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Accounting And Financial Reporting Problems Of Multinational Corporations In Nigeria

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Abstract: *This paper discusses the sturdy issues relating to accounting and financial reporting problems of MNCs in Nigeria, with a focus on the concepts of international accounting, financial reporting, financial management, disability management cost, postretirement benefit cost, human resource disclosure challenges, corporate fraudulent practices and budgetary challenges. The paper posits that compliance with IFRS in Nigeria only reduces the differences in financial reporting, but the inherent risk elements and budgetary challenges need to be mitigated. This paper concludes by recommending far reaching accounting measures that can be taken to further reduce the existing differences in accounting systems, challenges of global financial management, losses emanating from the challenges of capital budgeting and mitigate the risk elements inherent in doing business by multinational corporations in Nigeria. By taking these comprehensive and forward looking dynamics MNCs operating in Nigeria can overcome their accounting and financial reporting problems.*

Keywords: *Multinationals Corporations, Globalization, International Accounting, Risks, Compliance and Capital Budgeting.*

Introduction

Multinational companies have existed since the beginning of internationaltrade. They have remained part of business scene throughout history, entering their modern form in the 17th and 18th centuries with the creation of large European based monopolistic concerns such as British East Indian companies during the age of colonization. Multinational concerns were viewed at that time as agents of civilization and played a pivotal role in the commercial and industrial development of Asia, South America and Africa.By the end of the 19th century, advances in communications had more closely linked world markets and Multinational Corporation's reframed their favorable image as instruments of improved global relations through commercial ties. They followed three general procedures when seeking to access new market namely, merger or direct acquisition of existing concerns, sequential market entry and joint ventures.

Every company doing business abroad faces numerous legal, ethical, accounting and financial issues. The multinational corporation (MNC) faces legal issues raised by "home country" laws, "host country" laws, regional regulations or directives, bilateral and multilateral treaties, and international standards as well as certifications. The process of overseas expansion has many challenges but not limited to environmental, foreign exchange risk management, working capital management and foreign investment financing. To meet these challenges companies gradually increase their commitment to international business development strategies that are progressively more elaborate and sophisticated (Ozoigbo & Chukuezi ,2011).

This paper is structured to provide in the general background, working definitions and discuss on the concept, operations and objectives of MNCs. with reasonable elaboration of the various financial and accounting problems related to Multinational Corporations. This is followed by the concept of international accounting, financial reporting, Multinational Financial management, corporate fraudulent activities, disability management cost, postretirement benefit cost and international aspect of budgeting while the last section highlights the various accounting and financial problems of MNCs and proffers suggestions to minimize the problems and mitigate the identified risk elements.

1. Definition

The term multinational corporation (MNC) is defined and described from divergent perspectives by many disciplines such as law, sociology, history, and strategy as well as from the perspectives of business ethics and society.(Promise & Clement, 2015). MNC is a business enterprise which owns and controls income generating assets in more than one country (Dunning, 1974). A more simplified version of this definition is given by Bashir (2019), "a multinational corporation is the one that exercise corporate functions in more than one country". This definition is taken as our working definition based on its simplicity and flexibility.

According to Franklin (1990), Multinational Corporation is a parent company that engages in foreign production through its affiliates located in several countries, exercises direct control over the policies of its affiliates, and implements transnational business strategies in production, marketing, finance, and staffing in a way that transcend national boundaries.

Furthermore, United Nations in 1974 defines MNC as an enterprise which control assets – factories, mines, sales, offices and the like in two or more countries. To Peter and Jeremy, 2006, a multinational corporation is a company, which has a direct investment base in several countries, which generally derives 20 – 50 percent, or more of its net profit from foreign operations and who management makes policy decision based on the alternatives available anywhere in the world.

