International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 10 Issue 5, Sep-Oct 2026 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Impact of Financial Reporting Quality on Financial Performance of Deposit Money Bank in Nigeria

Sulaiman Babatunde Disu[1], Dr. Odogu Laime Isaac[2], Ovie Odogu Laime Isaac[3]

[1]Department of Accountancy, School of Management Science,
Bayelsa State Polytechnic, Aleibiri Ekeremor Local Government Area, Bayelsa State, Nigeria
[2,3]Bayelsa State Institute of Entrepreneurship and Vocational Training,
Department of Micro Finance and Enterprise Development, Elebele

ABSTRACT

This study examined the impact of financial reporting quality on financial performance of selected quoted companies in Nigeria. The research design used in this research work is ex-post facto. In this research, the data used were obtained from already published. Secondary source was used to collect relevant data for this study. In particular, the annual reports of the companies under study for the period of (2019-2023) and other materials (the NSE Fact Book) served as another major sources of data collection. Timeliness of accounting information was used as the measure of financial reporting quality while four proxies of financial performance (price earnings ratio, return on assets, dividend yield and earnings yield) were used for the study. The study showed that while timeliness of accounting information has significant positive impact on earnings ratio, dividend yield and earnings yield, the impact of timeliness on return on assets is significantly negative. In view of these findings, the study concluded that there is a statistically significant positive impact of financial reporting quality on financial performance of the selected quoted companies in Nigeria. this shows that the quicker the time period of making accounting information available to stakeholders, the more confidence these stakeholders will have in the financial reports, and this will ultimately lead to more investment opportunities which will improve financial performance. On the basis of the findings of this study, the following recommendations are put forward: Managers are advised to observe ethical standards in the preparation and presentation of financial statements in order to ensure that the information content of general-purpose financial statements prepared by companies in Nigeria align with its stock market value.

How to cite this paper: Sulaiman Babatunde Disu | Dr. Odogu Laime Isaac | Ovie Odogu Laime Isaac "Impact of Financial Reporting Quality on Financial Performance of Deposit Money Bank in Nigeria" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-10 | Issue-5, October 2026, pp.542-553, URL: www.ijtsrd.com/papers/ijtsrd142135.pdf

IJTSRD142135

Copyright © 2026 by author (s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (http://creativecommons.org/licenses/by/4.0)

KEYWORDS: *Timeliness of accounting information, significant positive impact, reporting quality.*

INTRODUCTION

Financial reports in Nigeria are regulated by various standards from local and international bodies such as Securities and Exchange Commission (SEC), Financing Reporting Council of Nigeria (FRCN), International Accounting Standard Board (IASB) etc. The key relevance of financial report is to provide adequate information to stakeholders about the performance and changes in financial position of a firm in a given financial year (Saliu & Adetoso, 2018). These stakeholders include management, employees, directors, creditors, government, shareholders, investors, investment advisers etc. The disclosure principle in accounting requires that financial statements should reflect all relevant information that is necessary so as to avoid bias (Adeyemi & Asaolu, 2019). Developments in global economics since the dramatic collapse of Enron Corporation and the subsequent dissolution of Arthur Anderson have put accounting and auditing profession under scrutiny. These developments in the global financial and economic crunch have requested an increased attention to improve and enforce financial reporting disclosures around the world. Financial information issued by companies has become an essential resource for any market participant because it reduces asymmetric information

among all stakeholders (Martinez-Ferrero, 2019). Companies with better quality of financial reporting are associated with higher performance due to the fact market assesses those companies committed to the issuance of good reports to stakeholders (Ahannaya, 2022).

The main focus of financial reporting is to provide high-quality financial information concerning economic entities which are considered useful for economic decision making. Providing high quality financial information is important because it will positively influence users of accounting information such as investors, capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions thereby enhancing overall stock market efficiency (Abakasanga, Ofurum & Ogbonna, 2019). In the same manner, Abakasanga et al. (2019) enthuse that financial reporting quality is a broader concept that does not only refer to financial information, but also to disclosures, and other non-financial information useful for decision making included in the report. Today, the necessity for producing quality financial report has received great attention over the world. Providing high quality financial reporting information is important because it would positively influence capital providers and other stakeholders in making investment, credit and similar resource allocation decisions enhancing overall market efficiency. For corporate information to beneficial, IASB argues that a key prerequisite quality in financial reporting is the adherence to the objective and the qualitative characteristics of financial reporting information. These qualitative characteristics determine the decision usefulness of financial information in financial reports. Therefore, to achieve high-quality reporting, accounting information contained in financial reports must be relevant, faithfully represented, comparable, verifiable, timely, and understandable. Accounting information prepared with due cognizance to high quality accounting standards is expected to assist investors' optimal investment decision which would consequently reflect on the firm's market value (Ekpoattai, 2023). There is no doubt that one quality that any accounting information must possess is relevance, hence to enhance the relevance of financial reporting, accounting information must be provided in a timely basis. For accounting information to be timely, the accumulation and summarization of accounting information and its publication should be as rapid as possible to assure the availability of current information in the hands of the users. This also implies that financial statements should be presented at frequent intervals, to reveal changes in the firm's situation, which may in turn affect the users' predictions and decisions (Abakasanga, 2019).

