Impact of Mergers and Acquisitions on Earnings and Net Assets per Share Indices of Companies in Nigeria

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Abstract

This paper examines the impact of mergers and acquisitions on earnings and net asset per share of companies in Nigeria. Data used for the study were collected from published consolidated financial statements of four of the companies that combined between 1984 and 2004 with one or two of the companies listed on the floor of the Nigeria Stock Exchange (excluding banks)**.** Since the companies merged at different dates, care was taken to ensure collection of data for a total period of 20 years, 10 years before and 10 years after each combination**.** Data were analyzed using regression and t-test statistic**.** The study reveals that while mergers and acquisitions had significant impact on earning per share in 25 percent of the four companies, they produced a similar effect on net assets per share in 50% of the companies investigated. The paper concludes that mergers and acquisitions had significant impact on earnings and net assets per share indices of a cross section of Nigerian companies. It recommends that stakeholders could employ mergers and acquisitions to enhance capital accumulation and growth of investment in Nigeria.

Keywords: Mergers and acquisitions, earnings per share, net assets per share, micro-investors, macro-investors, Nigeria.

1.0   Introduction

Different investors are usually attracted to companies by different performance indices. For instance, marginal or micro investors most of ten, appear more interested in immediate cash dividends. They look forward to earning per share ratio as one of the vital measures of corporate performance. For this class of investors, the higher the earning ratio, the more attractive the shares of the company become to them and vice versa. On the other hand, large scale or macro investors who show more interest in capital growth tend to pay more attention to net assets per share ratio. In fact, the latter group of investors would prefer a situation where the company distributes as little dividend as possible out of the earnings in order to enhance the growth of their investments through retained earnings (Udeh, 2012).

The increasing frequency and volume of mergers and acquisitions in Nigeria notwithstanding, investors still wonder if these integrative business strategies have been able to produce effects that are of direct concern and rewarding to them. The unfolding harsh economic realities in the country not only justify the feelings of investors in that direction, but also make it imperative. Hence, Nigerian business men are now looking beyond the glamour of being mere part owners of reputable companies to more realistic ways of enhancing their wealth status (Sanni, 2009).

For a meaningful and committal investment decision of this nature to be taken, Nigerian investors require empirical information; hence, the need to examine the impact of mergers and acquisitions on the afore-mentioned variables on companies in Nigeria.

1.1   Statement of the Problem

Technological innovations not only made the entire world one economic unit, it also imposed enormous challenges and threats to the flourishing of corporate organizations through intense competition. The effects of these are felt in varying proportions by both small organizations and those with even wide capital base (Udeh, 2012).

Furthermore, the global economic melt-down has continued to unleash devastating blows on earning prospects of corporate organizations, thereby compelling many companies into hurriedly executed business integrations as a survival strategy. It is strongly suspected that such combinations may fail to meet the expectations of shareholders in terms of enhanced earnings or capital accumulation.

Consequent upon this, investors of different classes express doubts over the ability of mergers and acquisitions to impact significantly on corporate earnings and net assets per share of companies in Nigeria. It is in view of the above that this study explores the impact of mergers and acquisitions on earnings and net assets per share indices of companies in Nigeria.

1.2   Objectives

The objectives this study seeks to investigate are as follows:

a.   To determine whether mergers and acquisitions have effect on earnings per share of companies in Nigeria
b.   To ascertain to what extent mergers and acquisitions affect net assets per share of companies in Nigeria.

1.3   Research Questions
The following research questions are discerned for the study:
a.   What is the extent of effect of mergers and acquisitions on earnings per share of companies in Nigeria?
b.   To what extent do mergers and acquisitions affect net assets per share of companies in Nigeria?

1.4   Hypotheses
The following research hypotheses were formulated to guide the study:
a.   Mergers and acquisitions do not have any effect on earnings per share of companies in Nigeria.
b.   Mergers and acquisitions do not affect net assets per share of companies in Nigeria.

1.5   Limitations of the Study
Many of the companies involved in mergers and acquisitions within the period studied/investigated were not listed companies. It was therefore, difficult to get their annual financial statements; hence the decision to use only companies quoted on the floor of Nigerian Stock Exchange. These quoted companies are under obligations to publish their financial statements annually. Furthermore, the variables of the study viz; earnings per share and net assets per share were expressed in absolute monetary terms and therefore were influenced by inflation. To overcome the effect, the variables were adjusted with rates of inflation provided by the National Bureau of Statistics for the relevant years (See appendix 2).

