Financial Statement as a Veritable Source of Strategic Information in Automobile and Tyre Industries in Nigeria (R T Briscoe Nigeria Plc)

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Abstract: This study is derives from the concern of the users of financial statements in ability to understand, interpret and appreciate the importance of information provided in the statement as a basis for decision making and policy formulation. Due to this reason, they cannot make the best use of the information provided. This is exactly what led to this research study. This study was carried out to provide an insight into accounting information provided in the financial statements which is capable of satisfying the interest of all those who have dealings with R. T. Briscoe Nig. Plc in whatever capacity and it also tries to throw light on how to make use of accounting ratio in the evaluation of the performance automobile and tyre industries. The study also carried out an evaluation of the performance of the Automobile and tyre industries in a more relative term using accounting ratios as indicators. A thorough investigation was conducted into the efficiency performance in key areas such as liquidity, profitability, activity, and leverage ratios. The ratios computed were analyzed. After the analysis was made, the findings showed that the performance of the Automobile and tyre industries in the key areas mentioned above are well above average and that it compared favourably over the years for which the ratios were computed. The researcher however wish to stress the need for the Automobile and tyre industries to sustain, consolidate and improve on some of its profitability ratios and improving its liquidity ratio.

Key words: Accounting ratios, automobile, policy formulation

INTRODUCTION

The definition brings out some component of accounting work like recording of financial data and importance of data communication to users. Accounting can also be defined as the process of measuring, recording, classifying and summarizing accounting information used for making economic decisions (Igben, 2007).

Perhaps, a wider definition of accounting is the one given by a committee of America accounting association “as the process of identifying, measuring and communicating economic information to permit, inform judgment and decision by the users of the information”.

The primary service of the accounting functions has been the supply of financial information. This information is provided for the use of all those who make decision concerning business firm: investors, creditors, management, employees and government.

Igben (2007), says “financial accounting is a system that measures business activities, processes that information into reports, and communicates the result to decision makers. He further said that personal financial planning, education and investment and loans are based on the information system that is called accounting”.

Lev (2007), also said that a key product of an accounting information system is financial statements and financial statements allow people to make informed business decision and it is from this financial statement of a firm we obtain information.

Objectives of the study:
- To examine the use of financial ratios in making financial decisions
- To give an understanding of the information contained in financial statement
- To study how the information can be obtained from financial statement and will also examine how to provide the appropriate persons with it
- To study the use of financial statement in determining the financial position of the automobile and tyre industries

Scope of the study: This research study covers the activities; recording and interpretation of financial statements of R T Briscoe industry. The basic financial ratios of R T Briscoe were assessed. This includes profitability, liquidity, leverage and the activity ratios computed for the period (2003-2007).

LITERATURE REVIEW

activities over a period of time or of business conditions at a given moment of time. He said further that financial statement contained summarized information of the firm’s financial affairs organized systematically.

Weetman (1999) says that financial statements are the documents that report on an individual or an organization’s business in monetary amounts. Financial statements are prepared as general information models of the enterprise at regular periods normally each year with interim statements often prepared each month. The proprietor of the business can make use of the financial statement for decision making, as a form of control and also diagnose the strengths and weaknesses of the business. This could be done through substantial analysis of financial data of the firms.

Preparation of financial statements is the responsibility of top management. Financial statements and other financial data can be found in annual reports prepared and published by business firms.

**Basic types of financial statement:** There are four basic types of financial statements that are normally prepared in any business firm:

- **The balance sheet:** This is often called the “statement of financial position”. It presents the firm’s current position as to funds committed or tied up in different types of resources and sources which provide corporate resources, Pandey (1999). The balance sheet is composed of two lists; one shows the kinds of resources or properties owned by the firm and the amount of funds committed in these properties. These are the firm’s assets. The other list shows the resources of the firm’s funds and investor’s or owner’s equity. Asset can be grouped into current assets, fixed assets, investment and intangible assets.

- **Current asset:** These are assets that are reasonably expected to be converted into cash or sold or used in the firm’s operations within one year, e.g. cash, stock, debtor’s e.t.c.