Many financial and accounting researchers have confirmed on the benefits and role of the quality of financial reporting (Chan-Jane, Tawei & Chae-Jung, 2021), and they also indicated that inadequate quality of financial reporting might negatively influence the business performance and economic decisions. This means that the financial reporting quality might determine managers' willingness for engaging in activities that are not valuable. For example, the financial reporting quality may facilitate better contracts to avoid investment efficiency. Furthermore, it can increase investors' ability to control the investment decisions. Therefore, it is expected that high-quality financial reporting reduce excessive and wasting investments (Choi & Pae, 2021). According to past evidence, companies with better financial information have better subsequent performance because the market positively evaluates companies that are more committed to the issuance of good information for shareholders and other stakeholders, with the goal of reducing or eliminating information asymmetries between market participants, with the goal of reducing or eliminating information asymmetries between market participants (Habib & Jiang, 2020. Furthermore, the manager's discretionary behavior has an impact on corporate performance through the strategic management process. Understanding the manager's actions, judgments, and behavior, as well as corporate strategy and accounting standards, is critical to identifying and discovering the causes of a company's bad performance. In fact, the link between financial reporting quality and financial business performance has been critically analyzed and researched. Prior studies in these issues provide evidence that the quality of financial reporting is positively associated with the financial performance (Mohammadi, 2019). In short, organizational performance is critical to a company's existence. Organization performance is a fundamental outcome variable of interest in business and management research, with applications ranging from human resources and marketing to operations management, international business, strategy, and information systems. According to Akewushola and Saka (2018), a company's potential success is determined by its organizational performance or its capacity to successfully implement strategies to meet institutional goals. The amount of competence that any organization's executives possess has a significant impact on the organization's performance. Therefore, the prominent role that financial reporting plays in the financial performance of companies all

over the world has given rise to the need for this study.

Objectives of the Study

The main objective of this study is to examine the impact of financial reporting quality on financial performance of selected quoted companies in Nigeria, while the specific objectives are to: determine the relationship between the quality of financial reporting and price earnings ratio of selected quoted companies in Nigeria.

ascertain the effect of quality of financial reporting on return on asset of selected quoted companies in Nigeria.

The following research hypotheses stated in their null and alternative forms will guide this study

Ho 1: There is no significant relationship between the quality of financial reporting and price earnings ratio of selected quoted companies in Nigeria.

Ha 1: There is significant relationship between the quality of financial reporting and price earnings ratio of selected quoted companies in Nigeria.

Ho 2: Quality of financial reporting has no significant effect on return on asset of selected quoted companies in Nigeria.

Ha 2: Quality of financial reporting has significant effect on return on asset of selected quoted companies in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Financial Reporting Quality

Abolaji and Adeolu (2021) assert that financial reporting quality can be regarded as the extent to which financial reports represent the true financial position of an organization, whose primary purpose is to provide choice information on reporting entities in order to enable stakeholders make good economic decisions. To this end, qualitative financial reports have a strong and positive influence on capital providers and other stakeholders when making economic decisions that may increase the efficiency of capital markets. The opinion of Adeyemi and Asaolu (2019) is that it is not mandatory for financial assets and liabilities to reported, but it is reported as an election on a contract-by-contract basis, hence not all instruments may be reported at fair value. However, in order to distinguish instruments that are reported at fair value from those that employ some other measurement, a reporting entity would have one of two reporting options on the statement of financial position, namely fair value and non-fair value carrying amounts, as separate line items on the statement of financial position (Akgun, 2021). According to International Accounting Standard Board (IASB), the financial reporting quality determines fundamental qualitative characteristics and enhances qualitative characteristics. The board explains fundamental qualitative characteristics as the relevance and faithful representation of the financial statements' information. It defines enhancing qualitative characteristics as comparability, verifiability, timeliness, and understandability of financial statements. Moreover, financial reporting quality refers to financial and non-financial information useful for decision-making (Herath & Albarqi, 2023).

The scholarly submission of Hassan and Bello (2022) is that financial reporting quality is a report presented based on the company's condition, which decreases due to the funder's ability to understand accounting. Excellent financial reporting quality reduces information asymmetry between the principal and agent in accordance with the company's legal obligations. When an error occurs during the reporting process, the legal committee's audit trustees correct it immediately to avoid creating problems for the company. The audit committees also possess the same professional capabilities as corporate lawyers and tend to communicate effectively with them in resolving problems that have legal implications. According to Jaballah, Yousfi and Ali (2019), producing proficient financial reports raises the standard of employees responsible for preparing monetary statements. The employee involved in the activity needs to understand how the process and practice of accounting are run based on the rules of the company. Therefore, quality financial statements prevent the company from encountering a condition in which the investment is lower and serves as a tool for determining future fiscal policies (Jaballah , 2019). Hassan and Bello (2018) opine that financial reporting quality is defined as the faithfulness of the information conveyed by the financial reporting process. The word faithfulness is characterized by relevance, reliability, transparency and clarity. Relevant information means that the financial statement should contain enough information useful to different users of the financial statements in assisting their decision making process and that the information is provided in a timely fashion when they are still "news". Reliability is what assures that the information is reasonably free from error or bias and that it truly represents what it is intended to represent. Information in a financial report will be reliable to the extent that users can depend on it to judge the economic conditions or events that it purports to represent (Choi & Pae, 2016). Transparency means that the figures truly reflect the economic activities of

the enterprise during the period. Clarity is focused on how the figures are presented. The format and language of presentation is also very important. Financial reporting should therefore provide information to help investors, creditors, and other users to project the amounts and timing of future cash flows to the enterprise (Saliu & Adetoso, 2018).

