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EFFECTS OF ACCOUNTING PRACTICES ON SHAREHOLDERS' WEALTH: EVIDENCE FROM SKYE BANK PLC, NIGERIA (NOW POLARIS BANK PLC)

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Abstract
The study focuses on the Effects of Accounting practices on shareholders' wealth using Skye Bank (now Polaris Bank) of Nigeria Plc as case study. It examines the relationship between accounting practices and shareholders' wealth and assesses the effectiveness of accounting practices as a strategy to achieve increased shareholders' wealth of Skye Bank of Nigeria. To achieve the above objectives, a multiple linear regression technique was used to analyze the relationship between accounting practices and shareholders wealth. The secondary data were collected from NSE handbook, relevant textbooks, finance journals, financial statements from the website of Skye Bank of Nigeria. Data were analyzed for descriptive and inferential statistics using SPSS version 21. Descriptive statistics such as tables and percentages analysis were used for presentation of data. Based on the analysis, it was found that tax planning and compliance with ethical framework of accounting have positive relationships with the return on equity of Skye of Nigeria and these relationships were significant while compliance with compliance with prudence principle has a significant negative relationship with ROE. In the light of the above, the study recommended that banks should ensure that strong internal control and corporate governance mechanism are maintained so as to mitigate the effect of prudence principle on the wealth maximization of shareholder emphasizing that the watchdogs of accounting profession in the country should be strict on the accounting practices issues.

Keywords: Accounting practices, Shareholders' wealth, Return on equity, Tax planning and Prudence principle

1.1 Background to the Study

According to International Accounting Standard Board (IASB, 2007 a), for users of financial report to make economic decisions, financial reports must provide useful information. This information can only be useful if it fulfills basic qualitative characteristics of financial statements. The International Accounting Standard Board (IASB, 2007 b) Framework emphasizes that relevant financial information should be predictive or confirmatory in nature. This should be such that the financial information of a specific entity will be considered material when its omission influences economic decision of its users. The managers are entrusted to take care and grow the shareholders' wealth. Salome, (2012), explains that information asymmetry creates agency conflict between management and shareholders as explained the agency theory. Accountants, who are stewards of shareholders, collaborate with directors in manipulating accounting figures rather than

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showing a true and fair view of financial accounts. Globally, for users of financial report to make economic decisions, financial reports must provide useful information (Ezeani, Ogbonna & Ezemoyih, 2012). This information can only be useful if it fulfills basic qualitative characteristics of financial statements (Amat & Gowthorpe, 2010).

Sawabe(2009) emphasized the innovative aspects of accounting practices in maneuvering accounting numbers and argued that innovation is an essential part of creative accounting practices involved in innovative accounting practices. The managers are entrusted to take care and grow the shareholder's wealth. Salome, (2012), explains that information asymmetry creates agency conflict between management and shareholders as explained in the agency theory. Accountants, who are stewards of shareholders, collaborate with directors in manipulating accounting figures rather than showing a true and fair view of financial accounts. A need therefore arises to identify accounting practices, how they are practiced, as well as looking at the effect they have on shareholders‟ wealth. According to Gherai and Balaciu (2011), the anticipations of a company becoming reality, a great need to generate trust with an accurate image reinforces a feeling that such a company practicing transparency is safe. The freedom of decisions allowed by most accounting regulatory bodies are characterized by inadequacy of accounting regulations, their heterogeneity and the evolving process of harmonization encourage an increase in sharp accounting practices. They also emphasized that sharp accounting practices such as earning management and income smoothening among others are practiced when enterprises face financial difficulties and are motivated by the desire to deceive investors or shareholders to further incest more rather than pulling out their interests. These practices disappeared only with the fading of their primary causes. Simser (2008) elucidates that taxpayers are required to pay taxes based on accounting and legal advice provided which should be aligned to the firm's financial reports and the existing tax rules. Taxation is complex and exploring the tax system requires the guidance of skilled lawyers, accountants and other advisors. Tax evasion is unacceptable and/or illegal while tax avoidance is perfectly acceptable however there is no clear line between the two. This is the dilemma that is faced by the advisors. Tax evasion is perpetrated through acts such as presenting incorrect statement of accounts, making false entries or alterations, or false books or records, destruction of books or records, concealment of assets or covering up sources of income constitute tax evasion Malkawi, and Haloush, 2008).

