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FORENSIC AUDIT AND FINANCIAL STATEMENT MANIPULATION IN NIGERIAN BEVERAGE COMPANIES

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ABSTRACT
This study examined the relationship between forensic audit and financial statement manipulation in Nigerian beverage companies. The study specifically examined the relationship between planning and scoping and premature revenue recognition, as well as the relationship between evidence collection and preservation and premature revenue recognition. The study was motivated by concerns over the reliability of financial statements and the possibility that inappropriate revenue recognition may be used to present an improved financial position or performance. The study adopted an ex-post facto research design and relied on secondary data obtained from the annual reports and financial statements of selected Nigerian beverage companies. The study covered five listed beverage companies and utilised company-year observations for the period under review. Data were analysed using descriptive statistics and multiple regression analysis with the aid of the Statistical Package for the Social Sciences (SPSS). The regression results showed that planning and scoping had a significant negative relationship with premature revenue recognition, with a coefficient of -0.381 and a probability value of 0.011. Evidence collection and preservation also had a significant negative relationship with premature revenue recognition, with a coefficient of -0.447 and a probability value of 0.008. The model produced an R-value of 0.731 and an R-squared value of 0.534, indicating that the two dimensions of forensic audit jointly explained 53.4% of the variation in premature revenue recognition. The overall regression model was statistically significant, with an F-statistic of 12.614 and a probability value of 0.000. Based on the findings, the study rejected both null hypotheses and concluded that effective forensic audit practices are significantly associated with reduced premature revenue recognition in Nigerian beverage companies. The study recommends that beverage companies strengthen forensic audit planning and scoping, improve the systematic collection and preservation of financial evidence, and subject revenue transactions to rigorous verification before financial statements are finalised.

Keywords: ***Forensic audit, planning and scoping, evidence collection and preservation, financial statement manipulation, premature revenue recognition.***

INTRODUCTION
The "credibility and reliability of financial statements are essential to the effective functioning of corporate organisations because investors, creditors, regulators, managers and other stakeholders rely on financial information to make informed economic decisions. Financial statements are expected to present useful and faithful information concerning an organisation's financial position, performance and cash flows. However, the usefulness of

financial reporting may be compromised when accounting information is intentionally manipulated to present a misleading picture of organisational performance. Financial statement manipulation is therefore a significant concern because it can distort reported earnings, influence the decisions of financial statement users and undermine confidence in the broader corporate reporting system (International Accounting Standards Board [IASB], 2024; Ozili, 2022).

In this context, forensic auditing has assumed greater importance as a mechanism for detecting and investigating financial irregularities. It integrates accounting knowledge, auditing procedures, investigative methods and analytical skills to examine suspected financial misconduct. Unlike conventional financial statement audits, which primarily provide assurance on whether financial statements are presented fairly, forensic auditing places greater emphasis on investigating unusual or suspicious transactions, tracing financial activities, examining documentary evidence and determining the circumstances surrounding suspected wrongdoing. Its investigative orientation makes forensic auditing particularly relevant where financial information is suspected of having been intentionally misstated, concealed or manipulated (Dada et al., 2023; Okoye & Gbegi, 2024).

Financial statement manipulation may be defined as the deliberate alteration, misrepresentation or inappropriate presentation of accounting information with the objective of influencing the perceptions, judgments and decisions of financial statement users. Such practices may involve the timing of transactions, recognition of revenue or expenses, valuation of assets and liabilities, classification of accounting items or the nature and extent of financial disclosures. Although certain accounting treatments may fall within the range of technically permissible choices available under accounting standards, deliberate actions undertaken with the intention of misleading users compromise the reliability, transparency and faithful representation expected of corporate financial reporting (IASB, 2024; Ozili, 2022). Consequently, forensic auditing is particularly relevant in strengthening the detection and investigation of practices that threaten the integrity of financial statements.

Statement of the Problem

Financial statement manipulation continues to constitute a major concern in corporate financial reporting because the deliberate misrepresentation of accounting information can distort the financial position and performance communicated to stakeholders. Where reported financial information fails to faithfully reflect the underlying economic activities of an organisation, investors, creditors, regulators and other users may make important decisions on the basis of inaccurate or misleading information. The risk is particularly pronounced when management faces pressure or incentives to report stronger financial results than those actually achieved, thereby creating conditions that may encourage fraudulent or aggressive financial reporting practices (Ozili, 2022; International Accounting Standards Board [IASB], 2024). The issue is especially relevant to beverage companies because their operations typically involve high volumes of sales, distribution activities and inventory transactions, all of which require accurate and timely financial recording. Revenue recognition is particularly important in this context because IFRS 15 requires revenue to be recognised when an entity satisfies its performance obligation through the transfer of control of promised goods or services to a customer. Accordingly, recognising revenue before the relevant performance obligation has been satisfied may result in financial statements that fail to faithfully represent the company's actual performance during the reporting period (IFRS Foundation, 2024). The potential for manipulation therefore creates a significant reporting risk for beverage companies where large volumes of transactions may make inappropriate revenue recognition more difficult to detect.

