

# Ethical Issues on Creative Accounting: Theoretical and Practical Perspectives

Fadiran T. Phebe<sup>1</sup> and Alaka A. Abayomi<sup>2</sup>

<sup>1</sup>Adekunle Ajasin University, Akungba-Akoko, Nigeria

<sup>2</sup>Islamic University in Uganda

<sup>1</sup>[tpdiran7@yahoo.com](mailto:tpdiran7@yahoo.com), <sup>2</sup>[yomibunmi1972@gmail.com](mailto:yomibunmi1972@gmail.com)

## Abstract

*An accountant applies his creative skill while reporting the activities of his firm by using most suitable accounting bases. However, the literature is inconclusive about whether Creative Accounting (CA) is ethical or not. This study compared theoretical and practical perspectives about CA to identify areas to streamline accounting principles and reduce diversities of professional judgment. Content analysis of Annual Reports (AR) of Nigerian banks was carried out through disclosure indices. The scores, which rarely change from 2000-2011 are high in mandatory disclosure while scores in voluntary disclosure are low. A few of the banks conceal their negative net assets by changing account format to another one prescribed by CAMA since disclosure regulation did not specifically require disclosure of net assets. Flexibility in the choice of accounting bases exists even in highly regulated accounting environment. Therefore, regulators should be proactive in curbing abuse of accounting policy choice.*

**Keywords:** Ethical Issues; Creative Accounting; Banks; Disclosure Regulation.

## Introduction

Creative accounting and ethical issues arising from it are prevalent in financial reporting. The need for financial reporting and disclosure emanate from agency relationship and its associated problems. The relationship between management and shareholders of a company is a typical example of principal-agent relationship. The key features of the relationship among others include: conflict of interests and information asymmetry in form of hidden action and hidden information with consequential effects of moral hazard and adverse selection.

According to Akenbor and Ibanichuka (2012), conflict of interests among different stakeholder groups is the root cause of creative accounting. This is particularly a serious issue and of concern to capital market regulators. Hence, regulatory measures are put in place to alleviate information problems, protect investing public and restore their confidence in the market. Financial scandals are on the increase across the globe and Nigeria is not exempted from this menace. This is pointing to the fact that corporations are not adhering to rules and regulations put in place in this regard. One of the avenues by which corporation circumvent regulatory controls is through the abuse of creative accounting. There are a lot of debates in the literature as to the exact meaning of creative accounting, whether it is legal or illegal and whether it is ethical or unethical. This paper examines issues relating to creative accounting from theoretical and practical perspective to determine when it becomes unethical.

The rest of this paper is divided into four sections. The next section presents the literature review highlighting the theoretical positions, methodological issues and empirical perspectives to creative accounting. The methodology adopted in the study is presented in section three while section four presents the findings of the study. The paper ends with concluding remarks and recommendations in the last section.

## Literature Review

### *Nature of Accounting as a Discipline, Its Objectives and Characteristics*

To be able to establish the fact that accounting is an inexact science and inexact art, it is essential to examine the definitions of Art, Science and Accounting. Art has been commonly described as a body of human creations that represent real things. Art is basically creating something that you can call yours like a written paper or art piece. Creativity and skills are important components of art. Science, on the other hand, has been described as any systematic knowledge or practice. It is an organized body of knowledge that is derived from observations and can be verified or tested by further investigation. Science can also be

regarded as knowledge attained through study or practice or as knowledge covering general truths of the operation of general laws, especially as obtained and tested through scientific method and concerned with the physical world. The American Institute of Certified Public Accountants (AICPA) defined accounting as “the art of recording, classifying and summarizing in a significant manner and in term of money, transactions and events which are in part, at least of a financial character and interpreting the result thereof.” The American Accounting Association sees accounting as “the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information”.

