



## NON CURRENT LIABILITIES AND EARNINGS PER SHARE GROWTH IN SELECTED LISTED CONSUMER GOODS FIRMS IN NIGERIA

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### ABSTRACT

The study examined the effect of non-current liabilities on the growth of earnings per share (EPSG) in listed consumer goods firms in Nigeria. The proxies for non-current liabilities were deferred tax liabilities (DTL), borrowings (BRW), retirement benefit obligations (RBO) and Lease liabilities (LSL). The research adopted was correlational research design. The population of the study was 21 listed consumer goods firms in Nigeria. The sample size was 10 selected listed consumer goods firms in Nigeria, using judgmental sampling technique. Content analysis of the annual

### Introduction

Debt capital has been understood to be predominantly leveraged via debentures, bonds, redeemable preference shares and long term loans, when registered and authorized share capital is not fully issued. These items of debt capital have been in the category of non-current liabilities along with other items such as deferred tax liabilities, lease liabilities, retirement benefit plans, long service award obligations, warranties and deferred incomes, among others. It has been consistently notable in the recent years that most companies in the consumer goods sector have been using these items of the non-current liabilities to balancing the capital strength with the total assets. They mostly forgo debentures, bonds and redeemable preference shares, perhaps transaction and floatation costs through capital market are avoided. It is also understood that inability to meet financial obligations of the short term liabilities predisposes firms to medium and long term states of indebtedness. High gearing is being considered as an indicator of going concern symptoms (Institute of Chartered Accountants of Nigeria [ICAN, 2009]).

Critical reading from the many annual reports of such companies, for a number of years, reveals that most of these other items of the non-current liabilities are heavier in value than the amount of ordinary share capital issued and fully paid. Bonds, debentures and preference shares are less or not obtained as a means of debt financing alternatives. As proportion of these non-current items are settled in the current year, other new proportions are being obtained for future year settlements. Meanwhile, companies in this domain have been



reports of the selected companies was carried out in a trend of 10 years (2012-2021). The descriptive and inferential statistics were mean, standard deviation, regression analysis, t-test and chi-square, all were run STATA 13. The findings reveal that each of DTL, BRW and LSL is negative and insignificant on the EPSG. Only RBO is positive but also insignificant. The major recommendations hold that the managements of companies should review and reset maximum threshold of gearing in order to accommodate non-current liability items within debt-equity ratio set for capital structure.

**Key words:** deferred tax liabilities, borrowings, retirement benefit obligations, lease liabilities and earnings per share growth.

read to be reporting profit after and earnings per share from one reporting year to another in their respective annual reports.

From the trend of these financial activities, it is pertinent to raise concern about the effect of noncurrent liabilities on earnings growth in listed consumer goods firms in Nigeria. Thus, the objective of the study is to assess the effect of non-current liabilities on earnings growth in selected listed consumer goods firms in Nigeria.

Specifically, the study aims at assessing:

- i. the effect of deferred tax liabilities on earnings per share growth in listed consumer goods firms in Nigeria;
- ii. the effect of borrowings on earnings per share growth in listed consumer goods firms in Nigeria;
- iii. the effect of retirement benefit plans on earnings per share growth in listed consumer goods firms in Nigeria; and
- iv. the effect of lease liabilities on earnings per share growth in listed consumer goods firms in Nigeria.

### **Hypothesis**

H<sub>01</sub>: There is no significant effect of deferred tax liabilities on earnings per share growth in listed consumer goods firms in Nigeria.

H<sub>02</sub>: There is no significant effect of borrowings on earnings per share growth in listed consumer goods firms in Nigeria.

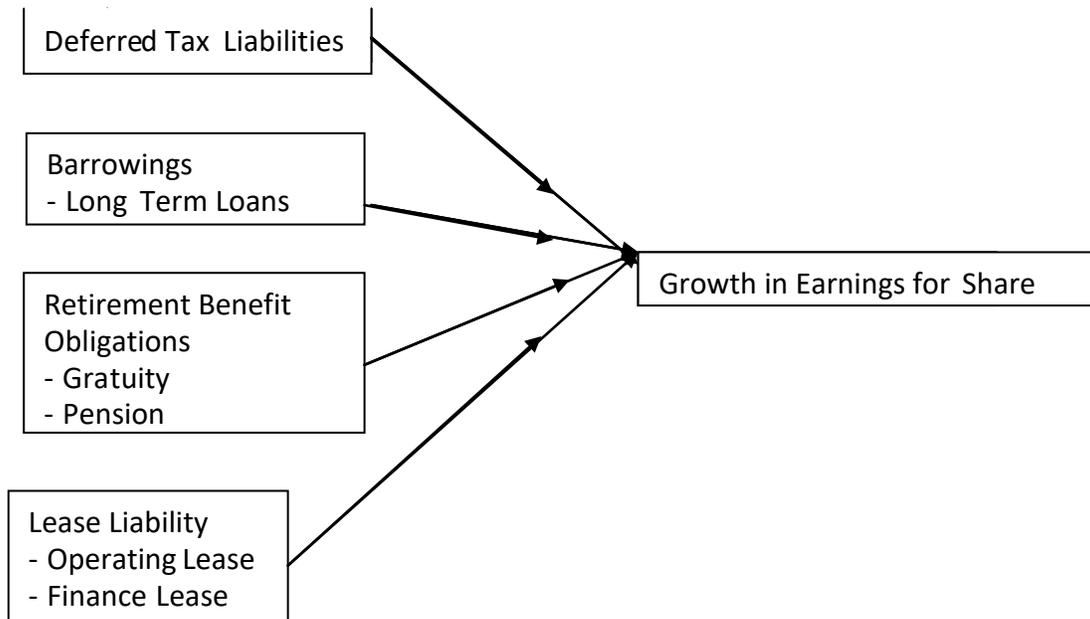
H<sub>03</sub>: There is no significant effect of retirement benefit plans on earnings per share growth in listed consumer goods firms in Nigeria.