Assihet ET' al.(2013),States that earnings management means modifying of financial disclosures with the motive of private gain done through involvement in the process of external financial reporting. It takes the form of smoothing of earnings, antagonistic smoothing of incomes and distortion of financials. Shah(2011) further explained sharp accounting practices as the intentional influence exerted on financial reported figures to suit the impression of managers to stakeholders by a view other than the actual performance or financial position of the company by applying accounting knowledge and discretion within the jurisdiction of laws set up by accounting regulatory bodies. Engaging in sharp accounting practices has facilitated many companies beyond financial crises than put them into crisis. The fault when it emerges lies with the user of the financial information. With increasing hard economic times, companies may be motivated to engage in sharp accounting practices for diverse reasons. Players in the accounting profession may not fully understand the operations of

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these sharp accounting practices because different companies practice creative accounting for different reasons. Carrying out research on the effect of accounting practices on shareholders wealth using Skype bank (now Polaris bank) will help the players in the accounting profession to empirically understand the implications of such practices on shareholders wealth. It is upon this backdrop that the study intends to find out whether such practices as tax avoidance, accelerated depreciation, earnings management, non- ethical thoughts and income smoothing as part of the major sharp accounting practices have an influence on the shareholders wealth.

1.2 statement of problem

Accounting in its ideal practices is structured to ensure that organization's records are properly kept and maintained and can be easily referred to for purpose of future references. It is with the same spirit and sense that various accounting standards, rules, regulations, concepts and conventions, policies and principles were formulated to ensure that organizations prepare their financial statements in line with already established and global best practices. A sound financial statement must be faithfully presented, that is, it must show the true economic reality of an organization. All the elements and components of a complete set of financial statement must show a true and fair view and prepared in compliance with required standards. There must be justification that such financial statements were prepared and presented taking into account all ethical concerns as well as legal concerns.

Unfortunately, Skye bank now Polaris bank had failed to keep proper books of account as evidence of inappropriate financial reporting was discovered after a forensic audit was conducted by PWC and KPMG in 2016. The forensic audit revealed that the bank had operated two set of books which further revealed that the bank had a negative capital position amounting to ₦690 billion as at December 2016 caused mainly by impairment of loans to the tune of ₦529 billion and transactions in suspense to the tune of ₦280 billion(relating to Balance sheet and Profit or Loss statement manipulations from 2006 to 2016 and direct fraudulent cash withdrawals by known individuals).The above scenarios suggest that the accounting practices of Polaris Bank have not been effectively used to achieve shareholders wealth maximization objective. To fill the identified research, gap this study has been carried out to assist the shareholders and other stakeholders by investigating the effect of accounting practices on shareholders wealth before making decisions with regard to potential and current investments in companies. To what extent have these accounting practices influenced shareholders wealth in the then Skye bank Nig. Plc (now Polaris bank). The foregoing research question will provide a direction for the current study.

1.3 Objectives of the study

The main objective of the study is to examine the effects of accounting practices on shareholders wealth in Nigeria using the then Skye bank of Nig. Plc (now Polaris bank).The specific objectives are to:

1. Examine the extent at which tax planning affects shareholders wealth.
2. Examine the extent at which compliance with ethical framework of accounting affects shareholders wealth.
3. Examine the extent at which compliance with prudence principle affects shareholders' wealth.

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1.4 Research questions

The research questions for the study are as follows:

1. To what extent has tax planning affected shareholders' wealth?
2. To what extent has compliance with ethical framework of accounting affected shareholders' wealth?
3. To what extent has compliance with prudence principle affected shareholders' wealth?

1.5 Research hypotheses

The following hypotheses were formulated for the study:

HO_1: There is no significant relationship between tax planning and shareholders' wealth.

HO_2: There is no significant relationship between ethical framework of accounting and shareholders' wealth.

HO_3: There is no significant relationship between compliance with prudence principle and shareholders' wealth.

1.6 Scope of the research area

This research study revolves round the effect of accounting practices on shareholders' wealth using Skye bank plc (now Polaris bank) as case study and how these practices affect shareholders' wealth as far as firms and services industries are concerned in Nigeria. The activities of the accounting professional bodies were put also into consideration. However, the research was restricted to accounting professionals, branches of Polaris bank operating in Calabar, Cross River State of Nigeria.

1.7 Significance of the study

Accounting in its ideal practices is structured to ensure that organization's records are properly kept and maintained and can be easily referred to for purpose of future references. It is with the same spirit /sense that various accounting standards, rules, regulations, concepts and conventions, policies and principles were formulated to ensure that organizations prepare their financial statements in line with already established and global best practices.

The significance of this study is multi-faceted. First, it will help in identifying effects of accounting practices on shareholders wealth which will increase the public trust and credibility accorded to audited financial statements being prepared by accountants without much skepticism about the integrity and objectivity of accountants in performing their duties. The study also is important to developing countries such as Nigeria with high rates of corruption and recurrent corporate malpractices as it will help narrow down the options to curtail such from subsequent occurrence.

This study will also be significant to financial analysts, investors, public accountants and the general public as the integrity of the prepared statements will give no rise for fraud or material misstatements that are liable to give a false impression or appearance to the stakeholders. It goes as far as preventing unethical accounting practices such as earnings management, income smoothing and window dressing of accounts.