Given the definitions above, it is glaring that accounting possesses some of the characteristics of both Art and Science. Like any science, it is based on many rules, principles, concepts, conventions and assumptions. It is an organized body of knowledge and could be verified. Scientific procedures of observation, investigation and identification through testing and collection of data are employed in accounting. Accounting could also be described as Art because it can be learnt by practice and creativity and skills are part of the discipline. This is why Morgan (1988) described accountant as subjective constructors of reality. Hence, one can safely conclude that accounting as a discipline is an inexact science and inexact art.

According to Glautier and Underdown (2001), the primary objective of financial reporting is to communicate economic measurement of and information about resources held by entity and performances of the reporting entity, useful to those having right to such information. The Financial Accounting Standards Board (FASB) states three objectives of financial reporting. These are: provision of information useful in making investment and credit decisions, provision of information useful in assessing cash flow prospects; and provision of information about business resources, claims to those resources and changes in them.

To satisfy the stated objectives, there are a number of primary decision-specific attributes which accounting information should possess among which are: relevance and reliability (Needles and Power, 1998). These are joint attributes; as relevant information is of little value if it cannot be relied upon. Reliability is the extent to which information is verifiable, representationally faithful, and neutral. This implies that the accounting information that is presented is complete (nothing significant missed out) and capable of being verified by independent parties. Reliability also required that the information must be free from bias. Implying that, accounting information should convey information about entity’s activity as faithfully as possible without influencing anyone in a specific direction.

To ensure verifiability aspect of reliability, statutory audit of financial statements by external auditors has been prescribed by regulatory bodies. Faithful representation and neutrality is ensured through application of generally accepted accounting principles (GAAP), concepts and conventions. Accounting standards are put in place that stipulates disclosure of accounting policies as well as certain items of information in various forms, parts and formats in the annual reports of companies.

However, the generally accepted accounting principles often allow multiple accounting methods that a company can choose from when estimating certain items. Given the different types and sizes of organizations as well as diversities of transactions, it is extremely difficult to have just one accounting method for all companies to use. Hence, multiple accounting methods exist for companies to choose from. For example, in computing depreciation, managers and accountants can choose among the multiple depreciation methods such as straight-line or reducing-balance methods. They can also pick one method for depreciating one asset, such as buildings, and another method for depreciating another asset, such as equipment. This depreciation example is just one of the many multiple accounting methods that a company can legally employ. Thus, companies will most likely, if not probably, use the accounting method that will give them their most preferred image.

Furthermore, managers and accountants estimate certain figures in accounting; they must use their best judgment in estimation. This can also be related to assets. The residual value and the life span must be

estimated because management must account for depreciation cost as they are using the asset while actual values are known during disposal of the asset. Thus, managers could essentially manipulate the depreciation amount to the figures that they want. Technically, this is not illegal because they are within their rights to estimate the numbers. Given the various accounting options and techniques, this type of creative accounting will always exist.

## **Theoretical Perspective on Creative Accounting**

### ***Meaning of Creative Accounting***

Creative accounting has been defined and described in several ways by different authors using different words with some of these definitions showing the bias of the author. This paper adopts neutral definitions such as the definition by Naser (1993) and BusinessDictionary.com. According to Naser (1993), creative accounting is the transformation of financial accounting figures from what they actually are to what preparers desired by taking advantage of the existing rules and/or ignoring some or all of them. BusinessDictionary.com has this description:

*“Creative accounting is the use of unorthodox techniques which, while following provisions of GAAP, paint a desired (negative or positive, as the case may be) picture of a firm's finances. For example, selling an asset (whose market value is high but book value is low) to create non-operating profit that offsets operating loss. Unlike cooking the books, creative accounting is generally legal. Euphemistically also called financial engineering or earnings management”.*

From the definitions above, one can conclude that the idea behind creative accounting practices is to emphasize the positive aspects of the company's financial situation while downplaying negative factors.

### ***Is Creative Accounting Ethical?***

While creative accounting may not be illegal, it poses a number of ethical challenges to the profession and the firm. For instance, creative accounting puts one or two groups of stakeholders to advantageous position at the expense of others. To be able to conclude whether creative accounting is ethical or not, we may need to borrow from philosophy by examining when an action is ethical or not based on different ethical theories.

