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The Impact of Financial Statement on Investment Decision: A Study of Millennium Industries Limited, Awka, Anambra State

Nnadikwe, Chinonye Njideka

Department of Accountancy, Paul University Awka, Anambra State, Nigeria

ABSTRACT

This study aimed at evaluating the impact of financial statement on investment decision: A study of Millennium Industries Limited, Awka, Anambra State, Nigeria. The population of the study was 100 users of Millennium Industries Limited financial statement. Sample size was determined using Taro Yamane formula. Percentage analysis was used to analyze the table and formulated hypotheses were tested using Z-test statistical technique at 5% level of significance. The researcher made use of questionnaires and interview as the primary method of data collection and existing literature were used as the secondary method of data collection. The study findings indicate that financial statement has significant impact on the investment decisions of Millennium Industries Limited. Investors' investment decision is significantly influenced by increase in profit. The researcher therefore recommends that financial statement should disclose all necessary information for effective decision making and the information disclosed be correct; also investors should ensure that they have in-depth understanding of the financial statements before making investment decisions.

KEYWORDS: *Financial Statement, financial ratio, investment decision, manufacturing company.*

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INTRODUCTION

It is the duty of companies as required by law whether small or big, at the end of every accounting period to prepare financial statement in order to disclose their financial position. Financial statement is a formal statement which shows the state of affairs of an entity over a period of time, quarterly, six months, usually one year. According to Adeyemo et al. (2017), financial statements are statements that report on an entity's financial affairs in terms of its health and wealth for a given period of time from which informed economic decisions relating to present as well as the future can be reliably made. Financial statements are historical in nature and can be called historical documents in the sense that it relates to past years' financial statements which enable comparability. Statement of balance sheet, statement of income and cashflow statement are the core financial statements which form the major criteria for decision making. Other parts of the financial statement are auditors report, director report, value added statement, statement of accounting policies, and notes to the account.

According to the Companies and Allied Matters Act (2013), financial statements consists the basic statement of accounts used to convey the quantitative information of financial nature about a business to shareholders, creditors and others, interested in the reporting of company's financial condition, result of operation, uses and sources of funds. Nwoha (2008) also defines financial statements as reliable financial information about the economic resource and obligations of a business enterprise. Meigs and Meigs (2008) defines financial statement as a logical point to begin the study of accounting. This is because most of the accounting information we see and use every day reflects the terminology and concepts used in these statements. Financial statement can be falsely and intentionally presented to mislead prospective investors- individuals or institutions when they are overstated, investment look profitable even though non-profitable. In order to ensure that financial statements are comprehensive, reliable, trustworthy and comparable, many laws both nationally and internationally are established with laid down rules and principles that guide the preparation of financial statement.

Generally, financial statement are analyzed and the information thereon are disclosed to show the profitability and the financial position of the company. The users of the financial information can compare the company's financial statement with the previous financial statements- 2 - 5 years back and/or be compared with other company's financial statement to understand if the business is viable and worth venturing into. The users of financial statement are the management, investors, lenders, employees, suppliers, government, owners, customers and the general public grouped into internal users and external users. It can be seen as the statement that gives information about the operations of the entity, how cash flows in and out; assets acquired by the company and ability to offset its debt. The insight driven by the investors from the statement, help them to decide whether to venture in that investment.

Investment takes place when fund is committed into a business with the hope of gaining profit in the future. One of the main objectives of preparing and presenting financial statement is to support investment decision making. Investment decisions are important process in business activities that involve the allocation of financial resources to acquire assets that are expected to provide returns and economic benefits in the future. This decision is made after careful understanding of the financial statements.

To Auken (2013), financial statements benefit owners, managers and investors in many ways, for instance, the stakeholders can make use of financial reporting to gain a better understanding about financial aspects, risk profile and investment avenues of their firm. The management as the internal user, make decision relating to the operations of the company. Nevertheless, the users of the financial statement can get better insight into the financial strength and weakness of a firm by analyzing the information contained in the statement.