Elements of Financial Reporting Quality

According to IASB (2018), the essential principle of assessing the financial reporting quality is related to the faithfulness of the objectives and quality of disclosed information in a company's financial reports. These qualitative characteristics enhance the facilitation of assessing the usefulness of financial reports, which will also lead to a high level of quality. To achieve this level, financial reports must be faithfully represented, comparable, verifiable, timely, and understandable. Thus, the emphasis is on having transparent financial reports, and not having misleading financial reports to users; not to mention the importance of preciseness and predictability as indicators of a high financial reporting quality (Nwaobia, Kwarbai, & Ajibade, 2023). As it is defined in the *Conceptual Framework for Financial Reporting* of the FASB and the IASB, there are agreed upon elements of high quality financial reporting. The qualitative characteristics of financial reporting quality include: relevance, reliability, faithful representation, understandability, comparability, verifiability, and timeliness. They are divided into fundamental qualitative characteristics and enhancing qualitative characteristics. A theoretical explanation for each of these terms emphasizes their importance as qualitative characteristics, and also indicates what qualities are considered fundamental among different frameworks (Ojeka, Mukoro & Kanu, 2025). **Relevance**

Shehu and Ahmed (2018) report that relevance is closely associated with the terms *usefulness* and *materiality*. Relevance illustrates the capability of making decisions by users. When information in financial reports influences users in their economic decisions, it is sad that this information has the quality of relevance. Also, when this information assists users to evaluate, correct, and confirm current and past events, it is useful. The usefulness of making a decision, an important part of relevance is consistent with the conceptual framework. Fair value is considered one of the highly significant indicators of relevance. Using fair value in an entity, as a basis for measurement, is an indicator of a high level of relevance in financial reporting information. Annual reports have a crucial role in determining the level of relevance by disclosing forward-looking information, disclosing information about business opportunities and risks, and providing feedback on how major market events and significant transactions affected entities (Shehu, 2018). **Reliability** according to Uwuigbe, (2022), reliability is another critical factor of financial reporting quality. Financial reporting is reliable when it is free from material errors or bias and can be depended upon by users to represent what it purports to represent. In financial reporting, information must have the quality of reliability in order to be useful. This quality is achieved when information, which users depend upon, is free from bias and material mistakes. Reliability is analyzed based on the qualities of faithful, verifiable, and neutral information (Uwuigbe, 2022). **Comparability** Al-Dmour, Abbod and Al-Qadi (2018) report that comparability is the concept of allowing users to compare financial statements to determine the financial position, cash flow, and performance of an entity. This comparison allows users to compare across time and among other companies in the same period. Babatunde and Adeniyi (2019) remark that comparability demands that identical events in two differently compared situations would be reflected by identical accounting facts and figures different events would be reflected by different accounting facts and figures in a way which quantitatively reflects those differences in a comparable and easily interpretable manner. To buttress this point, the notes in financial reports should disclose and explain all the changes in accounting policies and the implications of these changes, not to mention the importance of consistency in applying accounting policies and principles. Also, the current accounting period results can be compared with the ones from previous periods. Lastly, presenting financial index numbers and ratios contributes to the comparison with other organizations (Babatunde & Adeniyi, 2019).

Understandability

Understandability is one of the essential qualities of information in financial reports. Achieving the quality of understandability is through effective communication. Thus, the better the understanding of the information from users, the higher the quality that would be achieved. It is one of the enhancing qualitative characteristics that would increase when information is presented and classified clearly and sufficiently. When annual reports are well-organized, users can comprehend what their needs are. Usage of graphs and tables helps to present information clearly, and the usage of language and technical jargon can be followed easily (Ekpoattai, 2023). **Timeliness** is another enhancing qualitative characteristic. Timeliness illustrates that information must be available to decision makers before losing its

powerful and good influences. When assessing the quality of reporting in an annual report, timeliness is evaluated using the period between the year-end and the issuing date of the auditor's report – the period of days it took for the auditor to sign the report after the financial year-end (Ahannaya, 2022). **Faithful Representation** According to Abakasanga. (2019), faithful representation is the concept of reflecting and representing the real economic position of the financial information that has been reported. This concept has the value of explaining how well the obligations and economic resources, including transactions and events, are fully represented in the financial reporting. Moreover, this quality has neutrality, which is about objectivity and balance. Going further, Abakasanga, (2019) note that researchers concluded that the auditors' report adds value to financial reporting information by providing reasonable assurance about the degree to which the annual report represents economic phenomena faithfully. Additionally, how business organizations are controlled and directed affects the faithful presentation quality; this, in fact, is represented as a corporate governance factor when there is extensively disclosed information on corporate governance issues in the annual report. Besides, the annual report clarifies assumptions and estimates and explains the usage of the accounting principles in the company clearly. It also highlights positive and negative changes and events by discussing them in the annual results. The last important factor that strengthens this quality is having an unqualified auditor's report in the annual report (Abakasanga, 2019).