Ethical theories generally attempt to state or determine what is good, both for the individual and for the society as a whole. They explored how human beings should act in all earthly situations to ensure that in all that a person does, there are good reasons to take other people's interests into consideration. A general guiding principle and summary of all the theories appears to be that one should be fair and seek to uphold the common good of the community to which one belongs, in the spirit of duty of care to one's neighbours.

Accounting ethics is a sub-set of business ethics which is part of applied ethics. Applied ethics which is normative relates to specific controversial issues, investigates the principles upon which certain actions are said to be good or bad, right or wrong in particular disciplines, professions, organisations or practical field. The basic normative ethical theories are: theory of conduct, teleological theory, ethical egoism, utilitarianism (greatest happiness principle), the deontological theory, ethics of duty (kantianism) and virtue ethics (aristotleism).

It is under the theory of conduct that such rules and statements like: “Do unto others what you would have them do unto you” and “Stealing is wrong” are found. Teleological theory on the other hand determines whether an act is wrong or right by looking at the probable outcomes or consequences of the decision (the ends). Thus, actions are not good in themselves; their moral values are totally based on the effects that followed them. Ethical Egoism theory expresses the view that human conduct should be based on self-interest. Therefore, “One's sole duty is to promote his interests”. Utilitarianism ethical theory opined that: an action is right if it produces, or tends to produce, the greatest amount of good or benefit for the greatest number of people affected by the action; otherwise the action is wrong. Hence, the name ‘Greatest Happiness Principle’.

Apart from the theories mentioned above, the deontological theory considers the process of the decision (the means) to determine whether an act is wrong or right. Therefore, what makes an action right is if it conforms to the moral law, obligation or duty. According to Kant, to be ethical, one must consciously act according to rules previously calculated by 'reason' to be right or just, and the incentive for observing those rules must be respected for duty alone. Aristotelism looks at the character or virtue of the decision maker instead of evaluating every single action based on its outcomes, or its underlying principles. They contend that morally correct actions are those undertaken by actors with virtuous characters. Therefore, the formation of a virtuous character is the first step towards morally correct behaviour and this is acquired through 'good upbringing and nurtured over time from childhood. Thus, being ethical or doing what is morally right is not about being obedience to rules or a common social habit, but the inculcation of virtues, that is, the traits of characters that promote human conviviality.

Ethical theory also described the concept of 'Ethical Dilemma' as "a situation in which all the available courses of action appear to include morally undesirable as well as morally desirable aspects." A situation of dilemma carries the risk of being wrong, on one hand, and the glamour of being right, on the other hand, with the potentiality of making it or paying for it. In such a circumstance, confusion could set in; with the decision maker not knowing what to do, when duties and rights conflict with each other.

### ***Professional Ethics in Accounting***

Guided by a combination of these ethical theories and when faced with a situation of ethical dilemma, which is prevalent in financial reporting, the professional accountant is obliged to observe a number of ethical rules of professionalism in the conduct of his assignment. The International Federation of Accountants (IFAC) through its International Ethics Standards Board issued the revised July 2009 Code of Ethics to regulate the activities of professional accountants among member bodies. These ethical standards are designed as 'pillars of guidance,' to safeguard the integrity of the professional body and obviate untold humiliation in the eyes of the world. The general application of the Code touches on many and diverse issues which include the following: integrity, objectivity, professional competence and due care, confidentiality as well as Independence.

According to Section 110.1 of the Code, a professional accountant owes the obligation to be honest and straight forward in all business and professional relationships. Integrity required fair dealing and truthfulness in line with Section 110.2 of the Code. A professional accountant should not deliberately be associated with returns, reports, etc. which he believes contains a statement or statements furnished recklessly, which are false, misleading or obscure information required to be made available. Also, professional accountants are under obligation not to negotiate their business or professional judgment on account of bias, undue influence of other people or indeed conflict of interest. Situations which may impair objectivity are not clear – cut. The professional accountant is to detect and avoid situations of impairment to his/her objectivity. He should not render a professional service where a situation or relationship unduly influences or biases the accountant's professional judgment in regard to that service. Professional accountants must not only maintain an independent attitude in fulfilling their responsibilities, but the users of financial reports must have confidence in that independence.