2.0   Theoretical Framework and Review of Related Literature
The theoretical framework of this study was derived from the transaction cost theory developed by Coase (1937). He opines that people begin to organize their production in firms when the transaction cost of co-ordinating production through the market exchange, given imperfect information, is greater than within the firm. Williamson (1971) expanded the transaction cost theory by the introduction of two concepts; bounded rationality and opportunism. The former underlines the fact that human beings have limited cognitive competencies; if it is not possible to foresee each future contingency, all contracts turn out to be in some way incomplete. The latter according to him, is defined as self interest with guile and is particularly important in small number bargaining situations. The implication of these concepts on transaction cost theory is that conscious efforts should be made to achieve transactional economics with a provision for additional costs from future contingencies. Companies often seek these economies through mergers and acquisitions.

Bleeke and Ernst (1993) opine that mergers and acquisitions involve an arrangement under which two or more firms co-operate to achieve certain commercial objectives and the co-operation may be called strategic alliance. They believe that mergers and acquisitions may not necessarily involve fusion of companies. However, in practice merger and acquisition activities go beyond strategic alliance. It usually involves some form of permanent relationship in the structure and management of the firms. Okonkwo (2004) believes that a merger takes place when two or more firms agree to go forward as a single company rather than remain separately owned and operated while an acquisition occurs when a company takes over the controlling shareholding interest of another company.

Scherer (2004) notes that mergers and acquisitions significantly influence the earnings per share when the synergies of business combination are properly managed. He argues that persistent low earnings per share are major indicators for takeover bids of companies in Germany. This fact was corroborated by (Udeh and Igwe, 2013). However, Andrade, Mitchell and Stadford (2009) contend that there is no sufficient evidence to conclude that mergers and acquisitions impact significantly on corporations.

Adeyemi (2007) observes that mergers and acquisitions have no impact on the earnings per share of Nigerian banks. In another development, Somoye (2008) states that in spite of increase in the assets of consolidated banks, the profit indices of the banks do not show corresponding increases. He concludes that bank consolidation exercise succeeded in widening the capital base of Nigerian banks without the much expected impact on profitability.

Furthermore, Onyeanu (2009) states that mergers and acquisitions impact positively on performance measures of Nigerian banks. She adds that in addition to restoration of sanity and confidence in the banking system, mergers and acquisitions help to protect the micro economic interest of the financial system. Does this finding on Nigerian banks apply to other sectors of the Nigerian economy?

Olabode and Makinde (2003) state that mergers and acquisitions in Nigeria provide increase in net assets per share in $5.2^0/_0$ of the banks. In a related development, Alao (2010) argues that with reduction in the number of banks operating in the country, there will be a corresponding reduction in systemic risk and competition which will result in increased profitability and enhanced capital accumulation. Furthermore, the study of Appah and John (2011) reveal that merger and acquisition activities in Nigeria do not meet the desired objectives of liquidity, capital adequacy and corporate governance which have resulted to more troubled banks after the consolidation.

The contrasting findings of studies on mergers and acquisitions across the world and similar works in the Nigerian banking industry are an obvious invitation for more studies on the subject matter. It therefore, becomes necessary for this study to be done in sectors of the Nigerian economy other than banking.

3.0 Methodology

Data used for this study were collected from published consolidated financial statements of four of the companies that were involved in mergers and acquisitions in Nigeria between 1984 and 2004(with the exclusion of banks) (See Appendix 1). The study concentrated on companies that had at least one of the merging companies listed on the floor of the Nigerian stock exchange. The companies merged at different dates; hence care was taken to ensure collection of data for a period of 20 years, 10 years before and 10 years after each combination (see Appendix 2). Data analysis was done with regressional method represented thus;

$$y = a + bx$$

Where x = independent variable = Total assets of the merged and acquired companies

Y = predicted value of the dependent variable = Earnings and net assets per shares of merged and acquired companies.

The two hypotheses were tested with the aid of t-test statistic represented by the formula:

$$t_{cal} = \frac{B1 - 0}{\sqrt{\dfrac{MSE}{Sxx}}} \sim t_{(n-2)}$$

Where B1 = Regression coefficient for the total assets of the merged and acquired companies.

MSE = Variance component due to error term.

Sxx = Estimated variance of the total assets of the merged and acquired companies. (Appendix 3 shows details of the analysis)

4.0 Findings and Discussion

The following findings were made in the course of the study:

Research Question One: What is the extent of effect of mergers and acquisitions on earnings per share of companies in Nigeria?

