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Research article

DISCLOSURE, FINANCIAL ACCOUNTING INFORMATION AND CORPORATE GOVERNANCE IN LISTED COMPANIES IN NIGERIA.

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ABSTRACT

There is increasing pressure on companies to be responsible to the society which has influenced them to operate in an environmentally responsible manner. As various stakeholders demand greater disclosure of environmental impacts and performance, a large number of companies all over the world have started reporting on these issues. Disclosure has been a most efficient and effective mechanism for inducing managers to manage better, with better understanding by those who are interested in the affairs of the organisation. The contents of financial statements and information attaching to it strive to achieve greater corporate disclosure requirements. The aim of this paper is to assess relationship between corporate governance, financial accounting information and disclosure requirements for listed entities in Nigeria. A survey methodology was utilized involving a selected sample of information users. Kruskal – Wallis test was conducted to analyse the data. The study presented a number of recommendations that may be helpful in improving the efficiency of the Nigerian Stock Exchange NSE, which in turn will contribute to the Nigerian economy as a whole.

KEYWORDS: Society, Disclosure Requirements, Financial Information, Corporate Governance

INTRODUCTION

Disclosure represents one of the pillars of corporate governance. Several scandals have occurred worldwide due to lack or improper corporate disclosures. Different stakeholders use corporate disclosure in their decision-making process. Disclosure is defined in the accounting literature as “informing the public by financial statements of the firm” Corporate disclosure falls into two broad categories: mandatory and voluntary. On one hand, mandatory disclosure consists of information disclosed in order to comply with the requirements of laws and regulations. On the other hand, voluntary disclosure is any information disclosed in addition to the mandatory disclosure. Voluntary disclosure is defined as “free choices on the part of company managements to provide accounting and other information deemed relevant to the decision needs of users of their annual reports(Abdelkarim&Shahin2009).The importance to advance our understanding of disclosure practices by companies is pointed by the institutional part that plays the information disclosed by a company. It helps regulating the relations that exist between a firm and its environment. Accounting information is used to construct an interface between the organisation and its environment who seek to pursue an interest in it. Visibility of the organisation depends on accounting information quality. But this visibility also depends on the company’s negotiation margins and its economic and social objectives. Thus, disclosure quality is determined by an internal expert judgement according to the pressure of the company’s environment(Nermeen , 2014)

As accounting standards have become more complex, some companies' footnotes have grown to include hundreds or even thousands of disclosures. That led to fears in the accounting profession of information overload, as well as discussions among accountants and regulators about ways to streamline disclosure requirements. Some disclosures are broad in their implications and provide fundamental details about how a company handles its finances, such as its criteria for recognizing revenue and expenses. Others are narrower, providing context for a single number in a statement. Many disclosures focus on risk and uncertainty -- how much of accounts receivable is likely to go uncollected, for example, or how many warranty claims it expects to have to handle. Accounting disclosure reduces the information asymmetry between informed and uninformed investors that would otherwise lead to market inefficiencies and the mispricing of firms' stocks. Firms that provide extensive disclosures tend to exhibit a significant appreciation in their stock returns, which may be unrelated to their current financial performance(Bushman & Smith, 2001). The reduction of uncertainty and information asymmetry would smoothen the communication between managers and other related interested parties, such as shareholders, lenders, regulatory, tax and supervisory authorities, financial analysts, etc.

Research Problem

The issue of financial information disclosure by Nigerian quoted companies has been unsatisfactory despite the introduction of several financial reporting standards over the years. The use of paper-based annual reports as a means of communicating financial information to shareholders limits the content of needed qualitative information disclosed, thus, increasing the risks of companies being undervalued by market. Overall, the corporate disclosure process is a complex one, as many parties are affected by this process, therefore, continuous research efforts are needed to enhance such a process.(Abdelkarim, Shahin&Arqawi ,2009)In addition, a further research is warranted to examine current corporate reporting and disclosure practices whether such practices meet the users' demand. It is against this that the paper aims, to examine relationship between corporate governance, financial accounting information and disclosure requirements for listed companies in Nigeria.