- **Fixed asset:** These are assets that are expected to have a long useful life, e.g., motor vehicle, building, furniture etc.

- **Investments:** It includes resources invested in other companies usually evidenced by notes, bonds, or shares of stock, and fund invested in assets not used in operations but help or growth or production of incomes.

- **Intangible assets:** Include patents, goodwill, copyright, trademarks, etc, intangible assets are normally reported at the amount invested in them.

- **Shareholder’s or owner’s equity:** This are funds received from investors, either shareholders of a corporation or owners of a partnership or proprietorship, give rise to this kind of equity.

**Liabilities:** This is the amount received from creditors who can claim repayments at specified times, are usually shown under the general headings, liabilities, current liabilities are liabilities that must be paid within one year e.g., trade accounts, creditors sand long term liabilities are liabilities to be paid at somewhere beyond the next year.

**The income statements:** This is sometimes called the “profit and loss statement”, presents information about the firm’s earnings both ordinary and extra-ordinary, financial accounting. The income statement presents the amount of revenue and expenses for the period.

Revealed is earned increase in resources, and expenses are consumed resources. The combinations of those on the income statement result in net income, Anao (1996).

**Extra ordinary items:** These include earned inflows and consumption (or losses) or resources not related to ordinary operations of the firm are reported in this section of the income statement.

**Statement of retained earnings:** The-statement is used to show the effect of dividend and retained earnings on the balance sheet. Changes in the capital derived from earnings during the period are reported on this statement. This information tells us about the amount of dividends and exceptional items considered so unrelated to events of the current period that they were interpreted as adjustment to retained earnings rather than part of the income computation.

**Statement of capital:** The statement contains information about the sources of capital. It also gives the changes that have accrued in the owner’s capital during the year.

**User of financial statement:** Accounting information found in financial statement is not only used by management but also the external or outside users.

**Internal users of financial statements:**

**Management:** They are responsible for the overall performance of the firm. They make several decisions and therefore, need information. Accounting provides relevant information in which managers have a direct interest; it is their overall responsibility to see that the resources of the firm are used most effectively and efficiently and that the firm financial condition is sound.

Olowe (1999), Financial Management, says “management are concerned with internal control, profitability of company, and efficiency of management of assets; they are interested in all aspects of financial
ratio analysis that all outside investors used in evaluating the firm to bargain effectively for more funds”.

**Employees:** They are interested in the long term stability of the company, on which their job depends, and on the company’s ability to meet wage demands.

**Shareholders:** They are concerned with the firm’s long term solvency and survival. Olowe (1998), says shareholders are interested in the company’s profitability, stability, potential for growth and dividend policy.

**Sole proprietors and partners:** They have a primary interest in the accounting information. They have entrusted their financial resources to the firm and therefore would like to know periodically its performance.

**External users of financial statement:**

**Potential investor:** Either creditors or owners get an idea about the firm’s financial strength and performance from its financial reports. They are generally interested in the earnings dividend and growth trends of the firm. They restore more confidence in those firms that show steady growth in their earnings. As such they concentrate on the analysis of the firms present and their future profitability. Okoye (2000), Financial Management and Policy.

**Trade creditors:** They are interested in the business to pay interest and repay the principal sum on due date. The analysis of the financial statement will therefore continue on the evaluation of the firm’s liquidity position.

**Loan creditors:** They are interested in the continuing profitability performances of the firm so that they may regularly receive interests and repayment of principal. They need accounting information to evaluate the firm’s performance and to determine the degree of uses to which they are expected.

**Government:** Also is interested in business profit to assess’ tax liabilities and may also be interested in their information e.g. statistics on employment and wage levels. The tax department of government has an interest in determining the tax all income of the company.