Financial Performance

The subject of financial performance has received significant attention from scholars in various areas of business and strategic management. It has also been the primary concern of business practitioners (managers and entrepreneurs in all types of organizations) because corporate performance is essential in organizations' success stories because of their perceived effectiveness and efficiency in managing their operations and their positive contributions to the well-being of their stakeholders (Akewushola & Saka, 2018). Performance is however, in the opinion of Ojeka. (2019), a difficult concept in terms of definition and measurement. Financial performance refers to a financial benefit accruing to a firm as a result of investing in a particular business activity. It is also described as the reward of an entrepreneur for investing his recourses in a particular business activity. It is the bottom line that indicates the efficiency of an entrepreneur or company's management in managing shareholder's wealth. The firm's profitability is the yardstick through which firm's performance is measured. It is an important aspect in determining the efficiency and effectiveness of management particularly in the utilization of investment made by shareholders to create more wealth as a return to the amount invested (Mohammadi, 2019). The concept of financial performance can be referred to as the act of measuring the firms' policy and operations in monetary term, the results of which is determined in the firm's Return on Assets (ROA), Return on capital employed (ROCE), Return on Equity (ROE) and Earning per Share (EPS) (Saliu & Adetoso, 2018). Financial performance is the measuring of an organization's policy and operations in monetary form. It also shows an organization's overall financial health over a period of time, and it helps to compare different organization's across all industries at the same time. Financial performance is a general measure of how well an organization generates revenues from its capital. Ekpoattai (2023) consider financial performance as a subjective measure of how well a firm uses it assets from primary mode of business to generate revenue. According to Babatunde and Adeniyi (2019), performance measures can be grouped into two basic types: those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization and innovation). This suggests that performance measurement frameworks can be built around the concepts of results and determinants. Ahannaya (2022) on the other hand, opine that performance measurement systems are considered information systems that are used to evaluate both individual and organizational performance. In order to assess financial performance, there are variety of indicators which may be used. According to Al-Dmour. (2018), there are four major indicators of financial performance in any organization. They are: customer satisfaction, internal process quality, employee satisfaction and profitability index. While the first three are qualitative in nature, hence cannot be measured in monetary terms, the last one is quantitative in nature, hence can be measured in monetary term. Some of the major measures of profitability indices include Return on Asset (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), Earnings per Share (EPS), profit after taxation (PAT) and so on (Al-Dmour, 2018).

Theoretical Framework

Stakeholder Theory: This study is anchored on the stakeholder theory which, according to (Babatunde and Adeniyi 2019),, emphasizes that some individual or group are very important for the survival of the

organization. This explanation is seen as organization oriented explanation, but in an earlier research freeman reported that stakeholder theory refers to any group or individual who can affect or who is likely to be affected by the achievement of the organization objective. Babatunde and Adeniyi (2019), supported these explanations because according to him, his definition of the stakeholder's theory was more balance and covers a wider area than those of Stanford Research Institute (SRI) (1963) who defined the theory as simply as those people who, without their support and ideas the organization would not exist. He further stated that Friedman definition was wider because it included individuals outside the firm and other groups that may consider themselves to be stakeholders of the organization without the firm acknowledging them to be so. The stakeholder in most organizations usually includes shareholders, employees, customers, lenders, suppliers, local charities, various interest group and government. Al-Dmour. (2018) reported that stakeholder's theory emphasizes that all stakeholders have right to be provided with relevant information about how the organization and this information could involve information about influence of pollution from the organization to the environment, information about community sponsorship, information on provision of employment, information on safety initiative provided by the organization. He also emphasized that this information should be provided to the stakeholders even though they do not affect the survival of the organization. **Asymmetric Theory :** The asymmetric information theory accepts that no less than one party to a transaction has significant information while others do not. Asymmetric information talks about a deviation from impeccable information. Mohammadi, (2019) opined that imbalances in access to information can easily influence the capital market for the trading of merchandise and business. It says that in some financial transactions, disparities in access to information annoy the ordinary market for the trading of merchandise and business. This theory gives a hypothetical clarification of the weight to unveil on the executives of the banks who are better put in the corporate structure to know the banks better and along these lines discharge the information they have to the financial specialists that will utilize same for basic leadership. Mohammadi, (2019) take note of that reviewed financial related articulations and intentional exposures are corresponding systems for directors to impart information. Mohammadi, (2019) watch that reporting autonomously inspected financial results play a 'corroborative part', enabling shareholders to assess the education and honesty of past optional Disclosures. Thus, this enables directors to solidly reveal value applicable information, regardless of the possibility that the information is not specifically unquestionable.

