

## Assessment of Accounting Policy Choices on Accounting Practices: Evidences from Accountants in Nigeria

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### **Abstract**

*The fundamental aim of this study was to investigate the assessment of accounting policy choices on accounting practices in Nigeria. The survey research design was used for this study, and the population was the total number of accounting and related practitioners in Nigeria, which was categorized as an infinite population. However, samples of 672 were chosen using a multistage non-finite population method. The structured questionnaire was used as the primary source of data, and data was collected using a Google form. The words in the questionnaire were carefully chosen to address the study's primary objectives. The questionnaire was divided into two sections, A and B. Section A contained biographical information on the respondents, whereas Section B contained remarks about the study's objectives or hypotheses. The response options were a 5 likert scale system with Strongly Agreed, Agreed, Undecided, Disagreed, and Strongly Disagreed scored from 5 to 1. For descriptive statistics, a basic frequency table was utilized, whilst analysis of variance (ANOVA) and ordinary least squares (OLS) were used to draw conclusions from the hypotheses developed. Cronbach's Alpha was also employed to determine the internal consistency of the scale used along with the research items. The result showed R of 76.0% which indicates a very positive and strong model. The overall fitness of the model is established based on the outcomes of the study which showed that the three aspects of accounting policy choices have a joint significant influence on Nigerian enterprises' accounting practices ( $F= 76.001$ ,  $p\text{-value} =0.000$ ). The study concluded that the three dimensions (revenue recognition, depreciation and inventory valuation policies) of accounting policy choices all have significant influence on accounting practices of Nigerian firms. Therefore, this study recommended that Nigerian firms, corporate or otherwise should ensure that appropriate income recognition policy be selected so as to capture all revenue or income earned, appropriate depreciation policy be adopted in order to determine the carrying amount of property plant and equipment and inventory valuation policy to know the value of inventories at hand as all these policies influence accounting practices in Nigerian firms as these are the main accounting policies that influence accounting practices.*

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**Keywords:** Accounting policy choices, Accounting practices, Depreciation policy, Inventory Valuation Policy, Revenue recognition policy

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## 1.1 Introduction

According to John and Andrea (2021), today's accounting focuses on providing decision makers with relevant, reliable, and timely financial information, which they use to make key financial decisions for their business entities. Accounting is often referred to as the business language because its purpose is to communicate or report the results of business operations and their various aspects to various users of accounting information (Mahesh, 2004). Accounting, according to Zotorvie (2017), is an essential part of an organization's management process because it provides critical information to the business in its planning, evaluating, controlling, and decision-making processes. Language is a method of communicating ideas or feelings through the use of standardized signs, gestures, marks, and articulated vocal sound. Similarly, accounting language is used to communicate information about various aspects of business operations. Accounting statements or reports are now required by a variety of groups, including shareholders, creditors, potential investors, financial newspaper columnists, proprietors, and others. It is the language used by managers to communicate financial and economic information about the company to outside parties such as shareholders and creditors (Badia, 2018).

Accounting policies, according to Mance and Kutunar (2012), are specific principles, bases, conventions, rules, and practices used by an entity in preparing and presenting financial statements. Financial statement preparers have an incentive and the ability to manipulate the perspective of financial reality presented in those statements to serve their own interests. In this principal-agent problem, management submits financial statements to evaluate their own performance.

As a result, a financial statement is a periodic financial report that shows the profit or loss and the situation of affairs of a business. It is prepared on a regular basis, usually at the end of the year. According to John, Subramanyam, and Halsey (2007), financial statements are an essential and crucial part of the broad field of business analysis because they are used to evaluate a company's economic prospects risk. This includes an examination of a company's business environment, methodologies, financial position, and performance. According to International Financial Reporting Standards, a financial statement is an expression of a company's worth through an end-of-period statement of financial position. As a result, it is the communication of the company's activities in a year added to the previous period to give an end of a new period position.

Accounting policies must be disclosed because many accounting standards permit different treatments for the same transaction or item. If accounting policies are not clearly outlined, users of financial statements will be unable to compare financial information with other entities. As a result, by stating the policy adopted, readers and users of financial statements will be able to make informed decisions. The impact of accounting rules on the income statement and financial position of the reporting company within the industry will also be visible to users stated by Alayemi (2015).

It does not, however, address the principal-agent and moral-hazard issues. Accounting

manipulations are performed at the management level and are influenced by accounting policy decisions. Accounting policy changes are specifically addressed in International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates, and Errors. Accounting policy changes and inequalities between enterprises and countries can be attributed to a variety of factors.

According to Mance and Kutunar (2012), all changes in accounting policy that are not undertaken to make financial statements more relevant and reliable may be undertaken for the purpose of accounting manipulation. Manipulation is generally described as "any intentional act or omission designed to deceive others, resulting in losses to third parties, i.e. manipulation victims." "Accounting manipulation includes two basic types of manipulation; it is a "adjustment" of financial statements," according to the Association of Certified Fraud Examiners, the American Institute of Certified Public Accountants, and the Institute of Internal Auditors (2007). It consists of: manipulation of the state in favor of the company, shareholders, and management, and/or manipulation of the entity and its shareholders in favor of management.

Accounting is regulated in most countries by: a. local laws and bylaws relating to corporate and other bodies, and b. a system of accounting regulation in the form of standards. Accounting standards in Nigeria were previously regulated at the domestic level, which usually produced Statements of Accounting Standards (SAS), and later complied with global standards. Accounting standards are frequently promulgated by non-governmental, professional organizations, and foundations, according to Mance and Kutunar (2012). Furthermore, in recent years, the International Accounting Standards Board (IASB) has grown in importance in setting those standards. Political lobbies from the EU and the US exert significant pressure on the Board. These pressures are primarily related to accounting scandals, as well as economic crises and recessions.

## 1.2 Statement of Problem

The choice of accounting and reporting policy is significant because it affects wealth allocation and distribution while also demonstrating the firms' accountability to their constituents to aid them in decision-making (Roszaini, Hudaib and Mirza, 2018). Accounting policies are critical for understanding the information contained in financial statements. An entity's accounting policies should be clearly stated when preparing financial statements. (2015) (Alayemi).

Accounting systems and their policies provide information to owners and managers in a variety of industries for use in measuring financial performance. According to Hassan and Marston (2019), the development of accounting practices is influenced by institutional and legal factors in the country. The significance of financial performance measurement to any business, large or small, cannot be overstated. Corporate entities use a variety of accounting policies, including depreciation, inventory valuation methods, taxation, revenue recognition, property plant and equipment, foreign currency transactions, and dividend distribution, to name a few. Many scholars have focused on the impact of accounting policy on financial statements in developed economies, e.g. Badulescu, Muhammad, Mumtaz, and Soharwardi's (2021) study sought to uncover the determinants for the formulation of accounting practices and their impact on firm

performance in Pakistan. In Nigeria, John and Andrea (2021) investigated the effects of accounting practices on corporate performance. Chang, Liu, and Ryan (2021) investigated banks' accounting policy decisions during the financial crisis, Ogungbade and Oyerogba (2020) investigated the influence of firm culture on management accounting practices (MAPs). Fekete et al. (2010) conducted research on the accounting policy options of SMEs, specifically those linked to evaluation methodologies.