Furthermore, Professional accountants are obliged to demonstrate and maintain professional skills and knowledge so as to deliver competent services. They should act diligently, as required by applicable professional and technical standards. Competent and diligent professional service calls for the use of sound and analytical mind in applying professional skills and knowledge in the course of executing such services. Attaining and maintaining professional competence is a continuing endeavour which should lead to the understanding of developments in business, technical and professional areas. Diligence includes the obligation to act within the requirements of an assigned work, taking into account timeliness, carefulness and thoroughness in execution. A professional accountant should ensure that those who are under his authority and working for him in a professional situation are in possession of appropriate training and are well supervised. Where necessary, a professional accountant is obliged to prepare the minds of clients,

employers and other users of the professional accountant's services on the possible limitations which are inherent in the services rendered.

IFAC 2009 restrains professional accountants from: (a) Disclosing information obtained in the course of business and professional interactions, outside the company or employment house, without proper and clear – cut authority, or without prejudice to a professional or legal duty to so disclose; and (b) Using information obtained as a result of business and professional relationships, for their personal benefits or the advantage of third parties. A professional accountant has the responsibility of ensuring that his staff and individuals from whom counsel and assistance are obtained respect the professional accountant's duty of confidentiality. The need to uphold the principle of confidentiality continues after the end of the business or professional relationships between a client or employer and the professional accountant.

Section 150.1 of the Code of Ethics 2009 imposes an obligation on professional accountants to adhere to all relevant laws, rules and regulations. It obliges a professional accountant to avoid any action which he knows or is supposed to know may impugn the integrity of the profession. What may discredit the profession includes all actions which a reasonable and informed third party, having regard to all the facts and circumstances available to the professional accountant in that situation, should know would adversely put the reputation of the profession in jeopardy. At national levels, the various professional bodies use the instruments of regulation, ethical rules and technical standards as benchmark of performance measurement for professional accountants. They are readily available for the purpose of performing oversight functions of monitoring and punishing errant professional accountants. The Institute of Chartered Accountants of Nigeria, has a monitoring organ called, the Professional Practice Monitoring Committee, which carries out this oversight functions on its behalf.

### **Empirical Analysis and Practical Issues on Creative Accounting** ***Why Entities Engaged in Creative Accounting and the Avenues Used***

It may be biased to assume that managers are inherently unethical or do attempt at every opportunity to exploit the investors and creditors who provide the company's capital. However, it is well known that managers choose those accounting methods and estimates that report the result of their actions in ways that protect and further their own interest. This is because they are fully aware that outsiders use the financial statements to evaluate management performance; decide whether to buy, sell or hold the company's shares and that management's future levels of wealth are often directly or indirectly tied to the financial accounting numbers. Hence, they have serious motivation to manage accounting numbers disclose in annual reports (Akintoye, 2006).

Therefore, motivations to engage in creative accounting may arise out of personal incentives, bonus from shares, tax management, job security and management buyouts. These motivating factors result into management involvement in earnings management of different types; income smoothing or income-boosting as enumerated by Amat *et al.* (1999). The avenues for creative accounting is found in six principal areas: regulatory flexibility, a dearth of regulation, a scope for managerial judgment in respect of assumptions about the future, the timing of some transactions, the use of artificial transactions and finally reclassification and presentation of financial numbers.

The generally accepted accounting principles (GAAP) are set to give managers and accountants various accounting methods from which they can select. The companies will definitely choose the ones that make their financial statements better. This is the nature of business—to make the company succeed as much as possible; with creative accounting assisting in this endeavour. Business entities may, quite validly, change their accounting policies. Even in a highly regulated accounting environment such as the USA, a great deal of flexibility is available (Largay, 2002; Mulford and Comiskey, 2002).

