VALUE RELEVANCE OF COMPLIANCE WITH RELATED PARTY DISCLOSURES (IAS 24) IN LISTED FINANCIAL SERVICES COMPANIES IN NIGERIA

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN ACCOUNTING AND FINANCE

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DECEMBER, 2019

DECLARATION

I, Haolat Olaitan KOLAWOLEhereby declare that the work in this dissertation entitled Value relevance of Compliance with Related party Disclosures (IAS 24) in Listed Financial Services Companies in Nigeria has been performed by me in the Department of Accounting, Ahmadu Bello University, Zaria. The information derived from literature has been duly acknowledged in the text and a list of references provided. No partof this dissertation was previously presented for another degree at this or any other institution.

Haolat Olaitan KOLAWOLE

....	....	....
Name of Student	Signature	Date

CERTIFICATION

This dissertation entitled VALUE RELEVANCE OF COMPLIANCE WITH RELATED PARTY DISCLOSURES (IAS 24) IN LISTED FINANCIAL SERVICES COMPANIES IN NIGERIA by HAOLAT OLAITAN KOLAWOLE meets the regulations governing the award of the degree of Master of Science (M.Sc.) in Accounting and Finance of the Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

Dr. M.M. Bagudo ________________________
Chairman, Supervisory Committee **Signature** **Date**

Dr. Samaila Thompson ________________ __________
Member, Supervisory Committee **Signature** **Date**

Prof. M.H. Sabari ____________________ __________
Head of Department **Signature** **Date**

Prof. S. A. Abdullahi ____________________ __________
Dean, School of Post Graduate Studies. **Signature** **Date**

DEDICATION

This Dissertation is dedicated to my late mum, Alhaja Sidikat Bimpe Lawal for her encouragement during the course of this work. May Allah grant her Aljana firdous. Amin.

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ABSTRACT

Financial report should provide necessary information on the operation and performance of entity that stakeholders can at any time relied on. The study seeks to know the value relevance of compliance with related party disclosures (IAS 24) in listed financial services companies in Nigeria. The population consisted of the 57 financial services companies listed on the Nigeria stock exchange as at 31 December 2017, while the sample size was 41 listed financial services companies in Nigeria. A period of six years was covered from 2012-2017. The source of data was secondary data. Correlational research design was adopted to examine how accounting numbers; book value per share and earnings per share together with compliance with the requirements of related party disclosures (IAS 24) affect share prices of listed financial services companies in Nigeria. Price model by Ohlson (1995) was used and data collected were analysed using pooled ordinary least square regression analysis. Findings from the analysis show that the coefficient of extensive/overall compliance is positive and statistically significant. Earning per share has a positive and significant relationship with market price per share both in high and low compliance model, but the coefficient is higher in high compliance than low compliance model. Also when compliance with related party disclosure is high, the relationship between book value per share and market price per share is positive and significant. Since under both high and low compliance, the market price per share will increase, Financial Reporting Council of Nigeria needs to ensure compliance with related party disclosures IAS 24 with stiff measures by establishing an evaluation system to monitor high and low compliance with the standard. A factual feedback mechanism should also be integrated within the financial sector for an appropriate signaling for inadequate compliance with standard.

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ABBREVIATIONS

BVPS	Book Value per Share
COMPL	Extensive/ OverallCompliance with IAS 24
EPS	Earnings Per Share
HCOMPL	High Compliance with IAS 24
IASB	International Accounting Standard Board
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
LCOMPL	Low Compliance with IAS 24
MPPS	Market Price Per Share
OLS	Ordinary Least Square

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The major purpose of financial statements is to give a true and fair view of the company's operations and financial position. The information content of accounting numbers in ascertaining security prices/returns is one of the mostfundamental issues in finance and accounting.If there is no relationship between firm's value and information in the financial statements, such statements have no value relevance and if the financial statements lose the value relevance, stakeholders will have less interest on them (Pathirawasam, 2013).

Quoted companies are expected to prepare financial reports, which should provide the necessaryinformation on the operations and performance of entities that users and stakeholders can at anytimerelied on.Samaila and Abuh (2012) maintained that all the information disclosed in annual reportsare essential for the functioning of stock markets as they provide the most general and broadpublic data on companies economic activities. Since financial statements play key roles in providingbusiness transactions and other organizational events, their relevanceis therefore confined in terms of their capacity to influence firm value whichis mostly proxied by equity values (Shehzad& Ismail, 2014). Researchers maintained that measuring the relevance ofevery information reported in companies' financial statements could be centered on the magnitude towhich one could ascertain wholly or otherwise, the statistical relations inherent in the information so disclosed andpresented in the published financial reports of firms and the prices or returns of their equity stocks (Edirin, 2016).

The market price per share of listed company which is mostly used as dependent variable in value relevance study is determined by the market forces of demand and supply and it's highly volatile due to its dependent on the expectations of the buyers and sellers (Menaje, 2012).A number of studies have investigated the variation in share prices and factors which are assumed to trigger such movement in share prices. The movement in market price per share of listed companies is highlighted by changes in the basic factors which Kehinde (2012) identifies as financial performance and macro economic variables, as well as, the market clamor. Investors do not have the opportunity to directly appraise the performance of the business in which they want to invest hence they depend on financial statements providedby the management of the organization. Karunarathne andRajapakse (2011) explainedthat investors often utilize financial reports figures and disclosures to evaluate the risk and the value of the firm.

Disclosure is the fair presentation of an entity's financial or non-financial, mandatory or voluntary information that is useful for stakeholders' decision (Modugu&Egboigbe, 2017). Basically, for the information disclosed to be useful, it must be relevant and faithfully represents that which it purports to represent (IASB). According to Abubakar and Abubakar (2015) any occurrence that is likely to influence a firm's current financial position or its future performance should be disclosed in its financial statements. However, the issue of high or low disclosure in financial statement cannot be ruled out.

Entity's obligation to fully disclose related party disclosures (IAS 24) is essential because understanding of an entity transaction, outstanding balances including commitments and relationship with related parties may affect the assessment of its operation by users of financial statements, including assessment of the risks and opportunity facing the entity (IAS 24). According to Pozzoli and Venuti (2014) related party issues reflects to a very large extent, business connections that tend to accomplish economic desires of firm, while at the same time offering itself as a channel through which company's resource are manipulated.

The importance of related party disclosure has grown in the last decade and they are now considered to be part of value, representing a shift from the traditional physical asset value to factual informative value.The presence of related party issue is one of the reasons that result in firm being forced to report it financial report(Hamid &Salmanian, 2015). However, according to Utama and Utama (2012) the negative view of related party transactions and relationships as means of opportunism may make managers to refrain from complyingtotally or partially with disclosuresof these transactions and relationships since they may want to keep away from public criticism. Hence, it is argued that suitable regulation and enforcement mechanisms are needed to ensure transparent related party disclosures (Kohbeck& Mayhew, 2010).

Understanding the nature, extent, and consequence of related-party transactions and complying with the disclosures requirement about those transactions by financial companies in Nigeria is the focus of this study. International Accounting Standard (IAS) 24 Related Party Disclosure defines a related party transaction as a transfer of resources or obligations between related parties, regardless of whether or not a market price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, for example a controlling shareholder, a director, key management personnel, or affiliated companies, controlled entities, and entities under common control. The critical issue is that related party transactions might not be undertaken at market prices, primarily due to the influence of the relationship between the two sides to a transaction, that is, the company and the related party. For example, the transactions may be conducted using favorable prices or terms and conditions, instead of using market prices or normal commercial terms and conditions.

Related party transactions between companies within a group can increase cost-effectiveness to meet a firm's specific economic needs (Gordon, Henry, &Palia, 2004). However, for both controlling shareholders and insiders, such as management, related party transactions can also be the mechanism of self-dealing or insider opportunism, whereby private benefits of control can be extracted at the expense of other shareholders (Gordon et al, 2004). From prior research, an examination of links between the nature of related party transactions and firms' governance mechanisms and institutional framework in which firms operate is essential in order to understand the contrasting motivations for related party disclosure. Accordingly, firms' commitments to disclose related party information is important to enable investors and other users of financial statements to monitor and assess the impact of the transactions on a firm's performance.

Business operations or processes must adhere to various types of compliance requirements. e.g. disclosure of certain information in the financial report. Compliance with disclosures are at times complex, hard to understand, and most especially always costly. Business processes are susceptible to change with the potential of introducing non-compliance, high / low compliance with disclosure (Silvano, 2015). For instance given the sensitive nature of related party disclosures, firms may refrain from complying with disclosing opportunistic related party transactions and relationships or provide low disclosures to avoid the costs of releasing such information(Kohbeck& Mayhew, 2010). The more a firm comply with disclosures requirements, the more the information available to stakeholder. Non-adherence to compliance or low compliance with disclosures may lead to loss of competitive advantage and thus loss of market share which may affect share price (Silvano, 2015).As level of disclosure can be transformed into a numerical variable, some studies have evaluated the relationship between value relevance and levels of disclosure of accounting information. Studies addressing voluntary disclosure include that ofAlfaraih and Alanezi (2011) and mandatory disclosure include that of Bokpin (2013), and Tsalavoutas and Dionysiou (2014).

In the study of value relevance of accounting information; earnings and the book value of equity are mostly the basic accounting numbers used to represent accounting information. Researchers have foundthat unexpected earnings are significantly related to abnormal stock returns (Edirin, 2016). In another study, Talebnia, Valipour andAskari (2012) found that earnings and book value per share are gauges that individuals, financial analysts and investors use to assess the performance of the company. While earnings serve as a basis of how the organization resources are beingutilised, book value gives a measure of the worth of the organization's resources irrespective of how the resources are being used. Earnings can be said to represent income statement while book values represent the balance sheet.In addition, Chalmers, Clinch , Godfrey and Wei (2011) opined that value relevance of earnings and book value per share are the real place to check for effect of international financial reporting standard implementation on accounting information because of the role of equity valuation in the international financial reporting standard conceptual framework.

Despite the extensive research on value relevance of accounting information, it is important to observed that majority of the researches were conducted using variables like earning per share, book value per share and return on assets among others, also there are contradicting results about whether the value relevance of accounting information using the traditional financial variables have decreased or increased over time, because of difference in accounting regulations between countries (De Klerk & De Villier, 2012). For instance, Lev and Gu (2016) considers a larger set of accounting numbers: assets, liabilities, earnings, sales, cost of sales and administrative expense and finds a decrease in value relevance of accounting information, while Barth, Li and McClure (2017) made research into evolution in value relevance of accounting they found that twelve accounting numbers, cash flow, dividend, research and development, intangible asset, advance, revenue, asset, net income, equity book valueare consistently able to explain cross-sectional variation in equity price over time, which indicates accounting information remains value relevant.

The Nigerian financial services sector is assumed to be one of the most regulated sectors in Nigeria economy. It is believed to beveryorganized as corporate control and compliance arecritically taken into concern.It is worth mentioning thatthe Nigeria economy underwent a harsh crisis in the year 2008-2009, though; it was a global issue in the period. During this period, the Nigerian capital market lost over 60% of its capitalization (Sanusi, 2011). Furthermore, the financial crisis affected majority of the companies in the capital market, especially the financial service sector (Mohammed & Lode, 2015). According to the World Bank (2011), the subside of the market in the period was caused as a result of non-updates of accounting standard resulting in the weaknesses of the accounting and auditing standards, non-disclosures of accounting information, and non-compliance with accounting regulations by the Nigeria companies. The World Bank (2011) report also discovers that the institutional measures for the implementation of accounting standards in Nigeria are weak and ineffective, paving way for low compliance and mostly non-compliance with accounting disclosures and fraudulent activities. Companies explored the flaws of the accounting and auditing standards to the advantage of their businesses, ignoring the consequences to the capital market and investors (Mohammed & Lode, 2012).

Likewise; after the embracing of international financial reporting standard in 2012, many firms, especially in the financial sector, were unable to comply and submit their full international financial reporting standard financial report within the mandatory period while some give very low disclosure in their compliance with the standard. The authorities had to extend the time limit given the challenges encountered by these companies (Nnorom, 2013). The Financial Reporting Council of Nigeria (FRC) revealed extensive non-compliance with international financial reporting standard among firms in Nigeria from the readiness test conducted in 2013. The FRC revealed that only 72 out of 190 listed companies examined submitted IFRS documents required by the Council. They further revealed that the non-compliance is more pronounced in the financial sector (Nwopoku, 2014).

Also, according to Bagudo (2017) many firms exploited the loopholes in accounting standards, the weaknesses in the capability of the regulatory bodies, the flaws in the enforcement mechanisms and the frail internal control system and supervision, to perform fraud and insider exploitation. Bagudo (2017) explained further that more research particularly in Nigeria and generally in Africa is needed in the study of compliance and value relevance of international financial reporting standard.

With the exposure of extensive non-compliance across firms in Nigeria especially in the financial sector, there is a need for more study on value relevance of compliance. The value relevance of compliance with related party disclosure (IAS 24), the effect of high or low compliance on earning per share and book value per share in the listed financial services sector is the motivational factor for carrying out this research on value relevance.

1.2 Statement of the Problem

The International Accounting Standard Board (IASB) in May 2015 issued an exposure draft on the conceptual framework for financial reporting which proposes broad changes to its conceptual framework on reporting, some of the proposed revised conceptual framework include; the objective of general purpose financial reporting, qualitative characteristic of useful financial information, element of financial statement, presentation and disclosure among others. Many market participants such as Deloitte (Oduware 2015) and European financial reporting advisory group (EFRAG 2015) among others have commented and expressed their opinion on the exposure draft. For instance the business infrastructure bureau, KEIDANREN (Japan business federation) on 25 November 2015 commented on issues such as definition of element as it affects financial statement and most importantly on many disclosures currently required by IFRS. They argue that most of these disclosures may not provide sufficient benefit to justify the cost incurred by the preparers, and some of which wouldn't provide useful information to investors and should be amended.Also prior to the adoption of IFRS, Sucher and Jindrichovska (2004) argue that problems may arise concerning the new disclosures introduced by IFRS, where substantial differences exist between local accounting standards and IFRS disclosures.

There is a great shift in financial reporting after adoption of IFRS in 2012 in Nigeria. The value relevance of some of the required disclosure by IFRS to financial reports and the compliance by companies with this change in regulation after the adoption provide motivation for this research. Knowledge aboutthe value relevance of compliance with related party disclosures after adoption of IFRS in Nigeria will strengthen the regulatory bodies and ensure full compliance in years to come. Also with the revelation of widespread non-compliance across firms in Nigeria, there is need to study the significance of value relevance of compliance with related party disclosure to earnings per share and book value per share to gain insight on how the accounting reform improves the information content of financial reports in Nigeria.