One specific manifestation of this problem is premature revenue recognition, whereby revenue is recorded before the underlying economic transaction has reached the point at which recognition is appropriate. Such a practice can artificially increase reported revenue and earnings within the current reporting period without a corresponding completion of the underlying transaction. For example, where a beverage company records sales before the relevant goods have been transferred to the customer or before the conditions required for revenue recognition have been fulfilled, its reported sales performance and profitability may be overstated. This can mislead stakeholders about the company's actual level of business activity and financial performance and may subsequently result in accounting adjustments when the transactions are correctly recognised (IFRS Foundation, 2024; Eguando, 2024). A further concern relates to the effectiveness with which forensic audit procedures are applied in detecting and investigating financial statement manipulation. Forensic auditing requires a systematic investigative approach that goes beyond routine verification of accounting records. Effective planning and scoping are necessary to establish the objectives of an investigation, assess potential areas of risk and focus investigative resources on transactions and activities that may contain evidence of manipulation. Similarly, the collection and preservation of evidence are critical because the validity of forensic audit conclusions depends substantially on the quality, authenticity, completeness and integrity of the evidence obtained during the investigation. Weaknesses in these procedures may limit the ability of forensic auditors to identify, substantiate and appropriately report instances of financial statement manipulation" (Akinadewo et al., 2024; Dominic et al., 2024).

Objectives of the Study

The general objective of this study is to examine the relationship between forensic audit and financial statement manipulation in Nigerian beverage companies.
Specifically, the study seeks to:
i. Examine the relationship between planning and scoping and premature revenue recognition in Nigerian beverage companies.
ii. Examine the relationship between evidence collection and preservation and premature revenue recognition in Nigerian beverage companies.

Research Questions

The study is guided by the following research questions:
i. What is the relationship between planning and scoping and premature revenue recognition in Nigerian beverage companies?
ii. What is the relationship between evidence collection and preservation and premature revenue recognition in Nigerian beverage companies?

Research Hypotheses

The testable hypotheses were formulated in accordance with the research questions and were subjected to empirical investigation:
H_{01}: There is no significant relationship between planning and scoping and premature revenue recognition in Nigerian beverage companies.
H_{02}: There is no significant relationship between evidence collection and preservation and premature revenue recognition in Nigerian beverage companies.

Conceptual Review

Forensic Audit

Forensic "audit is a specialised form of audit that combines accounting, auditing and investigative procedures to examine financial information for indications of fraud, irregularities and other forms of financial misconduct. Unlike conventional auditing, which is primarily concerned with providing reasonable assurance that financial statements are free from material misstatement, forensic auditing places greater emphasis on investigation, evidence gathering and the establishment of facts that can support the resolution of suspected financial wrongdoing. This makes forensic audit particularly relevant where financial information may have been deliberately manipulated to mislead investors, management, regulators or other users of financial statements. Recent Nigerian evidence continues to associate forensic auditing with improved financial reporting quality and fraud control, particularly within the food and beverage sector (Onowu et al., 2023; Aina et al., 2025). The relevance of forensic audit to financial reporting arises from its investigative orientation. Financial statement manipulation may involve deliberate alteration, concealment or misrepresentation of accounting information, making ordinary audit procedures insufficient in some circumstances. Forensic auditors therefore employ analytical procedures, examination of supporting documentation, interviews, verification and other investigative techniques to establish whether reported transactions reflect the underlying economic events. In Nigerian quoted food and beverage companies, empirical evidence has shown that forensic audit-related practices can contribute to the quality and credibility of financial statements by helping to identify inappropriate recording of transactions and other fraudulent practices (Onowu et al., 2023).