H<sub>04</sub>: There is no significant effect of lease liabilities on earnings per share growth in listed consumer goods firms in Nigeria.

### **Literature Review**

#### **Conceptual Framework**

This subsection entails concise explanations of the understanding of the variables used in the study. These variables are earnings per share, deferred taxes, borrowings, retirement benefit plans and lease. They are represented in the Figure 1 as follows:



### **Earnings per Share (EPS)**

Earnings have been arising from profit after tax of published financial statements while dividends of preference shares have been lessened. This has been simple position of the IAS 33. The EPS is then arrived at when earnings are divided by the total units of issued and paid-up ordinary shares of a company. This EPS is further described adjusted (backward) as right issues, convertible debentures and preference shares affect the volume of ordinary shares derived afterwards. The EPS is also described diluted (backward) when bonus shares are issued in addition to existing ordinary shares of the company (ICAN, 2019). Earnings have been a matter of serious concern to researchers and investors in the recent times. Scepticism about EPS creative disclosure is being vindicated in company earnings management practices (Oyebamiji, 2021; Olatunde&Subair, 2019; Farouk & Bashir, 2017).

### **Deferred Taxes**

Deferred tax occurs when written down value of tax authorities is greater than company's book value of assets, liabilities, incomes and expenses in the financial statements. It creates temporary difference which could be settled within one accounting year. The rollover of this temporary difference to future and subsequent years enables deferred taxes to be an item of non-current liabilities (ICAN, 2019). It is recognized under International Accounting Standard (IAS 12).

### **Retirement Benefit Plans**

Retirement benefit plans are post-employment packages which employees are entitled to in the private sector after disengagement from company's service. IAS 19 recognises two plans for



retirement benefit schemes: defined contribution plans and defined benefit plans. Defined contribution plan is chiefly established for pension scheme administration and as such, remittances during productive years of employees are obliged on company to pension fund administrators. Defined benefit plan provides internal source of financing a company as the funds are committed to operational use (Agubata A et al., 2022; Agubata B; 2022; ICAN, 2019). Nestle Nigeria (2020) adds other long term employee benefits which are unfunded long service awards to be given to well-deserved staff before and after retirement.

### **Borrowings**

Narrative notes provide detail on borrowings to involve long term loans from commercial banks and secured bank loans from Bank of Industry (BOI) for a maturity of ten years and six years respectively. The long term loan serves as a fund for financing housing projects extended to employees while secured bank loan is being utilized for improvement on capital investment capacity (Unilever Nigeria, 2019). Other forms of borrowings are sourced from unsecured bank loans with a tenor of seven years and related party loans for working capital management, servicing and redeeming BOI loans (Nestle Nigeria, 2020).

### **Lease Liabilities**

Lease has been a form of transactions wherein assets exchange custody and ownership in a span of periods agreed. IAS 17 and International Financial Reporting Standard (IFRS 16) recognize two types of lease, finance lease and operating lease. Finance lease is a contractual obligation exercised on funding lessee's investments. Its repayment is designed on instalments and interests, covering a number of years spelt out in the lease deed. The balances of the funds for repayment in the medium and long term occupy liabilities category. Operating lease is form of debt capital whose reward has been rent. The lessee only recognizes in his books carrying amounts of the custodised assets in the current liabilities and the non-current liabilities categories after annual depreciation has been considered. At the expiration of the lease agreement, the assets physically return to lessor while the lease account becomes closed in the lessee's financial statements (ICAN, 2019; Bello et al., 2016).

### **Theoretical Framework**

#### **Trade-off Theory of Corporate Capital Structure**

Myers (1984) postulated this Theory and it advocates exploration of tax-saving benefits and avoidance of dead weight costs of bankruptcy in order to propel operational activities of companies (Ganesamoorthy, 2016). The tax-saving benefits are applicable to items of noncurrent liabilities when interests are not charged on deferred taxes, retirement benefit plans and long service awards, as they are being put to productive use of the company. Only borrowings and lease could attract interest payments which comparatively may be lower to costs incurable when company is declared bankrupt.