According to Waish (1981), A Multinational Company is defined as that company which:

1. Has a direct investment base in several countries.
2. Generally derives 20-50 percent of its profit from foreign operation

3. Whose management makes decision from policy decision on the alternatives available anywhere in the world.
4. Often conglomeritic in nature

From each of the definitions one can deduce and analyze that multinationals are enterprise in nature, with global outlook both direct investment, which could be either goods or services in many countries and must a have worldwide approach, with global standard for both domestic and foreign operations. These companies are one of the most significant forms of non-state actor in role of politics today; they have a huge economic and political influence in each country where they operate.The true definition of a multinational company is not that it manufactures in other countries, however; the true meaning is that the business has operations in multiple countries. This can take form in many different ways besides manufacturing. There are many multinational companies in Nigeria that specializes in different sectors of the economy such as Fast Consumer Movable Goods (FCMG) Oil and Gas, Health and Wellness, building and Construction Technology, Telecommunications/Technology, Finance and Logistics ((Bashir, 2019)

2. Conceptual issues

Operations of MNCs

The operations of MNCs outside their home country may be linked to the parent by merger, operated as subsidiaries or have considerable autonomy. Multinational Corporations may be engaged in foreign operations through branches or subsidiaries or associates etc. the trial balance sent to the head office by the branches will of course be denominated in foreign currency. The need then arises to establish an approach basis or method of reporting the result of the foreign branches in the relevant currency.This will facilitate consideration of the result of the branches with the result of the Head office(Robert, 2014). The method by which this is done is the subject of both local and international accounting standards.

Global Distribution of MNCs

Multinationals corporations also known as transnational corporations (TNCs) are very important feature of these modern globalized economies (Jones, 2006). The MNCs have high degree of strategic interaction among the units and hence they have the ability to stimulate the flow of investment; technology, profits and more. According to the United Nations Conference on Trade and Development(UNCTAD),there were about 75,000 MNCs operating worldwide in 2005.These firms are classified according to the location of the parent company, although this location is not necessarily where most of its business is conducted. (UNCTAD, 2006). About 73% of MNCs are headquartered in developed industrial economies. Perhaps surprisingly, the country with the most MNCs is Denmark, which is home to 12% of all MNCs. Denmark is followed by South Korea (10%), Germany (8%), and Japan (7%). The United States is host to only about 3% of all MNCs. With respect to developing countries, China has significant numbers of MNCs (with 5% of the world's MNCs). MNCs are becoming more dispersed globally, spreading particularly to the developing nations.Overall, their number has increased considerably in recent years, more than doubling since 1990, with about 35,000 MNCs.This growth has been especially dramatic in developing nations. While the number of MNCs in developed countries increased by 66% between 1990 and 2005, the number in developing countries increased by a factor of more than seven during the same period (Brain, 2007).

According to United Nations estimates there are 50,000 companies with direct investment outside their headquarters country and of this one hundred and seventy (170) of them operate in Nigeria Today the companies and their affiliates employ over 200 million people throughout the world (ILO, 2016). As some MNCs wield considerable wealth power and influence their impacts on world economy cannot be overemphasized.

Opportunities for MNCs in Nigeria: Nigeria was identified as one of the 11 3G countries, which include China, India, Bangladesh, Egypt, Indonesia, Iraq, Mongolia, Philippines, Sri Lanka, and Vietnam (Borker, 2013). In order to attract FDI and to participate in the benefits it offers, including cross-border listing and reduction of the cost of doing business, Nigeria implemented the International Financial Reporting Standards (IFRS) to benefit the economy (Madawaki,2012) and other foreign MNCs.The adoption of the IFRS positioned Nigeria for FDI that could benefit both MNCs and the economy of Nigeria therefore, opportunities exist for MNCs in Nigeria. There are many multinational companies in Nigeria that specialize in different sectors of the economy such as Fast Consumer Movable Goods (FCMG) Oil and Gas, Health and Wellness, building and Construction Technology, Telecommunications/Technology, Finance and Logistics ((Bashir, 2019)

International Accounting

According to Adefiranye (2009) "International accounting is that arm of accounting which is concerned with measuring, classifying summarizing and reporting the financial information of international organizations to assist the users of these information in making sound and informed decisions especially economic decisions".