Table 1: Effect of Regression of Earnings Per Share on Total Assets of Merged and Acquired companies on the Basis of Coefficient of Determination (R^2).

Model	Coefficient of Variation (R)	Coefficient of Determination (R^2)	Adjusted R^2
Paterson Zochonis (PZ) Industries Plc	.422	.178	.133
Nigerian Bottling Company Plc	.581	.338	.301
United Nigeria Textile Plc.	.219	.048	—.016
Unilever Nigeria Plc.	.014	.000	—.055

(Source: Udeh, 2012)

Table 1 reveals that mergers and acquisitions account for various degrees of variation in the earnings per share index of the companies investigated. It specifically shows that while mergers and acquisitions accounted for 17.8 percent variation in the earnings per share measure in relation to a unit change in total assets of Paterson Zochonis Industries Plc, they produced 33.8 percent variation in the same performance index in response to a unit variation in total assets of Nigerian Bottling Company Plc. In the same vein, mergers and acquisitions produced 4.8 and zero percent variations in the earnings per share of United Nigeria Textiles Plc and Unilever Nigeria Plc respectively in relation to unit variations in the total assets of these companies. The results of the study are in agreement with the findings of Scherer (2004) that mergers and acquisitions influence earnings per share when the synergies of business combination are properly managed. He contends that a persistent low earnings per share is a common indicator for takeover bids of companies.

Research Question Two: To what extent do mergers and acquisitions affect net assets per share of companies in Nigeria?

Table 2: Effect of Regression of Net Assets Per Share on Total Assets of Merged and Acquired Companies on the Basis of Coefficient of Determination (R^2)

Model	Coefficient of Variation (R)	Coefficient of Determination (R^2)	Adjusted R^2
Paterson Zochonis (PZ) Industries Plc	.940	.884	.877
Nigerian Bottling Company Plc	.858	.736	.722
United Nigeria Textiles Plc.	.146	.021	— .044
Unilever Nigeria Plc	.219	.048	— .005

(Source: Udeh, 2012)

Table 2 shows that a unit variation in total assets of Paterson Zochonis Industries Plc and Nigerian Bottling Company Plc provides 88.4 and 73.6 percent variations in the net assets per share of these companies respectively. Similarly, 2.1 and 4.8 percent variations in the net assets per share of United Nigeria Textiles Plc and Unilever Nigeria Plc respectively were accounted for by unit variations in the total assets of the companies. These findings agree with the results of study done by Olabode and Makinde (2003) where they stated that mergers and acquisitions in Nigeria provided increase in net assets per share in 5.2% of the banks.

Test of Hypotheses:

Hypothesis One: Mergers and acquisitions do not produce significant effect on earnings per share of companies in Nigeria.

Table 3: Results of t-test statistic on whether mergers and acquisitions have significant effect on earnings per share of companies in Nigeria.

Model	Mean	Std Dev.	t-cal	t-tab	df
Paterson Zochonis (PZ) Ind. Plc	1.0207	37.37239	1.976	2.10	18
Nigerian Bottling Company Plc	1.3441	119.88369	3.029	2.10	18
United Nigeria Textiles Plc.	65.4159	72.00312	.868	2.13	15
Unilever Nigeria Plc	84.5270	66.42598	.060	2.10	18

(Source: Udeh, 2012)

Table 3 reveals that t-calculated for Paterson Zochonis Industries Plc was 1.976 while the t-tabulated was 2.10 at 18 degrees of freedom. Furthermore, the t-calculated for Nigerian Bottling Company Plc and United Nigerian Textiles Plc were 3.029 and .868 with t-tabulated value of 2.10 and 2.13 respectively. Unilever Nigeria Plc had a t-calculated value of -.060 and t-tabulated figure of 2.10.

The results of the t-test indicate that it was only the t-calculated value of Nigerian Bottling Company Plc (3.029) that was greater than its corresponding t-tabulated value. This implies that mergers and acquisitions impacted significantly on the earnings per share of Nigerian Bottling Company Plc. In fact, the results show that while mergers and acquisitions had significant impact on 25% of the companies studied, their impacts on earnings per share in 75% of the companies were not significant. These results are in consonance with the findings of Andrade, Mitchell and Stadford (2009) where they stated there was no sufficient evidence to conclude that mergers and acquisitions impact significantly on profitability of corporations. On the other hand the results are in disagreement with the findings of Adeyemi (2007) in which he concluded that mergers and acquisitions had no impact on the earnings per share of Nigerian banks. Again, these results are inconsistent with the submissions of Hagedoorn and Schakenroad (2004) that mergers and acquisitions are empire building strategies that hardly improve shareholders welfare interpreted by earnings and dividend indices.