Financial statement analysis is the process of identifying the financial strength and weaknesses of a firm by properly establishing relationships between the items of the balance sheet and the profit and loss account. It involves the application of analytical tools and techniques to financial statements and data in order to derive from them measurements and relationships which are significant and useful for decision making. The information is used to form judgment about the operating performance and financial position of the firm. Knowing the potential profits and risks that may occur. The financial analytical tools are the financial ratio such as liquidity, profitability and efficiency ratios. It helps to summarize large quantity of financial data to make qualitative judgment about a firm's financial performance. The understanding of the financial information helps investors to make judgment about the future prospects of an entity deciding whether to invest their capital in the company. Given the above, this study aimed to evaluate the impact of financial statement on investment decision using Millennium Industries Limited, Awka, Anambra State as a case study.

Hypotheses of the Study

The following null hypotheses guide this study:

H_{o1}: Financial statements showing high profitability do not significantly influence investors' choices to invest in Millennium Industries Limited.

H_{o2}: Audited financial statements do not increase investor confidence or the likelihood of capital allocation toward Millennium Industries Limited.

H_{o3}: The level of financial literacy among respondents does not significantly influence how effectively they utilize financial statements for investment decisions.

Literature Review

Conceptual Framework

Financial Statement:

Financial statement is an official statement required by law that discloses the financial position of a company. It can be seen as information relating to the organization as a whole, is reported to the outside world. According to Arsal et al. (2025), financial statements are the main tool for investors to assess the financial condition and performance of a company. Through financial statements, investors can obtain information about the company's assets, liabilities, equity, income and cash flow, which forms the basis for making investment decisions. Financial reports are prepared to be transparent, accurate, and in accordance with accounting standards; increases investors' confidence. Financial statements are reports that show the actual performance of the company, namely in the form of financial data and records during the accounting period (Ananda & Aryati, 2025). Financial reports are useful for internal and external users, such as investors who use them for making decisions. They provide insight into the organization's financial state, operations, and funding. Adenugba et al. (2016) emphasize that financial statements serve as a concise means of informing both internal and external stakeholders about a firm's profitability and financial position. The quality of financial statements can initiate more efficient company performance.

Financial statement analysis also plays an important role in evaluating company performance by using financial ratios such as liquidity, solvency, and profitability; investors can assess the company's ability to meet short-term obligations, capital structure, and operational efficiency (Efesus, 2023). In addition, timely and informative publication of financial statements can influence investment decisions. Amahalu et al. (2020) underscore the crucial role of financial statements in financial decision-making. Financial statements according to Agbemava et al. (2016), are documents that provide insight into a company's operations and financial performance. The core financial statement are statement of financial position, statement of income and cashflow statement.

The Statement of Financial Position

Statement of financial position which is the balance sheet, is a statement that shows the presentation of the summary of assets and liabilities in a well arranged form, so that the financial position may be clearly ascertained (Ibrahim & Kazeem, 2023). Balance sheet is not an account; it is a statement showing the balance remaining in the books. Balance sheet is a financial statement that gives a true and fair view of the state of affairs of a company as at the end of financial year, in order to ascertain the financial position of the company, (Akeju, 2003). It refers to a statement showing on one hand the amount of capital employed in the business and sources from which it is derived and on the other hand, the form in which the capital is employed. The information relating to financial position is found in the balance sheet which shows the economic resources controlled by the entity, the financial structure, the liquidity and solvency of the entity.

The statement of financial position aids in assessing the company's financial health, liquidity, and solvency, offering insights into its ability to meet short-term and long-term obligations and its overall net worth (Agbemava et al., 2016). The balance sheet provides insights into a company's assets, liabilities, and equity, while the cash flow statement reveals the company's ability to generate sufficient funds for its daily operations (Raddant & Kenett, 2021). These elements are crucial for evaluating solvency and liquidity, as they provide information on a company's ability to meet its debts and finance its operations, helping investors assess the associated investment risk.

Statement of Income

Profit and loss statement also known as statement of income, is an account that shows the net profit or net loss of an organization at the end of the accounting period (Ibrahim & Kazeem, 2023). According to Thomas (2019), statement of income reveals a company's profits and expenditures during a specified period of time. Profit is derived by subtracting total expenses incurred from total revenue realized. Analyzing income statements over several consecutive years is valuable as it indicates the business's trajectory. The income statement aims to assess income distribution and capital maintenance (Olaniyi & Olokoyo, 2017). Net income is calculated after deducting tax from the gross profit. The net income can be reinvested or distributed as dividends. There are two formats in preparing statement of income; a single format containing an income statement alongside other comprehensive statements, and a multi-statement format presenting income statements and other comprehensive income in two distinct formats. This analysis demonstrates how effectively the business generates profits from its output.