Objectives

The main objective of the paper is to assess the relationship between corporate governance, financial accounting information and disclosure requirements for listed entities in Nigeria. The specific objectives are; (1) to determine extent of compliance of corporate governance with disclosure requirements for listed companies in Nigeria. (2) To determine extent of compliance of financial accounting information with disclosure requirements for listed companies in Nigeria.

Hypotheses

1. H_0 there is no relationship between financial accounting information and disclosure requirements.

2. H_0 there is no significant relationship between corporate governance and disclosure requirements.

Theoretical framework

Managers tend to disclose information about their performance in order to favourably affect the firm's stock returns and ultimately their stock-related compensation plans. Managers appear to plan the timing of disclosing good and bad news in order to maximise their compensation. In periods of uncertainty, managers tend to provide earnings forecasts in order to reassure investors and restore their confidence and therefore avoid (extreme) variability in the stock returns and their compensation. The threat of litigation due to inadequate disclosures can motivate managers to provide voluntary disclosures to reduce the cost of litigation. These theories are defined based on the causes and effects of variables such as: the configuration of the board of directors, audit committee, independence of managers, accounting information, the role of top management and their social relations beyond the legal regulatory framework.(Nasieku,Olubunmi&Togun ,2014)

Agency Theory

Corporate governance has traditionally been associated with the "principal-agent" or "agency problem". A "principal-agent" relationship arises when the person who owns a firm is not the same as the person who manages or controls it. For example, investors or financiers (principals) hire managers (agents) to run the firm on their behalf. Investors need managers' specialised human capital to generate returns on their investments and managers may need the investors' funds since they may not have enough capital of their own to invest. In this case there is a separation between the financing and the management of the firm, i.e. there is a separation between ownership and control, (Berle& Means 1932). Much of the contemporary interest in corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Regulations are another means of mitigating the agency problem as they require managers to fully disclose private information (Healy &Palepu, 2001). However, full disclosure is never guaranteed even in the presence of regulations. The absence of full disclosure is explained by the conflict that exists between the interests of managers and shareholders. In addition, corporate reporting regulations are intended to provide investors with the minimum quantity of information that helps in the decision-making process (Al-Razeen&Karbhari 2004).

Legitimacy theory

The legitimacy theory assumes that a company has no right to exist unless its values are being perceived as matching with that of the society at large where it operates (Dowling &Pfeffer, 1975; Lindblom, 1994). Accordingly, the idea of the legitimacy theory resembles a social contract between the company and the society. Since the objective of accounting is providing users with information that help in decision-making, i.e., satisfy social interests, the theory has been integrated in accounting studies as a "means of explaining what, why, when and how certain items are addressed by corporate management in their communication with outside audiences". Since the legitimacy theory is based on the society's perception, management is forced to disclose information that would change the external users' opinion about their company (Cormier & Gordon, 2001). The annual report has been detected as an important source of legitimation (Magness, 2006) Legitimisation can occur both through mandatory disclosures - disclosures provided in financial statements because of regulations, and voluntary disclosures provided in other sections of the annual report (Lightstone& Driscoll, 2008).

Litigation cost Theory

The threat of shareholder litigation can have two effects on managers' disclosure decisions. First, legal actions against managers for inadequate or untimely disclosures can encourage firms to increase voluntary disclosure. Second, litigation can potentially reduce managers' incentives to provide disclosure, particularly of forward-looking information. (Skinner 1994) examines the first of these effects and hypothesizes that managers of firms with bad earnings news have an incentive to pre-disclose that information to reduce the cost of litigation. This hypothesis presumes that in the absence of litigation managers have incentives to time the disclosure of good and bad news symmetrically. Litigants and courts, therefore, rationally focus on whether there were delays in bad news announcements. One question that arises about the litigation hypothesis is why pre-disclosure of poor performance reduces the risk of litigation. Is it because delaying bad news until a required earnings announcement is prima facie evidence that management did not voluntarily disclose information to investors in a timely manner. Alternatively, some suggest that pre-disclosure of bad news is beneficial because it spreads the stock price decline over multiple dates, thereby reducing the likelihood of being detected in screens used to identify claims (Adeyemi 2006), of course, this presumes that investors do not make an unbiased assessment of the bad news conveyed by a pre-announcement of earnings. The price drop would then occur at the pre-release date rather than the subsequent earnings announcement, and would continue to hit the screen used to identify potential claims. Litigation potentially reduces incentives to provide disclosure, particularly of forward-looking information, if managers believe that the legal system penalizes forecasts made in good faith because it cannot effectively distinguish between unexpected forecast errors due to chance and those due to deliberate management bias.