Hypothesis Two: Mergers and acquisitions do not affect net assets per share of Companies in Nigeria.

Table 4: Results of t-test statistic on whether mergers and acquisitions have significant impact on earnings per share of companies in Nigeria.

Model	Mean	Std Dev.	t-cal	t-tab	df
Paterson Zochonis (PZ) Industries Plc	1.31789	1.144545	11.692	2.10	18
Nigerian Bottling Company Plc	5.65309	5.986661	7.091	2.10	18
United Nigeria Textiles Plc	3.07554	1.268074	.571	2.13	15
Unilever Nigeria Plc	2.24562	1.839174	.952	2.10	18

(Source: Udeh, 2012)

Table 4 shows t-calculated value of 11.692 and 7.091 for Paterson Zochonis Industries Plc and Nigerian Bottling Company Plc respectively with t-tabulated of 2.10 each. It further shows that while United Nigeria Textiles Plc had a t-calculated value of .571 and t-tabulated of 2.13, Unilever Nigeria Plc had a t-calculated of -.952 and a t-tabulated of 2.10. The t-test result shows that the t-calculated values of Paterson Zochonis Industries Plc and Nigerian Bottling Company Plc were greater than their corresponding t-tabulated values. This means that mergers and acquisitions produced significant   impact on the net assets per share of these companies while the reverse is the case with both United Nigeria Textiles Plc and Unilever Nigeria Plc. The implication is that mergers and acquisitions affected net assets per share of 50 percent of the companies investigated.

These results are in consonance with the findings of Olabode and Makinde (2003) that mergers and acquisitions in Nigeria provide increase in net assets per share in 5.2% of the banks. However, it is in contrast with the views of Appah and John (2011) that merger and acquisition activities in Nigeria do not meet the desired objectives of liquidity and capital growth.

5.0   Conclusion and Recommendations

The result of this study showed that mergers and acquisitions had contrasting impacts on the earnings and net assets per share indices of a cross section of companies other than banks in Nigeria. It specifically indicates that while mergers and acquisitions produced significant effect on earnings per share in 25% of the companies, it had a similar effect on net assets per share in 50% of the companies investigated. This implies that mergers acquisitions had a wider scope of significant impact on net assets than on earnings per share indices of companies in Nigeria. Based on the findings of the study, the following recommendations are proffered:

(1)   Managers and directors of corporate entities can employ mergers and acquisitions to enhance capital accumulation for their macro investors.

(2)   Strategic mergers and acquisitions can be embarked upon to reduce transactional costs which might increase chances of the firm's profitability.

(3)   There is need for the Federal Government of Nigeria to remove all the legislative bottle necks associated with mergers and acquisitions in Nigeria in order to encourage more companies to utilize the strategy for corporate growth.

6.0   Suggestions for Further Studies

a. A similar study should be conducted to include both quoted and unquoted companies to have a wider spectrum of impact of mergers and acquisition on corporate performance in Nigeria.

b. Again, a study which can incorporate more variables of corporate performance such as assets turnover, market power/market share, earnings yield is suggested.

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APPENDIX 1

BUSINESS COMBINATIONS HANDLED BY THE NIGERIAN SECURITIES AND EXCHANGE COMMISSION BETWEEN 1984 TO 2004

S/N	EXISTING COMPANY		YEAR COMBINED	NO. LISTED
1.	Intra Motors Nig. Ltd.	West Coast Nig. Ltd.	1984	None
2.	Standard Breweries Ltd.	United Beverages Ltd.	1988	None
3.	Poly Product Nig. Plc	K. C. Plastic Ltd.	1990	None
4.	Asara Tin Food Ltd.	Asara Food Processing Ltd.	1991	None
5.	Nigerian Bottling Company Plc.	Sapanda Industries Plc	1996	One
6.	Paterson Zochonis Industries Plc.	Thermocool Engineering Company	1996	One
7.	Unilever Nigeria Plc	Lever Brothers Nigeria Plc	1995	One
8.	Equity Bank of Nigeria Plc	International Bank Plc	1996	None
9.	Edo Cement	Bendel Cement	1997	None
10.	United Nigeria Textiles Plc	Nichemtex Industries Plc	2001	One
11.	Nigerian Automobile Co. Ltd	Cheseborough Products Ind. Ltd	2004	None

Source: Securities and Exchange Commission's Statistical Report, October 2005

Note: The above list did not include Mergers and Acquisitions in the banking sector within the period.