**Definition and types of ratio analysis:** According to Pandey (1999), “a ratio is simply the expression of one figure in terms of another to obtain a proportion and it is the indicated quotient of two mathematical expressions”. Vickey (1973) said that ratio analysis involves comparison for a useful interpretation of the financial statement. Olaseni (1998) also defined financial analysis as “the process of identifying the financial strength and weakness of the firms establishing relationship between the items of the balance sheet and the profit and loss account”. He said further that ratio may be computed and analyzed to establish specific trends or behaviour over time or analysed relative to the performance of other firms in the industry, (or compared with industry average or standard) at a particular point in time. Appleby (1987) also commented that financial ratios are very important indicators for measuring the health and other variables of a company. He also stated that to evaluate the financial condition and performances of a firm, the financial analysis needs certain yardstick.

The yardstick frequently used is a ratio index relating to two prices of financial data to each other. The ratios computed in this paper work are to facilitate decision making in the company under study. The ratios are discussed below:

**Types of ratios:** According to Aborode (2006) ratios are employed to answer question relating to profitability, liquidity, leverage and the activity ratios.

Okwuosa (2005) also said that in accessing the performances of a firm; the key financial ratios used are grouped into categories according to their implications for profitability and activity ratio. These are ratios which are concerned with relative profitability and efficiency of utilization of resources of a business. Profit is the difference between the revenue and expenses over a period of time.

Therefore, profitability ratios are calculated to measure the operation and overall performance of the firm.

**The ratio under profitability includes:** Return on Capital Employed (ROCE): This ratio shows the overall profitability of the business. The ratio is calculated as:

\[
\text{ROCE} = \left( \frac{\text{PBIT}}{\text{Capital employed}} \right) \times 100
\]

PBIT is profit before interest and tax.

These are variations of this formula but the one given here is more superior.

**Gross profit margin:** This ratio shows relative efficiency of the business after taking into consideration sales and cost of sales.

It is calculated by dividing the gross profit by sales:

\[
\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Sales}} \times 100
\]

**Net profit margin:** Net profit is sometimes compared with sales revenue. This can be expressed in the form of net profit ratio. It is related thus:

\[
\text{Net profit margin} = \left( \frac{\text{PBIT}}{\text{Sales}} \right) \times 100
\]

**Operating expenses ratio:** This is a ratio that explains the changes in the profit margin ratio. This ratio is computed by dividing operating expenses via, cost of
goods sold plus selling expenses administrative expenses (excluding interest) by sales:

\[
\text{Operating expenses ratio} = \frac{\text{Operating expenses}}{\text{Sales}} \times 100
\]

**Return on equity:** A return on equity is calculated to see the profit ability of owner’s investment. The ratio measure the success of both financial management and operating management. There are no adjustments to be made in computing this ratio, it is simply:

\[
\frac{\text{Profit after tax}}{\text{Networth-Return on shareholders equity}}
\]

Return on equity indicates how well the firm has used the resource of owners.

**Earning per share (EPS):** The earning per share is calculated by dividing the profit after tax by total (ordinary share outstanding).

\[
\text{EPS} = \frac{\text{Profit after tax}}{\text{No of common share outstanding}}
\]

**Return on total assets ratio:** This is ratio that often called the return on total capital; it compares the total return before payment for the use of any capital with the total capital used in the firm. Thus, the formula for computing this ratio is known as:

\[
\frac{\text{Profit after tax}}{(\text{Total assets/investment})}
\]

**Dividend per share (DPS):** The income which the shareholder activity receives is called dividends. Dividends per share are the earnings distributed to ordinary shareholders divided by the number of ordinary shares outstanding:

\[
\text{DPS} = \frac{\text{Earning paid to shareholders}}{\text{Number of ordinary shares outstanding}}
\]

**Dividend payout ratio:** (Or simply payout ratio) is dividend per share divided by earnings per share. It is calculated thus:

\[
\text{Payout ratio} = \frac{\text{Dividend per share}}{\text{Earning per share}}
\]

Earnings not distributed to shareholders are retained in the business.

**Dividend and earnings yield:** The dividend yield measure the rate of return investors would get by purchasing the shares at the current market rate on the basic of a declined rate. Evaluate the shareholders return in relation to market value of the share.

\[
\text{Dividend yield} = \frac{\text{Dividend per share}}{\text{Market per share}}
\]

\[
\text{Earnings} = \frac{\text{Earning per share}}{\text{Earning value over share}}
\]

**Liquidity ratio:** Generally, the first concern of a financial analyst is liquidity: Is the firm able to meet its maturity obligations.