Concept of Disclosure

Nowadays, every organization whether it is public or private, big or small, profitable or non -profitable is looking forward to satisfy customers, investors, creditors, suppliers, regulators and the public at large. They are trying to operate in a way that makes all those users or stakeholders appreciate them. One way for these organizations to improve their performance is by showing their responsibility toward the environment. In many countries, disclosure of some environmental information has also been made mandatory. However, various research findings have suggested that these disclosures vary across sectors, industries and countries (Pahuja, 2009). Published annual reports are required to provide various users - shareholders, employees, suppliers, creditors, financial analysts, stockbrokers, management, and government agencies – with timely and reliable information useful for making prudent, effective and efficient decisions. The extent and quality of disclosure within these published reports vary from company to company and also from country to country. Literature reveals that the level of reliable and adequate information by listed companies in developing countries lags behind that in developed ones and government regulatory forces are less effective in driving the enforcement of existing accounting standards. Non-disclosure results from immature development of accounting practice in developing nations (Osisioma, 2001). The government regulatory bodies and the accountancy profession in these nations suffer from structural weaknesses which could encourage corporate fraud at the expense of those that have economic and proprietary interest in the business environment. In the Nigerian context, World Bank Group has conducted comprehensive studies of Nigerian listed companies. It is observed that the Nigerian financial reporting practices are deficient (World Bank, 2004).Apart from the studies conducted by the World Bank, disclosure practices by Nigerian companies have been empirically investigated.(Ebiringa&Kule,2014). Their observation is quite similar in that they all found the Nigerian corporate reporting practices to be weak. Information disclosure of Nigerian firms and the influencing factors has not been sufficiently investigated (Adelopo, 2011). Corporate disclosures can be in two forms: mandatory or voluntary. Mandatory disclosures include information that is disclosed based on the expectations of regulatory authority in the country (such as Security and Exchange Commission, Companies and Allied Matters Act). The impact of corporate disclosure on the value of the firm has received diverse attention in extant studies. (Hassan& Marston, 2010). This is due to the economic consequence of corporate disclosure on the firm. For instance, the cost of corporate disclosure is cheaper compared to cost of less or non-disclosure. This includes cost of law suits that occur when firm information misleads stakeholders. This implies that more attention is needed in the preparation of corporate annual reports. In Nigeria, the need for better transparency has remained the high priority for policy makers. For instance, the Security and Exchange Commission (2012) noted that some of the standards set up to regulate corporate governance-2003 code of corporate governance, is not sufficient to address the transparency issues of listed Companies. This led to the development of other corporate governance code in Nigeria such as the code of Corporate Governance for Public Companies in Nigeria, developed by the 2008 National Committee that was set up by the Securities and Exchange Commission for the review of the 2003 Code of Corporate Governance for Public Companies in Nigeria. Oyerogba,(2014) concluded that the result of the study was consistent with the hypothesis of the study on showing that the higher level of disclosure provided in the Nigerian annual reports reduces the spread between bids and asks and there by increases the stock market liquidity. This result suggests that disclosure is likely to bean important factor in increasing a company's stock market liquidity, supporting the applicability of signalling theory in the context of Arab financial markets and recommended that Nigerian companies listed at the NSE ought to disclose more information via annual report.