#### **Pecking Order Theory of Capital Structure**

This Theory was postulated by Donaldson (1961) to advocate topmost priority for retained earnings as internal source of financing and augmenting capital structure. After retained earnings, debt



capital in the long run is ranked before ordinary share capital in the corporate financial reengineering (Olatunde&Subair, 2019). The relevance of the Theory is acknowledged in the debt capital priority over equity in the long term financing of company operations. The debt capital is represented in terms of deferred taxes, retirement benefit plans, borrowings and lease liabilities. Debt component of capital structure is believed to enhance EPS than extra injection of ordinary shares or preference shares.

### **Empirical Review**

This subsection comprises review of previous studies related to the current study. The previous studies are being reviewed from newest year to older of publication across the proxies of the variables in the present study. AgubataA et al. (2022) examined the effect of employee benefits on organizational growth of consumer firms in Nigeria. Employee benefits were measured with defined benefit plan (gratuity), defined contribution plan (pension) and medical allowances. The population of the study was 20 listed consumer goods firms out of which 10 were sampled. The statistical tools adopted reported fixed effect model of regression analysis. The findings reveal that employee benefits separately and jointly have positive and significant effect on organizational growth of consumer firms in Nigeria. AgubataB et al. (2022) assessed the effect of employee benefits and Earnings per Share (EPS) in consumer goods firms in Nigeria. The proxies for employee benefits were gratuity, pension, medical allowance and salary. The research design was correlational research design. The statistical tools used reported random effect model of regression analysis. The findings hold that employee benefit as a whole has positive and significant effect on EPS in consumer goods firms in Nigeria. Gratuity and medical allowance are established to negatively significant on EPS while pension is positively insignificant on EPS in the consumer goods firms in Nigeria. Salary is positive and significant. Tonye and Christina (2022) assessed the effect of employee benefits on profitability of listed manufacturing firms in Nigeria. The proxies for employee benefits as independent variable are four: common employee benefits; implementation of employee benefits, productivity of employees; and dummy for stakeholder benefits. The population size was listed 164 firms and the sample size was 17 listed firms. Correlational research design was adopted. The findings reveal that common employee benefits and implementation of employees have positive and significant effect each on financial performance. Conversely, productivity of employees and stakeholders benefits have negative and significant effect on financial performance of listed manufacturing firms in Nigeria.

Saka (2021) examined financial policy and value of listed firms in Nigeria consumer goods industry. Return on Assets (ROA) was used for financial policy as dependent variable. Firm value in four proxies – Debt to Equity (DEQ), Debt to Assets (DTA), Price-Earnings Ratio (PER) and Dividend Payout Ratio (DPR) – was used as independent variable in correlational research design. Both fixed and random effect models were used to present the findings. Both models present that DEQ, DTA, PER and DPR have positive effect each on ROA. But this positive effect is only significant for PER in both models. Ubesiet al. (2020) assessed the impact of earnings management on financial performance of consumer goods firms in Nigeria. The specific objectives were to examine the impact of earnings management on: total assets; equity and total liability of consumer goods firms



in Nigeria. The findings of the study reveal that each of these proxies for financial performance is of positive and insignificant impact on earnings management of consumer goods firms in Nigeria. Daniel and Nduka (2020) studied the effect of financial structure on financial performance. Financial structure was measured with short term debt, long term debt, share capital and retained earnings. 10 listed consumer goods firms were selected for content analysis of the annual reports (2015 – 2019). Fixed effect model of regression analysis was reported. The results of the findings hold that financial structure has positive effect on financial performance. This positive effect is only significant for short term debt and share capital while long term debt and retained earnings have insignificant effect on financial performance of listed consumer goods firms selected. Ohaka et al. (2020) studied debt financing and firms' financial characteristics in Nigeria.

The objectives of the study were specifically to assess the impact of short term debt, long term debt and firm size on return on assets. The research design was ex-post facto research design and panel least square was used for regression analysis. The findings in fixed effect model reveal that both short term debt and firm size are negative and insignificant while long term debt is positive and significant. As for random effect model, the three variables are each of positive and significant impact on return on assets. Ahmed and Bhuyan (2020) conducted a study on impact of debt financing on firm performance. The proxies for debt financing are leverage (short term debt) and long term debt while firm performance was represented in return on assets (ROA), return on equity (ROE), return on capital employed (ROCE) and operating profit margin (NPM).

Panel regression analysis was run and the findings reveal that leverage is positive to ROE and NPM but negative to ROA and ROCE while these impacts are each insignificant. As for the long term debt, it has positive and insignificant effect on ROA, ROE and ROCE. Long term debt only has negative and significant impact on NPM.

