EFFECT OF AUDIT QUALITY ON THE MARKET VALUE OF LISTED NON-FINANCIAL COMPANIES IN NIGERIA

BY

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BSU/ ACC/Ph.D/12/3493

A Thesis Submitted to Postgraduate School, Benue State University, Makurdi, in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy (Ph.D) in Accounting and Finance

October, 2018

DECLARATION

I declare that this thesis titled: Effect of Audit Quality on the Market Value of Listed Non-Financial Companies in Nigeria is an original work carried out by me under the supervision of Prof. Abimaje Akpa and Dr. Paul Angahar of the Department of Accounting, Benue State University, Makurdi. The thesis has not been previously presented either wholly or partly to any institution for the award of any degree or diploma. All sources of scholarly information used are duly acknowledged.

Name of Candidate: Patience Ote Ola

Signature ----------

Date ----------

CERTIFICATION

We certify that this thesis titled; Effect of Audit Quality on the Market Value of listed Non-Financial Companies in Nigeria has been duly presented by Patience Ote Ola (BSU/ACC/Ph.D/12/3493) of the Department of Accounting, Faculty of Management Sciences, Benue State University, Makurdi and has been approved by the Examiners.

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Having met the stipulated requirements, the thesis has been accepted by Postgraduate School.

Dean

Postgraduate School

Date:----------

ACKNOWLEDGEMENTS

I give thanks to the Almighty God for His mercies, love, divine assistance and guidance throughout this programme and for enabling its successful completion; may His name be praised forever. I sincerely appreciate the encouragement, assistance and expert suggestions by my supervisors: Prof. A. Akpa and Dr. P. A. Angahar, which have greatly enhanced the quality of this academic work. May the good God bless them richly for such an immense contribution to knowledge.

The great efforts of my lecturers: Prof. A. Akpa, Dr. P. Angahar and Late Dr. J. Sar towards the successful completion of this programme cannot be undermined; I say thank you. I am also grateful to the Dean, Faculty of Management Sciences Dr. P. Angahar who is also one of my supervisors, the Head, Department of Accounting Dr. T. Azende, Prof. A. Okwoli, Prof. J. Agburu, Prof. E. Kighir, Prof. S. Orsaah, Dr. A. Adyorough, Dr. A. Ochugudu, Dr. S.Nongo, Dr. A. Faajir, Dr. J. Sev, Dr. T. Alabar, Dr. I. Nwaorgu, Dr. C. Ajekwe, Dr. L. Iorpev and Dr. Mrs. A. Agbo for their immense support, contribution and comments at the various stages of this thesis which also enhanced its quality. I specially thank my colleagues Mr. I. Kwanum, Mrs. T. Oto, Mr. E. Abanyam, Dr. V. Utor, Mr. F. Anande-kur, Mr. A. Onoja, Mr. J. Iorun and Mr. G. Agada for their exceptional advice at the various stages of this work.

I appreciate my husband Mr. Nick Ola for his relentlessencouragement andmoral support as well as in the typesetting of the entire work. I also appreciate my children: Great-success Urube, Noble-king Urube and Fabulous-Lee Urube for their understanding in the course of this programme. I further appreciate my parents Late Mr. Peter Ogaji and Late Mrs. Charity Ogaji for being a source of inspiration to me. I thank my siblings Comfort Ede, Jonathan Ede, Samuel Ede and David Ede for standing by me.

I also acknowledge everyone who contributed to the success of this work directly or indirectly whose names are not mentioned here; it is my prayer that God will bless you all.

DEDICATION

This work is dedicated to the Almighty God and to my beloved and impactful mother Mrs. Ogaji Charity Eko

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ABSTRACT

*This study examined the effect of audit quality on the market value of listed non-financial companies in Nigeria. Audit quality was explained by Audit Firm Size (AFS), Audit Experience (AE), Auditor Industry Specialization (AIS), Audit Fees (AF), Audit Tenure (AT) and Audit Opinion (AOP) while market value by market Price per Share (MPS). Expost facto design was adopted for this study.The requisite data were obtained from the audited financial statements of 47 listed non-financial companies for a period of 12 years (2004-2015) giving rise to 564 company-year observations. Multiple linear regression analysis, particularly, the Ordinary Least Squares (OLS) method was used to analyze the data. The results indicated that audit quality has significant positive effect on market value of non-financial companies listed in Nigeria. More specifically, AFS, AIS, AF, AT and AOP have significant positive effect on market value whereas, AE exerts a significant negative effect on market value. We therefore recommend that regulatory*bodies such as*Securities and Exchange Commission (SEC), Financial Reporting Council (FRC), Corporate Affairs Commission (CAC), and professional accounting bodieslikeInstitute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) should ensure audit quality by enforcing thesanctions and disciplinary measures on auditors/audit firms that tend to mar audit quality as audit quality is seen to have the capability of significantly affecting the market value of companies in Nigeria positively.*

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Companies' financial statements provide information about their financial position and performance. This information is used by a wide range of stakeholders implying that the accuracy of these financial statements is crucial for present and potential investors and other stakeholders whoemploy it for logical economic decisions. It is thus pertinent that these financial statements be prepared in a manner that should be useful, related and possessing the ability of influencing user's economic decision (Sadegh, Reza & Farzard, 2013; Arnold, 2013; Marjolein, 2011; Beest, Braam & Boelens, 2009; Lin, Liu & Wang, 2007; Schelker, 2007). This makes independent external audit so important since it enhances the credibility of financial reporting needed; increases the confidence of users of the financial statements and firm value (Jusoh & Ahmed, 2014; Yuniarti & Zumara, 2013).

Audit is an independent function consisting of an ordered and structured series of steps, critically examining the assertions made by an individual or an organization about the economic activities in which they are engaged and communicating the results in the form of a report to the users (Salehi & Mansoury, 2008; Salehi, 2010). It can also be viewed as an examination of an entity's financial statements prepared by the accountants. Consequently, audit reports substantiate the information drawn from the financial statements. In order to achieve increased credibility of financial statements, there is need for quality audit. The auditor evaluating the company's financial statements should be independent from the company's management providing this same information and

should have the ability and willingness to put confidence on the audit quality (AQ).In spite of the annual financial statements' audit, there is an increasing concern of investors about the integrity of firm's financial reporting due to scandals involving once well-respected companies like Enron Corporation, WorldCom, Cadbury Nigeria Plc. and African Petroleum (Oluwagbuyi & Olowolaju, 2013; Okolie & Izedonmi, 2014). This calls for increasing demand for auditors that are independent enough to restore the confidence of financial statement users on the credibility of work done by the auditors.

De Angelo (1981) sees audit quality as the ability of the auditor to detect misrepresentations and manipulations and the willingness to report such. From De Angelo's perception, we can say that audit quality explains the ability of the audit to effectively constrain earnings misrepresentation and financial statement manipulations. A measure of audit quality is in its ability of the auditor to improve the credibility ofthe financial statements by reducing the noise and bias that may be caused by earnings misrepresentation and manipulations.

A high audit quality improves reporting entities' implementation of appropriate accounting standards thereby, increasing the assurance that the financial statements are reliable, transparent and useful to the market. Audit quality underpins confidence in the credibility and integrity of financial statements that is made available to investors, owners, creditors and other users (Salehi, 2010; Arezo, 2011; Arber, Hysen, Skender & Arben, 2012; Suyono, 2012; Okolie & Izedonmi, 2014; Ziaee, 2014). Once investors and prospective investors have confidence in the financial statements of a company, such

confidence will increase the demand for the shares of that company which will as well increase the company's share market value. It suffices to state that audit quality provides a basis of assurance to users of the financial statements; it attracts investors easily through improved assurance as to the clients' true financial position hence, affecting the market value of such a firm (Okolie & Izedonmi, 2014; Jusoh & Ahmed, 2014).

Market value firstly, is the price at which a security is trading and could presumably be purchased or sold and secondly, it is what investors believe a firm is worth(Campbell, 2012); According to Ziaee (2014) and Seyed-hossein, Saudah and Maisarah (2013), audit quality plays an essential role in maintaining an efficient market environment. That is to say, audit quality is necessary for the well-functioning of markets. Chang, Dasgupta and Hillary (2004) and Pitman and Fortin (2004) reveal that high audit quality aids the reduction of cost of capital and increases access to equity financing as well as having economic consequences on the capital market. To Titman and Trueman (1986), the better the audit quality; the more the investors rely on the companies' accounting information which could eventually send good signals to the market for higher valuation of such companies' shares.

This triggers the question: Can audit quality influence or affect the value of a firm? This question needs to be investigated and answered. It is on this backdrop that this study therefore seeks to investigate the effect of audit quality on the market value of listed non-financial companies in Nigeria by explaining audit quality from DeAngelo (1981) view to include auditor's competence (audit firm size, audit experience, and auditor industry

specialization) and independence(audit fees, audit tenure and audit opinion). The market value is also explained using market price per share.

1.2 Statement of the Problem

The auditing profession performs a role in giving reasonable assurance to the various users of financial statements as it relates to the reliability and credibility of the figures presented by management in the financial statements. But this seems futile as several cases of corporate financial scandals in Nigeria like Cadbury Nigeria Plc, African Petroleum, Lever Brothers Nigeria Plc and Nampak (Odia, 2007; Okolie & Agboma, 2008; Adeyemi & Fagbemi, 2010; Oluwagbuyi & Olowolaju, 2013; Okolie & Izedonmi, 2014) have posed a great challenge on the credibility of audit reports since these cases resulted from audited financial statementswhere the auditors failed to detect and report financial misstatements and manipulations. This has brought a great deal of disappointment to investors and other corporate financial reporting stakeholders consequently, impacting negatively on investors' economic decisions.

What could be the reason(s) for such perceived audit failure that has impacted negatively on the value of client's stock? Some studies are of the view that such perceived audit quality failure can be traced to over familiarity due to longevity of audit firm tenure (Haboya & Ohiokha, 2014; Francis, 2004). The high/low fees as opined by some researchers can influence audit quality. According to Taqi (2013), the auditors that obtain higher fees send signals to the stakeholders that they will provide a high quality audit. In contrast, Zunaidah, John, Amariah, Zuraidah and Carl (2013) are of the opinion that

higher audit fees can impair audit independence consequently marring the quality of audit. Nasution (2013) also believes that these scandals took place because of the auditors' lack of independence. Another possible cause of perceived reduction in audit quality can be traced to a threat of replacement that might instill fear of losing the reputation that the audit firm has built over the years in form of size and market gain. Experience or expertise may also determine audit quality. However the question remains: Which of these audit quality variables or determinants (audit tenure, audit fees, audit opinion, audit firm size, audit experience and audit industry specialization) impact on the market value of listed non-financial firms in Nigeria?The use of these variables to represent audit quality in this study is on the basis that prior studies are of the view that audit quality impacts on firm's market value (Titman & Trueman, 1986). Impliedly, these determinants of audit quality are capable of impacting on the firms' market value. Again, it is necessary to investigate the assertion that the reliability of financial reports of a company which can affect the value positively or negatively is highly dependent on audit quality (Okolie & Izedonmi, 2014).

In addition, considerable number of researches (Lin, Liu & Wang, 2007; Yaser, Julia & Denise, 2008; Mark, Christopher & Woon, 2009; Hsien & Hua, 2011; Marjolein, 2011; Arber, Hysen, Skender & Arben, 2012; Hsien & Hua, 2013; Lasse, Hannu & Tomi, 2013; Romana & Richard, 2013; Ahsan, Haiyan & Donghua, 2014; Mohd & Ayoib, 2014; Morteza, 2014) have been conducted to analyze audit quality. In spite of this growing literature on audit quality internationally, it is observed that most studies have centered on the determinants of audit quality. Again, few studies focused attention on audit quality

as it affects or impacts on corporate performance, valuation and market reaction. It is also perceived that sufficient attention has not been given to audit quality especially as it relates to auditor experience, auditor industry specialization and audit opinionand how they affect value of firms.

So far, research has shown that, the confidence in audit to successfully constrain financial misstatementsand manipulations by companies is considerably doubtful and this has led to a reduction of reliance on audited financial statements by stakeholders in making series of economic decisions which are usually based on the value and quality of the company presented in these statements. Again, the studies on audit quality globally focused heavily on internal audit quality and factors affecting audit quality: audit firm size, audit tenure, audit experience, audit fees, auditor industry specialization and audit opinion,withlittle attention to the effect of audit quality on market value of firms. Hence, this current study adopts audit quality surrogates as in prior studies and examined the effect of audit quality on the market value of non-financial firms listed in Nigeria. These audit quality surrogates include; auditor's competence (audit firm size, audit experience, and auditor industry specialization) and auditor independence(audit fees, audit tenure and audit opinion) whereas, market price per share is adopted as market value surrogate. These has enabled a successful empirical investigation on the impact of audit quality on the market value of listed non- financial companies in Nigeria and consequently, advise policy makers appropriately on what to invest attention. Thisresearch area will also enhance the stock of extant literature on audit quality in Nigeria.

1.3 Objectives of the Study

The main purpose of this study is to determine the effect of audit quality on the market value of listed non-financial companies in Nigeria. Hence, the specific objectives of this study include:

1. To determine the effect of Audit Firm Size (AFS) on the market value of listed non-financial companies in Nigeria;
2. To determine the effect of Audit Experience (AE) on the market value of listed non-financial companies in Nigeria.
3. To determine the effect of Audit Industry Specialization (AIS) on the market value of listed non-financial companies in Nigeria;
4. To investigate the effect of Audit Fee (AF) on the market value of listed non-financial companies in Nigeria;
5. To investigate the effect of Audit Tenure (AT) on the market value of Nigerian listed non-financial companies;
6. To investigate the effect of Audit Opinion (AOP) on the market value of listed non-financial companies in Nigeria

1.4 Research Questions

In an attempt to achieve the study objectives the study is guided by the following questions.

1. What is theeffect of Audit Firm Size (AFS) on the market value of Nigerian listed non-financial companies?
2. What is theeffect of Audit Experience (AE) on market value of Nigerian listed non-financial companies?
3. What effect has Auditor Industry Specialization (AIS) on market value of Nigerian listed non-financial companies?
4. What effect has Audit Fee (AF) on market value of Nigerian listed non-financial companies?
5. What effect has Audit Tenure (AT) on the market value of Nigerian listed non-financial companies?
6. What effect has Audit Opinion (AOP) on the market value of Nigerian listed non-financial companies?

1.5 Research Hypotheses

The following null hypotheses were formulated to guide this study:

Ho_1: Audit Firm Size (AFS) has no significanteffect on the market value of Nigerian listed non-financial companies

Ho_2: Audit Experience (AE) does not have significant effect on market value of Nigerian listed non-financial companies

Ho_3: Auditor Industry Specialization (AIS) has no significant effect on market value of Nigerian listed non-financial companies

Ho_4: Audit Fee (AF) has no significant effecton market value of Nigerian listed non-financial companies

Ho_5: Audit Tenure (AT) does not have significant effect on the market value of Nigerian listed non-financial companies

Ho_6: Audit Opinion (AOP) does not have significant effect on the market value of Nigerian listed non-financial companies

1.6 Significance of the Study

This study adds to the general body of knowledge on audit quality and most specifically on the effect of audit quality on the market valuation of firms in the context of an emerging economy like Nigeria. The findings of this study is of immense benefit to the management of companies, creditors, investors and other users of financial statements, regulatory bodies, accounting institutes, the auditors academics and other researchers.

The findings of this study will give a guiding light to the management of listed firms who intend to add value to their organization on the stock market with respect to what decision to take regarding the type of auditor choice, the audit fee negotiation, audit tenure, experience and auditors who are industry specialist.

The findings will also go a long way in giving the creditors, investors and other users of financial statement a clue on how to assess the quality of audit; whether the involvement of a particular audit firm is capable of influencing their investment worth, then shedding a light towards what decisions to take in respect of their investment in the various companies and choices of auditor(s).

The various regulatory bodies and other organizations such as Securities and Exchange Commission(SEC), Financial Reporting Council (FRC), Corporate Affairs Commission (CAC), Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) will be most interested in the findings of this study because it will draw their attention as to whether constructive adjustments should be made to regulatory policies regarding auditors and auditing in Nigeria with specific reference to audit tenure rotation and switch, audit fees and audit industry specialization.

