financial statement to gather the information needed to make intelligent business decisions. Financial statements are designed to be helpful, however, the reader must know what the statement figures mean and how to analyze and interpret the data in a logical and systematic way.

Therefore, users of financial statements can get insight about financial strength and weakness of a company if they properly analyze information reported in this statement. It can be analyzed this way; does the net income on the statement, indicated good, poor, or average performance? Do the financial statements reflect improvement over previous business periods? According to the figures, is the firm being run efficiently?

The phase's statement analysis

Sound conclusion can be drawn from financial statements only when the meaning must be made of key items and key relationships before the results can be evaluated. The figures are analyzed in a two-step procedure:

1. Differences, percentages and ratios are computed

2. The findings are interpreted The computation phase

The first step in statement analysis is the computation. The required computations are made by using simple arithmetic processes. Three basic calculations are used.

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1. The relationship of each item on a financial statement to some base amount on that statement is computed. This process is referred to as vertical analysis. It is customary to express each item on income statement as a percentage of net sales for the fiscal period covered by the statement. Similarly, each item on the statement of financial position is expressed as a percentage of total assets.

2. Amounts of changes and percentage of changes in individual items in the financial statement from year to year are computed. This approach is called "horizontal analysis".

3. Relationships between various items in the annual financial statements are computed. This procedure, referred to as ratio analysis, may involve two items on the same or different statements are computed. This procedure, referred to as ratio analysis.

The Interpretation Phase

The second step in financial statement analysis, the interpretation phase, which is more difficult. A thorough understanding of financial statements and knowledge of the operations of the individual business and of the industry which the business operates are necessary for the analyst to become proficient at interpreting financial statements. The interpretation phase is also the more important step because is necessary for an understanding of the significance of the percentages and ratios computed. Yardsticks against which computation can be compared help to provide an understanding of the results of operations.

2.2.0 The concept of investment

Investment are assets acquired not for use in the operations of an enterprise but for accretion of wealth through capital gains or income earned in the form of interest or dividend (Robert, 2009). In reference to Adedeji (2004), SAS defined investment as those assets acquired by an enterprise for purposes of income generation or capital appreciation without any activities in the form of production, trade or provision of services. Investment is the act of investing money in something, to encourage foreign investment (to make money). It is the act of giving time and efforts to a particular task in order to make it successful. Investment involves commitment of currents funds most efficiently in the assets in anticipation of an expected flow of benefits over a series of years.

Financial markets provide the basic function of mobilizing the investments needed by corporate entities. They also act as market places for investors who are attracted by the returns offered by the investment opportunities in the market. Investment is defined as an activity that commits funds in any financial/physical form in the present with an expectation of receiving additional return in the future. The expectation brings with it a probability that the quantum of return may vary from a minimum to a maximum. As opine by Chand (2007), investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc of investment and disinvestment.

In addition, an investment is the current commitment of money or other resources in the expectation of reaping future benefits. For example, an individual might purchase shares of a company in anticipation that the future proceeds from the shares will justify both the time that her money is tied up as well as the risk of the investment, which is the central to all investments, (Bodie, Kane & Marcus, 2004).Therefore, investment decision involve four processes such as: plan what you want to invest in, what exactly do you want to do? What are your dreams/visions and aspirations? (Akintoye, 2008). These are what creditors, banks and investors do before engaging in investment. In the financial sense, investment is the commitment of funds to derive future income in the form of interest, dividend, premium, person benefits, or appreciation in the value of the initial investment.

Hence, the purchase of shares, debentures, post office savings certificates, and insurance policies are all financial investment such investments generated financial assets.

Financial investment and economic investment are, however, related and dependent. The money invested in financial investment is ultimately converted into physical assets. Thus, all investment results in the acquisition of some asset, either financial or physical. Perhaps, investment involves risk, which means that risk is inherent in any investment. That is, for a calculated risk to be taken, ascertainment of returns, performance and consequences have to be carried out, of which it can only be done through the analysis of financial statement. Bank as a financial intermediation exist for the purpose of mobilizing financial resources through mobilization of surplus savings units of an economy for allocation or on lending to the deficit spending units at a price called interest rate. The paradigm of financial intermediation underscores specialized traditional banking functions – the depositing function and the lending/investment functions (Nubuisi, 2015). Thus, bank are the invisible hands that facilitate investment, with financial statement playing a significant role during the process of lending in order to articulate the risks and the rate of return involved. This process is referred to as "investment decision".