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Financial Accounting Information

Financial accounting information is the product of corporate accounting and external reporting systems that measures and routinely discloses audited, quantitative data concerning the financial position and performance of publicly held companies. Audited statement of financial position, income statements and cash-flow statements, along with supporting disclosures, form the foundation of the firm-specific information set available to investors and regulators. Developing and maintaining a sophisticated financial disclosure regime is not cheap. Countries with highly developed securities markets devote substantial resources to producing and regulating the use of extensive accounting and disclosure rules that publicly traded firms must follow. Resources expended are not only financial, but also include opportunity costs associated with deployment of highly educated human capital, including accountants, lawyers, academicians, and politicians. In the United States, the SEC, under the oversight of the U.S. Congress, is responsible for maintaining and regulating the required accounting and disclosure rules that firms must follow. These rules are produced both by the SEC itself and through SEC oversight of private standards-setting bodies such as the Financial Accounting Standards Board and the Emerging Issues Task Force, which in turn solicit input from business leaders, academic researchers and regulators around the world. In addition to the accounting standards-setting investments undertaken by many individual countries and securities exchanges, there is currently a major, well-funded effort in progress, under the auspices of the International Accounting Standards Board (IASB), to produce a single set of accounting standards that will ultimately be acceptable to all countries as the basis for cross-border financing transactions. A fundamental objective of governance research in accounting is to investigate the properties of accounting systems and the surrounding institutional environment important to the effective governance of firms. Bushman &Smith (2001) provide an extensive survey and discussion of governance research in accounting and provide ideas for future research. This paper, considers corporate disclosure more generally, which includes financial accounting information as one element of a complex information infrastructure. Accounting policy choice and incentive considerations affect the quality of accounting disclosure and the communication between firms and users of accounting information. There are cases where managers influence the reported earnings in order to maximise their interests, such as to improve their reputation and reinforce the stock returns and their compensation plans (Sanjai B.& Bolton B. 2005). Managers also tend to influence their accounting numbers in order to meet their financial obligations and abide by the debt covenants that are set by lenders (Lambert, 2007). The violation of debt covenants would be a negative signal of corporate performance, and would therefore have negative implications for the creditability and stock behaviour of the firm. Earnings management is also related to managers' objective to avoid political costs and attention, regulatory costs, taxes, etc. It appears that the behaviour of managers may sometimes be opportunistic, which implies that their corporate goals may be in contradiction to stakeholders' interests. Overall, accounting policy choice and disclosure can be regarded as part of the contracting process also the disclosure or non-disclosure of certain accounting information affects the financial position of firms. Such information would be useful for the accounting standard setting process, particularly with regards to whether more frequent and stricter financial reporting should be imposed (Latridis,2008).

Issues of Corporate Governance

The Asian financial crisis has rekindled worldwide interest in the issue of corporate governance. In recent years, pushing for higher governance standard has become a regular campaign with the participation of an increasing number of parties: academics, media, regulatory authorities, corporations, institutional investors, international organizations, shareholder rights watchdogs, etc. Numerous initiatives have also been proposed by developed and emerging countries to enhance their corporate governance practice, for example, new listing/disclosure rules, mandatory training for board directors, enforced codes of governance, etc. International organizations are also very keen on governance issues. The International Monetary Fund has demanded that governance improvements should be included in its debt relief program. In 1998, the Organization of Economic Cooperation and Development (OECD2010) issued its influential OECD Principles of Corporate Governance, which are intended to assist member and non-member countries in their efforts to evaluate and improve the legal, institutional and regulatory framework for better corporate governance. Corporate governance has also gained unparalleled importance in Nigeria.