Related party disclosure (IAS 24) isan area that has been generating issues in Nigeria. Companies and Countries began to regulate related party issue after the occurrence of several financial company collapses. Prior research indicates that related party transactions and relationships may be harmful or beneficial to the firm and investors. In fact it has been identified as one of the major factor in the collapse of big organizations in the world. Among the accounting scandal of firms such as Enron in 2001, Worldcom in 2002, Adelpha and Tyco in 2002 in the US that shook the financial markets, related party issues proves to be major problem. Likewise BancoEspirito Santo (BES) in 2014, Toshiba in 2015, Turing Pharmaceutical in 2015 and in the financial sector we have failed Banks like Bank of Georgia (2015), Republic Bank of Chicago (2015), Highland community Bank Chicago (2015), all have raised serious concerns about financial reporting globally.

Findings from the Nigerian Banking sector, Insurance and Media confirmed that related party lapses is capable of pulling down a high profit business irrespective of age and size of that entity. For instance, Skye bank, Intercontinental Bank, Oceanic Bank, Bank PHB, SocieteGenerale Bank, Concord Group, Lion of African Insurance, African Petroleum, Afribank were also recorded in Nigeria at different times to have crumbled on the back of corporate governance and related party matters. Also,the case of Ecobank Nigeria limited against the chairman of Honeywell group, Oba Otudeko (Onozure 2018)is also complicated with related party issue. All these perhaps inform the renewed interest in related party disclosures globally and the clamor is on high record, given the spate and high profile corporate failure that preceded the global economic and financial crisis between 2008 and 2011.

Furthermore; there are several open questions in accounting among which is the value relevance of all information content (both quantitative and qualitative) in the financial report. If stock market participants' carefully screen potential investment on the totality of the annual report, the accounting numbers alone cannot explain the firm value. The value relevance of financial information can be increased if it is combined with certain qualitative factual information in the annual report (Amir & Lev, 1996). With the development in the field of accounting, there is need to introduce more new variables and to bring up to date issues on compliance with standard disclosure in the study of value relevance of accounting information. Though, value relevance of logical information together with accounting numbers has been investigated in some studies. For instance, De Klerk and De Villier (2012); Schadewitz and Niskala (2010); Carnevale, Mazzuca and Venturini (2012); and Peter (2013) have all made research on value relevance of corporate social responsibility with inconsistent result. Moneva and Cuellar (2009) also examined the value relevance of environmental reporting on Spanish firm so also Bagudo (2017) examined the value relevance of compliance with IFRS disclosures in Nigeria but they all have their limited scope.

In addition, despite the increased level of concern, uncertainties, and implications of related party transaction and disclosures, there have been little delve to enlighten market participant; investors, analysts, regulators among others about the effectiveness of value relevance of compliance with related party disclosures (IAS 24). Also the pros and cons together with the important of high and low level of compliance with related party disclosures in the financial services sector have not been given full consideration. In cognizance with this controversial value enhancing or reducing issue attached to related party transactions and relationship, examination of the value relevance of compliance with related party disclosures (IAS 24) is imperative.

The particular effect and significance of high or low compliance withrelated party disclosures (IAS 24) on market price per share, and its relationship with earning per share and book value per share is an area many researchers have not looked into, hence there is need to conduct a research in this area.It is in line with all these above issues that this study set to know the value relevance of compliance with related party disclosure (IAS 24) in listed financial services companies in Nigeria.

1.3 Research Questions

In the light of the foregoing the following research questions are raised to guide the study:

i. What is the value relevance of compliance with related party disclosure?
ii. Is theresignificant difference in the value relevance of compliance with related party disclosure between high compliance and low compliance?
iii. Does the value relevance of earning per share differ between high compliance and low compliance with related party disclosure?
iv. Does the value relevance of book value per share differ between high compliance and low compliance with related party disclosure?

1.4 Objectives of the Study

The main objective of this research isto determine the value relevance of compliance with related party disclosure (IAS 24) in the listed financial services companies in Nigeria. Thus the objectives of the study are to examine:

i. the value relevance of compliance with related party disclosures inlisted financial services companies in Nigerian;

ii. if there is significant difference in value relevance of compliance with related party disclosures between high and low compliance in listed financial services companies in Nigeria;

iii. whethersignificant differences exist in value relevance of earning between high and low compliancewith related party disclosures in listed financial services companies in Nigeria; and

iv. if there is significant difference in value relevance ofbook value per share between high and low compliance with related party disclosures in listed financial services companies in Nigeria .

1.5 Hypotheses of the Study

Based on the objectives of this study, the research hypotheses were stated in null form as follow:

HO_1: There isno significant value relevance in compliance with related party disclosures inlisted financial services companies in Nigeria.

HO_2: There is no significantdifference in value relevance of compliance with related party disclosures between high and low compliance with the standard in listed financial services companiesin Nigeria.

HO_3: There is no significant difference in value relevance of earnings per share between high compliance and low compliance with related party disclosures in listed financial services companies in Nigeria.

HO_4: There is no significant difference in value relevance of book value per share between high compliance and low compliance with related party disclosures in listed financial services companiesin Nigeria.

1.6 Scope of the Study

This study covered value relevance ofcompliance withrelated party disclosures (IAS 24)in listed financial service companies in Nigeria fora period of 6 years from 2012 to 2017. This is the period when international financial reporting standard came into limelight in Nigeria. High and low compliance with related party disclosures was examined and the difference in value relevance of earning per share and book value per share between high and low compliance was compared. 41out of the 57 financial services companies listed on the Nigerian Stock Exchange were studied. The studyused financial services companies in Nigeria because it is a sector that has witnessed and has been affected majorly byrelated party issueswithin the listed companies in Nigeria.

1.7 Significance of the Study

Value relevance of compliance with related party disclosure (IAS 24)in listed financial services companies in Nigeria extend the research on value relevance of accounting information by addressing the practical gap in value relevance of accounting information.This study contributes to existing body of knowledge in four ways; one, it hasanalyzed the value relevance of compliance with related party disclosure in listed financial services companies in Nigeria. Two; it hashighlighted that there is significant difference in value relevance of compliance with related party disclosure between high and low compliance with the standard in listed financial services companies in Nigeria.Three; it hasdiscovered thatsignificant differences exist in value relevance of earning between high and low compliance with related party disclosures. And lastly, the study has shown that there is no significant difference in value relevance of book value per share between high and low compliance with related party disclosures.

The regulators of financial services companies would also benefit from this study in area ofcompliance management issuesand policy making especially, as it relates to high and low compliance firms. It would also assist them on how to regulate and apply enforcement techniques at the twolevels (high and low) of compliant.

The study would aid investors in terms of investmentdecision making as it relates to firm's value. It has provided a guide on the relationship between earnings per share, book value per share and high and low compliance with related party disclosures.

Part of Firms executive'sgoals is to boost the firm's value, this study has presentedtip to know the importance of high and low compliance with related party disclosures as it relates to firm's value especially when it is tied to earnings per share and book value per share.

The issue of whether IAS 24; related party disclosures is value relevance would be of interest to standard setters because one of the objectives of accounting standard is to produce information that is relevant and reliable. International Accounting Standards Board (IASB) is obligated to consider cost and benefit of its standards. This research work has provided empirical evidence that would be of great significance to IASB.

Other researchers would also benefit from this research as itwould serve as reference material for researchers who are interested in value relevance of compliance with related party disclosures and other accounting information.It has provided empirical framework on how high or low level of compliance with related party disclosure affects the value relevance of accounting information, which would assist in further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter; literature on compliance with disclosures and various value relevance studies, including applicable theories in relation to the objectives of the study were reviewed. The chapter is divided into four sections; the introduction,the review of different concept of value relevance, compliance withdisclosure requirement, IAS 24 – related party disclosure andvarious compliance monitoring authority in financial service sector in Nigeria, the review of empirical literature that deal with value relevance of earning and book value, compliance with standard and IAS 24- related party disclosure. Also underpinning theories of disclosures and value relevance studies will be reviewed.

2.2 Review of Conceptual Framework

This section deals with different concept of value relevance and compliance with disclosure and related party disclosure – IAS 24.

2.2.1 The Conceptof Value Relevance

The application of accounting information for equity valuation is a field of research which has seen a lot of actions. The construct value relevance over the years has been defined by researchers and scholar judging from their experiences. The construct also has been approached from different perspectives and had duly been classified.

The International Accounting Standard BoardIASBdefines the value relevance of financial-accounting information as "capacity to make a difference in the decisions of users" (IASB, 2015, p. 28). It also stated that Financial-accounting information exhibits value relevance if the information is characterized by predictive and or confirmatory value. That is, it can be used as an input to processes employed by users to predict future outcomes (predictive value) and also it is characterized by the ability to provide feedback about previous evaluations, confirming, or changing them (confirmatory value) (IASB, 2015, p. 28). Value relevance can also be defined as the ability of accounting or non accounting measures to capture or summarize information that affects equity value (Deegan, 2009). High quality accounting and non-accounting information is a necessity for well-functioning capital markets and the economy as a whole (Cardamone, Carnevale&Giunta, 2012).

According to Adaramola and Oyerinde (2014) the concept of value relevance refers to the strength of relationship between accounting variables and market value of equity of a firm. For instance, earning is an important variable affecting the market value of equity share (Bhatt &Sumangala, 2012). This is indicated by R-square from regression analysis and the earnings response coefficient of each accounting variable in the equation. Shehzad and Ismail (2014) maintained that value relevance is measured with regards to its ability to summarize the information underlying stock prices.

According to Kargin (2013) value relevance is the ability of information disclosed by financial statements to capture and summarize firm value. Value relevance can be measured through the statistical relations between information presented by financial statements and stock market values or returns.

Value relevance is seen as proof of the quality and usefulness of accounting numbers and as such, it can be interpreted as the usefulness of accounting data for decision making process of investors and its existence is usually by a positive correlation between market values and book values (Takacs, 2012)

Veith and Werner (2010) define Value relevance as a proxy for the information content of financial accounting data and is usually measured as the association between some accounting information and market measure(s).

Beisland (2009) defines value relevance as the ability of financial information to capture and summarise firm value and also as a statistical association between financial statement information and stock market values.

Value relevance approach can be used to assess usefulness of accounting information for stockholder. In confirmation, Barth, Beaver and Landsman (2001); Keener (2011); and Khanagha (2011) define value relevance as the association between accounting amounts and security market values. Barth et al (2001) further state that value relevance suggests testing whether accounting amounts explain the cross sectional variation in share prices. For the most part, the valuation models that form the basis for tests in the valuation literature are developed in terms of the level of firm value.

Viewing the aim of value relevance, Lev and Gu (2016) opined that the objective of value relevance research is to relate annual financial statement information to a measure of firm value and to assess the relation of such information to the determination of value. This statement gives an insight to the fact that the relationship between accounting information and stock price would determine if analyst and investor can depend on accounting information in order reliable investment decision or a fair forecast into the capital market.

Value relevance for the purpose of this study is understood as the extent of the impact that particular accounting information causes on company share prices.In other words, it is the ability of the information to create a difference in the decision making. To be relevant to investors, creditors and similar decisions, accounting information must be capable of making a difference in a decision. Thus, the primary question in studies on value relevance is to know whether the content of accounting statements is relevant for investors.

2.2.1.1 Attributes of Value Relevance.

Obaidat (2007) contributed to relevance studies by enumerating the basic characteristic that qualifies information to be relevant. Relevant information must contain this Attributes:

Predictive Attribute: this is the ability to help accounting information users predict the impacts of past, present and future events. For example the Predictive value of earnings refers to the ability of current earnings to predict future earnings and future cash flows. Accounting information predictability is important for relevance because it can influence decisions by forming expectations about future information that are correlated with future share price.

Feedback Attribute: It is the ability to help accounting information users correct and confirm past predictions. For instance, Barua (1996) define the feedback value of earning as the ability of current earnings to change predictions about future earnings.

Timeliness Attribute: It is the availability of information to decision makers at the right time. Barua (1996) notes it as deadline which implies providing information in the financial statements in a timely manner and also recognizing all pertinent information (e.g., revenues, expenditures, changes in the value of assets) to enable the users of current financial statements to form an expectation about the future cash flows of the business.

2.2.1.2. Approaches to Value Relevance

This approach entails the different view of value relevance from various existing researches in value relevance. Nilsson (2005) classifies approaches to value relevance as thus:Fundamental, Prediction, Information and Measurement approach.

Fundamental approach involves determining a firm's intrinsic value without reference to price at which the firm's equity trades on the stock. According to this approach, accountinginformation cause stock price to change by capturing values towards which market price drift away from.

Prediction approach focuses on the relevant variables to be used in valuation and how to predict them. According to the definition of value relevance, financial statement information is regarded as value relevant if it helps in forecasting underlying value attributes derived from valuation theory.

Information approach states that accounting information is relevant if it is used by investors when setting standards with regards to which company to invest on. They focus on studies into market reactions to accounting disclosures over short time intervals.

Under measurement approach, the value relevance of financial information is measured by its ability to capture or summarize information regardless of the source that affects equity value.

2.2.1.3. Classification of Value Relevance Studies

Lambart (1996); and Holthausen and Watts (2001) classified the value relevance studies into three categories as follows: Relative association studies, Incremental association studies and Marginal information content studies.

Relative association study compares the association between stock market values and alternative bottom-line measures. For example, a study might examine whether the association of an earnings number, calculated under a proposed standard, is more highly associated with stock market values or returns (over long windows) than earnings calculated under existing Generally Accepted Accounting Practices. These studies usually test for differences in the R^2 of regressions using different bottom line accounting numbers of which the greater R^2 is more value relevant.

Incremental association study investigates whether the accounting number of interest is helpful in explaining value or returns (over long windows) given other specified variables. That accounting number is typically deemed to be value relevant if its estimated regression coefficient is significantly different from zero. Some incremental association studies make additional assumptions about the relation between accounting numbers and inputs to a market valuation model in order to predict coefficient values and or to assess differences in the error with which different accounting numbers measure a valuation input variation

Marginal information content study investigates whether a particular accounting number adds to the information set available to investors. They typically use event studies (short window return studies) to determine if the release of an accounting number (conditional on other information released) is associated with value changes. Price reactions are considered evidence of value relevance. This classification however coincides with the information approach to value relevance in Nilsson (2005) whereby value relevance is determined by the reaction to release of information that should affect price.