Olatunde and Subair (2019) examined the effect of capital structure on earnings management in selected manufacturing firms in Nigeria. The specific objectives have three proxies for capital structure which are short term debt ratio, long term debt ratio and total debt ratio. Discretionary accrual was used to reflect earnings management. The findings show that both short and long term debt ratios have positive and insignificant effect on earnings management each. But total debt ratio has positive and significant effect on earnings management. Nwaorgu et al. (2019) assessed the effect of deferred tax accounting on financial performance of listed agricultural firms in Nigeria. Deferred Tax was used as dependent variable and financial performance as independent variable in three proxies – profitability, cashflow and earnings per share (EPS). Ex post facto research design was adopted. Annual reports of four out of five listed agricultural firms were sampled in a trend of seven years (2011 -2017). Ordinary least square regression analysis was used for statistical analysis. The findings reveal that deferred tax has positive effect on profitability, cashflow and EPS but only significant on profitability. Both cashflow and EPS receive insignificant effect from deferred tax.

Olatunji and Omolade (2018) examined the effect of deferred tax on financial performance of firms in Nigeria. The proxies for deferred tax were deferred tax assets, deferred tax liabilities and firm size. The proxies for financial performance were Profit after Tax (PAT), Earnings per Share (EPS), Return on Assets (ROA) and Return on Equity (ROE). 10 firms were selected for content analysis of their annual reports in a trend of 10 years (2007 – 2016). Fixed effect Ordinary Least Square (OLS)



and random effect Generalised Least Square (GLS) regression analyses were carried out. The findings reveal that deferred tax assets and deferred tax liabilities, through fixed effect OLS, each have negative effect on PAT, EPS, ROA and ROE. This negative effect is significant for EPS and ROE and insignificant for PAT and ROA. Firm size has positive and insignificant effect on PAT and EPS, negative and insignificant effect on ROA and insignificant effect on ROE. As for the random effect GLS model, deferred tax assets and deferred tax liabilities each have negative effect on financial performance, except ROA whose deferred tax assets has positive and insignificant effect. The negative effect of the deferred tax assets and deferred tax liabilities is only significant for EPS. Firm size has positive effect on financial performance except EPS with negative insignificant effect.

Chukwu and Wadike (2018) assessed the effect of lease on Earnings per Share (EPS) and Net Assets per Share (NAS) between listed active firms and listed moderate firms in lease arrangements in Nigerian brewery industry. The research design adopted was ex-post facto research design. The population of the study was seven brewing companies listed on the Nigerian Exchange (NGX). The sample size was four firms, stratified into active and moderate firms in lease arrangements. The descriptive statistics employed were mean and variance. The inferential statistics used were Pearson moment correlation analysis and t-test. The major findings reveal that t-value calculated (7.1703) for EPS is greater than t-table, 1-tailed and 2-tailed tests (1.833 and 2.2621 respectively) at 9 degree of freedom (df) and 0.05 level of significance. This means null hypothesis is rejected to accept alternate hypothesis that lease has significant effect on EPS between the active brewing firms and moderate brewing firms in lease arrangements. Again, the t-value calculated (15.6668) for NAS is greater than the t-table, 1-tailed and 2-tailed tests (1.833 and 2.2621 respectively) at 9 df and 0.05 level of significance. The inference again upholds that lease has significant effect on net assets per share between active brewing firms and moderate brewing firms in lease arrangements. Bello et al. (2016) assessed the impact of lease financing on financial performance of Nigerian oil and gas industry. The proxies for lease financing used in the study were four: finance lease; operating lease; firm size; and debt to total assets. The proxy for financial performance was return on assets. The population of the study was 10 companies in the oil and gas industry. The sample size was six companies in the oil and gas industry. The statistical analysis was run on STATA and random effect model results were reported. Finance lease is established to be positive and significant at 0.05 significant level. Firm size and debt are also established to be positive and significant at 0.01 significant level. Operating lease is found to be positive but insignificant at 0.05 significant level.

### **Methodology**

The research design adopted was correlational research design. The population size was 21 listed consumer goods firms on the Nigerian Exchange. The sample size was 10 selected consumer goods firms, using judgemental sampling technique. Content analysis was carried out in the annual reports of these sampled companies for a trend of 10 years (2012 – 2021). Descriptive and inferential statistics were run on STATA 13 along with post-estimation tests. The model statement is presented as:

$EPSG = \alpha_{oit} + \beta_1 DTL_{it} + \beta_2 BRW_{it} + \beta_3 RBO_{it} + \beta_4 LSL_{it} + \varepsilon_{it}$  Where:  
 $\alpha_o$  = intercept of the model (constant)



$$\text{EPSG} = \text{Earnings per Share Growth} \left( \frac{\text{Current EPS} - \text{Last EPS}}{\text{Last EPS}} \right)$$

$$\text{DTL} = \text{Deferred Tax Liabilities} \left( \frac{\text{Non-current deferred taxes}}{\text{Total non-current liabilities} + \text{Equity}} \right)$$

$$\text{BRW} = \text{Borrowings} \left( \frac{\text{long term loans}}{\text{Total non-current liabilities} + \text{Equity}} \right)$$

$$\text{RBO} = \frac{\text{Retirement Benefits Obligations}}{\text{Total non-current liabilities} + \text{Equity}} = \frac{\text{Lease Liabilities}}{\text{Total non-current liabilities} + \text{Equity}}$$