Whereas this study focused on the level of assessment of accounting policy choices on accounting practices in developing and emerging economies, specifically Nigeria. However, only revenue recognition, depreciation, and inventory valuation policies would be used for this purpose. The reason for this is that every corporate trading company typically implements these three policies, which may have an impact on their accounting practices. To bolster this point, all trading entities would generate and recognize revenue, depreciate property, plant, and equipment, and value their inventories, all of which are fundamental to their accounting practices.

### **1.3 Research Aim and Objectives**

The fundamental aim of this study was to investigate the assessment of accounting policy choices on accounting practices in Nigeria, while the specific objectives were as follows:

- a. to investigate the correlation between revenue recognition policy choice and accounting practices in Nigeria firms.
- b. to examine the effect of chosen depreciation policy choice on accounting practices in Nigerian firms.
- c. to determine the relationship between chosen inventory valuation policy choice on accounting practices in Nigerian firms.

### **1.4 Research Questions**

The research questions asked for this study were:

- a. Is there a correlation between chosen revenue recognition policy and accounting practices in Nigeria firms?
- b. Is there any effect on the chosen depreciation policy on accounting practices in Nigeria firms?
- c. Is there any relationship between the chosen inventory valuation policy and accounting practices in Nigerian firms?

### **1.5 Research Hypotheses**

The three research hypotheses submitted and stated in null forms for test were:

H<sub>01</sub>: There is no correlation between chosen revenue recognition policy and accounting practices in Nigeria firms.

H<sub>02</sub>: There is no effect on the chosen depreciation policy on accounting practices in Nigeria firms.

H<sub>03</sub>: There is no relationship between chosen inventory valuation policy and accounting practices in Nigeria firms.

## **2.0 Literature Review**

### **2.1 Conceptual Review**

#### **2.1.1 Accounting Policies**

Touville (2022) defined Accounting policies as the specific procedures put in place by a company's management team to compile financial statements. These include any accounting processes, measuring systems, and disclosure presentation procedures. Accounting policy disclosure is vital, according to Alayemi (2015), because several accounting standards allow for different treatments for the same transaction or item. If accounting policies are not clearly specified, users of financial statements will be unable to compare financial information with other businesses. Accounting policies are thus the foundations, norms, principles, practices, and procedures used in the compilation and presentation of financial statements. Accounting policies are defined principles, rules, bases, conventions, and procedures used by a company in compiling and presenting financial statements, according to IAS 8. Accounting policy selection is an essential extension of accounting regulation in the form of laws, bylaws, and standards. Accounting policies are required for financial statements to provide more reliable and relevant information on the effects of transactions, other events, or conditions on the entity's financial position. This information must be presented in a clear and consistent manner. Legal distortions in the presentation of financial information, disguised as accounting policy changes that favor certain indicators of managerial compensation, may lead financial information users to make poor economic decisions about their investments.

Accounting policy decisions are made by a company based on the economic consequences of various policies (Dhaliwal, Salamon and Smith., 1982). According to Holthausen and Leftwich (1983), changes in the rules used to produce accounting numbers have economic effects when they alter the distribution of a firm's cash flows or the affluence of parties who use those numbers for contracting or strategic planning or decision making.

#### **2.1.2 Choice of Accounting Policy**

Some fundamental concepts, according to Alayemi (2015), contradict one another in the selection and application of appropriate accounting policies. As a result, when selecting appropriate accounting policies, the following factors should be considered: substance over form, objectivity, fairness, materiality, and prudence.

#### **2.1.3 Accounting policy disclosures**

##### **Which accounting policies should be disclosed?**

According to the Financial Reporting Council (2014), investors have some clear signals for corporations in terms of increasing the visibility of major accounting practices. They disagree, however, on how the remaining policies now disclosed should be presented.

Non-significant policies are viewed as clutter by institutional investors. Most of these investors would still like access to a more comprehensive list of policies on the company's website, which is accessible via a link in the financial statements. Financial Accounting Standards Board (2014), In contrast, nearly half of the retail investors polled desire that corporations continue to disclose

all presently revealed accounting policies. Companies may take into account the distinct needs of their investor base. Moving these policy disclosures to an appendix within the annual report may be a helpful compromise.

### **Which accounting policies are significant?**

Investors believe that companies should use their knowledge and experience to determine which accounting policies are important for their specific business and transactions, according to the Financial Reporting Council (2014). They did, however, offer the following characteristics as indicators that a policy is significant:

- *Material transaction categories and amounts:* While not every material balance indicates a significant policy, revenue policy is always considered significant. Investors are particularly interested in policies that are critical or unique to the operations of the business.
- *Accounting policy decisions:* While the number of explicit accounting policy choices permitted in IFRS is decreasing, where a choice is permitted, that policy should be considered significant unless clearly immaterial.
- *Estimation and/or judgment:* Accounting policies that necessitate significant levels of estimation and/or judgment in their application are significant. Investors want to know how sensitive balances and earnings amounts are to estimation and judgement.

#### **2.1.4 Revenue Recognition Policy**

"Revenue is one of the most important line items in the financial statements, and it is frequently the largest item" (Abdullahi, 2012). Revenue recognition is a generally accepted accounting principle (GAAP) that identifies and accounts for the specific conditions under which revenue is recognized. Typically, revenue is recognized when a critical event occurs, such as the delivery of a product or service to a customer, and the dollar amount is easily measurable to the company (Touville, 2022). Many managers, financial regulators, and auditors are concerned about revenue recognition. Managers, of course, are and should be more concerned than the other parties mentioned by Emengini (2013). This is primarily due to the fact that choosing the wrong accounting methods, or ones that may be challenged or result in falling stock prices, will attract shareholder litigation, which may harm management's reputation and credibility.

#### **2.1.5 Policy on Depreciation**

Depreciation, according to Adebayo (2016), is the process of allocating to expense the cost of an asset over its useful (service) life in a systematic and returned manner. Depreciation policy addresses a number of contentious issues, such as determining which method to use for which asset and determining the asset's useful life with residual value, which may necessitate the assistance of professionals. It is a general guide to keep an organization from acting arbitrarily when dealing with depreciation issues. The depreciation policy ensures consistency and uniformity. Any policy that is unclear should be referred to a higher level of authority for

clarification. Depreciation is a critical provision and concept in financial accounting. Accounting analysts and researchers have been interested in this topic for decades. According to Meigs and Meigs (1999), long-term assets are property, plant, and equipment (also known as "fixed assets") as well as intangible assets acquired by a company for use in the operation of the business and are not intended for resale. These assets typically provide services and economic benefits for a longer period than that covered by a year's financial statement (Epstein & Mirza, 1997).