Features of investment decision

According to Akintoye (2008), investment decisions require special attention because of the following reasons:

i. They influence the firm's growth on the long-run **ii.** They affect the risk of the firm **iii.** They involve commitment of large amount of funds **iv.** They are irreversible or reversible at substantial loss **v.** They are among the most difficult decision to make.

2.2.3Possible Investment Strategies

Investment strategy is a set of rules, behaviors or procedures, designed to guide an investor's selection of an investment portfolio. Individuals and organizations have different profit objectives and apply different tactics and strategies in arriving at their investment decision.

Type of investment strategies

The following are the investment strategies;

i. **Buy and Hold:** This strategy involves buying company shares or funds and holds them for a long period.

ii. **Value Vs Growth:** Value investing strategy looks at the intrinsic value of a company and value investors seek stocks of companies that they believed are undervalued. Growth investment strategy looks at the growth potential of a company and when a company has expected earnings growth that is higher than companies in the same industry or the market as a whole, it will attract the growth investors who are seeking to maximize their capital gain.

iii. **Dividend growth investing:** This strategy involves investing in company shares according to the future dividends forecast to be paid.

iv. **Diversification and use of professional:** This strategy involve investment in mutual funds in order to enjoy the in-built diversification, service of professional portfolio managers, the convenience, less volatile nature and ease of liquidation inherent in it. It is a most convenience for a beginner and non for profit organizations.

Types of investment product in Nigeria

In Nigeria we have a broad spectrum of investment outlets from where a potential investor can choose from. Below are some of the investment channels in Nigeria.

1. Stock (shares)
2. Bonds
3. Mutual funds
4. Treasury Bills
5. Commercial Papers
6. Bankers Acceptance
7. Demand Deposit
8. Savings Account
9. Cash management: certificate of deposits (CDs), money market funds
10. Syndicate
11. Loan and advances etc.

For the purpose of this research work we shall concentrate on the major investment outlets as follows:

- **Stock:** What is a stock and how does it work? A stock is an ownership share in a corporation. As a company's earnings improve, investors generally become more willing to buy the stock. Ultimately, stock investors hope to achieve gains in the form of dividends paid to stockholders (although not all stock pay dividends) and in the form of capital gains. When you buy a share of stock, you're entitled to a small fraction of the assets of that company.
- **Bankers' Acceptance:** A banker's acceptance (BA) is a promised future payment, or time draft, which is accepted and guaranteed by a bank and drawn on a deposit at the bank. The banker's acceptance specifies the amount of money, the date and the person to whom the payment is due. After acceptance, the draft becomes an unconditional liability of the bank. But the holder of the draft can sell it for cash at a discount to a buyer who is willing to wait until the maturity date for the fund in the deposit.
- **Commercial paper:** This is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. Commercial paper is usually issued at a discount from face value and reflects prevailing market interest rates.
- **Treasury Bills:** Treasury bills are short-term debt instruments issued by the federal government through the central bank to provide short term funding for government. Same thing goes to Treasury certificate; it is also a short-term investment instrument. They are by nature, the most liquid money market securities and are backed by the guarantee of the federal government. They are usually issued for tenors of 90 days, 91 days, 182 days and 364 days at the primary market auction held fortnightly by the Central Bank of Nigeria. Treasury bills and Treasury certificate are attractive to investors because they offer a very low-risk way to earn a guaranteed return on invested money. Note, Banks find it attractive for their investment.
- **Cash Investment:** This is a short term obligation, usually fewer than 90 days, which provide a return in the form of interest payment.
- **Demand deposit:** These are money in the banks, which the investors or depositors expect a return like interest, depending on the kind of account maintained by them with the banks.
- **Loan and Advances:** Loan and advances are credit facilities granted for specific purposes like for investment, construction, purchase of industrial machineries, execution of government project et cetera.Loans considered too large to be financed by a single bank may be 'syndicated'. Loan syndication involves a situation

where a consortium of financial institutions such as banks, investment companies, or insurance companies combine to provide finance for a particular project in order to spread risk, (Bullion, 2010).

