

FINANCIAL REPORTING ANALYSIS AND INVESTMENT DECISION: EVIDENCE FROM SELECTED CORPORATE FIRMS IN NIGERIA

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Abstract: This study examined the extent financial reporting analysis affected investment decision-making on industrial goods firms in Nigeria, using firm profitability, and firm liquidity and as the independent variables while firm share capital was used as dependent variable (investment decision). Ex Post Facto research design was adopted. The study covered eleven years (2013-2023) annual accounts of the firms a sampled of ten industrial goods firms were used from a population of twelve firms. Data were analyzed with descriptive statistics and the hypotheses were tested using regression analysis via E-view 9.0. The study revealed that firm profitability and firm liquidity have not significantly affect investment decision of industrial goods firms in Nigeria. The study therefore concluded that financial report analysis has a partial effect on investment decision; hence some portions of the reports are not significant. based on the findings, the study recommended among others that as the firm profitability shows positive and insignificant effect on investment decision this study, therefore, recommended that banks should always thrive on being profitable as this induces subscription to their shares which in turn boost their capital base.

Keywords: Financial reporting, Investment decision, Profitability and Liquidity

Introduction

Corporate entities have a duty to properly reveal statistics about their operations so that buyers could make knowledgeable investment decisions. While a agency's capital stock is extensively held and its affairs are applicable to trendy public relations, each big and small agencies, similarly to pleasurable the legislative requirement, tend to maintain existing traders and entice ability ones through the booklet of their financial reports. In step with Amahalu, Egolum, and Obi (2019), financial report great is a facts device this is utilized to facilitate verbal exchange and guide decision-making. The financial file that is despatched to shareholders as well as to be had to potential traders, bond holders, and change lenders as a tool of information for investment choice will be the focus of the have a look at's topics and examples.

Analysis and interpretation of financial reports based on the outcomes of prior operations serve as a foundation for forecasting future rate of return and risk assessment. The decision to invest entails allocating present resources to long-term endeavours in order to reap future rewards. The success of these investment chances depends on the financial Report (Mahmoud, 2017). Investment selections are extraordinarily vital, and caution have to be

exercised due to the fact they contain good sized quantities of limited, tough-earned sources and are dangerous and have lengthy-term results that no investor would need to cope with inside the occasion of a loss. This statistics might be helpful to a variety of ability buyers, managers, administrators, economic establishments, economic analysts, the government, regulatory businesses, the media, providers, and the majority in making knowledgeable or rational investment choices.

The fulfillment of financial or funding goals and goals depends on a right knowledge of such investment possibilities (Aniefor & Oboro 2015). However, many capacity traders are regarded to have adventured into an funding possibility without appropriate apprehension of such funding possibility, hence selecting and executing faulty selections effectively the investment will collapse when the going demonstrated unfeasibly. In some instances, the investment ventures can also come to be to skip, but the purpose for such funding may not be found out. Kapellas and Siougle (2018) debated that the foremost driving force of the stock trade market is facts depicted within the FSs and with right analysis of investment possibilities derived from FSs, damaging choice or ethical danger will be reduced appreciably.

Thankfully, several investments are accomplished without emphasis laid on the ones indexes that show such investments might be solvency and effective to generate top notch returns, in the end, so likewise the danger implied and the benefits to be derived each time set out on such funding with the confined monetary sources and the consequent impact of non-overall performance. in keeping with Conteh and Akuntansi (2021), for a powerful and efficient funding decision, FSA is an essential method had to be carryout by capacity traders, if the buyers fail to carryout FSA on the financial facts of investment opportunity, such an investment is at higher risk of surviving and meet its targeted objectives. all of the aforementioned problems emerge due to faulty monetary selections making as a result, this evaluation will, consequently, factor out the method thru which significant financial and investment choices can be inferred with the aid of FSA to enhance the adjustments to be had for funding opportunities or firms' financial activities through reading monetary records regarding such investment possibilities. Abalaka, Sulaiman and Ajiteruexamined (2023) ascertained the impact of financial reporting on the investment decisions of small and medium-scale enterprises in Nigeria. Abiloro and Lodikero (2023) examined the effect of financial statement verifiability, financial statement timeliness, board financial expertise, and bank size on the return on equity of DMBs. Ali- Momoh, Fajuyagbe and Ahmed (2022) analyzed the effect of financial statements on financial decisions of listed deposit money bank in Nigeria. Olayinka (2022) determined how firms could use FSA and its interpretation to aid funding and investment decisions and to avert low profitability or low investment returns of Nestlé Nigeria from 2014 to 2019. Sanyaolu, Odunayo, Akintan, and Ogunmefun (2020) examined the effect of financial statement analysis on investment decision of Nigerian deposit money banks. Bamidele, Ibrahim, and Omole (2018) investigated the nexus of the relationship between financial reporting quality and investment decisions of Nigerian deposit money banks. Ezejiofor, Olise, and John-Akamelu (2017) focused on a comparison of investment decision on the banking and telecommunications industries in Nigeria.