### **2.1.6 Inventory Valuation Policy**

Johnson (1954) described inventories as items, partially produced products, raw materials, and supplies that are all awaiting the final fruition of sales transactions. According to Gupta (2005), inventories are "assets (a) kept for sale in the usual course of business; (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services." According to Needles and Powers (2012), the value of inventories is determined by two factors: quantity and cost. According to Narayanaswamy (2011), the first stage in effective inventory valuation is determining the physical inventory that belongs to the business. A firm may therefore count inventories either on a periodic basis or track inventories based on purchases and sales in order to determine the quantity. Once the quantity is determined, inventories are then transformed into financial amounts by assigning costs to the physical quantities (Stickney *et al.*, 2010).

Weygandt, Kimmel, Kieso (2009) state that cost for such inventories is calculated by clearly identifying each individual inventory items and tracking its movement in and out of stock. However, specific identification becomes impractical if items in inventory are interchangeable. In such cases, firms generally assume the items sold and items remaining in inventory by using the cost flow methods of FIFO, LIFO or Average-Cost (Stickney *et al.*, 2010). Rao (2011) claims that the FIFO method is generally consistent with the physical flow of inventories in most businesses. It is presumptively based on the assumption that the earliest purchases are sold first, while the most recent purchases remain in ending inventory (Rich, Jones, Mowen, Hansen, 2012). As a result, the FIFO method values ending inventory at current costs. According to Stickney *et al.* (2010), the FIFO method's chronological cost flow conforms to good business practice, especially for items that deteriorate or become obsolete.

LIFO approach, in contrast, does not correlate to the actual physical flow of inventory (Khan and Jain, 2010). (Khan and Jain, 2010). Because the LIFO technique assumes that the most recent purchases are the first to be sold, ending inventory is based on the expenses of the most recent purchases (Weygandt *et al.*, 2009). According to Narayanaswamy (2011), this approach of valuation can result in realistic reported profits because current expenditures are matched to current revenues. Needles, Powers, and Crossons (2011), on the other hand, contend that the value of stocks at the earliest prices can offer an unrealistic view of the inventory's current worth under the LIFO technique. The weighted-average cost approach is an alternative to the FIFO and LIFO methods. According to Khan and Jain (2010), the average-cost technique is appropriate when the inventory consists of homogeneous, replaceable pieces that do not follow any unique pattern of physical flow. The value attributed to inventory under this method is the average cost of all inventory items available for sale during the time (Needles and Powers, 2012).

Bhattacharyya (2012) says that the practice of assigning average cost smoothes out changes in the cost of inventory items.

### **2.1.7 Accounting Practices**

Accounting practice is a methodical procedure and controls that are used by an entity's accounting department to control over the accounting records & entries because other reports, such as financial statements, cash flow statements, fund flow statements, payroll, tax workings, payment and receipts statements, etc., are prepared using accounting records as their foundation, and auditors rely on these reports when auditing the financial statements. Thakhur (2002). According to Asoquo and Udoayang (2020), accounting procedures have recently been developed to improve trade strategies through the use of information technology software. Enterprises use information technology software to adopt accrual and cash accounting practices in order to promptly report their annual expenses and accrued revenues for the period in order to make business decisions (Mahfar & Omar, 2004). Accounting systems provide accounting information. Accounting systems include all of the procedures required to record transactions, assets, and liabilities in books of accounts, providing a dependable foundation for the creation of financial statements (Hussein, 1983), as referenced by Sathyamorthi (2001). Without an accounting system, determining performance, identifying customer and supplier account balances, and forecasting future performance of the business would be extremely difficult (Stefanou, 2006). Padachi (2012) also highlighted that a proper accounting system indicates how well a business is operating and what decisions must be taken in order to keep the firm in the market, emphasizing the need of businesses keeping proper books of accounts.

## **2.2 Theoretical Review**

### **Accounting Theory**

Accounting theory can be described as a logical collection of hypotheses, concepts, and practical guidelines that serve as a general framework for investigating the nature of accounting. The enterprise is emphasized as an economic entity whose primary activities have an impact on the economy through its operations in the markets in modern accounting theory, which has its roots in microeconomics. Companies select their accounting methods in accordance with financial accounting theory, claim Fekete, Damagum, Mustata, Matis, and Popa (2010), in order to present truth and fairness regarding their operations. However, the reported entity's accounting policies do use these options. These guidelines serve as the foundation for creating and analyzing their financial statements. According to the aforementioned, both normative and positive accounting theory have an impact on accounting policy.

### **Normative Accounting Theory**

According to Alayemi (2015), five key works on normative accounting theory have been completed by (MacNeal (1939), Patson and Littleton (1940), Littleton (1953), Chambers (1966), and Ijiri (1966). (1975). Normative accounting theory tries to prescribe some accounting grounds, measurement, specific accounting methods, and financial report contents (Ijiri, 1975; Watts and Zimmerman, 1986). In support of his approach, Ijiri (1975) distinguishes between normative theory and policies. According to him, in normative theory, the researcher does not commit to the aim imagined, whereas in accounting policy, the researcher commits to the goal.



As a result, normative theory aims to instruct people or constituencies what they should do. As a result, the logical consistency of normative theory is just as important as its predictive value in evaluating it. Consequently, normative theory makes an effort to outline what financial data should be gathered, examined, and communicated by (Alayemi, 2015)

### **Positive Accounting Theory**

This is a positive theory that seeks to forecast actions such as which accounting principles firms will adopt and how newly proposed accounting standards would drive firms to react. Lev's (1977) research helps to explain why various organizations pick different accounting practices and why managers may object to changes in these accounting policies. The study also demonstrated why investors may respond negatively to the prospective impact of changing accounting regulations. Positive accounting policy is based around three hypotheses that guide its prediction: the bonus plan hypothesis, the debt covenant hypothesis, and the political hypothesis proposed by (Alayemi, 2015).