Many ratios are used for financial strength analysis, the following are considered.

**Current ratio:** This is the most commonly used for the measurement of short term solvency. Weston and Brigham (2000), says that current ratio indicates the extent to which the claims of short term creditors are covered by assets that are expected to be converted into cash period roughly corresponding to the maturity of the claims.

\[
\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}
\]

A current of 2:1 or more is considered satisfactory

**Leverage ratio:** Leverage ratio measures the funds supplied by owners as compared with the financing provided by the firm’s creditors. Firms with low leverage have less risk of loss when the economy is on a down turn, but they also have lower expected return when the economy is experiencing booms. Conversely, firms with high leverage ratios run the risk of large losses but also have a chance of gaining high profits.

Some of the important ratio used to measure leverage are:

- **Equity to total assets ratio:** This ratio seeks to measure what proportion of the total assets is employed for the purpose of generating income over a number of years which financed from the fund of the residual owners. The ratio is given as:

\[
\frac{\text{Equity}}{\text{Total assets}}
\]

- The higher is ratio out side suppliers of capital are on the stake of owners.

- **Owner equity:** To fixed assets ratio, owner’s equity to fixed assets ratio: This ratio seeks to measure the portion of the fixed assets employed for the purpose generating income over a number of year which is financed from the fund of the residue owners. The ratio is given as:

\[
\frac{\text{Owner equity}}{\text{Fixed assets}}
\]

- **Coverage ratios:** The interest coverage ratio measures the extent to which earning can decline without resultant financial embracement to the firm because of inability to meet annual interest costs.
Uses of accounting ratio analysis: Ratio analysis is the most powerful tool of analysis. Many diverse groups of people are interested in analyzing the accounting information to indicate the operating and financial efficiency and growth of the firm and the uses of ratio are discussed as follows:

- Accounting ratios are useful in security analysis. The major focus of a security analysis would certainly be concerned with the efficiency with which the firm is analyzing the profitability ratio, the security analyst will also analyze activity and leverage ratio (Weston and Brigham, 2000).
- It is useful in credit analysis. This is analysis of the investment merit of stocks and bonds. When the emphasis is on credit analysis, the principal focus is on judging the long-run profit potential of the firm.
- It helps in determining the ability of the firm to meet its current obligations.
- Lastly, ratio analysis helps or plays a vital role in informing the public of what has happened from one period to another.

Limitation of accounting ratio analysis: The accounting ratio is a widely used technique to evaluate the financial position and performance of a business. But there are certain problems in using the ratios. Pandey (1999) says a financial ratio should be seen as an aid to effective management, and not a substitute for sound decision. This implies that ratios are computed only to provide part of the information and there are more important factors that can help in decision making.

- The differences in the definitions of items on the balance sheet and the profit and loss statement make the interpretation operations difficult.
- The comparison is rendered difficult because of difference in situation of one company over years.
- The ratios calculated at a point in time are less informative and defective as they suffer from short-term changes.
- It is difficult to decide on the proper basis of comparison.
- Different accounting policies: the choices of accounting policies may distort inter-company comparison.

The role of accounting information in management decision making: Accounting information is obtained from financial statement. Recently, a school of thought extended the role of information for decision-making by the shareholders to predict what their investment in an organization will yield in future since they are interested in returns received in the form of dividends and increases in value of their share Akinsulure (2008).

These are repetitive decisions: These are those which tend to reoccur regularly, example of choice are:

- Deciding whether to abandon and sell a plant after it has been damaged seriously by fire or to reconstruct it
- Deciding whether to expand the company’s operations into a completely new line of business
- Deciding whether to form out large company by combining two smaller ones i.e., merger.

RESEARCH METHODOLOGY

This study is an investigation into the role of financial statements for business decision making. This study is meant to show how the research is designed the method with which it is carried out and how data from various sources are collected, collated and analyzed. The research has been chosen to calculate the performance of R.T. Briscoe Nig Plc over some years.