Statement of Cashflow

The statement of cash flow is a financial statement that provides a summary of cash inflow and outflow of an entity during a specific period of time usually one year. Cashflow statement gives insights on how cash is generated and utilized in performing operating, investing, and financing activities. Sufficient cash is required to pay debts, interests, dividends and other expenses. The statement is structured into three main sections: operating, investing and financing activities (Ajibowu, 2020). A firm can make projection of cash flows and outflows for the near future. An analysis of cash is useful for short-term planning.

Investment Decisions:

Investment is a monetary asset purchased with the idea that the asset will provide income in the future or later sold at a higher price for profit. Investment is an investment activity that aims to benefit in the future, many people who already know and have begun to dive into the world of investment try to get to know and find out about investment (Pratiwi & Muqmiroh, 2022). Investment decision-making is crucial in manufacturing companies, influencing the allocation of resources and the strategic direction of a company. Investment decisions can be interpreted as choices regarding investments made by the entity for its future, shown through assets and capital. It entails deciding where, when, how and how much capital to spend with the intention of realizing profit in the future. Investment decisions are considered important to determine the future performance of the entity (Muthohharoh & Pertiwi, 2021). Measured and well-planned investments will generate profits for the company in the future, so the company has a source of income other than its main operating activities. An increase in the company's wealth is equal to an increase in the wealth of its shareholders (Laksono & Rahayu, 2024). Decisions on investment can be for expansion of new business- a company may add capacity to its existing product lines to expand existing operations; expansion or diversification of new business- expansion of a new business requires investment in a new product and a new kind of production activity within the firm; replacement and modernization- this improve operative efficiency and reduce costs.

Financial Ratio:

According to Corporate Financial Institution (2020), financial ratios are mathematical calculations using data from a company's financial statements to evaluate its performance, operational efficiency and overall financial health. A ratio is a relationship between two or more things, it expresses the mathematical relationship between one quantity and another (Mbachu, 1996). It is a financial ratio when the relationship is between two accounting figures and serves as an index or yardstick for measuring the financial position and performance of a business organization. Ratios are tools of analysis which, in most cases, provide the analyst with clues and symptoms of underlying conditions. If properly interpreted, will draw attention to areas requiring further investigation and inquiry. The analysis discloses relationships and provides the basis for comparisons which, in turn, reveal the conditions and trends which otherwise could not have been detected by an inspection of the individual components of the ratio. Thus, the usefulness of ratios is wholly dependent on their intelligent and skillful interpretation. The reason for this stem from the fact that the interrelationships of business variables and the factors which affect them are multi-faceted and very complex. In addition to the internal operating conditions which affect the ratios of a company, the analyst must be aware of such factors as the general business conditions, industry position, and management policies which can affect them (Mbachu, 1996). The types of financial ratios are: profitability ratios, liquidity ratios and investment ratios

Profitability Ratio

This ratio provides clues as to how effectively the firm is being managed in order to earn sufficient profits necessary for company growth and social welfare. Profitability ratios can be described as the financial ratios used to measure the overall profit performance of a company. The ratio also reveals the extent of management efficiency. Usually, management's efficiency is measured by the returns on capital employed and the intensity of capital usage (Ama, 2002).

Liquidity Ratio

Liquidity or solvency ratio measure the ability of the firm to meet its short term financial obligations. These are ratios that are used to judge the ability of a firm to meet its short term maturity obligation. They are the most common types of ratios that are used to measure the current balance position. A firm with high liquidity is one in which its assets can easily be converted into cash, while a firm with low liquidity is one in which its assets cannot be easily converted into cash. The following are the types of liquidity ratios: quick ratio or acid test ratio; current or working capital ratio; working capital to total assets ratio

Theoretical Framework

Efficient Market Hypothesis (EMH): This theory was propounded by Eugene Fama. Efficient Market Hypothesis posits that financial markets are informationally efficient, meaning that all available information, including financial reports, is quickly and accurately reflected in asset prices (Fama, 1970). According to EMH, the disclosure of cash flow information allows investors to make informed decisions, as the cash flow statements provide critical insights into the liquidity, solvency, and overall financial health of a company. For manufacturing companies in Nigeria, where market conditions can be volatile and information asymmetry prevalent, the timely and transparent reporting of cash flows from operating, investing, and financing activities is crucial. Investors rely on this information to assess the performance and potential for future earnings and ultimately impact investment decisions of the company (Henrique et al., 2018).