### **2.3 Empirical Review**

In Nigeria, John and Andrea (2021) investigated the effects of accounting practices on corporate performance. Their research had two goals: to investigate how accounting standards in the disclosure of inventory and receivables affect the return on assets of Nigerian enterprises. The study used an ex - post facto research design, including secondary data from the listed consumer goods industry retrieved from the CBN statistical bulletin and financial statements. The study's two null hypotheses were tested using a random panel regression model. The study discovered that accounting procedures in inventory disclosure and receivables disclosure have a substantial impact on the return on assets of Nigerian enterprises. As a result, the report suggests that enterprises in Nigeria use all required accounting standards to improve the comparability of accounting data. They should also maintain consistency in the application of accounting policies in order to prevent unethical management practices. Furthermore, regulatory agencies and other stakeholders should hold corporations accountable for failures to implement good and accepted accounting standards. The government should enact regulatory regulations to guarantee that businesses carry out their accounting responsibilities professionally.

Through the lens of institutional theory, Badulescu, Muhammad, Mumtaz, and Soharwardi's (2021) study sought to uncover the determinants for the formulation of accounting practices and their impact on firm performance in Pakistan. This study collected data from 455 participants and conducted 21 semi-structured interviews using a pragmatic approach. To begin, accounting practices can be traced back to the Mughal regime and then underwent a significant development in the British colonial system. Second, our findings show that institutional factors such as the accounting regulatory framework, political factors, economic factors, cultural factors, and country-specific factors all played a significant role in the development of accounting practices after Pakistan became a separate state. Finally, this study suggests that the evolution of accounting practices has a novel impact on firm performance. This research thus paves the way for policymakers in this country to bridge the gap between accounting practices and the International Accounting Standard Board's policies (IASB). Firms can also improve their performance by implementing international accounting standards. This paper assists Pakistan's

regulatory bodies, such as the SECP (Securities and Exchange Commission of Pakistan) and the SBP (State Bank of Pakistan), in developing new policies. Such decisions include, but are not limited to, attracting foreign investments, expanding the economy, and expanding international trade. It also provides a path for businesses to improve their performance. Finally, this study fills a gap in international accounting standards by assessing, both empirically and theoretically, the role of various determinants in accounting practice formulation and their impact on firm performance.

Chang, Liu, and Ryan (2021) investigated banks' accounting policy decisions during the financial crisis, when they were under pressure to manage earnings or regulatory capital. The study addressed the issue through the initial use of the fair value option (FVO) under SFAS No. 159, which provided significant latitude and, in particular, transition guidance that can be exploited. They look into why banks chose the FVO and provide evidence on whether and how these reasons differed for banks that adopted the standard in the first quarter of 2007 (early adopters) versus the first quarter of 2008. (regular adopters). The study predicted and discovered that early adopters with a history of managing accounting numbers were more likely to make opportunistic FVO elections, and that those with low capital tended to exploit the FVO in the opposite direction as those with high capital. The study predicted and discovered that regular adopters' FVO elections complied with the intent of SFAS No. 159, despite intense regulatory scrutiny since April 2007. They also looked into why early and regular adopters chose the FVO for specific types of financial instruments, and discovered that early adopters' choices for available-for-sale (AFS) securities and debt reflected opportunism, while regular adopters' choices for loans held for sale reflected compliance with the standard's intent to correct accounting mismatches for economic hedges.

Ogunbade and Oyerogba (2020) investigated the influence of firm culture on management accounting practices (MAPs). The study collected data from 220 randomly selected manufacturing firms out of 514 firms using a structured questionnaire, and logistic regression was used for analysis. This research looked at seven aspects of firm cultures: innovation/risk orientation culture, people orientation culture, outcome orientation culture, aggressive culture, stability culture, team-based culture, and attention to details culture. The study discovered that team-based, detail-oriented, and stable cultures have a significant impact on the selection of management accounting practices. In contrast, the significant influence of other cultural dimensions is not statistically supported. The study concludes that the attention to detail culture and the team-based culture are barriers to modern management accounting practices, and managers should exercise caution when employing these cultures. As a result, this study suggests that Nigerian manufacturing firms be mindful of their culture and its impact on MAPs. In a more specific sense, they should cultivate cultures that allow them to select modern MAPs and reap the associated benefits.

Ionescu, Toma and Founanou (2018), inventory is an essential category of current assets and, implicitly, total assets at the level of any entity (business). Starting with the importance of this category of assets for the normal development of production or sales activity, the following objectives are prioritized in this paper: delimitation of theoretical aspects regarding the inventory

valuation of sold goods; determining the impact that inventory valuation methods may have on the company's financial position and financial performance; applied analysis of inventory valuation options. The results of both theoretical and practical study confirm the fundamental assumption that inventory valuation options have a different impact on an entity's financial status and financial performance.

Fekete et al. (2010) conducted research on the accounting policy options of SMEs, specifically those linked to evaluation methodologies. The goal of their research was to discover a "pattern" in decisions and to determine the primary factors that influence accounting policy selection. The study's data was gathered using a survey in which respondents were asked to identify how much each of the elements stated in the questionnaire influenced their choice of accounting systems. The study used the principal component analysis technique to determine the impact of factors after controlling for size. The findings, while consistent with the reviewed literature, were surprising in that, while taxes appears to be the most powerful influencing factor, the true and fair view (TFV) consideration is the weakest. They left this question open in their search for possible explanations: is it possible that the overwhelming academic concept of TFV is an empty vessel for practitioners?

### 3.0 Methodology

The survey research design was used for this study, and the population was the total number of accounting and related practitioners in Nigeria, which was categorized as an infinite population. However, samples of 672 were chosen using a multistage non-finite population method (Louangrath, 2014), despite the fact that a large number of the samples chosen were experienced accounting and related practitioners from various industries in Nigeria. The structured questionnaire was used as the primary source of data, and data was collected using a Google form. The words in the questionnaire were carefully chosen to address the study's primary objectives. The questionnaire was divided into two sections, A and B. Section A contained biographical information on the respondents, whereas Section B contained remarks about the study's objectives or hypotheses. The response options were a 5 likert scale system with Strongly Agreed, Agreed, Undecided, Disagreed, and Strongly Disagreed scored from 5 to 1. For descriptive statistics, a basic frequency table was utilized, whilst analysis of variance (ANOVA) and ordinary least squares (OLS) were used to draw conclusions from the hypotheses developed. Cronbach's Alpha was also employed to determine the internal consistency of the scale used along with the research items in the structured questionnaire, which influenced and improved the inter-correlations among the statements included in the analysis.

A model specification was also employed as follows:

$$ACPi = \alpha_1 + \alpha_2 RRP + \alpha_3 DPP + \alpha_4 IVP + \beta_i \dots \dots \dots (1)$$

Where:

(ACP represents Accounting Practices; RRP denotes Revenue Recognition Policy, DPP stands for Depreciation Policy, while IVP means Inventory Valuation Policy.)

