INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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ii

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   iv

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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

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APPENDIX/ANNEXURE

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

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THE IMPACT OF COMPLIANCE WITH INFORMATION DISCLOSURE IN FINANCIAL STATEMENTS ON TOTAL ASSETS, PROFITABILITY AND EARNINGS PER SHARES OF QUOTED COMPANIES IN NIGERIA

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ABSTARCT

The quality of information provided in financial reports determines their usefulness and reliance by users to make informed business and investment decisions. Based on this, the study seeks to determine the impact of compliance with information disclosure in financial statements on total assets, profitability and earnings per shares of Quoted firms in Nigeria. In line with the objective, two hypotheses were formulated. The population of the study is the two hundred and thirty – four (234) companies quoted on the floor of the Nigerian Stock Exchange and thirty (30) quoted companies selected as sample size. This work utilized data from secondary source. Data were obtained from the annual accounts and reports of the thirty (30) quoted companies that made up the sample of the study and the statement of Accounting Standards 2. The time frame for this work is ten years, covering the period of 2000 to 2009. The technique of analysis used in the study was the Multiple Regression Analysis. The study established that the ability of quoted firms to comply with Statement of Accounting Standards 2 has direct impact on their total asset, earnings per share and respective profitability. The study recommended an effective monitoring/supervision and enforcement of the provisions of the Statement of Accounting Standards 2, in addition to effective implementation of the penalties provided by the Act on non-compliers regardless of their status or origin. The study calls on the appropriate authorities such as the government, professional accountancy bodies on academics to commission research and activities geared towards developing not only accounting policies that would ensure swift compliance with Statement of Accounting Standards 2 (SAS 2), but strategies that would ensure optimum investments that enhance net worth and profitability of firms.

KEYWORDS

Level of Compliance, Financial Statements, Information Disclosure, Total Assets, Profits and Earning per shares.

1.1 INTRODUCTION

The quality of information provided in financial reports determines their usefulness and reliance by users to make informed business and investment decisions. The quality, usefulness and ability of financial reports are guaranteed by strict adherence to Accounting Standards in the preparation and formatting of presentation of such financial reports. Accounting has therefore been widely regarded as an information system through which financial and monetized information is generated for economic, social and political decisions (Izedonmi, 2008). Paragraph 10 of SAS 2 states that all accounting information that will assist users to assess the financial liquidity, profitability and viability of a reporting entity should be disclosed and presented in a logical, clear and understandable manner. Thus Part 4 of SAS 2 entails the information to be disclosed in financial statement. Thus, SAS 2 is one of the few Standards that has the overwhelming backing and support of Company Act 1968 (now CAMA 1990) (Kantudu, 2005).

In Nigeria, disclosure in financial statement reports started with the companies Ordinance of 1922 (as amended) and through to the Companies Act of 1968 and now the Companies and Allied Matters Act of 1990. The Nigerian Accounting Standards Board (NASB) is also involved in the efforts at evolving and promoting financial disclosure. The NASB was established in 1982 with the power to set and issue accounting Standards which have to be complied with while preparing financial statements. Before the promulgation of CAMA 1990 which has now become an Act under the civilian administration in Nigeria, compliance of financial statements with accounting Standards was persuasive but with the coming of CAMA of 1990, financial disclosure by companies is now a mandatory requirement.

Therefore, the assumption is that the objectives of financial statements tend to have a universal appeal and application. The financial statements are required to be audited and opinion expressed by the auditors as to whether or not the financial statements give "a true or fair view" of the financial affairs of the company. Along this line of thought, we can infer that one of the objectives of financial statements in Nigeria is to achieve compliance with the requirements of accounting standards. This position is spelt out in section 335(1) of CAMA 1990 which provides that the financial statements of a company prepared shall comply with requirements of Accounting Standards with respect to their form and content laid down in the Statements of Accounting Standards issued from time to time by the Nigerian Accounting Standards Board. The Act ushered in a new era of due diligence and conformity with Statements of Accounting Standards in the preparation of financial reports (Kantudu, 2005).

Similarly, corporate financial reporting entails the publication of accounting reports in respect of economic resources, obligations and performance of a reporting entity annually. For many years, published accounts consisted mainly of a Balance Sheet and Profit and Loss Account, until the mid seventies when a Statement of Source and Application of funds was also included. Furthermore, published accounts are also legally required to be prepared in such a way as to show the true and fair view of the profit or loss of the company for the period under review and its state of affairs as at the balance sheet date. The various accounting bodies also require that these financial accounts and reports should be prepared according to the Generally Accepted Accounting Principles (GAAP). However, because of the dynamic nature of the business environment which accounting is serving, these principles need to be well defined and reviewed from time to time to meet the demands of business. In addition, the financial statement should be made understandably enough so as not only to present a true picture of the present and past performance of the business enterprise but also to give an insight into the future. The information contained in such reports must also be relevant and reliable.

Consequently, in Nigeria with effect from 1st January, 1985 it became a standard practice for firms to comply with the requirements of the Statement of Accounting Standards (SAS) No. 2, information to be disclosed in financial statements. Given these facts about financial reports and reporting practices, one could simply ask how had companies quoted on the Nigerian Stock Exchange faired in disseminating financial information to the ultimate users that conforms to the Statement of Accounting Standards (SAS 2)? It is against this background that this study seeks to determine the impact of compliance with information disclosure in financial statements by quoted companies in Nigeria. To this end, the paper is structured into four major parts. Section one is the Introduction,

section two which follows this introduction present, the literature review, section three discusses the methodology, while section four presents the conclusion and some recommendations.