Decision-Usefulness Theory: The Financial Accounting Standards Board (FASB) has stated that major object of financial reporting is to "provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions. The information should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence". This opinion is also seconded by the American Institute of Certified Public Accountants (AICPA) Study Group on the Objectives of Financial Statements, also known as Troubled Report, which categorically states that "the basic objective of financial statements is to provide information useful for making economic decisions". Decision-usefulness theory focuses on measuring and evaluating the impact of accounting procedures, and modes of financial reporting on the individual and group behaviour of users of accounting information. This shows that the information communicated depends on the users and the decision models adopted by the users of information. There is nothing in the business world except accounting which can influence actions and human behaviour, capable enough to destroy a business empire like pack of cards overnight, however, the impact of accounting is dependent on the usefulness of the information it provides. Investors rely on profitability ratio- ROA, ROE and liquidity ratio to forecast future cash flows and assess financial risk of an investment.

Agency Theory: Agency Theory explores the relationship between principals- shareholders and agents- managers. It suggests that conflicts of interest can arise when agents pursue their own goals over those of the principals (Jensen & Meckling, 1976). Comprehensive and transparent cash flow reporting serves as a mechanism to reduce information asymmetry between managers and shareholders, thereby aligning the interests of both parties. For Nigerian manufacturing companies, healthy cash flow statements can lessen the agency problem by providing shareholders with clear insights into how managers utilizes the resources of the company. This transparency helps investors evaluate whether management's decisions are contributing to shareholder value, particularly in terms of ROE. By scrutinizing cash flows from operating, investing, and financing activities, investors can better understand the operational efficiency, investment strategies, and financial policies of the company, thus making more informed investment decisions (Panda & Leepsa, 2017).

Signaling Theory: This theory posits that managers have more information about the prospects of the company than outside investors and that they can signal this information through financial decisions and reporting practices (Spencer, 1973). Cash flow reporting serves as a vital signal to the market about the financial health and future performance of a company. For instance, positive cash flow from operations signals strong operational performance and future profitability, potentially leading to a higher ROE. Equally, significant cash outflows in the investing activities section may signal strategic expansions or investments expected to generate future returns, influencing investor perceptions and decisions (Ross, Westerfield, & Jaffe, 2019). In Nigerian manufacturing companies, signaling through detailed cash flow reports is particularly important due to the prevalent economic uncertainties and regulatory challenges. Investors interpret these signals to adjust their investment strategies accordingly. Consistent positive cash flow and dividend disclosures enhances investor confidence, leading to increased equity investment. On the other hand, high levels of debt financing might be viewed cautiously, impacting investor decisions and the perceived risk associated with the company's equity (Peiris et al., 2020).

Prospect Theory

Prospect theory also referred to as the loss aversion theory was propounded by Kahneman and Tversky (1979). Prospect theory lays emphasizes on the different behaviors of investors when they are faced with prospective gains and losses. Investors' exhibit different behaviors and are much more disturbed about prospective losses than potential gains. An investor considers the impact of a loss or possibility of a loss to be higher than that of a gain, though negative and positive impacts respectively (Jordan & Miller, 2008; Baker & Nofsinger, 2010). Investors are willing to take up more risks to avoid a potential loss than they are to make a gain. When investors are faced with an option of a sure gain and an option of a gamble which could increase or decrease the sure gain, investors are more likely to take the sure gain. However, when faced with an option of a sure loss and that of a gamble that could increase or decrease the sure loss, investors are likely to opt for the gamble (Musundi, 2014).

Empirical Review

The impact of financial statements in investment decision-making has been extensively studied by many researchers. Financial statements serve as essential tools for decision making. In a research conducted by Juliarta et al. (2025), investigated the effect of financial statements on investment decisions in public companies in Indonesia. Data were collected through documentation studies of financial statements and relevant scientific publications. The results showed that financial reports that are prepared transparently, accurately, and on time have an important role in building investor confidence. Good financial reports can improve capital allocation efficiency and support company growth. Each company studied revealed that the quality of the financial information presented has a direct impact on investment decisions made by investors, both individual and institutional. This research confirms the importance of financial statements as a strategic communication tool between companies and stakeholders. Thus, financial reports contribute to creating a healthy and sustainable investment climate. Eziokwu (2009) studied the role of financial statement in investment decisions using selected banks in Enugu metropolis. The aim was geared towards identifying the relationship and impact between financial statement and investment decisions, and also to know if investment decisions depends solely on financial statement. Data was collected using questionnaires and personal interviews. Yaro Yamani formula was used to determine the sample size and hypotheses were tested using Z-test. The study recommends that all interested parties to financial statement should use required financial ratio analysis for decision making.