#### 4.1 Data Presentation, Analysis and Results

An online questionnaire was created using Google Forms and distributed to various accounting and related practitioners in Nigeria via personal and group WhatsApp, emails, and LinkedIn. Six hundred and seventy-two (672), accounting and related practitioners responded anonymously. Because the questionnaires were completed online, all of the respondents filled them out correctly, resulting in a 100% complete questionnaire. This was deemed representative enough by the study for data analysis. The summary is provided in table 4.1:

**Table 4.1:** Distribution of copies of questionnaire administered

Copies Administered	Copies Returned	Copies Duly Completed
672	672	672

(Source, Field Survey, 2022)

#### 4.2 Presentation of Data

##### 4.2.1 Demographic Distribution of Data

Result from Table 4.2 below shows that 71.43% of the respondents were male while 28.57.5% were female, with a mean and standard deviation of 336 and 203.65 respectively. This implied that there were more male and female who practice accounting in Nigeria. 100% of the respondents were active workforce who practice accounting in Nigeria with a mean and standard deviation of 134.4 and 75.34 respectively. This indicated that all the respondents were active workforce. On the other hand, 5.95% of the respondents had doctoral degree, 59.52% had masters, 28.57% held first degree while 5.95% had ND/NCE with a mean of 268.8 and standard deviation of 170.46. This showed a lot of at least 94.5% had first degree and understudied accounting and related courses. Likewise, 28.57% of the respondents were had Fellowship status, 40.18 % were in associate level with a combination of ACA, ACCA and ANAN, while 5.95% had Accounting Technician Scheme (ATS) with equivalent and 26.19% had other professional qualifications. The mean calculated was 112 and standard deviation of 98.50. This means that the respondents had professional qualifications. 75.00% of the respondents had minimum of 6 and years' work experience and the remaining 25.00% is shared between less than 5 years of experience with mean of 84 and standard deviation of 75.34. 42.86% had 1-5 years of working with present client or employer, 21.34 for 6-10 years, 17.38% for 11-15years, 5.95% for 16-20 years while 8.33% and 2.57% are for 21-25 years and 26 years and above. The mean derived was 112 and standard deviation of 98.11. This implied that all of the respondents had accounting and related experience with their employer, owner or clients. 16.67% are executive level class among the respondents, 35.71% and 19.05% were senior management and senior officer respectively, while 8.33% and 20.24% were junior management and junior officer levels respectively the mean generated was 134.4 and the standard deviation was 66.79 which implied that a good number of the respondents was above the management level. Finally, 9.52% of the respondents were auditors, 15.48% were consultants, 65.48% were employees and the 9.52% were employers with a mean of 168 and standard deviation of 183.31. Impliedly, a good number of the respondents was employees.

**Table 4.2:** Descriptive Statistics on Respondents of Gender, Age Bracket, Highest Academic Qualification, Highest Professional Qualification, Years of Experience, and Years of being with clients or employers and Level in Organization.

		Frequency	Percent	Mean	Standard Deviation
Gender	Male	480	71.43%	336	203.65
	Female	192	28.57%		
	Total	672	100.00%		
Age Bracket	18 - 25 years	32	4.76%	134.4	75.34
	26 - 35 years	128	19.05%		
	36 - 45 years	176	26.19%		
	46 - 55 years	232	34.52%		
	56 - 65 years	104	15.48%		
	Total	672	100.00%		
Highest Academic Qualifications	Doctorate in Philosophy	40	5.95%	268.8	170.46
	Masters	400	59.52%		
	HND/HSc/BSc	192	28.57%		
	ND/NCE	40	5.95%		
	Total	672	100.00%		
Highest Professional Qualifications	Fellow Chartered Accountant (FCA)	192	28.57%	112	98.50
	Associate Chartered Account (ACA)	232	34.52%		
	Associate Certified Chartered Account (ACCA)	16	2.38%		
	Association Of National Accountant of Nigeria (ACCA)	16	2.38%		
	Accounting Technician Scheme (ATS)	40	5.95%		
	Others	176	26.19%		
	Total	672	100.00%		
Years of Experience	1 - 5 years	168	25.00%	84	45.46
	6 - 10 years	72	10.71%		
	11 -15 years	72	10.71%		
	16 - 20 years	96	14.29%		
	21 - 25 years	128	19.05%		
	26 - 30 years	64	9.52%		

	31 -35 years	40	5.95%		
	36 years and above	32	4.76%		
	Total	672	100.00%		
Years of being with clients or employers	1 - 5 years	288	42.86%	112	98.11
	6 - 10 years	144	21.43%		
	11 -15 years	120	17.86%		
	16 - 20 years	40	5.95%		
	21 - 25 years	56	8.33%		
	26 years and above	24	3.57%		
	Total	672	100.00%		
Level in Organization	Executive Level	112	16.67%	134.4	66.79
	Senior Management Level	240	35.71%		
	Junior Management Level	56	8.33%		
	Senior Officer Level	128	19.05%		
	Junior Officer Level	136	20.24%		
	Total	672	100.00%		
Relationship with Clients or Employer	Auditors	64	9.52%	168	182.31
	Consultants	104	15.48%		
	Employees	440	65.48%		
	Employers	64	9.52%		
	Total	672	100.00%		

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0 assisted with Excel)

#### 4.2.2 Data Presentation based on Dimensions of Independent and Dependent Variables

##### Descriptive Analysis of Revenue Recognition Policy Dimension

Results in table 4.3 showed an average mean for revenue recognition policy dimension of 1.8320. This strongly suggests that, on average, respondents agreed with most of the research items on the high scale as it relates to how Nigerian Accounting and related practitioners for which they work have embraced and understood revenue recognition policy as a dimension of Accounting Policy Choice. Of the research items, their strongest agreement was on the research item (RRP\_6) “*The revenue recognition policy implemented in our entity boosts our efficiency in accounting or finance department.*” (Mean= 2.1713), while their least was on the research item (RRP\_4) “*The choice of revenue recognition policy is very instrumental to accounting practices in our firm.*” (Mean = 1.1786).

**Table 4.3: Descriptive analysis of responses on Revenue Recognition Policy dimension**

	N	Mean	Std. Deviation	Variance
<b>RRP_1</b>	672	1.6894	1.514	2.2922
<b>RRP_2</b>	672	1.6481	1.2786	1.6348
<b>RRP_3</b>	672	2.0876	1.0871	1.1818
<b>RRP_4</b>	672	1.1786	1.2671	1.6055
<b>RRP_5</b>	672	1.9371	1.1352	1.2887
<b>RRP_6</b>	672	2.1713	1.1142	1.2414
<b>RRP_7</b>	672	1.9761	1.1627	1.3519
<b>RRP_8</b>	672	1.9642	1.1478	1.3174
<b>Valid N (listwise)</b>	672	1.832	1.213	1.4890

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

(Where RRP\_1 represents “The practice of revenue recognition policy adopted by my firm or client(s) requires that revenues are recognized on the income statement in the period when realized and earned.”; RRP\_2 represents The revenue recognition policy adopted by my firm or clients requires that revenues are only recognized on the books of account in the period when cash are realized and earned.; RRP\_3 represents The revenue recognition policy adopted by our company enhances the ways we do things in accounting department.; RRP\_4 represents The choice of revenue recognition policy is very instrumental to accounting practices in our firm.; RRP\_5 represents The policy on revenue recognition employed by my organization gives prospect in accounting practices RRP\_6 represents The revenue recognition policy implemented in our entity boosts our efficiency in accounting or finance department.) RRP\_7 represents The main income recognition policy is identical helpful to accounting practices in our company.) and RRP\_8 represents Accrual basis is the only basis of revenue recognition adopted by my firm or clients.)