Over three hundred years ago, in his masterwork “The Wealth of Nations”, Adam Smith raised the issue of the separation of ownership and stewardship in joint-stock corporations. It was therefore suggested that a set of effective mechanisms should be in place to resolve the conflict of interests between firm owners and managers. Modern academic literature on corporate governance stems from the seminal book by Berle& Means (1932), who argued that, in practice, managers of a firm pursued their own interests rather than the interests of shareholders. The contractual nature of the firm and the principal-agent problem highlighted by Berle and Means led to the development of the agency approach to corporate finance. Over the years, in particular in the last quarter century, there has been rapid growth in both theoretical and empirical studies in this area. Broadly speaking, there are two types of mechanisms between owners and managers, and between controlling shareholders and minority shareholders. The first type consists of internal mechanisms (e.g., ownership structure, executive compensations, board of directors, financial disclosure), while the second are external mechanisms (e.g., external takeover market, legal infrastructure, protection of minority shareholders, etc.).

Financial Accounting Information and Corporate Governance Mechanisms

It is important to recognize that the governance of firms is exercised through a portfolio of governance mechanisms, and so it is important to understand potential interactions between mechanisms. Consider product market competition and the use of accounting information in governance.(Aggarwal &Samwick,1999) argue that in more competitive industries (higher product substitutability), wage contracts are designed to incorporate strategic considerations and create incentives for less aggressive price competition. DeFond and Park (1999), examining CEO turnover probabilities, posit that in more competitive industries, peer group comparisons are more readily available, creating opportunities for more precise performance comparisons.(Jagannathan & Srinivasan 1999) examine whether product market competition, as measured by whether a firm is generalist (likely to have more comparable firms) or a specialist(few peers), reduces agency costs in the form of free cash-flow problems. If increased competition reduces agency costs and creates more peer comparison opportunities (including the supply of potential replacement executives), how is the design of incentive contracts impacted? Competition can impact the relative value of own-firm and peer-group accounting information as a function of competitiveness. It is also possible that the extent of competition influences the costs to disclosing proprietary information, impacting the amount of private information and the relative governance value of public performance measures. Adoption of anti-takeover legislation presumably reduces pressure on top managers. They attempt to distinguish between optimal contracting and skimming theories in explaining observed contracting arrangements. Do shareholders, observing weakening of one disciplining mechanism, respond by strengthening another, say, pay-for-performance, Or do CEOs facing reduced threat of hostile takeover exploit this reduced pressure to skim more resources by increasing their mean pay? Chalaki, ,Didar. &Riahinezhad M.(2012) find that pay-for-performance sensitivities (especially for accounting measures of performance)and mean levels of CEO pay increase after adoption of anti-takeover legislation. They further separate their sample into two groups based on whether the firm has a large shareholder (5 percent block holder) present or not. They find that firms with a large shareholder increased pay-forperformance, while firms without a large shareholder increased mean pay. They also empirically examine the responsiveness of pay to luck, using three measures of luck. First, they perform a case study of oil-extracting firms where large movements in oil prices tend to affect firm performance on a regular basis. Second, they use changes in industry-specific exchange rates for firms in the traded goods sector. Third, they use year-toyeardifferences in mean industry performance to proxy for the overall economic fortunes of a sector. For all the three measures, they find that CEO pay responds to luck. However, similar to the takeover results, they find that the presence of a large shareholder reduces the amount of pay for luck. These results raise important questions about the optimality of observed governance configurations in the United States. Finally, complex interactions can exist between incentive contracts written on objective performance measures and features of organizational design such as promotion ladders, allocation of decision rights, task allocation, divisional interdependencies, and subjective performance evaluation.