It will therefore equally be of immense assistance to organizations in the financial reporting aspect gendering on professional competence and due care where the expertise of the professional is expected to play out in handling complex situations and ensuring that all his decisions and actions are sustained within the ethical boundaries governing the profession.

Finally this research will be significant to persons within the academic environment and also independent researchers as it will serve as a reference point also for future studies on this subject.

1.8 Organization of study

This study is organized into sections as follows:

Section one contains background of the study, statement of problem, objectives of the study, significance of the study, organization of the study and definition of terms.

Section two contains conceptual framework, theoretical framework and empirical review of literature.

Section three deals with research design, population of the study and method of population determination, sample size and sample size determination, sampling techniques and sampling procedure, method of data collection and data sources, instrument development and model specification.

Section four contains data presentation, analysis of data, test of hypothesis and discussion of findings.

Section five contains summary of findings, conclusion and recommendations.

1.9 Operational definition of terms

Accounting practices: A firm's accounting practices refer to the methods by which its accounting policies are implemented and adhered to on a routine basis, typically by an accountant, auditor, or a team of accounting professionals.

Shareholders' wealth: Shareholders wealth is the collective wealth conferred on shareholders through their investment in a company.

Return on equity: The return on equity (ROE) is a measure of the profitability of a business in relation to the equity, also known as net assets or assets minus liabilities. ROE is a measure of how well a company uses investments to generate earnings growth. Return on equity (ROE) is also a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets.

Tax planning: Conceptually, tax planning involves taking conscious efforts to consider the tax that will be payable by a taxpayer at a future date and how such tax can be minimized. It is clear that payment of tax is an outgoing from the viewpoint of a taxpayer. With respect to profits/income tax, the amount that can be retained by the taxpayer from the profits/income of his business/investments is reduced by the amount of tax that such taxpayer has to pay. Consequently, taxpayers have resorted to devising several means of ensuring that they pay the minimum possible tax. Tax planning involves anticipating a set of circumstances and the identification of opportunities to minimize or defer tax liabilities within the law. It involves arranging affairs to ensure that the maximum allowances, exemptions and reliefs are enjoyed.

Concept of Prudence in accounting: Under the prudence concept, do not overestimate the amount of revenues recognized or underestimate the amount of expenses. You should also be conservative in recording the amount of assets, and not underestimate liabilities. The result should be conservatively-stated financial statements.

Ethical Thoughts: Ethical thoughts are Integrity, Objectivity, Professional behaviour and Professional competence and due care.

Ethical Accounting: Ethical accounting is the frequency at which financial statements are found to be true and fair, devoid of error and generated wholly in view of public interest.

Accounting Practitioner: A person who has the requisite skill and experience in establishing and maintaining accurate financial records for an individual or business having passed certain examinations and met all other statutory and licensing requirements.

2 LITERATURE REVIEW

2.1 The Conceptual Framework.

Accounting has been defined as an age long tradition that is being shaped by its environment on which it also exerts considerable influence (Anao, 1991). As a result, the ever changing environment had led to the evolvement of different definitions of the subject and the roles of accounting professionals overtime. Accounting as described in the literature dated back to 4500 BC when ordinary bookkeeping commercial activities blossomed during the renaissance, the need to fine tune the bookkeeping system gradually led to the evolvement of the double entry principle as published in the treatise by Luca Pacioli in 1494 titled "Summa de Arithmetical, Geometrical Proportioni et Proportionalita". The publication which was basically an algebra text devoted a chapter to expanding the principles of double entry which had been in existence at that time. Therefore, it was Pacioli's work that systematized and popularized a principle that had probably been arbitrarily applied. This was an important foundation on which all other subsequent developments in accounting seem to have been based. The double entry system quickly spread across Europe, particularly after the publication of Luca Pacioli's book.

The American Institute of Certified Public Accountants (AICPA) has defined accounting "as the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least of a financial character and interpreting the result there of."(AICPA, 1961). This definition emphasizes that accounting tends towards transactions that indicate certain financial implications. The definition also points out the major activities involved in accounting such as; identifying, recording and summarizing of data, usually expressed in monetary terms and the subsequent interpretation of the resultant Accounting information. The American Accounting Association (1966) defines Accounting "as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information". The definition brings to light the rationale for Accounting; to improve or guide judgment and decision making. However, Anoa (1989) notes that irrespective of the use to which accounting are put, the significance of the broad terms employed to describe the accounting sensitivities should be noted. Accounting practices both in the private and public sectors greatly influence organizational performance (Inyang, 2016).