Empirical Framework

Ekpoattai (2023) conducted an empirical examination of Mandatory Corporate Reporting and Financial Performance of Listed Manufacturing Companies in Nigeria. The study was conducted out of the unending debates and opinions about the increasing corporate information through diverse compulsory corporate reports without commensurate effects on companies' financial performance. Thus, the specific objectives were to; examine the influence of International Financial Reporting Standards (IFRSs) disclosures and interim financial reporting on profitability (as proxy by Return on Assets, ROA) of the listed manufacturing firms in Nigeria. Three hypotheses were formulated in line with the objectives of the study. *Ex-post facto* research design was adopted in the study. The population of the study was made up of 40 active traded manufacturing firms in Nigeria. Census sampling technique was adopted in the study. Data were obtained from secondary sources - financial and non-financial and were sourced through content analysis method, reviewing, evaluating and computation of the required data and ratios from the firms' annual reports from 2012 - 2021. The data obtained were analyzed using descriptive statistics and multiple regression analyses. The results revealed that IFRSs disclosures and interim financial reporting both have significant positive influences on Return on Assets, ROA. It was concluded that Mandatory Corporate Reporting is crucial to higher financial performance of listed manufacturing companies in Nigeria. It was recommended in the study that FRCN, SEC, CAMA 2020 among other regulatory bodies as well professional regulatory body (ICAN) should ensure strict adherence to IFRS Principles-based method of Financial Reporting and they should also provide an enabling environment for companies to thrive, because mere switch to international best practice do not automatically guarantee increased financial performance. The purpose of the study, which was conducted by Ahannaya (2022), was to evaluate the relationship between financial reporting and organizational performance in Nigeria. Data was collected from ten Nigerian manufacturing companies. The researcher adopted expo facto research method in this study. The study adopted inferential statistics for panel data analysis. Results revealed that financial reporting has significant effect on organization performance ($R2 = 0.006$, $t= 4.145$ and $p = 0.001$) of selected manufacturing companies in Nigeria. The study concluded that a financial accounting report is a verifiable document through

which a corporate organization's condition and performance may be assessed. As a result, the study recommended the directors who are responsible for drafting this financial report in the traditional sense should ensure that it is prepared in accordance with best international practices. However, since this study has proved that both variables have a considerable influence on each other, management of publicly traded firms must propose new tactics to improve their financial reporting quality in order to dramatically boost their profit. Also, stakeholders and potential investors in publicly traded companies should be suspicious of any changes in the value of return on assets, because financial reporting quality has a direct impact on the variable, which in turn affects profit value.

Nerantzidis, (2018) examined the effect of IFRS adoption on the financial performance and value of the listed banks in Nigeria. Using a sample of 5 banks (8 years observation) that have adopted the international financial reporting standard (IFRS) from 2012 to 2015 and pre-IFRS period from 2008 to 2011, we can investigate performance and value of the listed banks. As the main objective of the study, we introduced panel data analysis on Return on Asset, Return on Equity and earnings per share (EPS) and IFRS dummy variable as the independent variables into the model. The paper uses the Fixed Effect Model as the appropriate estimator for analysis of the data. The estimated coefficient on the regime period (RR) term is statistically insignificant and positive in the models. The results suggested that the adoption of IFRS in Nigeria has not led to higher performance and increased value. Overall, results suggested that the findings of this study are utmost important financial analyst, policy-makers and concerned stakeholder to ensuring that all firms adopt IFRS and create easy access for comparability. This will enable relevant and reliable financial information to be passed to the capital market for investors to take an informed and relevant decision. Abakasanga, Ofurum and Ogbonna (2019) empirically examined the effect of financial reporting quality on financial performance of quoted banks in Nigeria using secondary data obtained from Nigeria stock exchange spanning from 2007 to 2016. Relevance of accounting information (measured by earnings and book value of equity predictive ability-EBVEP) and timeliness of accounting information (measured by audit report lag-ARL) were subjected to Hausman test and also regressed against performance variable: Price to earnings ratio -PER, Earnings yield -ENY and Dividend yield –DVY. Findings indicate a significant positive effect of EBVEP on PER and significant negative effects on ENY and DVY implying that an increase in EBVEP increases PER but decreases ENY and DVY. Similarly, a positive significant effect of ARL is found on PER and DVY but with a negative insignificant effect on ENY, implying that an increase in ARL increases PER and DVY but decreases ENY. The study therefore confirms that accounting information is value relevant and could be used for evaluation of accounting standards as well as for the investigation of the economic consequences of new accounting standards on the performance of quoted banks in Nigeria. the study therefore recommended that policy makers such as SEC, CBN, and FRCN should look into the audit report lag of quoted financial institutions in Nigeria and formulate policies to enforce compliance with the stipulated reporting requirements.

METHODOLOGY

The research design used in this research work is ex-post facto. In this research, the data used were obtained from already published. Secondary source was used to collect relevant data for this study. In particular, the annual reports of the companies under study for the period of (2019-2023) and other materials (the NSE Fact Book) served as another major sources of data collection. Independent Variables Financial reporting quality was measured by Timeliness. Timeliness is measured by audit report lag (ARL). Dependent Variable The dependent variable in the model is financial performance and is proxy by return on assets (ROA), Price to earnings ratio (PER). ROA = Net Profit / Total Assets. The price earnings ratio expresses the market price of the shares as the number of years of its current earnings. PER = Market price per share / Earnings per share. Earnings yield are the earnings per share for the most recent 12-months period divided by the current market price per share.