### **Descriptive Analysis of Depreciation Policy Dimension**

Results in table 4.4 showed a grand mean for depreciation policy dimension of 1.8986. This suggests that, on average, the respondents agreed with most of the research items on the high scale as it relates to the depreciation method and policy adopted to which respondents make reference to when charging depreciation on property plant and equipment (PPE). Of the outcome, DPP\_6 represents “The depreciation policy adopted by my firm or clients are used against the capital allowance for income tax computation.” has the highest mean of 2.8723 while the lowest is DPP\_5 represents “The choice of a depreciation policy adopted by my firm or clients is entirely a management decision which are related to the applicable tax legislation in the country.” with mean of 1.3271.

**Table 4.4: Descriptive analysis of responses on Depreciation Policy Dimension**

	N	Mean	Std. Deviation	Variance
DPP_1	672	1.8716	1.0148	1.02982
DPP_2	672	1.8785	1.0074	1.01485
DPP_3	672	1.8713	1.0728	1.15090
DPP_4	672	1.7661	1.2148	1.47574
DPP_5	672	1.3271	1.0908	1.18984
DPP_6	672	2.8723	1.9898	3.95930
DPP_7	672	1.7821	1.8765	3.52125
DPP_8	672	1.8526	1.9826	3.93070
DPP_9	672	1.7823	1.8721	3.50476
DPP_10	672	1.9821	1.7621	3.10500
Valid (listwise) N	672	1.8986	1.48837	2.21525

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

(Where (DPP\_1) represents “The depreciation policy adopted by my firm or clients contains criteria for recognition of an asset as depreciable and carrying amount or net book value at every point in time.”. (DPP\_2) represents “The depreciation policy adopted by our company enhances the ways we do things in accounting department.”. (DPP\_3) represents “The choice of depreciation policy is very instrumental to accounting practices in our company.”. (DPP\_4) represents “The policy on depreciation policy employed by my organization gives prospect in accounting practices.”. (DPP\_5) represents “The choice of a depreciation policy adopted by my firm or clients is entirely a management decision which are related to the applicable tax legislation in the country.” (DPP\_6) represents “The depreciation policy adopted by my firm or clients are used against the capital allowance for income tax computation.”. (DPP\_7) represents “The depreciation policy implemented in our entity boosts our efficiency in accounting or finance department.” (DPP\_8) represents “The choice of a depreciation policy adopted by my firm or clients is entirely a management decision which are related to the specifics of the operations in the enterprise.”. (DPP\_9) represents “The depreciation policy used is helpful to accounting practices in our company.”. (DPP\_10) represents “The depreciation policy adopted by my firm or clients is helpful for the wear and tear use of property plant and equipment considering the life span of the assets.”)

#### **Descriptive Analysis of Inventory Valuation Policy Dimension**

Results in table 4.5 showed a grand mean for inventory valuation policy dimension of 1.9083. This suggests that, on average, the respondents agreed with most of the research items on the high scale as it relates to the inventory valuation policy adopted to which respondents make



reference to when valuing the inventories. Of the outcome, IVP\_4 represents “*The choice of inventory valuation policy is very instrumental to accounting practices in our firm.*” has the highest mean of 2.0035 while the lowest is IVP\_3 represents “*The choice of inventory valuation policy adopted by my firm or clients enhances the ascertainment of financial position at every period of time.*” with a mean of 1.7682.

**Table 4.5: Descriptive analysis of responses on Inventory Valuation Policy Dimension**

	N	Mean	Std. Deviation	Variance
IVP_1	672	1.8412	1.1148	1.2428
IVP_2	672	1.8782	1.0764	1.1586
IVP_3	672	1.7681	1.1388	1.2969
IVP_4	672	2.2485	1.2148	1.4757
IVP_5	672	1.8178	1.0188	1.0380
IVP_6	672	1.9882	1.0928	1.1942
IVP_7	672	1.8721	1.8723	3.5055
IVP_8	672	1.8520	1.8762	3.5201
Valid N (listwise)	672	1.9083	1.3006	1.8040

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

(Where (IVP\_1) represents “*The choice of inventory valuation policy adopted by my firm or clients assists in the determination of gross income.*”. (IVP\_2) represents “*The inventory valuation policy adopted by our company enhances the ways we do things in accounting department.*”. (IVP\_3) represents “*The choice of inventory valuation policy adopted by my firm or clients enhances the ascertainment of financial position at every period of time.*”. (IVP\_4) represents “*The choice of inventory valuation policy is very instrumental to accounting practices in our firm.*”. (IVP\_5) represents “*The policy on inventory valuation employed by my organization gives prospect in accounting practices.*”. (IVP\_6) represents “*The inventory valuation policy implemented in our entity boosts our efficiency in accounting or finance department.*”. (IVP\_7) represents “*The prime of inventory valuation policy used is helpful to accounting practices in our company.*”. (IVP\_8) represents “*My firm or client adopted a specific inventory valuation policy in other to assess the closing goods sold at a spot in time.*”)

#### **Descriptive Analysis on Accounting Practices Dimension**

Results in table 4.6 revealed a grand mean for *Accounting Practices Dimension* of 2.0000. This suggests that, on average, the respondents agreed with most of the research items on the high scale as it relates to the respondents understood accounting practices as it relates to accounting policies. Of the research items, their strongest agreement was on the research item (ACP\_1) “*The*

*practices in accounting department are frequently the same over years in our firm or client firm.” (Mean= 2.2284), while their least was on the research item (ACP\_4) “The accounting practices are the system of procedures and control that our accounting department used in other to create and record business and financial transactions over years.” (Mean = 1.9204).*

**Table 4.6: Descriptive analysis of responses on Accounting Practices Dimension**

	N	Mean	Std. Deviation	Variance
ACP_1	672	2.2284	1.3552	1.8366
ACP_2	672	1.9187	1.1158	1.2450
ACP_3	672	1.9412	1.0607	1.1251
ACP_4	672	1.9204	1.0124	1.0250
ACP_5	672	1.9481	1.0837	1.1744
Valid N (listwise)	672	1.9914	1.1256	1.2812

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

(ACP\_1) represents “The practices in accounting department are frequently the same over years in our firm or client firm.” (ACP\_2) represents “There is consistence in the recording and preparation of financial statement in our firm or client firm.” (ACP\_3) represents “The same accounting practices are adopted in our firm or client’s recordings, preparation and presentation of financial statement from time to time.” (ACP\_4) represents “The accounting practices are the system of procedures and control that our accounting department used in other to create and record business and financial transactions over years.” (ACP\_5) represents “Accounting practices are the foundation which auditors rely on while auditing financial statement.”