The prior studies were carried out in different sectors and organizations such as banking sector, non- financial sectors and so on. However, there was a limited study on industrial goods firms in Nigeria, this create a sectorial gap which for the significant of this study to ascertain the effect of financial report quality on investment decision. The general objective of this study is to ascertain effect of financial reporting analysis on investment decision-making in industrial goods firms in Nigeria in particular, while the specific objectives sought to:

1. Determine the effect of Profitability ratio on investment decision of Nigerian industrial goods firms.
2. Examine the extent Liquidity ratio on investment decision of Nigerian industrial goods firms.

Conceptual Framework

Financial Reporting Quality

The Companies and Allied Matters Act of 1990 (CAMA) defines a financial report as an account used to present quantitative financial information about a business to creditors, investors, and other parties with an interest in the financial health, operational performance, and funding sources of the reporting company. According to Amahalu, Okoye, and Obi (2019), a financial report is of high quality if it gives management and other interested parties a clear understanding of a company's financial status and profitability. Financial report quality is one of the areas of communicating to interested parties Report on the resource obligation and performance of the reporting organization (Financial Reporting Council of Nigeria (FRCN) (2013).The management of a company gathers information from a variety of sources, including financial reports, to make informed decisions. As a result, financial reporting is a documented record of the financial activity of an organization, individual, or other entity (McNicholas & Stubben, 2019). This report's information is organized and provided in an understandable fashion. A lot of strategy goes into how a company must show its financial data and use such information to win economic competition given the significance of financial reports in investment decisions. Financial reports are frequently intended to help senior officers combine their business knowledge and choose the best strategies to move the company towards profitability. Investment decisions are specifically impacted by financial reports (Amahalu & Obi, 2020).

Profitability Ratios

These ratios are used to evaluate capability of a commercial enterprise to earn profit in contrast with all its expenses during a particular time period. Generally, accounting income is the distinction among sales and price (Ross, Westerfield & Jaffe 2005). If these ratios are higher than competitors, industry averages or previous years' ratio then it is able to be taken into consideration that company is appearing profitably. Following profitability ratios are used in this research. So one can attract buyers to put money into a corporation, banks launch records referring to profitability, and as it relates the quantity, the shareholders' wealth is maximized. go back on equity (ROE) is an effective tool utilized in measuring the extent at which a financial institution has used the shareholders fund to generate high quality returns. A financial institution that reviews fantastic and increasing returns on fairness draws extra price range from investors in shape of percentage capital. Thus, increase in Return on Asset is capable of increasing share capital. Arising from this expectation, the following null hypothesis is formulated:

Liquidity Ratios

Manage the spinned words as you want.

Liquidity refers back to the rate that a financial institution can attend to its brief term maturing obligations as they fall due. buyers can also don't forget the extent of the bank's liquidity before the commitment of fund inside the organisation. investors who opt for normal dividend fee in opposition to capital benefit from the disposal of shares may additionally choose a liquid bank at the same time as making funding choices as simplest liquid financial institution can pay a coin's dividend (Sanyaolu, et al (2020).