Finally, this study may be significant to academics and other researchers who may want to carry out further research on audit quality by offering them insight as to the techniques of testing the effect of audit quality on the market value of firms. Other researchers may wish to either confirm the findings of this current study or build up on it. Whichever the case, this study is only a modest attempt aimed at adding to extant literature on audit quality and value of firms in accounting and finance.

This current research has provided evidence as to how audit quality affects the value of firms in the stock market in an emerging economy like Nigeria.

1.7 Scope of the Study

The audit quality is explained from DeAngelo (1981) view to include auditor's competence (audit firm size, audit experience, and auditor industry specialization) andauditor'sindependence (audit fees, audit tenure and audit opinion). The market value is measured by market price per share.

The study covers a 12-year period from 2004 – 2015. This period was chosen to account for both the boom and fall periods of the Nigerian capital market and to achieve the researcher's desire to do a long term study since prior studies in Nigeria were on short term basis. It has also reviewed the annual reports and accounts of forty-seven (47) non-financial companies listed on the Nigerian Stock Exchange making a total of 564 company year observations of the listed non-financial firms in Nigeria. The choice of the non-financialsector was to let go the financial sector for various obvious reasons. First, the numerous reforms in the sector makes the researcher supposed that a lot of things like: mergers, acquisitions and liquidity problem in some banks that led to the establishment of Asset Management Corporation of Nigeria AMCON by the Central Bank of Nigeria to take over non-performing assets of some of the Nigerian banks and many more are currently accounting for the value of the Nigerian financial sector hence including it in the study might not allow for accurate result; secondly, the sector accounts for about half of the Nigerian Stock Exchange market capitalization therefore, we presumed that the financial sector should be studied separately as including it in the study might distort the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter reviews the related literature pertaining to the effects of audit quality on the value of companies. It is divided into five (5) subsections, covering the introduction, conceptual framework, theoretical framework of audit quality, reviewsof related empirical studies on audit quality and firm value and the last section presents the summary of the chapter.

The essence of the review of literature is to use the evidences from the previous studies to establish the gap in literature and also serve as a basis for validation of the research findings.

2.2 Conceptual Framework

Three concepts are discussed in this section. These concepts are: Audit quality, market value and non-financial companies.

2.2.1 Audit Quality

Audit quality is in essence a complex and multi-faceted concept. This perhaps is the reason why the International Auditing and Assurance Standards Board (IAASB) (2011) states that there have been a number of attempts to conceptualize 'audit quality' in the past but none has resulted in a definition that has achieved universal recognition and acceptance (Beattie, Fearnley & Hines, 2010; Okolie, 2014). Again, audit quality perception may depend on whose eye one is looking through because the various stakeholders such as shareholders, creditors, and other users of the financial statementsmay have different views as to what constitutes audit quality. However, the classic definition of audit quality that is cited by most audit researchers is that of De

Angelo (1981) which defines audit quality as the market –assessed joint probability that a given auditor will both detect material misstatements in the client's financial statements and report the material misstatements. According to this definition, audit quality is a function of the auditor's ability to detect material misstatements and report the errors. It means De Angelo's view of audit quality is in two dimensions. First, detecting financial misstatements and errors in financial statements; this measures the technical capability of auditors. Secondly, reporting a discovered breach measures auditor's independence. The external auditor must be independent as this is very important in lowering the existence of information asymmetry. In line with this view, Ali, Reza and Mahdi (2009) state that the auditor's professional opinion will be of little value to statement users if they believed the auditor is not wholly independent of management.

Francis (2004) defines audit quality as the ability of audit function in meeting minimum legal and professional requirements. Davidson, Stening and Wai (1984) views audit quality as the accuracy of auditor's information reporting. Following this is the definition of Arezoo (2011) that sees audit quality as the ability to produce financial information without misstatements, omissions and/or biases. Closely related to this view is the perception of Wallace (1987) which states that audit quality is a measure of the auditor's ability to reduce noise and bias and meticulously improve accounting data while Davidson and Neu (1993) further view audit quality as the ability of auditors to detect and eliminate material misstatements and manipulations in reported net income.

Palmrose (1988) definition of audit quality does not stop at these two characteristics of competence and independence but defines audit quality in terms of level of assurance on

financial statements. He states that audit quality is the probability that financial statement contains no material misstatement.

However, for the purpose of this study, audit quality is viewed as the ability of audit to detect material misstatements and reporting the errors in such a manner that can influence the level of stakeholders' assurance and confidence in the credibility and reliability of clients' financial statements; as basis for economic decisions. This ability of the auditor to detect material misstatements and reporting the detected errors and omissions is dependent on the audit firm size, audit tenure, audit experience, audit fees, auditor industry specialization and audit opinion. All these audit quality attributes if present; are capable of influencing stakeholders' reliability on the financial statements in making economic decisions.

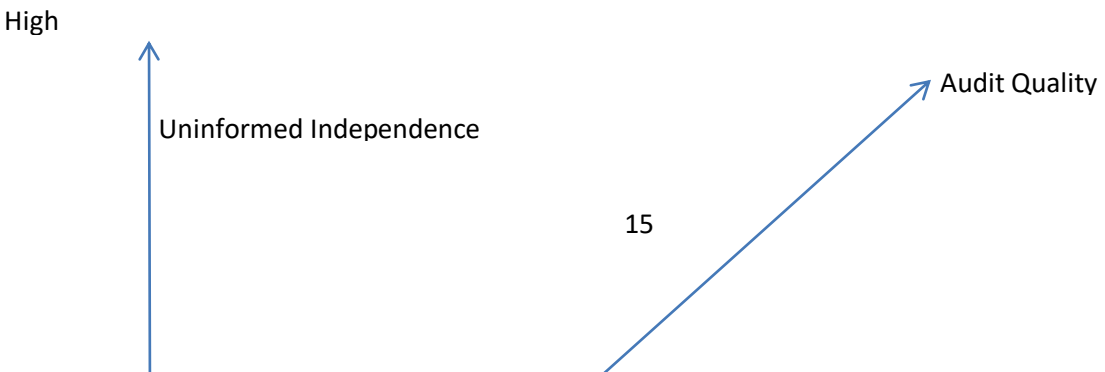
2.2.1.1 Factors Influencing Audit Quality

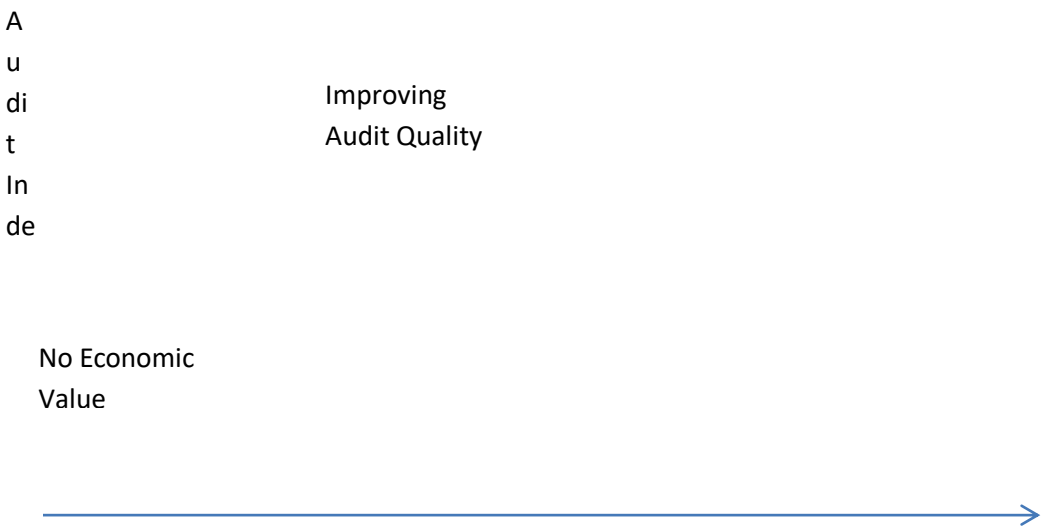
Audit quality can be influenced by many factors. According to Francis (2004) and Adeyemi, Okpala and Dabor (2012) factors influencing audit quality may include: Audit fees, Audit tenure, Audit firm alumni, Audit committees and Audit firm size. In addition to these factors, Okolie and Izedonmi (2014) include Audit independence as one of the factors influencing audit quality.

Arezoo (2011) grouped factors affecting audit quality into direct and indirect factors, where direct factors include measures like financial reporting compliance with GAAP, quality control review, bankruptcy, desk review and SEC performance whilst the indirect

factors include audit size, audit tenure, industry expertise, audit fees, economic dependence, reputation, and cost of capital.

Going by the definition of audit quality by DeAngelo (1981), 'audit quality is the market –assessed joint probability that a given auditor will both detect material misstatements in the client's financial statements and report the material misstatements', it can be inferred that audit quality is in twofold. First, the ability of the auditor to detect material misstatements, errors and omissions representing the technical ability/competence of the auditor and secondly, the ability of reporting such which represents the auditor's independence. If this definition is upheld then, it means that more audit independence improves audit quality and more audit expertise or competence also improves audit quality. However, Knechel (2013) points out that the level of one of these features/traits of audit quality does not influence the level of the other as these two features (audit competence and audit independence) in the De Angelo (1981) definition are treated as orthogonal. This relationship is illustrated in figure 2:





Source: W. Robert Knechel (2013)

Figure 2.1 Orthogonal Relationships of Audit Quality Traits

Figure 2.1 explains the orthogonal relationship between audit competence and audit independence where the ray springing from the origin of the graph indicates increasing levels of audit quality. This can be explained thus: A good and improving audit quality is obtained in a good combination of audit independence and audit competence. This seems to support the statement by Richard (2006) that audit quality appears as a balance between its two determinants: Audit competence and audit independence. We can see that first, where audit competence and audit independence are low, the audit quality is also low and it might not be desirable from the societal point of view in the sense of having no economic value. Second, we can see that where the auditor is highly independent but possesses little expertise (a condition referred to as an uninformed independence) audit quality will also be low as an auditor may not have anything to give a quality report on as they are not competent enough to find errors, misstatements and

omissions. Again, a tremendous expertise with low level of independence presents a low audit quality as well and this is said to be conflicted expertise because an auditor with much knowledge without or with low level of independence seems to conflict the audit quality definition in a manner that produces low level audit quality with low economic value. Hence, a proper mix of these features of audit quality should be of great concern as a balanced mix is capable of improving audit quality.

It is against this backdrop that this study therefore adopts the measures of audit quality as spelt out in the study of DeAngelo (1981) since the definition seems to be the most acceptable definition of audit quality and all other measures tend to trace their roots to it.

2.2.1.2 Measures of Audit Quality

`The measures of audit quality adopted in this study are derived from the definition of audit quality by DeAngelo (1981) to include (1) Audit competence and (2) audit independence which according to Knechel (2013) are orthogonal. That is, a proper mix of these two traits brings about improved audit quality.

1. **Audit Competence**

It is deduced from DeAngelo (1981) definition of audit quality that audit competence is the technical ability of the auditor to detect errors in the financial statements. Lee and stone (1995) explain competence as the expertise that can be used explicitly enough to conduct audits objectively.

In Mohammed, Gugus and Zaki (2005), competence of auditors is a quality required to conduct audit properly. They are also of the view that audit competence can be displayed in good personal quality, adequate knowledge and specialization expertise in the field. In the same light, Evi and Nor (2015) are of the view that competence significantly affects audit quality and that audit quality can be achieved if the auditor has good competence. In their view, competency is composed of experience and knowledge. Also, Abdul, Sutrisno, Rosidi and Achsin (2014) are of the view that auditor competence can be measured with knowledge, experience, industry specialization and auditor's reputation.

Following the above views, this current study has measured audit competency with the following surrogates:

i. Audit firm size (audit reputation);
ii. Audit experience and
iii. Auditor industry specialization.

(a) Audit Quality and Audit Firm Size

Size of audit firm has been one of the most commonly used audit quality variables in prior research and it has consistently provided positive effect on audit quality. Wibowo and Rossieta (2010) assert that the probability for delivering high audit quality increases as the audit firm size gets bigger.

Audit firm size explains whether a client financial statement is audited by a large company or by a small company (De Angelo, 1981). De Angelo (1981) is of the view that when the audit firm is large and has many clients, it has less incentive to behave

opportunistically. This suggests that larger or more prestigious accounting firms have greater incentives not to perform a low-quality service at a high-quality price because they have more wealth and more valuable reputation (Dye, 1993; De Angelo, 1981). In support of this, studies like Watts and Zimmerman (1986); Ashbaugh and Warfield (2003) suggest that large audit firm sizes give higher audit quality because of greater monitoring ability gained by size.

Moizer (1979) opines that large audit firms have an incentive to investigate and report irregularities because of the fear of losing reputation hence, ensuring audit quality. Lennox (1999) adds to this by stating that, large audit firms have greater stake to avoid issuing inaccurate reports. His view is consistent with that of De Angelo (1981) and Dye (1993) that big auditors have more to lose by failing to report a discovered breach as a result, increasing the audit quality supplied by such large audit firm.

It is worth noting that these big audit firms may offer better services than smaller ones because they may possess more resources and may utilize staff with superior skill and experience (Palmrose, 1986; Dezoot, Hermanson, Archambeatt & Reed, 2002; Louise, 2005; Soliman & Elsalam, 2012). To Francis (2004), big audit firms have established brand name reputation and therefore have to protect this reputation by providing high audit quality. Various studies also find that larger audit firms are associated with a variety of phenomena consistent with high quality, including lower litigation activity, fewer accounting errors, higher earnings response coefficients, lower probability of informed trading (DeFond, 1992; Davidson & Neu, 1993; Teoh & Wong, 1993; Becker, DeFond,

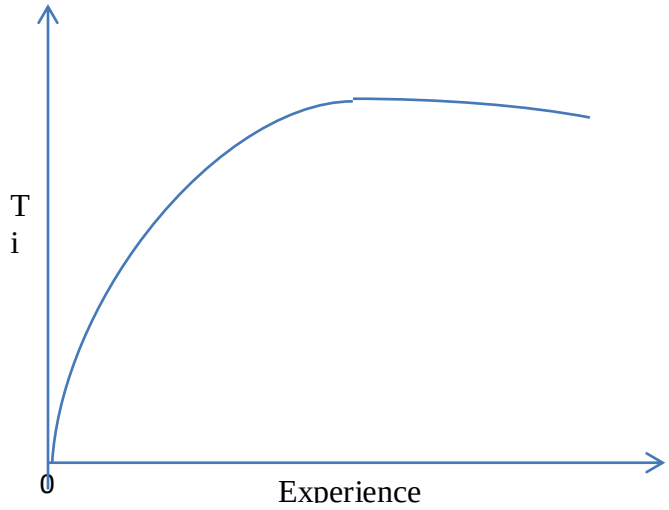
Jiambalvo & Subramanijam, 1998; Francis & Williams, 1998; Francis, Maydew & Sparks 1999; Lennox, 1999; Nelson, Elliot & Tarpley, 2002; Chang, Dasgupta & Hillary, 2007; Seyedhossein, Saudah & Maisara, 2013).

Others have theorized that there is no real audit quality difference but that the perception exists because large firms are well known and have gained a reputation for high quality (Imhoff, 1988; Boone, Brocheler & Carroll 2000; Lawrence, Minutti-Meza & Zhang, 2011; Okolie, 2014). On the whole, there seem to be mixed evidences on audit quality and audit firm size, but it appears that there is some relationship between them since most empirical studies find large audit firms to have more incentive to be accurate because they have a reputation at stake and therefore have more to lose in case of any litigation.

(b) Audit Quality and Audit Experience

Experience is the knowledge and proficiency gained by someone with the passage of time. Audit experience is related to how long the auditor works (Mohammed, Gugus & Zaki, 2015). According to Suyono (2012), the audit expertise will increase with more experience in doing audit task leading to better audit quality. Audit quality can be achieved when the auditor gains more general experience in the audit profession. Marthlin (2013) in explaining audit experience attribute states that an audit expertise is achieved through formal education and is expanded through experiences in practices. Enofe, Mgbame, Efayena and Edegware (2014) still in line with the above definitions of audit experience explain that repeated work by an auditor over a long period of time will improve the quality of audit. This can also be explained by the learning curve (experience

curve) principle which is a graphical representation of the common sense principle that the more one does something the better one gets at it (Huang & Wang, 2010). This learning curve principle is illustrated in figure 2.2 as follows:



Source: Boston Consulting Group (BCG) Analysis

Figure 2.2 Learning Curve

This learning curve also known as experience curve explains workers' experience as a worker puts in more time into a job via increasing repetition frequencies the more he gains experience. This interprets the old saying that: "practice makes perfect".