Thus, the functional form of the models is stated below:

FP = ROA, PER, ENY, DVY

ROA = f(EBVEP, ARL) (i)
PER = f(EBVEP, ARL) (ii)

ENY = f(EBVEP, ARL) (iii)

DVY = f(EBVEP, ARL) (iv)

From functional relationship, econometric models are specified thus:

$ROAit = w_0 + \alpha_1 ARL + U_1,t$ (v)

$PERit = w_0 + \alpha_1 ARL + U_2,t$ (vi)

$ENY_{it} = w_0 + \alpha_1 ARL + U_3,t$ (vii)

$DVY_{it} = w_0 + \alpha_1 ARL + U_4,t$ (viii)

Where:
ROA = Return on assets measured as the ratio of net profit to total assets

PER = Price earnings ratio measured as the ratio of the current market price of share to its EPS

ENY = Earnings yield measured as the ratio of the EPS to the current market price

DVY = Dividend yield measured as the ratio of the DPS to the current market price ARL = Audit Report Lag (measuring TMAI).

i = number of companies

t = period covered in the study

Ui,t = Error term intercepts slope coefficients

$\alpha_0, \beta_0, w_o,$ =

α_1, β_1, w_1 =

Data Presentation and Analysis
Descriptive Statistics

Table 1: Descriptive Summary of the Data

Statistics	PER	ENY	DIVY	ROA	TMAI
Mean	18.33245	-0.513068	0.079551	0.092547	87.73469
Median	6.100000	0.115000	0.056000	-1.677479	83.00000
Maximum	932.0000	35.36000	1.102000	36.96757	256.0000
Minimum	29.90000	-126.3750	0.000000	-10.27049	17.00000
Std. Dev	78.49516	15.65709	0.134589	9.170925	33.47077
Skewness	10.87794	-6.161360	5.994070	1.821668	1.642286
Kurtosis	126.6499	51.00771	44.58900	6.971263	8.023972
Jarque-Bera	96546.09	15046.61	11474.33	177.8996	220.6759
p-value	0.000000	0.000000	0.000000	0.000000	0.000000
Obs	100	100	100	100	100

Source: Researcher's estimation using E-views 10.0 output

From the descriptive statistics, it is observed that PER has an average value of 18.332 with maximum and minimum values of 932.0 and -29.90 respectively. The standard deviation stood at 78.49516 which is high and also looking at the difference between the maximum and minimum values suggest some substantial deviations of the PER for the firms in the sample from the mean. The average ERNY is -0.513068 with a maximum value of 35.360 and minimum value of -126.3750 respectively. The standard deviation stood at 15.657 which is high and also looking at the difference between the maximum and minimum values suggest some substantial deviations of the ERNY for the firms in the sample from the mean. DIVY has a mean of 0.079551k with maximum and minimum values of 1.102000 and minimum of 0.00 respectively. The standard deviation which describes the extent of dispersion of the mean stood at 0.134 which is quite benign and suggests some level of clustering of DIVY around the mean. This implies that PER varies significantly across the companies. ROA has a mean value

of 0.0925 with maximum and minimum values of 36.96757 and -10.27049 respectively. The standard deviation stood at 9.1709 indicating the extent of dispersion in distribution. The average TMAI for the companies in the sample is about 87 days with maximum and minimum lags of 256 days and 17 days respectively with a standard deviation of 33.47 indicating the extent of dispersion in distribution. The Jacque-bera statistics for all the variables reveals that the series are normally distributed given that the probability values for the J.B statistics are all less than 0.05.

Table2: Correlation Analysis

The results of analysis of correlation between the variables of study are indicated on the table below:

	DIVY	ENY	PER	ROA	TMAI
DVY	1				
ENY	0.02608	1			
PER	-0.082330	0.00852	1		
ROA	-0.23522	-0.0311	0.216837	1	
TMAI	0.063628	0.06321	0.15825	0.1209	1

Source: Researcher's estimation using E-views 10.

Table. 2 shows the correlation statistics for the variables and as observed we examined the correlations between the dependent variables and the set of independent variables. We find that TMAI is positively correlated with ENY(r=0.06321), DVY(r= 0.0636), PER(r=0.158), and ROA(r=-0.1209). The correlation coefficients imply that positive correlations indicate that a rise in one variable will be associated with an increase in the other variable and vice-versa. However, correlations are limited in their inferential abilities as they do not necessarily imply causality in a strict sense.

Test of Hypotheses

Ho 1: There is no significant relationship between the quality of financial reporting and price earnings ratio of selected quoted companies in Nigeria.