In a separate study, Kawugana et al. (2019) investigated the significance of financial statements in influencing investment decision-making. The research aimed to understand how financial statements impact investment choices. Data was collected through questionnaires and interviews, with percentage calculation used to analyze questionnaire results. The study revealed that financial statements play a pivotal role in shaping investment decisions. An avenue for further research lies in exploring how ratio analysis can serve as a tool for investment decisions, utilizing ratios to enhance estimation accuracy. Ekpe (2018) evaluated the impact of financial reporting on investment decision in selected companies in Nigeria**.** The research aimed to examine how assets and liabilities in the financial statement has assisted the effectiveness of investment decision making, the relationship between accounting information and investment decision and the extent to which investors depend on the credibility of auditors/financial expert approval of financial statement in making investment decisions. The study utilized survey design and multiple regression analysis was used for the analysis. The findings show that importance is attached to the published financial statements by investors in Nigeria when making investment decisions and they know whose duty it is to prepare financial statement. The study recommends that investors should ensure that they have a good understanding of the financial statements before making investment decisions

Accordingly, Adebayo et al. (2013) examined the impact of accounting information system in assisting organizations in making sound and effective investment decision. Primary data collection was through the administration of questionnaires. Regression analysis and Karl Pearson's correlation was used in data analysis. It was shown that accounting information system is an indispensable tool in investment decision making in today's turbulent world. Organizations are however, advised to invest on information technology tools as it improve their efficiency, effectiveness and their overall performance. Osiorenoya and Jonathan (2018) evaluated the significance of financial reporting on the profitability of quoted companies in Nigeria. Their research aimed to investigate how financial reporting impacts the profitability of these companies. Primary data was collected through questionnaires, and secondary data came from sampled companies' online annual financial statements. Employing survey research and cross-sectional research, the study employed proportionate stratified sampling to select sample companies. Findings indicated a positive relationship between financial reporting quality and profit after tax, as well as a significant impact of financial report quality on return on assets. Future research might explore the extent to which investors rely on auditors/financial experts' credibility in making investment decisions.

Collectively, these studies highlighted that financial statements impact on investment decision-making. Transparency, reliability, understandably, and regulatory enforcement shapes the effectiveness of financial statements as a decision-making tool for investors.

Methodology

The research aimed to evaluate the impact of financial statement in investment decision using Millennium Industries Limited, Awka, Anambra State, as a case study. The study employed survey research design. The population comprised of 100 users of Millennium Industries Limited financial statements. Taro Yamane (1967) formular was used to determine the sample size to ensure a true representation of the population, which states as follows:

$$n = \frac{N}{1 + N\,(e)^2}$$

Where N = target population
n = sample size
e = level of significance (0.05 or 5%)

when we apply this formula to the sample above, we have;

$$n = \frac{100}{1 + 100\,(0.05)^2}$$

$$n = \frac{100}{1.25}$$

$$n = 80$$

The sample size is 80 which represent the users of the Millennium Industries Limited financial statement.

The instrument used for data collection were structured questionnaires of 5-Point Likert Scale:
5 = Strongly Agree (SA)
4 = Agree (A)
3 = Undecided (U)
2 = Disagree (D)
1 = Strongly Disagree (SD)

Data Analysis, Findings and Discussion

Data Presentation

The method used for analyzing data collected is based on some statistical measures; simple percentages and mean score were used to analyze the responses presented in a tabular form. A mean score of 3 and above is relevant while below 3 is rejected as not being relevant to the research question. Hypotheses were tested with Z-test statistical technique. This was done to ascertain the inference between two population mean when the sample size is large above 30 respondents. The hypotheses were tested at 0.05 (5%) level of significance.

$$\text{Formula for Z-test} = \frac{XA - XD}{\sqrt{\frac{SA}{Na} + \frac{SD}{Nd}}} = \frac{XA - XD}{SDX}$$

Where SDX = Standard error
XA = Mean of respondents that agree
XD = Mean of respondents that disagree
SA = Standard deviation of respondents that agree
SD = Standard deviation of respondents that disagree
Na = Total number that agree
Nd = Total number that disagree

The Z-table has a constant table of values which does not depend on degrees of freedom whenever the data is from 30 upwards, the appropriate statistical procedure to be used as far as test of difference is between two means is involved.