Therefore, lending of money is one of the essential functions of a bank; any one that does not lend is not a bank in its true sense of the word. All progressive banks seek earnings through interest on sound loan (Nigerian Banker, 2007).

As stated by Popoola, Akinsanya, Babarinde & Farinde (2014), they examine the impact of published financial statement as correlate of investment decision among commercial bank stakeholders in Nigeria, 180 users of published financial statement were properly sampled from Lagos and Ibadan, and data generated were analyzed using Pearson correlation and regression. The findings of their study revealed that, statement of financial position is negatively related with investment decision, while statement of comprehensive income, notes on the account, statement of cash flow, statement of change in equity and five year financial summary are positively related with investment decision making. Their findings also revealed that component of published financial statement significantly predicted good investment decision making for deposit money bank stakeholders.

With reference to Adebayo, Idowu & Bolarinwa (2013), they examine the impact of accounting information system in assisting organization in making sound and effective investment decisions. The major source of data to their research was primary data through the administration of questionnaires. Regression analysis and Karl Pearson's correlation was used for the data analysis. Their findings, shown that accounting information system is an indispensable tool, in investment decision making in today's world. Organization are however, advised to invest on information technology tools as it improve their efficiency, effectiveness and their overall performance.

According to Vestine, Julius & Mbabazi (2016), in the topic titled "effects of financial statement analysis in investment decision making". The study concludes that 82% of the investment decision making are based on financial statements analysis as indicated in the measure of association, while 18% can be said to go to other factors. It asserts that financial statement information enhances better investment decisions. Gentry and Fernandez (2008) supported the assertion, that accounting information is the most important source of financial information in assessing the firm's value and information investment decision.

3.0 Research methodology

The area of study is the Nigerian banking industry and specifically four banks were studied using an ex-post facto research design. This investigates possible cause-and-effect. Kim and Singal (1993) defined ex-pot facto research as a situation where the independent variable has already occurred and the researcher starts with the observation of s dependent variable. It posits a casual link between them. Records were employed. Ama (2010) posits that academic literature on the relationship between financial statements and investment decisions. The primary data employed here was derived from questionnaires distributed to four banks (25questionaires each). The data is entirely appropriate and wholly adequate to draw conclusions and answer the question or solve the problem, it is cheaper to collect and is reliable as information needed to achieve the research objectives.

In the process of sampling involves the use of primary data and regression diagnostics and SPSS makes many of these methods easy to access and use. Multicollinearity tests were also employed to check if there is a tolerance or variance inflation factor (VIF) for multicollinearity. A tolerance of less than 0.20 or 0.10 and a VIF of 5 or 10 and above indicates a multicollinearity problem.

In particular, we will consider the following assumptions.

- Linearity - the relationships between the predictors and the outcome variable should be linear

- Normality - the errors should be normally distributed - technically normality is necessary only for the t-tests to be valid, estimation of the coefficients only requires that the errors be identically and independently distributed
- Homogeneity of variance (homoscedasticity) - the error variance should be constant
- Independence - the errors associated with one observation are not correlated with the errors of any other observation
- Model specification - the model should be properly specified (including all relevant variables, and excluding irrelevant variables)

Additionally, there are issues that can arise during the analysis that, while strictly speaking are not assumptions of regression, are none the less, of great concern to regression analysts.

- Influence - individual observations that exert undue influence on the coefficients
- Collinearity - predictors that are highly collinear, i.e. linearly related, can cause problems in estimating the regression coefficients.

4.0 Data analysis and discussion of findings

Research question 1: In what ways does financial statement affect Treasury bill investment?

Table 4.1 Responses from research question number one.