Companies generally prefer to report a steady trend of growth in profit rather than to show volatile profits with a series of dramatic rises and falls. This is achieved by making high provisions for liabilities and

depreciation against asset values in good years so that these provisions can be reduced, thereby improving reported profits in bad years. McNichols and Wilson (1988) examine the discretionary and nondiscretionary elements of the bad debts provision. A variant of income smoothing is to tie profit to forecasts. Fox (1997) reports on how accounting policies at Microsoft are designed, within the normal accounting rules, to match reported earnings to profit forecasts. When Microsoft sells software, a large part of the profit is deferred to future years to cover potential upgrade and customer support costs. This conservative accounting policy means that future earnings are easy to predict. It has also been established in the literature that firms engaged in earnings management to prevent violations of debt covenants (Gaa, 2007). Company directors may keep an income-boosting accounting policy change in hand to distract attention from unwelcome news. Collingwood (1991) reports on how a change in accounting method boosted K-Mart's quarterly profit figure by some \$160 million, distracting attention from the company slipping back from being the largest retailer in the USA to the number two slot.

One other strong reason why reporting entity engaged in creative accounting is to maintain or boost the share price both by reducing the apparent levels of borrowing, so making the company appear subject to less risk and by creating the appearance of a good profit trend. This helps the company to raise capital from new share issues, offer their own shares in takeover bids and resist takeover by other companies. If the directors engage in 'insider dealing' in their company's shares they can use creative accounting to delay the release of information to the market, thereby enhancing their opportunity to benefit from inside knowledge.

Also, some areas are simply not fully regulated. For example, there are very few mandatory requirements in respect of accounting for stock options. In the majority of countries, Spain for instance, accounting regulation in some areas like the recognition and measurement of pension liabilities and certain aspects of accounting for financial instruments is limited. Management has considerable scope for estimation in discretionary areas. Genuine transactions can also be timed so as to give the desired impression in the accounts. For instance, suppose a business has an investment at historic cost which can easily be sold for a higher sales price, being the current value. The managers of the business are free to choose in which year they will sell the investment and so increase the profit in the accounts.

Reporting entities could enter into artificial transactions to manipulate balance sheet amounts and move profits between accounting periods. This is achieved by entering into two or more related transactions with an obliging third party, normally a bank. For example, supposing an arrangement is made to sell an asset to a bank then lease that asset back for the rest of its useful life. The sale price under such a 'sale and leaseback' can be pitched above or below the current value of the asset, because the difference can be compensated for by increased or reduced rentals. Reclassification and presentation of financial numbers are relatively under-explored in the literature. However, the study by Gramlich *et al.* (2001) suggests that firms may engage in manipulation of statement of financial position to reclassify liabilities in order to smooth reported liquidity and leverage ratios. A special type of creative accounting relates to the presentation of financial numbers, based on cognitive reference points. As explained by Niskanen and Keloharju (2000), 'the idea behind this behaviour is that humans may perceive a profit of, say, 301 million as abnormally larger than a profit of 298 million'. Niskanen and Keloharju (2000) and van Caneghem (2002) indicated that some minor massaging of figures does take place in order to reach significant reference points. However, this could fall into an unethical area if the true values are grossly misrepresented.

Other strategies employed by the managers include taking a 'big bath', where a company making a bad loss seeks to maximize the reported loss in that year so that future years will appear better. Creating hidden reserves during periods of extremely good performance and employing off balance sheet financing are among other strategies used.

