Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.4, No.16, 2013
www.iiste.org

Content Analysis of the Effect of Audit Committee Characteristics on Earnings per Share of Quoted Companies on the Nigerian Stock Exchange 2006-2012

U. Modum, Robinson Onuora Ugwoke, Edith Ogoegbunam Onyeanu
Department of Accountancy Faculty of Business Administration University of Nigeria Enugu Campus.

Abstract

The spate of corporate failures in recent times calls for serious examination of their causes and possible solution. Audit committees are statutorily compulsory component of the management of corporate organizations in Nigeria (CAMA 1990) and constitute a credible component of corporate government element. For quite some time now, audit committees have been instituted to add teeth to corporate governance in publicly quoted companies. In spite of this, corporate failures are still rampant. It becomes necessary to ask: how significant is the contribution of the audit committees to corporate performance of quoted companies in the Nigerian Stock Exchange. The earlier study had used opinion survey through a structured questionnaire administered on company administrators and managers to evaluate the relevance of the audit committee on corporate performance and discovered that the quality of audit committee rather than its mere existence impacts on the performance of companies through a positive impact on corporate governance. This current study uses secondary data on corporate financial performance represented by earnings per share; as dependent variable and Audit Committee sizes, Composition, frequency of meetings ,and regularity of members' attendance, as independent variables, all collected from annual financial reports of the companies quoted on the stock exchange within the study period to test the hypothesis that : Audit Committee size, composition and frequency of meetings have significant positive effect on the financial performance of quoted non financial companies on the Nigerian Stock Exchange. The Micro soft Special Package for Social Sciences (SPSS) is used to do the regression analysis which showed that there is a significant positive relationship between the Audit Committee Size , composition, frequency of meetings, regularity of members' attendance and performance of quoted non financial companies as in the earlier study on perception. Most of the companies had very low financial performance and had ineffective Audit Committees. This study could not simply corroborate the earlier one because while the perception of the managers reflected their expectations of the role and impact of the audit committees, the reality on ground as shown by the relationship between the quality of audit committee and financial performance show that Nigerian companies have not really benefited from the existence of these audit committees. Critically, these firms generally score very low in these indices hence their equally low earnings per share. Therefore, like in the previous study the recommendation is being made that the entire legal and regulatory framework together with the necessary institutional and environmental architecture for proper constitution and operation of an efficient Audit Committee should be maintained at all times to enhance corporate governance and improve financial performance of listed companies on the Nigerian Stock Exchange.

Keywords: Audit Committee, Corporate Governance, Control, Corporate Performance

1.INTRODUCTION

Basically the Boards of Directors and their committees rely on management to run the daily operations of the business. They are professional managers who (Wikipedia, 2007) are considered more competent than the owners of the corporations and are thus hired to run and manage the affairs of the companies and are expected to guarantee transparency accountability and fairness in their duties (Howard, 2000). But the Board's role is better described as oversight or monitoring, rather than execution. Same applies to its other committees including the Audit Committee. It is the basic tenet of corporate governance which ensures that various mechanisms are put in place to ensure seamlessness in accommodating corporate goal (ownership goal) and management goal in an enterprise. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the firm including spelling out the rules and procedures for making decisions. Hence Wolfenson (1999), Uche (2004) and Akinsulire (2006) all agree that corporate governance provides the structure through which the company's objectives are set and the strategies, the tactics and the means, of attaining those objectives and monitoring performance defined. Manne (1965) however, set the tone which was later made louder by Alchian and Demetz (1972) and Bonnier and Bruner (1989) to the effect that the Board of Directors (BOD) is the most important and possibly, the greatest beneficiary of all good mechanisms of internal control including corporate governance. However, there are other mechanisms of corporate governance, especially the audit committee, that play vital roles in ensuring smooth and efficient management and administration of companies. After all, according to Williams (2001), all stakeholders responsible for promoting sound corporate governance such as the board, the management, the audit committee and regulators are almost equally challenged by the recent failures in corporate governance in Nigeria and should be compelled to ensure that sound corporate governance exist. According to CAMA 1990, the audit committee is a committee of shareholders and non-executive directors charged with the responsibility of liaising between the external auditors and the BOD on one hand, and between management and the external auditors on the other hand. The inclusion of this committee in the corporate governance mechanism raises the expectations of shareholders and the general public for enhanced corporate governance and by extension increased performance of companies. This raised confidence is predicated on perceived checkmating role of the Audit Committees in ensuring that the BOD lives up to expectation in fulfilling the globally accepted pillars of corporate governance, to wit, accountability, fairness, responsibility and transparency. But the rampant failure of corporate governance in Nigeria as manifested in corporate failures throw strong doubt on the effectiveness of audit committees in carrying out this role. Companies have gone under at alarming rate in Nigeria in recent times and while external factors (economic infrastructure especially power, legal architecture, fiscal policies et cetera) may not have been exonerated, much blame is on absence of strong commitment to the tenets of corporate governance of which Audit Committee is a critical element. Cadbury Plc, Nigerian Railway Corporation (NRC), National Electric Power Authority (NEPA), Kaduna Textile Industry, Asaba Textile Industry, Nigerian Telecommunications Limited (NITEL) Benue Cement Company Gboko, Niger Cement Company Nkalagu, Nigerian Coal Corporation (NCC), Leventis Plc, *et cetera* and several banks are some of the corporate failures in recent time in Nigeria for which strong questions have been raised on the failure of corporate governance. A logical question that arouses the curiosity of this researcher becomes: to what extent does audit committee positively impact on corporate governance and financial performance of companies in Nigeria? Since the first leg of this study addressed this question by evaluating the perceived impact of audit committee on corporate performance in Nigeria, this second aspect addresses the same question by evaluating the actual impact of the audit characteristics on the financial performances of these companies through testing of the hypothesis that there is no significant positive impact of audit committee on corporate performance in Nigeria. The paper is organized in five parts. . Part one of the paper introduces the work, part two contains the literature review, part three the methodology, while part four presents and discusses the findings and part five concludes.

2. LITERATURE REVIEW

2.1 AUDIT COMMITTEE

Basically the Boards of Directors and their committees rely on management to run the daily operations of the business. Hence the Board's role is better described as oversight or monitoring, rather than execution. In the same vein, the audit committee which is more or less an organ of the board has the responsibilities of that include:

- Overseeing the financial reporting and disclosure process.
- Monitoring choice of accounting policies and principles.
- Overseeing hiring, performance and independence of the external auditors.
- Oversight of regulatory compliance, ethics, and whistleblower hotlines.
- Monitoring the internal control process.
- Overseeing the performance of the internal audit function.
- Discussing risk management policies and practices with management (Wikipedia 2011).