Decision Rule: If the calculated Z-test value is greater than the Z-test critical (1.645) reject the null hypothesis (H_o) and accept the alternative hypothesis (H_a).

Table 1: Response analysis of the questionnaires

Response	Number	Percentage
Returned and valid	76	95%
Returned and not valid	-	0%
Not returned	4	5%
Total	**80**	**100%**

Source: survey research, 2026

From this table, it can be seen that a total of 80 questionnaires shared out, 95% of the respondent returned a valid questionnaire while 5% of the total respondent was not returned.

Table 2: Table of questionnaires

Ho_1: Financial statements showing high profitability do not significantly influence investors' choices to invest in Millennium Industries Limited.									
S/n	**Questionnaire Items**	**SA**	**A**	**U**	**SD**	**D**	**T**	$\bar{x}$	**Rem**
1	Do you think that there is a significant relationship between financial statement and investment decisions?	42	29	1	-	4	76	4.38	Accept
	Percentage (%)	55.2%	38.2%	1.3%	0%	5.3%	100%		
2	Even if Millennium Industries Limited shows a consistent upward trend in Return on Equity (ROE), it does not significantly influence my capital allocation	50	19	-	2	5	76	4.41	Accept
	Percentage (%)	65.8%	25%	0%	2.6%	6.6%	100%		
3	Exceptional profitability metrics (like high Return on Equity) do not automatically make me view a company as a safe investment	11	60	2	3	-	76	4.04	Accept
	Percentage (%)	14.5%	78.9%	2.6%	3.9%	0%	100%		
4	My final investment choices regarding Millennium Industries Limited are driven entirely by data-driven financial statement analysis	38	31	-	5	2	76	4.29	Accept
	Percentage (%)	50%	40.8%	0%	6.6%	2.6%	100%		
5	The income statement (profitability) is the only financial report that truly shapes investment choices	60	12	1	-	3	76	4.7	Accept
	Percentage (%)	78.9%	15.8%	1.3%	0%	3.9%	100%		

Ho_2: Audited financial statements do not increase investor confidence or the likelihood of capital allocation toward Millennium Industries Limited									
6	I only rely on the financial statements of Millennium Industries Limited if they are backed by an independent auditor's report	47	18	-	10	1	76	4.3	Accept
	Percentage (%)	61.8%	23.7%	0%	13.2%	1.3%	100%		
7	An audited financial statement is a formal compliance requirement that rarely influences my actual day-to-day capital placement decisions	64	-	8	3	1	76	4.6	Accept
	Percentage (%)	84.2%	0%	10.5%	3.9%	1.3%	100%		
8	The presence of a clean audit opinion does not boost my confidence to invest in the company	33	37	1	-	5	76	4.2	Accept
	Percentage (%)	43.4%	48.7%	1.3%	0%	6.6%	100%		
9	An audited statement does not give me assurance that the financial figures presented by Millennium Industries Limited are free from material misstatements	42	15	13	3	3	76	4.1	Accept
	Percentage (%)	55.3%	20.0%	17.1%	3.9%	3.9%	100%		
10	The presentation of audited figures does not increase the specific amount of money I am willing to risk on this investment	56	11	6	2	1	76	4.6	Accept
	Percentage (%)	73.7%	14.5%	7.9%	2.6%	1.3%	100%		
Ho_3: The level of financial literacy among respondents does not significantly influence how effectively they utilize financial statements for investment decisions.									
11	Investors who lack proper financial literacy do not face difficulties in extracting actionable insights from the company's disclosures	39	28	2	5	2	76	4.3	Accept
	Percentage (%)	51.3%	36.8%	2.6%	6.6%	2.6%	100%		
12	An investor does not need formal financial literacy to successfully pick or allocate capital to profitable firms like Millennium Industries Limited	55	19	1	-	1	76	4.7	Accept
	Percentage (%)	72.4%	25%	1.3%	0%	1.3%	100%		
13	My personal level of financial education has no major bearing on how well I extract actionable insights from an annual report	5	61	2	4	4	76	3.77	Accept
	Percentage (%)	6.6%	80.3%	2.6%	5.3%	5.3%	100%		
14	Even with my level of financial literacy, I find that financial statements are too confusing to be used effectively for investment decisions	29	28	4	9	6	76	3.9	Accept
	Percentage (%)	38.2%	36.8%	5.3%	11.8%	7.9%	100%		
15	My personal understanding of accounting principles allows me to interpret financial metrics accurately	14	48	11	3	-	76	3.6	Accept
	Percentage (%)	18.4%	63.2%	14.5%	3.9%	0%	100%		