## **Methodology**

The Disclosure Index, adapted from Standard and Poor's Transparency and Disclosure Survey (2001) as used by Hancock (2004) and Medeiros and Quinteiro (2006), was employed to analyse the content of annual report of the banks and assess their level of compliance with disclosure regulation. The index is a computation based on number of items disclosed as compared to number of items expected to be disclosed. The questions admit a binary answer: 1, when the item is disclosed and 0, otherwise. The detail of how the disclosure item list was developed and the index computed is in the next section. The sample for this study consists of eight banks listed on the Nigerian Stock Exchange (NSE) between 2000 and 2011. The list of the banks is on Appendix I. Some of the banks currently listed in the market were excluded from the study because they were listed during the study period. There was a reclassification of the sectors on NSE in 2012 as well as the adoption of the IFRS by listed firms; therefore, the analysis ends by 2011 for ease of comparison.

### ***Development of Disclosure Item List and Computation of Disclosure Index***

A detailed analysis of statutory requirements on disclosure by relevant laws for insured banks in Nigeria as well as disclosure items list used by other researchers (Hancock, (2004); Karim and Ahmed, (2005); Medeiros and Quinteiro, (2006)) was undertaken. This enables the development of disclosure item list used to analyse the content of annual reports of the banks and determine their level of compliance with disclosure regulation. Financial and non-financial information items as well as voluntary and mandatory disclosures were included in the list which has 60 items out of which 50 are mandatory while 10 are voluntary. This figure is believed to be on the average sufficient, 82 items have been identified by one of the studies to be too many, while a list as small as 17 items may not contain relevant information items (Hooks *et al.*, 2000). The disclosure item list is presented in Appendix II. A company is awarded a score of 1 if an item is disclosed and 0 if otherwise. The total number of items disclosed by a company is then divided by the total number of items applicable to the company and the result is used as the disclosure index (DI) for the firm. The initial construct of disclosure index made the overall score attributed to firms to vary from 0 to 10; this was modified in this study to percentage score to highlight clearly the variations. Therefore, overall score (DI) attributed to firms vary from 0 to 100, computed as follows:

$$Score (DI) = \frac{No\ of\ items\ disclosed}{Total\ No.\ of\ items\ to\ be\ disclosed \times 100}$$

For instance, mandatory disclosure index (MDI) for a firm which discloses 37 items out of 50 mandatory items is 74%.

### **Empirical Results and Discussion**

The scores for mandatory and voluntary disclosures and the disclosure indices of the banks are presented in Appendix III. Each bank was scored in relation to the proportion of mandatory and voluntary items contained in its annual report. From this table, the banks scored high on mandatory disclosure. The minimum and highest scores are 76% and 92% respectively; with mean and median distribution of 84%. This result infers high level of compliance with information disclosure regulation in Nigeria.

The voluntary disclosure scores and indices for many of the firms are very low, with a mean score of 39% while the maximum and minimum scores are 60% and 20% respectively. This finding suggests reluctance on the part of corporate firms to disclose information more than the level prescribed by law. The compiled voluntary disclosure items are those identified in the literature as important input for informed share investment decisions. These include: net asset per share, price earnings ratio, current market value of their shares, return on equity and gearing ratio (GR). For instance, the gearing ratio, which none of the firms disclosed, informs the investors about the financial risk exposure of the firm which should be of interest to and should not be ignored by an informed investor.

The study discovered that a few of the banks changed the format with which they presented their account between year 2005 and 2009. Although, the format of account changed to was one of the formats attached

to CAMA as appendix, it seems as if the change was made to conceal the fact that the banks were having negative net assets. This is drawing attention to the fact that firms could hide under the provisions of the law to window-dress their account. Also, over the 12 years covered by this study, the disclosure scores for most of the banks remain unchanged. The banks were in the habit of “cutting” the old figures and just “pasting” the new figures. Many of them submitted their annual reports later than required by the law and therefore, during the study period, many of the reports that should be used in the market were not available.

### Conclusions and Recommendations

Creative accounting offers a formidable ethical challenge to the accounting profession and there is the need to be aware of the scope for both abuse of accounting policy choice and manipulation of transactions. Creative accounting raises a big question of reliability of accounting information. All stakeholders should be cautious of the fact that the techniques change over time. It has been established in the literature that many of the changes in standards are to erase possible manipulations while other well-intentioned changes in standards open up new opportunities for creative accounting (a good example of this is the use of fair value).