Accounting practice in it ideal sense is the system of procedures and controls that an accounting department uses to create and record business transactions. Accounting practice should ideally be extremely consistent, since there are a large number of business transactions that must be dealt with in exactly the same manner in order to produce consistently reliable financial statements. Auditors rely upon consistent accounting practice when examining a company's financial statements. Examples of good accounting practice are: always using the same calculation to determine the amount of overtime paid to employees, always issuing billings to customers on the same day that goods are shipped to them, always paying supplier invoices on the day when they are due and always using the same depreciation method for the same class of fixed assets, The development of a high level of accounting practice calls for the routine examination of any departures from the mandated process flow, so that errors can be spotted and the underlying causes corrected. This level of self-examination is only possible if the accounting staff has a sufficiently high level of training to understand: the proper process flow, when a departure from the authorized process has occurred, how to devise a systemic correction to an error and how to ensure that the change is properly implemented in the process on a go-forward basis.

Accounting practice also calls for the continual installation and updating of best practices, so that both the efficiency and effectiveness of the accounting processes are improved over time. Doing so calls for additional skills in identifying best practices and in the installation and monitoring of any changes made.

2.2 Theoretical framework

2.2.1 Agency theory

Agency theory was developed by Jensen and Meckling (1976) who defined the agency relationship as a form of contract between a company's owners and its managers, where the owners appoint an agent (the managers) to manage the company on their behalf. As a part of this arrangement, the owners must delegate decision-making authority to the management. The owners expect the agents to act in the best interests of the owners. Ideally, the 'contract' between the owners and the managers should ensure that the managers always act in the best interests of the shareholders. There is an agency relationship when actions of one individual affect both his welfare and that of another person; it can be an implicit or explicit contracted relationship. The individual who undertakes the action is the agent and the person whose welfare or work, measured in monetary terms, is affected by the agent's actions is called the principal.

In an agency relationship, if both parties' interests are actualized, there is a good reason to believe that the agent acts in the interest of the principal. In this study, the professional accountant is the agent while the Management of the organization, firm or business and its various stakeholders are both the principal. This dual ethical structure of the accountant having

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to report to the management as an employee and also fulfill his professional duties in bearing the public interest at heart based on the nature of his qualification and the regulations surrounding it, however makes it impossible to arrange a perfect contract and agency conflict will surface because management may have desires which regulations guiding the accounting profession in Nigeria may prohibit the agent from indulging in such.

Agency theory is a useful theoretical framework for this study as it is centered on ensuring an adequate internal control framework to checkmate the excesses of the agents. This study examines the effect on internal audit and management commitment on the effectiveness of internal control.

2.2.2 The Information Theory.

According to Kamauetal., (2015), the theory states that there is a possibility of information asymmetry in which the manager has better information about the financial position of the firm than the shareholders and other users. From the informational perspective, the information asymmetry creates a conflict in corporate organization between advantaged managers and stakeholders. The assumption is that the accounting disclosures contain information that is valuable and material in nature to stakeholders in providing signals. The accountant has to portray a true and fair view of transactions in the accounting statements. The managers owing to the privileged information and managerial positions take advantage or direct the enterprise into a course suitable to them. They further stated that the efficiency of the secondary trading of debt securities is increased by decreasing information asymmetry regarding a borrower through conservative reporting. Accounting conservatism and accrual accounting can be tolls of creative accounting as they have direct effect on the financial statements as it deals with a doubtful situation in accounting. Doi, (2011) states that the information theory states that two parties have access to different information in this case managers and shareholders. It is describes behavior that is resultant, in this case the managers chooses whether to communicate and method of communication of the financial information and the users of that information must choose how to deduce the signal.

2.3 Empirical literature review

The existence of earnings management, income smoothing, tax avoidance and non-ethical compliance as a form of sharp accounting practices is evident in prior studies both locally and internationally. Kamau et al.,(2015) were analyzing sharp accounting practices among listed companies in the Nairobi Stock Exchange in Kenya. Their study comprised 64 companies listed on the NSE. They selected a sample of 39 firms for their survey. Data was analyzed on the basis of modified Jones model to estimate discretionary accruals in various sectors. The study concluded that there were significant variances in discretionary accruals for various sectors. It was evident that there is a high probability that sharp accounting practices could be happening within the sectors. Telecommunication and technology sectors showed the highest probability of sharp accounting practices while automobile and accessories sector indicated lowest likelihood of the practices. It confirmed the practices through earnings management across all the sectors for firms listed in the Nairobi Stock Exchange. Nyabuti et al.,(2015),

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investigated sharp accounting practices in Kenya and their effect on the financial performance of companies listed in the Nairobi Stock Exchange. They used a sample of 30 companies using purposive sampling. Their study took into consideration avoidance of tax, earnings management and smoothing of incomes as part of the key sharp accounting practices among publicly listed firms in Kenya. They found out that a strong relationship exists between the variables (accounting practices and financial performance) among listed companies in Kenya. They also discovered that most companies applied accounting practices aggressively leading to their failures and collapse.