Questions	SA	A	UD	D	SD	Total
The EPS of companies affect the investment on treasury bill,	18	12	5	3	2	40
The higher the gearing ratio of a public company, the lower the rate of investment on treasury bill of the company	19	13	3	2	3	40
The higher the liquidity assurance of a treasury bill, the higher the bank investment on it	25	7	3	3	2	40
Financial ratio gotten from financial statement affects treasury bill investment of bank	17	11	5	4	3	40
Financial statement predicts the future returns of treasury bill of corporation.	25	10	2	2	1	40
Total	**104**	**53**	**18**	**14**	**12**	
Average Total	**21**	**10**	**4**	**3**	**2**	**40**
Percentages	**53**	**25**	**10**	**7**	**5**	**100**

Source: Field survey, 2018

Table 4.1 shows the responses of respondents on how financial statement affects Treasury bill investment. From the table, it shows that on the average total respondents we have 21(53%) respondents, 10(25%) respondents, 4(10%) respondents, 3(7%) respondents and 2(5%) respondents respectively opted for strongly agreed, agreed, undecided, disagreed and strongly disagreed on statement on how does financial statement affect treasury bill investment. The information contained in the table shows that majority of the respondents agreed that financial statement significantly affect Treasury bill investment.

4.3.1 Test of hypothesis 1

H_0: Financial statement does not significantly affect Treasury bill investment of banks.

H_1: Financial statement does significantly affect Treasury bill investment of banks.

The main dependent variable is Treasury bill investment and it is measured by financial statement which is the independent variable. Statistical testing of the above hypothesis

Let **X** represents financial statement

Let **Y** represent Treasury bill

Descriptive Statistics

	Mean	Std. Deviation	N
Treasure Bill	4.2030	.96886	40
Financial Statement	4.0842	1.12318	40

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Financial Statement[b]	.	Enter

a. Dependent Variable: Treasure Bill

b. All requested variables entered. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.963[a]	.927	.926	.26315	.968

a. Predictors: (Constant), Financial Statement

b. Dependent Variable: Treasure Bill

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	174.828	1	174.828	2524.614	.000[b]
	Residual	13.850	200	.069		
	Total	188.678	201			

a. Dependent Variable: Treasure Bill

b. Predictors: (Constant), Financial Statement

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.812	.070		11.598	.000
1 Financial Statement	.830	.017	.963	50.246	.000

a. Dependent Variable: Treasure Bill

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6421	4.9634	4.2030	.93263	40
Residual	-.64206	.69725	.00000	.26250	40
Std. Predicted Value	-2.746	.815	.000	1.000	40
Std. Residual	-2.440	2.650	.000	.998	40

a. Dependent Variable: Treasure Bill

Interpretation

The R value in the model summary table shows an R-value of 0.963. The R^2 value shows how much of the total variation in the dependent variable (Treasure bill) that can be explained by the independent variable (Financial statement). The table shows that 93% variation in Treasure bill can be explained by financial statement. This is equally high. With a sig (p-value) of (0.000) which is less than Alpha (0.05) and a t value of 50.246, the overall regression model, therefore, statistically predicts the outcome variables (That is, it is a good fit).

Decision

Since the p-value (0.000) is less than Alpha (0.05), that is 0.000<0.05, and t calculated (50.246) is greater than t tabulated (1.960), we therefore reject the null hypothesis and accept the alternative hypothesis which implies that there is a significant relationship between financial statement and Treasury bill investment of banks.

5.0 Conclusions

Using Spearman correlation coefficient the Research findings revealed that there is a significant level where the changes in the variation of treasury bills which can be explained by the accounting information. In conclusion there is a proven significant association between financial statement and Treasury bill investment of banks.

6.0 Recommendations

Deposit money banks should employ rigorous ratios and other forms of financial analysis in their financial statements to facilitate the decision making of the investor on their Treasury bill. With improved technological methods, financial analysts should be encouraged at developing statistical packages that would aid investment decisions taking into consideration the average expectation of profit, time value of money, asset diversification, time horizon of payback period etc.

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