Population and sample of the study: The study examines the use of financial statement in business decision making taking the Automobile & Tyre industries as the population for study. R.T Briscoe Nigeria Plc, Lagos, is taken as a sample from the entire Automobile & Tyre. This is to enhance a better understanding of how R.T Briscoe use information provided in the financial statement to make decisions.

The method of obtaining information from the sample is through extractions from their published financial statement and administration of questionnaire.

Type and source of data: Questionnaire Administration and Secondary data used in the study was extracted from the annual reports in the Fact book 2008.

Test for hypothesis:
Hypothesis One:

H₀: There is no significant relationship between financial statement and decision making in Automobile and Tyre Industries.
H₁: There is a significant relationship between financial statement and decision making in Automobile and Tyre Industries.

To test for this hypothesis, the ANOVA was used as the statistical data analysis technique. The result of the ANOVA is presented in the Table 1.

Decision rule: If F is found to be significantly greater than 1, implying that the differences between the sample means are found to be greater than the difference of the individual observations within the samples from the sample means then the sample means are significantly different from one another. In this case the null hypothesis
Table 1: Significant relationship between financial statement and decision making in automobile and tyre industries

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between people</td>
<td>3600.000</td>
<td>1</td>
<td>3600.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within between people</td>
<td>400.000</td>
<td>1</td>
<td>400.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People items</td>
<td>625.000</td>
<td>1</td>
<td>625.000</td>
<td>1.563</td>
<td>0.430</td>
</tr>
<tr>
<td>Residual</td>
<td>1025.00</td>
<td>2</td>
<td>512.500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4625.000</td>
<td>3</td>
<td>1541.667</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Positive relationship between financial statement and decision making in automobile and tyre industries

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between people</td>
<td>2052.000</td>
<td>1</td>
<td>2052.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within between people</td>
<td>225.000</td>
<td>1</td>
<td>225.000</td>
<td>2.778</td>
<td>0.344</td>
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<tr>
<td>People items</td>
<td>625.000</td>
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<td>625.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>850.000</td>
<td>2</td>
<td>425.000</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>2875.000</td>
<td>3</td>
<td>958.333</td>
<td></td>
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</table>

Table 3: Relationship between financial statement and decision making as regard success of the automobile & tyre industries

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between people</td>
<td>5625.000</td>
<td>1</td>
<td>5625.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within between people</td>
<td>625.000</td>
<td>1</td>
<td>625.000</td>
<td>1.000</td>
<td>0.500</td>
</tr>
<tr>
<td>People items</td>
<td>625.000</td>
<td>1</td>
<td>625.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>1250.000</td>
<td>2</td>
<td>625.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6875.000</td>
<td>3</td>
<td>2291.667</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

is rejected. In other words, if $F_{cal} > F_{tab}$, the null hypothesis is rejected. At 95% confidence, the $F_{tab}$ is 161.4. This shows that the $F_{cal} < F_{tab}$, therefore we accept the null hypothesis which states that: there is no significant relationship between financial statement and decision making in Automobile and Tyre Industries.

**Hypothesis Two**

$H_0$: There is no positive effect of financial statement on decision making in the Automobile & tyre Industries.

$H_1$: There is positive effect of financial statement on decision making in the Automobile & tyre Industries.

To test for this hypothesis, the ANOVA was used as the statistical data analysis technique. The result of the ANOVA is presented in the Table 2.

**Decision rule:** If $F$ is found to be significantly greater than 1, implying that the differences between the sample means are found to be greater than the difference of the individual observations with in the samples from the sample means then the sample means are significantly different from one another. In this case the null hypothesis is rejected ($H_0$ stated above) is rejected. In other words, if $F_{cal}>F_{tab}$, the null hypothesis is rejected.

At 95% confidence, the $F_{tab}$ is 161.4. This shows that the $F_{cal}<F_{tab}$ therefore we accept the null hypothesis which states that: There is no relationship between financial statement and decision making as regard success of the Automobile & Tyre Industries (Table 4).