The competency acquired from the experience will generally improve audit quality. Besides the general audit experience, an auditor simultaneously accumulates client – specific experience which grant him/her the opportunity to have more in-depth knowledge about a specific client's business operations, accounting system and possible risk hence, resulting to higher audit quality (Johnson, Khurana & Reynolds, 2002;

Marjolein, 2011; Suyono, 2012; Mahmond, Forough & Hamid, 2013). Mohammed, Gugus and Zaki (2015), relate audit experience to how long the auditor works and also assert that audit experience is capable of providing more audit quality when the findings from their study reveal a significant influence of audit working experience on audit quality.

Drawing from the views of the extant literature, this study investigated the assumption that repeating work for a long term period improves the quality of the work. In this respect, experience has been adopted as one of audit quality proxies. It has to be stated here that experience as proxy for audit quality has not before been adopted by many audit quality researchers.

(c) Audit Quality and Auditor Industry Specialization

The relationship between audit quality and auditor industry specialization or expertise has been extensively studied in prior research. It is observed that there are fundamental differences in characteristics of errors and methods of error detection across industries and thus, auditors who have industry specific expertise are better equipped to detect errors and abnormalities than those auditors without such expertise (Al-khaddash Al-Nawas & Ramadan, 2013).

Industry specialists are those who have gained great training and experience concentrated in a specific industry (Solomon, Shield & Whittington, 1999; Sun & Liu, 2011). Auditors are considered to be industry specialist when a set of audit partners focus their training and experiences in the field of interest and invest significant resources in the study of

legal regulation, production processes and market behaviors of key players in an industry (McMeeking, Peasnell & Pope, 2006). According to Omidfar and Moradi (2015), an audit firm is known as an industry specialist if they are able to know and understand special industrial issues in that industry; they are active in the industry and are also aware of the effect of special industrial issues on companies in the industry.

Industry specialized auditors provide expert services to their clients because they have great industry-specific knowledge (Sun & Liu, 2011). The market share approach criteria to identify auditor industry specialization assumes that the degree of audit expertise of the auditing organizations can be found by observing the relative share of the market of auditing organizations that provide a special industry with services. An organization that has a higher share of the market has a higher expert knowledge regarding that industry too.

Prior studies have used several surrogates to measure auditor industry specialization in terms of market share of client sales, client total assets, audit fees and number of clients audited by audit firm in a particular industry. (Gramling & Stone, 2001; Balsam, Krishnan & Yang, 2003; Krishnan, 2003; Almutairi,2007; Jiang, Jeny-Cazavan & Audousset- Coulier, 2012; Minutti-Meza, 2016; Bruynseels, Knechel & Willekens, 2006).

Industry specialization is advantageous to the audit firm because it result in higher audit quality (Ignace & Irina, 2013; Low, 2004). Hammersley (2006) opins that audit specialists(i.e; auditor industry specialist) understand the clients accounting information better than when they audit firms that are outside their specialization. Auditor industry

specialist adds value when specific industry knowledge is needed to identify errors in the financial statements and consequently impact on the quality of audit (Low 2004). Auditor industry specialists are better auditors because they easily identify the problem areas in specific industry and plan better audit towards such areas. Cairney and Young (2006) are of the view that industry specialization is more efficient than specializing in heterogeneous industries.

Industry specialization can lead to higher audit fees resulting from increased perceived audit quality. Supporting this view is the findings of Mayhew and Wilkens (2003) which reveal that audit firm will earn a premium for industry specialization if their market share is significantly higher than that of the competitors in the industry. However, DeFond, Francis and Wong (2000) are of the view that specialization is linked with a discount to attract clients.

Auditor industry specialization is most beneficial because it leads to an increase in audit quality (Chen, Robyn & Keith, 2005). Other auditing research also confirms the importance of auditor industry expertise as they assert that knowledge of the industry may increase audit quality by improving the accuracy of error detection and enhancing the quality of the auditors risk assessment (Solomon, Shield & Whittington, 1999; Taylor, 2000; Owhoso, Messier & Lynch, 2002; Low, 2004; Balsam, Krishnan & Yang, 2003).

O'keefe, King and Gaver (1994), is of the view that apart from the ability of audit industry specialization to detect material misstatements in financial statements, audit industry specialization also attempts to protect their reputation capital through increased

compliance with generally accepted auditing standards (GAAS) relative to non- specialist auditors. These evidences are consistent with the notion that auditor industry specialization contributes to greater audit quality (Hogan & Jeter, 1999; Solomon, Shield & Whittington, 1999). To Krishnan (2003) high audit quality is very possible where auditor industry specialization is present because in his view, specialist auditors are likely to develop database detailing industry – specific best practices, industry –specifics risk and errors and unusual transactions, all of which can serve to enhance overall audit quality.

The need for the demand of auditor specialization in an industry is quit enormous as it points to higher technical competence. Auditor industry specialization enhances the likelihood that auditors will discover errors and the probability of reporting the discovered errors (Hosseinmakani, 2014; Ariunada, 2000; Hammersley, 2006). Auditor industry specialization therefore leads to higher audit quality. It is therefore not out of place to include auditor industry specialization as a surrogate for audit quality in terms of auditor competence.

2. Audit Independence

In corporate audit thought, the success of any audit is largely dependent on the independence of the auditor. This is so because, audit independence is a core professional value which governs their performance and behavior that demonstrate audit quality. It can then be suggested that the independence of the auditor is very important because his/her independence is capable of reducing information asymmetry hence reducing agency problems between owners and management.

De Angelo (1981) relates the probability of detecting errors to auditor competence and associates the probability of revealing the anomalies with auditor independence. Therefore audit independence is defined as the probability that the auditor will disclose any misstatement in financial statements given that these misstatements are already discovered (De Angelo, 1981). Okolie (2014) also sees audit independence as an unbiased mental attitude in making decisions throughout the audit and financial reporting process. He also states that audit independence is the quality of being free from influence, persuasion or bias.

Sridharan, Caines, McMillan and Summers (2002) explain auditor's independence as a non-bias mental attitude to make a decision in all audit and reporting. Nasution (2013) also expresses his view about auditor independence. To him, auditor independence is an absence of auditor personal interest in the auditing assignment thereby, avoiding material bias that is capable of affecting the reliability and credibility of the financial statements. Listya and Sukrisno (2014) see auditor independence as the relationship between auditors and the clients who have neutral nature such that the findings and report given by the auditor is only influenced by the evidence found and collected in accordance with the rules and principles of the profession.

In essence, auditor independence requires auditor to keep themselves impartial, free from bias and vested interest,the absence of which will likely impair the value or quality of the audit. Hence, where audit independence is perceived to exist; audit will possess the ability of increasing the reliability and credibility of the information presented in the financial report.

Several studies like Windsor and Warning-Rasmussen (2009) have shown that audit independence is one of the key factors that affect audit quality positively. Haboya and Ohiokha (2014) are of the view that audit independence is directly proportional to audit quality. This is in accordance with Francis' (2004) view that the higher the audit independence, the higher the audit quality. Listya and Sukrisno (2014) are also of the view that auditor independence can affect audit quality.

Some proxies for audit independence in reviewed literature include audit tenure, audit fees, audit opinion type/audit judgment and non-audit services (Tepalagul & Lin, 2015; Okolie, 2014; Nasution, 2013; Emad & Ahmed, 2012). Sequel to this, it is pertinent to include audit independence as a proxy for audit quality. Consequently, audit independence is studied via the following surrogates:

i. Audit fees,
ii. Audit tenure and
iii. Audit opinion type

(a) Audit Quality and Audit Fees

One of the first studies of audit fees is that of Francis (1984). It argues that a large audit firm will charge higher fees to deliver high-quality services. Another study by De Angelo (1981) argues that demand for services created by reputation for quality creates economic 'quasi rents' which manifest in fee premiums. Amba and Al-Hajeri (2013) define audit fees as a fee that company is expected to pay to an external auditor for performing audit and assurance services. Several studies have also demonstrated that the large audit firms earn a significant fee premium over small firms (Palmrose, 1986; Wooten, 2003).

In line with the above studies, Moizer (1997) and Rodrigo and Andre (2012) assert that audit fee is associated with higher audit quality resulting in higher reputation of the auditors. This view is also supported by Francis (2004) that higher audit fee means higher audit quality. Where billing rates are higher, it implies greater expertise, or more hours are used which also implies more audit effort. McLennan and Pack (2004) also assert that reputable audit firms charge higher fees for their perceived reputation.

Xin, Andre, Elaine and Hong (2008) are not indifferent to the views of audit fees as they state that in a competitive audit market, a fee differential between audit firms reflects a return to higher quality. Yuniarti (2011) is of the view that audit fee is a factor that significantly affects the quality of audit. According to him, higher fees connote audit quality. According to Okolie (2014), higher audit fees are reflected in higher cost resulting from greater audit quality. The hallmark of these arguments is that an individual has an economic incentive to incur above average costs in order to produce a service of above average quality. Eventually, consumers recognize this improved quality and are prepared to pay a higher fee in order to receive the service.

On the contrary, Li and Lin (2005) and Zunaida, John, Amariah and Zuraidah (2013) are of the view that higher fees paid to auditors can impair auditor's independence as these higher fees are capable of increasing the bond between the auditor and client, hence reducing auditor's independence. These contrary views notwithstanding, the present

study utilized audit fees as a definition for audit quality in order to draw conclusion as to the effect that audit quality has on the valuation of firms.

(b) Audit Quality and Audit Tenure

Most studies have made use of audit tenure as a determinant of audit quality and have also shown that audit tenure significantly influences audit quality whether positively or negatively.

Adeyemi, Okpala and Dabor (2012) define Audit firm tenure as the length of the audit firm-client relationship as of the fiscal year end covered by the audited financial statements. Audit tenure for short can be explained as when the same auditor audited the financial statements of a company for two to three years, for long as nine or more years. Therefore, audit tenure for a medium term can be within four to eight years (Adeyemi, Okpala & Dabor, 2012).

Watts and Zimmerman (1983) are of the view that the longer the audit tenure the more the auditor becomes dependent on his client. This means auditor's objectivity and independence will be destroyed and hence jeopardize audit quality. Knapp (1991) also establishes a decrease in auditors' ability to detect anomalies as the tenure increases or gets longer. This might be attributable to a loss of auditors' independence due to long term relationship with client. It can also be traced to clients' knowledge of the ways and methods of audit (audit procedure) therefore changing its method of fraudulent acts.

Also, where there is auditor rotation rule, the auditor might not be so thorough in his effort to identify weaknesses since he is aware that he has a limited audit time with a particular client in which case he may not deem it fit to impress a client. In the same vain, Copley and Doncent (1993) assert that the longer the period of engagement, the higher the risk of lower audit quality. This also replicates the view of Donald and Cray (1992) that audit quality decreases as audit tenure increases. This seems to contradict the learning curve principle which expounds that the more one does a work repeatedly, the more the experience consequently, the better the performance. To Francis (2004), audit tenure can decrease audit quality. When a client has the same audit firm for a long period of time (exception for where there is a mandatory audit firm rotation), it is capable of impairing the independency of the auditor, who becomes captive to the client. Following this is Bazrafshan (2010) and Adeniyi and Mieseigha (2013) that discover that long term relationship between client and auditor leads to increase in management flexibility in the use of creative accounting. Haboya and Ohiokha (2014) are also of the view that longer audit tenure has negative effect on audit quality

However, knowledge of the client is good and this might be gone when the client switches to another audit firm too frequently (Carcello & Nagy, 2004; Marjolein, 2011). Some studies like Barbadillo and Aguilar (2000); Johnson, Khurana and Reynolds (2002); Carcello & Nagy, (2004); Nashwa (2004); Wang (2009); Marjolein (2011); Adeyemi, Okpala and Dabor(2012); Mahmond, Forough and Hamid (2013) are of the opinion that longer audit tenure allows the auditors to know their client's internal control and accounting system better; increase expertise in specific industry and this makes easier for the auditors to fight earnings management and other irregularities in

clients financial reporting process but this will not be available where there is frequent client switch or rotation.

The dilemma in research debates as to whether to change auditors from time to time or to build a long term relationship with the audit firm seems to be unending. This conflict in prior studies forms the basis for the choice of audit tenure as proxy for audit quality in this present study.

(c) Audit Quality and Audit Opinion

According to International Standards on Auditing (ISA) 200, the objective of an audit of the financial statements is to enable the auditor to express an opinion as to whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. Thus, the auditing process is completed with the drafting of the auditor's opinion regarding the client's financial position. This audit report supplements the accounting information drawn from the financial statements. Audit opinion increases the credibility of management disclosure (Arber, Hysen, skender & Arben, 2012).

The audit report which states the opinion of the auditors describes the findings of the audit and expresses their view on the true and fair condition of the company and brings to the attention of the management any weakness, uncertainty and /or irregularity found in the course of the audit. In such a situation, an audit exercise can generate four types of

audit opinion which can include unqualified audit opinion report, qualified audit opinion report, disclaimer of opinion reports and adverse opinion reports (Hayes, Dassen, Schilder & Wallage, 2005; Tahinakis, Mylonakis & Daskalopoulous, 2010; Moradi, Rudkhani & Jabbari, 2013; Iskandar, 1993).

Unqualified opinion is stated when an auditor concludes that the financial statements of the company under examination present in a true and fair manner the company's financial position. The qualified opinion is issued when in the process of auditing the financial statements of the firm, the auditor believes that the financial statements present in a true and fair manner the company's financial position, but are unsure of certain values and/or ways certain things are handled. This report type does not question the accuracy of financial data but expresses 'except for' certain issues to which the matter/ qualification relates like lack of consistency in method of accounts preparation among different fiscal year, deviation from accounting standards in the course of preparing accounts, to mention but a few.

A disclaimer opinion is issued in case where the auditor is not satisfied with the evidences collected and the accuracy of the financial statements and they find it difficult to express an opinion on the financial statements. Where a disclaimer opinion is issued, the auditor should also be in a position to justify their disclaimer by providing details or referring to issues or areas that necessitated the disclaimer. The adverse opinion is an exact opposite of the unqualified opinion, where the auditor out-rightly expresses an opinion that the financial statements of the examined firm do not present a 'true' and 'fair' position.

Whichever the opinion reported by the auditor, prior researchers are of the opinion that the audit opinion gives rise to three possible consequences. First, management may put pressure on the auditor to issues a clean opinion. Secondly, the market price of the company's share may be affected and thirdly, the management compensation may also be affected (Iskandar, 1993).

If the above assertions are true then the quality of the audit can be impaired, if auditors tend to go with the management to issue a clean-report (where in essence, it is not) in order, to be retained as an auditor to the company.

The ability of the auditors to express the correct opinion at any material time regardless of pressure from management and fear of no-retention, explains auditors independence and this is capable of increasing the credibility of the financial statements and perceived quality of audit to the various financial report stakeholders which in turn affects user's perception about the firm and thereto influences the price of companies' shares in the market.

This current study is concerned with how the opinion of the auditor affects the market prices of the company's share. It is on this note that the researcher thought it right to include audit opinion as an audit quality surrogate in this study.

2.2.1.3 Audit Quality and Firm Value

Lawani, Umanhonlen and Okolie (2015) state that firm value is the total value of the company's stock. According to Muhibudeen (2015) Business can be valued differently depending on the context which may include; Economic value, accounting value and

market value. This study is concern with market value that refers to the value of a firm on the stock market. This firm value is based on trade and the beliefs of investors on the quality of audit on the financial statement which then portrays the accounting figures contained in them as relevant and credible. Consistent with this is the assertions of Mukhtaruddin, Relasan, Bambang, Irham and Abukosim (2014) that, high stock price makes the value of the firm high. High value indicates prosperity (Soliha & Taswan, 2002) and that share prices should not be too high or too low but should be optimal.