Planning and Scoping

Planning and scoping represent fundamental components of forensic auditing because they establish the direction, boundaries and investigative procedures for the examination. Forensic audit planning involves developing an understanding of the organisation, the nature of the suspected financial irregularity, the circumstances surrounding the alleged misconduct and the financial information that requires detailed examination. Scoping, in contrast, involves defining the specific accounts, transactions, reporting periods, organisational units and individuals that should be subjected to investigative attention. Effective planning and scoping enable the forensic auditor to allocate investigative resources appropriately, particularly towards areas with a higher likelihood of financial manipulation, while ensuring that the examination is systematic, focused and purposeful rather than being an unfocused review of accounting records (Akinadewo et al., 2024). The importance of these processes becomes even more evident when forensic auditing is undertaken to investigate financial statement manipulation. Manipulative activities may be concealed within transactions that appear legitimate on the surface, thereby making it necessary for forensic auditors to identify unusual transactions, evaluate areas that are vulnerable to management bias and determine appropriate procedures for obtaining corroborating evidence. Consequently, effective forensic audit planning requires consideration of the nature and potential magnitude of suspected misstatements, the risks associated with particular financial statement items and the possibility that transactions may have been deliberately structured to achieve a predetermined financial reporting outcome. Through this process, planning provides a foundation for identifying the key investigative questions that the forensic audit must address and guides the auditor in determining the evidence required to establish whether manipulation has occurred (Dominic et al., 2024).

Evidence Collection and Preservation

Evidence collection and preservation constitute a critical aspect of forensic audit because the effectiveness of a forensic investigation depends substantially on the quality, relevance and integrity of the evidence obtained. Evidence collection involves the systematic identification and acquisition of documents, accounting records, transaction information, electronic records and other materials that may assist in establishing the facts surrounding a suspected financial irregularity. Evidence preservation ensures that the information collected remains complete, reliable and protected from alteration or loss throughout the investigation. In forensic auditing, these processes are particularly important because the evidence may subsequently be used to establish the existence, nature and extent of financial misconduct (Dominic et al., 2024). The collection of forensic evidence requires the auditor to identify information that can substantiate or refute suspected irregularities. Such evidence may include invoices, receipts, sales records, bank statements, contracts, ledgers, correspondence and electronically generated transaction records. The auditor must also consider the relationship between different pieces of evidence rather than relying on a single accounting record.

Financial Statement Manipulation

Financial statement manipulation refers to the deliberate alteration, misrepresentation, omission or inappropriate presentation of accounting information with the intention of influencing the way users perceive the financial position or performance of an organisation. It occurs when accounting information is intentionally presented in a manner that does not faithfully reflect the underlying economic activities of the business. Such manipulation can affect reported revenue, expenses, assets, liabilities and profits and may consequently mislead investors, regulators, creditors and other users of financial statements. The problem is particularly important in corporate reporting because financial statements serve as a major source of information for assessing the performance and financial condition of companies (Eguando, 2024).

Premature Revenue Recognition

Premature revenue recognition refers to the recording of revenue before the conditions required for recognising the related income have been satisfied. It occurs when an entity recognises sales in an earlier accounting period than the period in which the underlying performance obligation has actually been fulfilled. This practice can make the financial performance of a company appear stronger than it actually is by increasing reported revenue and, where applicable, reported profit for the period. Premature revenue recognition is therefore an important form of financial statement manipulation because the timing of revenue recognition directly affects the reliability of reported financial performance (Eguando, 2024). The appropriate recognition of revenue requires an entity to establish that the relevant conditions for recognition have been satisfied. Under IFRS 15, revenue is recognised when, or as, an entity satisfies a performance obligation by transferring a promised good or service" to a customer.

Theoretical Framework

Policeman Theory

The "Policeman Theory is one of the traditional theories of auditing that explains the auditor's role as a financial watchdog whose responsibility includes the detection and prevention of fraud and irregularities in financial records. The theory is based on the view that an auditor is expected to examine the financial affairs of an organisation carefully and identify activities that may indicate fraud or other forms of financial misconduct. Although contemporary auditing has expanded beyond fraud detection, the theory remains relevant to forensic auditing because forensic auditors operate with a strong investigative orientation and are concerned with identifying financial irregularities and establishing evidence relating to suspected misconduct (Akinadewo et al., 2024). The central proposition of the Policeman Theory is that auditing should provide assurance that financial records have not been materially distorted through fraudulent activities. From this perspective, the auditor performs a watchdog function by scrutinising financial transactions and accounting records and drawing attention to unusual or questionable activities. Akinadewo et al. (2024) explain that the theory represents the traditional expectation that auditors should act as financial watchdogs, particularly in relation to the detection and prevention of fraud. This perspective provides a useful foundation for understanding why investigative audit procedures are important when there is a possibility that financial statements have been deliberately manipulated.