Generally the duties of an audit committee are described by statutes in different countries or in a committee charter of respective organizations. In the European Union, the Directive 2006/43/EC article 41.2 of the Company Law stipulates that the duties of the audit committee shall include; (a) Monitor the financial reporting process; (b) Monitor the effectiveness of the company's internal control, internal audit where applicable, and risk management systems; (c) Monitor the statutory audit of the annual and consolidated accounts; (d) Review and monitor the independence of the statutory auditor or audit firm, and in particular the provision of additional services to the audited entity. According to CAMA 1990, the audit committee is a committee of shareholders and non-executive directors charged with the responsibility of liaising between the external auditors and the BOD on one hand, and between management and the external auditors on the other hand. Audit Committees are the most important recent development in the corporate governance structure and are expected to contribute significantly in this respect. Shamusdden (2003) opines that members of the committee should possess qualities such as integrity, dedication, and a thorough understanding of the business of the company. Moreover, the composition of the Audit Committee (AC) and the manner in which they exercise their governance and oversight responsibilities have a major impact on the overall internal control mechanism of a company. Expectedly, the independence of the AC from management, the level of accounting knowledge possessed by members, the experience and status of the members, the extent of their involvement and scrutiny of management activities, the appropriateness of their actions (for instance, the degree to which they raise and pursue difficult questions with management), all determine the efficiency and effectiveness of this committee. As an intermediary between the management and the external auditors, it is equally expected that an effective audit committee can enhance the independence and professional skepticism of an external auditor. Interestingly, the BOD and the AC exist in a mutually reinforcing symbiotic relationship. The effectiveness of one enhances the efficiency of the other since an effective AC helps to set a positive tone at the top. Hence AC is responsible for reviewing its own company's business activities to identify inefficiencies, reduce costs and otherwise achieve organizational objectives. It is generally accepted that Audit Committees may investigate potential theft or fraud and ensure compliance with applicable regulations and policies. In this regard, they assist in risk management as they are essentially independent from any management being answerable only to the board of directors. The Audit committee is also seen as a subcommittee of the corporation's board of directors that selects the firm's external auditors. Therefore it may as well be responsible for hiring the auditors, resolving disputes with the auditors and evaluating and disclosing the auditors' reports. That is, it liaises between the company's management, the board of directors, internal and external auditors, and any other accounting experts advising the company on audit issues.

In particular, the relationship between the AC and the external auditor is such that the later should evaluate the effectiveness of the former as part of understanding the control environment and monitoring quality in the enterprise. Hence in evaluating the overall internal control efficiency in the company, the external auditor considers among other things; the independence of the AC from management; the clarity with which the AC's responsibilities are articulated; how well the AC and management understand those responsibilities; the AC's involvement and interaction with the independent auditor; the AC's interaction with key members of financial management team; whether questions raised by the AC indicate an understanding of the critical accounting policies and judgmental accounting estimates; and the AC's responsiveness to issues raised by the auditor. To the auditor therefore, Arens *et al* (2009), insist that ineffective oversight by the AC of the company's external financial reporting should be regarded as at least, a significant deficiency and a strong indicator of a material weakness in internal control and corporate governance. In the same vein, the Nigerian Securities and Exchange Commission delists any company with an AC that: is not comprised solely of independent directors; is not solely responsible for hiring and firing of the company's auditors; does not establish procedures for the receipt and treatment of complaints (*e.g.* whistle blowing) regarding accounting, internal control or auditing matters; does not have the ability to engage its own independent counsel and other advisor; and is inadequately funded.

2.2 Earnings per share (EPS)

An earnings per share is the portion of the company's distributable profit which is allocated to each outstanding equity share (common share). It is a very good indicator of the profitability of any organization, and it is one of the most widely used measures of profitability. The EPS is a useful measure of profitability, and when compared with EPS of other similar companies, it gives a view of the comparative earning power of the companies. EPS when calculated over a number of years indicates whether the earning power of the company has improved or deteriorated. Investors usually look for companies with steadily increasing earnings per share. Growth in EPS is an important measure of management performance because it shows how much money the company is making for it's shareholders, not only due to changes in profit, but also after all the effects of issuance of new shares (this is especially important when the growth comes as a result of acquisition). The EPS is calculated by dividing net profit after taxes and preference dividends by the number of outstanding equity shares. This can be expressed in terms of the following formula: Earnings per share = (Net Profit after Taxes – Preference Dividends) / Number of Equity Shares. If the capital structure changes (i.e. the number of shares changes) during the reporting period, a weighted average number of equity shares is used for the calculations of EPS. The diluted earnings per share (Diluted EPS) expands on basic EPS and includes the shares of all convertible securities if they were exercised. Convertible securities are convertible preferred shares, stock options (usually employee based), convertible debentures and warrants. It should be noted that two different companies could generate the same EPS but one could do so with a lesser equity. All other things being equal, this company is better than the other one because it is more efficient at using its capital for generating profits.

According to Wikipedia (20011), various consulting and public accounting firms have at different times, though mostly outside Nigeria (with the exception of the first part of this current work), performed survey researches on audit committees: their sizes, and other basic characteristics, and provided data on which subsequent researches are currently benchmarking. Some of the major findings run thus: 54% of committee members surveyed felt the audit committee was "very effective," while 38% indicated "somewhat effective"; Risk management, internal control, and accounting estimates and judgments were the top priority areas for audit committees in 2007; Most audit committees have 3-4 members and are usually chaired by persons with experience as a CFO, external auditor, or CEO; Audit committees meet 6-10 times per year, either face-to-face or via teleconference, with the former lasting from 1–4 hours and the latter 1–2 hours; Audit committee members devoted 50–150 hours to their responsibilities each year; The percentage of audit committees with oversight responsibility for: IT compliance (66%), business continuity (50%), and information security(45%); 41% were "very satisfied" with the internal audit function, while 52% were "somewhat satisfied"; Two-thirds felt the Chief Internal Audit position was for a professional internal auditor, rather than as a "stepping stone" to other roles; 93% indicated the audit committee was "somewhat" or "much more" effective since the Sarbanes-Oxley Act was implemented in 2002; 58% of committee members were "somewhat satisfied" that they understood management's processes to identify and assess significant business risks; Only 17% of audit committees had primary responsibility for oversight of non-financial risk; the full board had this responsibility in 56% of companies. Wikipedia (2011) also shows that in a 2011 study, the Council of Europe concluded that: *"The* Benchmarking results from a sample of 15 international organisations in Europe show that 11 have an audit committee (of which the name may vary from Audit Committee, Advisory Committee on Audits, Audit Advisory Board, Audit Progress Committee, Finance and Audit Committee, Independent Advisory Oversight Committee, Independent Audit Advisory Committee of Experts) and in seven, the Audit committee plays a role in the selection of the External Auditor". And a 2009 study on 23 international organizations showed that 10 had an Audit Committee and 3 considered having one in future, with 8 reporting to the Governing Body level and 2 reporting to DG/Executive Director level. The sizes of all Audit Committees were between 3 and 9 members, with 5 committees having a mix of external expert members and internal members.