It is the international aspects of accounting ,including such matters as accounting principles and reporting practices in different countries and their classification ,patterns of accounting development ;international and regional harmonization, foreign currency translation, foreign exchange risk, international comparisons of consolidation accounting and inflation accounting; accounting in developing countries; accounting ;accounting in communist countries; performance evaluation of foreign subsidies. Ordinarily, the study of international accounting would not have been necessary if the entire world were doing accounting in same way (Adefiranye 2009)

Financial Reporting

Financial reporting is reporting of income and financial position of an entity for a given period of time usually a year. Financial reporting may be defined as communication of published financial statements and related information from a business enterprise to third parties (external users) including shareholders, creditors, customers, government authorities and the public. Adefiranye

(2009:11), Accounting is synonymous with double entry principle and this simple principle is the same everywhere in the world, hence financial reports that emanates from accounting procedures should be same. However Hofstede, (1980), Gray (1988), Choi and Meek (2005),Gray and Black (2006) and Nobes and parker (2008) have listed some basic factors that cause the differences in Financial reporting. Differences in financial reporting are the norm .if a number of accountants from different countries, or even one country are given a set of transactions from which to prepare financial statements, they will not produce identical statements. There are several reasons for this. Although all accountants will follow a set of rules, whether implicit or explicit, no set of rules covers every eventuality or is prescriptive to the minutest detail; moreover the accounting rules themselves may differ not just between countries but also within countries. In particular the rules for company group may differ from the rules for individual companies. Multinational Enterprises which operate as a company group in more than one country may find inter country differences particularly irksome. A good example of difference is provided by consolidated financial statements of BG Group plc, an oil and gas exploration company incorporated in the UK. Its 2004 Annual report provides three sets of figures using UK GAAP, US GAAP and IFRS. The US GAAP is provided because the company is listed on the New York Stock Exchange as well as in London, the IFRS figures because all UK listed companies moved to IFRS from 2005 onwards.

Causes of International Differences in Accounting and Financial Reporting

A Large list of possible causes of international differences are found in the writings of many researchers (Choi and Meek, 2005).Some researchers have used estimates of such causes as a means of classifying countries by their accounting system. Accounting system in this context of financial reporting is defined as the set of financial reporting practices used by a particular company for an annual report (Adefiranye, 2009). Different companies in a country may use different accounting systems. Several factors that seem linked to the differences in accounting systems are briefly stated below:

***Culture*:** Accounting is affected by its environment, including the culture of the country in which it operates (Hofstede, 1980). Culture in any country contains the most basic values that an individual may hold. It affects the way that individuals would like their society to be structured and how they interact with its substructures. Accounting may be seen as one of those substructures (Gray,1988: 5)

Legal Systems:Some countries have a legal system that relies upon a limited amount of statute law, which is then interpreted by courts, which build up large amounts of case law to supplement the statutes. Such common law seeks to provide answers to specific case rather than to formulate a general rule for the future. Although it originates from England, it may be found in similar forms in many countries (US, Ireland, India, and Australia etc.)Influenced by England. This naturally influences commercial law, which traditionally does not prescribe rules to cover the behavior or the companies and how they should prepare their financial statements. To a large extent (up to 1981), accounting within such a context is not dependent upon law. Instead accountants themselves establish rules for accounting practices. Other countries (France, Italy, Germany, Spain, etc.) have a system of law which is based on codified Roman law. It is clear that the nature of accounting regulation in a country is affected by its general system of law.

Providers of Finance: **Th**e prevalent types of business organization and ownership structure also differ. In Germany, France and Italy, capital provided by banks is very significant as are small family owned businesses. By contrast, in the US and UK there are large numbers of companies that rely on millions of private shareholders for finance .Evidence that this is reasonable may be found by looking at the number of listed companies in various countries. According to Zysman (1983) countries are grouped into three types of financial system as follows:1. Capital market system (e.g. US, UK), 2. Credit based governmental systems (e.g. France, Japan) and 3. Credit based financial Institution (e.g. Germany).