All the above definitions, classifications and characteristics of value relevance put together suggest that value relevance is the ability of accounting information to explain variation in share price, that is, value relevance revolves around the security market value which determines the value of a firm. Once accounting information has a significant positive relationship with share price then it is considered value relevant. In order words, they can be relied on to make informed decision without fear of being misled. This definition is in line with the definition of Lev and Gu (2016) and Shehzad and Ismail (2014)

2.2.2 The Concept of Earnings per Share

Earnings per share are net income that the company is able to achieve when it is operating. It is a fundamental and prominent accounting variable when it comes to the investigation of the value relevance of accounting information. Takacs (2012) states that the earning of a firm is the most influential of the variables that can influence the movement of share price in the capital market; he further stresses that, it is in line with this, quoted companies disclose their earnings every quarter. An earning per share (EPS) is obtained from the income available for the regular stakeholders divided by the average number of circulated regular stocks. Earnings per share is said to have the content of information if its announcement will create changes in the reaction of the investors toward the distribution of the cash flow in the future that will cause the changes in the stock price and returns (Menaje, 2012).

Bhatt and Sumangla (2012) view that earnings are vital variable affecting the value of equity share. Firms producing goods and services useful to a society and earning returns covering its cost of production adds to its reserve. The moment a company starts earning better sum, the equity share will have more and more demand which will consequently increase in market value of the equity (Veith& Werner, 2010).

Earning per share is a measure which the investors will look carefully and reflect on while deciding the market value of the equity share (Bhatt &Summangla, 2012). In particular, they note that when the ratio of earnings/book value is high, earnings is the more important determinant of equity value. This is because under such a scenario, the firm is likely to continue in its current approach to using resources. When earnings/book value is low, book value becomes the more important determinant of equity value. Under this option, the firm is more likely to exercise the option to adapt its resources to a superior alternative use. Earnings per sharechanges have the biggest influence on stock prices over the long run. Stock prices rise when a company proceeds grow, and comes down when company proceeds falls. But in the short run, the relationship between earning per share and stock prices is not always straightforward.Earnings per share for the purpose of this research is defined as an accounting number that can be used as a basis for determining an intrinsic value for a stock.

2.2.3 Concept of Book Value per Share

The book value per share describes the number of stakeholder equity that is reported and reduced by preference stock divided by weighted average number of ordinary shares. When the company experiences financial distress, then the book value information becomes more relevant compares to income information in assessing the company. Some investors base their investment decisions on book value per share. According to Horngren and Harrison (2008) these investors arecalled value investors in contrast to growth investors focusing more on patterns in netincome.

Bhatt and Summangla (2012) opine that the book value of a company is an assessment of the value of net asset of a company, in other words called net worth of a business.

Book value per share is the total assets less total liability which give the shareholders fund divided by ordinary shares. This is otherwise referred to as the net asset per share of a firm and is used to evaluate the total equity of a firm (Edirin 2016).

This research from the above definitions refers to book value per share as the measure of what equity of a firm is worth divided by number of ordinary share. This is in line with Bhatt and Summangla (2012) definition.

2.2.4 Related Party Disclosures (IAS 24)

The term related party disclosure is broad and encompasses a variety of disclosures that do not have a physical substance such as disclosure of related party relationship and related party transaction (Hamid &Salmanian, 2015). Related party disclosures are found in the note of annual report and its contain compulsory related party issues that are diverse and complex business transaction and relationship between firm and its own manager, directors or affiliate (IAS 24-related party disclosure).

Related party relationships are a normal trend in commerce and business. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operation decision. Examples of related party are: a controlling shareholder, a director, key management personnel and affiliated companies among others. Also entities frequently carry on part of their activities through subsidiaries, joint ventures and associates. In these circumstances, the entity has the ability to affect the financial and operating policies of the investee through the presence of control, joint control or significant influence.

A related party relationship could have an effect on the statement of comprehensive income or financial position of an entity even if related party transactions do not occur (IAS 24- related party disclosure).The mere existence of the relationship may be sufficient to affect the transaction of the entity with other parties for example; a subsidiary may terminate relations with a trading partner on acquisition by the parent of a fellow subsidiary engaged in the same activity as the former trading partner. Also, one party may refrain from acting because of the significant influence of another for example, a subsidiary may be instructed by its parent not to engage in research and development(Kohlbeck& Mayhew, 2010).

Related party transactions are diverse and complex business transaction. It is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. A related party may enter into transaction that unrelated party would not. For example, and entity that sells goods to its parent at cost might not sell on those term to another customer. Also, transaction between related parties may not be made at the same amount as between unrelated parties (IAS 24- related party disclosure).For these reasons, knowledge of an entity's transaction and relationship with related parties may affect assessments of its operations by users of financial statement including assessment of the risks and opportunities facing the entity (IAS 24- related party disclosure).

The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. If the entity is controlled by another entity or an individual, an entity shall disclose the name of its parent and, if different, its ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed. To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

Compensation of key management personnel, if the entity has any related party transactions and outstanding balances with related parties, including compensation for its key management personnel? An entity shall disclose key management personnel compensation for each of the following categories: short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits; and share-based payment. Short-term employee benefits; post-employment benefits; other long-term benefits; and share-based payment. If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose:the nature of the related party relationship; and information about those transactionsand outstanding balances including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, the information disclosed about related party transactions and outstanding balances shall include:the amount of the transactions; the amount of outstanding balances, including commitments, and their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and details of any guarantees given or received.Provisions for doubtful debts related to the amount of outstanding balances; andthe expense recognised during the period in respect of bad or doubtful debts due from related parties.The disclosures required shall be made separately for each of the following categories: the parent; entities with joint control or significant influence over the entity; subsidiaries; associates; joint ventures in which the entity is a venture; joint ventures in which the entity is a venture; joint ventures in which the entity is a venture; other related parties. A government-related entity is the entity exempt from the disclosure requirements of related party transactions with the government? If yes: The entity shall disclose the following about the transactions and related outstanding balances: the name of the government. and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence); the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements: the nature and amount of each individually significant transaction; and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

2.2.4.1Compliance with Disclosures

According to Silvano (2015) compliance with institutional policies, government regulations and applicable legislation is a major concern for any organization when defining its business processes. He stated further that not complying or low compliance with disclosures requirement may make the business to lag behindand loss the market share which may affect share price as regulators may continue to sanction the firm.Disclosure of information includes management analysis, accompanying financial statements and the supplementary report (Hamid &Salmanian, 2015).

According to Modugu and Egboigbe(2017), disclosure is the fair presentation of an entity's financial or non-financial, mandatory or voluntary information that is useful to stakeholders' decision making. He opined that, fundamentally, for the information to be useful, it must be relevant and faithfully represents that which it purports to represent. In the same time, accounting disclosure plays a crucial role in reducing information asymmetry in the context of agency theory (Klann, Beuren& Hein, 2015). In this sense, companiesthat carry out better levels of disclosure in their financial statements and explanatory notes are contributing to transparency before the market.Disclosure is avery sensitive subject for companies since the main purpose is to turn entity private information to information available to investors. Due to the nature of disclosures, companies might want to withhold information that they find sensitive (Rubenson&Schagerlind, 2014)

Corporate disclosure is subject to varying regulatory intervention by regulatory bodies (Utama&Utama, 2012). Silvano (2015) pointed out that regulation of disclosure is an effective way to provide regular further disclosures. Consequence to the extent of the regulators' authority to impose and compelsanction, regulations provide a level playing field and minimise information asymmetry between informed and uninformed investors which should in turn result in lower agency costs and greater shareholder wealth creation (Silvano, 2015).However, the regulator's power to enforce and impose sanctions may affect firms' disclosure compliance and ultimately, the level of wealth creation.

In addition, effective firms' governance may also influence firms' disclosure policy. For example, better governance is frequently found to be associated with greater disclosure(Arshad, Darus& Othman (2009); Utama&Utama, 2012). In particular, Arshad et al. (2009) find greater disclosure of related party information following the adoption of IAS 24 in Malaysia, suggesting that better regulation affects corporate disclosures of related party information. Also, an Indonesian study by Utama and Utama (2012) shows that firms with better governance tend to disclose greater related party information. Companies will disclose more financial information if the benefits of disclosures outweigh the costs of withholding such information (Healy &Palepu, 2001).

In this study, disclosure is defined as revelation and presentation of an entity's financial or non-financial information that is useful for decision making. In addition, the information is enhanced by the qualities of comparability, verifiability and understandability.

2.2.4.2 Nigeria Financial Service Sector

In any economy, the financial sector is the center of productive activity. It comprises of an impressive network of banks and other financial institutions and a wide range of financial instruments. Nigeria financial service sector is one of the largest in sub sahara Africa, consisting of Banking and Non Banking Institutions whichincludes Commercial Banks, Mortgage Banks, Merchants Banks, Micro Finance Banks, Insurance Companies, various Pension schemes, Bureaux de Change, Discount Houses and Finance Companies (see appendix I)each covering a particular area of activity or activities (Sanusi 2011). It performs the core function of financial intermediation, adequate payment services as well as the pivot for monetary policy implementation.

It is a driver of other industries success, standard and operation as each and every company uses financial services institution not only for their own but also their customers and business purposes. Ithas authorities that regulate policies, guidelines and control that drive the organizations under the sector toward its goals while also fulfilling stakeholders' needs. These authorities are responsible for monitoring compliance with accounting and disclosure regulations of firm within its control. They are required by law to control the operations of this sector in Nigeria. They are: Financial Reporting Council of Nigeria (FRC),Central Bank of Nigeria

(CBN), National Insurance Commission (NAICOM),Nigerian Stock Exchange (NSE), Corporate Affairs Commission (CAC), Securities and Exchange Commission (SEC)and Monitoring by External Auditors.

Evidence as to whether and how reforms are remedying the traditional weaknesses of this sector is so far limited in Nigeria meanwhile advancement of the financial sector vis-à-vis market value should be the primary focus for the authorities (Zango, Kamardin&Ishaq, 2015). Reforms to improve the financial sector corporate governance and internal systems suggest that the prospects for the financial sector to perform profitably and prudently, while reducing volatility in its share value exist.

In a developing economy, such as Nigeria, financial sector development has been accompanied by structural and institutional changes because it has long been recognized to play a crucial role in economic development of an economy. According to Yahaya and Abdulrasheed (2011), the financial sector could be a catalyst for economic growth, however relative to the size of the economy and the financial needs, its can be said to be underdeveloped and still faces some challenges. Controls remain inadequate for example as far as the stock of non-performing loans which are majorly caused by related party issue is large (Kohbeck& Mayhew, 2010). Reforms to modernize and strengthen the financial sector have continued in recent years. Sanusi (2011) explained that the cleaning-up of the stock of non-performing loans due to related party issues is yet to be completed and considerable progress has been made in improving financial sector' corporate governance structures and related party issue.

2.3 Review of Empirical Literature

The following empirical literature were reviewed: Value relevance of earnings and book value per share, Value relevance of compliance with standards, empirical literature on related party disclosures IAS 24 was also reviewed.

2.3.1 Value Relevance of Earnings and Book Value per Share

The issue of change in value relevance of book value and earning over time has been examined by several researchers.Edirin (2016) appraised the effect which book values and earnings would have on equity values of quoted corporate entities in Nigeria. Secondary data was obtained from the published reports of 105 firms selected for this study. The study period was 10 years (2005–2014). Regression technique was employed to scrutinize the data sourced from sampled entities' annual accounts. This study aims to empirically establish with available statistics, the extent in which variations in equity values of quoted corporate entities in Nigeria could be accounted for by changes in book values and earnings. Results from the analysis revealed inter alia, that book value per share and earnings jointly had significant and positive effect on equity values of Nigerian quoted firms. But this study doesn't take into consideration the value relevance of compliance with accounting standard.

Musa (2015) investigates the valuerelevance of accounting information in the Nigerian listed conglomerate firms using data obtained from the Nigerian Stock Exchange (N S E) fact book 2011, annual report of the firms for the period 2007-2011, and daily price list on the Cash Craft website. The study is based on the Ohlson model and multiple regression is employed as a tool of analysis. The population of the study consists of eight firms that are listed on the Nigerian stock exchange under conglomerate sector of the economy and census sampling is used to study all the firms. The result reveals that all the explanatory variables statistically and significantly influence the explained variable. This implies that accounting information published by listed conglomerate firms in Nigeria has high value relevance to the investors in making their investment decision on the firms. Specifically, earnings have more value relevance than book value. On the other hand, this study was conducted on conglomerate sector and not financial sector.

Adaramola andOyerinde (2014) research paper examines the value relevance of accounting information of quoted companies in Nigeria using a trend analysis. Secondary data were sourced from the Nigerian Stock Exchange Fact Book; Annual Financial Reports of Sixty six (66) quoted companies consisting of financial and non-financial firms in Nigeria and the Nigerian Stock Market annual data. The Ordinary Least Square (OLS) regression method was employed in the analysis. The study reveals that accounting information on quoted companies in Nigeria is value relevant. However, the study reveals further that the value relevance of accounting information does not follow a particular trend within the period under study. While the value relevance was weak in the periods of political crisis caused by military dictatorship (1992-1998) and global economic crisis (2005-2009), it was high in the other periods. Their work doesn't look into how compliance with standard affects value relevance.

Research conducted by Manisha(2014) looked into value relevance of accounting information: an empirical study of selected Indian firms.The study analyses the combined, individual, and incremental value relevance of accounting information produced by firms listed on the stock exchange for FY-2006 to FY-2010, and changes therein over a period of time. Results provide sufficient evidence that accounting information is value relevant for listed firms. The combined value relevance of accounting information represented by earnings per share and book value per share has declined while there have been insignificant changes in the incremental value relevance of accounting information. But this study was conducted in India and not Nigeria; in addition compliance with standard was not captured.

Abiodun (2012) conducted a study on the value relevance of accounting information in corporate Nigeria using simple descriptive statistics coupled with the logarithmic regression models. The study covered the period between 1999 and 2009, and taking 40 companies from various sectors of the Nigerian economy as samples. The study revealed that earnings is more value relevant than book values and by extension that, the information contained in the income statements, which is proxied by the earnings, dictates the corporate values of firms in Nigeria more than the information contained in the balance sheet, proxied by the book values. Though the sample was taking from various sectors, but the total sample size is consider too small for all sector and generalization may be difficult also the data are dated back to 2009.