2.0 LITERATURE REVIEW

2.1 ACCOUNTING STANDARDS: AN OVERVIEW

Accounting Standards are guidelines which define how companies have to display transactions and events in their financial statements and are not purely technical rules but they are the outcome of highly political processes (Horngren, 1973; Watts and Zimmerman, 1978; and Fogarty, Hussein, and Ketz, 1994). This means that there are different actors who come into contact with or are influenced by accounting standards- e.g. preparers, managers, accounting firms, auditors, financial analysts, employees. All these actors might have differing opinions and interests about what an accurate and useful accounting Standard is and therefore might have different incentives in the production and diffusion of accounting standards (Zeff, 1978; Watts and Zimmerman, 1978, Giner, and Arce, 2004).

Although, academics and practitioners agree on the importance of compliance with the requirements of accounting Standards as an essential element of the financial reporting infrastructure, many scholars argue that the extent to which standards are enforced and violations prosecuted are as important as the standards themselves (Hossain and Adams, 1995; and Sunder 1997). Thus, the quality of financial information is a function of both the quality of accounting standards and the regulatory enforcement or corporate application of the standards (Kothari 2000; and Hope, 2001). Absent of adequate enforcement, therefore renders the best accounting standards inconsequential. This is because if nobody takes action when rules are breached, the rules remain requirements only on paper. However, in some environments, firms behave towards "mandatory" requirements as if they were voluntary (Marston and Shrives 1996, Hodges, and Mellett, 2004); Giner, and Arce, 2004; and Cooper and Robson, 2005). Even though accounting policy disclosures are required in most countries as well as by International Accounting Standards (Saudagaran and Diga 1997), Frost and Ramin, (1997) document considerable variation in accounting policy disclosures within and across countries.

The importance of compliance with the requirements of accounting standards is that it enhances transparency, accountability, standardization, uniformity and comparability which in turn enriches the quality of decision of the users and helps in proper allocation of resources in an economy. However, studies in the area as well as on the determinants of application of accounting standards have been few and mixed. For instance, regarding studies on application or compliance, two divergent schools exist. The application's or rightist's school is advocated by scholars like Choi (1973); Barrett (1977); Klumpes (1997) and Hope (2003b). This school theorizes that firms apply or comply with accounting standards. The second school, with advocates, like Deaton and Weygandt (1975); Nobes (1990); Benjamin, Maurice, and Lawrence (1990) and Susilowati, Morris, and Gray (2005) theorize that firms do not apply or comply with accounting standards even under mandatory regimes.

2.2 THE CONCEPT OF INFORMATION DISCLOSURE SYSTEM

Information disclosure system means a series of behavioral regulations and activity standards for relevant parties in the securities market who publicize the information related with securities by certain way in the process of issuing stocks, listing on the market, and trading, according to laws, and rules of securities administrative agencies and Stock Exchanges. To ask companies that issue securities openly to execute the information disclosure system is the core content of modern securities market. It covers the whole process of securities' issues and circulation. Usually, before the issue of stocks, companies publicize stock-issuing introductions, listing announcements, interim reports, annual reports, and grave affair reports, mainly including companies operations and financial statements.

Therefore, the concept of disclosure in financial reporting has been of primary significance in both accounting theory and practice. Its scope is in fact broad enough to encompass almost the entire area of financial reporting (Hendriksen and VanBreda, 1992). The significance of the concept is further established by the efforts being made by several groups such as International Accounting Standard Board (IASB) at international level, Financial Accounting Standard Board (FASB) in the USA and Nigerian Accounting Standard Board (NASB) in Nigeria and others, to enhance the scope of accounting disclosure. The issuance of various Statements of Accounting Standards (SASs) by the Nigerian Accounting Standard Board (NASB) in 1985 to date could be seen in this light (Kantudu, 2005).

It should be stressed here that disclosure is one aspect of accounting practice where governments play key role. In Nigeria for instance, the companies and Allied Matters Act (CAMA 1990), the Bank and Other Financial Institutions Act (BOFIA), the Nigeria Accounting Standard Board (NASB) Act and the Stock Exchange Act specify the kind of financial statements and the type of information which companies should present at Annual General Meetings (AGMs) as well as the rights and obligations of the shareholders in relations to the company.

One of the major objectives of financial reporting is to supply information to the users for making economic decisions. It then requires not only a proper disclosure of financial data and other relevant information but how much of the information to be disclosed. Buzby, in Mccullers and Schroeder, 1982) argues that the specific inference to be drawn from the basic nature of adequate disclosure with respect to such things as target users, users' purposes, types of information to be disclosed, disclosure techniques, and disclosure timing are dependent upon complete and well defined set of objectives.

2.3 USERS OF FINANCIAL STATEMENTS AND THEIR INFORMATION NEED

In the present day, economic activities have increased so greatly in size and complexity, and the interested parties have increased so greatly in number and diversity, that the responsibility placed on the accountants seem to be the only vital and principal medium through which information about the economic activities of a given enterprise is disseminated to the interested parties for economic decisions. It then follows that, in order to provide the most useful and relevant information, the nature of users' needs, the decision process employed by the users and the information that best servers their needs must be considered. "In this regard researchers have developed three different viewpoints of the reporting functions": The stewardship concept; Decision making concept; and General user concept (Glautier and Under down; 1986):

The stewardship concept: This concept is based on the traditional stewardship accounting view of financial reporting. Its characteristic features being the safeguarding of assets and their proper management as well as the accountability of the steward to the shareholders for the management of the resources entrusted to them. Hence, it has laid particular emphasis on the importance of feedback information that is, ex-post information.

The decision making concept: This view extend the stewardship function to include the recognition that shareholders and investors are decision-makers who require accounting information for that purpose. This school argued that since the predominant interest of shareholders in companies is the receipt of dividend income and capital appreciation, they are concerned with the ability of financial reports to predict future events, which may affect their decisions.