Taxation**: It** is possible to make groupings of tax systems in a number of ways, but only some of them are relevance to financial reporting. The problem of deferred taxation which is caused by differences between tax and accounting treatments, in the UK and US for example the problem of deferred tax has caused much controversy and considerable accounting standard documentation, while in France or Germany, it is found to be minor for the simple fact that these countries tax rules are the accounting rules. In Germany the tax accounts should be the same as the commercial accounts. (Haller, 1992)

The amount of depreciation for tax purposes in the UK is quite independent of those accounting figures. It is determined by capital allowances which are a formalized scheme of tax depreciation allowances designed to standardize the amount allowed and to act as investment incentives.

Economic System:The stage of economic development of a country is a direct reflection of the business transactions that are prevalent in the country .Choir, Frost and Meek (1999), suggested that the type of economic transactions in a country determine to a greater extent ,the accounting issues that have to be addressed.

Political System: The political system and philosophy of a country is strongly bound to its economic system. As a matter of fact political and economic stability of any country go hand in hand

Accounting Education: In relation to Accounting Education, **Zarb** (2004), is of the view that the quality of accounting education play a vital role in accounting system. Also Saudegaran (2004) points out that there is an interaction between the quality of accounting education and country's level of economic development, economic ties with other countries, and the reputation of the country's accounting profession

Religion**:** On the role of Religion**,** Zarb (2004) points that one cultural variable that affects all others as well as accounting concepts is religion. Religion which is a question of faith plays a very important role in global economic context.

Level of Inflation:Another factor which affects accounting practices is the level of inflation. There are some countries where inflation has been overwhelming. In several South American countries the most obvious features of accounting practices has been the use of methods of general price – level adjustment (Adefiranye, 2009:98)

Generally,the differences are commonly found in accounting approach (conservatism) and accounting treatment of accruals, Provisions and reserves, Measurement of assets and financial statement formats.

MNCs Fraudulent Practices

According to Joseph (2004), Corporate Fraud is defined "as the use of one's occupation for personal enrichment through the deliberate misuse or misappropriation of the employing organization's resources or assets". It involves a wide variety of conducts by executives, employees, managers and principals of organization ranging from sophisticated investment swindles to petty cash theft. Common violations include asset misappropriation, fraudulent statements, corruption, pilferage and petty cash theft, false overtime, using company's property for personal benefit and payroll and sick time abuses. Fraud is any crime for gain that uses deception as its principal modus operandi.

Fraudulent practices can be perpetrated principally through the common violations stated above and many other ways; however, theintent is to high light more on the cyber and related crime as they affect multilateral corporations. The relentless growth of commercial activities online has been matched by a rise in cybercrime. The cybercrime also carries with it the risk of separate and additional liability for a business under data protection and privacy laws which exits in a number of jurisdictions. The methods used in cybercrime are sophisticated but simple. People are now more easily able to impersonate someone with signatory's authority in a company (MNCS) by creating a fake email address while the owner is on holiday. The perpetrators either have inside knowledge or core found out how to work the system in order to take advantage of a weakness in controls or process. The fraudsters in a nutshell are utilizing social engineering tapping into email and other forms communication to portray themselves as someone else. Cybercrime incidents such as online fraud and hacking attacks are on the rise across the world and are being committed on a large scale every day. The financial damage caused by cybercrime is reported to be enormous .In 2003 alone, malicious software caused damages of up to USD 17 billion. By some estimates, revenues from cybercrime exceeded USD 100 billion in 2007, outstripping the illegal trade in drugs for the first time. Nearly 60 per cent of businesses in the United States believe that cybercrime is more costly to them than physical crime (Marco, 2012:10-11).According to Norton's cybercrime report (2011,) cybercrime cost the global economy in both direct damage and loss of productivity USD 388 Billion in 2011.This suggests that MNCs must have equally suffered substantial loss as a result of the crime.