$\beta_1 - \beta_4$  = coefficients of the model  $\varepsilon$  = standard error  
*i* = number of firms observed *t* = period of annual reports, 2012 – 2021 (10 years)

## Results and Discussion

**Table 1**

### Descriptive Statistics

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
EPSG	100	0.3543	11.5482	-78.5	80.46
DTL	100	0.3360	0.2831	0	0.9167
BRW	100	0.2523	0.2674	0	0.7936
RBO	100	0.1284	0.1636	0	0.8042
LSL	100	0.0057	0.0168	0	0.0751

Source: STATA 13 Outputs

From the Table 1, a least company among the firms selected has Loss per Share (LPS) at ₦78.5 for every ₦1 capital employed. This loss could be attributed to preponderant debt capital over equity in the company. Another company has a gain of ₦80.46 in return of ₦1 capital employed. This could be as well be as a result of equity outweighing the debt component of the company's capital structure.

**Table 2**

### Normality Test

Variable	Obs.	W	V	t-value	p-value
EPSG	100	0.2883	58.760	9.036	0.0000
DTL	100	0.9096	7.466	4.460	0.0000
BRW	100	0.9027	8.037	4.623	0.0000
RBO	100	0.7669	19.247	6.561	0.0000
LSL	100	0.7366	21.751	6.832	0.0000

Source: STATA 13 Outputs

From the Table 2, the probability value (p-value) is nil all through the variables. This implies that the data are not normally distributed since each of the p-values is less than 0.05 level of significance.



**Table 3**  
**Variance Inflation Factor**

Variable	VIF	1/VIF
DTL	1.49	0.9096
BRW	1.29	0.9027
RBO	1.29	0.7669
LSL	1.01	0.7366

Source: STATA 13 Outputs

From the Table 3, the VIF of each of the four variables is above 1 and less than 5. This means that each of the VIF results is within tolerance range. Thus, multi-co-linearity among the variables is absent.

**Table 4**  
**Imtest for Heteroskedasticity**

Source	Chi <sup>2</sup>	df	p
Heteroskedasticity	3.77	14	0.9967
Skweness	2.48	4	0.6486 0.1340
Kurtosis	2.25	1	0.9810
Total	8.49	19	

Source: STATA 13 Outputs

From the Table 4, the imtest was conducted for heteroskedasticity since the data have been described as not normal by the results in the table 2. The p-value for heteroskedasticity is greater than 0.05, hinting the absence of heteroskedasticity. The Breusch and Pagan langrarian multiplier test (appendix) further establishes absence of pannel effect in the rasndom effect model with pvalue 0.1986.

**Table 5**  
**GLS Regression Coeffients for EPSG**

Variables	Coefficient	Std. Err.	t-value	P-value	0.05	Interval
Constant	1.8457	3.4473	0.54	0.592	-4.9108	8.6022
DTL	-6.2692	5.1908	-1.21	0.227	-16.4429	3.9045
BRW	-0.2992	5.0652	-0.06	0.953	-10.2267	9.6283
RBO	5.6331	8.2606	0.68	0.495	-10.5573	21.8235
LSL	-5.6639	71.2273	-0.08	0.937	-145.2668	133.9391

R<sup>2</sup> Within Between Overall Chi 2 Prob. > Chi 2  
 0.0001 0.4130 0.0396 3.52 0.4754

Source: STATA 13 Outputs

$$EPSG = 1.8457 - 6.2692(DTL) - 0.2992(BRW) + 5.6331(RBO) - 5.6639(FLL) + 3.4473$$



From the Table 5, the coefficient of determination ( $r^2$ ) is given as 0.0396. This means that noncurrent liabilities has the non-current liabilities have 3.96% effect on the growth of EPS. The remaining 96.04% effect is attributable to other variables outside this study. The p-value is greater than 0.05 level of significance, indicating that non-current liabilities do not have significant effect on the growth of EPS. The DTL has -6.2692 coefficient, hinting decrease of ₦6.30 per share. Its p-value is greater than 0.05 level of significance. This further establishes that such decrease is not significant. The BRW also has -0.2992 coefficient. This means loss of ₦0.30 per share. Its p-value also upholds that such loss is insignificant. RBO is identified with 5.6331 coefficient, implying ₦5.63 increase on every share unit. The p-value holds such increase to be insignificant on the EPG growth. LSL has -5.6639 coefficient. This means decrease of each share unit by ₦5.66. The p-value 0.937 is greater than 0.05 level of significance to infer that the decrease is insignificant.