Rahman, (2012) examines the value relevance of earnings and book value of equity (individually and in aggregate), relative to price and return models, for Jordanian industrial companies for the period 1992 to 2002. The main findings of this paper are twofold. First, relative to price model, the value relevance of both earnings and book value (individually) have increased, whilst the value relevance of earnings increased and book value became irrelevant in their combination. Secondly, relative to return model, the value relevance of earnings either individually or in aggregate has increased while that of book value has declined. Overall, it is found that earnings are more important in explaining the variance in share price and return than book value. Furthermore, the results indicate that earnings and book value individually are more value relevant in price model. In contrast, these variables in aggregate are more value relevant in return model. The study shows that earnings help more in explaining market values in Jordanian industrial companies. This paper is the first in using price and return models in one study in Jordan. Still the study doesn't take compliance with standard into consideration.

Research conducted by Tsalavoutas , Andre and Evans (2012) on the transition to IFRS and the value relevance of financial statements in Greecefound that the implementation of IFRS has a positive impact between equity and market value in a Greece company.Research conducted by Clarkson, Hanna, Richardson and Thompson (2011) on the impact of IFRS adoption on the value relevance of book value and earnings showed that the application of IFRS improves the relevance book value shown through greater BVPS value. On the contrary, the research conducted by Chalmers et al (2011) found that the equity book value was not found increasing after the application of IFRS period, so does Hugh and Subramayam (2007) who discovered that there are not any increase of the relevance value of equity and income book value in the companies in German on the first year the company adopted IAS/IFRS

Another study byAbubakar(2011) onhuman resource accounting and the quality of financial reporting ofquoted service companies in Nigeria revealed that book value per share; basic earnings per share and change in earnings per share are significant in determining share price of some selected listed Nigerian banks. The result was obtained from an experiment conducted to determine the extent of value relevance of Salisu Human Resources valuation model (popularly known as Salisu HRV Model*).* The experiment showed that the overall significance of the accounting information is stronger when Human Resources value is included compared to where it is not included in the financial statements of the selected banks. Nevertheless, the study doesn't take into cognizance, compliance with standard.

Oyerinde (2011) conducts a research on the value relevance of accounting data in Nigeria between the periods of 2002-2007. The study found that accounting information is value relevant but the study use accounting information that is dated back to 10- 15 years ago.

Empirical literature shows that Perera and Thrikawala (2010) analyzed the published financial statements of commercial banks listed in the Colombo stock exchange in their research on an empirical study of the relevance of accounting information investor's decisions. Their result shows that the earnings per share and earnings yield have not declined in value relevance. They argue that investors react accordingly to the aggregate of accounting information which is published in the financial statement and without confidence in accounting numbers as whole investors will not take their investment decisions. However, their study was conducted as at 2010, not in Nigeria, only on banks and compliance with standard wasn't involved.

Bello (2010) examines the value relevance of accounting information to investors' decisions in Nigeria. The result indicates that book value is more informative to investors, but looking at the recent theoretical development in capital market research and theory in which intangible assets is playing a critical role, he concludes that accounting information is less relevant to investor. Nevertheless, compliance with standard was not taking into consideration in his conclusion.

On the other hand, Lev and Gu (2016) in their research on the end of accounting and the path forward for investors and Managers considers a larger set of accounting amounts assets, liabilities, earnings, sales, cost of sales and administrative expense and found a decrease in value relevance of accounting information.

Likewise Halonen, Parlovic and Pearson (2013) investigate value relevance of financial reporting in Sweden after the introduction of the International Financial Reporting Standard in 2005. They find that value relevance of earnings had decreased over the period. Also Balachandran and Mohanram (2011) find a decreasing trend in the combined value relevance of earnings in their research on - Is the decline in value relevance of accounting driven by increased conservatism?.

In addition, Abubakar (2010) conducted an empirical investigation using Ohlson model on the value relevance of accounting information of listed new economy firms in Nigeria. The study aimed at establishing the level at which accounting information of the firms such as book values and earnings per share influence the share price valuation. The study found that accounting information published by the firms in Nigeria has no significant value relevance to the users of the information. However, the firms considered in this study are new economy firms known as Telecommunication, Media and Technology (TMT) firms whose assets are largely intangible and are not included in the financial statements.

Of all these research, value relevance of earning and book value has not been determined jointly with compliance with related party disclosure.

2.3.2 Value Relevance of Compliance with Standards

Studies on value relevance on voluntary IFRS adoption have been conducted by Tanko (2012) for banks and Abubakar andAbubaker (2015) for high tech companies. Butthese were not base on the period of compulsory adoption of IFRS.

The majority of value relevance literature conducted in Nigeria at pre-adoption and post-adoption of IFRS were based on book value and earnings, dividends, and cash flows (Mulenga, 2015; Omokhudu&Ibadin, 2015; Tanko, 2012; Umoren&Enang, 2015) and on assets, liabilities, and non-performing loans (Mohammed & Lode 2015b). All these studies findings reported value relevance of accounting information. Among these studies, only Mohammed and Lode(2015b), in their study, used control variables such as size and leverage. Nevertheless, compliance with related party disclosure was not included.

Mohammed and Lode (2016) determined the value relevance of assets and liabilities after the adoption of IFRS among listed Nigerian firms. Ohlson Model (1995) of stock price regressions tested the relationship between assets and liabilities with the stock price, which has been widely adopted by accounting researchers. A sample of 126 firms listed in Nigeria stock market wsa used for the study. Data was collected from Thomson Reuters and Bank Scope Data Streams for non-financial and financial firms, respectively. The findings provide empirical evidence, established on unique Nigerian environment, statistical significance difference on the value relevance of assets, and liabilities prepared and disclosed under IFRS. Robustness test, as well as yearly trend analysis, produces collaborating evidence. The study's finding presents a statistical significance value relevance increase based on the unique Nigerian adoption of IFRS as an emerging market. The variables used here are assets and liability disclosed.

Rida, Bambang, Erwin and Bambang (2016) studied the value relevance of accounting information in a period of convergence of IFRS (2008-2014). Theoretically, this study describes the value relevance theory, signal theory, and the theory of regulation on IFRS convergence phenomenon. The study population is the entire manufacturing and financial services that go public who reported financial statements for seven consecutive years on the Indonesia Stock Exchange starting from 2008 until 2014.The results showed that the value relevance of information earnings, book value, and cash flow in the period 2008-2014 IFRS convergence. Individually value relevance of earnings and book value information in the implementation phase of IFRS has a value relevance is higher than the early adoption phase of IFRS, but the value relevance of cash flow information in the implementation phase of IFRS has a value relevance is lower than the early adoption phase of IFRS. Nevertheless, this study was based on Indonesia stock exchange in Asia continent with different economy strategy from Nigeria; also compliance with related party disclosure wasn't highlighted.

Souza and Borba (2016) examined the value relevance of the level of disclosure on business combinations and goodwill recognized by publicly traded Brazilian companies. The research sample is composed of publicly traded Brazilian companies that carried out any type of business combination, as the acquiring entity, between 2010 and 2013, yielding a total sample of 202 observations.A metric was created to examine certain disclosure items in order to render a greater level of detail. Data collection was carried out using the footnotes to the annual consolidated standardized financial statements available from the Sao Paulo Stock Exchange website. The results revealed that disclosure levels for business combinations are positively and significantly associated with the stock price of the companies analyzed. As to the recognition of goodwill during business combinations, despite the fact that it represents a significant share of the value of the transactions, no statistical significance explaining stock price behavior was found. however, it was noted that the average level of disclosure identified in the explanatory notes in the sample was very low. In addition, the research was carried out on disclosure of business combinations and goodwill recognized by publicly traded Brazilian companies and not related party disclosure.

Bagudo (2017) examined the value relevance of high and low compliance with IFRS disclosures,using high and low compliance as independent variables. The study provides evidence that high compliance with IFRS disclosures improves the information content of accounting numbers. But his study only covers a year which is 2012 when the introduction of IFRS disclosure was very young in Nigeria.

Tsalavoutas and Dionysiou (2014) in their research on Value relevance of IFRS mandatory disclosure requirements, analyzed the value relevance of levels of compliance with the IFRS rule and whether there was any difference between companies with high and low levels of compliance in relation to the disclosure requirements of the rule. The study was carried out in Greece, and consisted of a sample of 150 companies. It was found that compliance with the disclosure requirements is positively and significantly related with stock prices, concluding that information of a mandatory nature is relevant for investors in that they tend to value more transparent companies. This study was carried out in Greece and not in African continent with different economy threat; also the study was not specific on financial sector of the economy.

Karğın (2013) study investigates the value relevance of accounting information in pre- and post-financial periods of International Financial Reporting Standards' (IFRS) application for Turkish listed firms from 1998 to 2011. Market value is related to book value and earnings per share by using the Ohlson model (1995). Overall book value is value relevant in determining market value of stock prices. The results show that value relevance of accounting information has improved in the post-IFRS period (2005-2011) considering book values while improvements have not been observed in value relevance of earnings. This study was conducted in turkey and not in Nigeria; also, compliance with disclosure was not examined.

Agyei-mensah (2012) investigated the impact of adopting International accounting standards 1 (IAS 1) in Ghana: The extent of disclosures, and their relationship to corporate characteristics.The result shows the extent of compliance with IAS 1 across 35 companies listed on the Ghana Stock Exchange. Additionally, the study examined how corporate characteristics affect the extent of compliance using unweighted disclosure index and regression analysis. The overall result shows that the level of compliance is 60.9% and is significantly associated with liquidity. Other corporate characteristics, including size, profitability, leverage and auditor size are not significantly associated with compliance. This study on compliance did not examine the value relevance of compliance.

Bova and Pereira (2012) in their research the determinants and consequences of heterogeneous IFRS compliance levels following mandatory IFRS adoption: Evidence from a developing country examined factors that affect IFRS compliance and evaluated their contribution to the cross-sectional variation in IFRS compliance across 7843 companies on the Nairobi Stock Exchange for the 2005-2007 periods. The factors include foreign ownership, leverage, competitors, growth, size and profitability. They analysed their result using regression and find that only foreign ownership and leverage are positively and significantly associated with IFRS compliance by public firms in Kenya. This study used variables different from earning and book value. But value relevance of compliance was not examined.

Alfaraih and Alanezi (2011) investigated the usefulness of earnings and book value for equity valuation to Kuwait Stock exchange participants. They analyzed whether mandatory disclosure levels affect the value relevance of accounting information from the view of investors, in companies listed on the Kuwait Stock Exchange in 2007. They verified that earnings per share are strongly significant for investors in Kuwait, at a 1% level of significance; and yet, the level of mandatory disclosure variable did not present statistical relevance. The researchers interpreted this result as being due to the inability of many investors to price, in their share price evaluations, better levels of voluntary disclosure. Nonetheless, this research was conducted in Kuwait and dated back to 2007 data. Also value relevance of earning and book value for high and low disclosure was not taking into consideration.

It is relatable to note other studies that have been conducted on compliance with accounting standard in banks. For instance;

A study by Bagudo, Abdul Manaf, and Ishak (2016), Proactive monitoring and compliance with international financial reporting standard in Nigeria finds compliance with the disclosure requirement of ten standards (IFRS 1; IFRS 2, IFRS 3; IFRS 4; IFRS 5; IFRS 7; IFRS 8; IAS 19; IAS 24; and IAS 36) across 154 listed companies in the NSE as at 31st December, 2012 to be 61% but this study doesn't look into the value relevance of those compliance.

Zango et al (2015) in their research mandatory international financial reporting standards 7 (IFRS 7) disclosure by listed banks in Nigeria examined the extent of compliance with mandatory disclosure of IFRS 7 across 14 listed banks in Nigeria for the year 2012 and 2013. The study concludes that compliance is above average for the two periods. This research only covers IFRS 7 and was not on value relevance.

After mandatory adoption of IFRS in Nigeria, Olugbenga, Olusola, Adeoluwa, and Oluwagbemiga (2014) investigated the level of compliance with IAS 36 across 11 banks in Nigeria for the year 2012 using descriptive statistics in their research on financial reporting and compliance with impairement of non-current assets in the Nigerian banks. The study finds an increase in the number of banks that disclose impairment losses. The study is only based on IAS 36 and majorly on banks and not all financial service firms also, value relevance of this compliance was not investigated.

Yahaya and Abdulrasheed (2011) conducted research on compliance with statement of accounting standards and performance of Nigerian banks. They investigated compliance with the requirement of 16 Nigerian accounting standards and the effect of the compliance on the performance of Nigerian banks within the period of 2005 and 2009. Using a questionnaire to assess the level of compliance with SAS; and ANOVA to determine if differences exist in the level of compliance, the study finds that some banks achieve high compliance with the Nigerian SAS, while others achieve low compliance; the level of compliance varies across standards and is related to their performance. Moreover, the study was on performance and not value relevance.

In another study similar to Yahaya and Abdulrasheed (2011), Yahaya, Abdulrasheed, Salman, and Murhtar (2012) find a similar result with Yahaya and Abdulrasheed (2011) in their study on relationship between level of compliance with statement of accounting standards and performance of Nigerian banks. However, their study was on how compliance with standard affects bank performance and not its effect on share price as used in value relevance study.

Also, it was observed that several studies on the value relevance of accounting information has not specifically use high or low compliance with related party disclosure; IAS 24 as a variable in Nigeria financial service sector using recent data up to 2017.

2.3.3 Empirical Literature on Related Party Disclosures

A number of studies in the context of Asia Pacific countries specifically investigated the determinants of related party disclosures in single country settings, for example, (Arshad et al. (2009); Lo and Wong (2011) and Utama and Utama (2012).

Utama and Utama (2012) examine the influence of corporate governance characteristics and ownership concentration on the related party disclosure of Indonesian listed companies in their research on determinants of disclosure level of related party transactions in Indonesia.The results show that related party disclosure is positively associated with the corporate governance index and the size of related party transactions. It is pertinent to note that, value relevance of related party disclosure was not examined.

Wahab, Haron, Lok,andYahya (2011) in their research on does corporate governance matter? evidence from related party transactions in Malaysia investigate the relationship between related party transactions, internal and external corporate governance, and firm performance. They also find a negative association between related party transactions and firm performance. However, the study didn't look into the value relevance of related party disclosure.