Ogiedu and Odia,(2013), dealt with the impact of corporate governance and regulatory activities of Nigerian Accounting Standards on accounting practices in Nigeria. Their study showed existence of these practices and a negative influence on the relationship between the variables (the corporate governance and regulatory activities of Nigerian Accounting Standards and sharp accounting practices).The population comprised parties concerned with accountants, users of financial information and regulatory agencies in Nigeria. The response rate of the study was 59%. They stated that creative accounting has some positive indicators for example smoothing of incomes whereas the negative indicators deceive users of companies' reports. A study by Salome et al.,(2012) on the effect of creative accounting on the job performance of accountants in reporting financial statement was carried out in Nigeria. Their study identified the accounting strategies aimed at avoiding creative accounting in any of financial dealings. They found out that accountants used profit eroding mechanisms which lead to drastic consequences like corporate scandals and collapse both international and locally as in the case of WorldCom and Enron. They also discovered that managers of not for profit organizations are motivated to manipulate the ratios of reported programme-spending since donors use the ratios to regulate decisions regarding contributions. They highlighted the need to scrutinize potential misuse of accounting policy, choice and manipulation of transactions due to the ethical inference of creative accounting. In Nigeria Stock Exchange, forms of creativity in accounting are share price manipulation, profits or accounts misstatements and insider trading, resulting in the recent crash. They pointed out on the need to strengthen enforcement and monitoring mechanisms set up by professional accounting bodies to heighten the qualitative nature of financial reports, at the same time, reconstructing and sustaining the cautionary confidence of financial investors, shareholders and stakeholders.

Citing classical evidence in Nigeria, Sanusi (2010) notes that, financial institutions made public the information on their operations on a highly selective and biased basis and investors were unable to make informed decisions on the quality of their earnings, the strength of their balance sheets or the risks in their businesses. Without accurate information, investors made ill-advised decisions regarding stocks, enticed by a speculative market bubble which was allegedly partly fuelled by the banks through the practice of margin lending. Some banks even engaged in manipulating their books by colluding with other banks to artificially enhance financial positions and therefore stock prices. Practices such as converting non-performing loans into commercial papers and bank acceptances and setting up off-balance sheet special purpose vehicles to hide losses were prevalent. Recently the CBN put an end to these practices and the collapse of the equity markets effectively put an end to alleged stock price manipulation.

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According to Egwuonwu (2007), there is a long list of corporate casualties across international divides on account of behavioural misalignments or diminished behavioural governance and accountability. In Nigeria alone 54 banks have either failed or forced to close and Cadbury Nigeria Plc. who overstated their earnings through the cooking of accounts and were appropriately sanctioned by the Security and Exchange Commission (SEC).Consequently, following these questionable accounting practices witnessed in the operations of these entities, the reputation and ethical values of the accounting Professional seems elusive. Although, accounting regulatory bodies intend that financial statements should be useful to a wide range of users. The preparers of those financial statements act as intermediaries between the regulators and the multiplicity of end users of the statements. They therefore occupy a powerful position as interpreters of the regulations, and, given the complexity of the business world, it is hard to see how some degree of ethical inconsistency can be avoided.

According to Amat and Gwothrope (2004), financial statements provide information that is used by interested parties to assess the performance of managers and to make economic decisions. Users may assume that the financial information they receive is reliable and fit for its purpose. Thus, accounting regulation attempts to ensure that information is produced on a consistent basis in accordance with a set of rules that make it reliable for users.

However, communications between entities and end users of accounting estimates as reflected in financial statements may be deliberately distorted by the activities of financial statement preparers who wish to alter the content of the messages being transmitted. This type of distortion is often referred to as ‘earnings management' though often perceived as reprehensible, has led to the presence of an expectations gap arising from the possibility that the accounting estimated reported by accountants may not reflect the true and accurate estimates that actually exist.

Ethical values are essential to the progress of any nation. Ethical values are crucial to the functioning of business and society. Business and society depend on individuals making personal ethical decisions that are fundamental to responsible business operations and to an orderly society.

However, in recent times attention has also been shifted to the role of corporate governance in the current expectation gap. The accounting profession and its functions do not exist in isolation; it is part of a wider corporate system of which corporate governance is fundamental. Consequently, that corporate governance fails is often because more effort is devoted at creating and sustaining structures and processes while almost no meaningful attention is given to genuine institutionalization of behavioural and ethical accountability which are accomplished by the hands of genuine integrity. Therefore, we would attempt to examine how the Sarbance-oxley Act impacts ethics in corporate governance. Though passed in the united states of American, the contents and issues addressed in the act are either presently existing challenges or foreseeable challenges for developing countries like Nigeria.