Table. 3: Test of Hypothesis One

	Aprori sign	*RE*	*FE*	*FE*
C		-15.778* (20.3809) {0.4401}	11.4186 (3.4922) {0.0014}	-0.5827 (30.7832) {0.9849}
TMAI		-0.3859 (0.3118) {0.2178}	0.07641* (0.0377) {0.0452}	0.08371** (0.0445) {0.0628}
FSIZ				0.4387 (1.0177) {0.6672}
Model Parameters				
R^2		0.02740	0.4085	0.430
Adj R^2		0.0207	0.3418	0.345
F-Stat *P(f-stat)* *D.W*		4.1418 0.0436 2.28	6.1239 0.000 2.2	5.069 0.000 2.1
Model Diagnostics				
Hausman		0.0012		
B-G for serial corr.	0.893			
B-P-G for Hetero.	0.554			
Ramsey Test	0.421			

Source: Researchers compilation (2026)

( ) are standard errors; { } are p-values, * sig at 5%

The *p*-value of the Hausman test statistic (0.0012) indicates that the RE method may give bias and inconsistent estimators when compared to FE model and hence the FE estimation is preferred. As shown in the results, the R^2 for the FE model is 0.4085 which implies that the model explains about 40.85% of the systematic variations in the dependent variable with an adjusted value of 34.18%. The F-stat is 6.123 (p-value=0.00) is significant at 5%

and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. The analysis of coefficients reveals that the effect of financial reporting quality (measured by timeliness) on price earnings ratio (PER) is positive (0.0764) and significant at 5% {p=0.0337}. This leads us to reject the null hypothesis of no significance effect of timeliness of accounting information on price earnings ratio, hence we conclude that financial reporting quality (measured by timeliness) has significant impact on price earnings ratio of selected quoted companies in Nigeria.

Ho 2: Quality of financial reporting has no significant effect on return on asset of selected quoted companies in Nigeria.

Table. 4: Test of Hypothesis Two

	Aprori sign	***RE***	***FE***	***FE***
C		0.08243* (0.0122) {0.000}	0.08243* (1.74e-18) {0.0000}	0.18130 (0.1611) {0.2626}
TMAI		-0.0038* (0.0010) {0.0005}	-0.0041* (0.0015) {0.0067}	-0.0028* (0.000) {0.0045}
FSIZ				-0.0035 (0.0058) {0.5420}
Model Parameters				
R^2		0.057	0.1732	0.311
Adj R^2		0.0507	0.0807	0.227
F-Stat *P(f-stat)* *D.W*		8.9593 0.003 2.3	1.8722 0.0312 2.5	3.7 0.000 2.47
Model Diagnostics				
Hausman		0.0314		
B-G for serial corr.	0.893			
B-P-G for Hetero.	0.554			
Ramsey Test	0.421			

Source: Researchers compilation (2026)

( ) are standard errors; { } are p-values, * sig at 5%

From the Table above, the *p*-value of the Hausman test statistic (0.0314) indicates that the RE method may give bias and inconsistent estimators when compared to FE model and hence the FE estimation is preferred. As shown in the results, the R^2 for the FE model is 0.1732 which implies that the model explains about 17.32% of the systematic variations in the dependent variable. The F-stat is 1.8722(p value=0.0312) is significant at 5% and suggest that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected. The analysis of coefficients reveals that the effect of financial reporting quality (measured by timeliness) is negative (-0.0041) and significant at 5% {p=0.0067}. The result implies that the timeliness of accounting information is significant factor influencing return on assets though the negative sign of the variable does not conform to apriori expectation. With this, the null hypothesis of no significance effect of timeliness of accounting information on return on assets is rejected, and as such, it can be concluded financial reporting quality (measured by timeliness) has significant impact on return on assets of selected quoted companies in Nigeria.

Conclusion

Financial reporting quality is a measure that helps firms to reduce information risk and liquidity, thereby preventing managers from using discretionary powers for their own advantage and helps them to make efficient investment decision. Financial reports issued by companies are essential resources for any market participant because it helps to reduce information asymmetry among managers, investors, regulators and other stakeholders. This study investigated the impact of financial reporting quality on financial performance of selected quoted companies in Nigeria. Timeliness of accounting information was used as the measure of financial reporting quality while four proxies of financial performance (price earnings ratio, return on assets, dividend yield and earnings yield) were used for the study. The research evidence above showed that while timeliness of accounting

information has significant positive impact on earnings ratio, dividend yield and earnings yield, the impact of timeliness on return on assets is significantly negative. In view of these findings, the study concluded that there is a statistically significant positive impact of financial reporting quality on financial performance of the selected quoted companies in Nigeria. this shows that the quicker the time period of making accounting information available to stakeholders, the more confidence these stakeholders will have in the financial reports, and this will ultimately lead to more investment opportunities which will improve financial performance. On the basis of the findings of this study, the following recommendations are put forward: Managers are advised to observe ethical standards in the preparation and presentation of financial statements in order to ensure that the information content of general-purpose financial statements prepared by companies in Nigeria align with its stock market value. Policy makers such as Securities and Exchange Commission (SEC) and Financial Reporting Council of Nigeria (FRCN) should look into the audit report lag of quoted companies in Nigeria and formulate policies to enforce compliance with the stipulated reporting requirements. This will assist in restoring investors' confidence in financial reporting.

REFERENCES

[1] Abakasanga, N. O., Ofurum, C. O., & Ogbonna, G. N. (2019). Financial reporting quality and financial performance of quoted banks in Nigeria. *Research Journal of Finance and Accounting*, 10(9), 62-84.