### 4.3 Pre-Estimation Test-Homogeneity of Variance

The study used Levene's test of variance homogeneity to determine whether or not Analysis of Variance would be a suitable tool for estimating the specified model. The test results are shown in tables 4.7 to 4.9.

#### Revenue Recognition Policy Dimension

Table 4.7 results show that the p-value of 0.24 is greater than the level of significance of 0.05. These findings compel acceptance of the null hypothesis of variance homogeneity and rejection of the alternative hypothesis of variance heterogeneity. As a result, these findings support the appropriateness of using Analysis of Variance with *Revenue Recognition Policy* as one of the independent variables.

**Table 4.7: Results of Test of Homogeneity of Variance on Revenue Recognition Policy Dimension**

	Levene Statistic	df1	df2	Sig.	
RRP	Based on Mean	1.876	1	671	0.24
	Based on Median	2.114	1	671	0.168
	Based on Median and with adjusted df	2.114	1	669.129	0.168
	Based on trimmed mean	2.13	1	671	0.145

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)  
 \*\*\*p-value < 0.01; \*\*p-value < 0.05

### Depreciation Policy Dimension

Table 4.8 results reveal that the p-value of 0.999 is greater than the criterion of significance of 0.05. These findings necessitate the full acceptance of the null hypothesis of variance homogeneity and the rejection of the alternative hypothesis of variance heterogeneity. As a result, these findings confirm the usefulness of employing Analysis of Variance with Depreciation Policy as one of the independent variables.

**Table 4.8: Results of Test of Homogeneity of Variance on Depreciation Policy**

	Levene Statistic	df1	df2	Sig.	
DPP	Based on Mean	0	1	671	0.999
	Based on Median	2.176	1	671	0.773
	Based on Median and with adjusted df	2.176	1	668.144	0.773
	Based on trimmed mean	1.143	1	671	0.617

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)  
 \*\*\*p-value < 0.01; \*\*p-value < 0.05

### Inventory Valuation Policy Dimension

Table 4.9 results show that the p-value of 0.968 is greater than the level of significance of 0.05. These findings necessitate the full acceptance of the null hypothesis of variance homogeneity and the rejection of the alternative hypothesis of variance heterogeneity. As a result, these findings support the appropriateness of employing Analysis of Variance with Inventory Valuation Policy as one of the independent variables.

**Table 4.9: Results of Test of Homogeneity of Variance on Inventory Valuation Policy**

	Levene Statistic	df1	df2	Sig.	
IVP	Based on Mean	0.861	1	671	0.968
	Based on Median	1.164	1	671	0.672
	Based on Median and with adjusted df	1.164	1	667.674	0.672
	Based on trimmed mean	0.673	1	671	0.413

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)  
 \*\*\* $p$ -value < 0.01; \*\* $p$ -value < 0.05

#### Accounting Practices Dimension

Table 4.10 results demonstrate that the  $p$ -value of 0.625 is greater than the level of significance of 0.05. This result requires acceptance of the null hypothesis of variance homogeneity and rejection of the alternative hypothesis of variance heterogeneity. As a result, these findings confirm the acceptability of utilizing Analysis of Variance with Accounting Practices as the sole dependent variable in this study.

**Table 4.10: Results of Test of Homogeneity of Variance on Accounting Practices Dimension**

	Levene Statistic	df1	df2	Sig.	
ACP	Based on Mean	0.274	1	671	0.625
	Based on Median	0.389	1	671	0.615
	Based on Median and with adjusted df	0.389	1	669.154	0.615
	Based on trimmed mean	0.144	1	671	0.611

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)  
 \*\*\* $p$ -value < 0.01; \*\* $p$ -value < 0.05

#### 4.4 Test of Reliability

Cronbach's Alpha test of reliability was adopted to determine the reliability of the research measures, especially with respect to the internal consistency of the scale used, and by extension, its appropriateness. The results of the test are as shown in table 4.11 below:

**Table 4.11: Reliability Coefficient for all Research Statements**

Dimensions of Variables	Cronbach's Alpha Coefficient	Number of Items
<b>Dimensions of Accounting Policy Choices</b>		
Revenue Recognition Policy	0.883	8
Depreciation Policy	0.864	10
Inventory Valuation Policy	0.876	8
<b>Dimensions of Accounting Practices</b>		
Accounting Practices	0.785	5

*(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)*

The results in table 4.11 indicate that the scale used in the study is internally consistent, as it shows a coefficient greater than 0.70, a benchmark established by (Nunnally, 1978), as cited in (Osuagwu, 2002). This implies that the research measures are extremely trustworthy.

#### 4.5 Test of Hypotheses

Based on the three research objectives and the three accompanying research questions, three research hypotheses were formulated and tested. The results are presented in tables 4.12 to 4.14

##### Hypothesis One

H<sub>01</sub>: There is no correlation between chosen revenue recognition policy and accounting practices in Nigeria firms.

The elasticity coefficient of the chosen revenue recognition policy with respect to accounting practices is.417, indicating that the chosen revenue recognition policy has a positive correlation with accounting practices in Nigerian firms, according to the results in table 4.12. This coefficient is also statistically significant (t=3.564, p-value0.05) to individually correlate with Nigerian firms' accounting practices. The null hypothesis was rejected as a result of these findings, while the alternative hypothesis was accepted. The conclusion revealed that the chosen revenue recognition policy has a positive correlation with the accounting practices of Nigerian firms.

##### Hypothesis Two

H<sub>02</sub>: There is no effect on the chosen depreciation policy on accounting practices in Nigeria firms.

Table 4.11 shows that the partial elasticity coefficient of the chosen depreciation policy in relation to accounting practices in Nigerian firms is.365, indicating that the chosen depreciation policy has a positive effect on accounting practices in Nigerian firms. This coefficient, however, is statistically significant (t=.3.873, p-value>0.05) in influencing the accounting practices of Nigerian firms. The null hypothesis was also rejected as a result of these findings, while the

alternative hypothesis was accepted. As a result, it is possible to conclude that the depreciation policy chosen has a significant impact on the accounting practices of Nigerian firms.