There are factors to be put into consideration that influence the model used in the study of the effect of accounting practices on shareholders’ wealth. The independent variables are income smoothing, tax avoidance and non-ethical compliance as strategies of sharp accounting practices. The dependent variable is shareholders’ wealth. Other factors are the intervening and moderating variables. Coopers, (2007) defines intervening variables as variables that explains a conceptual device through which the moderating and predictor variables may affect the dependent variable in an observed relationship. Intervening variables are factors that theoretically affect the dependent variable. These variables are hypothetical, that is, are not observable or could not have been measured. Their effects are inferred from the effects of the independent and moderator variables on the observed phenomenon. In this study, the intervening variables are the audit scope and government policies on sharp accounting practices. The audit scope determines to a large extent if the auditor identifies sharp accounting practices. The moderating variables includes the: International Accounting Standards (IAS), General Auditing and Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). These influence the accounting policies and methods to be employed by the companies in preparing financial statements. These have left companies to their own discretion on the choice of accounting policies and procedures. As a result companies have chosen accounting policies that favour their financial reports and also they change their policies to suit their needs. Without compliance with financial regulatory framework, organizational performance becomes ineffective and inefficient (Inyang, 2013).

A professional accountant is expected to act in the best interest of the public, hence the need for accounting professional ethics. Camerer (1996) posited that professional ethics sets out the ideas and responsibility of the profession, provides guidelines on acceptable conduct, improves the profile of the profession, protects both clients and the professionals, improves quality and consistency, and motivates and inspire the professionals. A review of existing literature such as Akenbor and Onuoha (2013), IFAC (2006), Robert (2005), Obadan (2001), and Herbert (2001), revealed that the accounting professional ethics centred on independence, integrity, objectivity, competence, fairness, confidentiality, fidelity, responsibilities to other members, etc. Professional accountants in employment own certain legal duties to their employers. Indeed, they have a duty of fidelity which requires them to be fully committed to furthering the legitimate interest of their employer. Aquack and Lipe (2010) stated that while the duty of fidelity continues throughout the period of working for an organization, it also applies when members wish to change employment. This duty prevents an employee from using the skills acquired while working for a former employer in undertaking a new role with a different organization. More so, a professional accountant is expected to conduct himself in a manner that promotes good relationship with other professional members. He must avoid undue publicity and advertisement, accord co-operation to incoming auditors, and seek arbitration with relevant institute when he feels that a colleague has treated him unfairly (Camerer, 1996).

3 METHODOLOGY

This study was carried out using a survey research design. The survey data were collected to test the relationships between the variables through questionnaires issued to selected samples from the desired population. The study covered a selection of the staff of the then Skype bank within the Calabar metropolis and other accounting practitioners within Calabar in Cross River State of Nigeria. The population of this study consisted of the customers of the bank and the shareholders who in one way or the other have stakes in the bank and firms who offer professional consultancy services to the bank.

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In this study, purposive sampling method was applied. This is to get key informants (accountants and managers). This is due to the information they hold by virtue of the positions they hold in the companies. The study used secondary data. The researcher used secondary data available from the financial data available in the company's annual financial reports and accounts. The annual reports and accounts are sourced from internet database addressed to the various companies website respectively. The study obtained its data from secondary sources, the Annual Reports of Skye Bank (now Polaris Bank) of Nigeria Plc. Hence, the instrument for the study was Annual Reports.

3.1 Model Specification

The relationship between these indices is shown by the model below: The analytical model is considered by the researcher is a multiple linear regression model as follows:

$$(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon)$$

Where:

Y= Return on Equity (Dependent variable)

β_0= Alpha coefficient (the value of Y when all X values are zero)

X_1= Tax planning.

X_2= Compliance with ethical framework of accounting.

X_3 = Compliance with prudence principle.

ε = error term or stochastic error.

4. DATA PRESENTATION AND ANALYSIS

4.1 Data presentation

This section is specifically concerned with the presentation of data collected from annual report of Skye Bank (now Polaris Bank) of Nigeria for the period of 2012-2017. The proxy for the dependent variable is Return on Equity while the independent variables comprises of Tax Planning, Compliance with Ethical Framework of Accounting and Compliance with Prudence Principle which are the proxies for Accounting Practices. This is represented below by table 4.1.

TABLE 1

Indicators of accounting practices and shareholders' wealth

For the period of 2012-2017

YEARS	ROE	TAP	EFA	CPP
2012	11.43	28.00	4.999548	6.454834
2013	11.64	31.05	4.995907	6.511874
2014	11.67	29.80	5.183867	6.556582
2015	11.81	29.97	5.565387	6.641269
2016	11.77	31.80	5.864409	6.798504
2017	10.16	29.50	5.54675	6.887095

Source: Annual report of Skye Bank of Nigeria for the period 2012-2017

TABLE 2

Least square regression result of Accounting Practices and Shareholders' wealth of Skye Bank of Nigeria

Co-efficient table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	36.364	2.498		14.560	.005
	TAP	.186	.039	.390	4.806	.041
	EFA	2.010	.253	1.131	7.940	.015
	CPP	-6.221	.489	-1.680	-12.718	.006

Predictors: TAP=Tax Planning; EFA= Compliance with Ethical Framework of Accounting; CPP= Compliance with Prudence Principle.