Looking at the value of the firm's share price from the perspective of audit quality, Hogan (1997) argues that audit quality is capable of affecting IPOs (initial public offers) pricing. This is in consensus with the view of Ghosh (2007) that external audit quality affects firm value. Wibowo and Rossieta (2010) assert that high quality audit is perceived to be a vital factor that contributes to market efficiency of any economy. Taqi (2013) also argues that while audit failures cause a decline in firm value, a high audit quality rather impacts on the firm value positively. Jusoh and Ahmad (2014) are also in support of the assertion that the quality of the audit is capable of positively impacting or impairing on the value of firms.Hence, where the quality of an audit firm becomes questionable and threatened, the value of firms audited by such a firm decreases and as a result, such companies would withdraw the services of the audit firm. This was the case with once a time famous accounting firm "Arthur Andersen" (Ziaee, 2014; Ali, Reza & Mahdi, 2009). In spite of these assertions about the importance of audit quality on the market value of firms, this study had to lay emphasis on the effect of each of the audit quality surrogates as used in the study on the market value of firms.

i. Audit Firm Size and Market Value

Audit firm size is explained as whether a firm's financial statement is audited by a large or small audit company. Where a firm is audited by a large audit firm referred to as the Big-4 auditors, there is this confidence that the financial statements are presenting a true and fair view (De-Angelo 1981) consequently, investors based their decisions on the report by Big-4 auditors that are perceived to possess quality. It was based on this that Tagi (2013) argues that a high audit quality by Big-4 auditors affects the value of the firm positively. Prior to Taqi (2013) assertion; Aber, Hysen, Skender and Arben (2012) are of the view that, Big-4 auditors have positive effect on the stock prices of firms audited by them.

The type of auditor that audit a firm financial statements sends signals to the market as most investors and prospective investors believe that these Big-4 auditors have experience, prestige and reputation as such audit with much care and high quality bearing in mind that any undetected misstatement and manipulations that eventually have any adverse effect on the client's company is capable of destroying their reputation. So, investors are confident that the audit by these highly reputable auditors is more effective in curbing earnings management, manipulations and creative accounting. This in turn leads to increased value of the Big-4 auditor client's firms in the market (Lin, liu & Wang 2007). Hussainey (2009) is also of the view that investors have high future earnings anticipation where the firm in which they have investment is audited by a Big-4 auditor

because of the value that an audit by such prestigious audit firm gives to its client's shares in the market thereby leading to huge earning returns.

Other researchers like Ahsan Haiyan and Donghua (2014) Marjolein (2011), and Mohammed (2012) are of the opinion that these quality audit firms does not really perform quality audit but that it is a perception because they are well known and have gained reputation hence audit by them does not provide any additional benefit to the client's value in the market. Well, this arguments are not far from the various opinions about the quality of audit done by a big audit firm or a small audit firm in section 2.2.1.2 where audit quality and audit firm size where discussed. Therefore, where investors (market) believe in quality by the big-4 audit firm we can infer that the share value of firms audited by them will certainly be positively affected and vise-versa when audited by a non-big-4 audit firm. This can be supported by a common saying that says "show me your friend and I will tell you who you are" hence, where a big-audit firm that is reliable and possesses reputation and credibility is the auditor, there is every possibility that the financial statement will be credible and reliable thereby, attracting more value to the client's firm.

ii. Audit Experience and Market Value

Audit experience relates to the knowledge and proficiency gained by auditors in the process of their audit work. Mohammed, Gugus and Zaki (2015) opine that audit experience is obtained as the auditor keeps doing the work. Therefore where an auditor is known for continuous audit there is possibility of sending signals to the market about the firm they are auditing.

A work done by an experienced person in a particular field is better than one done by an amateur person hence an experience person is seen as possessing quality and is relied upon since he appears to be credible. In the same vain, an audit by an experienced auditor is thus seen as credible and reliable so, it sends signals to the market and influences decision of investors and the value of shares in the market (Ziaee, 2014)

An audit by an experienced auditor is capable of sending signals to the market because these experienced auditors are presumed to have high and quality knowledge about the client's financial statements and knowledge on how to detect errors, omissions, misstatements and manipulation therefore where such an experienced auditor audits a client's financial statements it sends positive signals to the market on the credibility of the auditor client's financial statements. This in turn assist investors in decisions that might lead to an increase in the demand for the shares of the experienced auditor client company resulting in increased share prices along with the value of the firm in the market (Ziaee, 2014; Mohammed, Gugus & Zaki, 2015).

iii. Auditor Industry Specialization

Auditor industry specialization refer to auditors who have gained great training and experience in a specific industry having concentrated knowledge of the legal regulations,

production processes and other specific issues coherent in the industry (Sun & Liu, 2011; McMeeking, Peasnell & Pope, 2006). Auditor industry specialization add value to client-firm as on lookers feel that these auditor industry specialist understand better the accounting information of the client than the ones who are not specialist.

Auditor industry specialist easily identify the problem areas, develop data base that details industry – specific best practices, risk, errors and unusual transactions so, they are viewed as better and efficient auditors. Therefore, where an auditor industry specialist audit a firm they transmit value from the assumption of the credibility passed on the financial statements to the market thereby increasing the value of the auditor-client's firm (Omidfar & Moradi, 2015). Shah-hosseini (2014) also supports the notion that the value of shares in the market relates to a large extent directly with the auditor industry specialization. Meaning that the market value of firms increases where their financial statements are audited by auditor industry specialist because they transmit audit quality.

iv. Audit Fees and Market Value

An audit fee is the fee that a company is expected to pay to an external auditor for performing audit and assurance services. This audit fees can either be high or low. Some scholars are of the view that high audit fees can only be paid for quality services therefore, higher audit fees means higher audit quality (Moizer, 1997; Francis, 2004; Rodrigo & Andre, 2012). These perceived audit quality in high audit fees is rather transmitted into high firm value in the market as proponents of audit quality via high audit fees believe that the high fees is paid for the numerous and thorough work done by

the auditors hence exerts influence on the prices of company's shares in the market meaning that share prices of companies with high audit fees will increase as the high audit fees is translated as quality audit and assurance services in the market.

Some scholars seem to be different in their views and opinion as they are highly optimistic that high audit fees can impair auditor independent judgment and opinion (Li & Lin, 2005). Zunaidah, John, Amariah, Zuraidah and Carl (2013) observe that high audit fees can affect the value of shares of the company paying the audit fees negatively as the high audit fees alerts the market that the auditors have sold their integrity for the high cost of their services thus, have reported what the management desires and not the independent audit opinion about the affairs of the company. Consequently, results to a reduced value of the firm paying the high fees.

v. Audit Tenure and Market Value

Audit tenure is the length of audit firm-client relationship time covered by the same auditor. This audit firm-client relationship can be as short as 2 – 3 years or as long as 9 or more years (Adeyemi, Okpala & Dabor, 2012). There is every possibility that the longer audit tenure is capable of jeopardizing auditor independence (Watts & Zimmerman, 1983) as auditor who stay long in a company seems to be dependent on his client and lose their sense of objectivity, credibility and integrity. Therefore, where investors notice a long audit tenure they seems to be skeptical about such company's financial statements as there is every possibility that the auditor might not be independent in the opinion about

the credibility of their client's financial statement which can affect the company's stock negatively in the market (Wang, 2009; Hamed, Rohaida, Rasid & Mohamed, 2015)

On the other hand, some scholars opine that the longer an auditor audit a company's financial statement the better because by staying so long he is bound to know so much about his client's accounting system which as well makes it easier for the auditor to detect problem areas, fight earnings management, other manipulation and irregularities (Carcello & Nagy, 2004; Mahmond, Forough & Hamid, 2013). Thus, the assurance of the market that a long tenure audit injects audit quality influence investors decisions resulting in increased demand for the shares of such company leading to a rise in the share price of such company and subsequently, increased market value (Ardiana, 2014).

vi. Audit Opinion Type and Market Value

Firth (1978) purports that audit opinion has a signaling effect on the market value of firms as such, states that the type of audit opinion impacts greatly on the share prices of firms. Abern Hysen, Skender and Arben (2012) opinion is not far from Firth (1978) as they also assert that audit opinion have impact on stock prices; the nature of opinion determines the effect, if the opinion is qualified it is capable of sending bad signals about the company to the market but share prices eventually rises where an auditor states an unqualified opinion that, the firm's financial reports and statements are presenting a true and fair view. The unqualified audit opinion also makes the market to see such company with a form of 'standing well' thereby, causing a rise in the demand for the shares of that company (Robu & Robu, 2013).

Some authors are of the view that audit opinion has no effect on the prices of shares in the stock market and that the type of audit opinion about the financial statements of a firm is only a write up to the firm's management thus, makes no meaning to investors in the market but that investors have other things to look out for in a firm in determining its value (Moradi, Salehi, Rigi, & Moeinizade, 2011). To Tahinakis, Mylonakis and Daskalopoulou (2010), audit opinion is not only meaningful to investors but opines that the Audit report in itself have limited informational content that is proficient enough to influence investors' decision on what shares to buy. This investors' decision on what shares to buy is capable of affecting the share prices of firms and this effect on share prices is hence not dependent on the type of audit opinion as audit report in itself is not informative enough, therefore Al-Thuneibat, Khamees and Al-fayoumi (2008) opined that audit opinion cannot send signals to the market much more of affecting share prices of companies with either a clean or an unclean audit opinion.

From the above, we can deduce that research has shown that firm market value is heavily dependent on audit quality. It is pertinent that the quality of audit be improved as this will lead to a rise in the credibility of financial information incorporated in the financial statements, consequently, sending signals to the market as to what is necessarily the value of a specific firm.

2.2.2 Market Value

There are many different meanings of market value.Some definitions include that of Evans and Evans (2007) which views market value as the price that would be paid by a motivated buyer to a motivated seller after a property's exposure to a market place of equally capable buyers, each with full information about the property and the market place and neither operating under any sort of outside influences. Market value according to Campbell (2012) first, is the price at which a security is trading and could presumably be purchased or sold and secondly, it is what investors believe a firm is worth; calculated by multiplying the number of shares outstanding by the current market price of a firm's shares. Scott (2003) sees market value of a stock or bond as the current price at which that security is trading.

The market value of the firm is most preferred in this study because it allows for the overcoming of the use of data that may be reflecting outdated valuation as inherent in the use of book values. The market value of a firm's equity also allows for easy comparison of the relative sizes of different companies.

Various variables for market value of firms have been used by researchers across the globe (Okolie, 2014; Henri & Ane, 2013; Ferreira, Ding & Wongchoti, 2014). However, this study adopts the following market value variable: Market Price per Share (Market Price/Share).

1. **Market Price/Share**

The value of a company as perceived by an investor and other users is often associated with stock prices. High stock prices make the value of the company high (Mukhtaruddin, Relasan, Soebyakto, Irham & Abukosim, 2014). This is usually the desire of the owners

because high share prices indicate prosperity. The market price per share is maintained as the market value of the company stock per share at the end of the year.

2.2.3 Non-Financial Companies in Nigeria

In Nigeria, companies are grouped into sectors where companies can be listed on the Nigerian Stock Exchange (NSE). These sectors include: agricultural, conglomerate, natural resources, industrial goods, oil and gas, consumer goods, constructions/real estates, health care, information and communication technology, services and financial sector, totaling 11sectors operating in Nigeria (NSE, 2016). This current study centered its attention on 10 sectors leaving the financial sector hence; refer to the 10 sectors which are not the financial sector as the'non-financial companies'. The sectors that make up the non-financial companies are described as follows:

Table 2.1: Non-Financial Sectors in Nigeria

INDUSTRY	SUB-SECTORS	DESCRIPTION
Agriculture	- Crop Production -Fishing/Hunting/Trapping -Livestock/Animal Specialties	This sector comprises all units engaged in agriculture, fishing and hunting. Agricultural production covers, primarily, the production of crops, plants, vines, or trees (excluding forestry operations); and the keeping, grazing or feeding of livestock for the sale of livestock or livestock products (including serums) for livestock increase, or for value increase. Fishing, hunting and trapping covers units mainly engaged in commercial fishing (including shellfish and marine products); in operating fish hatcheries,

Table 2.1 Continue

		and fish and game preserves; and in commercial hunting and trapping.
Construction/ Real Estate	- Building Construction -Non-Building/Heavy Construction - Property Management - Real Estate Development - Real Estate Investment Trusts(REITs) -Building Structure/Completion - Site Preparation Services -Other Construction Services	This sector includes companies mainly engaged in the construction of buildings which include the construction of a house, farm, industrial, commercial or other building structures, and carrying out alterations, additions, and renovation or general repairs to these buildings. Establishments primarily engaged in the construction of buildings for sale, such as developers, are included, as are companies that are mainly involved in renting or leasing real estate to others; managing real estate for others; selling, buying or renting real estate for others; and providing other real estate related services, including appraisal services. The construction of non-building or heavy construction structures includes the construction or general repair of roads, highways, streets, public sidewalks, bridges, guardrail construction, airport runways or parking lots, and organizing or managing their construction, including on-site assembly. Also Included are installation of road signs, providing architectural supervision or consultant engineering services, as well as services such as site preparation, building structure and completion.
Consumer Goods	- Automobiles/Auto Parts -Beverages-Brewers/Distillers - Beverages-Non-Alcoholic - Consumer Electronics - Food Products -Food Products-Diversified - Household Durables -Personal/Household Products - Textiles/Apparel	This sector comprises companies that are engaged in the production and manufacturing of final goods. In general, these are products and services classified for personal use, specifically intended for the mass market. This major sector encompasses goods that are consumed rather than used in the production of other goods, and include

Table 2.1 Continue

	- Tobacco Products - Toys and Games	both durable and non-durable consumables. Included in this sector are manufacturers of automobiles/auto parts, household durable good, textiles and apparel, as well as manufacturers' food, beverages and tobacco products.
Healthcare	- Healthcare Providers - Medical Equipment - Medical Supplies - Pharmaceuticals	The healthcare sector comprises establishments providing healthcare services. This includes companies that manufacture healthcare equipment and supplies, and provide healthcare-related services, including distributors of products and providers (owners and operators) of healthcare facilities and organizations. Also included in this sector are the companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products. Providers of diagnostic, preventive, remedial and therapeutic services such as doctors, nurses, hospitals and other private, public and voluntary organizations are listed under this sector, as are health insurance firms. The services provided by establishments in this sector are delivered by trained professionals with the requisite expertise.
Industrial Goods	- Building Materials - Electronic and Electrical Products - Packaging/Containers - Tools and Machinery	This sector comprises companies primarily involved in the manufacture and distribution of capital goods, including aerospace and defense, engineering and building products, electrical equipment, industrial machinery, and packaging products for industrial and consumer products. Their businesses are dominated by the production of goods for commercial use.

Table 2.1 Continue

Information & Communications	-Computers and Peripherals - Computer Based Systems	ICT consists of all technical means used to handle information and aid

Technology	- Computer Software -DiversifiedCommunication Services -Electronic Office Equipment - Internet Service Providers - IT Services - Processing Systems -Scientific and Technical Instruments - Semiconductors -Telecommunications Carriers -Telecommunications Equipment -Telecommunications Services -Other ICT Products and Services	communication. This major sector consists of IT as well as telephony, and stresses the role of unified communications and the integration of telecommunications, intelligent management systems, and audio-visual systems in modern information technology. ICT covers four main areas, including (1) technology software and services--including developers of software in various fields such as the Internet, applications, systems, databases, home entertainment, as well as companies that provide IT consulting and services, and data processing and outsourced services; (2) technology hardware and equipment--including manufacturers and distributors of communications equipment, computers and peripherals, and electronic equipment and related instruments; (3) semiconductors and semiconductor equipment manufacturers; and (4) telecommunications carriers, equipment manufacturers and service providers. ICT comprises any communications device for radio, television, cellular phones, satellite systems, etc., as well as various services and applications associated with them. Electronic office equipment includes copiers, data storage devices and other products such as mailing/letter-handling machines, and peripheral computer devices such as networking and point-of-sale (POS) equipment. Companies such as Internet cafes which are primarily engaged in offering limited Internet connectivity in combination with other services such as facsimile services, training, rental of on-site personal computers and game rooms are also included in this sector.