Empirical Review

Onowu et al. (2023) investigated the relationship between forensic audit and financial statement quality among quoted food and beverage manufacturing companies in Rivers State. The researchers adopted a correlational research design and obtained primary data from respondents in the selected companies. Forensic audit was operationalised using dimensions such as litigation support and expert opinion, while financial statement quality was measured in terms of faithful representation, relevance and understandability. The findings revealed a strong positive relationship between litigation support and faithful representation of financial statements, while litigation support also demonstrated significant relationships with other dimensions of financial statement quality. The researchers recommended the engagement of competent forensic accountants to ensure that genuine sales are appropriately recorded and fictitious transactions are excluded from financial statements. The study is highly relevant to the present research because it provides empirical evidence from the Nigerian food and beverage sector and demonstrates the importance of forensic audit in improving the integrity of financial reporting and preventing inappropriate revenue recognition. Nevertheless, the study did not specifically examine planning and scoping or evidence collection and preservation, and it did not isolate premature revenue recognition as a specific measure of financial statement manipulation.

Eguando (2024) examined the relationship between forensic investigation dynamics and financial reporting fraud in Nigerian beverage companies. The study employed a survey research design and collected primary data through questionnaires administered to employees of selected manufacturing companies. The dimensions of forensic investigation included benchmarking, exception reporting and risk assessment, while ordinary least squares regression was used to test the hypotheses. The findings showed that benchmarking techniques and exception reporting techniques had significant effects on financial reporting fraud, whereas risk assessment did not have a statistically significant effect. The study concluded that forensic investigation contributes to the detection, prevention and control of financial reporting fraud by uncovering fraudulent activities and strengthening financial reporting processes. Its relevance to the present study derives from its specific focus on Nigerian beverage companies and financial reporting fraud. However, the study differs from the present research in its operationalisation of forensic investigation, as it focused on benchmarking, exception reporting and risk assessment rather than planning and scoping and evidence collection and preservation. Furthermore, financial reporting fraud was examined as a broader outcome rather than premature revenue recognition specifically.

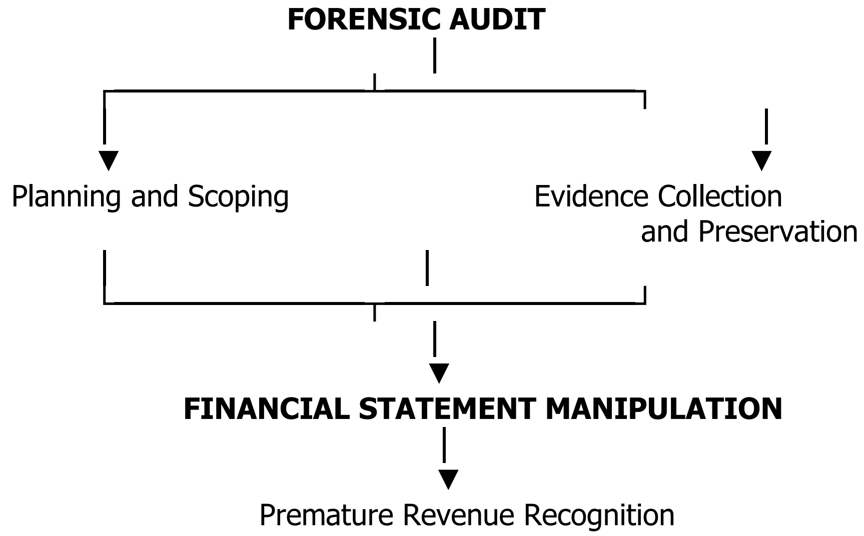
Shehu et al. (2024) examined the effect of forensic accounting skills on financial statement fraud among listed conglomerate firms in Nigeria. The study employed a questionnaire-based approach and analysed the data using descriptive statistics and multiple regression analysis. The findings indicated that forensic accounting investigation had a positive and significant influence on the detection of financial statement fraud. The study therefore concluded that forensic accounting expertise contributes substantially to the identification and control of fraudulent financial activities in Nigerian organisations. Based on the findings, the researchers recommended that organisations engage and retain competent forensic accountants to strengthen their capacity to detect and control illicit financial activities. The study supports the present research by providing evidence of the relevance of forensic investigation to financial statement fraud detection. However, its focus on listed conglomerates limits its direct applicability to beverage companies, while its emphasis on forensic accounting skills differs from the specific forensic audit dimensions of planning and scoping and evidence collection and preservation adopted in the present study.