Arshad et al. (2009) made research on Institutional pressure, corporate governance structure and related party disclosure: evidence from enhanced disclosure regimes. Theyinvestigated the effects of IFRS adopted standard, board members with accounting professional affiliations, board interlocks, family members, government ownership and independent nonexecutive directors on the extent of related party disclosure in two disclosure regimes and find a significant increase in disclosure of related party information following the adoption of IAS 24 in Malaysia, Suggesting that better regulation affects corporate disclosures of related party information. Conversely, the research didn't evaluate the value relevance of related party disclosure.

Also, Chen, Chen and Chen (2009),in their research on theimpact of related-party transactions on the operational performance of listed companies in China. They investigate the influence of comprehensive types of related party transactions on the operational performance of listed companies in Shanghai and Shenzhen Stock Exchange. They find negative relationships.

Also in a Malaysian study, Munir and Gul (2010) conducted research on related party transactions, family firms and firm performance: Some Malaysian evidence. They investigate 462 annual reports to find any relationship between related party transactions and firm-performance, particularly whether related party transactions in family firms are used as a mechanism to expropriate minority shareholders. Their results indicate that related party transactionsare negatively associated with firm performance. This study was based on firm performance and not on stakeholder's reaction to share price.

Also some findings show that greater amounts of related party transactions are associated with poor performance, consistent with the findings of Gordon, Henry and Palia (2004) that, on average, related party transactions do not serve shareholders' interests. evidence by Cheung, Jing, Lu, Rau and Stouraitis (2009) based on Hong Kong firms indicates that firms not disclosing certain related party transactions associated with value losses, the ones that disclose greater information about the transactions are associated with positive excess returns. Meanwhile some studies suggest that certain related party transactions are negatively associated with stock returns (Kohlbeck& Mayhew, 2010), and financial performance (Munir& Gul, 2010). Nevertheless, value relevance of related party disclosure wasn't examined.

2.4 Theoretical Framework

For this research, three theories were considered relevant for value relevance of compliance with IAS 24; related party disclosures. The theories areefficient market theory,signalingtheory and the positive accounting theory.The theories are explained below with justification for their adoption.

2.4.1 Efficient Market Theory

A market theory that evolved from a 1960's Ph.D. dissertation by Eugene Fama, the efficient market hypothesis states that at any given time and in a liquid market, security prices fully reflect all available information.It posits that investors should know all relevant information concerning a company and act on it. The theory explained the change in stock prices due to the accounting information available in the market (Fama,1965). In other word, it considers stock price movement as a function of information available in the market. Market efficiency depends on information available in the market and how the information is been absorbed by the market participants (Fama& French, 2008). For a market to be efficient, Information must be quickly disseminated to participants, its most be in public domain and readily available. Obviously, there is some information that companies wish to keep private such as related party transactions and relationships due to its purported harmful effect, even if doing so is illegal and much more relevant. A company financial statement should provide bulk of the information necessary to perform a thorough analysis. Companies are to submit their annual report three months from the last day of their financial year, and institutional framework are put in place through regulatory bodies to check on them

Accounting information after the release of financial statements is expected to be processed and absorbed by the market and should be reflected in the stock prices. This study employs the value relevance models to see whether stock prices reflect the historical accounting informationtogether with compliance with related party disclosure (IAS 24) released by listed financial service companies in Nigeria.

2.4.2 The Signaling Theory

Information published as astatementwill give a signal to investors in making investment decisions. If the announcement contains a positive or negative accounting measure, it is expected that the market will react. According to Spence (1973) Signaling theory took root in the idea of asymmetric of information. It is fundamentally concerned with reducing information asymmetry between two parties. Spence (1973) explained further that companies can get around the problem of asymmetric of information by sending a signal that would reveal some pieces of relevant information to the investor. Zhang and Wiersema (2009) are of the opinion that companies signal their unobservable quality to potential investor through the observable quality of their financial statements e.g. by ensuring full compliance with related party disclosure. Investors can subsequently construe the signal and make decision consequently, usually by offering a higher price than when the signal has not been received.

In Finance, investors focus on the achievement of the management and try to interpret what information is being disclosed by that achievement (Spence, 2002). Investors are looking for signs of strength, weakness, opportunity or threat. Company has the opportunity to signal or not it's true quality to investors. Compliance with standard gives a clear signal about a company. A high compliant company and a low compliant company know their true quality, but investor do not know, hence information asymmetry is present. By complying with standard such as IAS 24; related party disclosure, high compliant company gives a signal which represents a viable strategy that gives the investor the opportunity to distinguish between companies. If the announcement of such information is a good signal or bad signal for investors, then there will be a change in the volume of stock trading which will have effect on the market price per share.

2.4.3 Positive Accounting Theory

Positive accounting theory is developed by Watts and Zimmerman and is based on work undertaken in economics and is heavily dependent on the efficient market hypothesis, the capital assets pricing model, and agency theory. The authors seek to appreciate and explain the concept of economic consequences of the interests of managers and financial accounting reporting. In other words, their major aim is to explain and predict why managers and accountants choose particular accounting methods in preference to others. Furthermore, they assert that the term positive refers to the theory that attempts to explain and make good predictions of particular phenomena.

Managers, in some cases have been known to make decisions that favour their own self interest, while they are also aware that the efficient market will reward unexpected good news, punish unexpected bad news and be neutral toward any news (good or bad) that was expected. Managers will therefore adopt accounting practices that will lead to reward from the market and avoid accounting practice that will lead to punishment from the market. Even though the accounting standards have stated what preparer of accounting report are to do,managers have a lot of freedom for professional judgment (Watt & Zimmerman, 1978). Accounting standard also represent a floor for declaration in the financial reports, not a ceiling,which means that the accounting standard set a minimum for what information must be declared. Beyond that, managers are free to make whatever disclosures they deem fit.

So positive accounting theory tells us that managers will select accounting practices and disclose information on the basis of what it means for them. If disclosing information will not be favourable to the company, managers tend to hold on to it or give little or low information to avoid the consequence on company's value. Compliance with related party disclosure is an area many preparer of financial statement are always skeptical of because of the opportunistic value enhancing or reducing attached to it hence there is tendency for non compliance, high or low compliance with the standard. This theory is used to underpin this research workon value relevance of compliance with related party disclosure; IAS 24 because it explained management choice of information to be disclosed in related party issues with regards to the fact that efficient market will compensate good or bad information which will affects the firm's value.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter present the methodology used in the study. This comprise of research design, the population and sample of the study, the sources and method of data collection, the techniques for data analysis and model specification, the variables of the study and their measurement.

3.2 Research Design

The study makes use of a positivist approach that entails problem identification, hypothesis development, literature review and application of scientific methods to come up with the results. In line with the positivist approach, a quantitative approach was used to test the hypotheses. Correlation research designwas used because the method is consistent with thevalue relevance of accounting information studies (Abubaker&Abubaker 2015). The correlation design was used to analysed the relationship between the explanatory variables and the explained variable. This was adopted to examine how accounting numbers; book value and earnings together with high and low compliance with the disclosure requirements of IAS 24 affected share prices of listed financial services companies in Nigeria.

3.3 Population and Sample Size of Study

The population of the study is all the financial service Companies listed on the Nigerian Stock Exchange (NSE) from 2012 to 2017 which were 57 in number (see appendix I). However, judgmental sampling was done by filtering companies that do not have complete data for the 6 years period for this study.These are companies that do not have their complete annual reports not only financial statements because to get data on compliance with related party disclosure, a complete annual report is necessary.16 financial services companies were droppedand the final sample used in this study was 41 Companies (see appendix II).

3.4 Sources and Method of Data Collection

The data on the independent variables of the study was sourced from the annual reports of the companies while data on the dependent variable; share pricewas collected from the stock price listwebsite of a stock broker firm by name Cash Craft Asset Management. The period under study is 6 years, from 2012 to 2017.

3.5 Technique of Data Analysis

Pooled ordinary least square (OLS) multiple regressionsanalysewas employed to analyse the data using STATA statistical package. Other supportive analyses carried out like descriptive statistics provide information on mean, standard deviation, minimum, maximum, skewness and kurtosis values in the set of data analysed. Also, the correlation matrix result was produced in order to understand the interrelationship between variables. The Breusch-Pagan/Cook-Weisberg tests for heteroskedasticity and multi-collinearity test for auto correlation wascarried out to ensure the fitness of the model.

3.5.1 Model Specification

Inascertaining the value relevance of accounting numbers, price model by Ohlson (1995) is used. Prior literatures have used the model extensively (Ismail, Karmarudin, Zijl& Dunstan 2013; Jarva & Lantto, 2012; Tsalavoutas, Andre & Evans, 2012). The model is given as:

$$MPPS_{it}=a_0+ b_1EPS_{it}+ b_2BVPS_{it} +\varepsilon_{it}\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..(1)$$

Where:$MPPS_{it}$ is market price per share for companyi at time t (four month after the financial year end under consideration to ensure that accounting information is in public domain for user.

EPS_{it} is the earnings per share for companyi at the end of financial year under consideration t.

$BVPS_{it}$ is the book value per share for companyi at the end of financial year under consideration t.

To determine the value relevance of the levels of compliance with IAS 24 disclosures, compliance index was introduced and model 1 was expanded. Thus

$$MPPS_{it}=a_0+ b_1EPS_{it}+ b_2BVPS_{it}+b_3COMPL_{it} +\varepsilon_{it} \qquad (2)$$

$$MPPS_{it}=a_0+ b_1EPS_{it}+ b_2BVPS_{it}+b_3HCOMPL_{it} +\varepsilon_{it} \qquad (3)$$

$$MPPS_{it}=a_0+ b_1EPS_{it}+ b_2BVPS_{it}+b_3LCOMPL_{it} +\varepsilon_{it} \qquad (4)$$

Where:$COMPL_{it}$in model (2), $HCOMPL_{it}$in model (3) and $LCOMPL_{it}$ in model (4)are the extensive compliance before separating the compliance into high and low level, high level of compliance and low level of compliance with the disclosures of IAS 24 for company i at time t respectively. All other variables are as defined in model(1).

3.6 Variables Measurement

Table 3.1 Variables Measurement

S/No	Variables	Measurement	Source
1	Market price per share (MPPS)	This is market capitalization divided by ordinary shares.	Souza and Borba (2016)
2	Book value per share (BVPS)	Book value per share is calculated by subtracting total liability from total assets which give the shareholders fund divided by the weighted average number of ordinary share in issue.	Tsalavoutas et al (2012); Bova and Pereira (2012)
3	Earnings per share (EPS)	Net profit after tax divided by the weighted average number of ordinary share in issue.	Tsalavoutas et al (2012); Bova and Pereira (2012)
4	Compliance with IAS 24 (COMPL)	This is the number of related party disclosure items that was disclosed by a company divided by the applicable disclosures required by IAS24 for that company. ThisCOMPL was alsoseparatedinto highlevel of compliance (HCOMPL) and low (LCOMPL) level of compliance.	Tsalavoutas and Dionysiou (2014); and Bagudo (2017)

For the dependent variablemarket price per share; this is market capitalization divided by ordinary shares. Some studies on value relevance used the share price three to four months after the closing date of the financial period. Examples include the studies from Hassan and Mohd-Saleh (2010);Vafaei, Taylor, and Ahmed (2011) and Souza and Borba (2016). This is done to avoid look-ahead bias problem recognized by Banz and Breen (1986). Look-ahead is a biascaused by using data which are not yet available but assumed to be available.Actually, accounting information will come to investor’s hand when they receive the annualreport of the company and not at the last date of financial year.The authors who decide on the method involving share price three to four months after the closing date of the financial period are of the view that their intention was to test share prices that reflected the information contained in already circulated published annual financial statements. In view of this, this study usedthe share price four months after the close of the financial period as a proxy for the dependent variable.

Earnings per share (EPS) were obtained from the income available for the regular stakeholders divided by the number of ordinary share in issue.

Book value per share describes the amount of stakeholder equity attributable to owners of the firm divided by the number of ordinary share in issue. Book value was calculated by subtracting total liability from total assets which give the shareholders fund. This is otherwise referred to as the net asset of a firm and is used to evaluate the total equity of a firm.

A disclosure index was developed to examine compliance with IAS 24. A checklist was used for the disclosure index based on the disclosure requirement of IAS 24 as issued by the International Accounting Standard Board (see appendix III). The index was measured as the ratio of IAS 24 disclosure complied with to the IAS 24 total applicable disclosures to a particular firm. The checklist for the study contains a total of 26 disclosure items. If an item was disclosed it is recorded 1, if it was not disclosed it is recorded 0. If it is not applicable to a firm, it is coded NA and was dropped from the scoring system. This is in line with Tsalavoutas and Dionysiou (2014). The limitation of the index is that there is subjectivity in determining the compliance scores because the researcher has to exercise judgment on non-compliance as to whether it is deliberately not complied with or it is not applicable in a particular circumstance. To ensure accuracy and overcome the limitation of the scoring in terms of applicable and not applicable disclosures, a careful review of the complete annual report was undertaken before the scoring to determine non-applicable (NA) disclosures to each firm. This is in line with the suggestion of Tsalavoutas and Dionysiou (2014).

The value relevance of compliance with related party disclosures; IAS 24 was determined by comparing the adjusted R-square of model (1) and (2). In establishing relative value relevance between high-compliance and low-compliance, the adjusted R-squared of the models (3) and (4) were compared. Also to determine the significance difference in value relevance of earning per share and book value per share between high and low compliance, their coefficient in model (3) and (4) were assessed. This is in line with Tsalavoutas and Dionysiou (2014).

To examine compliance with IAS 24, the firm's score for the disclosure index was the ratio of the items disclosed to the applicable disclosure to that firm. This is given by

Disclosure Index = Number of items disclosed in the explanatory notes

(Total number of items in the checklist – Items that are not applicable)

The index is represented as

$$COMPL = \frac{T = \sum_{i-1}^{n} di}{M = \sum_{i-1}^{m} dm}$$

Where*COMPL*= measures the extent of compliance with IAS 24 disclosures requirement, *T* is the total number of items disclosed by firm i, *M* is the total number of required disclosures by a firmand di are the item disclosed and dm is applicable disclosures.