Table 2.1 Continue

Natural Resources	- Chemicals - Metals	This sector comprises companies that are involved in a wide range of

	- Precious Metals - Precious Stones - Paper/Forest Products -Non-Metallic Mineral Mining - Mining Services	commodity-related manufacturing industries. This denotes materials that came from nature in an unprocessed state, including chemicals, construction materials, glass, paper and forest products (such as timber tracts, forest nurseries and related activities such as reforestation and the gathering of gums, barks, balsam needles, tree seeds, and other forest products), and metals, minerals and mining companies, as well as producers of steel. This includes companies engaged in the exploration, extraction and processing of minerals and ores. Extraction of minerals is undertaken by such processes as underground or open-cut mining, dredging, quarrying, the operation of wells or evaporation pans, or by recovery from ore dumps or tailings, and all supplementary activities aimed at preparing the raw materials for manufacturing. Ores are valued chiefly for the metals contained, to be recovered for use as such or as constituents of alloys, chemicals, pigments or other products. Forest products comprise two categories of materials--paper and allied products, and lumber and wood products. These are often combined, as many companies that produce pulp and paper also produce lumber and wood products in integrated operations.
Oil & Gas ***Table 2.1 Continue***	- Coal Extraction -Coal and Coal Products Distributors -Crude Oil and Natural Gas Extraction - Petroleum Refining -Petroleum and Petroleum Products Distributors -Petroleum Bulk Stations and Terminals - Gasoline Stations	This sector includes all companies engaged in operating and/or developing oil and gas field properties, and companies primarily engaged in recovering and producing liquid hydrocarbons from oil and gas field gases. Their business are dominated by (1) the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels; and (2) construction

	-Energy Equipment and Services - Field Services -Integrated Oil and Gas Services	or provision of oil rigs, drilling equipment and other energy related services and equipment. This includes establishments primarily engaged in performing geophysical, geological, and other exploration services for oil and gas. Companies that are engaged in drilling (spudding, drilling in, re-drilling, and directional drilling), completing and equipping wells; in the operation of separators, emulsion breakers, distilling equipment, and field gathering lines for crude oil and natural gas; and in all other activities in the preparation of oil and gas, up to the point of shipment from the producing property, are also included in this sector. Companies primarily engaged in the wholesale distribution of crude petroleum and petroleum products, including liquefied petroleum gas, from bulk liquid storage facilities are also included in this major group.
Services	- Advertising Agencies - Employment Solutions - Printing/Publishing - Waste Management - Airlines - Courier/Freight/Delivery - Rail Transportation - Road Transportation - Water Transportation - Storage/Warehousing - Transport-Related Services - Hospitality - Hotels/Lodging - Education/Training - Media/Entertainment - Repair/Maintenance - Travel and Tourism - Miscellaneous Services - Apparel Retailers -Automobile/Auto Part Retailers	This sector includes companies that are primarily engaged in providing a wide variety of services for individuals, business and government establishments, and other organizations. These services encompass commercial services and supplies, as well as transportation services. Commercial services include printing, employment, environmental, advertising services, etc., while transportation includes airlines, couriers, marine, road and rail, and other transportation infrastructure and services, such as parking, stevedoring, harbor services, navigation services, airport operation, and cargo warehousing and storage for goods and postal services. Waste management includes sewage collection, treatment, and disposal through sewage treatment facilities. Also included in this major

Table 2.1 Continue

	-Electronics/Appliances Retailers -Food/Drug Retailers and Wholesalers - Specialty Retailers	sector are hotels and lodging establishments, as well as restaurants and other leisure facilities. Other services that appear under this sector are media and entertainment, and other establishments providing miscellaneous services, (e.g., repair, travel and education, etc.).Wholesale trade includes the resale of new or used goods to businesses or institutional users (including government), while retailers sell merchandise to final consumers for personal or household consumption. Retailers include department stores and shops, motor vehicle retailers and service outlets, and specialty outfits such as mail order houses, vending machine operators and consumer cooperatives.
Conglomerates		This sector comprises companies that incorporate engineering and production to manufacture a varied group of products. This group encompasses a wide range of industries, many of which have progressed from traditional practices and technologies, to diversify and develop niche products for key markets around the globe.

Source: *Nigerian Stock Exchange*

The companies within these non-financial sectors listed on the floor of the Nigerian Stock Exchange are 130 companies (see Appendix A_1).This study decided not to consider the financial sector as a lot of things like: mergers, acquisitions and liquidity problem seems to be predominant in the financial sector in recent times as a result, including it in the study might not allow for accurate result.

2.3 Theoretical Framework

This study builds its foundation on Agency Theory, Lending Credibility Theory; Theory of Inspired Confidence and Signaling Theory. These baseline theories are next reviewed one after the other.

2.3.1 Agency Theory

The most prominent and widely used or mentioned theory in auditing is the agency theory.The first scholars to propose, explicitly, that a theory of agency be created, and to actually begin its creation, were Stephen Ross and Barry Mitnick, independently and roughly concurrently (Ross, 1973). This theory is based on the idea that when a business is first established, its owners usually manage it and as the business grows, the owners would appoint agents to oversee the management of the business in the best interest of the owners. This separation of the ownership from management gave rise to the agency issues. The agency theory analyses the relationship between two parties, namely, the investors and managers. The manager undertakes to perform certain duties for the investors and the investor undertakes to reward the managers.

This theory is adopted on the premise that agents have more and better information than the principals. This information asymmetry makes it difficult for owners to monitor the affairs of the company; this gave rise to the demand for auditors (Watts & Zimmerman, 1978; Salehi, 2010; Farouk & Hassan, 2014; Okolie, 2014 & Kipchoge, 2015). According to this theory, the role of the auditor is to supervise the relationship between the managers and the owners more as a control mechanism that diminishes information asymmetry and protects the interest of the owners (Salehi, 2010; Eilifsen &Messier, 2000; Schipper, 1989; Warfield, Wild & Wild, 1995). Wallace, Naser and

Mora (1994) state that agency theory believes that audit quality helps to decrease the disagreement between directors and investors.

Another basis for agency theory is the possibility of agents pursuing self-interest rather than complying with the requirements of the contract,For this reason, the principals (owners) will always be interested in the outcome of the business generated by their agents (managers/directors) (Kim, Chung & Firth, 2003).

The agency theory is of the view that audit has an important role in providing information that can reduce information asymmetry (Salehi, 2010; Sadegh, Reza & Farzad, 2013). It is believed therefore that, the auditor's work can be used as a guide for valuation of companies (Salehi, 2010; Muhibudeen, 2015) since auditors' statement tends to expose the true position of the figures in the financial statements. For this reason, agency theory is normally used theoretically to legitimize the reason why company audit is important.

Hence, agency theory is a useful theory of accountability which helps in explaining the development of audit quality which is capable of adding credibility to financial statements and increasing users' confidence in the figures presented by these managers believing that the financial statements are free from bias and material misstatement.

2.3.2 Lending Credibility Theory

This theory was formulated by Birnbaum and Stegner in 1979.This theory is of the view that the primary function of the audit is to add credibility to the financial statements. Audited financial statements are seen to have elements that increase the financial

statement users' confidence in the figures presented by the management in the financial statements. The users are perceived to gain benefits from the increased credibility; these benefits are typically considered to be the improved quality of investment decisions made based on reliable information.

Although Porter (1990) in Salehi (2010) is of the view that audited information does not form the primary basis for investors' investment decisions, Healy and Palepu (2001) are of the view that, since directors are aware of the quality of audit, they will tend to disclose more information thereby adding to the credibility of the financial statements. The ability of audit to lend credibility to financial statements is one of the driving forces for the development of audit quality.

2.3.3 Theory of Inspired Confidence

This is a theory of rational expectation. Limperg (1932) addresses both demand for and supply of audit services. The demand for audit services is the direct consequence of participation of third parties in the company (i.e. interested parties of the company). These parties demand accountability from the management in return for their investments in the company. However, since this information provided by the management may be biased with the outside parties having no direct means of monitoring, an audit is required to assure the reliability of this information.

This theory links the users' requirement for credible financial reports and the capability of the auditor to meet such a demand. According to Okolie (2014), the theory bestows on

the auditor high level of confidence as the only messiah who can bring to the principal all relevant information necessary and capable of reducing information asymmetry; thus the auditor is under an obligation to conduct his work in a manner that does not betray the confidence which he commands. This theory also explains the need for audit quality necessity and development.

2.3.4 Signaling Theory

Signaling theory was formulated byMichael Spence in 1973 (Connelly, Certo, Ireland & Reutzel, 2011).Signaling theory stands on the agency theory (Okolie & Izedonmi, 2014). This explains the manner by which managers may impart to the market additional information about their company and their own behaviour. Signaling theory suggests that companies with good performance use financial information disclosure through the help of quality audit to send signals to the market. A high quality audit sends a signal to the market that the financial statements are credible. The signal of transparency and credibility sends assurance about the quality of firm's financial disclosure in statements to the stakeholders and this positively suggests the quality of audit.

This theory also believes that the market perception of the quality of the company's auditor influences the company's share price. According to Xin, Andre, Elaine and Hong (2008), audit quality serves as a signal of company's value in the market. Okolie (2014) is also of the opinion that even voluntary disclosure that may be used as signals, can

achieve enhanced credibility only in the presence of a quality audit. This also explains the necessity for the development of audit quality.

2.4 Empirical Studies

This section reviews related empirical studies from other economies as well as Nigeria. In our review, we take into cognizance studies that made use of variables similar to this current study and observed what findings where reached. This has assisted the comparison of the findings of this study with prior ones. The various studies reviewed are next presented one after another.

2.4.1 Empirical Studies on Audit Firm Size (AFS)and Market Value

Lin, Liu and Wang (2007) study the market implication of audit quality and auditor switch from the Chinese perspective. The findings suggest that large auditors in China are perceived more effective in curbing earnings management leading to higher Earnings Response Coefficient (ERCs) and conclude that audit information is valued by the market in China and large auditors have been able to differentiate themselves in the Chinese stock market. Also, Xin, Andre, Elaine and Hong (2008) examine the impact of audit quality on Initial Public Offer (IPO) under-pricing using sample of Australian firms for a period of eight years using regression model on the 371 sampled observation data. The results suggest that quality auditors proxied by Big 4 serve as a signaling device that enhances post-issue market value of equity.

Consistently, Hussainey (2009) examines the impact of audit quality (measured by the big 4 accounting firms) on the ability of the investor to predict future earnings using

regression model. The study covers UK non-financial firms for a period of 7 years covering 1996 – 2002. Their findings reveal that financial statements audited by the big 4 auditors are capable of assisting investors in better anticipation of future earnings of firms. Further to this, if the earnings of a firm can be anticipated, it then means that investors can rely on such information for future investment which will automatically impact on the value of the firm. Since the prediction of firm's earnings can affect its value, we then infer that audit quality can impact on firm value. Another study by Mark, Christopher and Woon (2009) is also in line with the studies by Hussainey (2009); Xin, Andre, Elaine and Hong, (2008) and Lin, Liu and Wang, (2007) when they study auditor quality and the role of accounting information in explaining UK stock returns. The study employ orthogonal variance decomposition. The evidence shows that earnings components vary conditionally on auditor quality. Lasse, Hannu and Tomi (2013)'s finding is not different from the previously reviewed study (Xin, Andre, Elaine & Hong,2008; Lin, Liu & Wang, 2007; Hussainey, 2009) even though the study was for a longer period of fifteen years using a large sample of 1,915 takeover offers in the USA. The study investigates whether the market perception of auditor quality makes a difference to the market value of a firm. The findings reveal that the takeover process makes a small correction to the market price of the target when it has Big-4 auditor.

Also, Hsien and Hua (2013) in trying to answer the question 'Do Big 4 audit firms improve the value relevance of earnings and equity?' used ordinary least square regression method on the data from Taiwan capital market. The evidence found is that the earnings and book value of equity audited by the Big-4 auditors explain more variation in stock return than those audited by the non-Big-4 auditors. Consequently, they draw a

conclusion that both earnings and book value audited by the Big-4 audit firms are generally more relevant than those audited by the non-Big-4 audit firms.Bahman, Zahra and Sacid (2013) investigated the value relevance of auditor type in Tehran Stock Exchange. They sampled 156 listed companies for a period of 10 years from 2007 to 2010 using multiple regression analysis approach. They used price per share for value relevance and found that auditor type has a positive impact in the market.

Chen, Bin and Xijia (2014) examined the effect of interim auditing on inter-investor divergence with a large sample of 2326 listed Chinese firms from 1997 – 2000 using regression analysis tool. They used Big-5 auditors and stock price as variables for the study and found that investors rely more on audited financial information in their decisions on which company's shares to diversify their investments. Similarly, Afza and Nazir (2014) explore the effect of audit quality on firm value from the Pakistan market. They proxied audit quality by big-4 auditors and Tobin's Q for market measure. They studied 124 companies listed on Pakistan market as at 31/12/2011 using regression analysis. The result of their findings reveals that audit quality has a strong and significant positive impact on Tobin's Q.

Ardiana (2014) in evaluating the role of external audit in improving firm's value in Indonesia where audit characteristics measured as audit firm size and firm's value is measured by price to earnings ratio (P/E), Price to book value (P/B) and Tobin's Q. The study uses 2,240 company-year observations (i.e., 320 companies for 7years) for 2007-2013 periods. The finding reveals that audit firm size affects all the three measures of firm value.

From the Nigerian studies, Okolie and Izedonmi (2014) investigate the impact of audit quality on the share prices of quoted companies in Nigeria. One of the audit quality proxy used by them is audit firm size. The study adopts multiple regression method on the data extracted from annual reports of 57 companies quoted on the Nigerian Stock Exchange for a period of six (6) years. The findings show that audit quality (audit firm size) exerts significant influence on the market price per share of quoted companies in Nigeria.Still on the Nigerian research on audit quality and firm valuation, Okolie (2014) investigates the influence that audit firm size exerts on the market value of companies in Nigeria. The study also makes use of a six (6) year period and 57 companies giving a total of 342 observations. The study reveals that audit firm size exerts significant influence on the market price share of companies sampled in Nigeria. The study findings are not far-fetched from the finding in Okolie and Izedonmi (2014). We perceive that what might have accounted for this similarity in findings is that audit firm size is one variable of audit quality used by the same author in the prior study with the same data, sample and methodology.

Farouk and Hassan (2014) also examine audit quality impact on financial performance of quoted cement firms in Nigeria for a period of five (5) years from 2007-2011. They sample four (4) firms and obtain their data from the annual reports and accounts of these cement companies. Collected data were analyzed using multiple regression analysis. The result of the findings shows that auditor size and auditor independence have significant impact on the financial performance of quoted cement companies in Nigeria. This study covers one industry in the manufacturing sector of listed firms in Nigeria. It is necessary

to improve on the sample size by incorporating other sectors even if it is to take one firm from each sector so as to give a fair representation of quoted companies in Nigeria.

The findings of the study by Yaser, Julia and Denise (2008) seems to be different from the ones already reviewed as they found no impact of high quality auditors (i.e. the Big-4) on reported accounts value and reliability when they measure reported accounts value with market value of equity and auditor quality as the Big-4 auditors. Similarly, Marjolein (2011) investigates whether investors react on a restatement announcement in a different way when the restating company is audited by a Big-4 audit firm. The study makes use of regression analysis tool. The evidence reveals that the audit quality measured by the size of the audit firm has no role in the market reaction following a restatement.

Mohammed (2012) in his investigation into what determines valuation of IPOs in Saudi Arabian companies used regression analysis on 28 sampled companies covering a number of sectors for 6 years. The findings reveal that there is an adverse effect of the external auditor on the IPOs premium in the Saudi market. This means that the premium value is reduced when the external auditor is one of the Big 4. A study by Ahsan, Haiyan and Donghua (2014) on audit quality and market pricing of earnings and earnings components in China also have similar result like Marjolein (2011) and Mohammed (2012) as the study shows that Big-4 audit does not provide any incremental benefit to clients in terms of market pricing of clients' financial numbers. Another study from Iran by Shah-hosseini (2014) examines the effect of audit quality on the valuation of IPO. The

study uses elements of audit quality to consist of Audit Firm Size. Adopting a regression model, the result indicates that there is no relationship between Audit Firm Size with valuation of shares. These findings are consistent with the study of Mohammad, (2012) on Audit Firm Size but differs where the findings are not agreeing with the point that the audit firm size affect the value of the firm as affirmed by some researchers like Hussainey (2009), Xin, Andre, Elaine and Hong (2008), Farouuk and Hassan (2014) but strongly opines that it is the specialization of the accounting firm auditing the financial statements that can affect the firm value.

However, drawing from the above evidences, we may infer that the effect of audit quality proxied by audit firm size has mixed results in other economies with Nigerian studies having same finding hence, the need to substantiate these findings. Again, there is need to add to extant literature on audit quality and market value in Nigeria.