The general user concept: This view considers that parties having an interest in an organization have a right to information about the organization's activities. For instance, a study conducted by the Accounting Standard Steering Committee (ASSC) in 1975 identified the following seven groups as having a reasonable right to information, which should be recognized in corporate reports. These are the equity investor group, the loan creditor group, the employee group, the analyst adviser group, the business contact group, the government and the public. A number of researches conducted in recent times tend to support this concept which indicates a drastic departure from traditional stewardship approach of financial reporting to the general user approach (Kantudu, 2005).

Consequently, as part of its contribution, the Nigerian Accounting Standard Board (NASB) pronounces the SAS 2 (Information to be disclosed in financial statements), applicable to all listed firms in Nigeria in 1984. Part 1, paragraph 1, of SAS 2 states that accounting information about a business entity or enterprise is required by a variety of users. Therefore, this need dictates the fundamental objectives of accounting and the mode of reporting information. While paragraph 2 went further to add that firms, organizations or enterprises carry on business activities in a given economic, social and political environment and there is public interest in their operations. This paragraph identified the following groups as users of the financial statements and their information need. These users are:

Individuals, financial institutions or group of investors need accounting information to determine the liquidity, profitability and viability of the enterprise.

Managers in an enterprise need accounting information to measure performance, plan and control operations.

Employees and customers of an enterprise need accounting information in order to assess the ability of the enterprise to produce goods or to render services on continuous bases.

Governments and regulatory bodies need accounting information in order to be able to impose and collect taxes, to regulate certain business activities and to plan, execute and evaluate government projects.

Quasi-government establishments need accounting information in order to meet their statutory obligations.

Given the number of the users as well as their information need, one should expect the financial statements to be general purpose consisting of information that is in the nature of quantitative and qualitative in order to aid users in making informed economic decisions. Thus, in order to assist the users in making sound economic decisions, paragraphs 3 and 4 state that financial statements should be simple, clear and easy to understand by all users. This is because, financial statements are the vital means of communicating to interested parties information on the resources, obligations and performances of the reporting entity of enterprise (SAS 2, paragraph 4). Similarly, section 4 of SAS 2 counsels that even though, meaningful information can be gathered, collated and presented in different forms, the format recommended in Statement of Accounting Standards 2 can be gathered to be the best practice in Nigeria (Kantudu, 2005).

2.4 FRAMEWORKS FOR STANDARDIZATION OF FINANCIAL REPORTING IN NIGERIA

The financial report is the major vehicle for communicating information about the operations and performance of a firm to its relevant publics. A financial report is generally documented i.e, written. It could however be delivered orally in some limited cases such as in informal organizations. Whatever the format or mode of delivery, the financial report remains a picturesque account of the financial transactions of a defined entity over a specified period. The primary objective of the report is to provide information that would enrich the understanding of the reader (user) about the activities and/or performance of the entity. Business organizations render two broad categories of financial reports – internal financial reports external financial reports (Okafor, 2009). The standardization of financial reporting in Nigeria is promoted through the imposition of specific reporting guidelines by various financial reporting regulators. They include Regulatory reporting provisions of CAMA, Statements of Accounting Standards (SASs) of Nigeria, International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Specific reporting requirements of industry regulators and Statutory Provisions under CAMA.

Responsibility for developing and issuing accounting Standards to guide the preparation and presentation of general purpose financial statements and ensuring transparency and comparability of such statements in Nigeria is vested in the Nigerian Accounting Standards Board (NASB). The Board has passed through an interesting evolutionary process as follows (Nnadi, 2009). It was established on September 9, 1982 through the initiative of the Institute of Chartered Accountants of Nigeria. It became a parastatal of the Federal Government under the then Federal Ministry of Trade and Tourism, now Federal Ministry of Commerce in May 1992. It was transformed into a legal entity through the enactment of the Nigerian Accounting Standards Board Act (NASB), No 22 of July 10, 2003.

The NASB Act not only gave full legal cover for all activities of the Board but also established an Inspectorate Unit for the Board (section 20) with full powers to monitor and enforce compliance with the Standards developed and reviewed by the Board and to impose sanctions for non compliance to such Standards.

To date, thirty (30) Statements of Accounting Standards ie SAS 1 to SAS 30 has been issued by the NASB. Each SAS begins with introductory remarks, definitions and explanatory notes. Then the accounting Standard for the particular item is presented, followed by note on legal requirements and finally attention is drawn to compliance of the Standard with the corresponding number of the International Accounting Standard.

2.5 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The International Accounting Standards Committee had a number of problems and weaknesses. The most daunting problem was the unweilding and part-time nature of membership of the committee which made it a very slow out-fit for decision making. The ISAC was replaced, in 2001, by the International Accounting Standards Board (IASB), a 14 member of the IASC; the primary consideration for membership of the IASB was technical (professional) expertise.

The first major action of the IASB was to adopt all the 41 IASs issued by the IASC. There-after, the Board started to develop and issue new accounting Standards known as International Financial Reporting Standards (IFRSs). From inception in 2001 on August 2005, the IASB has developed and issued seven (7) IFRSs (Chukwu, 2006). By end of August 2008, more than 113 countries world-wide had adopted or permitted the use of IFRS reporting. As indicated earlier, most of the SASs are similar to related IFRSs. But there are some cases of significant differences between multinational companies operating in Nigeria to convince the National Assembly to legislate the wholesale adoption IFRS reporting in Nigeria. While some quoted firms in Nigeria have adopted the IFRS.