### Hypothesis Three

H<sub>03</sub>: There is no relationship between chosen inventory valuation policy and accounting practices in Nigeria firms.

Table 4.12 shows that the partial elasticity coefficient of the chosen inventory valuation policy with respect to accounting practices in Nigerian firms is .543, indicating that the chosen inventory valuation policy has a positive relationship with accounting practices in Nigerian firms. However, this coefficient is statistically significant ( $t=3.675$ ,  $p\text{-value}>0.05$ ) to be individually related to Nigerian firm accounting practices. As a result of these findings, the null hypothesis was rejected, while the alternative hypothesis was accepted. The extrapolation was that selected inventory valuation policies have a significant relationship with accounting practices among Nigerian firms.

The R of 76.0% in table 4.13 indicates a very positive and strong model. The 76.0% R represented that the total variation in accounting practices in Nigerian firms is ascribed to selected accounting policies, which were represented by revenue recognition policy, depreciation policy, and inventory valuation policy, while the remaining 24.0% is ascribed to other variables that were not identified in the model. The result was 1.897 Durbin Watson statistic, which shows no significant presence of serial correlation for coefficient is approximately equal to two.

The overall fitness of the model is established based on the outcomes in table 4.14, which show that the three aspects of accounting policy choice have a joint significant influence on Nigerian enterprises' accounting practices ( $F= 76.001$ ,  $p\text{-value} =0.000$ ).

**Table 4.12: Results of Ordinary Least Square for Hypotheses One to Three**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.957	.115		8.300	.000
	RRP.	.417	.088	.281	3.564	.001
	DPP	.365	.067	.254	3.873	.003
	IVP	.543	.086	.264	3.675	.002

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

a. Dependent Variable: ACP

**Table 4.13: Model Summary for Hypotheses One to Three**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.760 <sup>a</sup>	.310	.216	.96743	1.897

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

a. Predictors: (Constant), RRP, DPP, IVP.

b. Dependent Variable: ACP

**Table 4.14: Results of Analysis of Variance for Hypotheses One to Three**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.312	2	36.559	76.001	.000 <sup>b</sup>
	Residual	235.463	670	.721		
	Total	318.775	672			

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)

a. Dependent Variable: ACP

b. Predictors: (Constant), RRP, DPP, IVP

## 4.6 Post Estimation Tests

### 4.6.1 Normality of Residuals

As shown in table 4.15, the mean residual is 0.0000, indicating that the residuals from the estimated ordinary least square regression are normally distributed and have the same variance for all independent variable values.

**Table 4.15: Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.7683	4.7650	1.876	.89761	672
Residual	-2.5201	3.7875	.00000	.87628	672
Std. Predicted Value	-.987	4.871	.000	1.000	672
Std. Residual	-1.712	4.987	.000	.872	672

(Source: Field Survey, 2022 & Computations aided by SPSS Version 25.0)a.

Dependent Variable: ACP

### 4.6.2 Multi-Collinearity

According to the results in table 4.16, all three proxies of accounting policy choices have no strong inter-correlations and inter-associations with one another, based on the collinearity statistics of Variation Inflation Factor (VIF) which are between 1 and 10, indicating no problem of multicollinearity.

**Table 4.16: Results of Collinearity Diagnostics**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
RRP	.451	2.513
DPP	.451	2.513
IVP	.451	2.313

(Source: Field Survey, 2022 & Computations aided by SPSS Version 24.0)

#### 4.7 Discussion of Findings

Analyses from the previous sections revealed that the six hundred and seventy two respondents understood revenue recognition, depreciation and inventory valuation policies as the dimensions of chosen accounting policies as it related to accounting practices in Nigeria. Hypothesis one, depicted that chosen revenue recognition policy have a positive correlation with the accounting practises in Nigerian firms. Also, analyses from hypothesis two indicated that chosen depreciation policy have positive effect on the accounting practise of firms in Nigeria. The third hypothesis specified that inventory valuation policy adopted has positive and strong relationship with the accounting practise of firms in Nigeria. Although, this empirical study measured the assessment of the choices of accounting policies on accounting practices in Nigerian firms. The findings are consistent with those of Odo and Andrea (2021) The study discovered that accounting policies regarding inventory disclosure and receivables disclosure have a significant impact on the return on assets of Nigerian firms. , According to the findings of Badulescu et al. (2021), institutional factors such as the accounting regulatory framework, political factors, economic factors, cultural factors, and country-specific factors all played a significant role in the development of accounting practices after Pakistan became a separate state. Also Ryan, Chang, and Liu (2021) finding from the study predicted and discovered that early adopters with a history of managing accounting numbers were more likely to make opportunistic FVO elections, and that those with low capital tended to exploit the FVO in the opposite direction as those with high capital. The study predicted and discovered that regular adopters' FVO elections complied with the intent of SFAS No. 159, despite intense regulatory scrutiny since April 2007. Oyerogba and Ogunbade (2020) additionally, the study discovered that team-based, detail-oriented, and stable cultures have a significant impact on the selection of management accounting practices. Ionescu, et al (2018). The results of both theoretical and practical research confirm the main assumption that inventory valuation options have a different impact on an entity's financial situation and financial performance. Fekete et al (2010)'s findings, while consistent with the reviewed literature, were surprising in that, while taxation appears to be the strongest influence factor, the true and fair view (TFV) consideration is the weakest.

#### 5.0 Conclusion and Recommendations

The study concluded that the three dimensions (revenue recognition, depreciation and inventory valuation policies) of accounting policy choices all have significant influence on accounting practices of Nigerian firms as it was shown from the findings above. The findings depicted that revenue recognition, depreciation and inventory valuation policies) of accounting policy choices



established 76.00% of accounting practices of firms in Nigeria while other variables jointly were just 24.00%. This inferred that accounting practices in Nigeria or Nigeria firms were products of revenue recognition, depreciation and inventory valuation policies. Therefore, this study recommended that Nigerian firms, corporate or otherwise should ensure that appropriate income recognition policy be selected so as to capture all revenue or income earned, appropriate depreciation policy be adopted in other to determine the carrying amount of property plant and equipment and inventory valuation policy to know the value of inventories at hand as all these policies influence accounting practices in Nigerian firms as these are the main accounting policies that influence accounting practices. As a result, the report suggests that enterprises in Nigeria use all required accounting standards to improve the comparability of accounting data. They should also maintain consistency in the application of accounting policies in order to prevent unethical management practices. Furthermore, Regulatory authorities such as Financial reporting council, Federal inland Revenue Services, Corporate Affairs Commission etc and other stakeholders should hold corporations accountable for failures to implement good and accepted accounting standards. The government should enact regulatory regulations to guarantee that businesses carry out their accounting responsibilities professionally.

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