Another emerging corporate fraud is perpetrated laboratory tests, fraud worth much of euro. With forged medical directions for laboratory tests, in active connivance issuing of forged directions for tests has been flawlessly operating and cost some MNCs heavily (Joseph, 2004).

The Multinational Financial System

From a financial management standpoint, one of the distinguishing characteristics of the multinational corporation, in contrast to a collection of independent national firm**s** dealing at arm's length with one another, is its ability to move money and profits among its affiliated companies through internal transfer mechanisms. These mechanisms include transfer prices on goods and services traded internally, intercompany loans, dividend payments, leading (speeding up) and lagging (slowing down) intercompany payments, and fee and royalty charges. (Khan & Jain, 2006)

The principles of domestic and international cash management are identical. The latter is a more complicated exercise, however, and not only because of its wider scope and the need to recognize the customs and practices of other countries. Multinational corporations evaluating foreign investments find their analysis complicated by a variety of problems that are rarely, if ever encountered by domestic firms (Shapiro, 2000:44).In a summarized form the following are the main challenges of global financial management world wide

(a) Economic sanction. Sanctions have the power to cripple economies and reduce revenue for MNCs to invest in countries affected by sanctions must take into account the risks of their bottom-line profits and capital assets.

b)Political upheaval. The political instability of a country directly impacts borrowing costs, taxes and regulations for businesses.

c) Civil unrest ;political instability has the potential to turn into hostilities which can devastate the infrastructure of countries and ruin their economies for example civil war can decimate many parts of the country while impacting the economies of its neighbors .volatile regions pose a risk to companies looking to set profitable operations and place capital assets in service.

3. Problems and Challenges of MNCs in Nigeria

Challenges Relating to Doing Business in Nigeria: Businesses thrive in environments conducive to reliable infrastructure and policy stability. The business environment in recent years in Nigeria was smeared with fear and uncertainty leading to the collapse of some corporations and the consequent relocation out of Nigeria (Olukayode, 2014). Apart from the misconceptions about Nigeria, the challenges that MNCs continue to encounter in the country are real.

Consistent power outages in Nigeria disrupt production and significantly discourage investments (Moyo,2012; Oke et al., 2012). This was a challenge MNCs may have to face, as this was a constant battle on a daily basis. Such challenge decreases productivity and increases the cost of operation.

The condition of infrastructures in Nigeria constitutes another set of challenges MNCs may need to battle in Nigeria. For instance, the conditions of roads and buildings required for the basic operation of the Nigerian society are poor and face inadequate maintenance.Infrastructural development may lead to improved macroeconomic environment and human capital development, which could result in FDI productivity and a positive ROI for MNCs (Ajuwon&Ogwumike, 2013)..

Problems relating International Aspect of Budgeting

Firms with international operations face a variety of additional challenges in preparing their budgets. First, a multinational firm's budget must reflect the translation of foreign currencies into the company's official corporate currency, which is usually determined by the location of the corporate headquarters or the stock exchange on which the company has its primary listing.Since almost all the world's currencies fluctuate in their relative values, this makes budgeting for those translations difficult. Second it is difficult to prepare budgets when inflation is high or unpredictable. Predicting such high inflation rates is difficult and further complicates multinational's budgeting process.Finally, the economies of all countries fluctuate in terms of consumer demand,availability of skilled labour, laws affecting commerce,and so forth.Companies with offshore operations face the task of anticipating such changing conditions in their budgeting process(Garrison, et al.,2006;402).

MNCs face special problems when preparing a budget because of fluctuations in foreign currency exchange rates, the high inflation rates found in some countries, and local economic conditions and governmental policies that affect everything labour costs to marketing practice .