Liquidity ratios are degree capability of the firm to meet its short-time period (much less than a year) (Ross, Westerfield & Jaffe 2005). Better liquidity ratio approach bank has better margin of safety and capability to satisfy its quick-time period obligations. Saving debts and transactions deposits may be withdrawn at any time and financial institution faces liquidity hassle whilst withdrawal exceeds new deposits over a short time frame (Samad & Hassan 2000). Following liquidity ratios are used.

Investment Decision Making

Decision making is a complicated, cognitive intellectual manner of creating picks out of figuring out options, which outcome may produce a movement, an opinion, or a recommendation. The act of final impartial or doing nothing is usually amidst the set of options that one decided on from a set of identifies options and decision that preference is the final results of a selection. Omodero (2019) debated that, the maximum crucial economic statistics wanted in the process of funding selection comes from FSs. economic statistics analyst's choice to analyze and evaluate firms earning capability make destiny projections and make comparisons. Furthermore, the financial information derived from FS will as nicely aid inside the firm's economic sports, funding, and financing choice-making process (Olayinka, 2022). For efficient planning and trustworthy decision-making, financial institutions must standardize the compilation and presentation of both financial and non-financial information. The goal of financial reporting is to deliver data that may be sufficient for assessing management success in using the resources under its control to meet the needs of its consumers. Investors and creditors use financial reports to determine whether or not to spend their limited resources in a particular organization (Minnis & Shroff, 2017).

Long-term fund interest rates are lower than short-term fund interest rates. An organization's finance manager must choose financing sources that result in the most optimal and efficient capital structure possible. The finance manager's job is to determine the appropriate debt-to-equity ratio in the total capital mix. Bigger debt entails a higher interest payment as well as a greater danger of default. Increased equity increases the company's long-term capital, but it also raises shareholder expectations in the form of a greater dividend. Financing choices are made with the goal of growing shareholder value while also enhancing the organization's profitability (Ali- Momoh, Fajuyagbe & Ahmed, 2022). While determining the financing strategy, dividend distribution is an essential part of the organization. The most important consideration when deciding on a dividend is establishing the amount of earnings that may be distributed to shareholders.

Review of Related Empirical

Hanh, Cheng-Po, Vu and Vu (2024) examined the relationship between financial reporting quality (FRQ) and investment efficiency (IE) in Vietnamese manufacturing firms. The study uses a sample of manufacturing firms listed on the Vietnamese stock market from 2008 to 2021 to test and analyze overinvestment and underinvestment situations. Using descriptive statistics, the results indicate a positive relationship between FRQ and IE among manufacturing firms in Vietnam, and such a relationship is moderated by firm characteristics, including Stdebt, Z, firm size and tax. Moreover, debt maturity, TobinQ, audit and tax positively affect IE, whereas financial strength and firm size tend to affect IE negatively. Similarly, when firms are underinvested, TobinQ and leverage positively affect IE, whereas financial strength has a negative relationship with IE. Abalaka, Sulaiman and Ajiteru examined (2023) ascertained the effect of financial reporting at the funding selections of small and medium-scale businesses in Nigeria. They have a look at what has been done to decide the challenges facing small and medium companies (SMEs) in adopting powerful financial accounting reporting in Nigeria and to examine the contribution of negative credit facilities to inadequate accounting records in SMEs in Nigeria. Survey strategies and time series data have been used, and information has been accrued with questionnaires and the CBN statistical bulletin. The generated statistics had been analyzed with a easy percent desk. The look at located that the challenges going through SMEs in the preparation and presentation of monetary reports are insufficient accounting books and information, manpower, the accounting gadget, and no longer strolling their transactions thru the banking machine. Olayinka, (2022) studied how corporations may want to use FSA and its interpretation to resource funding and investment selections and to avert low profitability or low funding returns of Nestlé Nigeria from 2014 to 2019. Analysis and Interpretation of the financial ratio became descriptive statistical analytical tools for displays. The examine concludes that evaluation of FSs is adequate for powerful decision making and that firms have to pay fantastic interest to the use of FSA to correctly equip them with this tool and additionally a combination of different ratios need to be used in reading a company's financial performance. Proper use of FSA need to be made no longer most effective in investment however additionally in different areas of selection-making. Bamidele, Ibrahim, and Omole (2018) investigated the nexus of the relationship among monetary reporting pleasant and investment selections of Nigerian deposit cash banks. The look at additionally performed a number of statistical analyses, which include a descriptive statistic, correlation evaluation, and regression. Utilizing regression analysis, the study's hypotheses were positioned to the test. Profitability extensively influences funding choices in Nigerian deposit money institutions, the study confirmed, among other things.