APPENDIX 2

Pre-Merger Extracts from Financial Statements of Paterson Zochonis Industries Plc (1991-2000)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
EPS(kobo)	39.18	54.24	101.58	169.40	75	135	133	103	59	64
NAPS(Kobo)	112.3	163.8	214.0	230.2	152.4	201.6	263.1	421.4	314.0	351.2
TOTAL ASSETS (N'000)	670,349	783,515	1,013,775	2,902,855	3,998,319	5,583,179	6,668,807	7,425,005	10,528,982	10,877,896
INFLATION RATE (%)	13	45	57	57	64	73	29	8	7	7
DEFLATOR FACTOR	0.885	0.690	0.637	0.637	0.610	0.578	0.775	0.926	0.935	0.935
ADJUSTED TOTAL ASSETS (N'000)	593,259	540,625	645,775	1,849,119	2,438,975	3,227,077	5,168,325	6,875,555	9,844,598	10,170,833
ADJUSTED NAPS (kobo)	99.4	113.0	136.3	146.6	93.0	116.5	203.9	390.2	293.6	328.4

Source: Financial Statements of Paterson Zochonis Industries and National Bureau of Statistics Reports from 1991-2000

Post-Merger Extracts from Financial Statements of Paterson Zochonis Industries Plc (2001-2010)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EPS (kobo)	73	97	115	65	102	102	111	124	152	167
NAPS(Kobo)	472.0	523.4	600.1	432.4	564.2	721.8	873.5	532.3	884.2	941.7
TOTAL ASSETS(N'000)	13,493,033	14,349,551	15,210,982	18,701,085	20,304,690	27,055,099	30,567,445	32,714,196	35,565,450	38,707,544
INFLATION RATE (%)	19	13	14	15	18	8	5	9	11	10
DEFLATOR FACTOR	0.840	0.885	0.877	0.870	0.847	0.926	0.952	0.917	0.901	0.909
ADJUSTED TOTAL ASSETS (N'000)	11,334,148	12,699,353	13,340,031	16,269,944	17,198,072	25,053,022	29,100,208	29,998,918	32,044,470	35,185,158
ADJUSTED NAPS (kobo)	396.5	463.2	526.3	376.2	477.9	668.4	831.6	488.1	796.7	856.0

Source: Financial Statements of Paterson Zochonis Industries Plc and National Bureau of Statistics Reports from 2001-2010

European Journal of Business and Management
www.iiste.org
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.6, No.9, 2014

Pre-Merger Extracts from Financial Statements of Nigerian Bottling Company Plc (1986-1995)

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
EPS (kobo)	16.82	20.73	20.15	28.82	30.93	39.18	54.24	101.58	132.20	195.12
NAPS(Kobo)	213.45	254.00	332.72	261.30	382.12	408.10	431.70	660.30	521.40	761.11
TOTAL ASSETS (N'000)	137,620	203,416	261,835	372,642	424,714	578,993	1,286,528	1,607,752	2,824,077	4,206,209
INFLATION RATE (%)	5	10	38	41	8	13	45	57	57	64
DEFLATOR FACTOR	0.952	0.909	0.725	0.709	0.926	0.885	0.690	0.637	0.637	0.610
ADJUSTED TOTAL ASSETS (N'000)	131,014	184,905	189,830	264,203	393,285	512,409	887,704	1,024,138	1,798,937	2,565,787
ADJUSTED NAPS (kobo)	203.2	230.8	241.2	185.3	353.8	361.2	297.9	420.6	332.1	464.3

Source: Financial Statements of Nigerian Bottling Company Plc and National Bureau of Statistics Reports from 1986-1995

Post-Merger Extracts from Financial Statements of Nigerian Bottling Company Plc (1996-2005)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EPS (kobo)	274.7	249.35	230.35	(88)	83	230	321	338	233	177
NAPS(Kobo)	953.80	1,120.10	1,416.20	1,501.90	1,251.20	1,031.18	1,341.00	1,520.21	1.610.80	1.080.40
TOTAL ASSETS (N'000)	5,361.227	6,245.489	7,407,697	9,035,571	11,329,380	12,224,637	14,929,142	17,764,491	17,160,365	20,401,163
INFLATION RATE (%)	73	29	8	7	7	19	13	14	15	18
DEFLATOR FACTOR	0.578	0.775	0.926	0.935	0.935	0.840	0.885	0.877	0.870	0.847
ADJUSTED TOTAL ASSETS (N'000)	3,098,789	4,840,254	6,859,527	8,448,259	10,592,970	10,268,695	13,212,291	15,579,459	14,929,518	17,279,785
ADJUSTED NAPS (kobo)	551.3	868.1	1,311.4	1,404.3	1,169.9	866.2	1,186.8	1,333.2	1,401.4	915.1