Fluctuations in foreign currency exchange rates create unique budgeting problems. Exporters may be able to predict with some accuracy their sales in the local foreign currency such Ghanaian cedes or South African rands.However the amounts they eventually receive in their own currency will depend on the currency exchange rates that prevail at that time.If for example, the exchange rates are less favourable than expected the company will ultimately receive in its own currency less than it had anticipated(Hilton .& Platt, 2011)

On the other hand some MNCs have operations in countries with very high inflation rates – sometimes exceeding 100% a year. Such high inflation rates called hyperinflation can render a budget obsolete very quickly.In addition MNCs must be sensitive to government policies in the countries in which they operate that might affect labour costs, equipment purchases, cash management or other budget items.

Business MNCs must look at political risk and perform a cost-benefit analysis as part of their capital budgeting. The ever changing dynamics of global politics can wreak havoc to economic conditions, turning what were once solid investments to financial disaster. As a result, MNCs must identify and mitigate political risks to avoid losses.According to John and Radebaugh (2006:585) political risk may come from wars and insurrections, takeover of property and changes in rules.A multinational firm may be influenced by political events within a host country or by a change of political relationship between the host country and some other countries.

Problems on Disability Management and Post Retirement Benefit Cost

The most pressing benefit –management concerns MNCs face now are aging workers, pension funding and high health care costs. With an aging work force drugs cost escalation and disability management costs, MNCs certainly find it extremely difficult and costly to keep people actively healthy. Aging populations require MNCs to look more carefully not only at their health care and drugs costs but also that the costs of their disability management programmes particularly in the areas of depression and mental health. Companies need to look at the cost of post-retirement health benefits.Funding pension plans is another key issue for global companies, companies operating in many countries must stay current on pension directorates in all of these places.

Risks Relating to Doing Business in Nigeria

Political, economic and social stability in Nigeria has been and will continue to be adversely affected by political and religious conflicts, terrorism, and social and religious tensions, any or all of which may materially and adversely impact the financial performance of MNCs.Nigeria has undergone substantial upheaval, in some cases accompanied by violence, for example, the results of general elections have been subject to criticism and have led to civil unrest and political tension. (UBA, 2015).Similarly, Nigeria is subject to internal conflicts and civil unrest. Insurgent activities in the north-east region of Nigeria, unless resolved by the respective governments, these conflicts, whether provoked by disagreements regarding the spread of oil revenue, ethnic or religious differences, may adversely affect national stability and by extension materially and adversely impact the financial performance of MNCs in so many ways.

Lack of laws and standards to regulate Human Resource Disclosure in Nigeria.

The concept of human resource accounting being a contemporary one has been severally examined in relation to MNcs manpower planning. In spite of growing concern on this contemporary Accounting issue, in Nigeria today, human resource values are reported by way of voluntary disclosure. Voluntary disclosure is information disclosed based on the firm's freewill and decision, which can be financial or non-financial (Efobi & Bwala, 2013). In Nigeria, both provisions of CAMA 2004 as amended and the Statement of Accounting Standards issued to date by the Financial reporting Council of Nigeria (FRCN), are yet to come up with specific laws and standards to regulate the disclosure of human resources in the annual reports of firms, in terms of either method of measuring human values or, location and method of disclosure. In Nigeria, the companies do not have any standard approach to measure or treat human assets in their organizations (Kantoma, 2017).

Problem relating to Corruption and Ethical concerns

Issues like corruption and lack of ethical practices can lead to manipulation of financial statements and misrepresentation of financial performance

Problem relating to Weak enforcement and regulatory framework

There are concerns about the effectiveness of enforcement mechanisms for financial reporting regulations .weak regulatory oversight can create an environment where companies are less likely to adhere to proper reporting standards

Global Accounting and Financial Problems: From the review of related literature on international accounting and international financial management the following are the global Accounting and Financial problems of Multinationals in Nigeria stated in summarized form**:**

(i) Difficulty arising from variations in Accounting laws and procedures

(ii) Difficulty in consolidating accounts and financial statement due to variations in currency and Accounting practices

(iii)Problems due to variations in disclosure requirements

(iv) Problems associated with auditing standards

(v) Heavy taxation

(vi) Difficulty arising for a single tag to be applied worldwide, say account code 1000 for cash, versus the diversity of need in the real world, such as government mandated charts of account in France, Belgium or Spain.