3.1 METHODOLOGY

The study is aimed at determining the impact of compliance with information disclosure in financial statements on total assets, profitability and earnings per shares of quoted firms in Nigeria. Therefore, this study employed Ex-post facto research designs. The study utilized data from secondary source. Data were obtained from the annual reports and accounts of the thirty (30) quoted firms that made up the sample for the study for the period 2000-2009 and the requirements from Statement of Accounting Standard 2 (SAS 2). The population of the study is the two hundred and thirty-four (234) quoted companies on the first-tier market of the Nigerian Stock Exchange. The sample was drawn randomly, thus thirty (30) quoted companies were selected for the study (Asika, 1991; Avwokeni, 2004 and Onwumere, 2009). They include Julius Berger Nigeria Plc, First Bank of Nigeria Plc, Access Bank Nigeria Plc, UBA Plc, Guaranty Trust Bank Plc, Cadbury Nigeria Plc, Nigerian Breweries Plc, GlaxoSmithkline Plc, Royal Exchange Plc, Longman Nigeria Plc, May & Baker Nigeria Plc, A. G Leventis Nigeria Plc, Total Oil Nigeria Plc, Guinness Nigeria Plc, Cutix Nigeria Plc, Berger Paints Plc, Nestle Nigeria Plc, Beta Glass Nigeria Plc, Seven up Bottling Company Plc, Benue Cement Company Plc, Flour Mills of Nigeria Plc, Unilever Nigeria Plc, Paterson Zonkonis, Crusader Insurance Plc, Tripple Gee & Company Plc, Vitafoam Nigeria Plc, Briscoe Nigeria Plc, UAC of Nigeria Plc, Evans Medical Plc and Mobil Oil Nigeria Plc. They were selected on the premise that the companies have been complying with the requirements of information to be disclosed in financial statements (SAS 2) for over a decade. In this direction, a sample time frame of ten years was used for the study covering the period 2000-2009.

In this study, data generated through the secondary source were subjected to empirical test and statistical analysis. Using a Multivariate Linear Regression Model stated below:

(L)   =   F (A, P, E)

Where

L   =   Level of Compliance

A   =   Assets size

P   =   Profit

E   =   Earnings per Share

This model pointed out that the quality of disclosure is influenced by a variety of variables, and often there is interdependence between these variables. While the significance of the relationship between the quality of disclosure and the variables will be tested statistically. The above Ordinary Least Square (OLS) Regression Model were fitted to the data in order to assess the effect of each variable on the disclosure level. While, the proxies used for independent variables and the predicted direction of the relation with the degree of disclosure.

TABLE 3.1 REQUIREMENTS OF STATEMENT OF ACCOUNTING STANDARDS 2 (SAS 2)

Paragraph II	Requirements of SAS 8	Rep. by Variables
	The name of the enterprise	r1
	The period of time covered	r2
	A brief description of its activities	r3
	Its legal form	r4
	Its relationship with its significant local and oversea suppliers	r5
	Statement of Accounting Policies	r6
	Balance sheet	r7
	Profit and Loss Account or Income Statement	r8
	Notes on the Accounts	r9
	Cash Flow Statement	r10
	Five Years Financial Summary	r11
	Financial Implications of intercompany transfer and technical management agreement between the enterprise and significant local and oversea suppliers	r12
	Financial Statement should show corresponding figures for the preceding periods	r13

Source: Statement of Accounting Standards 2 (SAS 2).

Table 3.1 Presents the requirements of the information disclosed in financial statements by quoted firms in Nigeria as contained in Statement of Accounting Standards 2 (SAS 2), which the thirty (30) sampled listed firms have been complying or expected to comply with. These requirements are thirteen (13) in number as could be seen from the table. But for clarity in the presentation and analysis, the requirements are given numbers. For instance r1, r2, r3, r4, r5, r6, r7, r8, r9, r10, r11, r12 and r13 represented the thirteen (13) requirements of the information to be disclosed in financial statements by quoted firms in Nigeria as specified by the Statement of Accounting Standard 2 of 1985, which enables the researcher to construct a compliance index. However, quoted companies in Nigeria are regarded to have performed their financial reporting obligations as far as SAS 2 is concerned, if disclosure is made in the financial statement.

Thus, an attempt was made to contrast the level of compliance with information to be disclosed in financial statement by quoted firms in Nigeria for the period under study in a relation to total assets, profits and earnings per share of the sample firms for the same period.

The below Table presents the data used for regression

TABLE 3.2 REGRESSION DATA

Flour Mills of Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	3,546,624	623,689	1.14
2001	92.3	3,882,785	718,361	1.32
2002	92.3	4,548,456	1,075,171	1.97
2003	92.3	4,744,104	486,848	0.67
2004	92.3	5,261,612	1,027,108	O.88
2005	100	10,770,073	1,304,675	1.12
2006	100	13,785,283	3,015,210	2.59
2007	100	19,024,793	5,095,991	3.28
2008	100	21,951,793	4,324,760	2.78
2009	92.3	22,868,239	2,469,513	1.45

Unilever Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	3,484,765	853,992	0.71
2001	100	4,109,065	2,164,114	0.72
2002	92.3	4,167,664	1,571,918	0.52
2003	92.3	3,905,550	1,870,258	0.62
2004	92.3	6,072,800	2,167,249	0.72
2005	100	5,570,611	1,616,457	0.53
2006	100	3,953,347	(1,374,363)	(0.43)
2007	100	5,030,844	1,296,533	0.28
2008	100	6,681,553	2,596,533	0.69
2009	84.6	8,202,734	4,093,822	1.08