However, a well-designed framework of accounting regulation can curb creative accounting; there should be financial reporting standards in areas where there is dearth of regulation. Rules should be properly drafted and regulatory authority should ensure that adequate enforcement mechanisms are put in place. Investors should not take corporate disclosures at their face value but engage experts as much as possible before embarking on investment decision. Some accounting figures could be removed from the main statement to be evident elsewhere, most often in the notes to the accounts. Experts can still unravel a lot of hidden items. Management and firm’s accountant should be cautious of using creative accounting; it should be used if it is within the ramifications of the law and benefit the company in the long run.

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**Appendix I: List of Banks Used in the Study**

S/N	BANKS
1	Access
2	Afribank
3	First
4	GTB
5	Sterling
6	UBA
7	Union
8	Wema

**Appendix II: Disclosure Item List**

S/N	Required by Law	S/N	
1	The Period Covered by the account	32	Interest Expenses and Similar Charges
2	Accounting Policies	33	Dividend Proposed
3	Balance Sheet	34	Dividend Paid
4	Income Statement	35	Dividend Liability
5	Cash Flow Statement	36	Total of fixed assets
6	Value Added Statement	37	Details of assets acquired through hire purchase
7	Auditors Report	38	Details of assets on Lease
8	Directors Report	39	Total & Details of long-term debts (including tenure)
9	Audit Committees Report	40	Total current assets
10	Five Years Financial Summary	41	Total current liabilities
11	Chairman's Report	42	Directors emoluments
12	Notes to the Accounts	43	Directors Direct & Indirect Holdings in the Issued Shares
13	Company's Name	44	Substantial Shareholdings Representing 5% Or More Of the Issued Shares
14	Legal Status	45	Capital Expenditure
15	Auditor's Name	46	Name of its subsidiaries or associated companies (if applicable)
16	Auditor's Fee	47	Country of operation of subsidiaries or associated companies (if applicable)
17	Other Payment to Auditor	48	Nature and quantum of interest of the company in each subsidiary or associated company (if applicable)
18	Ownership Structure	49	Arrangement for the waiver of directors' emoluments (if any)
19	Related Party Transactions	50	Any person apart from the directors holding more than 5% of the shares of the company (if any).
20	Method of Depreciation		<b>Voluntary disclosure</b>
21	Method of Asset Valuation	51	Accounting Standard Used for Its Report
22	Turnover	52	Detail of Kind of Business
23	Profit Before Tax	53	Detail of Its Product
24	Tax Payable	54	Overview of Trends in the Industry
25	Tax Paid	55	Forecast of any type
26	Tax Liability	56	Market Price of Its Share
27	Profit after Tax	57	Earnings per Share
28	Assets Employed	58	Dividend per Share
29	Issued and Paid Up Capital	59	Net Asset per Share
30	Reserves	60	Gearing Ratio
31	Sales and Profit Contribution Per Activity		