**Summary:** The increase in the Equity stock of the Automobile (R.T. Briscoe Nig Plc) is incompliance with regulatory requirement and this increase the underlying strength of the Briscoe Nig Plc. With this background, cooperate management has to be extremely sound in all sphere of the Automobile & Tyre industries' operation to cover some threats that may be posed by the outside environment e.g., other Automobile & Tyre Industries.
Table 4: Financial statement of R T Briscoe (Nigeria) Plc

<table>
<thead>
<tr>
<th>Analysis of shareholding</th>
<th>R T Briscoe (Nigeria) Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset &amp; Resource Man.Ltd.,</td>
<td>40.75%</td>
</tr>
<tr>
<td>Chief M.Ade Ojo -</td>
<td>- 10.53%</td>
</tr>
<tr>
<td>Classic Motors-Ltd.,</td>
<td>- 8.27%</td>
</tr>
<tr>
<td>others</td>
<td>40.45%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Five year financial summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>N’000</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Net current</td>
</tr>
<tr>
<td>Deferred tax</td>
</tr>
<tr>
<td>Provision for staff gratuity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital and reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
</tr>
<tr>
<td>Bonus issue reserve</td>
</tr>
<tr>
<td>Share premium</td>
</tr>
<tr>
<td>Revaluation reserve</td>
</tr>
<tr>
<td>General reserve</td>
</tr>
<tr>
<td>Shareholders’Fund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Turnover, profit and appropriations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
</tr>
<tr>
<td>Profit before exceptional item</td>
</tr>
<tr>
<td>Profit before taxation</td>
</tr>
<tr>
<td>Profit before taxation</td>
</tr>
<tr>
<td>Divided declared</td>
</tr>
<tr>
<td>Per 50 K share data (adjusted)</td>
</tr>
<tr>
<td>Earnings (basic) (k)</td>
</tr>
<tr>
<td>Earning (restated)(k)</td>
</tr>
<tr>
<td>Dividend (K)</td>
</tr>
<tr>
<td>Dividend cover (times)</td>
</tr>
</tbody>
</table>

The study revealed that the Briscoe has a good profitability position when compared over the years computed. From all the ratios we have used to evaluate the profitability performance of the Briscoe Nig Plc, it was discovered that the company has a better performance when compared over the years.

Almost, all the ratios computed under the profitability ratio give a pass mark to the effort of the company in its profit-seeking venture. Operating expense grew at a relatively moderate rate. The assets utilization effort of the company as measured by the return on total assets showered encouraging results when compared over the years i.e. 2003-2007.

The utilization of owner’s funds, the earnings of dividends of the company as measured by return on equity, earning per share and dividend per share are also good indicators of profitability in the industry as they showed an encouraging results when compared over the five years i.e. 2003-2007.

CONCLUSION

The research study centered on the role of accounting information in management decision making in the Automobile & Tyre Industry being studied. It is believed that despite the fact that various forms of information is required for management decision making either quantitative or non-quantitative, accounting information is often used by management in making decisions that affect most part is in view of this that the financial statement of R.T Briscoe Nig. Plc have been analyzed to be a major source of information used by the management of the Automobile in its decision making.

R T Briscoe Nig. Plc sustained the conditions as its health ratios are largely pointing upwards suggesting further recovery and growth possibilities.

RECOMMENDATION

This ratio has shown a very good trend over the year and everything position to sustain her present profitability position. In doing this, specific attention should be paid to the dividend paid to investors:

- The earnings of the Automobile & Tyre company should also be checked from time to time (although satisfactory) because prospects for improving earnings appear to be relatively expressive money market funds may undermine the earnings drive.
The R.T Briscoe should try everything possible to improve its present liquidity fair performance on the Briscoe in term of liquidity. The year 2007 is not a very good year in terms of liquidity. Efforts should be made to sustain the activity ratio that has shown a good performance over the years.

Also, the R.T. Briscoe should improve upon its present leverage position so as to remain within a reasonable level of financial risk inherent in the capital structure of the Automobile.

REFERENCES