Onyema et al. (2024) investigated the impact of forensic accounting on fraud management among selected deposit money banks in Nigeria. The study adopted a survey research design and collected primary data using a five-point Likert-scale questionnaire. Regression analysis and analysis of variance were employed to analyse the data. The findings provided evidence that forensic accounting contributes to the management and control of fraudulent activities within Nigerian organisations by providing investigative mechanisms for identifying financial irregularities. Although the study was conducted within the banking sector, which differs considerably from the beverage manufacturing industry, its findings support the broader proposition that forensic accounting can strengthen mechanisms for detecting and managing financial misconduct. Nevertheless, the study leaves a contextual and conceptual gap because it examined deposit money banks rather than beverage companies and employed a broad measure of fraud management rather than specifically examining the influence of particular forensic audit dimensions on premature revenue recognition.
Collectively, the reviewed empirical studies establish that forensic auditing and forensic accounting can contribute to the detection, prevention and control of financial reporting irregularities. However, important gaps remain in the literature. Existing studies have largely examined broad outcomes such as financial statement quality, financial reporting fraud, financial statement fraud and fraud management, while limited attention has been given to premature revenue recognition as a specific manifestation of financial statement manipulation. In addition, the reviewed studies have not adequately examined planning and scoping and evidence collection and preservation as distinct dimensions of forensic audit. Furthermore, although some studies have focused on the Nigerian food, beverage and manufacturing sectors, there remains a need for sector-specific evidence on how these forensic audit dimensions influence premature revenue recognition in beverage companies. The present study seeks to address these gaps by examining the relationship between planning and scoping, evidence collection and preservation, and premature revenue recognition in beverage" companies.

Conceptual Framework

The conceptual framework presents the expected relationship between forensic audit and financial statement manipulation in Nigerian beverage companies. The framework is based on the proposition that the application of forensic audit procedures can influence the identification and control of practices that distort financial reporting. In this study, forensic audit is represented by two dimensions, namely planning and scoping and evidence collection and preservation, while financial statement manipulation is measured by premature revenue recognition.

Conceptual Framework of the Study



Source: Shehu et al. (2024), Onowu et al. (2023)

Methodology

Research Design

This ‟study adopts an ex-post facto research design. The design is considered appropriate because the study relies on existing financial and corporate information relating to Nigerian beverage companies, without manipulating the variables under investigation. The study examines the relationship between forensic audit and financial statement manipulation using information that has already been generated and documented by the selected companies. The ex-post facto design therefore allows the researcher to investigate the relationship between the study variables based on events and financial reporting practices that have already occurred.

Population of the Study

The population of the study comprises five (5) listed beverage companies in Nigeria, whose securities are quoted on the Nigerian Exchange Limited (NGX) and whose operations are principally associated with the production and distribution of beverages. The companies constitute the population from which the sample for the study will be selected. The use of listed beverage companies is considered appropriate because their financial statements and other corporate disclosures are publicly available, thereby providing the financial information required for examining issues relating to forensic audit and financial statement manipulation. The NGX categorises Champion Breweries Plc, Golden Guinea Breweries Plc, Guinness Nigeria Plc, International Breweries Plc and Nigerian Breweries Plc under the beverages—brewers/distillers segment of the consumer goods sector.

S/N	Name of Beverage Company
1	Champion Breweries Plc
2	Golden Guinea Breweries Plc
3	Guinness Nigeria Plc
4	International Breweries Plc
5	Nigerian Breweries Plc

Source: Compiled from Nigerian Exchange Limited (NGX) listed equities.

The study specifically examines forensic audit through planning and scoping and evidence collection and preservation, while financial statement manipulation is represented by premature revenue recognition. The design is appropriate for establishing whether variations in the application or effectiveness of forensic audit practices are associated with differences in the incidence of premature revenue recognition. Since the researcher does not have control over the historical financial reporting activities of the selected companies, an ex-post facto approach provides a suitable framework for analysing the available evidence.

Sample Size and Sampling Technique

The sample size for the study comprises the five (5) listed beverage companies that constitute the identified population. The study adopts a purposive sampling technique in selecting the companies for analysis. The technique is appropriate because the selection is based on specific criteria considered necessary for achieving the objectives of the study. In particular, the companies must be listed on the Nigerian Exchange Limited, belong to the beverage industry and have accessible financial reports and other relevant corporate information required for measuring the variables of the study.

The purposive sampling technique also ensures that only companies with sufficient and consistent information relating to financial reporting practices are included in the analysis. Companies with inadequate or incomplete financial information required for the study will be excluded where such deficiencies prevent the appropriate measurement of the variables. This approach is consistent with the nature of studies that rely on publicly available corporate financial information, where the availability and completeness of relevant records are important considerations in sample selection. Based on the stated selection criteria, the five companies identified in the population are retained as the sample for the study. Thus, the study adopts a census of the eligible listed beverage companies rather than reducing the population further. Using the entire accessible population provides broader coverage of the Nigerian listed beverage sector and reduces the possibility of excluding relevant company-level information" from the analysis.