The findings, thus, establish that non-current liabilities have positive and insignificant effect on the growth of earnings per share listed consumer goods firms in Nigeria. These results are in consonance with Trade-off Theory as the negative effect of deferred tax liabilities, borrowings and lease liabilities on EPS are not significant to signal continuous loss and financial distress which can precipitate insolvency in listed consumer goods firms in Nigeria. Pecking Order Theory is also supported that deferred tax liabilities, borrowings and lease liabilities are not negatively significant to warrant urgent injection of more equity fund in the companies. Specifically, deferred tax liabilities are found to have negative and insignificant effect on the growth of EPS in selected listed consumer goods firms in Nigeria. These results partially agree with the findings of Nwaorgu et al. (2019) that deferred tax is insignificant but positive on EPS in listed agricultural firms in Nigeria. Again, the findings partially agree with Olatunji and Omolade (2018) that deferred tax liabilities are negative but also disagree with them that deferred tax liabilities are significant on EPS of firms in Nigeria. Borrowings reveal negative effect on the growth of EPS while such negative effect is insignificant. These findings totally disagree with Saka (2021), Ubesie et al. (2020), Ohaka and Ekweozor (2020) and Bello et al. (2016) that long term debts (loans) have positive and significant effect on financial performance entailing growth in EPS. However, the findings partially agree with Daniel and Nduka (2020) and Olatunde and Subair (2019) that the effect is insignificant and disagree again that the insignificant effect is not positive. Retirement benefit obligations are found to have positive and insignificant effect on the growth of EPS in selected listed consumer goods firms in Nigeria. The results partially agree with AgubataB et al. (2022) when they found that pension is positive and insignificant on EPS in consumer goods firms in Nigeria. Conversely, the findings are averse to AgubataB et al. (2022) upholding gratuity as of negative and significant effect on EPS, AgubataA et al. (2022) averring that pension and gratuity are each positive and significant to organisational growth, and Tonye and Christina (2022) establishing that common employee benefits have positive and significant effect on financial performance of listed manufacturing firms in Nigeria.

### **Conclusion and Recommendations**

From the findings, non-current liabilities as a whole have positive and insignificant effect on the growth of EPS in selected listed consumer goods firms in Nigeria. Specifically, only retirement benefit obligation has proved positive while deferred tax liabilities, borrowings and lease liabilities



are established negative each. But each of them is also found to have insignificant on the growth of EPS. Therefore, recommendations are provided as follows:

- i. Each of deferred tax liabilities, borrowings and lease liabilities should be having reducing balance with a view to preventing their propensity to higher proportion in the balance sheet which eventually enables the negative effect significant on the growth of EPS and financial performance of listed consumer goods firms in Nigeria.
- ii. Retirement benefit obligations in form of pension (defined contribution plan) and gratuity (defined defined benefit plan) should be sustained more in the companies to the extent that it has significant effect positively on the growth EPS and financial performance.
- iii. The management of companies should review and reset maximum threshold in order to accommodate the items of non-current liabilities within debt-equity ratio established for company's capital structure.

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**Appendix I**

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. sum EPSG DTL BRW RBO LSL
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Variable	Obs	Mean	Std. Dev.	Min	Max
EPSG	100	.354349	11.54822	-78.5	80.46
DTL	100	.335992	.2831431	0	.9167
BRW	100	.252327	.2673625	0	.7936
RBO	100	.12835	.1635921	0	.8042
LSL	100	.005728	.0167501	0	.0751

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. reg EPSG DTL BRW RBO LSL
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Variable	Obs	W	V	z	Prob>z
EPSG	100	0.28831	58.760	9.036	0.00000
DTL	100	0.90957	7.466	4.460	0.00000
BRW	100	0.90266	8.037	4.623	0.00000
RBO	100	0.76688	19.247	6.561	0.00000
LSL	100	0.73656	21.751	6.832	0.00000

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. reg EPSG DTL BRW RBO LSL
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Source	SS	df	MS	Number of obs =	F(4, 95) =	Prob > F =	R-squared =	Adj R-squared =	Root MSE =
Model	522.872992	4	130.718248	100	0.98	0.4226	0.0396	-0.0008	11.553
Residual	12679.9034	95	133.472667						
Total	13202.7764	99	133.361377						

Variable	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
DTL	-6.398913	4.997386	-1.28	0.204	-16.31998 3.522153
BRW	-2.047652	4.936738	-0.04	0.967	-10.00543 9.595899
RBO	5.508672	8.047801	0.68	0.495	-10.46823 21.48558
LSL	-3.925583	69.71239	-0.06	0.955	-142.3222 134.471
_cons	1.871448	3.332049	0.56	0.576	-4.743505 8.486401

```
. vif
```

Variable	VIF	1/VIF
DTL	1.49	0.673379
BRW	1.29	0.773884
RBO	1.29	0.777818
LSL	1.01	0.988781
Mean VIF	1.27	

```
. imtest, white
```

White's test for Ho: homoskedasticity  
 against Ha: unrestricted heteroskedasticity  
 chi2(14) = 3.77 Prob > chi2 = 0.9967  
 Cameron & Trivedi's decomposition of IM-test

Source	chi2	df	p
Heteroskedasticity	3.77	14	0.9967
Skewness	2.48	4	0.6486
Kurtosis	2.25	1	0.1340
Total	8.49	19	0.9810