Source: survey research, 2026

Test of Hypothesis One

Ho_1: Financial statements showing high profitability do not significantly influence investors' choices to invest in Millennium Industries Limited.

Table 3: Calculation of z-test for hypothesis 1

	$\bar{x}$	STD	N	DF	SDX	Z-Cal	Z-Crit
Total respondents that agree	0.91	6.11	76	74	0.42	1.9	1.645
Total respondents that disagree	0.11	0.62					

Since the calculated Z-test value of 1.9 is greater than the critical Z-test value of 1.645, the researcher rejects the null hypothesis that states financial statements showing high profitability do not significantly influence investors' choices to invest in Millennium Industries Limited and accepts the alternative hypothesis that states, financial statements showing high profitability significantly influence investors' choices to invest in Millennium Industries Limited.

Test of Hypothesis Two

H_{o2}: Audited financial statements do not increase investor confidence or the likelihood of capital allocation toward Millennium Industries Limited.

Table 4: Calculation of z-test for hypothesis 2

	$\bar{x}$	STD	N	DF	SDX	Z-Cal	Z-Crit
Total respondents that agree	0.92	5.65	76	73	0.44	1.93	1.645
Total respondents that disagree	0.07	0.57					

From table 4, the calculated Z-test value of 1.93 and the corresponding critical Z-test value at 5 per cent level of significance is 1.645. Given that the calculated Z-test value of 1.93 is greater than the critical z-test value of 1.645, the study rejects the null hypothesis. This implies that audited financial statements increases investor confidence or the likelihood of capital allocation toward Millennium Industries Limited.

Test of Hypothesis Three

H_{o3}: The level of financial literacy among respondents does not significantly influence how effectively they utilize financial statements for investment decisions.

Table 5: Calculation of z-test for hypothesis 3

	$\bar{x}$	STD	N	DF	SDX	Z-Cal	Z-Crit
Total respondents that agree	0.88	5.47	76	72	0.41	1.93	1.645
Total respondents that disagree	0.09	0.62					

From table 4, the calculated value Z-test of 1.93 is greater than the critical Z-test value of 1.645, the researcher rejects the null hypothesis which states that the level of financial literacy among respondents does not significantly influence how effectively they utilize financial statements for investment decisions and accepts the alternative hypothesis that states, the level of financial literacy among respondents significantly influence how effectively they utilize financial statements for investment decisions.

Discussion of Findings

The study findings indicate that financial statement has a strong impact on the investment decisions of Millennium Industries Limited. Studies show that investors invest their money in financial statement that yields high return. Financial statement plays important roles in ensuring that investment decisions are made. This implies that investors consider the information contained in the financial statements when making investment decisions. The study reveals that published audited financial statement goes a long way in ensuring that investors make investment decisions. From the findings it can be seen that financial literacy plays a significant role in understanding financial statement thereby making investors have good insight of the financial statements before making investment decisions.

Conclusion

It can be concluded from this study that in order to make investment decisions, an indepth understanding of the information contained thereon in the financial statements is needed. Proper financial literacy helps in extracting actionable insights from the company's disclosures on its profitability and financial position over a particular accounting period. Financial ratio plays a major role in determining the overall efficiency and effectiveness of the business. The study concluded from the findings that financial statement has significant impact on investment decision on Millennium Industries Limited, Awka, Nigeria.

Recommendation

Based on the findings of this study the following recommendations are made:

1. The finding relating to profitability shows positive and significant effect on investment decision implies that investors' investment decision is significantly influenced by increase in profit. This means that investors are likely to invest more when there is continuous high yield.
2. Financial statement should disclose all necessary information for effective decision making and the information disclosed is correct.
3. Investors should ensure that they have in-depth understanding of the financial statements before making investment decisions.

4. Investors must pay close attention to published financial statements when making investment decisions.

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