2.3 ROLE OF AUDIT COMMITTEES IN CORPORATE GOVERNANCE

Ideally, audit committees review financial reports. This may be done quarterly, semi-annually or annually. Where the committee members are accounting or auditing experts, it is expected that they robustly discuss the accounting policies and assumptions underlying the management actions in preparing the financial reports. They also try to appraise and evaluate management's compliance with statutory and regulatory provisions. In the process, the audit committee provides a platform for meaningful interface with Chief Finance Officer and/or Controller of finance. The committee performs an oversight role on the external auditors who report to them on a variety of issues such as views on management's selection of accounting principles, accounting adjustments, disagreement or difficulties encountered in working with management, including any identified fraud or illegal act. Essentially, the audit committee approves the selection of the external auditor. According to the European Union (2006), "In a public-interest entity, the proposal of the administrative or supervisory body for the appointment of a statutory auditor or audit firm shall be based on a recommendation made by the audit committee. The statutory auditor or audit firm shall report to the audit committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process." The audit committee also plays the oversight roles of regulatory compliance, monitoring the effectiveness of the internal control process and of the internal audit, and oversight of risk management. In playing these roles, the corporate governance tone of the entity is strengthened. Corporate governance is synonymous with the responsibility associated with large scale artificial persons that lack the capacity to manage themselves (Salomon v Salomon and CO ltd, 1897). By vesting the day to day running of the entity to a team of directors and senior managers who are distinct from their owners, ownership becomes divorced from management necessitating the guarantee for transparency, accountability and fairness in the management of the enterprise. Mayer, (2000) opines that corporate governance is about control and running of companies where concerns are raised as to who is in control, for how long and over what activities? Deakin and Hughes (1997) posit that corporate governance entails the connection between the internal control machinery of corporations and the general public's notion of the scope of corporate accountability. Hence, it is a set of rules applicable to the direction and control of companies where however, management is seen to connote running a business and governance becomes ensuring that it is run properly (Tricker, 1984). Specifically, corporate governance creates a framework of goals and policies to guide an organization's progress and forms a foundation for assessing Board and management performance (Adedotun, 2003). In a more elaborate tone, Oyediran (2003) stresses that corporate governance looks at the institutional and policy framework for management of corporation from the very beginnings, in entrepreneurship, through the government structures, company law, privatization, insolvency and to market exit. It not only depends on the legal, regulatory, institutional, environmental and societal interests of the communities in which it operates, but also has impact on the reputation and long-term success of a company. Much of efficient corporate governance also depends on the efficiency and effectiveness of internal control within the organization. After all; fraud, misappropriation, theft, waste of resources and non respect of the rights of all stakeholders are evidences of both weak internal control and poor corporate governance. And it is in response to the rise in fraud cases that the US Congress developed recommendations aimed at improving the effectiveness of the audit committee in publicly held companies in the United States. According to Securities Exchange Commission (SEC) (2003) the US Congress Report (2002), demands in addition to the independence of the members of the audit committees, that companies should disclose whether or not the audit committees include financial experts (and, if not, why not). A study carried out by Sarens et al (2009), concludes that financial expertise and the independence of audit committee members improve their effectiveness in reducing the likelihood of misappropriation of assets and overall tone of corporate governance in publicly held companies in the US. Along the same line, Moriceau (2004) and Chapple et al (2009) conclude from their separate studies also in the US, that the higher the percentage of independent members, the greater the effectiveness of the audit committee, and the longer the average tenure of audit committee members, the lower the incidence of misappropriation of assets. In addition, continue Chapple et al, the proportion of independent directors on the audit committee is inversely related to the incidence of misappropriation.

According to Sezoort and Salterio (2001), and McDaniel et al (2002), financial expertise impacts audit committee member's judgments and financial reporting-related outcome. Again experts tended to focus more on recurring, prominent issues. Xie et al (2003) examined the relationship between discretionary accruals as proxy for earnings management, and the background of audit committee members. They found that the proportion of audit committee members with corporate or investment banking background is negatively related to the level of earnings management. Hence an active and financially oriented audit committee may influence the level of earnings management and lower it drastically to the benefit of other stakeholders. This is undoubtedly a positive influence on corporate governance. Interestingly again, Abbot et al (2004) examined the impact of audit committee financial expertise on financial restatements while defining financial expertise to include certified public accountants, investment bankers, venture capitalists, chief financial officers, controller or someone who has held a senior management position with financial responsibilities, and found that firms with financial experts on the audit committees are less likely to experience financial reporting restatement. Even more acutely, Bedard *et al* (2004) found that the presence of at least one financial expert is negatively associated with aggressive earnings management. Just the same way as Agrawal and chadha (2005) found that the probability of restatement of financial statement is significantly lower when the audit committee has financial experts. Much of creative accounting could therefore be minimized by the presence of a credible audit committee composed by financial experts. In addition, Defond et al (2005), examined the ideal composition of audit committees and found that a favorable market reaction occurs whenever there is an announcement of the appointment of directors who are accounting experts, especially when other good governance attributes exist.

In any case, no empirical evidence has been established in Nigeria to the knowledge of these researchers as to the exact impact of audit committee composition on corporate governance and corporate performance. After all, corporate governance in Nigeria within the concept of company management and administration is seen as the exercise of power over the enterprise direction, the supervision and control of enterprise actions, the concern for the effect of the enterprise on other parties, the acceptance of a duty to be accountable and self-regulated within the status and jurisdiction of the Federal Republic of Nigeria. From the prism of the overall rights of shareholders to specific equitable treatment of marginal and minority shareholders which adequate corporate governance is expected to protect and guarantee, an oversight functioning body such as the Audit Committee should be a critical factor. The need for the Audit Committee to discharge its functions credibly as provided in the SEC's Code of best practices of Corporate Governance (2003) should demand independent, accounting-knowledge compliant or broadly defined financial experts, external directors and shareholders, non-compromising and alert members to constitute the Audit Committee.

Little wonder that the Code *inter alia*, provides for the existent of audit committees (compulsorily for large firms), the separation of the roles of Chief Executive Officer and Chairman of the BOD; determination of Executive Directors' compensation by non-executive directors; schedule of matters reserved for the Board; the exclusion of non-executive directors in share option schemes and pension arrangements with the company; the establishment of a formal selection process for the appointment of non-executive directors as a matter for the entire board; disclosure in annual reports including Directors' Reports on the effectiveness of the company's system of internal control and the going concern status of the business. On its part, the CAMA i990 provides specifically that a public limited liability company should have an audit committee (maximum of six members of equal representation of three member each representing the management/directors and shareholders) in place. The Act goes further to assign responsibilities to the audit committee as follows; working to ensure increased public confidence in the credibility and objectivity of published financial statements; assisting the directors, especially the non-executive directors, in meeting their responsibilities of financial reporting; and strengthening the independent position of a firm's external auditors by providing an additional channel of communication. The functions assigned to the audit committee in the Act include the provision of oversight functions on effective internal control, reliable financial reporting, which must comply with regulatory requirements and corporate code of conduct. Audit committees are also expected to review not only external auditor's reports but also the report of the internal auditor. In addition the committee is to maintain a constructive dialogue with external auditors and the board in order to enhance the credibility of financial disclosures. Therefore, a properly constituted audit committee that is both efficient and effective is expected to impact positively on both corporate governance and financial performance of a company.