Source: Financial Statements of Nigerian Bottling Company Plc and National Bureau of Statistics Reports from 1996-2005

Pre-Merger Extracts from Financial Statements of United Nigeria Textiles Plc (1991-2000)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
EPS (kobo)	23.12	35.84	27.21	47.32	79.42	122.61	129.11	106.18	78.74	126.52
NAPS(Kobo)	165.54	460.95	947.92	1.215.03	917.61	1,032.45	1,148.43	1,116.72	1,158.59	1,030.06
TOTAL ASSETS (N'000)	494,295	1,336,820	2,595,036	3,327,254	4,528,557	5,095,313	5,667,716	6,062,331	6,289,603	5,591,875
INFLATION RATE (%)	13	45	57	57	64	73	29	8	7	7
DEFLATOR FACTOR	0.885	0.690	0.637	0.637	0.610	0.578	0.775	0.926	0.935	0.935
ADJUSTED TOTAL ASSETS (N'000)	437,451	922,406	1,653,038	2,119,461	2,762,420	2,945,091	4,392,480	5,613,719	5,880,779	5,228,403
ADJUSTED NAPS (kobo)	146.5	318.1	603.8	774.0	559.7	596.8	890.0	1,034.1	1,083.3	963.1

Source: Financial Statements of United Nigeria Textiles Plc and National Bureau of Statistics Reports from 1991-2000

Post-Merger Extracts from Financial Statements of United Nigeria Textiles Plc (2001-2010)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EPS (kobo)	108	126	(43)	19	11	(.89)	(.204)	N/A	N/A	N/A
NAPS(Kobo)	1,095	1,186	1,142	1,152	1,164	1,069	865	N/A	N/A	N/A
TOTAL ASSETS (N'000)	9,235,454	10,003,955	9,644,724	9,717,363	9,812,662	9,015,410	7,296,912	N/A	N/A	N/A
INFLATION RATE (%)	19	13	14	15	18	8	5	9	11	10
DEFLATOR FACTOR	0.840	0.885	0.877	0.870	0.847	0.926	0.952	0.917	0.901	0.909
ADJUSTED TOTAL ASSETS (N'000)	7,757,781	8,853,500	8,458,423	8,454,106	8,311,325	8,348,270	6,946,660	N/A	N/A	N/A
ADJUSTED NAPS (Kobo)	919.8	1,049.6	1,001.5	1,002.2	985.9	989.9	823.5	N/A	N/A	N/A

Source: Financial Statements of United Nigeria Textiles Plc and National Bureau of Statistics Reports from 2001-201

Note: N/A = Not Available

Pre- Merger Extracts from Financial Statements of Unilever Nigeria Plc (1985 - 1994)

YEAR	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
EPS(kobo)	41.51	52.42	52.42	48.73	48.21	53.71	72.60	107.71	187.66	202.66
NAPS (kobo)	152.13	231.18	285.61	326.20	203.11	243.97	373.97	430.93	699.62	532.85
TOTAL ASSETS(N'000)	178,064	261,542	244,163	376,751	351,264	596,070	915,165	1,029,088	1,970,358	2,387,524
INFLATION RATE (%)	6	5	10	38	41	8	13	45	57	57
DEFLATOR FACTOR	0.943	0.952	0.909	0.725	0.709	0.926	0.885	0.690	0.637	0.637
ADJUSTED TOTAL ASSETS (N'000)	167,914	248,988	221,944	273,144	249,046	551,961	809,921	710,071	1,255,118	1,520,853
ADJUSTED NAPS (Kobo)	143.5	220.1	259.6	236.5	144.0	225.9	331.0	297.3	445.7	339.4

Source: Financial Statements of Unilever Nigeria Plc and National Bureau of Statistics Reports from 1985 – 1994

Post-Merger Extracts from Financial Statements of Unilever Nigeria Plc (1995 - 2004)