(vii) Difficulty in comparing financial data across the globe due to variations in economic conditions.

(viii) Distortions in transfer pricing due to differences in national currency and economic condition

(ix) Inflation related problems

(x) Problem arising from fluctuation in interest rate, fiscal and monetary policies and other macro-economic variables

(xi) Difficulty in sourcing financial assistance in some countries

(xii) Fraudulent Practices

(xiii) Risk elements

Besides, in Nigerian context there are specific Accounting and Financial Reporting Problems; peculiarities and challenges in doing business that need immediate solution and mitigation. If not properly managed by MNCs doing business in Nigeria, their financial performance may be materially and negatively impacted.

..Recommendation: Having stated the Accounting and Financial Reporting problems, we provide the way forward under the following headings:

Human Resource Disclosure in Nigeria*:*Our suggestion on the way forward in respect of contemporary accounting issues on human resource disclosure in Nigeria is not far different from the recommendation made by Kantoma (2017) .He posits that the International Financial Reporting Standards Board and Financial Reporting Council of Nigeria should ensure that appropriate standards are developed to specifically regulate the disclosure of human resource information in firms' annual reports. The Nigeria Stock Exchange, Securities and Exchange Commission and the National Assembly should ensure that appropriate laws are enacted to ensure that disclosure of human resource values are appropriately done in the annual reports of firm.

***Cybercrimes and Fraudulent Practices*:** The use of encryption software and hardware.in one country may serve as an effective tool to prevent fraud and protect personal information in another.The needs to have appropriate and transparent methods that include mandatory training and testing of all employees on related subjects along active monitoring of aspects of the work force environment cannot be overemphasized. There are quite simple but effective measures that can be deployed:

a). Develop corporate ethics and compliance Programme by performing fraud and compliance risk assessment ,establish and maintain credible anti-corruption Programme to protect against inherent risk in doing business in today's global economy.Pre-employment checks on prospective employees to include all instances of criminal records and credit history reviews.

b). maintain an awareness of the constantly changing dynamics around areas of fraud.

c).To take steps, monitor prevent and detect suspicious potentially fraudulent activities within the organization, MNCS to have in place elements such as code of conduct or appropriate training and educational training, internal whistle blowing procedures for reporting fraudulent conduct which enable employees and officers to report issues in safe and confidential manner and reasonable procedure for undertaking due diligence on potential projects acquisitions, business partners agents ,distributors, subcontractors and suppliers.

d) Encrypt sensitive company data: Encryption should be employed to protect any data that your company considers sensitive, in addition to meeting applicable regulatory requirements on information safeguarding.

Capital Budgeting: A common budgeting tactic is to reduce the lead time for preparing the budget and to revise the budget frequently throughout the year in the light of the actual inflation experience to date. Secondly automating the budget process will eliminate the conventional iterative budgeting process which is time wasting and resulting in in budgets that don't reconcile due to technical challenges of integrating diverse budgets from different operations.MNCs must be sensitive to government policies in the countries in which they operate that might affect labour costs, equipment purchases, cash management or other budget items

Mitigating Challenges of Doing Business in Nigeria:Doing business in Nigeria is not for the risk-averse corporation. Risk is an essential part of doing business because MNCs cannot operate without taking risks. Emerging markets and developing countries need to mitigate the challenges MNCs may experience in order to alleviate the problems. Both positive and negative risks, individually and jointly, require effective management and planning and are in scope in the Nigerian market (Fadun, 2013).In an attempt to mitigate the challenges of doing business in Nigeria this paper recommends that:

i. On mitigating unreliable power supply by providing alternative sources of power using solar energy or power generation equipment.
ii. the importance of local experts in the area of fiscal policies and regulations to advice on the implication and evaluation of existing policies and interpretation of new laws, whileSensitization of new expatriates on ways to conduct business in Nigeria before proceeding with the execution of a plan. This action may mitigate the possibility of business conducts using unethical methods such as bribery.