2.4.2 Empirical Studies on Audit Experience and Market Value

Ziaee (2014) investigates the effect of audit quality on the performance of listed companies in Tehran Stock Exchange. The study uses period of audit, audit reputation and audit firm experience as variables for audit quality. Correlation analysis technique was used and the study finds that there is a relationship between audit quality and financial performance of companies. There seems to be dearth of studies on audit experience and market value therefore, this study is adding to the extant literature in this area

2.4.3 Empirical Studies on Auditor Industry Specialization (AIS) and Market Value

The study by Shah-hosseini (2014) examines the effect of audit quality on the valuation of IPO. The study uses audit quality element to consist of auditor specialization. Adopting a regression model, the result indicates that there is a direct relationship between auditor specialization and value of shares in IPOs.Another study from Iran by Omidfar and Moradi (2015) supports the idea that audit industry specialization can lead to improved quality of financial information on the capital market when they investigate the effect of industry specialization on audit opinion in Iran for the period of nine (9) years covering from 2004 to 2012.These findings are consistent with the study of Shah-hosseini (2014). From the foregoing, all evidences of studies reviewed on auditor industry specialization and market value reveal that the auditor's knowledge of a specific industry impact/affect the value of firms in the market. Well, the finding of this study is adding to the extant literature and also substantiates the findings of the empirical studies reviewed.

2.4.4 Empirical Studies on Audit Fees and Market Value

Similarly, Taqi (2013) examines the consequences of audit quality from the signaling theory perspective. This study unlike most studies administers questionnaire to 101 accountants. It uses path analysis and the result shows that audit quality proxied by audit fees has an effect toward higher valuation of clients.Jusoh and Ahmad (2014) investigate the relationship between audit quality and firm performance in Malaysia. The study proxies firm performance by ROA and Tobin's Q testing for both book value performance and market share value performance. The study sampled 730 listed

companies in Malaysia and used multivariate regression model to analyze the data obtained from the sample on a three (3) year period. The finding reveals that audit quality proxied by audit fees affects positively both performance indicators (ROA and Tobin's Q). This is possible since audit quality has the potentials of reducing agency cost hence resulting in increased performance. Antonio (2014) investigates the relationship between audit fees and firm value using Brazilian public companies, from 2009 – 2011. The study proxied firm value by Tobin's Q using regression for the analysis and found that increase in audit fees increases Tobin's Q of the audited company.

Okolie and Izedonmi (2014) investigate the impact of audit quality on the share prices of quoted companies in Nigeria. The study adopts multiple regression method on the data extracted from annual reports of 57 companies quoted on the Nigerian Stock Exchange for a period of six (6) years. They used audit fees and market price per share for audit quality and market value respectively. The findings show that audit quality exerts significant influence on the market price per share of quoted companies in Nigeria.Farouk and Hassan (2014) also examine audit quality impact on financial performance of quoted cement firms in Nigeria for a period of five (5) years from 2007-2011. The study uses a sample of four (4) firms and obtains the requisite data from the annual reports and accounts of these cement companies. Collected data were analyzed using multiple regression analysis. The result of the findings shows that auditor independence measured as audit fees have significant impact on the financial performance of quoted cement companies in Nigeria. This study covers one industry in the manufacturing sector of listed firms in Nigeria. It is necessary to improve on the

sample size by incorporating other sectors even if it is to take one firm from each sector so as to give a fair representation of quoted companies in Nigeria.

Similarly, Hamed, Rohaida, Rasid and Mohamed (2015) examine the impact of audit quality on firm performance for Malaysian listed companies for the period of 2003 to 2012. In this study, they use audit fees as a proxy for audit quality. Tobin's Q is also used as measures for firm performance. They also found that an audit fee is significantly and positively related to Tobin's Q. This finding is not consistent with the findings by Zunaidah, John, Amariah, Zuraidah and Carl (2013) that use similar dependent variable (Tobin's Q). This disparity might be traced to the audit quality variables used. The one used audit size while the other made use of audit fees. We found consistency in the findings by Taqi (2013), Jusoh and Ahmad (2014) and Antonio (2014) This similarity in findings may be due to the fact that both studies are studies in Malaysia and both made use of similar proxies (audit fees) for the independent variable: Audit quality.

Zunaidah, John, Amariah, Zuraidah and Carl (2013) examines the impact of managerial ownership, leverage and audit quality on firm performance in Malaysian ACE Market, sampled 82 listed companies for a period of three(3) years and data obtained from the annual reports of sampled firms were subjected to regression analysis techniques as a method for analysis and test of hypothesis. The findings are of the view that audit quality has a statistically significant negative effect on firm performance where they proxy audit quality by Audit Fees and Firm performance by Tobin Q (Q-ratios). This tends to agree

with scholars that are of the view that higher fees paid to auditors can impair audit quality and consequently impacting negatively on firm performance.

2.4.5 Empirical Studies on Audit Tenure and Market Value

Wang (2009) observes the effects of audit partner tenure and firm profitability on market value in Taiwan using a sample of 40 observations in the electronic industry and 34 observations in general industry for two (2) years. The study use regression analysis technique for analyzing the sample data. The study finds that audit rotation/tenure exerts adverse reaction on the market value, hence, concluded that Taiwan is not in support of long audit tenure. Also, Ardiana (2014) in evaluating the role of external audit in improving firm's value in Indonesia where audit characteristics used for the study is audit tenure and firm's value is measured by price to earnings ratio (P/E), Price to book value (P/B) and Tobin's Q. The study uses 2,240 company-year observations (i.e., 320 companies for 7years) for 2007-2013 periods. The finding reveals that audit quality characteristics; audit tenure affects all the three measures of firm's value used in the study.

Okolie and Izedonmi (2014) investigate the impact of audit quality on the share prices of quoted companies in Nigeria. The study used audit tenure as one of the proxy for audit quality and price per share as the dependent variable. They also used multiple regression method on the data extracted from annual reports of 57 companies quoted on the Nigerian Stock Exchange for a period of six (6) years. The findings show that audit quality exerts significant influence on the market price per share of quoted companies in Nigeria. This

finding is consistent with that of Wang (2009) and Ardiana (2014) but differ with the findings of Bahman, Zahra, and Sacid (2013) when they investigated the value relevance of auditor tenure in Tehran Stock Exchange. They sampled 156 listed companies for a period of 10 years from 2007 to 2010 using multiple regression analysis approach. They used price per share for value relevance and found that long audit tenure has a negative impact on the value relevance of firms in Tehran Stock Exchange. Likewise, Hamed, Rohaida, Rasid and Mohamed (2015) examine the impact of audit quality on firm performance for Malaysian listed companies for the period of 2003 to 2012. They used audit firm rotation as proxy for audit quality in this study. Return on assets and Tobin's Q are also used as measures for firm performance. They found that there is insignificant relationship between audit quality proxy audit firm rotation and ROA. They also found that audit firm rotation is found to be insignificantly and negatively related to Tobin's Q.This finding is not consistent with that of Wang (2009), Okolie and Izedonmi (2014) and Ardiana (2014) but with the findings of Bahman, Zahra, and Sacid (2013)

2.4.6 Empirical Studies on Audit Opinion (AOP) and Market Value

Firth (1978) argues that the quality of the audit firm that audited the financial statements does not really matter but the type of audit opinion on the financial statements. He further opines that the type of audit opinion impacts greatly on the share prices and this is capable of influencing investors' decision. Salehi (2010) findings seem to follow on Firth (1978) when they emphasize the effectiveness of external auditors' report on the external users with evidence from Iran. In this case, questionnaire usable data were administered and collected from different participants using a binomial test in testing the hypotheses.

The results reveal that audit report is easily understandable from various stakeholders in Iran and it is the cornerstone to investment decisionmaking. More so, a more recent study by Aber, Hysen, Skender and Arben (2012) investigates the effect on stock prices of announced audited financial statements of Croatia and Slovenia firms. The Study applied discriminant analysis and logit models with the type of opinions as dependent variable and eleven financial ratios as independent variables. The result shows that auditor opinion has an impact on the stock prices.

A research on the effect of financial ratios on auditor opinion in the companies listed on Tehran Stock Exchange (TSE) by Rudkhani and Jabbari (2013) found a significant relationship between auditor opinion and various financial ratios and one of which is market-value ratio. Market-value ratio used for this study is the market price of common stock. The study used a discriminant analytical technique to analyze the data of 184 listed companies on the TSE for a period of 6 years covering 2005-2010. Robu and Robu (2013) analyzed the influence of the audit opinion on the financial statements of the listed companies on the investors' decision in the financial market as it relates to stock acquisition or sale, using the ANCOVA regression analysis on the financial reports of the 59 sampled companies listed on the Bucharest Stock Exchange (BSE), during the 2012 accounting period. The study reveals that the audit opinion expressed in the audit report has an important impact on the stock return. This finding is consistent with that of Firth (1978), Aber Hysen, Skender and Arben (2012), and Rudkhani and Jabbari (2013).

Mohamad, Babak and Kamran (2014) examined the impact of qualified audit opinion on the expected return on common stock in Tehran Stock Exchange. The study used a

sample of 120 companies listed in Tehran Stock Exchange from the period of 2004 to 2011 and forecasted earnings per share was used as a proxy for expected return on common stock. The obtained panel data were analyzed via regression analysis tool and found that there is a positive relationship between qualified audit opinion and expected return on common stock. Congruently, Ardiana (2014) in evaluating the role of external audit in improving firm's value in Indonesia where audit characteristics comprise of audit opinion and firm's value is measured by price to earnings ratio (P/E), Price to book value (P/B) and Tobin's Q. The study uses 2,240 company-year observations (i.e., 320 companies for 7years) for 2007-2013 periods. The finding reveals that all the three measures of firm's value are affected by audit opinion.

Contrary to the findings on audit opinion and market value discussed so far, is the findings by Al-Thuneibat, Khamees and Al-Fayoumi (2008) who investigated the effect of the qualified audit reports on share prices and returns in Jordan, conducting a market-based study on the qualified audit reports of the shareholding companies in Jordan during the 2000-2005 periods. Their findings reveal that there is no clear or significant effect of a qualified audit opinion on share prices and returns. They suggested that the independent audit opinion does not have relevant information for the financial market of that country.Tahinakis, Mylonakis and Daskalopoulou (2010) examine audit reports issued and published for companies with shares on the Athens Stock Exchange (ASE) during the 2005-2007 periods using the market model. The study results indicate that audit reports have limited informational content for investors and do not form part of their decision making process. They further explain that such finding might be explained by lack of

understanding for the content, importance and value of such reports. The findings of this study were supported by a similar study by Moradi, Salehi, Rigi and Moeinizade (2011).

Moradi, Salehi, Rigi and Moeinizade (2011) investigate the effect of audit report on the prices of shares and returns in Iran Tehran Stock Exchange (TSE) for a period of five (5) years. They make use of regression model and find that qualified audit opinion has no significant effect on share prices and returns in Iran. For these researchers, audit opinion by quality auditors or non-quality auditors makes no meaning to investors in Iran; therefore, they do not appreciate the value content of the audited financial statements hence, having no effect on the prices of shares in Iran.Again, Bahman, Zahra, and Sacid (2013) investigated the value relevance of the audit report in Tehran Stock Exchange. They sampled 156 listed companies for a period of 10 years from 2007 to 2010 using multiple regression analysis approach. They used price per share for value relevance and found that audit opinion makes no difference in the capital market i.e. audit report is not valued in the market.

Another study from Iran by Shah-hosseini (2014) examines the effect of audit quality on the valuation of IPO. The study uses elements of audit quality to consist of audit opinion. Adopting a regression model, the result indicates that there is no relationship between the type of audit opinion with valuation of shares in IPOs. This finding varies from the study of Firth, (1978), and Mohammad, (2012) but is found to be consistent with Moradi, Salehi, Rigi and Moeinizade (2011) and Bahman, Zahra, and Sacid (2013)

These reviewed studies are summarized in the following tables for easy understanding:

Table 2.2: Summary of Empirical Studies on the Effect of Audit Firm Size on the Market Value of Firms

Name of Author (s)	Topic	Country	Variables	Methodology	Findings
Lin, Liu and Wang (2007)	The Market Implications of Audit Quality and Auditor Switch: Evidence from China	China	Dependent: -Large Auditors Independent: -Earnings Response Coefficient (ERCs)	Regression	Audit information is valued by the market in China
Xin, Andre, Elaine and Hong (2008)	Audit Quality Compensation and Initial Public Offering Underpricing	Australia	Dependent: -Underpricing Independent: -Big 4	Ordinary Least Square (OLS) Regression	Audit quality (Big 4) enhances post-issue market value
Yaser, Julia and Denise(2008)	The Role of Asset Reliability and Auditor Quality in Equity Valuation	Italy	Dependent: -Market value of equity Independent: -Market value of asset -Market value of liability -Book value of asset -Liability -Earnings -Net book value -Audit quality (Big 4)	Regression	No impact of high Audit Quality on equity value
Hussainey (2009)	The Impact of Audit Quality on Earnings Predictability	United Kingdom (UK)	Dependent: -Stock return Independent: -Earnings Change/period -Earnings yield (EPS)	Regression	Financial statement audit by Big 4 auditors enhances investor anticipation on further earnings of firm better

Table 2.2 Continue

Mark, Christopher and Woon (2009)	Auditor quality and role of Accounting Information in Explaining UK Stock Returns	United Kingdom (UK)	Log excess returns Cash flow accrual Audit Firm Size Log book/Market ratio	Orthogonal Variance Decomposition	Earnings component vary conditionally on Audit Quality
Marjolein (2011)	Restatement announcements: The effect of Audit Quality on the Market reaction	Tilburg	Dependent: -Cumulative Market – adjusted Abnormal return for restating (CAR) Independent: -A firm Size (Big 4/Non Big 4) Control: -Company Size -Leverage	Regression	Audit Quality (Big 4) has no role in market reaction
Mohammed (2012)	Determinants of IPO valuation in Saudi Arabian companies	Saudi Arabia	Dependent: -Firms Premium Independent: -Book value of firm -EPS of firm -Debt ratio of firm Audit size (Big and Non Big 4)	Regression	External audit has adverse effect on IPOs premium
Lasse, Hannu and Tomi (2013)	Valuation of Takeover Targets and Auditor Quality	United States of America (USA)	Dependent: -Cumulative abnormal return (CAR) Independent: -Auditors Characteristics: Big-4 -Target firm characteristics	Multi-variate Regression	Auditor quality makes small impact on the market prices

Table 2.2 Continue

			-Acquirer firm characteristics -Deal characteristic		
Hsien and Hua (2013)	Do 4 Big Audit firms improve the value relevance of earnings and equity?	Taiwan	Dependent: -Earnings -Book value of equity Independent: -Audit firm size (Big 4)	OLS Regression	Earnings and book value of firm equity increases where financial statement are audited by Big 4 auditors
Bahman, Zahra and Sacid (2013)	The Value Relevance of Audit Report, Auditor Type and Auditor Tenure: Evidence from Iran	Iran	Dependent:- Price per share Independent: -Auditor type	Regression	Auditor type has a positive impact in the market
Chen, Bin and Xijia (2014)	Effect of Auditing: Evidence from Variability of Stock Returns and Trading Volume.	China	Dependent:- Stock Price Independent: -Big-4 auditors	Regression	Investors rely more on audited reports by Big-4 auditors in taking their investment decisions
Afza and Nazair (2014)	Audit Quality and Firm Value: A Case of Pakistan	Pakistan	Dependent:- Tobin's Q Independent: -Big-4 auditors	Regression	Audit quality has a strong and significant positive impact on Tobin's Q

Table 2.2 Continue

Ardiana (2014)	The role of external audit in	Indonesia	Dependent: -Price to	Regression	All three measures of

	improving firm's value: case of Indonesia		earnings ratio -Price to book value -Tobin's Q Independent: -Audit tenure -Audit Firm size -Audit opinion		firm value are affected by the various audit quality characteristic
Okolie (2014)	Audit firm size and market price per share of quoted companies in Nigeria	Nigeria	Dependent: -Market Price per Share Independent: -Audit Firm Size	Regression	AFS significantly influences market prices per share
Okolie and Izedonmi (2014)	The Impact of Audit Quality on the share prices of quoted companies in Nigeria	Nigeria	Dependent: - Market Price per Share Independent: -Audit Firm Size - audit fees -audit tenure -Degree of Audit client importance to the audit firm (ACI).	Regression	Audit Quality exert significant influence on MPS
Farouk and Hassan (2014)	Impact of Audit Quality and Financial Performance of Quoted Cement Firms in Nigeria	Nigeria	Dependent: -NPM Independent: -Audit Fees -A size (Big 4)	Multiple Regression	AFS and AI have significant impacts on the Firm Price of quoted cement companies in Nigeria.