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```
. xtset ID YEAR      panel variable: ID (strongly balanced)      time
variable: YEAR, 2012 to 2021
      delta: 1 unit
. xreg EPSG DTL BRW RBO LSL
Random-effects GLS regression      Number of obs   =   100
Group variable: ID                 Number of groups =    10
R-sq: within = 0.0001              Obs per group: min =    10      between = 0.4130      avg =   10.0      overall = 0.0396
max =    10
```

Wald chi2(4) = 3.52 corr(u\_i, X) = 0 (assumed) Prob > chi2 = 0.4754

EPSC	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
DTL	-6.269196	5.190769	-1.21	0.227	-16.44292 3.904523
BRW	-.2992224	5.065162	-0.06	0.953	-10.22676 9.628312
RBO	5.633141	8.260558	0.68	0.495	-10.55726 21.82354
LSL	-5.663854	71.22731	-0.08	0.937	-145.2668 133.9391
_cons	1.84568	3.447262	0.54	0.592	-4.910831 8.60219 .

. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

EPSC[ID,t] = Xb + u[ID] + e[ID,t]

Estimated results:

Var sd = sqrt(Var)

	Var	sd		
EPSC	133.3614	11.54822	e	
u	1.500548	1.224969		

Test: Var(u) = 0  
 chibar2(01) = 0.72 Prob > chibar2 = 0.1986

**Appendix II**

ID	YEAR	Company	EPSC	DTL	BRW	RBO	LSL
1	2012	Champion Nig Brew.	-0.1203	0.1094	0	0	0
1	2013	Champion Nig Brew.	-0.015	0	0	0.1225	0
1	2014	Champion Nig Brew.	-0.8168	0	0	0.0382	0
1	2015	Champion Nig Brew.	0.9583	0	0	0.0326	0
1	2016	Champion Nig Brew.	6	0	0	0.0206	0
1	2017	Champion Nig Brew.	0	0	0	0.0768	0
1	2018	Champion Nig Brew.	-1.4286	0	0	0.0591	0
1	2019	Champion Nig Brew.	1.6667	0	0	0.0896	0
1	2020	Champion Nig Brew.	0	0	0	0.1178	0
1	2021	Champion Nig Brew.	5.5	0	0	0.0771	0
2	2012	Flour Mills of Nig	-0.2905	0.1798	0.0067	0.0623	0
2	2013	Flour Mills of Nig	0.0456	0.214	0.1585	0.0785	0
2	2014	Flour Mills of Nig	0.1935	0.3174	0.2054	0.0605	0.0345
2	2015	Flour Mills of Nig	-0.79	0.3385	0.2573	0.1272	0.0569
2	2016	Flour Mills of Nig	3.3152	0.2293	0.4134	0.174	0.0718
2	2017	Flour Mills of Nig	-0.0554	0.2995	0.3735	0.1565	0.0712
2	2018	Flour Mills of Nig	-0.0613	0.2959	0.4522	0.1296	0.0519
2	2019	Flour Mills of Nig	0.3381	0.2098	0.561	0.1235	0.0484
2	2020	Flour Mills of Nig	-0.3482	0.1537	0.6737	0.0814	0.0328
2	2021	Flour Mills of Nig	0.6026	0.1385	0.7041	0.0828	0.0312
3	2012	GuinnessNig	-0.1817	0.4843	0	0	0.0751
3	2013	GuinnessNig	-0.203	0.488	0.359	0.1222	0
3	2014	GuinnessNig	-0.1979	0.2869	0.6267	0.0704	0
3	2015	GuinnessNig	4.8657	0.4672	0.429	0.0775	0
3	2016	GuinnessNig	-1.2587	0.4466	0.4844	0.043	0
3	2017	GuinnessNig	-0.7529	0.3366	0.6202	0.0244	0
3	2018	GuinnessNig	2.5781	0.573	0.3443	0.0469	0
3	2019	GuinnessNig	-0.2424	0.5686	0.3389	0.0406	0
3	2020	GuinnessNig	-3.296	0.7398	0	0.1167	0
3	2021	GuinnessNig	-1.0993	0.8206	0	0.0829	0
4	2012	Honeywell Nig	0.0779	0.1923	0.5116	0.0105	0
4	2013	Honeywell Nig	0.0556	0.2199	0.4176	0.0485	0
4	2014	Honeywell Nig	0.1785	0.1783	0.5575	0.0413	0
4	2015	Honeywell Nig	-0.6656	0.1782	0.5683	0.0495	0
4	2016	Honeywell Nig	-3.6985	0.1869	0.5463	0.0311	0
4	2017	Honeywell Nig	2.4238	0.1173	0.7526	0.0235	0
4	2018	Honeywell Nig	0.0282	0.1009	0.7904	0.0198	0