Paterson Zochonis Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	9,585,715	932,288	0.64
2001	92.3	13,493,033	1,270,164	0.87
2002	92.3	14,303,535	1,685,918	1.16
2003	92.3	15,162,047	2,008,544	1.15
2004	92.3	18,623,640	2,049,335	1.19
2005	92.3	19,914,819	2,924,747	1.34
2006	92.3	27,801,688	2,618,684	1.03
2007	92.3	28,098,218	2,049,893	0.81
2008	92.3	29,036,715	2,742,682	0.86
2009	92.3	30,073,307	3,003,949	0.95

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   42

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Beta Glass Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	2,923,839	663,464	1.61
2001	100	3,559,221	862,642	1.90
2002	100	4,046,146	714,185	1.57
2003	100	4,763,651	541,745	1.19
2004	100	4,926,248	162,597	0.36
2005	100	5,031,343	218,654	0.48
2006	100	5,366,979	381,088	0.84
2007	100	6,165,053	866,252	1.91
2008	100	7,289,566	1,192,690	2.29
2009	100	8,524,350	1,384,776	2.77

Seven Up Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	69.2	1,231,554	375,820	1.15
2001	92.3	1,253,090	397,442	1.28
2002	92.3	2,158,497	1,151,394	2.81
2003	92.3	3,233,218	1,382,204	3.37
2004	92.3	3,967,235	1,143,995	2.79
2005	92.3	4,409,059	954,296	2.33
2006	92.3	5,063,799	1,167,213	2.85
2007	92.3	6,280,352	1,219,402	2.38
2008	92.3	7,223,047	1,608,910	3.14
2009	92.3	7,984,017	1,529,674	2.98

Beune Cement Company Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	1,569,923	(528,154)	1.07
2001	92.3	227,089	(1,070,446)	2.16
2002	92.3	(1,920,318)	(2,147,407)	4.33
2003	92.3	(2,646,976)	(726,658)	1.46
2004	100	(3,559,436)	(912,460)	1.84
2005	100	(1,354,870)	2,243,940	4.53
2006	100	8,354,898	3,105,065	1.25
2007	100	9,607,128	1,252,230	0.45
2008	100	13,751,395	4,144,267	1.32
2009	100	24,208,908	10,457,512	3.67

Nestle Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	4,666,674	1,605,183	3.24
2001	100	6,764,401	2,526,238	4.78
2002	100	8,829,843	2,747,875	6.01
2003	100	11,910,016	3,170,625	7.20
2004	100	13,399,870	3,699,062	7.26
2005	100	16,875,084	3,699,062	10.04
2006	100	18,908,215	5,284,375	10.71
2007	100	21,252,320	5,441,899	8.79
2008	100	29,159,552	8,331,599	12.61
2009	100	44,250,372	9,783,578	14.81

Berger Paints Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	397,021	19,947	10.54
2001	100	416,762	88,548	37.68
2002	100	440,430	85,941	39.50
2003	100	536,990	93,467	0.43
2004	100	557,527	82,331	37.88
2005	100	1,012,717	(506,147)	(18.37)
2006	100	1,090,292	69,338	31.90
2007	100	1,214,395	116,988	0.54
2008	100	1,355,422	204,376	0.94
2009	100	1,489,502	186,852	0..86

Cutix Nigera Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	64,156	23,635	35.78
2001	92.3	72,616	18,367	27.81
2002	92.3	86,108	26,701	21.42
2003	92.3	100,154	27,256	20.63
2004	92.3	122,364	35,420	26.81
2005	92.3	152,779	43,624	33.02
2006	92.3	180,678	54,321	20.56
2007	92.3	270,666	121,691	46.06
2008	92.3	385,147	114,481	21.67
2009	92.3	400,015	78,312	14.82

Guinness Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	10,681,152	3,094,570	4.37
2001	100	12,663,140	4,105,879	5.80
2002	100	14,157,810	4,149,536	5.86
2003	100	15,189,428	6,636,335	9.37
2004	100	16,908,244	7,913,503	6.71
2005	100	21,767,263	4,859,019	4.12
2006	100	25,667,544	7,440,102	6.31
2007	100	31,638,842	10,691,060	7.84
2008	100	36,862,557	11,860,880	8.04
2009	100	31,524,701	13,541,189	9.18

Total Oil Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	2,857,184	1,395,472	4.70
2001	100	3,573,994	2,499,300	8.41
2002	100	4,008,510	2,514,087	8.46
2003	100	4,019,028	2,684,256	9.04
2004	100	3,742,235	2,778,904	8.18
2005	100	4,131,818	3,615,040	10.65
2006	100	5,765,754	2,516,693	7.41
2007	100	6,338,944	3,255,410	9.59
2008	100	7,268,984	4,393,162	12.94
2009	100	6,982,835	3,968,059	11.69

A. G. Leventis Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	1,312,584	59,918	0.17
2001	84.6	1,775,020	34,310	0.04
2002	84.6	2,136,275	14,295	0,02
2003	84.6	2,554,678	93,663	0.09
2004	84.6	3,140,266	204,626	0.10
2005	84.6	3,305,861	271,043	0.12
2006	84.6	3,582,017	300,587	0.14
2007	84.6	5,802,391	541,990	0.25
2008	84.6	7,305,733	576,725	0.22
2009	84.6	7,798,435	874,973	0.33

Access Bank Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	8,434,560	130,079	10.84
2001	92.3	8,027,957	77,743	6.40
2002	92.3	1,943,784	(55,245)	(0.02)
2003	92.3	2,365,357	556,573	0.21
2004	92.3	2,702,830	637,473	0.21
2005	92.3	14,071,924	501,515	0.12
2006	92.3	28,893,886	737,149	0.07
2007	92.3	28,384,891	6,083,439	0.87
2008	92.3	171,002,026	16,056,464	1.73
2009	92.3	357,981,780	22,005,042	1.36