[2] Abolaji, O. B., & Adeolu, O. O. (2021). Perceived effects of International Financial Reporting Standards (IFRS) adoption on quality financial reporting of quoted companies in Nigeria. *Research Journal of Finance and Accounting*, 6(23), 1-8.

[3] Adeyemi, A. D., & Asaolu, T. (2019). An empirical investigation of the financial reporting practices and banks stability in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review,* 2(5), 157-180.

[4] Ahannaya, C. G. (2022). Financial reporting and organisational performance in Nigeria. *Science Publishing Group Innovation*, 3(1), 26-32.

[5] Akewushola, R. O., & Saka, R. O. (2018). Executive compensation and organizational financial performances: Evidence from selected diversified firms in Nigeria. *Journal of Business and Management*, 20(3), 8-17.

[6] Akgün, A. İ. (2021). The reliability of financial reporting within corporate governance: Evidence from Turkey. *Journal of Accounting and Finance*, 2(71), 179-199.

[7] Al-Dmour, A. H., Abbod, M., & Al-Qadi, N. S. (2018). The impact of financial reporting quality on non-financial business performance and the role of organisations demographic attributes. *Academy of Accounting and Financial Studies*, 22(1), 1-19.

[8] Babatunde, A. A., & Adeniyi, A. (2019). The effect of financial reporting quality on corporate performance in Nigeria. *Sumerianz Journal of Economics and Finance*, 2(12), 147-155.

[9] Chan-Jane, L., Tawei, W., & Chae-Jung, P. (2015). Financial reporting quality and investment decisions for family firms. *Asia Pacific Journal of Management*, 3(7), 1-34.

[10] Choi, T. H., & Pae, J. (2016). Business ethics and financial reporting quality: Evidence from Korea. *Journal of Business Ethics,* 103(3), 403-427.

[11] Ekpoattai, O. I. (2023). Mandatory corporate reporting and financial performance of listed manufacturing companies in Nigeria. *Journal of Finance and Accounting*, 11(1), 1-13.

[12] Habib, A., & Jiang, H. (2020). Corporate governance and financial reporting quality in China: A survey of recent evidence. *Journal of International Accounting, Auditing and Taxation*, 24(8), 29-45.

[13] Hassan, S. U., & Bello, A. (2022). Firm characteristics and financial reporting quality of listed manufacturing firms in Nigeria. *International Journal of Accounting, Banking and Management*, 1(6), 47-63.

[14] Herath, S. K., & Albarqi, N. (2023). Financial reporting quality: A literature review. *International Journal of Business Management and Commerce*, 2(2), 1-14.

[15] IASB. (2018). *Exposure draft on an improved conceptual framework for financial reporting: The objective of financial reporting and qualitative characteristics of decision-useful financial reporting information.* London.

[16] Jaballah, E., Yousfi, W., & Ali, Z. M. (2019). Quality of financial reports: Evidence from the

Tunisian firms. *E3 Journal of Business Management and Economics, 5*(2), 30-38.

[17] Martínez-Ferrero, J. (2019). Consequences of financial reporting quality on corporate performance. Evidence at the international level. *Estudios de Economía, 41*(1), 49-88. Mironiuc, M., Carp, M., & Chersan, I. C. . The relevance of financial reporting on the performance of quoted Romanian companies in the context of adopting the IFRS. *Procedia Economics and Finance*, 2*(20*), 404-413.

[18] Mohammadi, S. M (2019). The relationship between financial reporting quality and investment efficiency in Tehran Stock Exchange. *International Journal of Academic Research in Business and Social Sciences* 4(6), 30-40.

[19] Nerantzidis, M. (2018). Enhancing financial reporting: Challenges and opportunities in corporate governance statements, corporate governance: *The International Journal of Business in Society*, 18(5), 773-778.

[20] Nwaobia, A. N., Kwarbai, J. D., & Ajibade, A. T. (2016). Financial reporting quality on investors decisions. *International Journal of Economics and Financial Research, 2*(7), 140-147.

[21] Ojeka, S. A., Mukoro, D. O., & Kanu, C. (2019). Does financial reporting disclosures enhance firm financial performance in the Nigerian manufacturing companies? *Mediterranean Journal of Social Sciences*, *6*(6), 332-337.

[22] Saliu, P. O., & Adetoso, A. J. (2018). Relevance of financial reporting on profitability of quoted companies in Nigeria. *International Journal of Economics, Commerce and Management,* 6(3), 357-74.

[23] Shehu, U. H., & Ahmad, B. (2018). Firm characteristics and financial reporting quality of listed manufacturing firms Nigeria. *International Journal of Accounting, Banking and Management, 1*(6), 47-63.

[24] Shehu, U. H. (2018). Financial reporting quality, does monitoring characteristics matter? An empirical analysis of Nigerian manufacturing sector. *The Business & Management Review, 3*(5), 147-155.

[25] Uwuigbe, U., Uwuigbe, O. & Durodola, M. (2022). IFRS adoption and value relevance of accounting information in Nigeria. *International Journal of Economics and Financial Issues*, *7*(3), 1-8.