YEAR	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EPS(kobo)	226	134	(13)	11	36	71	179	52	62	72
NAPS (kobo)	596	461	424	308	302	288	339	138	128	131
TOTAL ASSETS(N'000)	4,015,795	4,407,742	4,273,851	4,118,672	4,118,301	4,165,417	5,093,909	5,390,361	5,618,595	6,043,614
INFLATION RATE (%)	64	73	29	8	7	7	19	13	14	15
DEFLATOR FACTOR	0.610	0.578	0.775	0.926	0.935	0.935	0.840	0.885	0.877	0.870
ADJUSTED TOTAL ASSETS (N'000)	2,449,635	2,547,675	3,312,235	3,813,890	3,850,611	3,894,665	4,278,884	4,770,469	4,927,508	5,257,944
ADJUSTED NAPS (Kobo)	363.6	266.5	328.6	285.2	282.4	269.3	284.8	122.1	112.3	114.0

Source: Financial Statements of Unilever Nigeria Plc and National Bureau of Statistics Reports from 1995 - 2004

APPENDIX 3

Regression Analysis of EPS on Total Assets for Paterson Zochonis (PZ) Industries PLC

Descriptive Statistics

	Mean	Std. Deviation	N
EPS9	1.0207E2	37.37239	20
Totalasset9	1.31789E7	1.144545E7	20

Correlations

		EPS9	Totalasset9
Pearson Correlation	EPS9	1.000	.422
	Totalasset9	.422	1.000
Sig. (1-tailed)	EPS9	.	.032
	Totalasset9	.032	.
N	EPS9	20	20
	Totalasset9	20	20

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.422[a]	.178	.133	34.80683

a. Predictors: (Constant), Totalasset9

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4729.928	1	4729.928	3.904	.064[a]
	Residual	21807.281	18	1211.516		
	Total	26537.208	19			

a. Predictors: (Constant), Totalasset9

b. Dependent Variable: EPS9

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	83.902	12.046		6.965	.000
	Totalasset9	1.379E-6	.000	.422	1.976	.064

a. Dependent Variable: EPS9

Regression Analysis of EPS on Total Assets for Nigerian Bottling Company PLC

Descriptive Statistics

	Mean	Std. Deviation	N
EPS10	1.3441E2	119.88369	20
Totalasset10	5.65309E6	5.986661E6	20

Correlations

		EPS10	Totalasset10
Pearson Correlation	EPS10	1.000	.581
	Totalasset10	.581	1.000
Sig. (1-tailed)	EPS10	.	.004
	Totalasset10	.004	.
N	EPS10	20	20
	Totalasset10	20	20

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581[a]	.338	.301	100.24050

a. Predictors: (Constant), Totalasset10

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92203.025	1	92203.025	9.176	.007[a]
	Residual	180866.839	18	10048.158		
	Total	273069.863	19			

a. Predictors: (Constant), Totalasset10

b. Dependent Variable: EPS10

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	68.628	31.208		2.199	.041
	Totalasset10	1.164E-5	.000	.581	3.029	.007

a. Dependent Variable: EPS10

Regression Analysis of EPS on Total Assets for United Nigeria Textiles PLC

Descriptive Statistics

	Mean	Std. Deviation	N
EPS11	65.4159	72.00312	17
Totalasset11	3.07554E12	1.268074E13	17

Correlations

		EPS11	Totalasset11
Pearson Correlation	EPS11	1.000	.219
	Totalasset11	.219	1.000
Sig. (1-tailed)	EPS11	.	.200
	Totalasset11	.200	.
N	EPS11	17	17
	Totalasset11	17	17

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.219[a]	.048	-.016	72.56451

a. Predictors: (Constant), Totalasset11

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3967.070	1	3967.070	.753	.399[a]
	Residual	78984.128	15	5265.609		
	Total	82951.197	16			

a. Predictors: (Constant), Totalasset11

b. Dependent Variable: EPS11

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	61.597	18.141		3.395	.004
	Totalasset11	1.242E-12	.000	.219	.868	.399

a. Dependent Variable: EPS11

Regression Analysis of EPS on Total Assets for Unilever Nigeria PLC

Descriptive Statistics

	Mean	Std. Deviation	N
EPS7	84.5270	66.42598	20
Totalasset7	2.24562E6	1.839174E6	20

Correlations

		EPS7	Totalasset7
Pearson Correlation	EPS7	1.000	-.014
	Totalasset7	-.014	1.000
Sig. (1-tailed)	EPS7	.	.477
	Totalasset7	.477	.
N	EPS7	20	20
	Totalasset7	20	20