May & Baker Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	503,702	46,558	25.7
2001	100	573,450	114,994	63.5
2002	100	614,525	41,075	0.23
2003	100	639,397	79,167	0.44
2004	100	715,146	91,139	0.50
2005	100	816,905	101,759	0.47
2006	100	2,617,346	211,470	0.30
2007	100	2,615,664	208,318	0.30
2008	100	2,753,626	417,962	0.60
2009	100	2,705,707	232,081	0.33

Chellarams Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	76.9	923,703	25,735	0.21
2001	76.9	1,009,867	23,845	0.20
2002	76.9	1,029,440	31,305	0.26
2003	76.9	1,559,440	36,375	0.28
2004	76.9	1,811,247	118,122	0.68
2005	76.9	1,521,247	111,162	0.62
2006	76.9	2,160,912	159,457	0.44
2007	76.9	2,420,980	260,068	0.72
2008	76.9	2,729,371	192,010	0.53
2009	76.9	2,336,225	(338,927)	(0.63)

Longman Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	189,707	78,790	0.75
2001	92.3	229,319	65,862	0.63
2002	92.3	234,514	45,843	0.31
2003	92.3	249,476	32,602	0.22
2004	92.3	275,690	62,964	0.43
2005	92.3	351,433	119,843	0.82
2006	92.3	555,184	203,751	1.16
2007	92.3	761,417	276,793	1.57
2008	92.3	3,227,747	669,356	2.60
2009	92.3	3,551,508	709,486	0.92

First Bank of Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	180,553	4,221	3.24
2001	92.3	212,901	4,676	1.96
2002	92.3	266,356	3,979	4.06
2003	92.3	320,578	10,323	3.81
2004	92.3	312,941	11,096	3.08
2005	92.3	377,496	12,184	2.69
2006	92g .3	540,129	16,053	1.56
2007	92.3	762,881	18,355	2.23
2008	92.3	1,165,461	30,473	1.45
2009	92.3	1,667,422	35,074	2.88

Uba Bank Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	119,987	3,013	3.01
2001	92.3	187,248	1,183	0.70
2002	92.3	198,680	1,361	0.80
2003	92.3	200,995	2,989	1.17
2004	92.3	208,806	4,185	1.64
2005	92.3	248,928	4,653	2.49
2006	92.3	851,241	11,468	1.86
2007	92.3	1,102,348	19,831	2.41
2008	92.3	1,520,091	40,002	3.05
2009	92.3	1,400,879	12,889	0.60

Cadbury Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100		1,160,506	
2001	100	3,841,515	1,594,716	1.99
2002	100	7,453,529	2,292,442	3.05
2003	100	14,529,029	2,406,009	2.40
2004	100	19,529,085	2,497,890	2.50
2005	100	30,134,826	2,196,179	2.00
2006	100	27,853,027	(4,543,104)	(4.20)
2007	100	25,263,150	(464,231)	(0.42)
2008	100	(2,734,527)	(2,952,772)	(2.68)
2009	100	13,155,696	(1,023,699)	(0.69)

Evans Medical Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	936,483	48,064	0.44
2001	100	984,751	60,122	0.51
2002	100	1,067,886	97,953	0.83
2003	100	1,442,643	74,641	0.21
2004	100	1,635,688	46,652	0.11
2005	100	1,649,533	14,223	0.30
2006	100	1,640,901	132,204	0.30
2007	100	1,323,882	(317,019)	(0.72)
2008	100	1,667,886	93,953	0.83
2009	100	1,402,643	70,641	0.21

Julius Berger Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	1,940,538	426,791	1.90
2001	92.3	2,303,523	486,735	2.16
2002	92.3	1,917,600	379,360	1.69
2003	92.3	2,249,837	365,987	1.63
2004	92.3	2,581,017	387,430	1.72
2005	92.3	2,997,882	626,865	2.09
2006	92.3	4,116,929	1,119,047	3.73
2007	92.3	5,610,635	1,763,706	5.88
2008	92.3	6,563,062	2,452,427	2.04
2009	92.3	7,722,184	3,259,122	2.72

Briscoe Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	287,669	(22,112)	(0.22)
2001	92.3	429,025	190,798	1.59
2002	92.3	547,443	160,418	1.34
2003	92.3	905,450	419,054	2.79
2004	92.3	1,785,118	155,445	0.77
2005	92.3	1,857,730	199,687	0.55
2006	92.3	2,389,506	531,776	1.46
2007	92.3	2,817,913	609,943	1.34
2008	92.3	3,219,010	628,017	1.11
2009	92.3	3,280,372	288,282	0.42

Vitafoam Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	418,868	151,081	34.59
2001	84.6	501,940	257,281	0.59
2002	84.6	585,905	258,401	0.59
2003	84.6	696,864	306,859	0.47
2004	84.6	772,069	272,234	0.41
2005	84.6	785,436	111,647	0.17
2006	84.6	962,274	275,118	0.34
2007	84.6	1,401,588	439,314	0.54
2008	84.6	1,895,134	698,296	0.85
2009	84.6	2,177,772	528,338	0.65

Guaranty Trust Bank Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	3,037,354	1,018,329	0.68
2001	84.6	3,941,048	1,503,694	1.00
2002	84.6	7,949,982	2,140,355	1.54
2003	84.6	9,661,421	3,211,439	1.28
2004	84.6	11,617,978	4,056,557	1.35
2005	92.3	33,468,036	5,330,796	1.10
2006	92.3	36,445,542	7,905,506	1.45
2007	92.3	478,363,061	13,013,146	1.63
2008	92.3	918,278,756	28,073,252	1.88
2009	92.3	1,019,911,536	23,848,061	1.28