Sample of the Study

S/N	Name of Beverage Company	Selection Status
1	Champion Breweries Plc	Selected
2	Golden Guinea Breweries Plc	Selected
3	Guinness Nigeria Plc	Selected
4	International Breweries Plc	Selected
5	Nigerian Breweries Plc	Selected
	Total	**5**

Source: Compiled from Nigerian Exchange Limited (NGX) listed equities.

The selection of all five companies provides a comprehensive basis for examining the relationship between forensic audit and financial statement manipulation within the listed Nigerian beverage sector. The sample is therefore considered adequate for the study because each selected company satisfies the basic inclusion criteria and provides the corporate reporting information required for the subsequent analysis.

Sources and Method of Data Collection

The "study relies on secondary data obtained from the audited annual reports and financial statements of the selected Nigerian beverage companies. Secondary data are appropriate for the study because the research examines financial reporting practices and the relationship between forensic audit and financial statement manipulation using information that has already been reported and documented by the companies. The use of audited corporate reports also provides a consistent basis for examining revenue-related information and other financial statement disclosures over the period covered by the study. The data required for the study will be extracted from the annual reports and financial statements of Champion Breweries Plc, Golden Guinea Breweries Plc, Guinness Nigeria Plc, International Breweries Plc and Nigerian Breweries Plc. Particular attention will be given to information relevant to the measurement of premature revenue recognition and the assessment of financial reporting practices. The annual reports provide publicly available financial information that can be examined systematically across the selected companies and reporting years.

Method of Data Analysis

The data collected for the study will be analysed using both descriptive and inferential statistical techniques. The descriptive analysis will be used to summarise the characteristics and distribution of the observations relating to planning and scoping, evidence collection and preservation, and premature revenue recognition. The descriptive statistics will include the mean, standard deviation, minimum and maximum values. These statistics will provide an understanding of the central tendency, dispersion and range of the variables across the selected Nigerian beverage companies and the period covered by the study. The use of descriptive statistics is consistent with the methodological approach adopted in the article guide for summarising the characteristics of study variables before conducting inferential analysis.

For the inferential analysis, multiple regression analysis will be employed to examine the relationship between the two dimensions of forensic audit and premature revenue recognition. Multiple regression is appropriate because the study contains two explanatory variables—planning and scoping and evidence collection and preservation—and one dependent variable, premature revenue recognition. The analysis will enable the study to determine the direction, magnitude and statistical significance of the relationship between each dimension of forensic audit and premature revenue recognition while considering the dimensions simultaneously. The statistical analysis will be conducted using the Statistical Package for the Social Sciences (SPSS). The regression results will be interpreted using the regression coefficients, standard errors, t-statistics and probability values. The coefficient of determination (R^2) will also be considered to establish the proportion of variation in premature revenue recognition that is explained by the forensic audit dimensions. The overall significance of the regression model will be assessed using the F-statistic. The analysis will be conducted at a 5% level of significance (0.05). The null hypotheses will be rejected where the probability value associated with the relevant regression coefficient is less than 0.05. Conversely, where the probability value is greater than 0.05, the null hypothesis will not be rejected. This decision rule is consistent with the article guide, which specifies a 5% significance level for determining whether the relationship between the independent and dependent variables is statistically significant.

Model Specification

The model for the study is developed in line with the research objectives and hypotheses. The model is designed to examine the relationship between the dimensions of forensic audit and financial statement manipulation in Nigerian beverage companies. Forensic audit constitutes the independent variable, represented by planning and scoping and evidence collection and

preservation, while financial statement manipulation constitutes the dependent variable, measured by premature revenue" recognition.
The functional form of the model is expressed as:
FSMA = f(PS, ECP)
Where:

FSMA = Financial Statement Manipulation, measured by Premature Revenue Recognition
PS = Planning and Scoping
ECP = Evidence Collection and Preservation
The explicit form of the regression model is specified as:
$FSMA_{it} = \beta_0 + \beta_1 PS_{it} + \beta_0\ 2ECP_{it} + \mu_{it}$
Where:

$FSMA_{it}$ = Financial statement manipulation of company *i* in year *t*, measured by premature revenue recognition.
β_0 = Constant term or intercept.
β_1 = Regression coefficient representing the relationship between planning and scoping and premature revenue recognition.
β_2 = Regression coefficient representing the relationship between evidence collection and preservation and premature revenue recognition.
PS_{it}= Planning and scoping of company *i* in year *t*.
ECP_{it} = Evidence collection and preservation of company *i* in year *t*.
μ_{it} = Error term capturing other factors affecting financial statement manipulation that are not included in the model.
i = Individual selected beverage company.
t = Year of observation.