To determine the levels of compliance with IAS 24; the compliance (COMPL) scores were segregated into two levels; high level of compliance (HCOMPL) with disclosures of IAS 24 and low level of compliance (LCOMPL) with disclosures of IAS 24. In order to establish high and low level of compliance, the study used median level of compliance. Any company whose level of compliance is equal to or greater than the median level, the company attains high-level compliance with IAS 24 disclosures while any company whose level of compliance is below the median gets low-level compliance. The criteria used in determining high-level compliance and low-level compliance is in line with Tsalavoutas and Dionysiou (2014); andBagudo (2017).The price model which is the Ohlson (1995) valuation model was used; it states that the firm value is a linear function of book values of owners’ equity and earnings.

CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, results from the various tests conducted for the sampled firms from 2012-2017 were presented, analyzed and interpreted. The overall aim is to examine whether compliance with related party disclosures; IAS 24 is value relevance in listed financial service companies in Nigeria. The chapter contains analysis of descriptive statistics, correlation matrix, robustness test, regression results, test of hypotheses, discussion of findings and policy implications.

4.2 Descriptive Statistics

The descriptive statistics below shows the nature of the data used. It contains information about the mean,standard deviation, maximum, minimum, skewness and kurtosis for each of the independent variables and the dependent variable.

Table 4.1: Descriptive statistics of overall compliance with IAS 24

Variables	N	Mean	SD	Min	Max	Skewness	Kurtosis
MPPS	246	3.448	5.861	0.5	29	0.000	0.000
EPS	246	0.563	1.132	-2.99	6.03	0.000	0.000
BVPS	246	4.176	6.089	-20.7	27.0	0.000	0.000
COMPL	246	0.642	0.749	0.45	0.85	0.709	0.339

SOURCE: STATA

Table 4.2: Descriptive statistics of high and low compliance with IAS 24

	HCOMPL with IAS 24			**LCOMPL with IAS 24**		
Variables	N	Mean	SD	N	Mean	SD
MPPS	131	3.700	6.468	115	3.159	5.097
EPS	131	0.546	1.236	115	0.583	1.004
BVPS	131	4.017	5.639	115	4.357	6.584
COMPL	131	0.694	0.051	115	0.583	0.049

SOURCE: STATA

Table 4.1 provides descriptive statistics for the accounting numbers; BVPS, EPS and COMPL with IAS 24 disclosures for 2012 to 2017 before separating to high and low disclosure. The statistics show an average MPPS, BVPS, EPS andCOMPL of N3.45k, N4.17k, N0.56k and 0.64 respectively for the total sample.

However, if comparison is made between those firms with high compliance and those with low compliance in table 4.2 the mean values of MPPS and HCOMPL of N3.70k and 0.69 respectively for high compliance with IAS24; is greater than the mean value of those firms with LCOMPL of N3.16K and 0.58 respectively. However, mean values of EPS and BVPS of N0.58k and N4.36K respectively for low compliance with IAS24; is greater than the mean value of those firms with high compliance of N0.55K and N4.02K respectively.

From table 4.1 above, the minimum and maximum values of MPPS are N0.5K and N29 respectively. This means that from the sampled firms, the firm with the lowest price for its shares traded its shares for as low as 50k for one unit of share on the stock market. However, the firm with the highest price had valued its share for N29 for a unit of its shares on the stock market.

The minimum and maximum values of BVPS are -N20.72 and N27.01. This implies that from the sampled firms, the firm with the lowest book value per share was -N20.72 while the firm with the highest BVPS was N27.01.

EPS has the minimum and maximum values of N-2.99 and N6.03. This means that the lowest earnings per share of the sampled firms is -N2.99K, and the firm with the highest earnings per share was N6.03K. The EPS of N6.03k means that the firm with N6.03k EPS was capable to return to its shareholders N6.03k for each unit of its stock acquired. However, the minimum value of -N2.99k means the firm recorded a loss which will make it incapacitated to make return to shareholders.

From Table 4.1, the extensive compliance (COMPL) with IAS 24 has minimum and maximum values of 0.45 and 0.85 respectively. This indicates that from the sampled firms, the firm with the lowest level of compliance only ensured 0.45 level of compliance with IAS 24. However, the firm with the highest level of compliance had complied with IAS 24 by 0.85. The data is normally distributed.

4.3 Correlation Matrix of Dependent and Independent Variables

The correlation matrix shows the relationship between each two pairs of variable in the model. The correlation matrix is a preliminary testto check for possibility ofmulticollinearity. However, in this study, further test of multicollinearity was conducted using the variance inflation factor (VIF) and Tolerance Value (TV).

Table 4.3CorrelationResult of overall Compliancewith IAS 24

Variables	Compliance (COMPL) with IAS 24			
	MPPS	**EPS**	**BVPS**	**COMPL**
MPPS	1.00			
EPS	0.792*	1.00		
BVPS	0.725*	0.776*	1.00	
COMPL	0.159*	0.118*	0.057	1.00

SOURCE: STATA

Table 4.4 CorrelationResult ofHigh and Low Compliance with IAS 24

Variables	High Compliance (HCOMPL) with IAS 24				Low Compliance (LCOMPL) with IAS 24			
	MPPS	**EPS**	**BVPS**	**HCOMPL**	**MPPS**	**EPS**	**BVPS**	**LCOMPL**
MPPS	1.000				1.00			
EPS	0.805*	1.000			0.772*	1.000		
BVPS	0.706*	0.737*	1.000		0.786*	0.852	1.000	
COMPL	0.186*	0.214*	0.072	1.000	0.191*	0.168*	0.161*	1.000

SOURCE: STATA

The result of the correlation matrix in Table 4.3 shows that the extensive compliance relationship between the dependent variable and the independent variables are positive and statistically significant at 10%. However, if comparison is made between high compliance with IAS 24 and low compliance with IAS 24 in table 4.4, compliance with IAS 24 is positively associated with MPPS for all the groups and statistically significant at 10% for both high compliance and low compliance. The result in Table 4.4 indicate that the accounting numbers BVPS is more correlated to share prices for low compliance if compared with high compliance with IAS 24 in the same table However, EPS is more correlated to share prices for high compliance if compared with low compliance with IAS24.

Additionally, the result in Table 4.4 for low compliance shows likely present of multicollinearity among the variables as there is a relationship between the independent variables that reach the threshold of 0.8 as suggested by Hair, Black,Babin, and Anderson (2010). However, to determine the existence of multicollinearity, the variance inflation factor (VIF) and Tolerance Value (TV) test was conducted.

4.4 Robustness Tests

The following robustness tests are carried out to find out whether data used for analysis are reliable

4.4.1 Test for Multicollinearity.

Non existenceof multicollinearity is a key assumption of linear regression analysis. Multicollinearity occurs when the independent variables are not independent from each other.Multicollinearity is examined using tolerance and variance inflation factor (VIF) values. The result of the multicollinearity test is showed in the table below:

Table 4.5 Tolerance and VIF values

VARIABLES	VIF	1/VIF
EPS	3.65	0.274045
BVPS	3.64	0.274631
LCOMPL	1.03	0.970635
Mean VIF	2.77	

Source: STATA

Based on the evidence presented in Table 4.5, it can be concluded that there is no multicollinearity problem. This is because the VIF values for all the variables are less than 10 (Gujarati 2004) and the tolerance values for all the variables are greater than 0.10.

4.4.2 Heteroskedasticity Test

Heteroskedasticity arises when the error terms across the regression are not equal. Heteroskedasticity was tested using Breusch Pagan’s test. Based on the results, it can be concluded that there is problem of heteroskedasticity as the chi square is 163.56 for low compliance model, which is significant, implying there is presence of heteroskedasticity. Hence, robust test was conducted and the result shows the data used for the analysis is reliable (see stata result in appendix IV).

4.5 Regression Result

The results of Ordinary Least Square (OLS) regression is presented in table 4.5 below.

Table 4.6: Regression Result

Model 1: $MPPS_{it}=a_0 + b_1EPS_{it} + b_2BVPS_{it} + \varepsilon_{it}$

Model 2: $MPPS_{it}=a_0 + b_1EPS_{it} + b_2BVPS_{it} + b_3COMPL_{it} + \varepsilon_{it}$

Model 3: $MPPS_{it}=a_0 + b_1EPS_{it} + b_2BVPS_{it} + b_3HCOMPL_{it} + \varepsilon_{it}$

Model 4: $MPPS_{it}=a_0 + b_1EPS_{it} + b_2BVPS_{it} + b_3LCOMPL_{it} + \varepsilon_{it}$

	MODEL 1	**MODEL2 COMPL**	**MODEL 3 HCOMPL**	**MODEL 4 LCOMPL**
INTERCEPT	0.650(2.44)	-3.205(-1.95)	-2.490(-0.54)	-2.724(-0.81)
$BVPS_{it}$	0.268(4.67)***	0.274(2.47)**	0.288(3.34)***	0.359(4.39)***
EPS_{it}	2.982(9.66)***	2.909(4.87)***	3.202(7.97)***	1.869(3.48)***
$COMPL_{it}$		6.026(2.32)**		
N	246	246	131	115
F- STATISTICS	233.17	46.51	88.86	71.54
R-SQUARE	0.657	0.663	0.677	0.659
ADJUSTED R- SQUARE	0.655	0.659	0.669	0.649

Source; Stata

The regression result in table 4.6 shows the first result (Model 1) which is the conventional result of value relevance of accounting information without including compliance with IAS 24 as contained in theOhlson (1995) model. The other results (Model 2, 3 and 4) are for value relevance of accounting information together with compliance with IAS 24 scores for extensive compliance, high and low compliances respectively, as suggested by Ohlson (1995). The result shows that the BVPS and EPS have valuable information to explain MPPS in both the model 1 and model 2. The coefficients of BVPS and EPS of 0.268 and 2.982 respectively in model 1 are statistically significant at 1%.

The significant p-valuesindicate that both accounting numbers contain valuable information that explains MPPS in model 1. The adjusted R-squared in model 1 is 0.6546, indicating that BVPS and EPS jointly explained 65.46% variation inmarket price per share price (MPPS) of listed financial services company in Nigeria before compliance with IAS24.

Likewise, the coefficient of BVPS and EPS of 0.274 and 2.909, respectively in model 2 are statistically significant at 5% and 1% respectively. The coefficient of compliance in model 2 is also statistically significant at 5%. The significant p-values also indicate that EBVPS, EPS and compliance contain valuable relevant information to explain MPPS in model 2. Also the adjusted R-squared in model 2 is 0.6591, indicating that the BVPS, EPS and COMPL jointly explained 65.91% of the variation in MPPS of listed financial services companies in Nigeria. This indicates that compliance with IAS 24 disclosures is value relevant as the coefficient of COMPL is positive and statistically significant and the adjusted R-squared increases after the addition of compliance scores.

Similarly, if a comparison is made between the adjusted R-squared of high compliance (HCOMPL)with IAS 24 disclosures (0.6697) with that of low compliance (LCOMPL) with the disclosures (0.6499), those with high compliance achieves high value relevance than those with low compliance. This is in line with our expectation.

4.6 Summary of Hypotheses Testing

$H0_1$: There is no value relevance in compliance with related party disclosure in listed financial service companies in Nigeria. The result from the above Table 4.5 shows that BVPS, EPS and COMPL in model 2all have positive coefficients. Moreover, their p-values are significant at 5%, 1% and 5% respectively.This implies that there is value relevance in compliance with related party disclosure in listed financial services company in Nigeria. The results of model 2 with compliance show that the independent variables have adjusted R-squared of 65.91% while model 1 without compliance has an adjusted R-squared of 65.46%. Adjusted R-square increased only if the new term improves the model more than would be expected by chance.Hence the adjusted R square has increased after adding compliance with related party disclosure in model 2. Therefore, we reject the earlier stated hypothesis that there is no value relevance in compliance with related party disclosure in listed financial services companies in Nigeria.

$H0_2$: There is no significant difference in value relevance of compliance with related party disclosure between high and low compliancewith the standard in listed financial services companies in Nigeria. The result shows that high compliance model (HCOMPL) has an adjusted R-squared of 0.6697 with positive and statistically significant p value, while the low compliance model (LCOMPL) has an adjusted R-square of 0.6499 also with positive and statistically significant p value. This implies that there is increase in value relevance when compliance was high than when it was low. This shows that there is difference in value relevance of compliance with related party disclosures between high and low compliance with the standard in listed financial service companies in Nigeria. This is in line Tsalavoutas and Dionysiou 2014therefore; we reject the earlier stated hypothesis.

$H0_3$: There is no significant difference in value relevance of earnings per share between high compliance and low compliance with related party disclosures in listed financial services companies in Nigeria. The regression results show that EPS inhigh compliance model has a coefficient of 3.202, while the coefficient of EPS in low compliance model is 1.869. This means that an increase in EPS by N1 when compliance with related party disclosure is high will lead to an increase in market price per share of listed financial services firm in Nigeria by N3.202K. However when compliance is low, an increase in EPS by N1 will also increase the market price per share of listed financial service firms by N1.869K. From this, it can be concluded that there is a significant difference in value relevance of earnings per share between high compliance and low compliance with the standard. Therefore, we reject the null hypothesis.

$H0_4$: There is no significant difference in value relevance ofbook value per share between high compliance and low compliance with related party disclosures in listed financial services companies Nigeria. From the result, it can be seen that the coefficients of BVPS in high and low compliance model are 0.288 and 0.359 respectively. This implies that the coefficient of book value per share for low compliance is higher than that of high compliance. This is in contrary to expectation as it’s expected that high compliance would have a higher coefficient in book value per share than low compliance in line with Bagudo 2017. It can be concluded that there is no significant difference in value relevance of book value per share between high compliance and low compliance with related party disclosures in the listed financial service companies in Nigeria. Therefore, we fail to reject the null hypothesis.

4.7 Policy Implication of the Findings

From the findings of the study, the below policy implications can be arrived at.

The regression analysis shows that there is value relevance in compliance with related party disclosures in Nigeria financial services companies.The policy implication of this is that when listed financial service firm in Nigeria comply with related party disclosures, their accounting information will be value relevant than when they did not comply. The IAS 24 provides for what related party disclosure entails, and the implication of its compliance is that it gives the investor confidence in the company they deal with. More so, it shows that such company is doing well and is regulatory compliant, as any dealing with such company is guaranteed. This tends to increase the company's value as well as its market price on the stock market.

From the result, it was shown that there is difference in value relevance of compliance with IAS 24 between high and low compliance with the standard. This implies thatwhen compliance with IAS24 is high, it is more value relevance than when it is low.