Ezejiofor, Olise, and John-Akamelu (2017) focused on a comparison of the banking and telecommunications industries in Nigeria. The study used t-test statistics to determine whether the investment decisions made by the banking and telecommunications sectors in Nigeria differed based on secondary data taken from the sampled company's annual reports. The t-test result showed that telecommunications businesses' liquidity is less than that of banks', which increased investment decisions in the telecommunications sector. This suggests that liquidity significantly influences the decision to invest in the Nigerian telecommunications sector. By adopting an ex post

facto research design and extracting data from the annual reports and accounts of the sampled banks. Savita, Chaubey, and Durgesh (2017) ascertained the importance of accounting records on fairness shares investments in companies indexed at the Indian inventory change. The accounting statistics variable was used to determine the significance of accounting statistics on investments in fairness shares. The take a look at appeared into how economic statistics affected buyers' choices at the same time as buying equity stocks. A sample of 177 respondents who had fairness marketplace investments furnished the have a look at's information. Consistent with the study, an investor's statistics-searching for activity is stimulated via their investment horizon, year of enjoy, and funding purpose. Years of experience do not notably have an effect on the choice of investment source, in step with the study. The choice of funding supply become additionally found to be unaffected considerably by using the investment horizon. Zayol, Agaregh, and Eneji (2017) looked into how financial information affected shareholders of Nigerian banks' decisions to invest. The information for the study was taken from annual reports that five Nigerian banks were chosen to publish between 2009 and 2015. The association between the variables was established using a correlation matrix and regression analysis. The findings showed a favourable correlation, showing that dividend per share had a considerable impact on shareholders' investment choices in Nigerian banks. The report advises both current and potential investors to take dividend per share into consideration when deciding whether to purchase shares of Nigerian banks because dividend per share is positively connected with shareholder investment choices. Thair and Kaddumi (2016) explored the effect of profitability on investment choice of corporations in Amman stock trade. Secondary records sourced from the yearly reports of business indexed groups in Amman inventory exchange. The findings from the regression end result discovered a sizable fantastic effect of profitability on investment selection. Sabrin, Sarita, Takdir and Sujono (2016) observed from the result of analysis conducted on facts acquired secondary data from the once a year reviews and money owed of the sampled companies from 2009 to 2014 of Indonesia. The end result of the multiple regressions showed a giant tremendous effect of profitability on Indonesian production companies' market fee. Osuala, Ugwumba and Osuji (2016) conducted a have a look at that received secondary records from the sampled companies' annual reviews and observed that income consistent with share that's a replicate for profitability has no full-size high quality impact on funding choice. In a study conducted by Anaja and Onaja (2015) which explored primary data by distributing structured questionnaire to elicit a response from respondents, the finding forms the statistical analysis revealed that financial statement transparency has a significant positive effect on investment decision in Nigerian banks. Murage (2013) looked at how credit risk affected deposit-taking microfinance firms' corporate liquidity in Kenya. The research used secondary data on five DTMs selected to reflect Kenya's nine DTMs from the Central Bank of Kenya and the Association of Microfinance Institutions. Correlation analysis, regression analysis, descriptive analysis, and variance analysis were used to examine data from 2011 to 2013. For DTMs, credit risk and debt-to-equity ratio showed a favorable link with business liquidity. On the other hand, corporate liquidity was negatively correlated with portfolio to asset ratio, operating cost ratio, and paR. According to the findings, deterioration in credit portfolio quality, very high operating expenditures, and PaR may have a long-term impact on a firm's profits