Table 2.2 Continue

Ahsan, Haiyan and Donghua (2014)	Audit Quality and Market Pricing of earnings and earnings	China	Dependent: -Annual returns Independent: -Accruals	Regression	Audit quality does not add value to clients market

	components in China		-Operational cash flow -Audit quality (Big 4)		pricing
Shah-hosseini (2014)	The Effect of Audit quality on the valuation of stocks in an IPO	Iran	Dependent: -Pricing Independent: -Auditor size -Auditor specialization -Amount of explanatory paragraph ratio	Regression	No relationship between AFS, type of audit opinion with valuation of share prices

Source: Researcher's Review

Table 2.3: Summary of Empirical Studies on the Effect of Audit Experience on the Market Value of Firms

Name of Author (s)	Topic	Country	Variables	Methodology	Findings
Ziaee (2014)	The Effect of Audit Quality on the performance of listed companies in Tehran Stock Exchange.	Iran	Dependent: -Financial performance Independent: -Period of Audit -Audit reputation -Audit firmexperience	Correlation	Audit Quality could affect the financial performance of companies.

Source: Researcher's Review

Table 2.4: Summary of Empirical Studies on the Effect of Audit Industry Specialization on the Market Value of Firms

Name of Author (s)	Topic	Country	Variables	Methodology	Findings
Shah-hosseini (2014)	The Effect of Audit quality on the valuation of stocks in an IPO	Iran	Dependent: -Pricing Independent: -Auditor size -Auditor specialization -Amount of explanatory paragraph ratio	Regression	there is a relationship between auditor specialization with shares valuation
Omidfar and Moradi (2015)	The effect of industry specialist on auditor's opinion in Iran	Iran	Dependent: -Audit opinion Independent: -Auditor industry expertise -Audit size -Auditor switch	Regression	Auditor industry specialization improve quality of financial information on the capital market

Source: Researcher's Review

Table 2.5: Summary of Empirical Studies on the Effect of Audit Fees on the Market Value of Firms

Name of Author (s)	Topic	Country	Variables	Methodology	Findings
Taqi (2013)	Consequences of Audit Quality in Signaling Theory Perspective	Indonesia	Higher fee, Good reputation, Lower litigation, Higher client, Valuation and Audit Quality	Path Analysis	Audit quality have an effect toward higher valuation of client
Zunaidah, John, Amariah, Zuraidah and Carl (2013)	Managerial Ownership leverage and Audit Quality impact on firm performance. Evidence from the Malaysian ACE Market	Malaysia	Dependent: -Tobin Q (Q-ratio) Independent: -Managerial ownership -Leverage -Audit Quality: Audit Fees Control: -Firm size -Profitability	Regression	Audit Quality has significant negative effect on firm performance
Jusoh and Ahmed (2014)	Equity ownership, Audit quality and Firm Performance in Malaysia, using Generalized least square estimations technique	Malaysia	Dependent: -Return on Asset -Tobin's Q Independent: -Managerial ownership -Institutional ownership -Audit Quality: Audit Fees	Generalized Least Square Estimation Technique	Audit Quality affects positively both performance indictor
Antonio (2014)	Association between Independent Auditor Fees and Firm Value: A Study of Brazilian Public	Brazil	Dependent: -Tobin's Q Independent: -Audit Fees	Regression	Increase in audit fees increases Tobin's Q

	Companies				
Farouk and Hassan (2014)	Impact of Audit Quality and Financial Performance of Quoted Cement Firms in Nigeria	Nigeria	Dependent: -NPM Independent: -Audit Fees -A size (Big 4)	Multiple Regression	AFS and AI have significant impacts on the Firm Price of quoted cement companies in Nigeria.
Okolie and Izedonmi (2014)	The Impact of Audit Quality on the share prices of quoted companies in Nigeria	Nigeria	Dependent: -Market Price per Share Independent: -Audit Firm Size - audit fees -audit tenure -Degree of Audit client importance to the audit firm (ACI).	Regression	Audit Quality exert significant influence on MPS
Hamed, Rohaida, Rasid and Mohamed (2015)	The Impact of Audit Quality on Firms Performance: Evidence from Malaysia	Malaysia	Dependent: -Audit Firm Size -Audit Firm Rotation Independent: -Return on Assets -Tobin's Q	Regression	There is a positive relationship between audit quality and firms performance

Source: Researcher's Review

Table 2.6: Summary of Empirical Studies on the Effect of Audit Tenure on the Market Value of Firms

Name of Author (s)	Topic	Country	Variables	Methodology	Findings
Wang (2009)	The Effects of Firm Market Value on Audit Partner Tenure and Firm Profitability.	Taiwan	Dependent: -Market Value per Share Independent: -Book Value per Share -Audit partner rotation Control: -Age -Growth -Leverage -Size	Regression	Audit partner rotation exert adverse reaction on the market value of firms
Bahman, Zahra and Sacid (2013)	The Value Relevance of Audit Report, Auditor Type and Auditor Tenure: Evidence from Iran	Iran	Dependent:- Price per share Independent: -Audit Tenure	Regression	Long audit tenure is has a negative impact on the valued relevance of firms in the market
Ardiana (2014)	The role of external audit in improving firm's value: case of Indonesia	Indonesia	Dependent: -Price to earnings ratio -Price to book value -Tobin's Q Independent: -Audit tenure -Audit Firm size -Audit opinion	Regression	All three measures of firm value are affected by the various audit quality characteristic

Table 2.6 Continue

Okolie and Izedonmi (2014)	The Impact of Audit Quality on the share prices of quoted companies in	Nigeria	Dependent: - Market Price per Share Independent: -Audit Firm	Regression	Audit Quality exert significant influence on MPS

	Nigeria		Size - audit fees -audit tenure -Degree of Audit client importance to the audit firm (ACI).		
Hamed, Rohaida, Rasid and Mohamed (2015)	The Impact of Audit Quality on Firms Performance: Evidence from Malaysia	Malaysia	Dependent: -Audit Firm Size -Audit Firm Rotation Independent: -Return on Assets -Tobin's Q	Regression	There is a positive relationship between audit quality and firms performance

Source: Researcher's Review

Table 2.7: Summary of Empirical Studies on the Effect of Audit Opinion on the Market Value of Firms

Firth, (1978)	Qualified Audit Reports: Their impact	Iran	Dependent: -Abnormal return	Regression	Audit opinion impact on

	on investment decisions		Independent: -Types of Audit qualification -Audit firm size		share prices.
Al-Thuneibat, Khamees and Al-Fayoumi (2008)	The effect of qualified auditor's opinion on share prices: evidences from Jordan	Jordan	Dependent: -Share prices -Return on earnings Independent: -Qualified audit report	Regression	No significant effect of a qualified audit opinion on the share prices and returns
Salehi (2010)	Evaluating effectiveness of External Auditors Report: Empirical Evidence from Iran	Iran	Questionnaire	Binomial Test	Audit Report affect investment decision
Tahinakis, Mylonakis and Daskalopoulou (2010)	An appraisal of the impact of audit qualifications on firms' stock exchange price fluctuations	Greece	Average Abnormal Return Cumulative Arithmetic Abnormal Return Audit report content	Binomial Test	Audit Report affect investment decision

Table 2.7 Continue

Moradi, Salehi, Rigi and Moeinizade (2011)	The effect of qualified audit report on share prices and returns. Evidence from Iran	Iran	Dependent: -Return on shares Independent: -Return on market portfolio	Regression	Qualified audit opinion has no significant effect on share prices and return
Arber, Hysen, Skender and Arben	Effect of Audit Opinion on Stock Prices:	Europe	Dependent: -Opinion type Independent:	Discriminant Analysis and Logit Model	Audit opinion have impact on the

(2012)	The case of Croatia and Slovenia		-Return on assets -Liquidity ratio -Quick ratio -Return on current assets on sales -Equity to debt ratio -Short term financial ratio -Working capital percentage on total assets -Leverage ratio		market prices
Bahman, Zahra and Sacid (2013)	The Value Relevance of Audit Report, Auditor Type and Auditor Tenure: Evidence from Iran	Iran	Dependent:- Price per share Independent: -Auditor Report	Regression	Audit report is not valued in the market
Rudkhani and Jabbari (2013)	Effect of financial ratios on auditor opinion in the companies listed on Tehran stock exchange(TSE)	Iran	Dependent: -Market share price Independent: -Auditor opinion	Discriminant Analysis	There is significant relation between auditor opinion and market price of common stock

Table 2.7 Continue

Robu and Robu (2013)	The influence of the audit report on the relevance of accounting information reported by listed	Italy	Dependent: -Stock return Independent: -Audit opinion expressed	ANCOVA regression analysis	Audit opinion expressed in the audit report have an impact on the stock return

	Romanian companies.				
Mohamad, Babak and Kamran (2014)	Economic Consequences Qualified Audit Opinions: Evidence from Listed Companies in Tehran Stock Exchange	Iran	Dependent: -Forecasted Earnings per Share Independent: -Audit Opinion	Regression	There is a positive relationship between qualified audit opinion and expected return on common stock
Ardiana (2014)	The role of external audit in improving firm's value: case of Indonesia	Indonesia	Dependent: -Price to earnings ratio -Price to book value -Tobin's Q Independent: -Audit tenure -Audit Firm size -Audit opinion	Regression	All three measures of firm value are affected by the various audit quality characteristic
Shah-hosseini (2014)	The Effect of Audit quality on the valuation of stocks in an IPO	Iran	Dependent: -Pricing Independent: -Auditor size -Auditor specialization -Amount of explanatory paragraph ratio	Regression	No relationship between AFS, type of audit opinion with valuation of share prices

Source: Researcher's Review

On the strength of the summary of empirical works presented in Tables 2.1 to 2.6, a total of45 related prior studies were reviewed with some of the studies indicating a positive effect of audit quality on the value of the firms and others indicating a negative or no effect on firm value. It is observed that three studies out of the positive-effect studies are

from Nigeria and no Nigerian study indicates a negative effect or no effect of audit quality on firm value. Again, the most popularly used technique in the reviewed studies is the regression analysis technique totaling. It may be correct to infer that the differences in findings might not be due to the technique used because both positive, negative and/or no effect findings made use of this same technique.

2.5 Gap in Literature

Many empirical works have been carried out on audit quality in Nigeria with focused attention on internal audit quality laying emphasis on the audit committee. We also found out that much attention has been paid to determinants of audit quality with very scanty studies focusing on how the audit quality affects the value of the firms in Nigeria. The few studies that consider the effect of audit quality on the firm value in Nigeria used few years. This can be seen in the study by Farouk and Hassan (2014) who use only five (5) years. Okolie (2014) and Okolie and Izedonmi (2014) also used six (6) years.

Apart from the limited study periods by the Nigerian studies, we also observed that some of these studies used very few firms like the use of only cement companies out of the whole Industrial Goods Sector (Farouk & Hassan, 2014). Okolie (2014) used as much as 342 firm-year observations: a cross-section of manufacturing companies listed in Nigeria.Again, very few explanatory variables were used in the previous studies for independent variables. More so, literature indicated mixed findings in other economies but realized that all the reviewed studies in Nigeria reveal that audit quality impacts on

market value; we also submit that this results need to bevalidated. This current study has filled all these identified gaps by:

- Extending the study period to 12 years as against five (5) and six (6);
- Increasing the number of observations to 564 as against 342
- Adding more variables to the independent variables and
- Studying a broader section of listed companies

By doing these, the research has contributed to the extant literature on audit quality and its effect on market value in Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study investigates the effect of audit quality on the market valuation of listed companies in Nigeria. In this regard, the chapter discusses the methodology used in the study. It focuses on the research design used for the study.

3.2 Research Design

This study adopts an ex-post facto research design. This design is used because of its relevance in causal research such as this one. It is also used because it is a design that is suited for an occasion in which the researcher does not have control over the independent variables because the situation necessitating the study already has taken place. This design is deemed most apt considering that the study is making use of already existing audited financial statements of listed companies in Nigeria.

3.2.1 Population

The study population covers the entire non-financial companies listed on the floor of the Nigerian Stock Exchange (NSE) that remained listed as at the year ended 31st December, 2015. This brings the study population to a total of 130 companies (See Appendix A_1).

3.2.2 Sample Size and Sampling Technique

This study used the following criteria to select the sample:

1. The company must have been listed on the floor of the Nigerian Stock Exchange on or before 1st January, 2004 and stay listed throughout the twelve (12) years under study.
2. The company must not be classified under the financial sector
3. The company must have complete data values for each financial year covered in the study period

The use of the criteria above produced a sample size of 47 companies listed on the floor of the Nigerian Stock Exchange (See Appendix A_2). It is believed that the sample size is a good representation of the study population.

3.3 Sources of Data and Methods of Data Collection

This study depended basically on secondary data bearing in mind the nature of its design. The requisite data on audit quality were extracted from the financial statements especially the auditor's reports, profit and loss accounts, statementsof financial position and notes to the accounts as contained in their audited annual reports and accounts for the relevant years (12 years- 2004-2015).

Also, the requisite data on the firm valuation were extracted from the published daily share prices from the Nigerian Stock Exchange. Some of the audited financial statements were obtained from the company's annual returns that were filed with the Nigerian Stock Exchange library while others were collected from the various companies' website. Other data were retrieved from books, journals, and the NSE website.

3.4 Techniques of Data Analysis

Descriptive statistics, correlation and regression analysis were used to analyze panel data obtained for the study.Multiple regressions using the ordinary least square (OLS) method was adopted to produce the results of the analysis. OLS was used because it minimizes the errors between the actual and observed data in the study

The study first measured and analyzed the market value variables and the audit quality variables using data obtained from a cross-section of listed companies in Nigeria. To determine the effect of audit quality on the value of firm,the study determined the dichotomous variables which include: audit firm size, audit industry specialization, audit tenure and audit opinion. The market price per share was obtained and taken directly as reported by the Nigerian stock exchange. The various surrogates for audit quality were determined as presented in sections 3.2.4.1.

The obtained data were processed using a regression analysis technique with the help of SPSS version 21. Microsoft Excel and SPSS were used throughout the study for data processing and analysis. ANOVA (analysis of variance: F-test) was used to ascertain whether there is significant effect of the different categories of AQ surrogate on the market value of companies in Nigeria. ANOVA was selected for its suitability in comparing more than two groups of data. It is also more suitable for sample sizes of more than 30 (Emaikwu, 2010; Agburu, 2001; Azende, 2011; Akpa, 2011).

The study applied a 5% level of significance. The decision rule for testing the hypotheses was to accept the null hypothesis if the critical value is greater than the calculated T-

value or reject the null hypothesis if the critical value is less than calculated value of 't', respectively.

To guarantee proper analysis; the sub-sections below identified and defined the variables used for the study. The variables are hereby presented:

3.4.1 Variables Identification and Definitions

Various audit quality and firm valuation surrogates have been used by researchers of accounting and finance across the globe. However, this study adopted the following variables identified and defined hereunder.

(a) Independent Variables

This section presents the independent variables adopted in this study. The independent variable used for the study is audit quality. The variables for audit quality are identified and defined as follows:

1. **Audit Quality Variables**

In as much as a variety of proxies for audit quality has been used in several empirical works earlier reviewed, the study adopted the following variables to proxy for audit quality as applied in this study:.

i. Audit Firm Size

This is an audit quality proxy that measures audit competence. Audit firm size measures whether a client's financial statement is audited by a large company or by a small company. In this case the big audit firms are called the 'Big 4'. For the purpose of this

study, the Big 4 accounting firms include; Akintola Williams Deloitte, Ernest and Young Nigeria, KPMG Nigeria and Price Water House Coopers. Auditing done by Big 4 audit firm is assumed to be of a better quality than that done by the non-Big 4 firms.