From the above table, the regression line can be depicted as;

Y (ROE) = 36.364 + 0.186TAP + 2.010EFA – 6.221CPP $\pm$ e

R = 0.995

R- Square = 0.990

Adjusted R-square = 0.976

Standard error of regression = 0.09725

F - Statistic = 68.863

4.2 Data Analysis

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The secondary data collected for this study were presented in table 4.1. The least square multiple regressions was used for the hypotheses stated in this study via SPSS (Version 21). This result is shown on table 4.2 below

The B_o (36.364) indicates that if TAP, EFA, and CFA are held constant, ROE is subject to vary by 36.364. This account for the influence of other variables not built in the model. B_1 (0.186), is the coefficient of TAP which depicts that a percentage increase in the Tax Planning account for 0.186% in ROE. This also shows that there is a positive relationship between TAP and ROE of the Skye Bank of Nigeria for the period under study. The B_2 (2.010) is the coefficient of EFA and it depicts that a percentage increase in the Compliance with Ethical Framework of Accounting account for 2.010% increase in ROE of Skye Bank of Nigeria. This shows that there is positive relationship between Compliance with Ethical Framework of Accounting and ROE of Skye Bank of Nigeria for the period under study. The B_3 (-6.211) is the coefficient of CPP and it depicts that a percentage increase in Compliance with Prudence Principle account for 6.221% decrease in ROE of Skye Bank of Nigeria. This shows that there is negative relationship between Compliance with Prudence Principle and ROE of the Skye Bank of Nigeria for the period under study.

The correlation coefficient indicated "r" (0.995) indicated that there is strong positive relationship amongst the variables under study. The coefficient of determination (R-square) is 0.990 (99%). It indicates that the independent variables (TAP, EFA and CPP) capture approximately 99% of the total variation (100%) in the dependent variable (ROE of the Skye Bank of Nigeria). That is, the independent variables (TAP, EFA and CPP) explained 99% out of the 100% variation that occur in the dependent variable (ROE of the Skye Bank of Nigeria). The remaining percent (i.e 1%) represent the unexplained percentage and could amount for the other independent variables not built in the multiple regression models.

In addition to the co-efficient of determination is the adjusted R-square. This means the coefficient of determination (R-square) when adjusted reduces from 99.0% to 97.6%. This simply indicates that the regression model line of fit.

4.3 Test of hypotheses

There is need to test for significance of the independent variables (TAP, EFA and CPP) on the dependent variable (ROE of the Skye Bank of Nigeria). In doing this, a 5% level of significance was adopted

Hypothesis one:

H_0: There is no significant relationship between tax Planning and shareholders' wealth.

H_1: There is a significant relationship between tax Planning and shareholders' wealth.

To test for significance relationship of each independent variable, the t-statistic was used. H_0 was not supported as there was a significant positive relationship ($\beta_1 = .17, P < .05$), between tax planning and shareholders' wealth. The null hypothesis was therefore rejected while the alternative was accepted. We therefore conclude that there is a significant positive relationship between tax Planning and shareholders' wealth in Skye Bank of Nigeria Plc for the period under study.

Hypothesis two:

H_0: There is no significant relationship between Compliance with Ethical framework of Accounting and shareholders' wealth.

H_1: There is a significant relationship between Compliance with Ethical framework of Accounting and shareholders' wealth.

H_0 was not supported as there was a significant positive relationship ($\beta_2 = 2.010, P < .05$), between compliance with ethical framework of accounting and shareholders' wealth. The null hypothesis was therefore rejected while the alternative was accepted. It is concluded that there is a significant positive relationship between Compliance with Ethical framework of Accounting and shareholders' wealth in Skye Bank of Nigeria Plc.

Hypothesis three:

H_0: There is no significant relationship between Compliance with prudence principle and shareholders' wealth.

H_1: There is a significant relationship between Compliance with prudence principle and shareholders' wealth.

H_0 was not supported as there was a significant negative relationship ($\beta_3 = -6.221, P < .05$), between compliance with prudence principle and shareholders' wealth. The null hypothesis was therefore rejected while the alternative was accepted. It is concluded that there is a significant negative relationship between compliance with prudence principle and shareholders' wealth in Skye Bank of Nigeria Plc for the period under study.

5 Discussion of findings

5.1 Tax planning and Shareholders' Wealth

The findings from the regression result indicated that tax Planning has a positive relationship with shareholders' wealth in Skye Bank of Nigeria for the period under study. Further test was carried out to test for the significance of this relationship and findings revealed that tax planning has a significant relationship with shareholders' wealth in Skye Bank of Nigeria. This means that the stringent rules of accounting regulatory bodies and tax authorities on financial reporting has helped in inhibiting creative accounting practices in Nigeria. This is in line with the findings of Kamau (2012) who found that companies devalue their income to minimize the tax burden imposed on them.