3.METHODOLOGY

The paper is an *ex-post factor research.* Secondary sources of data on the performances of the companies are used for analysis. This study uses secondary data on corporate financial performance proxy: earning per share, dividend per share, and price earnings ratio; as dependent variables. Audit Committee sizes, composition, frequency of meetings, and regularity of members' attendance, are the independent variables. All the data are collected from annual financial reports of the companies quoted on the stock exchange within the study period to test the hypothesis that : Audit Committee size, composition and frequency of meetings have significant positive effect on the financial performance of quoted non financial companies on the Nigerian Stock Exchange. A total number of 108 quoted companies being the actual number in the list during the period, cutting across AGRICULTURE/AGRO-ALLIED 4 , AUTOMOBILE & TYRE 2, AVIATION 2, BREWERIES 3, BUILDING MATERIALS 4, CHEMICALS & PAINTS 9, COMPUTER & OFFICE EQUIP 3, COMMERCIAL SERVICES 4, CONGLOMERATES 8, CONSTRUCTION 7, CONSUMER GOODS 14, FOOT WEAR & ACCESSORIES 1, INDUSTRIAL DOMESTIC PRODUCTS 7, INFORMATION COMMUNICATION TELL 3, LEASING 3, MEDIA 2, PACKAGING 3, PETROLEUM MKT 7, PRINTING & PUBLISHING 3, REAL ESTATE 1, REAL ESTATE INVESTMENT 1, ROAD TRANSPORT 1, TEXTILES 1, EMERGING MKT 2, HOTEL AND TORISM 3, and HEALTH 10 is used. The Micro soft Special Package for Social Sciences (SPSS) is used to do the regression analysis.

4.DATA PRESENTATION AND ANALYSIS (FINDINGS AND DISCUSSION)

Table 4.1 presented in the appendix shows the corporate performances of non financial companies quoted on the Nigerian Stock Exchange and their corresponding Audit Committee characteristics.

Table 4.1 shows the financial performance of the 108 non financial companies quoted on the Nigerian stock exchange between 2006 and 2012. Apparently almost all the quoted companies have Audit Committee. The size ranges from 2 to 7 with majority of the companies having just two member audit committee. Critically most of the audit committees are composed of directors and mostly executive ones. Outsiders are usually very few with majority of them having only one outsider member of the audit committee. It becomes difficult under such circumstance to appoint members based on ideal qualities of expertise especially in Accounting and Financial studies, experience, integrity, honesty and professionalism. Again the table shows that majority of the companies had very low financial performance going by their earnings per share, dividend per share and price earnings ratio. Notably, the companies have been categorized into their various sections and it is seen that those in the petroleum, consumer goods and conglomerates in that order outperformed the rest with the exception of the real estate investment company with a high earning per share and another company in the media though with a high earning per share but had not yet declared any dividend. Interestingly, these companies whose actual identities, like the rest have not been disclosed appear to have a better corporate governance indices of higher audit committee membership, frequency of holding and attending meetings and inclusion of relevant professionals in the committee more than others. However, the actual impact of these Audit Committee characteristics is better appreciated from the result of the test of hypotheses.

The main hypothesis of the study is that: Audit Committee size, composition and frequency and regularity of meetings have significant positive effect on the financial performance of quoted non financial companies on the Nigerian Stock Exchange. This is simplified into four hypotheses thus;

DEPENDENT VARIABLE: CORPORATE FINANCIAL PERFORMANCE PROXIED BY: 1. EARNING PER SHARE (EPS)

INDEPENDENT VARIABLES:

1. AUDIT COMMITTEE SIZE (ACS)
2. AUDIT COMMITTEE COMPOSITION(ND)
3. FREQUENCY OF MEETINGS(FM)
4. REGULARITY OF MEMBERS' ATTENDANCE(RA)

Table 4.2 Model Summary of Regression Analysis with EPS dependent on ACS, ND,FM and RA.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.608[a]	.369	.343	2.63334	.369	13.766	4	94	.000

a. Predictors: (Constant), RA, ND, FM, ACS

b. Dependent Variable: EPS

Table 4.2 shows the result of the test of the hypothesis is significant at 0.000 signifying that the dependent variable EPS is significantly affected by the independent variables. Hence the EPS of quoted companies in Nigeria is influenced by positive characteristics of the audit committee such as a large size, inclusion of more external and financially literate members, frequency of holding meetings and regular attendance at meetings by all members.

Table 4.3 ANOVA Result of the regression test.

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	381.826	4	95.457	13.766	.000[a]
	Residual	651.840	94	6.934		
	Total	1033.666	98			

a. Predictors: (Constant), RA, ND, FM, ACS

b. Dependent Variable: EPS

Table 4.3 shows that the result is robust and significant with an F value of 13.766 which is higher than 2 and significant value of 0.000 far lower 0.05. The mean Square value of the regression is 95.457 with a residual of only 6.934 which shows that a very significant proportion of the change in the dependent variable is as a result of the effects of these independent variables and neither due to chance nor any other extraneous variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95% Confidence Interval for B		Correlations		
		B	Std. Error	Beta	T	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	-12.985	4.400		-2.951	.004	-21.722	-4.248			
	ACS	.604	.622	.265	.971	.334	-.632	1.840	.567	.100	.080
	ND	.148	.784	.051	.188	.851	-1.409	1.704	.553	.019	.015
	FM	1.047	.515	.295	2.031	.045	.024	2.069	.508	.205	.166
	RA	.105	.046	.208	2.311	.023	.015	.196	.198	.232	.189

a. Dependent Variable: EPS

To determine the relative importance of the significant predictors, we look at the standardized coefficients. As the composition represented by number of non-executive directors (ND) 0.051, has a smaller coefficient compared to the size of the audit committee (ACS) 0.265, it contributes less to the model as well. Interestingly, the frequency of holding meetings by the audit committee has the highest influence of all the predictors. It has a value of 0.295. The result therefore, shows that Frequency of meetings, audit size, regularity of attendance to meetings and number of non-executive directors; in that order make greater contribution to earnings per share of quoted companies on the Nigerian Stock Exchange.