Financial Accounting Information Disclosures

Enterprises should disclose their financial and operating results. One of the major responsibilities of the board of directors is to ensure that shareholders and other stakeholders are provided with high-quality disclosures on the financial and operating results of the entity that the board of directors have been entrusted with governing. Almost all corporate governance codes around the world, including the OECD specifically require the board of directors to provide shareholders and other stakeholders with information on the financial and operating results of a company to enable them to properly understand the nature of its business, its current state of affairs and how it is being developed for the future.(OECD2010) The quality of financial disclosure depends significantly on the robustness of the financial reporting standards on the basis of which the financial information is prepared and reported. In most circumstances, the financial reporting standards required for corporate reporting are contained in the generally accepted accounting principles recognized in the country where the entity is domiciled. Over the last few decades, there has been increasing convergence towards a setof non-jurisdiction specific, widely recognized financial reporting-standards. The International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board provide a widely recognized benchmark in this respect. Furthermore, the board of directors could enrich the usefulness of the disclosures on the financial and operating results of a company by providing further explanation, for example in the Management's Discussion and Analysis section of the annual report, on critical accounting estimates1 of the company in addition to the disclosure required by the applicable financial reporting standards. The board could clearly identify inherent risks and estimates used in the preparation and reporting of the financial and operational results of the company in order to give investors a better understanding of the risks they are taking in relying on the judgement of management. For example, in some cases, financial reporting measurement requirements call for the valuation of certain assets on a fair value basis. However, while assets deep markets might exist and fair value could be obtained with reasonable objectivity that might not be the case for others. Situations of the latter kind may invite management to exercise great latitude and influence the direction of earnings in its favour by resorting to less objective estimates based on modelling hypothetical markets. In addition to the disclosure required by the applicable financial reporting standards, the board of directors may provide further comfort to shareholders and other stakeholders by disclosing that the board or its audit committee has reviewed fair value computations, if any, and that the computations were conducted in an objective manner. The board's responsibilities regarding financial communications should be disclosed(Egedegbe 2009)

A description of the board's duties in overseeing the process of producing the financial statements should be provided. This is useful for supporting the notion that the board is responsible for creating an overall context of transparency. It is generally accepted that the board has responsibility for reporting on the financial and operating results of the corporation. Almost all corporate governance codes describe the basic responsibility of the board for reviewing financial statements, approving them, and then submitting them to shareholders. When the duties of the board in this area are clearly disclosed, shareholders and other stakeholders could find it useful in providing an additional level of comfort regarding the fact that the financial statements accurately represent the situation of the company. The quality of financial disclosure could be undermined when consolidation requirements on financial reporting are not followed appropriately. In this respect, the board of directors could provide additional comfort to users of its financial reports. For example, the board of directors could state that it had ascertained that all subsidiaries and affiliated entities, including special-purpose ones, which are subject to consolidation as per the financial reporting standards applicable to the entity, have been properly consolidated and presented. Enterprises should fully disclose significant transactions with related parties. Many shareholders and stakeholders would be interested in information that would help them determine that management is running the enterprise with the best interest of all shareholders and stakeholders in mind and not to unduly benefit any related parties. Most national financial reporting standards, and IFRS, require extensive disclosure on this matter. However, in circumstances where the financial reporting requirements are less stringent, as a minimum, the board of directors should provide the following disclosures that are generally considered best-practice: significant related-party transactions and any related-party relationships where control exists; disclosure of the nature, type and elements of the related-party transactions; and related-party relationships where control exists (irrespective of whether there have been transactions with parties under common control). The decision-making process for approving related-party transactions should also be disclosed. Members of the board and managers should disclose any material interests in transactions or other matters affecting the company.

CORPORATE GOVERNANCE DISCLOSURE

A strong disclosure regime is a pivotal feature of market-based monitoring of corporate conduct and is central to the ability of shareholders to exercise their voting rights effectively. Experience in countries with large and activeequity markets shows that disclosure can also be a powerful tool for influencing the behaviour of companies and for protecting investors. A strong disclosure regime can help to attract capital and maintain confidence in capital markets. Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management and make informed decisions about the valuation, ownership and voting of shares. Insufficient or unclear information may hamper the ability of markets to function, may increase the cost of capital and result in a poor allocation of resources. Disclosure also helps improve public understanding of the structure and activities of companies, their policies and performance with respect to environmental and ethical standards and their relationships with the communities in which they operate. Since 1996, the OECD has been working to review and analyse international corporate governance issues. In May 1999, the OECD published a set of principles on corporate governance, which was the first inter-governmental attempt to develop international standards for corporate governance. The OECD principles establish that the statutory and regulatory corporate governance framework should ensure that timely and accurate disclosure is made on all matters regarding the company, including its financial situation, performance, ownership, and governance. Disclosure should include, but not be limited to, material information on the financial and operating results of the company; Company objectives (OECD 2010)