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.014[a]	.000	-.055	68.23945

a. Predictors: (Constant), Totalasset7

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.607	1	16.607	.004	.953[a]
	Residual	83819.200	18	4656.622		
	Total	83835.807	19			

a. Predictors: (Constant), Totalasset7

b. Dependent Variable: EPS7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	85.669	24.458		3.503	.003
	Totalasset7	-5.083E-7	.000	-.014	-.060	.953

a. Dependent Variable: EPS7

Regression Analysis of NAPS on Total Assets for Paterson Zochonis (PZ) Industries PLC

Descriptive Statistics

	Mean	Std. Deviation	N
Totalasset9	1.31789E7	1.144545E7	20
NAPS9	3.90080E2	250.485120	20

Correlations

		Totalasset9	NAPS9
Totalasset9	Pearson Correlation	1	.940[**]
	Sig. (2-tailed)		.000
	N	20	20
NAPS9	Pearson Correlation	.940[**]	1
	Sig. (2-tailed)	.000	
	N	20	20

[**]. Correlation is significant at the 0.01 level (2-tailed).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.940[a]	.884	.877	87.785599

a. Predictors: (Constant), Totalasset9

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1053399.508	1	1053399.508	136.693	.000[a]
	Residual	138713.604	18	7706.311		
	Total	1192113.112	19			

a. Predictors: (Constant), Totalasset9

b. Dependent Variable: NAPS9

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	118.958	30.382		3.915	.001
	Totalasset9	2.057E-5	.000	.940	11.692	.000

a. Dependent Variable: NAPS9

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Regression Analysis of NAPS on Total Assets for Nigerian Bottling Company PLC

Descriptive Statistics

	Mean	Std. Deviation	N
Totalasset10	5.65309E6	5.986661E6	20
NAPS10	7.04895E2	456.079572	20

Correlations

		Totalasset10	NAPS10
Totalasset10	Pearson Correlation	1	.858**
	Sig. (2-tailed)		.000
	N	20	20
NAPS10	Pearson Correlation	.858**	1
	Sig. (2-tailed)	.000	
	N	20	20

**. Correlation is significant at the 0.01 level (2-tailed).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858[a]	.736	.722	240.570443

a. Predictors: (Constant), Totalasset10

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2910428.461	1	2910428.461	50.289	.000[a]
	Residual	1041734.489	18	57874.138		
	Total	3952162.950	19			

a. Predictors: (Constant), Totalasset10

b. Dependent Variable: NAPS10

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	335.320	74.898		4.477	.000
	Totalasset10	6.538E-5	.000	.858	7.091	.000

a. Dependent Variable: NAPS10

Regression Analysis of NAPS on Total Assets for United Nigerian Textiles PLC

Descriptive Statistics

	Mean	Std. Deviation	N
Totalasset11	3.07554E12	1.268074E13	17
NAPS11	8.08341E2	273.334447	17

Correlations

		Totalasset11	NAPS11
Totalasset11	Pearson Correlation	1	.146
	Sig. (2-tailed)		.576
	N	17	17
NAPS11	Pearson Correlation	.146	1
	Sig. (2-tailed)	.576	
	N	17	17

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.146[a]	.021	-.044	279.277671

a. Predictors: (Constant), Totalasset11

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25447.256	1	25447.256	.326	.576[a]
	Residual	1169940.265	15	77996.018		
	Total	1195387.521	16			

a. Predictors: (Constant), Totalasset11

b. Dependent Variable: NAPS11

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	798.669	69.819		11.439	.000
	Totalasset11	3.145E-12	.000	.146	.571	.576

a. Dependent Variable: NAPS11

Regression Analysis of NAPS on Total Assets for Unilever Nigeria PLC

Descriptive Statistics

	Mean	Std. Deviation	N
Totalasset7	2.24562E6	1.839174E6	20
NAPS7	2.53590E2	90.670618	20

Correlations

		Totalasset7	NAPS7
Totalasset7	Pearson Correlation	1	-.219
	Sig. (2-tailed)		.354
	N	20	20
NAPS7	Pearson Correlation	-.219	1
	Sig. (2-tailed)	.354	
	N	20	20

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.219[a]	.048	-.005	90.896226

a. Predictors: (Constant), Totalasset7

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7483.829	1	7483.829	.906	.354[a]
	Residual	148718.229	18	8262.124		
	Total	156202.058	19			

a. Predictors: (Constant), Totalasset7

b. Dependent Variable: NAPS7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	277.823	32.579		8.528	.000
	Totalasset7	-1.079E-5	.000	-.219	-.952	.354

a. Dependent Variable: NAPS7