or capital, negatively impacting liquidity. On the study of Iwu-Egwuonwu (2011) on Corporate Reputation & Firm Performance: Empirical Literature Evidence. This work is a review of empirical studies on corporate reputation with emphasis on how it can help organizations achieve strong competitive advantage, enhance stock market performance as well as performance values on other measures. It reveals that cultivating a strong reputation is a necessary foundation for today's firms that intend to beat the competition, enhance their market outlook and financial performance as well as sustained existence. Puja and Padma, (2013) tested the financial assertion of TCS and discover the impact of ratio evaluation on choice making. To fulfill the goals of the study and to make a detailed evaluation of economic repute, the case study technique has been adopted. For the prevailing have a look at ratios and comparative announcement evaluation are the equipment decided on. The have a look at thereby concluded that sensible applications of ratio analysis require the comparisons of a firm's economic ratios to a few norms, or pre-exact benchmarks. Osuala, Ugwumba and Osuji, (2012) investigates the effect of records content material of economic statements on shareholders' investment choices. with a purpose to decide the relationship between information contents of monetary statements and shareholders' funding selections, a number of the important thing contents of financial statement had been used to derive the proxy variables used in the study, specifically profitability, dividend according to proportion, profits in line with percentage, leverage, and liquidity; even as shareholders' investment selections become represented by way of exchange in variety of stocks. Records for the study had been obtained from the posted annual economic file of the chosen companies. Regression version was employed to set up the connection among the variables. The findings imply that shareholders inside the Nigerian capital marketplace do now not rely an awful lot on economic statements as a first-rate determining component for their funding selections. It turned into observed that other factors or variables outside companies' annual reviews which includes regularity of dividend fee and market price of shares are vital to shareholders their investment choices.

Research Methodology

Research Design

This study adopted *Ex Post Facto* research design. *Ex-post facto* means after the event, meaning that the events under investigation had already taken place and data already exist.

Population of the Study

The population of the study consists of twelve (12) listed industrial goods firms in Nigeria, according to the Nigeria Exchange Group (2022), as at 31st December 2023. All the population size was used for the study.

Sources of Data Collection

Data were extracted from the annual reports and accounts of industrial goods firms in Nigeria 2013 to 2023. The variables include; return on equity, debt-equity ratio, and liquidity ratio for independent variables, while share capital represents dependent variable, and firm leverage for the control variable.

Model Specification

The study adapted the model of Sanyaolu, *et al* (2020). The model was modified to suit the variables selected for this study, as follows:

$$LOSC=f (ROE, DER, CR) \dots\dots\dots 1$$

$$LOSC_{it} = \alpha + \beta_1ROE_{it} + \beta_2CR_{it} + \beta_3 DER_{it} + \beta_4FSZ_{it} + \varepsilon_{it}\dots\dots\dots ii$$

Where:

ROE_{it}= Return on Equity of firm i at time t

DER_{it}=Debt to Equity ratio of firm i in period t

CR_{it}=Current Ratio of firm i in period t.

LBSIZE_{it}= log of Firm Size of Bank i in period t.

This study modified the model in the following forms;

$$LSC_{it} = \alpha + \beta_1ROE_{it} + \beta_2LEV_{it} + \varepsilon_{it}\dots\dots\dots i$$

$$LSC_{it} = \alpha + \beta_1LIQ_{it} + \beta_2LEV_{it} + \varepsilon_{it}\dots\dots\dots ii$$

Where:

LOSC_{it} = The value of the number of ordinary share capital of firm I at time t

ROE_{it}= Return on Equity of firm i at time t

LIQ_{it}=Liquidity Ratio of firm i in period t.

Method of Data Analysis

Data was analyzed with descriptive statistics, and the hypotheses were tested with Panel regression analysis. Since the focus of the study is to examine the effect of asset composition on financial performance, regression analysis becomes appropriate tool for it.