iii. Alleviation of such challenges may create a more sustainable environment for MNCs and ultimately result in a better economic condition for Nigeria as a country. MNCs often collaborate with the government to improve infrastructures, while this is a major investment, the benefits may be long term for both MNCs and Nigeria

5.Conclusion

Due to variations in currency, Accounting laws and procedures,multinationals that operate in more than one country face multiple accounting problems in the course of booking, maintaining basic accounting transactions and Financial Reporting in their home and foreign subsidiaries. Several factors linked to the differences in Accounting include but not limited to Culture, Legal System, Providers of Finance, Taxation, Economic System, Political System, Accounting Education, Religion, Level of Inflation. In the Nigerian context, increasing cybercrime incidences, budgetary challenges, issues related disability and postretirement benefit costs, Risks related to doing business and issues related to Human Resource disclosure are the other problems facing MNCs. The adoption of the International Financial Reporting Standards (IFRS) in Nigeria in 2012 to benefit the economy has eliminated the problems but only reduced the accounting and Financial Reporting problems. Though there are laws that provide guidance in Nigeria but IFRS does not recognize the presence of these laws and the accountants have to follow the IFRS fully with no overriding provisions from these laws. Nigerian law makers have to make necessary amendment to ensure a smooth transition to IFRS. As MNCs constantly seek for investments opportunities for sustainable growth, Nigeria offered the highest ROI of any region in the world.Moreover, Nigeria was one of six African countries considered the fastest growing worldwide. To attract huge investments from MNcs, Nigerian Government should provide the needed additional infrastructures, improve on the existing ones and provide tax incentives .By substantially reducing or addressing the global accounting and financial problems, mitigating the challenges of doing business in Nigeria, MNCS could enhance their profitability and the tax revenue may increase for the home country because the tax liability increases as ROI increases. The GDP may increase due to increasing compensation that relates directly to company performance.The host country Nigeria may benefit because of the increase in FDI that may consequently lead to increasing tax revenue from MNCs and workers, improved social lifestyle of the workers, and increase GDP.

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APPENDIX

Full List of Top Multinational Companies in Nigeria

1. Cadbury FMCG Multinational
2. Google Technology Multinational
3. Coca-Cola FMCG Multinational
4. P&G FMCG Multinational
5. PZ FMCG Multinational
6. Shell Petroleum Development Company (SPDC) Oil & Gas Multinational
7. Guinness FMCG Multinational
8. Friesland Foods WAMCO FMCG Multinational
9. British American Tobaco Nigeria FMCG Multinational
10. Schlumberger Oil & Gas Multinational
11. Chevron Oil & Gas Multinational
12. Mobil Oil & Gas Multinational
13. Total Oil & Gas Multinational
14. Nestlé Nigeria FMCG Multinational
15. Halliburton Energy Oil & Gas Multinational
16. Unilever FMCG Multinational
17. KPMG Consulting Multinational
18. Etisalat Nigeria Telecommunication Multinational
19. Julius Berger Construction Multinational
20. United Nations International Organization Multinational
21. Baker Hughes Oil & Gas Multinational
22. Price Waterhouse Cooper (PWC) Consulting Multinational
23. 7up Bottling Company FMCG Multinational
24. Lafarge Cement Construction Multinational
25. UAC FMCG Multinational
26. MTN Telecommunication Multinational
27. Airtel Nigeria Telecommunication Multinational
28. Accenture Consulting Multinational
29. Stanbic IBTC Banking Multinational
30. UNICEF Non-Profit Multinational
31. Addax Oil & Gas Multinational
32. Standard Chartered Bank Banking Multinational
33. WHO Non-Profit Multinational
34. ENI (Saipem) formerly AGIP Oil & Gas Multinational
35. DHL Logistics Multinational
36. USAID Non-Profit Multinational
37. IBM Technology Multinational
38. MAERSK GROUP Conglomerate Multinational
39. GE Conglomerate multinational
40. GlaxoSmithKline Pharmaceutical Multinational