5.CONCLUSION

This work shows that the Audit Committee in Nigeria is seen from a very narrow prism. It is merely a ''Committee of Directors'' and the enterprise's shareholders representatives whose specific responsibility is to review the annual financial statements before submission to the board of directors. This contrasts with what obtains in the United States' publicly quoted companies. For instance, in a U.S publicly traded company, an audit committee is an operating committee of the Board charged with oversight of financial reporting and disclosure, (Wikipedia 2011). It continues that Audit committee members are drawn from members of the company's board of directors, with a Chair person selected from among the committee members. Moreover, a qualifying audit committee is required for a U.S. publicly traded company to be listed on a stock exchange and it is typically empowered to acquire the consulting resources and expertise deemed necessary to perform their responsibilities. In addition, the role of audit committee had continued to evolve as a result of the passage of the Sarbanese –Oxley Act of 2002 enabling them to have oversight of regulatory compliance and risk management activities. Again the Institute of Internal Auditors sees audit committee as the governance body that is charged with the organizations audit and control functions. By that, they perform fiduciary duties delegated to them by the board in much the same way as trustees, legislative bodies, internal control committees, or full boards of directors (IIA Practice Advisory 2060-2 of 2004). Little wonder that there is the narrow membership, the infrequency of meetings and the rampant absenteeism by committee members. Importantly, the government auditors in the INTOSAI's Internal Control Standards had even expounded the audit committee's role beyond focusing on aspects of financial reporting as in Nigeria or even the entity's processes to manage business and financial risk as in the USA to include compliance with significant applicable legal, ethical, and regulatory requirements. Thus the audit committee ideally assists the board with the oversight of (a) the integrity of the entity's financial statements, (b) the entity's compliance with legal and regulatory requirements, (c) the independent auditor's qualification and independence, (d) the performance of the entity's internal compensation of company executives (in the absence of a remuneration committee (INTOSAI, 2011). Had the role of the audit committee in Nigeria been seen to encompass as much, greater attention would not only have been paid to its size but also to regularity of meetings, composition of the committee and attendance to meetings.

With regards to composition, while in the USA, a properly constituted audit committee regarded as a qualifying audit committee must be composed of independent outside directors with at least one qualifying as a financial expert, in the European Union, the 8th Directive on Company Law 2006/43/EC states ''Each public- interest entity shall have an audit committee. The Member State shall determine whether audit committees are to be composed of non-executive members of the administrative body and/or members appointed by the general meeting of shareholders of the audited entity. At least one member of the audit committee shall be independent and shall have competence in accounting and/or auditing''. Furthermore, the Institute of Internal Auditors' best practice says ''the audit committee will consist of at least three and no more than six members of the board of directors. Each committee member will be both independent and financially literate. At least one member shall be designated as the ''financial expert'', as defined by applicable legislation and regulation''. In Nigeria the situation about composition is very far from these provisions as shown on table 4.1 in appendix.

The content analysis confirms a strong relationship between the role and functions of a properly constituted audit committee and the corporate governance and performance of listed companies on the Nigerian Stock Exchange. However, empirical evidence from secondary data on the size of audit committee and regularity of audit committee members' attendance to meeting failed to show any significant impact. The implication is that audit committees of these companies are yet to rise to be properly constituted and effective in the oversight function over the accounting and auditing functions of these companies. Though in compliance with statutory and regulatory provisions, the companies have audit committee members constituted by mainly shareholders and non-executive directors, the other qualities of would be members are not sufficiently considered. Hence not all the audit committees have proven financial competence, integrity, experience and availability as basic criteria for selection of their membership. The BOD in practice does not properly constitute the audit committee membership. The board is said to have influenced greatly, the appointment of audit committee members even when the exercise is done at the floor of the Annual General Meeting of the company. This practice is inimical to proper functioning of an audit committee and the result is a rubber-stamp kind of audit committee. Under the prevailing circumstance therefore, the audit committee can hardly function properly to impact positively on both good corporate governance and financial performance of the company it is meant to serve. An efficient Audit Committee is a sin qua non to proper accountability, transparency and hence good corporate governance. Appointment of members should be devoid of political or selfish interests as the overall maximization of shareholders wealth should be the overriding objective in constituting the membership of Audit Committees. The independence and integrity of the audit committee directly influences the independence and objectivity of the external auditor and rubs off positively on the confidence of present and potential investors in the company. This paper again recommends that the entire legal and regulatory framework together with the necessary institutional and environmental architecture for proper constitution and operation of an efficient Audit Committee should be maintained at all times to enhance corporate governance and improve financial performance of listed companies on the Nigerian Stock Exchange.

References

Abbot, L.J., Parker, S. and Peters, G. (2004), ''Audit Committee Characteristics and Restatements'', *Auditing:AJournal of Practice & Theory,* 23(1):69-87.

Agrawal, A. and Chadha, S. (2005), ''Corporate governance and accounting scandals'', *Journal of Law & Economics ,48(2):371-406*

AICPA, (2004), *The Audit Committee Toolkit.* New York. http:/en.wikipedia.org/wiki/Audit.

AICPA, (2011), *Sample Audit Committee Charter* http://www.nysscpa.org/cpajournal/2004/essentials/p22.htm

Akinsulire, O. (2006), *Financial Management* 4th edition, Lagos, Ej-Toda Ventures.

Arens, A., Elder, R. and Beasley, M. (2009), *Auditing and Assurances Services, 13th ed*., Upper Saddle River, NJ.,Prentice Hall

Al-faki, M. (2006), ''Tranparency and corporate governance for capital market development in Africa: The Nigerian case study''. *Securities Market Journal,* 2006 edition: 9 -28

Attiye, J.J. and Robina, J. (2007*), Relationship between Corporate Governance Indicators and Firm Performance in case of Karachi Stock Exchange,* Parkistan Publishing Co.

Baysinger, B. and Butler, H. (1985), ''Corporate governance and board of directors: performance effect of changes in Board Composition'' *Journal of Law, Economics and Organization,* 1:101-124

Bedard, J., Chtourou, S.M. and Courteau, L. (2004), ''The effect of audit committee expertise, independence, and activity on aggressive earnings management'', *Auditing: A Journal of Practice & Theory, 23(2):13-35*

Bernard, I. (2012), ''Corporate governance in Nigeria, what we need to do'' *Investment platform Mutual Alliance Research*: 38-39

Bhagat, S. and Black, B. (2002), ''The Non-Correlation between Board Independence and Long-Term Firm Performance'', *Journal of Corporation Law* (27):231-274

Bhagat, S. and Black, B. (2008), ''Corporate Governance and Firm Performance'' *Journal of Corporate Finance* (14): 257-273

Bhana, N. (2010), ''The stock market reaction to criticism of corporate governance practices of companies listed on the JSE'' *Investment Analysts Journal* (72)

Bocean, C.G. and Barbu, C.M. (2007), *Corporate governance and firm performance,* University of Craiova

CBN, (2006), *Annual Reports.*

Charan, Ram (2005). *Boards That Deliver*. Jossey Bass. ISBN 978-0-7879-7139-7

Chapple, J., Ferguson, C. and Kang, D. (2009), ''Corporate governance and misappropriation'', *Journal of Forensic and Investigative Accounting,* 1(2):1

Cho, D.S. and Kim, J. (2007), ''Outside Directors, Ownership Structure and Firm Profitability in Korea'', *Journal Compilation at Blackwell Publishing Ltd.* 15:234-250

Coleman, K. (2007), ''Corporate governance and firm performance in Africa'', A dynamic panel data analysis'', *Paper prepared for the International Conference on Corporate Governance in Emerging Markets.*

Council of Europe (2010), Document of 3/12/10 presented to the CoE Committee of Ministers, https://wcd.coeint/wcd/viewDoc/jco?id.1684131&Site=cm. Retrieved 15 September 2013.