Uac Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	5,786,300	105,800	11.64
2001	92.3	7,783,000	1,006,500	1.11
2002	92.3	8,916,900	1,166,200	1.28
2003	92.3	11,242,600	2,184,600	2.40
2004	92.3	14,684,000	1,570,100	1.37
2005	92.3	17,741,200	1,629,900	1.27
2006	92.3	19,890,000	3,203,600	2.49
2007	92.3	20,781,500	3,058,500	2.39
2008	92.3	12,572,468	2,585,465	2.02
2009	92.3	11,900,331	1,889,016	1.48

Triple Gee & Company Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	591,060	26,054	0.08
2001	92.3	438,904	33,635	12.85
2002	92.3	462,592	23,675	7.60
2003	92.3	481,024	18,432	0.06
2004	92.3	657,207	29,678	9.40
2005	92.3	700,726	43,524	13.80
2006	92.3	721,413	20,686	6.30
2007	92.3	730,598	52,081	15.80
2008	92.3	779,949	101,398	30.73
2009	92.3	862,776	143,272	28.94

Crusader Insurance Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	1,037,054	40,188	0.22
2001	92.3	1,434,791	40,956	0.20
2002	92.3	2,496,637	39,546	0.13
2003	92.3	3,634,431	88,810	0.17
2004	92.3	4,671,788	180,590	0.34
2005	92.3	7,177,688	277,783	0.28
2006	92.3	10,327,142	315,057	0.32
2007	92.3	13,015,675	1,446,931	0.36
2008	92.3	7,889,576	(14,169)	(0.34)
2009	92.3	9,332,004	33,729	0.44

Nigerian Aviation Handling Company Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	100	-	-	-
2001	100	499,643	168,977	0.56
2002	100	541,129	165,947	0.55
2003	100	584,864	190,152	0.63
2004	100	537,841	74,488	0.25
2005	100	855,569	317,728	1.06
2006	100	1,199,686	434,117	1.45
2007	100	1,699,636	589,950	0.79
2008	100	4,216,984	802,910	0.82
2009	100	4,676,818	1,001,240	1.01

Afprint Nigeria Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	92.3	3,510,685	(144,555)	(0.33)
2001	100	3,837,428	(71,984)	(0.13)
2002	100	4,041,943	65,633	0.12
2003	100	3,448,580	(96,222)	(0.17)
2004	100	3,387,380	(618,407)	(1.12)
2005	100	3,266,662	(318,239)	-
2006	100	1,928,683	11,974	0.02
2007	100	1,913,591	12,849	0.02
2008	100	1,443,257	17,520	0.03
2009	100	1,543,102	(130,579)	(0.02)

Royal Exchange Assurance Plc

YEAR	DEGREE OF COMPLIANCE	TOTAL ASSETS	PROFITS	EARNING PER SHARE
2000	84.6	2,227,411	123,253	0.36
2001	84.6	2,650,673	153,530	0.30
2002	84.6	2,963,646	194,109	0.38
2003	84.6	4,024,041	217,138	0.25
2004	84.6	5,321,341	258,722	0.24
2005	84.6	5,418,611	133,549	0.08
2006	84.6	6,041,542	178,712	0.11
2007	84.6	15,332,786	647,142	0.19
2008	84.6	12,493,738	(932,832)	(0.66)
2009	84.6	16,098,376	532,846	0.24

Source: Annual reports and accounts of Quoted firms 2000-2009& Appendix II

Table above, shows the full sample (30 firms) of the study, including the dependent variable (level of compliance) and the independent variables (total assets, profits and earnings per share) for the 10 year period of the study (2000 – 2009). These data were collected from the annual reports and accounts of the sampled quoted firms for the period 2000 – 2009.

3.2 RESULTS AND DISCUSSIONS

This section presents the results of the regression analysis carried out in order to determine the impact of total assets, profits and earnings per share on the degree of compliance to the requirements of SAS 2. The interest here was to find out what happened to degree of compliance of the firms under study when there was increase or decrease in the variables considered. In order to answer this questions the data collected on these variables shown in the tables in section 3.2 are pooled together to form a cross sectional data, which is suitable for the kind of analysis required. An alternative was to carry out a regression analysis using the variables for individual firm. The individual analysis has two major drawbacks. The results will be based on the individual firms and consequently it will be difficult to arrive at a general view on the impact of the variables considered on the degree of compliance of the firms. Another drawback was that the degrees of compliance for some firms were constant for all the years, as a result no meaningful interpretation can be given to results obtained for this kind of analysis. Now that the justification for using a cross sectional data that involves all the firms over all the years under study has being given, the results of the regression analysis is presented in the table below:

Dependent Variable: DOC				
Method: Least Squares				
Date: 08/29/12 Time: 05:51				
Sample(adjusted): 1101 1396				
Included observations: 296 after adjusting endpoints				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	92.66393	0.424342	218.3708	0.0000
TA	-2.03E-08	7.44E-09	-2.724833	0.0068
TA(-1)	2.61E-09	5.31E-09	0.491022	0.6238
PR	6.23E-07	1.65E-07	3.763920	0.0002
EPR	0.070964	0.042421	1.672850	0.0954
R-squared	0.059173	Mean dependent var		93.57466
Adjusted R-squared	0.046240	S.D. dependent var		6.193977
S.E. of regression	6.049076	Akaike info criterion		6.454436
Sum squared resid	10648.08	Schwarz criterion		6.516773
Log likelihood	-950.2565	F-statistic		4.575572
Durbin-Watson stat	0.477109	Prob(F-statistic)		0.001344

Source: Regression Analysis Result using E-Views

All the three independent variables affect compliance level significantly at the 5% level of significance. Total Assets, Profits and Earnings per Share affect Compliance Level positively. This implied that the firms tend to complied more with increase in Total assets, Profits and Earnings per Share. This result is consistent with the prior works of Cerf, (1961); Surendra and Singhvi, (1971); Kantudu, 2005 and Hossain, (2008) which proved that there was significant relationship between the degrees of compliance in the information disclosure in financial statements and total assets, profitability and earnings per share.