Major share ownership and voting rights; Members of the board and key executives and their remuneration; Material foreseeable risk factors; Material issues regarding employees and other stakeholders; and Governance structures and policies. Sources of corporate governance disclosure in Nigeria are contained within the following: Companies and Allied Matters Act 1990; Securities and Exchange Commission (Disclosure of Interests) requirements; Rules Governing the Listing of Securities on The Stock Exchange of Nigeria Limited; and Nigeria Accounting Standard Board. Good corporate governance disclosure, however, typically includes voluntary disclosures providing information over and above the minimum statutory or regulatory requirements. Corporate governance disclosure in annual reports in Nigeria listed companies is on; Capital structure where shareholders and other users require information about the ownership structure of a company and about the rights of shareholders are disclosed. Board structure and functioning; where the shareholders and other users require information on individual board members and key executives in order to evaluate their experience and qualifications and to assess any potential conflicts of interest that might affect their judgement. They also require information relating to the work of the board in order to assess its effectiveness.(Adeyemi, 2006)

Management discussion and analysis (MDA): The MDA should focus on significant changes in performance and financial position during the period and include significant information to enable shareholders and other users to make an informed assessment of the trend in activities and results. The MDA should also identify and explain any special factors which have influenced activities or results, provide a comparison with the corresponding period in the preceding financial year and give an indication of the prospects for the current period. Remuneration: Board and executive remuneration are an area of concern to shareholders. Companies are generally expected to disclose sufficient information on the remuneration of board members and key executives for share holders to properly assess the costs and benefits of remuneration plans and the contribution of incentive schemes, such as share option schemes, to performance. Audit committee: Shareholders should be provided with information about the composition, role and function of the audit committee in order to assess its effectiveness. Related party transactions: It is important that shareholders be provided with sufficient information to understand transactions and balances with parties related to the company and the implications for the performance and financial situation of the company.

Methodology

The study uses historical data, it is post facto research in which researcher has no control on collected data for the study. In addition, because the relationship between disclosures, corporate governance attributes and financial accounting information is investigated in NSE, the research is descriptive-correlation study using documental method to collect data. Research data are drawn from financial statements and notes of firms listed in NSE. After collecting necessary data, research hypotheses are tested. Population and sampling of study consists of companies listed in NSE.

Table 1: Sample Description

Item	Mean	Standard Deviation	Overall Rank	KWSL Sig.
Investors Goals				
Safety of Capital	2.65	0.31	4	0.112
Steady income	4.02	0.38	3	0.060
Speculative gains	4.42	0.36	1	0.375
Investment opportunity	4.15	0.38	2	0.115
Kind of Analysis				

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Political analysis	4.80	0.32	1	0.032
Macroeconomic analysis	3.38	0.34	4	0.805
Technical analysis	4.04	0.38	2	0.745
Fundamental (Financial) analysis	3.18	0.49	5	0.640
Statistical analysis	2.15	0.68	6	0.980
No Analysis, imitation other investor	3.47	0.62	3	0.375
Sources of information				
PSE Market statistics	4.15	0.44	2	0.355
Corporate financial reports	4.22	0.28	1	0.048
Advice of investment services (Specialists)	2.81	0.82	6	0.320
Advice of stockbrokers	2.18	0.92	7	0.940
Direct information from the company	4.02	0.73	3	0.116
Investors own analysis	3.61	0.62	5	0.380
Market rumours, and adages	3.86	0.68	4	0.872

This table shows the investment goals, the kind of analysis that investors consider when making investment decisions and the sources of information.
Key: KWSL is Kruskal – Wallis Significant level

RESULTS

1. H_0 there is no relationship between financial accounting information and disclosure requirements. This study aims to examine relationship between corporate governance, financial accounting information and disclosure requirements for listed companies in the NSE. Whether the financial information disclosure are relevant for their investment decision process, users attached a higher level of importance to the Comprehensive income statement, Statement of Financial position, cash flow statement, statement of shareholders equity, management commentary, and footnotes to the financial statements. These results are consistent with the results of previous studies. Financial statements are considered as the main simple source of information that external users evaluate and use to make informed investment decisions. According to the quality of information, all users considered the timeliness and availability of information as important. They also considered other quality items such as adequacy, credibility, relevancy, and understandability important for their investment decisions. Information users evaluated the company's level of disclosure as poor and weak. These results reflect the inadequacy of the information quantity and quality that companies listed at the NSE usually disclose (NSE 2007). Companies should comply with the minimum international disclosure requirements and timeliness of the disclosure process.