CPA (2004), *Audit Committee Responsibilities.* http://www.nysscpa.org/cpajournal/2004/1104/essentials/p.22.htm. Retrieved 15 September 2013

Defond, M.L., Hann, R.N. and Hu, X. (2005), ''Does the market value financial expertise on audit committees of boards of directors?'', *Journal of Accounting Research,* 43(2):153-193.

Demsetz, H. and Lehn, K. (2004), ''The Structure of Corporate Ownership'', *Journal of Political Economy,* 93:1155-1177

Deakin, S. and Hughes,A. (1997), ''Comparative Corporate Governance: An Interdisciplinary Agenda'', In enterprise and Community: New Directions in Corporate Governance, Deakin, S and Hughes, A. (eds.), Oxford, UK, Blackwell Publishers.

European Commission (2004), *ECIIA Guidance on the 8th EU Company Law Directive. www.eciia.eu.* Retrieved 15 September 2013

European Commission (2006), European Directives 2006/43/EC of 17 May 2006. http://eur-lex.europa.eu/LexUriServ/LexUriServe. Retrieved 15 September 2013

European Commission, (2010), *Benchmarking exercise on Financial Governance*. http://www.eca.europa.eu. Retrieved 14 September 2013.

Gompers, P., Ishii, L., Metrick, A. (2003), ''Corporate Governance Andequity Prices'' Quarterly *Journal of Economics*, 118:107-155

Howard, L. (2000), *Auditing,* 14th edition, London, ebis and m&e press.

Inyang, B.J. (2009), ''Nurturing Corporate Governance Syystem: The Emerging Trends in nigeria'', *Journal of Business Systems, Governance and Ethics* 4 (2):1-13

Institute of Internal Auditors and Price Waterhouse, (2000) *Audit Committee Effectiveness: What Works Best,* Altamonte Springs, FLA; http://www.en.wikipedia.org/wiki/Audit_Committee. Retrieved 13 September 2013

Institute of Internal Auditors and Price Waterhouse, (2001) *Audit Committee Effectiveness: What Works Best*-2nd Edition, Altamonte Springs, FLA; http://www.en.wikipedia.org/wiki/Audit Committee. Retrieved 13 September 2013

Institute of Internal Auditors (2006), *Audit Committee,* http://www.theiia.org/guidance/standards. Retrieved 17 September, 2013

INTOSAI (2004), *INTOSAI Definition.* http:www.issai.org/media(891-1033)/Internal_Control_Standards. Retrieved 12/09/2013

Jensen, M.C. (1993), ''the modern industrial revolution, exit, and the failure of internal control systems'', *Journal of Finance,* 48 (3):831-880

Kajola, S. (2008), ''Corporate Governance and Firm Performance'', *European Journal of Economics, Finance and Administrative Sciences* ISSN 1450-2275 Issue 14.

Khatab, H., Masood, M., Zaman, K., Saleem, S. and Saeed, B. (2011), ''Corporate Governance and Firm Performance: A Case Study of Karachi Stock Market'' *International Journal of Trade, Economics and Finance* 2(1)

Klein, A. (2002), ''Audit Committee, Board of Director Characteristics and Earnings Management'', *Journal of Accounting and Economics,* 33:375-400

KPMG (2006), KPMG AC Journey 2005-2006. http:/www.kpmg.com/aci/docs/practice/ACI_Journal Glob_WEB. Retrieved 14 September 2013

KPMG (2007), KPMG AC Survey 2007. http:/www.kpmg.com/aci/docs/practice/ACI_Journal Glob_WEB. Retrieved 14 September 2013

KPMG (2008), KPMG AC Sturdy 2008. http:/www.kpmg.com/aci/docs/practice/ACI_Journal Glob_WEB. Retrieved 14 September 2013

Laib, A.D. Naseem,M.A. Rehman, R.U. and Niazi, G.S.K. (2011), ''Corporate Governance and Firm Performance a Case Study of Pakistan Oil and Gas Companies Listed in Karachi stock Exchange'' *Global Journal of Management and Business Research,* 11:8

McDaniel, L.S. Martin, R.D. and Maines, L.A. (2002), ''Ecaluating financial reporting quality: the effects of financial expertise vs. financial literacy'', *The Accounting Review, 77(4):139-167.*

Moriceau, J.L. (2004), ''What can we learn from a single case like Enron'', *Critical Perspectives in Accounting,* 16(6):787-796.

Nganga, S., Jain, V. and Artivor, M. (2003), ''Corporate Governance in Africa: A Survey of Publicly Listed Companies'', *Nigerian Stock Exchange Fact Book,(2006)*, Lagos.

OECD, (2004), *OECD Principle of corporate governance,*
http://www.oecd.org/dataoecd/32/18/31557724. Retrieved 15 September 2013

Oyediran, O. (2003), ''Challenges to corporate governance in Nigeria: Issues in corporate governance'', *Financial Institution Training Centre, Lagos.*

Pass, C. (2002), ''Corporate Governance and the Role of Non-Executive Directors in Large UK Companies: An Emperical Study'', *Working Paper* Series.

Sanda, A., Mikailu, A.S. and Garba, T. (2003), Corporate Governance Mechanisms and Firm Financial Performance In Nigeria'', *AERC Research Paper* 149 Nairobi

Sarens, G., De Beelde, I. and Everaert, P. (2009), ''Internal audit: a comfort provider to the audit committee'', *The British Accounting Review,* 41(2):90-106

SEC (2003), *Disclosure Required by Sections 406 and 407 of the Sarbanese, Oxley ASct of 2002, Release Nos 33-8177;34-47235,* Washington, DC, Securities and Exchange Commission.

Suberu, O.J. and Aremu, O.S. (2010), ''Corporate Governance And Merger Activity In The Nigerian Banking Industry'' Journal Of Economics, 1(2):91-97

Tricker, R.I.(1994), *International corporate governance:text readings and cases,*Singapore, Prentice-hall

Uadiele, O. (2010), ''Impact of Board Structure on Corporate Financial Performance in Nigeria'', *International Journal of Business and Management* 5(10):155-166

Wikipedia, G. (2007), ''Nigerian Universities and the World ranking'', *The Guardian Newspapers,* May 25:16-17

Williams I. (2001), *Corporate Finance,* 2nd edition, Canada, Steve mocnfer publishers

Wolfensohn, J. (1999), ''Corporate governance is about promoting corporate fairness, transparency and accountability'', *Financial Times,* 21st June.

Xie, B., Davidson, W.N. and DaDalt, P.J. (2003), Earnings management and corporate governance: the role of the board and the audit committee'', *Journal of Corporate Finance, 9(3):*295-316.

Young, S. (2000), ''The increasing use of non-executive directors: its impact on UK board structure and governance arrangements'' *Journal of Business Finance and Accounting,* 27(9&10):1311-1342.

(Zajac, E.J. and Westphal, J.D. (1996), ''Director Reputation, CEO-Board Power, and the Dynamics of Board Interlocks'' webuser.bus.unich.edu/westjd/Articles/Director_Reputation.pdf. 13th June 2013.