*Source: Author's Compilation*

**Appendix III: Disclosure Scores and Disclosure Indices**

<b>Bank</b>	<b>Year</b>	<b>MSCORE</b>	<b>MDI</b>	<b>VSCORE</b>	<b>VDI</b>	<b>Bank</b>	<b>Year</b>	<b>MSCORE</b>	<b>MDI</b>	<b>VSCORE</b>	<b>VDI</b>
Bank 1	2000	40	80	4	40	Bank 5	2000	41	82	2	20
Bank 1	2001	40	80	4	40	Bank 5	2001	41	82	2	20
Bank 1	2002	40	80	4	40	Bank 5	2002	41	82	2	20
Bank 1	2003	40	80	4	40	Bank 5	2003	41	82	2	20
Bank 1	2004	42	84	3	30	Bank 5	2004	41	82	2	20
Bank 1	2005	42	84	3	30	Bank 5	2005	41	82	2	20
Bank 1	2006	42	84	3	30	Bank 5	2006	41	82	2	20
Bank 1	2007	42	84	3	30	Bank 5	2007	41	82	2	20
Bank 1	2008	44	88	3	30	Bank 5	2008	41	82	2	20
Bank 1	2009	44	88	3	30	Bank 5	2009	41	82	2	20
Bank 1	2010	44	88	3	30	Bank 5	2010	41	82	2	20
Bank 1	2011	44	88	3	30	Bank 5	2011	41	82	2	20
<b>Average</b>		42	84	3	33	<b>Average</b>		41	82	2	20
Bank 2	2000	38	76	5	50	Bank 6	2000	44	88	2	20
Bank 2	2001	38	76	5	50	Bank 6	2001	44	88	2	20
Bank 2	2002	38	76	5	50	Bank 6	2002	44	88	2	20
Bank 2	2003	38	76	5	50	Bank 6	2003	44	88	2	20
Bank 2	2004	43	86	5	50	Bank 6	2004	44	88	2	20
Bank 2	2005	43	86	5	50	Bank 6	2005	44	88	2	20
Bank 2	2006	43	86	5	50	Bank 6	2006	44	88	2	20
Bank 2	2007	43	86	5	50	Bank 6	2007	44	88	2	20
Bank 2	2008	43	86	5	50	Bank 6	2008	44	88	2	20
Bank 2	2009	43	86	5	50	Bank 6	2009	44	88	2	20
Bank 2	2010					Bank 6	2010	44	88	2	20
Bank 2	2011					Bank 6	2011	44	88	2	20
<b>Average</b>		41	82	5	50	<b>Average</b>		44	88	2	20
Bank 3	2000	42	84	5	50	Bank 7	2000	40	80	6	60
Bank 3	2001	42	84	5	50	Bank 7	2001	40	80	6	60
Bank 3	2002	42	84	5	50	Bank 7	2002	40	80	6	60
Bank 3	2003	42	84	5	50	Bank 7	2003	40	80	6	60
Bank 3	2004	42	84	5	50	Bank 7	2004	40	80	6	60
Bank 3	2005	42	84	5	50	Bank 7	2005	40	80	6	60
Bank 3	2006	42	84	5	50	Bank 7	2006	40	80	6	60
Bank 3	2007	45	90	5	50	Bank 7	2007	40	80	6	60
Bank 3	2008	45	90	5	50	Bank 7	2008	40	80	6	60
Bank 3	2009	45	90	5	50	Bank 7	2009	40	80	6	60
Bank 3	2010	45	90	5	50	Bank 7	2010	40	80	6	60
Bank 3	2011	45	90	5	50	Bank 7	2011	40	80	6	60
<b>Average</b>		43	87	5	50	<b>Average</b>		40	80	6	60
Bank 4	2000	41	82	4	40	Bank 8	2000	40	80	4	40
Bank 4	2001	40	80	4	40	Bank 8	2001	40	80	4	40
Bank 4	2002	40	80	4	40	Bank 8	2002	41	82	4	40
Bank 4	2003	40	80	4	40	Bank 8	2003	41	82	4	40
Bank 4	2004	44	88	5	50	Bank 8	2004	41	82	4	40
Bank 4	2005	44	88	5	50	Bank 8	2005	46	92	4	40
Bank 4	2006	44	88	4	40	Bank 8	2006	46	92	4	40
Bank 4	2007	44	88	4	40	Bank 8	2007	46	92	4	40
Bank 4	2008	44	88	4	40	Bank 8	2008	46	92	4	40
Bank 4	2009	44	88	4	40	Bank 8	2009	46	92	2	20
Bank 4	2010	44	88	4	40	Bank 8	2010	46	92	4	40
Bank 4	2011	44	88	4	40	Bank 8	2011	46	92	2	20
<b>Average</b>		43	86	4	42	<b>Average</b>		44	87	4	38

MSCORE=Mandatory Disclosure Score

VSCORE=Voluntary Disclosure Score

Source: Author's Computation