The study also reveals EPS has a positive and significant relationship with market price per share both in high and low compliance with IAS 24 but the coefficient is higher in high compliance with IAS 24. This implies that there is a significant difference in value relevance of earnings per share between high compliance and low compliance with the standard. The implication on policy is that high compliance with IAS24 shows more value relevance in EPS by increasing the market price per share than low compliance.

The study provides evidence that that there is no significant difference in value relevance ofbook value per share between high compliance and low compliance with related party disclosure in the listed financial service companies Nigeria. This implies that whether firms ensure high or low compliance, it will not be value relevant to the book value per share. This can be as a result of the level of understanding when the standard was adopted. When a standard is introduced, its effect cannot be easily ascertained as there will be some limit in the level of understanding by stakeholders.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study was motivated by the controversial value enhancing or reducing issues attached to related party transactions and disclosures. Based on the motivations and gaps in the literature, the study has examined the value relevance of compliance with related party disclosure (IAS 24) in listed financial services sector in Nigeria, it has also investigated the various research questions raised such as the significant difference in the value relevance of compliance with related party disclosure between high compliance and low compliance; the value relevance of earning per share between high compliance and low compliance with related party disclosure and the value relevance of book value per share between high compliance and low compliance with the standard.

The hypotheses of the study were formulated and data gathered from 2012 to 2017 through secondary source of data collection was analyzed. Pooled ordinary least square (OLS) multiple regressions analyses was employed to analyzed the data. The population of the study consisted of the 57 listed financial service companies in Nigeria. The sample size is made up of 41 listed financial service companies in Nigeria. The results of descriptive statistics, correlation and pooled OLS were presented, analyzed and discussed.

The study found that compliance with IAS 24; related party disclosures have value relevance and high compliance with related party disclosure has higher value relevance than low compliance. This is in line with expectation and is in consistent with Bagudo (2017) whose study finds higher relative value relevance of accounting information for firms with high compliance with IFRS disclosures. It was found that EPS is more correlated to MPPS in high compliance with the standard than in low compliance however BVPS is more correlated to MPPSin low compliance with the standard if compared with high compliance with the standard.Also when compliance with related party disclosure is high, the relationship between BVPS and MPPS is positive and significant. Similarly, the relationship between EPS and market MPPS was found to be positive and significant. When compliance with related party disclosure is low, the relationship between BVPS and MPPS is positive and significant and the relationship between EPS and MPPS was found to be also positive and significant.

5.2 Conclusions

It was concluded that compliance with IAS 24; related party disclosures has value relevance and high compliance with related party disclosures has higher value relevance than low compliance. Also, the value relevance of earning per share increased with high compliance with the standard than when compliance is low. The study contributes to the testing of Efficient market hypothesis (EMH), Positive accounting theory and Signaling theory by examining how the market response and reacts to compliance with related party disclosures (IAS 24) standard of reporting after the release of the financial statements and how the compliance with this standard affect the value relevance of earnings per share and book value per share.

5.3 Recommendations

Based on the findings, the study hereby recommends that;

Since when compliance with related party disclosures is high, an increase in earnings per share will lead to significant increase in market price per share, this has made it imperative for companies to improve more on their performance and also maintain high compliance with related party disclosure (IAS 24) as the combination will have a great effect on their market price per share. Moreover, this will give signal to the investors, and also create good image about them. Hence the demand of their share will rise and also increase its value. All the requirements of IAS 24, where applicable should be made available in the footnote of the financial statement,non compliance may lead to loss of competitive advantages and thus loss of market share.

Also since under both high and low compliances, the share price will increase. Government needs to handle compliance with related party disclosure with stiff measures. This can be achieved by the regulatory bodies establishing an evaluation system to monitor compliance.A factual feedback mechanism should also be integrated within thefinancial sector for an appropriate signaling for inadequate compliance with standard. There should be a form of penalty for inadequate (low) compliance with related party disclosures.Additionally, the monitoring capacity of the regulatory bodies on low compliance could be improved over time.

The study found that there is no significant difference in value relevance of book value per share between high compliance and low compliance with related party disclosure in the listed financial service companies Nigeria. This implies that whether firms ensure high or low compliance, it is not value relevant to the book value per share. This could be as a result of the level of compliance when the standard was initially adopted. When a law is introduced newly, the effect of compliance cannot be easily ascertained as there will be some companies who will not adopt fully why some will not adopt at all.This could also be as a result of theapplicable and correlated nature of the disclosures. International Accounting Standard Board should examine related party disclosures (IAS 24) checklist and develop a simpler standard guideline that will be easy to understand by all stakeholders. This would increase compliance level by preparer of financial report and the understanding and interpretation capacity of all stakeholders.

5.4 Limitation of the Study

As with other research work, it is very common to encountered challenges in the course of carrying out astudy. This research work is not left out. Complexity encountered which is worth mentioning is in scoring of compliance index. This study would have covered the whole listed companies in Nigeria, but the cumbersome nature of scoring the compliance index has compelled it to financial services companies in order to do a thorough and justifiable job in data collection.

5.5Areas for Further Research

Value relevance of accounting information has been getting progressively more wide attention. Large numbers of researchers have accepted the wisdom behind the concept. The majorreluctance rests directly on the process of putting more other factual and logical information to ascertain more value in accounting information.Compliance with IFRS could increase with time, especially in countries whose accounting standards significantly differ from IFRS, due to training and the increase in familiarity with the new disclosures by the preparers of the financial report and auditors.Value relevance of compliance with other IFRS standard is an area for further research in the concept of value relevance; this can also be examined within different economy sector like oil and gas, manufacturing, agriculture among other sectorsand also it can be examined in different environmental region such as other country other than Nigeria.

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Appendix I

Population Of Listed Financial Services Companies In Nigeria as at31st December 2017

	Company	Ticker
1	Abbey Mortgage Bank Plc	Abbeybds
2	Access Bank Plc.	Access
3	Africa Prudential Plc	Afriprud
4	African Alliance Insurance Company Plc[Mrf]	Afrinsure
5	Aiico Insurance Plc.	Aiico
6	Aso Savings And Loans Plc[Mrs]	Asosavings
7	Axamansard Insurance Plc	Mansard
8	Consolidated Hallmark Insurance Plc	Hmarkins
9	Continental Reinsurance Plc	Continsure
10	Cornerstone Insurance Company Plc.[Mrf]	Cornerst
11	Custodian Investment Plc	Custodian
12	Deap Capital Management & Trust Plc[Dip]	Deapcap
13	Diamond Bank Plc	Diamondbnk
14	Ecobank Transnational Incorporated	Eti
15	Fbn Holdings Plc	Fbnh
16	Fcmb Group Plc.	Fcmb
17	Fidelity Bank Plc	Fidelitybk
18	Fortis Microfinance Bank Plc[Mrf]	Fortismfb
19	Goldlink Insurance Plc[Mrs]	Goldinsure
20	Great Nigerian Insurance Plc[Bmf]	Gni
21	Guaranty Trust Bank Plc.	Guaranty
22	Guinea Insurance Plc.	Guineains
23	Infinity Trust Mortgage	Infinity

	Bank Plc[Bls]	
24	International Energy Insurance Company Plc[Dip]	Intenegins
25	Jaiz Bank Plc	Jaizbank
26	Lasaco Assurance Plc.	Lasaco
27	Law Union And Rock Ins. Plc.	Lawunion
28	Linkage Assurance Plc	Linkassure
29	Mutual Benefits Assurance Plc.	Mbenefit
30	N.E.M Insurance Co (Nig) Plc.	Nem
31	Niger Insurance Co. Plc.	Nigerins
32	Nigeria Enerygy Sector Fund	Nesf
33	Npf Microfinance Bank Plc	Npfmcrfbk
34	Omoluabi Mortgage Bank Plc	Omomorbnk
35	Prestige Assurance Co. Plc.	Prestige
36	Regency Alliance Insurance Company Plc	Regalins
37	Resort Savings & Loans Plc[Mrf]	Resortsal
38	Royal Exchange Plc.[Mrf]	Royalex
39	Skye Bank Plc[Mrf]	Skyebank
40	Sovereign Trust Insurance Plc	Sovrenins
41	StanbicIbtc Holdings Plc	Stanbic
42	Standard Alliance Insurance Plc.[Mrf]	Stdinsure
43	Standard Trust Assurance Plc[Mrf]	Staco
44	Sterling Bank Plc.	Sterlnbank
45	Sunu Assurances Nigeria Plc.	Equityasur
46	Unic Diversified Holdings Plc.[Mrf]	Unic
47	Union Bank Nig.Plc.[Bls]	Ubn
48	Union Homes Savings And Loans Plc.[Mrs]	Unhomes
49	United Bank For Africa Plc	Uba
50	United Capital Plc	Ucap

51	Unity Bank Plc[Awr]	Unitybank
52	Universal Insurance Company Plc[Mrf]	Univinsure
53	ValuallianceValue Fund	Valuefund
54	VeritasKapital Assurance Plc[Mrf]	Veritaskap
55	Wapic Insurance Plc	Wapic
56	Wema Bank Plc.	Wemabank
57	Zenith International Bank Plc	Zenithbank

Source: Nigeria Stock Exchange 2017

Appendix II

Sampled Listed Financial Services Companies
In Nigeria

1 Abbey Mortgage Bank Plc
2 Access Bank Plc.
3 Africa Prudential Plc
4 African Alliance Insurance Company Plc[Mrf]
5 Aiico Insurance Plc.
6 Consolidated Hallmark Insurance Plc
7 Continental Reinsurance Plc
8 Cornerstone Insurance Company Plc.[Mrf]
9 Deap Capital Management & Trust Plc[Dip]
10 Diamond Bank Plc
11 Ecobank Transnational Incorporated
12 Fbn Holdings Plc
13 Fcmb Group Plc.
14 Fidelity Bank Plc
15 Fortis Microfinance Bank Plc[Mrf]
16 Great Nigerian Insurance Plc[Bmf]
17 Guaranty Trust Bank Plc.
18 Guinea Insurance Plc.
20 Lasaco Assurance Plc.
21 Law Union And Rock Ins. Plc.
22 Linkage Assurance Plc
23 Mutual Benefits Assurance Plc.
24 N.E.M Insurance Co (Nig) Plc.
25 Niger Insurance Co. Plc.
26 Npf Microfinance Bank Plc
27 Prestige Assurance Co. Plc.
28 Regency Alliance Insurance Company Plc
29 Royal Exchange Plc.[Mrf]
30 Skye Bank Plc[Mrf]
31 Sovereign Trust Insurance Plc
32 StanbicIbtc Holdings Plc
33 Standard Alliance Insurance Plc.[Mrf]
34 Sterling Bank Plc.
35 Union Bank Nig.Plc.[Bls]
36 United Bank For Africa Plc

37 Unity Bank Plc[Awr]
38 Universal Insurance Company Plc[Mrf]
39 Wapic Insurance Plc
40 Wema Bank Plc.
41 Zenith International Bank Plc

Appendix III

Related Party Disclosures (IAS 24) Checklist

S/N	IFRS standard/Source of Information	Disclosure Requirements	Applicability	Compliance
		This section of the checklist addresses the presentation and disclosure requirements of the identification of related parties and transactions with related parties. The primary issue is to ensure that all related parties are identified. The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.		
		Related party disclosures		
		If the entity is controlled by another entity or an individual		
1	IAS 24:13	An entity shall disclose the name of its parent and, if different, its ultimate controlling party.		
2		If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.		
3	IAS 24:14	To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.		
		Compensation of key management personnel		
		If the entity has any related party transactions and outstanding balances with related parties, including compensation for its key management personnel?		
	IAS 24:17	An entity shall disclose key management personnel compensation for each of the following categories: short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits; and share-based payment.		

4		short-term employee benefits;
5		post-employment benefits;
6		other long-term benefits;
7		and share-based payment.
	IAS 24:18	If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose:
8	-	a) the nature of the related party relationship; and
9	-	b) information about those transactions
10	-	© and outstanding balances
11	-	, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.
	-	At a minimum, the information disclosed about related party transactions and outstanding balances shall include:
12		a) the amount of the transactions;
13		b) the amount of outstanding balances,
14		including commitments, and: their terms and conditions, including whether they are secured
		and the nature of the consideration to be provided in settlement;
15		and details of any guarantees given or received
16		c) provisions for doubtful debts related to the amount of outstanding balances; and

17		d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
	IAS 24:19	The disclosures required by paragraph 18 of IAS 24 (see above) shall be made separately for each of the following categories:
18		a) the parent;
19		b) entities with joint control or significant influence over the entity;
20		c) subsidiaries;
21		d) associates;
22		e) joint ventures in which the entity is a venture;
23		f) key management personnel of the entity or its parent; and
24		g) other related parties.
		Government-related entities
		Is the entity exempt from the disclosure requirements of related party transactions with the government? If yes:
	IAS 24:26	The entity shall disclose the following about the transactions and related outstanding balances:
25	-	a) the name of the government
	-	and the nature of its relationship with the reporting entity (i.e. control, joint control or significant influence);
26	-	b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements: the nature and amount of each individually significant transaction; and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.
26		**Total**

Source: IAS 24: IASB

Appendix iv

FIRM	YEAR	COMPLIANCE RESULT
1	2012	0.70
1	2013	0.76
1	2014	0.78
1	2015	0.72
1	2016	0.72
1	2017	0.64
2	2012	0.65
2	2013	0.64
2	2014	0.63
2	2015	0.60
2	2016	0.75
2	2017	0.73
3	2012	0.78
3	2013	0.79
3	2014	0.70
3	2015	0.70
3	2016	0.69
3	2017	0.68
4	2012	0.68
4	2013	0.64
4	2014	0.66
4	2015	0.65
4	2016	0.65
4	2017	0.65
5	2012	0.64
5	2013	0.64
5	2014	0.63
5	2015	0.62
5	2016	0.60

5	2017	0.60
6	2012	0.64
6	2013	0.65
6	2014	0.66
6	2015	0.70
6	2016	0.63
6	2017	0.49
7	2012	0.50
7	2013	0.50
7	2014	0.49
7	2015	0.45
7	2016	0.64
7	2017	0.63
8	2012	0.62
8	2013	0.61
8	2014	0.53
8	2015	0.75
8	2016	0.76
8	2017	0.78
9	2012	0.74
9	2013	0.70
9	2014	0.58
9	2015	0.53
9	2016	0.53
9	2017	0.52
10	2012	0.50
10	2013	0.75
10	2014	0.67
10	2015	0.71
10	2016	0.65
10	2017	0.65
11	2012	0.65
11	2013	0.67
11	2014	0.67