Appendix

Table 4.1 Average Corporate performances of non financial companies quoted on the Nigerian Stock Exchange and their corresponding Audit Committee characteristics.

S/N	Company	Audit Committee Size	Non Directors	No of Meetings per year	Average Attendance to meetings %	Dividend per Share(DPS)	Earnings per Share	P.E. Ratio
	AGRICULTURE/AGRO-ALLIED							
1	1	3	1	4	80	0.50	6.06	3.20
2	2	3	1	4	76	0.50	1.88	3.90
3	3	3	1	5	80	0.30	0.03	16.67
4	4	2	0	3	80	0.03	0.01	4.30
	AUTOMOBILE & TYRE							
5	5	2	1	3	75	0.15	0.00	0.00
6	6	3	1	3	80	1.10	0.16	10.31
	AVIATION							
7	7	3	1	3	76	-	0.80	7.25
8	8	4	2	3	88	0.15	0.51	3.82
	BREWERIES							
9	9	6	3	5	80	10.00	12.16	16.86
10	10	5	2	5	72	1.25	4.39	19.36
11	11	4	2	4	75	0.08	0.00	0.00
	BUILDING MATERIALS							
12	12	3	1	4	85	0.30	1.35	11.41
13	13	6	3	5	75	2.25	7.19	13.35
14	14	4	2	4	80	0.04	1.45	4.55
15	15	3	1	4	80	0.25	0.87	45.40
	CHEMICALS & PAINTS							
16	16	4	2	4	80	0.70	1.81	5.17
17	17	3	1	3	78	0.45	0.00	0.00
18	18	3	1	3	70	0.10	0.00	0.00
19	19	5	3	4	85	2.00	1.69	11.78
20	20	2	0	4	80	-	0.00	0.00
21	21	2	0	3	90	0.02	0.00	0.00
22	22	2	0	2	85	0.07	0.00	0.00
23	23	2	0	2	86	0.06	0.16	4.44
24	24	2	1	3	88	0.12	0.29	17.62
	COMPUTER & OFFICE EQUIP							
25	25	2	0	2	80	0.11	0.00	0.00
26	26	4	2	3	85	3.00	7.13	0.73
27	27	3	1	3	80	-	0.04	12.50
	COMMERCIAL SERVICES							
28	28	4	2	3	88	0.30	0.54	4.28
29	29	3	1	3	80	0.05	0.04	12.50
30	30	3	1	3	75	0.05	0.10	36.30
31	31	3	1	3	75	0.10	0.03	28.00
	CONGLOMERATES							
32	32	5	2	4	80	0.12	0.28	6.79
33	33	5	2	3	80	0.10	0.00	0.00
34	34	6	3	4	89	0.86	1.29	23.68
35	35	4	2	3	78	0.10	0.05	122.20
36	36	6	3	4	85	1.30	6.87	4.56

37	37	5	2	4	84	1.10	1.38	19.93
38	38	3	1	3	85	-	0.22	3.45
39	39	3	1	3	85	0.10	0.34	18.91
	CONSTRUCTION							
40	40	2	0	3	86	0.10	0.00	0.00
41	41	2	0	3	88	0.20	0.00	0.00
42	42	3	1	3	90	2.00	3.15	14.97
43	43	3	1	3	80	0.20	0.00	0.00
44	44	3	1	3	90	0.50	3.66	1.54
45	45	2	0	2	88	0.01	0.01	50.00
46	46	3	1	3	88	0.50	4.50	21.22
	CONSUMER GOODS							
47	47	5	2	4	90	2.00	3.81	12.60
48	48 cad	6	3	4	90	1.30	0.36	36.84
49	49	6	3	4	90	2.00	4.50	13.00
50	50	4	1	3	87	0.50	0.73	5.73
51	51	6	3	4	95	10.60	16.18	24.99
52	52	4	1	4	86	0.50	1.52	26.90
53	53	3	0	2	89	0.03	0.06	84.33
54	54	4	1	4	90	0.90	2.09	10.28
55	55	4	1	4	90	0.60	0.71	9.58
56	56	6	3	4	88	0.50	0.54	11.76
57	57	3	1	3	78	0.06	0.01	50.00
58	58	3	1	3	75	0.20	0.00	0.00
59	59	3	1	3	70	0.13	0.26	10.28
60	60	3	1	3	72	0.03	0.00	0.10
	FOOT WEAR & ACCESSORIES							
61	61	2	0	3	78	0.15	0.19	18.32
	INDUSTRIAL DOMESTIC PRODUCTS							
62	62	*3*	*1*	*3*	*90*	*0.36*	*0.89*	*7.82*
63	63	*3*	*1*	*3*	*80*	*0.30*	*0.70*	*8.50*
64	64	*3*	*1*	*2*	*80*	*0.20*	*0.00*	*0.00*
65	65	*2*	*0*	*2*	*85*	*0.05*	*0.00*	*0.00*
66	66	*2*	*0*	*2*	*86*	*0.05*	*0.29*	*38.45*
67	67	-	-	-	-	-	-	-
68	-68	-	-	-	-	-	-	-
	INFORMATION COMMUNICATION TELL							
69	69		*0*	*2*	*88*	*0.00*	-	-
70	70	*2*	*0*	*2*	*95*	*0.03*	*0.00*	*0.00*
71	71	-	-	-	-	-	-	-
	LEASING							
72	72	*2*	*0*	*2*	*88*	*0.00*	*0.00*	*0.00*
73	73	*2*	*0*	*2*	*85*	*0.00*	*0.00*	*0.00*
74	74	*3*	*1*	*3*	*90*	*0.08*	*0.20*	*8.55*
	MEDIA							
75	75	*2*	*0*	*2*	*90*	-	*0.00*	*0.00*
76	76	*5*	*3*	*4*	*94*	*10.00*	-	-
	PACKAGING							
77	77	*3*	*1*	*3*	*89*	*0.36*	*1.81*	*8.18*
78	78	*3*	*0*	*2*	*90*	*0.13*	*0.07*	*42.29*