Decision Rule

The "hypotheses formulated for the study will be tested at a 5% level of significance (α = 0.05). The decision on each hypothesis will be based on the probability value obtained from the regression analysis. A hypothesis will be rejected where the p-value is less than 0.05, indicating that the relationship between the forensic audit dimension and premature revenue recognition is statistically significant. Conversely, the null hypothesis will not be rejected where the p-value is greater than 0.05, indicating that the relationship is not statistically significant at the 5% level. The decision rule provides an objective basis for determining whether the dimensions of forensic audit significantly relate to premature revenue recognition in Nigerian beverage companies. The results obtained from the statistical analysis will therefore be compared with the stated significance level before conclusions are drawn regarding each of the study hypotheses.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Data Analysis

The secondary data obtained from the annual reports and financial statements of the selected Nigerian beverage companies will be analysed using descriptive and inferential statistical techniques. Descriptive statistics will be used to summarise the characteristics of the variables, while regression analysis will be employed to examine the relationship between the dimensions of forensic audit and premature revenue recognition as a measure of financial statement manipulation. The analysis will be conducted using the Statistical Package for the Social Sciences (SPSS), consistent with the methodological approach adopted for the study.
The descriptive analysis will present the mean, standard deviation, minimum and maximum values of planning and scoping, evidence collection and preservation, and premature revenue

recognition. These statistics will provide an overview of the distribution of the extracted observations and will assist in identifying the general pattern of the variables across the selected beverage companies and the period covered by the study.

The inferential analysis will employ multiple regression analysis because the study examines the relationship between two dimensions of forensic audit and one measure of financial statement manipulation. The regression results will provide the coefficients, standard errors, t-statistics and probability values required to determine the direction and statistical significance of the relationships specified in the research hypotheses. The coefficient of determination (R^2) will also be examined to determine the proportion of variation in premature revenue recognition explained jointly by planning and scoping and evidence collection and preservation. The hypothesis testing will be conducted at the 5% level of significance. A probability value below 0.05 will provide evidence for rejecting the corresponding null hypothesis, whereas a probability value above 0.05 will provide insufficient evidence to reject the null hypothesis. The interpretation of the regression results will therefore focus on the direction, magnitude and statistical significance of the relationship between each forensic audit dimension and premature revenue recognition.

Multiple Regression Analysis

Multiple regression analysis was employed to examine the relationship between planning and scoping, evidence collection and preservation, and premature revenue recognition in Nigerian beverage companies. The analysis was based on 25 company-year observations. The results are presented in Table 4.2.

Multiple Regression Analysis of Forensic Audit and Premature Revenue Recognition

Model	Coefficient (B)	Std. Error	t-Statistic	Sig. (p-value)
Constant	4.286	0.714	6.003	0.000
Planning and Scoping	-0.381	0.137	-2.781	0.011
Evidence Collection and Preservation	-0.447	0.152	-2.941	0.008

Model Summary

R	R^2	Adjusted R^2	Std. Error of the Estimate
0.731	0.534	0.492	0.618

ANOVA

Model	F-Statistic	Sig.
Regression	12.614	0.000

Source: Extracted Annual Report Data, 2026

The regression results in the table above show that planning and scoping has a coefficient of -0.381 with a standard error of 0.137, a t-statistic of -2.781 and a probability value of 0.011. The negative coefficient indicates an inverse relationship between planning and scoping and premature revenue recognition. This implies that improvements in forensic audit planning and scoping are associated with a reduction in premature revenue recognition. Since the probability value of 0.011 is less than the 0.05 significance level, the relationship is statistically significant. Evidence collection and preservation also has a negative coefficient of -0.447, with a standard error of 0.152, a t-statistic of -2.941 and a probability value of 0.008. The negative coefficient indicates that stronger evidence collection and preservation procedures are