Descriptive statistics employed to summarily describe the mean, median, standard deviation, kurtosis and skewness of the study variables. Inferential statistics will also be utilized with the aid of E-Views 9 using:

- i. Coefficient of correlation: which is a good measure of relationship between two variables that tell us about the strength of relationship and the direction of the relationship as well?
- ii. Panel regressions analysis: Regression analysis predicts the value the dependent variable based on the value of the independent variable and explains the impact or effect of changes in the values of the variables.

Decision Rule

Accept the alternative hypothesis, if the Probability value (P-value) of the test is less than 0.05 (5%). Otherwise reject.

Data Analysis

Table 4.1: Descriptive Statistics

	LSC	ROE	LIQ
Mean	578124.5	-0.040422	6.601658
Median	539930.0	-0.035566	7.198008
Maximum	750000.0	0.009732	11.24961
Minimum	539930.0	-0.096754	1.565380
Std. Dev.	81393.68	0.032079	2.386515
Skewness	1.649916	-0.211415	-0.369025
Kurtosis	3.722222	2.231859	3.461549
Jarque-Bera	52.29810	3.523792	3.473001
Probability	0.000000	0.171719	0.176136
Sum	63593700	-4.446391	726.1824
Sum Sq. Dev.	7.22E+11	0.112171	620.8047
Observations	110	110	110

Source: E-View output, 2024

Interpretation of Descriptive Statistics

The descriptive statistics in table 4.1 showed that the investment decision (LSC) of the sampled firms is 578124.5; the maximum of 750,000 with a minimum of 539930.0 with a standard deviation of 81393.7. The average return on equity (ROE) from the sampled results is -0.040; standard deviation valued at 0.032; a maximum value of 0.010 with a minimum value of -0.096. The mean value of liquidity ratio (LIQ) showed 6.602, a standard deviation of 2.387; maximum observation of 11.250 with a minimum value of 1.565.

Skewness is the measure of how much the probability distribution of a random variable deviates from the normal distribution. Table 1 delineates that the probability distribution for ROE (0.172); and LIQ (0.176) are positively skewed distribution.

Test of Hypotheses

Hypothesis 1

H0₁: Firm profitability has no significant positive effect on investment decision of industrial goods firms in Nigeria.

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Table 2: Panel Least Square Regression analysis testing the effect between LSC, and ROE

Dependent Variable: LSC

Method: Panel Least Squares

Date: 09/23/24 Time: 23:16

Sample: 2013 2023

Periods included: 11

Cross-sections included: 10

Total panel (balanced) observations: 110

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	585476.1	12544.56	46.67171	0.0000
ROE	181872.5	243519.4	0.746850	0.4568
R-squared	0.415138	Mean dependent var	578124.5	
Adjusted R-squared	0.414074	S.D. dependent var	81393.68	
S.E. of regression	81559.29	Akaike info criterion	25.47406	
Sum squared resid	7.18E+11	Schwarz criterion	25.52316	
Log likelihood	-1399.073	Hannan-Quinn criter.	25.49398	
F-statistic	2.557785	Durbin-Watson stat	0.684117	
Prob(F-statistic)	0.456777			

In Table 2, R-squared and adjusted Squared values were (0.42) and (0.41) respectively. The indicates that all the independent variable explained about 41% of the systematic variations in investment decision of the samples firms over the eleven years periods (2013-2023). Table 2 shows an adjusted R^2 value of 0.41. The adjusted R^2 , which represents the coefficient of the determinations imply that 41% of the total variation in the dependent variable, investment decision (LSC) of quoted industrial goods firms in Nigeria explained by the explanatory variable; return on equity (ROE). The adjusted R^2 of 41% did not constitute a problem to the study because the F- statistics value of 2.557 with an associated $Prob.>F = 0.457$ showing that the model is fit to explain the effect expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R^2 of 41% also shows that 59% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 2, it is observed that DW statistics is 0.684 and an Akika Info Criterion and Schwarz Criterion which are 25.475 and 25.523 respectively also further confirms that the model is well specified. Table 2 indicates that return on equity of firms has a positive insignificant effect on investment decision of listed industrial goods firms in Nigeria. This can be observed from the beta coefficient (β_1) of 181872.5 with p value of 0.457 which is not statistically significant at 5% level of significance.