Table 2: Users' Perception of Information

Corporate Governance Concept	**Mean**	**Standard Deviation**	**Overall Rank**	**KWSL Sig.**
Board Responsibilities	4.58	0.49	2	0.000
Composition of Board	4.72	0.38	1	0.000
Audit Committee	4.12	0.62	3	0.040
CEO Compensation	3.08	0.92	6	0.121
Information quality				
Understandability	3.88	0.52	6	0.496
Credibility	3.35	0.24	4	0.225
Adequacy	3.02	0.38	3	0.186
Relevancy	3.40	0.36	5	0.325
Level of disclosure by companies				
In Management Commentary Section	3.22	0.76	4	0.640
In Income Statement section	4.23	0.58	1	0.211
In Statement of Financial Position Section	4.18	0.72	2	0.221
In Segmental Information Section	3.08	0.84	5	0.860
In Accounting Policies and Notes	2.14	0.74	6	0.822

This table shows users perception of corporate governance information disclosed in the financial reports of the companies listed at NSE as available, adequate, and useful.

Results

2. H_0there is no significant relationship between corporate governance and disclosure requirements. This study aims to examine relationship between corporate governance, financial accounting information and disclosure requirements for listed companies in the NSE. Whether the corporate governance disclosure are relevant for their investment decision.

The results indicate that there were variations in the perceptions of information by users of the importance of disclosure requirements. Statistical tests indicate that the level of disclosure by companies seems to cause differences in the perceived importance of items in the income statement and statement of financial position sections. A high degree of importance was attached to disclosure items such as earnings per share, investments opportunities, and performance than corporate governance information disclosed. Despite of financial reports quality, it can be drawn from this study that all information users do find corporate governance items disclosed in financial reports as useful for their investment decision-making process.

Concluding Comments

The main purpose of this study is to provide empirical evidence on the availability, adequacy, and usefulness of the various aspects of corporate information to users.

Judged by the expressed needs of users, the overall level of disclosure by Nigerian listed companies was found to be average in availability and quality. The information user groups had similar overall needs, although a number of significant differences at the level of individual items and pairings of groups are identified. There is a significance differences between the kind of information perceived and the user's qualifications and experience. Full continuous voluntary disclosure of all pertinent and material information is required for users to evaluate companies' efficiency.

Firstly, for disclosure to be meaningful, it should be timely, relevant and reliable. This will enhance investment decisions, protect investors from detriment of insider information, and decrease the effect of market rumours. This leads to the increase of the overall market confidence. Secondly, Improving disclosure and corporate governance requirements by the Nigerian Capital Market and strictly enforcing compliance of listed companies with these requirements. Thirdly, improving investment culture and analyzing process for traders and brokers via education, training, and public awareness. Finally, Nigerian Capital Market authority must accelerate the process of issuing by-lawsand regulations that are necessary to organize and monitor the activities of the market as well as the financial intermediaries and companies listed at the NSE. These are the policy actions that could improve the role of the NSE and improve its efficiency. However, these actions might not be as effective as it is hoped for, as far as the political and economic instability continue to prevail in Nigeria. Overall, the corporate disclosure process is a complex one. Many parties affect, and are affected by, this process. Therefore, continuous research efforts are needed to enhance such a process. A natural extension to this study would be an exploration of the specific informational needs of the external users of corporate information. In addition, a further research is warranted to examine current corporate reporting and disclosure practices whether such practices meet the users' demand.

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