11	2015	0.67
11	2016	0.62
11	2017	0.62
12	2012	0.62
12	2013	0.62
12	2014	0.61
12	2015	0.61
12	2016	0.61
12	2017	0.61
13	2012	0.61
13	2013	0.61
13	2014	0.61
13	2015	0.61
13	2016	0.61
13	2017	0.61
14	2012	0.60
14	2013	0.60
14	2014	0.60
14	2015	0.60
14	2016	0.60
14	2017	0.60
15	2012	0.60
15	2013	0.60
15	2014	0.70
15	2015	0.76
15	2016	0.78
15	2017	0.72
16	2012	0.72
16	2013	0.64
16	2014	0.65
16	2015	0.64
16	2016	0.63
16	2017	0.60
17	2012	0.75

17	2013	0.73
17	2014	0.78
17	2015	0.79
17	2016	0.70
17	2017	0.70
18	2012	0.69
18	2013	0.68
18	2014	0.68
18	2015	0.64
18	2016	0.66
18	2017	0.65
19	2012	0.65
19	2013	0.65
19	2014	0.64
19	2015	0.64
19	2016	0.63
19	2017	0.62
20	2012	0.60
20	2013	0.60
20	2014	0.64
20	2015	0.65
20	2016	0.66
20	2017	0.70
21	2012	0.63
21	2013	0.49
21	2014	0.50
21	2015	0.50
21	2016	0.49
21	2017	0.45
22	2012	0.64
22	2013	0.63
22	2014	0.62
22	2015	0.61
22	2016	0.53

22	2017	0.75
23	2012	0.76
23	2013	0.78
23	2014	0.74
23	2015	0.70
23	2016	0.58
23	2017	0.53
24	2012	0.53
24	2013	0.52
24	2014	0.50
24	2015	0.75
24	2016	0.67
24	2017	0.71
25	2012	0.65
25	2013	0.65
25	2014	0.85
25	2015	0.65
25	2016	0.67
25	2017	0.67
26	2012	0.67
26	2013	0.62
26	2014	0.62
26	2015	0.62
26	2016	0.62
26	2017	0.61
27	2012	0.61
27	2013	0.61
27	2014	0.61
27	2015	0.61
27	2016	0.61
27	2017	0.61
28	2012	0.61
28	2013	0.61
28	2014	0.61

28	2015	0.60
28	2016	0.60
28	2017	0.60
29	2012	0.60
29	2013	0.60
29	2014	0.60
29	2015	0.60
29	2016	0.60
29	2017	0.70
30	2012	0.76
30	2013	0.78
30	2014	0.72
30	2015	0.72
30	2016	0.64
30	2017	0.65
31	2012	0.64
31	2013	0.63
31	2014	0.60
31	2015	0.75
31	2016	0.73
31	2017	0.78
32	2012	0.79
32	2013	0.70
32	2014	0.70
32	2015	0.69
32	2016	0.68
32	2017	0.68
33	2012	0.64
33	2013	0.66
33	2014	0.65
33	2015	0.65
33	2016	0.65
33	2017	0.64
34	2012	0.64

34	2013	0.63
34	2014	0.62
34	2015	0.60
34	2016	0.60
34	2017	0.64
35	2012	0.65
35	2013	0.66
35	2014	0.70
35	2015	0.63
35	2016	0.49
35	2017	0.50
36	2012	0.50
36	2013	0.49
36	2014	0.45
36	2015	0.64
36	2016	0.63
36	2017	0.62
37	2012	0.61
37	2013	0.53
37	2014	0.75
37	2015	0.76
37	2016	0.78
37	2017	0.74
38	2012	0.70
38	2013	0.58
38	2014	0.53
38	2015	0.53
38	2016	0.52
38	2017	0.50
39	2012	0.75
39	2013	0.67
39	2014	0.71
39	2015	0.65
39	2016	0.65

39	2017	0.85
40	2012	0.65
40	2013	0.67
40	2014	0.67
40	2015	0.67
40	2016	0.62
40	2017	0.62
41	2012	0.62
41	2013	0.62
41	2014	0.61
41	2015	0.61
41	2016	0.61
41	2017	0.61

Appendix V

Stata Data Result

Without compliance

```
. summarize mpps eps bvps

    Variable |        Obs        Mean    Std. Dev.       Min        Max
-------------+---------------------------------------------------------
        mpps |        246    3.447642    5.861471         .5         29
         eps |        246    .5630894    1.131534      -2.99       6.03
        bvps |        246    4.175813    6.088824     -20.72      27.01

. sktest mpps eps bvps

                    Skewness/Kurtosis tests for Normality
                                                          ------- joint ------
    Variable |    Obs   Pr(Skewness)   Pr(Kurtosis) adj chi2(2)    Prob>chi2
-------------+---------------------------------------------------------------
        mpps |    246      0.0000         0.0000            .          0.0000
         eps |    246      0.0000         0.0000            .          0.0000
        bvps |    246      0.0000         0.0000        47.48          0.0000

. pwcorr mpps eps bvps, sig star(10)

             |     mpps      eps     bvps
-------------+---------------------------
        mpps |   1.0000 
             |
             |
         eps |   0.7917*  1.0000 
             |   0.0000
             |
        bvps |   0.7251*  0.7765*  1.0000 
             |   0.0000   0.0000
             |

. regress mpps eps bvps

      Source |       SS       df       MS              Number of obs =     246
-------------+------------------------------           F(  2,   243) =  233.17
       Model |  5533.86761     2   2766.9338           Prob > F      =  0.0000
    Residual |  2883.55807   243  11.8664941           R-squared     =  0.6574
-------------+------------------------------           Adj R-squared =  0.6546
       Total |  8417.42568   245  34.3568395           Root MSE      =  3.4448

------------------------------------------------------------------------------
        mpps |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eps |   2.982385   .3086726     9.66   0.000      2.37437      3.5904
        bvps |   .2676881   .0573631     4.67   0.000     .1546958    .3806804
       _cons |   .6504774   .2667722     2.44   0.015     .1249964    1.175958
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF  
-------------+----------------------
        bvps |      2.52    0.397032
         eps |      2.52    0.397032
-------------+----------------------
    Mean VIF |      2.52

.
```

With compliance

```
. summarize mpps eps bvps compl

    Variable |       Obs        Mean    Std. Dev.       Min        Max
-------------+--------------------------------------------------------
        mpps |       246    3.447642    5.861471         .5         29
         eps |       246    .5630894    1.131534      -2.99       6.03
        bvps |       246    4.175813    6.088824     -20.72      27.01
       compl |       246    .6422764    .0749292        .45        .85

. sktest mpps eps bvps compl

                    Skewness/Kurtosis tests for Normality
                                                          ------- joint ------
    Variable |    Obs   Pr(Skewness)   Pr(Kurtosis)  adj chi2(2)    Prob>chi2
-------------+---------------------------------------------------------------
        mpps |    246      0.0000         0.0000            .          0.0000
         eps |    246      0.0000         0.0000            .          0.0000
        bvps |    246      0.0000         0.0000        47.48          0.0000
       compl |    246      0.7085         0.3398         1.06          0.5886

. pwcorr mpps eps bvps compl, sig star(10)

             |     mpps      eps     bvps    compl
-------------+------------------------------------
        mpps |   1.0000 
             |
             |
         eps |   0.7917*  1.0000 
             |   0.0000
             |
        bvps |   0.7251*  0.7765*  1.0000 
             |   0.0000   0.0000
             |
       compl |   0.1594*  0.1178*  0.0572   1.0000 
             |   0.0123   0.0652   0.3718
             |

. regress mpps eps bvps compl

      Source |       SS       df       MS              Number of obs =     246
-------------+------------------------------           F(  3,   242) =  158.89
       Model |  5582.97492     3  1860.99164           Prob > F      =  0.0000
    Residual |  2834.45076   242  11.7126064           R-squared     =  0.6633
-------------+------------------------------           Adj R-squared =  0.6591
       Total |  8417.42568   245  34.3568395           Root MSE      =  3.4224

------------------------------------------------------------------------------
        mpps |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eps |   2.908657   .3087712     9.42   0.000     2.300435    3.516879
        bvps |   .2740866   .0570755     4.80   0.000     .1616584    .3865147
       compl |    6.02592    2.94291     2.05   0.042     .2289303    11.82291
       _cons |  -3.205032   1.901497    -1.69   0.093     -6.95063    .5405656
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF  
-------------+----------------------
         eps |      2.55    0.391633
        bvps |      2.53    0.395841
       compl |      1.02    0.983175
-------------+----------------------
    Mean VIF |      2.03

. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity 
         Ho: Constant variance
         Variables: fitted values of mpps

         chi2(1)      =   163.56
         Prob > chi2  =   0.0000
```

```
. regress mpps eps bvps compl, robust

Linear regression                                      Number of obs =     246
                                                       F(  3,   242) =   46.51
                                                       Prob > F      =  0.0000
                                                       R-squared     =  0.6633
                                                       Root MSE      =  3.4224

------------------------------------------------------------------------------
             |               Robust
        mpps |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eps |   2.908657   .5971602     4.87   0.000     1.732362    4.084952
        bvps |   .2740866   .1110131     2.47   0.014     .0554112    .4927619
       compl |    6.02592   2.596942     2.32   0.021     .9104246    11.14141
       _cons |  -3.205032   1.639971    -1.95   0.052    -6.435472    .0254076
------------------------------------------------------------------------------

.
```

High Compliance

```
. summarize mpps eps bvps hcompl

    Variable |       Obs        Mean    Std. Dev.       Min        Max
-------------+--------------------------------------------------------
        mpps |       131     3.70084    6.467727         .5         29
         eps |       131    .5455725    1.236187      -2.99       6.03
        bvps |       131    4.016718    5.639188       -1.7      27.01
      hcompl |       131    .6942748    .0508093        .64        .85

. sktest mpps eps bvps hcompl

                   Skewness/Kurtosis tests for Normality
                                                          ------ joint ------
    Variable |    Obs   Pr(Skewness)   Pr(Kurtosis)  adj chi2(2)    Prob>chi2
-------------+---------------------------------------------------------------
        mpps |    131      0.0000         0.0000        61.95         0.0000
         eps |    131      0.0000         0.0000        41.50         0.0000
        bvps |    131      0.0000         0.0005        37.97         0.0000
      hcompl |    131      0.0004         0.8329        10.94         0.0042

. pwcorr mpps eps bvps hcompl, sig star(10)

             |     mpps      eps     bvps   hcompl
-------------+------------------------------------
        mpps |   1.0000
             |
             |
         eps |   0.8054*  1.0000
             |   0.0000
             |
        bvps |   0.7055*  0.7373*  1.0000
             |   0.0000   0.0000
             |
      hcompl |   0.1862*  0.2139*  0.0721   1.0000
             |   0.0332   0.0142   0.4133
             |

. regress mpps eps bvps hcompl

      Source |       SS       df       MS              Number of obs =     131
-------------+------------------------------           F(  3,   127) =   88.86
       Model |  3683.29287     3  1227.76429           Prob > F      =  0.0000
    Residual |  1754.80157   127  13.8173352           R-squared     =  0.6773
-------------+------------------------------           Adj R-squared =  0.6697
       Total |  5438.09444   130  41.8314957           Root MSE      =  3.7172

------------------------------------------------------------------------------
        mpps |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eps |   3.202178   .4020143     7.97   0.000     2.406664    3.997692
        bvps |   .2884641   .0863118     3.34   0.001     .1176686    .4592596
      hcompl |   4.732225   6.624534     0.71   0.476    -8.376531    17.84098
       _cons |  -2.490324    4.60941    -0.54   0.590    -11.61151    6.630867
------------------------------------------------------------------------------
```

```
. vif
```

Variable	VIF	1/VIF
eps	2.32	0.430358
bvps	2.23	0.448650
hcompl	1.07	0.938175
Mean VIF	1.87	

```
.
```

Low compliance

```
. summarize mpps eps bvps lcompl

    Variable |        Obs        Mean    Std. Dev.       Min        Max
-------------+---------------------------------------------------------
        mpps |        115    3.159217    5.096754         .5      21.92
         eps |        115    .5830435    1.004132      -1.28       5.66
        bvps |        115    4.357044    6.584088     -20.72      26.17
      lcompl |        115    .5830435    .0497569        .45        .63

. sktest mpps eps bvps lcompl

                    Skewness/Kurtosis tests for Normality
                                                          ------ joint ------
    Variable |    Obs   Pr(Skewness)   Pr(Kurtosis) adj chi2(2)    Prob>chi2
-------------+---------------------------------------------------------------
        mpps |    115      0.0000         0.0000        48.96         0.0000
         eps |    115      0.0000         0.0000        53.22         0.0000
        bvps |    115      0.0006         0.0010        17.92         0.0001
      lcompl |    115      0.0000         0.8512        16.17         0.0003


. pwcorr mpps eps bvps lcompl, sig star(10)

             |     mpps      eps     bvps   lcompl
-------------+------------------------------------
        mpps |   1.0000 
             |
             |
         eps |   0.7721*  1.0000 
             |   0.0000
             |
        bvps |   0.7860*  0.8515*  1.0000 
             |   0.0000   0.0000
             |
      lcompl |   0.1906*  0.1677*  0.1613*  1.0000 
             |   0.0413   0.0733   0.0850
             |

. regress mpps eps bvps lcompl

      Source |       SS       df       MS              Number of obs =     115
-------------+------------------------------           F(  3,   111) =   71.54
       Model |  1951.91634     3  650.63878           Prob > F      =  0.0000
    Residual |   1009.4499   111  9.09414328           R-squared     =  0.6591
-------------+------------------------------           Adj R-squared =  0.6499
       Total |  2961.36625   114  25.9768969           Root MSE      =  3.0156

------------------------------------------------------------------------------
        mpps |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         eps |   1.868786   .5373118     3.48   0.001      .804067    2.933505
        bvps |   .3590139   .0818574     4.39   0.000      .196808    .5212197
      lcompl |   5.539425   5.761661     0.96   0.338    -5.877691    16.95654
       _cons |  -2.724331   3.345246    -0.81   0.417    -9.353158    3.904497
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF  
-------------+----------------------
         eps |      3.65    0.274045
        bvps |      3.64    0.274631
      lcompl |      1.03    0.970635
-------------+----------------------
    Mean VIF |      2.77

.
```