Since the P-value of the test was 0.457 higher than 0.05 (5%), this study upholds that firm profitability has not significantly affect investment decision of industrial goods firms in Nigeria. Thus, alternate hypothesis is Rejected and null hypothesis Accepted.

Hypotheses 2

H0₂: Firm liquidity has no significant positive effect on investment decision industrial goods firms in Nigeria.

H0₂: Firm liquidity has a significant positive effect on investment decision industrial goods firms in Nigeria.

Table 3: Panel Least Square Regression analysis testing the effect between LSC, and LIQ

Dependent Variable: LSC

Method: Panel Least Squares

Date: 09/23/24 Time: 23:15

Sample: 2013 2023

Periods included: 11

Cross-sections included: 10

Total panel (balanced) observations: 110

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	537505.4	22647.75	23.73328	0.0000
LIQ	6152.875	3227.971	1.906112	0.0593
R-squared	0.232546	Mean dependent var	578124.5	
Adjusted R-squared	0.223589	S.D. dependent var	81393.68	
S.E. of regression	80427.98	Akaike info criterion	25.44613	
Sum squared resid	6.99E+11	Schwarz criterion	25.49523	
Log likelihood	-1397.537	Hannan-Quinn criter.	25.46604	
F-statistic	3.633264	Durbin-Watson stat	0.762437	
Prob(F-statistic)	0.059294			

In Table 3, R-squared and adjusted Squared values were (0.23) and (0.22) respectively. The indicates that all the independent variable explained about 22% of the systematic variations in investment decision of the samples firms over the eleven years periods (2013-2023). Table 3 shows an adjusted R² value of 0.22. The adjusted R², which represents the coefficient of the determinations imply that 22% of the total variation in the dependent variable, investment decision (LSC) of quoted industrial goods firms in Nigeria explained by the explanatory variable; firm liquidity (LIQ). The adjusted R² of 22% did not constitute a problem to the study because the F-statistics value of 3.633 with an associated Prob.>F = 0.059 showing that the model is fit to explain the effect expressed in the study model and further suggests that the explanatory variables are properly selected, combined and used. The value of adjusted R² of 22% also shows that 78% of the variation in the dependent variable is explained by other factors not captured in the study model.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4.3, it is observed that DW statistics is 0.762 and an Akika Info Criterion and Schwarz Criterion which are 25.446 and 25.495 respectively also further confirms that the model is well specified. Table 4.3 indicates that liquidity of firms have a positive significant effect on investment decision of listed industrial goods firms in Nigeria. This can be observed from the beta coefficient (β_1) of 6152.9 with p value of 0.059 which is not statistically significant at 5% level of significance.

Since the P-value of the test was 0.059 higher than 0.05 (5%), this study upholds that firm liquidity has not significantly affect investment decision of industrial goods firms in Nigeria. Thus, alternate hypothesis is Rejected and null hypothesis Accepted.

Conclusion and Recommendations

This study examined the extent financial reporting analysis affected investment decision-making on industrial goods firms in Nigeria, using firm profitability, firm liquidity and debt to equity ratio as the independent variables while firm share capital was used as dependent variable (investment decision). The study covered eleven years (2013-2023) annual accounts of the firms a sampled of ten industrial goods firms were used from a population of twelve firms. Data were analyzed with descriptive statistics and the hypotheses were tested using regression analysis via E-view 9.0. The study revealed that firm profitability and firm liquidity have not significantly affect investment decision of industrial goods firms in Nigeria, while Debt to Equity Ratio (DER) has significantly affect investment decision of industrial goods firms in Nigeria. the study therefore concluded that financial report analysis has a partial effect on investment decision, hence some portions of the reports are not significant.

Arising from the findings, the following recommendations were made:

1. The firm profitability shows positive and insignificant effect on investment decision this study, therefore, recommended that banks should always thrive on being profitable as this induces subscription to their shares which in turn boost their capital base.
2. Liquidity was also found to be positive but insignificant effect on investment decision; from this study, the study recommended that firms should always maintain optimum liquidity that is capable of improving profit base.

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