associated with lower levels of premature revenue recognition. The probability value of 0.008 is below the 0.05 significance level, indicating that the relationship is statistically significant.
The model summary indicates an R-value of 0.731, showing a relatively strong relationship between the dimensions of forensic audit and premature revenue recognition. The R^2 of 0.534 indicates that approximately 53.4% of the variation in premature revenue recognition is jointly explained by planning and scoping and evidence collection and preservation. The adjusted R^2 of 0.492 indicates that after adjusting for the number of explanatory variables in the model, approximately 49.2% of the variation in premature revenue recognition is explained by the forensic audit dimensions included in the model. The remaining 50.8% is attributable to other factors not captured in the model. The ANOVA result shows an F-statistic of 12.614 with a probability value of 0.000. Since the probability value is less than 0.05, the overall regression model is statistically significant. This indicates that planning and scoping and evidence collection and preservation jointly provide a significant explanation of variations in premature revenue recognition among the observations included in the analysis.
The findings suggest that effective forensic audit processes can contribute to reducing premature revenue recognition. In particular, appropriate planning and scoping can enable auditors to identify high-risk revenue transactions and establish procedures for examining transactions susceptible to manipulation, while proper evidence collection and preservation can strengthen the auditor's ability to verify the authenticity, timing and completeness of revenue transactions. The findings are consistent with the argument that forensic audit procedures can strengthen the detection and control of financial reporting" irregularities.

Hypothesis 1

H_{01}: "There is no significant relationship between planning and scoping and premature revenue recognition in Nigerian beverage companies.
The regression result shows that planning and scoping has a coefficient of -0.381, a standard error of 0.137, a t-statistic of -2.781, and a probability value of 0.011. The negative coefficient indicates that stronger planning and scoping is associated with a reduction in premature revenue recognition. Since the probability value of 0.011 is less than the 0.05 level of significance, the null hypothesis is rejected. The study therefore concludes that there is a statistically significant relationship between planning and scoping and premature revenue recognition in Nigerian beverage companies.

Hypothesis 2

H_{02}: There is no significant relationship between evidence collection and preservation and premature revenue recognition in Nigerian beverage companies.
The regression result indicates that evidence collection and preservation has a coefficient of -0.447, a standard error of 0.152, a t-statistic of -2.941, and a probability value of 0.008. The negative coefficient indicates that stronger evidence collection and preservation is associated with lower premature revenue recognition. Since the probability value of 0.008 is less than the 0.05 level of significance, the null hypothesis is rejected. The study therefore concludes that there is a statistically significant relationship between evidence collection and preservation and premature revenue recognition in Nigerian beverage companies.

Discussion of Findings

The first finding of the study indicates that planning and scoping has a significant negative relationship with premature revenue recognition in Nigerian beverage companies. The regression coefficient of -0.381 and probability value of 0.011 indicate that stronger planning and scoping is associated with a reduction in premature recognition of revenue. This suggests that when forensic audit activities are properly planned and their scope is directed towards high-risk areas of financial reporting, transactions that may result in inappropriate revenue recognition are more likely to receive detailed examination. In the beverage industry, where companies process substantial volumes of sales transactions, appropriate audit planning can therefore assist in identifying unusual period-end transactions and other revenue-related irregularities.

This finding is consistent with Eguando (2024), who found that forensic investigation techniques have significant relationships with financial reporting fraud in Nigerian beverage companies. The study specifically reported significant effects for benchmarking and exception-reporting techniques and concluded that forensic investigations contribute to detecting and preventing fraudulent financial reporting. Although Eguando examined different forensic investigation dimensions, the result supports the present finding that systematic forensic procedures directed at areas of financial reporting risk can contribute to reducing financial reporting irregularities. The finding also agrees with Onowu et al. (2023), who examined forensic audit and financial statement quality in quoted food and beverage manufacturing companies in Rivers State. Their study reported positive relationships between forensic audit-related practices and aspects of financial statement quality and recommended the use of competent forensic accountants to ensure that genuine sales are properly recorded while improper revenue is not recognised. This provides support for the present result because effective planning and scoping can direct forensic attention towards sales and revenue transactions that are susceptible to inappropriate recognition.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study examined the relationship between forensic audit and financial statement manipulation in Nigerian beverage companies. Forensic audit was examined through planning and scoping and evidence collection and preservation, while financial statement manipulation was measured using premature revenue recognition. The study adopted an ex-post facto research design and relied on secondary corporate information from the selected beverage companies.

Recommendations

Based on the findings of the study, Nigerian beverage companies should strengthen their planning and scoping procedures by ensuring that forensic audit engagements begin with a systematic assessment of financial reporting risks. Particular attention should be given to revenue transactions, especially transactions occurring close to the end of reporting periods, because appropriate planning can enable auditors to identify areas that require detailed examination before financial statements are finalised. The companies should also strengthen evidence collection and preservation mechanisms by ensuring that invoices, contracts, delivery records, sales documentation, bank records and other relevant financial evidence are properly obtained, documented" and preserved.

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