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4	2019	Honeywell Nig		-0.9046	0.1076	0.7936	0.0066	0
	4	2020 Honeywell Nig	8.512	0.1324	0.7557	0		
	4	2021 Honeywell Nig	0.7359	0.1571	0.7168	0		
	5	2012 Nigerian Breweries	-0.0098	0.2902	0.5834	0.0774	0	
	5	2013 Nigerian Breweries	0.122	0.4974	0.2051	0.2113	0	
	5	2014 Nigerian Breweries	-0.014	0.4153	0.3681	0.1602	0	
	5	2015 Nigerian Breweries	-0.1423	0.1811	0	0.0676	0	
	5	2016 Nigerian Breweries	-0.363	0.176	0.1001	0.0575	0	
	5	2017 Nigerian Breweries	0.1536	0.5141	0.1545	0.2546	0	
	5	2018 Nigerian Breweries	-0.4116	0.2864	0.4797	0.1073	0	
	5	2019 Nigerian Breweries	-0.1728	0.2532	0.5562	0.1468	0	
	5	2020 Nigerian Breweries	-0.5323	0.2283	0.5068	0.2138	0	5
	5	2021 Nigerian Breweries	0.7128	0.5161	0.1514	0.243	0	
	6	2012 Nigerian Enamelware	-0.274	0.9167	0	0	0	
	6	2013 Nigerian Enamelware	0.1565	0.9137	0	0	0	
	6	2014 Nigerian Enamelware	0.1649	0.9094	0	0	0	
	6	2015 Nigerian Enamelware	-0.1397	0.9076	0	0	0	
	6	2016 Nigerian Enamelware	0.8034	0.9033	0	0	0	
	6	2017 Nigerian Enamelware	-0.6635	0.9001	0	0	0	
	6	2018 Nigerian Enamelware	-1.0563	0.8668	0	0	0	
	6	2019 Nigerian Enamelware	-78.5	0.86	0	0	0	
	6	2020 Nigerian Enamelware	-0.4497	0.8709	0	0	0	
	6	2021 Nigerian Enamelware	-0.2148	0.8645	0	0	0	
	7	2012 NNFlour Mills	-1.0469	0	0.8042	0	7	2013 NNFlour Mills
	7	2014 NNFlour Mills	0.0397	0.1049	0	0.6474	0	
	7	2015 NNFlour Mills	-1.855	0	0.6781	0		
	7	2016 NNFlour Mills	0.0179	0	0.4486	0		
	7	2017 NNFlour Mills	0.9099	0	0.4505	0		
	7	2018 NNFlour Mills	-2.4	0	0.7281	0.0555	0	
	7	2019 NNFlour Mills	0.4706	0	0.7161	0.0915	0	
	7	2020 NNFlour Mills	3	0.0527	0.645	0.1184	0	
	7	2021 NNFlour Mills	0.0833	0.1259	0.4623	0.217	0	
	8	2012 PZ Nigcussion	-0.628	0.6834	0	0	0	
	8	2013 PZ Nigcussion	-0.082	0.5	0	0	8	2014 PZ Nigcussion
	8	2015 PZ Nigcussion	-0.4554	0.6573	0	0	0	
	8	2016 PZ Nigcussion	-0.8181	0.6742	0	0	0	
	8	2017 PZ Nigcussion	4.6	0.6661	0	0	0	
	8	2018 PZ Nigcussion	-0.2679	0.6487	0	0	0	
	8	2019 PZ Nigcussion	-0.6341	0.68	0	0	0	
	8	2020 PZ Nigcussion	-11	0.7512	0	0	0.011	
	8	2021 PZ Nigcussion	1.14	0.7581	0	0	0.0072	
	9	2012 Unilever Nigeria	0.0137	0.2051	0.5834	0.4316	0	9
	9	2013 Unilever Nigeria	0.3143	0.2051	0.0345	0		
	9	2014 Unilever Nigeria	-0.4839	0.325	0.3681	0.314	0	
	9	2015 Unilever Nigeria	-0.5	0.3269	0	0.3693	0	
	9	2016 Unilever Nigeria	1.5313	0.4295	0.1001	0.2928	0	
	9	2017 Unilever Nigeria	1.1975	0.395	0.1545	0.3118	0	
	9	2018 Unilever Nigeria	-1.7247	0.4169	0.4797	0.2308	0	
	9	2019 Unilever Nigeria	2.4264	0.1746	0.5562	0.0811	0	
	9	2020 Unilever Nigeria	4.375	0	0.5068	0.2611	0	
	9	2021 Unilever Nigeria	0.0592	0.2052	0.1514	0.1691	0	
	10	2012 Vitafoam	-0.1585	0.223	0.2043	0.2289	0	
	10	2013 Vitafoam	-0.2609	0.1894	0.2659	0.2311	0	10
	10	2014 Vitafoam	0.5882	0.174	0.2167	0.2117	0	2014 Vitafoam
	10	2015 Vitafoam	-0.3827	0.2316	0.3787	0.1017	0	
	10	2016 Vitafoam	80.46	0.287	0.1121	0.2474	0	
	10	2017 Vitafoam	-0.5581	0.3245	0.1048	0.2012	0	
	10	2018 Vitafoam	1.6111	0.139	0.5584	0.1	0	
	10	2019 Vitafoam	-0.9872	0.0792	0.6545	0.1161	0	
	10	2020 Vitafoam	4.0833	0.4546	0.4546	0.2276	0.0294	
	10	2021 Vitafoam	0.1115	0.1019	0.1019	0.3014	0.0514	