79	79	3	1	3	90	0.20	1.36	11.05
	PETROLEUM MKT							
80	80	6	4	5	90	5.20	0.00	0.00
81	81	6	4	5	85	1.00	2.38	16.03
82	82	6	3	4	86	0.08	0.00	0.00
83	83	7	4	5	90	7.00	13.68	10.31
84	84	7	4	5	95	8.28	15.44	14.79
85	85	6	3	4	90	0.01	0.03	19.33
86	86	7	4	5	95	18.35	0.86	0.49
	PRINTING & PUBLISHING							
87	87	3	1	3	80	0.50	0.65	11.65
88	88	3	1	3	78	0.40	0.37	16.65
89	89	3	1	3	86	0.70	0.33	11.15
	REAL ESTATE							
90	90	4	2	3	84	0.50	1.24	13.87
	REAL ESTATE INVESTMENT							
91	91	5	3	4	96	97.00	10.61	9.14
	ROAD TRANSPORT							
92	92	4	1	2	87	0.03	0.01	69.00
	TEXTILES							
93	93	3	1	2	90	0.10	0.00	0.00
	EMERGING MKT							
94	94	-	-	-	-	-	-	-
95	95	-	-	-	-	-	-	-
	HOTEL AND TORISM							
96	96	2	0	2	88	0.10	0.96	2.36
97	97	-	-	-	-	-	0.00	0.00
98	98	2	0	2	86	0.07	0.22	34.09
	HEALTH							
99	99		0	2	85	0.03	0.00	0.00
100	100	2	1	2	97	0.15	0.15	48.27
101	101	2	0	2	89	0.03	0.00	0.00
102	102	4	2	3	96	1.20	2.55	10.59
103	103	3	1	2	90	0.40	0.18	16.61
104	104	3	1	2	96	0.50	0.07	16.86
105	105	2	0	2	88	0.20	0.00	0.00
106	106	2	0	2	90	0.10	0.21	5.19
107	107	2	0	2	97	0.08	0.00	0.00
108	108	2	1	2	95	0.50	0.25	8.50

SOURCE: Nigerian Stock Exchange Annual Reports several years.

Coefficient Correlations[a]

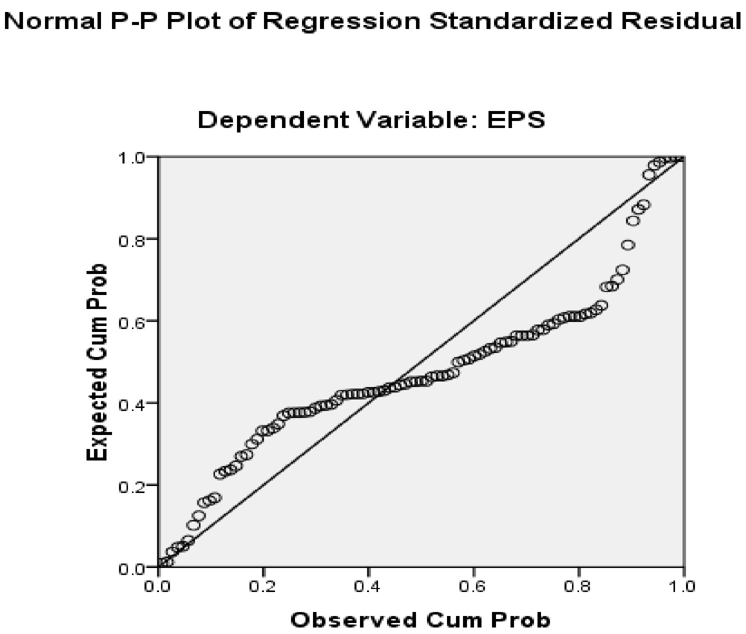
Model			RA	ND	FM	ACS
1	Correlations	RA	1.000	-.052	.400	-.156
		ND	-.052	1.000	-.200	-.855
		FM	.400	-.200	1.000	-.242
		ACS	-.156	-.855	-.242	1.000
	Covariances	RA	.002	-.002	.009	-.004
		ND	-.002	.614	-.081	-.417
		FM	.009	-.081	.265	-.078
		ACS	-.004	-.417	-.078	.388

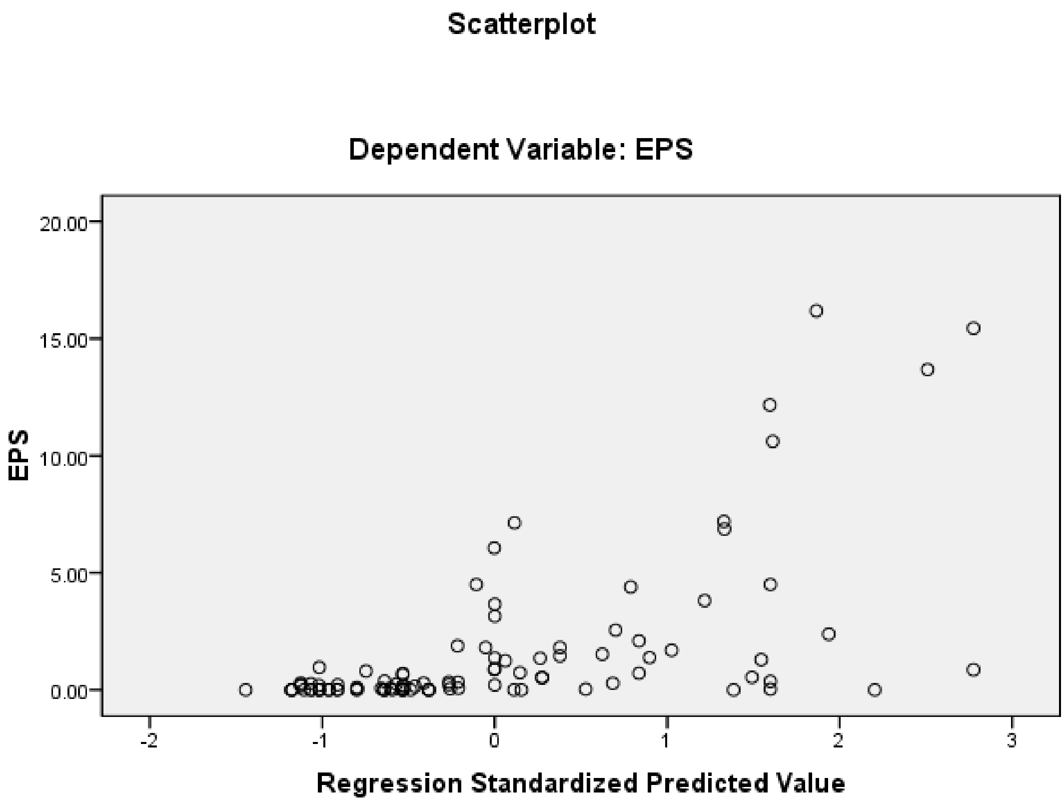
a. Dependent Variable: EPS

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-1.2656	7.0642	1.5849	1.97388	99
Std. Predicted Value	-1.444	2.776	.000	1.000	99
Standard Error of Predicted Value	.291	1.033	.568	.166	99
Adjusted Predicted Value	-1.3166	7.7065	1.5914	1.98068	99
Residual	-6.20425	10.91421	.00000	2.57904	99
Std. Residual	-2.356	4.145	.000	.979	99
Stud. Residual	-2.475	4.280	-.001	1.015	99
Deleted Residual	-6.84647	11.63875	-.00643	2.77079	99
Stud. Deleted Residual	-2.546	4.744	.007	1.056	99
Mahal. Distance	.204	14.098	3.960	2.914	99
Cook's Distance	.000	.243	.015	.042	99
Centered Leverage Value	.002	.144	.040	.030	99

a. Dependent Variable: EPS


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: EPS
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Scatterplot
Dependent Variable: EPS
EPS
20.00
15.00
10.00
5.00
0.00
-2
-1
0
1
2
3
Regression Standardized Predicted Value