4.1 CONCLUSION AND POLICY IMPLICATIONS

The overall empirical evidence generated from the findings showed that quoted companies do comply with the requirements of the standards at different levels. Variations have emerged in the compliance levels of companies, the myriad factors influencing disclosure, the overall fit of the model, the coefficient of determination, the t- statistics of each independent variable, the significance or non-significance of the model. In this study, the result of the traditional multivariate regression analysis suggests, that the listed companies with huge assets are the trendsetters in providing mandatory and voluntary disclosures while the big audit firms are the trailblazers in ensuring that the disclosures are in accordance with accounting standards and other relevant requirements. The study established that the ability of quoted firms to comply with Statement of Accounting Standards 2 has direct impact on their total asset, earnings per share and respective profitability. The study recommended an effective monitoring/supervision and enforcement of the provisions of the Statement of Accounting Standards 2, in addition to effective implementation of the penalties provided by the Act on non-compliers regardless of their status or origin. The study calls on the appropriate authorities such as the government, professional accountancy bodies on academics to commission research and activities geared towards developing not only accounting policies that would ensure swift compliance with Statement of Accounting Standards 2 (SAS 2), but strategies that would ensure optimum investments that enhance net worth and profitability of firms.

CONTRIBUTION TO KNOWLEDGE

This work makes theoretical and practical contributions to the field of accounting and finance. It will enhance the quality of literature on accounting information disclosures and the factors influencing them. This studythrows more light and adds to understanding on the corporate disclosure practices of quoted companies in Nigeria. This investigation will facilitate the improvement of disclosure practices in Nigerian companies and also serves as bench mark for future researches on corporate disclosures.

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APPENDIXES

APPENDIX I: CRITERIA FOR GRADING COMPLIANCE WITH THE REQUIREMENT OF SAS 2 BY QUOTED FIRMS IN NIGERIA

S/N	Letter Grade	Points	Form	General Remarks
1	A	8-10	Strongly Complied	Excellent
2	B	6-7	Semi-strongly complied	Good
3	C	4-5	Weakly complied	Poor
4	D	0-3	Non-compliance	Extremely Poor

Source: Researcher's Design 2012

APPENDIX II: AGGREGATE AVERAGE LEVEL OF COMPLIANCE WITH SAS 2

S/N	SAS 2	FLOUR MILLS OF NIG	UNILEVER	SEVEN UP	BENUE CEMENT	NESTLE NIGERIA	BERGER PAINTS	CUTIX PLC	GUINNESS
1	r_1	10	10	10	10	10	10	10	10
2	r_2	10	10	10	10	10	10	10	10
3	r_3	10	6	0	6	10	9	0	10
4	r_4	4	10	9	4	10	10	10	10
5	r_5	10	9	10	10	10	10	9	10
6	r_6	10	10	10	10	10	10	10	10
7	r_7	10	10	10	10	10	10	10	10
8	r_8	10	10	10	10	10	10	10	10
9	r_9	10	10	9	10	10	10	10	10
10	r_{10}	10	10	10	10	10	10	10	10
11	r_{11}	10	10	10	10	10	10	10	10
12	r_{12}	10	10	9	9	10	10	10	10
13	r_{13}	10	10	10	10	10	10	10	10
	Total	124	125	117	119	130	129	119	130
		95.4	96.2	90	91.5	100	99.2	91.5	100

S/N	SAS 2	AG LEVENTIS	ACCESS BANK	MAY & BAKER	CHELLARAMS	LONGMAN PLC	FIRST BANK	BRISCOE
1	r_1	10	10	10	10	10	10	10
2	r_2	10	10	10	10	10	10	10
3	r_3	10	0	10	0	10	10	0
4	r_4	0	10	10	0	10	10	10
5	r_5	0	10	10	0	0	0	10
6	r_6	10	10	10	10	10	10	10
7	r_7	10	10	10	10	10	10	10
8	r_8	10	10	10	10	10	10	10
9	r_9	10	10	10	10	10	10	10
10	r_{10}	10	10	10	10	10	10	10
11	r_{11}	10	10	10	10	10	10	10
12	r_{12}	10	10	10	10	10	10	10
13	r_{13}	10	10	10	10	10	10	10
	Total	110	120	130	100	120	120	120
		84.6	92.3	100	100	92.3	92.3	92.3

S/N	SAS 2	GUARANTY TRUST BANK	UAC PLC	TRIPPLE GEE	TOTAL NIGERIA PLC	VITAFOAM	AFPRINT PLC	CRUSADER INSURANCE	NAHC
1	r_1	10	10	10	10	10	10	10	10
2	r_2	10	10	10	10	10	10	10	10
3	r_3	5	10	10	10	10	10	0	10
4	r_4	10	0	10	10	0	10	10	10
5	r_5	0	10	0	10	0	0	0	10
6	r_6	10	10	10	10	10	10	10	10
7	r_7	10	10	10	10	10	10	10	10
8	r_8	10	10	10	10	10	10	10	10
9	r_9	10	10	10	10	10	10	10	10
10	r_{10}	10	10	10	10	10	10	10	10
11	r_{11}	10	10	10	10	10	10	10	10
12	r_{12}	10	10	10	10	10	10	10	10
13	r_{13}	10	10	10	10	10	10	10	10
	Total	115	120	120	130	110	120	110	130
		88.5	92.3	92.3	100	84.6	92.3	84.6	100

Source: Computed from Annual Reports & Accounts of Quoted Firms 2000-2009

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