5.2 Compliance with ethical framework and Shareholders' wealth

The findings from the regression result indicated that compliance with ethical framework of accounting has a positive relationship with shareholders' wealth in Skye Bank of Nigeria for the period under study. Further test was carried out to test for the significance of this relationship and findings revealed that compliance with ethical framework of accounting has a significant relationship with shareholders' wealth in Skye Bank of Nigeria. This implies that compliance with ethical framework of accounting is a major factor influencing shareholders' wealth. This is in line with the findings of Nyabuti (2015) who found out that a strong relationship exists between the variables (creative accounting and financial performance) among listed companies in Kenya. They also discovered that most companies applied creative accounting practices aggressively leading to their failures and collapse.

5.3 Compliance with prudence principle and Shareholders' Wealth

The findings from the regression result indicated that compliance with prudence principle has a negative relationship with shareholders' wealth in Skye Bank of Nigeria for the period under study. Further test was carried out to test for the significance of this relationship and findings revealed that compliance with prudence principle has a significant relationship with shareholders' wealth in Skye Bank of Nigeria. This is line with the findings of Ogiedu and Odia (2013), who stated that accounting practices have some positive indicators for example smoothing of incomes whereas the negative indicators deceive users of companies' reports. Creative accounting practices were attributed to poor corporate governance structures and deficient regulations to check the abuses.

5.4 Summary of findings

This study investigates the relationship between accounting practices and shareholders' wealth of Skye Bank (now Polaris Bank) of Nigeria Plc. Summary from this study shows that;

i. Tax Planning has a positively significant relationship with ROE of Skye Bank of Nigeria.
ii. Compliance with ethical framework of accounting has a positively significant relationship with ROE of Skye Bank of Nigeria.
iii. Compliance with prudence principle has a negatively significant relationship with ROE of Skye Bank of Nigeria.

6 Conclusion

This study was set out to explore the controversial effects of accounting practices on shareholders' wealth using audited annual report of Skye Bank of Nigeria Plc in the Nigeria stock exchange for the period of six years (2012-2017).

The empirical analysis shows that tax planning of Skye Bank of Nigeria was positively significant with ROE. This indicates that the significant effect can be as a result of strong corporate governance mechanism and strong internal control within the bank. It can therefore be concluded that tax Planning has a significant effect on shareholders wealth. Compliance with ethical framework of accounting is positively significant with the ROE of the Skye Bank of Nigeria Plc. The implication of this is that this may affect the nature of accounting practiced as well as the concealing of the practice which has an effect on the shareholders' wealth. This also means that banks with good corporate image will yield better returns on shareholders wealth. It is therefore concluded that Compliance with ethical framework of accounting has a significant effect on shareholders wealth. Compliance with prudence principle is negatively significant with ROE. This also implies that the bank had stringently complied with the prudence principle which states that revenue should only be recognized when received and not when earned and expenses should be recovered immediately it is incurred and not when it is paid for so as not to overstate profit.

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7 Recommendations.

Base on the analysis of data and the findings of this research. The following recommendations were proffered.

i. The watchdogs of the accounting profession in the country should be strict on the accounting practices issues. Several firms in Nigeria are reportedly faced with allegations of massive fraud and creative accounting. This trend must now more than ever ensure that financial statements are sternly scrutinized.
ii. Local investors should embrace shareholder value concept as an excellent model for value creation. This is to increase insider trading meant to boost investor confidence and sense of security as guaranteed by mutual interests in growth in shareholder value.
iii. Companies should ensure that strong internal control and corporate governance mechanism are maintained so as to mitigate the effect of unethical behavior on the wealth maximization of shareholders companies.
iv. There should be rigorous and full adoption of international financial reporting standards so that the financial reporting can show the true and fair view of the companies' affair by reducing unethical exercise of management discretion in the preparation of financial statement.
v. The roles of external auditors should be emphasized and their independence should also be ensured so that they can express true unbiased opinion on the true and fair view of the financial statement examined by them which will also assist in aligning management interest with that of the shareholders and thus reduce agency cost.

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APPENDIX

Table 3: Regression Results

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	CPP, EFA, TAP[b]	.	Enter

a. Dependent Variable: ROE

- All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.995[a]	.990	.976	.09725	.990	68.863	3

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.954	3	.651	68.863	.014[b]
	Residual	.019	2	.009		
	Total	1.973	5			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	36.364	2.498		14.560	.005
	TAP	.186	.039	.390	4.806	.041
	EFA	2.010	.253	1.131	7.940	.015
	CPP	-6.221	.489	-1.680	-12.718	.006