The study made use of dichotomous values. To obtain the values for audit firm size the study assumes value of "1" if company is audited by any of the Big 4 and "0" if otherwise (DeAngelo, 1981; Okolie,2014).

ii. Audit Experience

This is another audit quality surrogate that explains audit competency. Audit experience relates to how long the auditor works. Several researches opine that audit expertise will increase with more experience in doing audit task leading to better audit quality (Suyono, 2012). Audit experience is developed as follows: age of an audit firm (Minute-Meza, 2010; Suyono, 2012). Age of audit firm is accepted by this study for calculating audit experience on the basis that no company can be and remain in existence over time if it is not in successful operation. We therefore believe that an audit firm that has been in operation for a number of years must have acquired much experience in performing audit task hence, leading to better audit quality.

iii. Auditor's Industry Specialization

The formula used to calculate auditor industry market share for this study is as used by Jiang, Jeny-Cazavan and Audousset- Coulier (2012) and Minutti-Meza (2010). The formula is presented as;

$$MS_{ik} = \frac{\sum_{j=1}^{jik} X_{ijk}}{\sum_{i=1}^{ik} \sum_{j=1}^{jik} X_{ijk}}$$

Where:

$$MS_{ik} = \text{Market share of audit firm i for industry } k$$

X_{ijk} = Number of clients of firm (j) audited by audit firm (i) in industry (k) respectively.

i = an index of auditors

j = an index of clients firm

k = an index of clients industry

ik = number of auditors in industry

jik = number of clients audited by auditor i in industry

$\sum_{j=1}^{jik} X_{ijk}$ = The sum of the number of client j in industry k audited by auditor i

$\sum_{i=1}^{ik} \sum_{j=1}^{jik} X_{ijk}$ = The sum of the number of client j in industry k audited by all other auditors i in industry k

NOC = Number of client

MS_{NOC} = Market share of the number of client in industry k

In this case the formula is recast as

$$MS_{NOC} = \frac{\sum_{j=1}^{jik} Number\ of\ client_{ijk}}{\sum_{i=1}^{ik} \sum_{j=1}^{jik} Number\ of\ client_{ijk}}$$

This current study adopts MS_{ik} measure to include number of clients audited by auditor i in industry k deflated by the total clients audited by all auditors in industry k. MS_{NOC} is measured as the number of clients served by an auditor in a specific industry scaled by the number of clients served by all auditors in the same industry.

O'keefe and Gaver (1994) posit that the use of number of clients in industry is an adequate surrogate for auditor's industry specific knowledge. The number of clients is adopted because Omidfar and Moradi (2015) in their view about auditor industry specialization emphasize that auditor industry specialization must be active in the industry and the number of clients audited in the industry shows the level of activeness of the auditor in such industry.

To assign auditor industry specialist, a cutoff ratio is calculated as

$$\frac{1\,(at\ least\ a\ market\ share\ of\ larger\ than\ 1)}{4(number\ of\ major\ audit\ firms)} \times (1 + 20\%)$$

This equals to 30% (Jiang, Jeng- Cazavan & Andousset – Coulier, 2012)

Therefore an audit firm will be considered as audit industry specialist if it has market share up to 30% and above. Thus assign '1' where audit firm has ≥30 and '0' if otherwise.

iv. Audit Fees

This is the fee that a company is expected to pay to an external auditor for performing audit and assurance services. This is a proxy for audit quality that can easily impair auditor's independence. It is measured as the natural log of the audit fees paid by the company (Palmrose, 1988; Li & Lin, 2005; Okolie, 2014). The use of the natural log is for the transformation of large numbers to enable apt analysis.

v. Audit Tenure

This is another surrogate for audit quality that can influence auditor's independence. It explains the length of audit firm-client relationship as of the fiscal year end covered by the audited financial statements (Adeyemi, Okpala & Dabor, 2012). It is believed that the length of auditor-client relationship can impair the independence of the auditor in its opinion while others believe that long audit tenure will improve audit quality. This disparity in views about audit tenure brings about the inclusion of this proxy in this study. It is obtained thus: assume '1' if the audit firm auditsthe company for up to and more than three years and '0' if otherwise.

vi. Audit Opinion

This expresses the independence of an auditor as to whether it is reporting exactly what has been audited. It can either be qualified or unqualified audit report (Hayes, Dassen, Schilder& Wallage 2005). To obtain this variable we assume '1' if opinion is unqualified (clean report) and '0' if opinion is qualified (unclean report). (Minutti-Meza, 2010; Ardiana, 2014)

(b) Dependent Variable

This section identifies and defines the dependent variable for the study. The dependent variable used is market value

2. Market-Value Variable

This study adopts market price per share as market-value variable;

i. Market Price per Share

For the purpose of this study, market price per share is maintained as the market value of the company stock per share at the end of the year. The market price per share at the end of the year is most preferred in this study because it allows for overcoming of the use of data that may be reflecting outdated valuation as inherent in the use of book values. Again, since the financial statements presents the state of the company at the end of the year it is therefore pertinent to use the price of the shares at the last trading day of the financial year as it also tell the value of the company at the end of the year in spite of whatever the company has been through in the financial year.

3.4.2 Model Specification

The study adopted models used by Zunaidah, John, Amariah, Zuraidah and Carl (2013); Okolie (2014); Okolie and Izedonmi (2014); Shah-hosseini (2014) and Jusoh and Ahmed (2014) with little modifications to suite the current study's need. The adoption of their model with slight modification is bases on the point that these studies are similar to this current study as such used variables that are similar as well hence; we infer that the adoption of their model with little modification based on the study variables should not be out of place. The model for the study is hereunder presented.

MPS= *f (*AQ*)*

MPS = *f* (AFS, AF, AT, AIS, AOP, AE)

Where;

f = Function of

MV= Market Value

MPS= market price per share

AQ=Audit Quality

AFS= Audit Firm Size

AF=Audit Fees

AT= Audit Tenure

AIS= Audit Industry Specialization

AOP= Audit Opinion

AE= Audit Experience

Using the multiple regression analysis technique, this model was reconstructed for the study as follows:

$$MPS_{it} = \beta_0 + \beta_1 \mathrm{AFS}_{it} + \beta_2 \mathrm{AF}_{it} + \beta_3 \mathrm{AT}_{it} + \beta_4 \mathrm{AIS}_{it} + \beta_5 \mathrm{AOP}_{it} + \beta_6 \mathrm{AE}_{it} + e$$

Where;

β_0 = the constant

$\beta_1, \beta_2 \ldots \beta_6$ = the regression coefficients

e =the error term

CHAPTER FOUR

DATA PRESENTATION,ANALYSIS ANDDISCUSSIONS OF RESULTS

4.1 Introduction

This chapter presents data collected from the annual reports of the 47listed non-financialcompanies on theNigerianStock Exchange, and the prices of these companies' shares for the period 2004-2015.Collected data are on the audit firm size, audit experience, audit industry specialization, audit fees, audit tenure, audit opinion and share price: These data so collected were analyzed using multiple linear regression technique. In order to answer the research questions, the research hypotheses were also tested.

4.2 Data Presentation and Analysis

This section presents data collected from the 47listed non-financialcompanies used for the study. The raw data are presented in appendix B_1 while the processed data using Microsoft Excel are presented in appendix B_2.

This section also analyzes the obtained data with the help of SPSS version 21. Multiple regression using the ordinary least squares (OLS) method was adopted to produce the results of the analysis. The analysis of these data is presented in the following sections.

4.2.1 Validity Test

For both reliability and validity of results obtained via the regression analyses, the following tests were duly conducted: (1) test for collinearity, (2) correlation, (3) test for normality and (4) Fishers Statistics

First, is the test for collinearity using the collinearity statistics: Variance Inflation Factor (VIF) and Tolerance Value are usually the two measures used for determining multicollinearity between the independent variables. That is; these techniques explain whether the independent variables are so correlated to the point of distorting the results. Where the VIF of all independent variables are less than 10, multicollinearity does not exist. Also, the tolerance values that explains existence of multicollinearity is said to signify multicollinearity where tolerance value is greater or equal to 1 (≥ 1) (Berenson & Levine, 1999; Farouk & Hassan, 2014).

Table 4.1 Test for Collinearity

Variables	Tolerance	VIF
AFS	0.56	1.71
AE	0.94	1.07
AIS	0.79	1.27
AF	0.65	1.53
AT	0.94	1.06
AOP	0.97	1.03

F(6,557)=68.84, p=0.000

Source: ***Results of Analysis via SPSS v 21***

Table 4.1 reveals that VIF obtained from the regression result for all the independent variables are consistently less than 10 (AFS=1.71<10; AE=1.07<10; AIS=1.27<10; AF=1.53<10; AT=1.06<10 and AOP=1.03<10). Hence, there is an absence of multi-collinearity problem among the independent variables under investigation.

In addition, the tolerance values are also less than 1. The independent variables tolerance values are AFS =0.59, AE =0.94, AIS =0.79, AF = 0.65, AT = 0.94 and AOP = 0.97; evidently, all these values are less than 1. This has further complemented the results from VIF and as well shows a complete absence of multi-collinearity between variables.

Table 4.2: Correlation Analysis of the Study Variables

Variables	MPS	AFS	AE	AIS	AF	AT	AOP
MPS	1.000						
AFS	0.447***	1.000					
AE	-0.057	0.106***	1.000				
AIS	0.313***	0.418***	0.216***	1.000			
AF	0.591***	0.567***	0.152***	0.311***	1.000		
AT	0.107***	0.153***	-0.004	0.001	-0.029	1.000	
AOP	0.093***	0.15	-0.105***	-0.022	-0.040	0.122***	1.000

Source: Based on Field data

*** = Significant at 5%

Again, the results of the correlation as presented in Table 4.2 further validate the results of this study as there is no high positive or negative correlation among both the dependent and independent variables. The P-P Plots and the histogram obtained from the data processing of this study indicate that the data are normally distributed and further concretize the validity of results obtained from these data (See Appendix D).

Furthermore, the Fishers Statistics (F-Stat) of 68.84 which is significant at 1% (See Table 4.1) indicates that the MPS model is best fit implying that, the results of this study can be relied upon with the full assurance that it measures what it purports to measure namely, the effect of audit quality on the market value of non-financial companies listed in Nigeria.

4.2.2 Descriptive Analysis

This section presents the result from the descriptive statistics analysis in Table 4.3 as follows.

Table 4.3: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
AFS	564	0.00	1.00	0.66	0.47
AE	564	3.00	64.00	34.47	18.80
AIS	564	0.00	1.00	0.65	0.48
AF	564	2.40	5.28	3.91	0.52
AT	564	0.00	1.00	0.87	0.34
AOP	564	0.00	1.00	0.93	0.25
MPS	564	0.22	1200	40.37	96.45
Valid N	564				

Source: Extract from Results Analyzed via SPSS v 21

Table 4.3 shows that the mean of MPS is 40.37 with a fluctuation of about 96.45; this indicates that non-financial companies listed in Nigeria operate at a mean market value of ₦40.37 with likely variations of about ₦96.45k. The fluctuation is higherthan the mean value implying that the MPS of the companies under study is low.

AFS has a mean value of 0.66 with a standard deviation of 0.47. AFS of about 66 percent indicates that on the average, about 70 percent of the companies in the study are audited by the Big-4 audit firms. The standard deviation of 0.47 is an indication that there is a considerable cluster of firm choices around the Big-4 and that most studied companies are audited by Big-4 with low variation of only 0.47 of companies not audited by Big-4 auditors.

AE has a mean value of 34.47 and a deviation of 18.80. This is an indication that most of the firms studied are audited by experienced auditors with a little variation of inexperienced auditors who have audited the financial reports in the data used for the study.

AIS is found to have a mean value of 0.65 meaning that about 65 percent of companies under study were audited by auditors who are said to be industry specialist. The standard deviation of about 48percent is an indication that few of the companies in this study were audited by non-AIS. If there is any assertion that AIS are better auditors then, we expect that the audit by these AIS is of quality and is capable of giving a signal to the market thereby improving the value of firms audited by them.

AF is observed to have a mean of ₦3.9 million with a deviation of ₦0.52 million meaning that on the average, a number of studied companies pay high audit fees with few

companies paying less than a million in a year of observation in the study. If high audit fees relate with high audit quality which improves market value then, we should be expecting a robust result on the regression coefficient of AF since most companies included in this study pay high audit fees as indicated by the result in Table 4.3.

AT is also an independent variable in this study that is observed to have a mean value of 0.87 and a deviation of 0.34. This indicates that most of the companies selected for this study have auditors that audited the companies' financial statements for up to and over 3 years. The result shows that about 87 percent of the studied companies are in the category of long term audit, that is, long audit tenure. If longer audit tenure implies improved audit quality then, the result from the regression that should determine the effect of AT on the market value will certainly indicate a positive effect if audit tenurereally affects market value.

AOP also presents a mean value of 0.93 and a standard deviation of 0.25; this shows that over 93 percent of companies in this study obtained a clean (unqualified) audit report with a mild variation of 25 percent suggesting a considerable clustering of AOP around the mean. We therefore assume that there is a possibility that the result will affect the market value as clean audit report is supposed to give a signal of good financial position to the market.

4.2.3 Correlation Analysis

Presented in Table 4.4 is the result of correlation among the set of variables used in the study.

Table 4.4: Correlation Results

Variables	MPS	AFS	AE	AIS	AF	AT	AOP
MPS	1.000						
AFS	0.447***	1.000					
AE	-0.057*	0.106***	1.000				
AIS	0.313***	0.418***	0.216***	1.000			
AF	0.591***	0.567***	0.152***	0.311***	1.000		
AT	0.107***	0.153***	-0.004	0.001	-0.029	1.000	
AOP	0.093***	0.15	-0.105***	-0.022	-0.040	0.122***	1.000
Valid N	564	564	564	564	564	564	564

Source: Based on Field data

*** = Significant at 5%

Table 4.4 presents the relationship between the variables of the study. The result shows a very low correlation amongst variables generally; indicating that there is no problem of high correlation among variables: whether positive or negative correlation. The result further shows a positive correlation between the dependent variable, MPS and AFS, AIS, AF, AT and AOP. This positive correlation shows a strong relationship between the dependent variable and AFS, AIS, AF, AT and AOP. These strong relationships are

significant at 1 percent. The relationship between MPS and AE seems to be weak as the table shows a negative correlation between them. The table further indicates that this weak relationship is not significant at 5 percent but at 10 percent

Note that the positive and/or negative correlation here does not necessarily mean that there is a negative relationship between variables; rather it explains the strength of the relationship. The establishment of a positive or negative relationship can only be ascertained through the inferential statistics and the test of hypotheses.However, drawing from the fact that 5 of 6 independent variables overall shows a strong relationship with the dependent variable, it is therefore pertinent to conclude that there is a strong relationship between audit quality and market value.

4.2.4 Regression Analysis

The main tool used to analyze data for this study was the regression analysis. The result of regression analysis is presented in Table 4.5 and 4.6 as follows:

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	0.653[a]	0.426	0.420	0.426	68.842	6	557	0.000

a Predictors: (Constant), AOP, AFS, AE, AT, AIS, AF

Source: Results of Analysis via SPSS v 21

Table 4.5 presents the summary result that shows a relationship between AQ and MPS. This result shows a relationship between them. The table shows that there is a strong positive relationship of 65.3 percent between AQ and MPS. An R^2 of 0.426 also indicates that about 43 percent of the variations in MPS can be explained by the variability in AFS, AE, AIS, AF, AT and AOP while about 57 percent is accounted by factors outside this study. The result of the regression indicates that other factors than AQ contribute to most of the variations in the market value of firms, here represented by MPS. These other factors may be the size of the organization itself, its capital structure, liquidity, profitability, government interference (law), SEC and CBN guidelines amongst other may have an effect on the market value of firms in Nigeria.

Table 4.6: Regression Coefficients

	β	t-test	P-Value
Constant	-2.07	-7.89	0.000
AFS	0.087	2.061	0.040
AE	-0.170	-5.119	0.000
AIS	0.151	4.186	0.000
AF	0.527	13.261	0.000
AT	0.098	2.973	0.003
AOP	0.086	2.649	0.008

R^2=0.426, F(6,557)=68.84, p=0.000

Source: ***Results of Analysis via SPSS v 21***

Table 4.6presents the regression result determining the effect of AQ variables on the market value explained by MPS. The coefficients of the various variables explain or describe the effect of each independent variable on the market value.

The result indicates that if AQ is not a factor to consider in the value of firm, MPS will significantly reduce by 2.07 units occasioned by factors outside this study. The result also indicates that if a company is audited by a Big 4 auditor, it will significantly cause an increasing effect on the MPS by 8.7 percent. We therefore, infer that since the Big- 4 audit firms are well known and have gained reputation for audit quality; an audit by them will impact on the market value (MPS) of companies audited by them.

On the contrary, an increase in audit by an experienced auditor (AE) will reduce MPS significantly by 17 percent. This seems to contradict the principles of learning curve (experience curve) which state that the more one does a thing the more they get better at it. If continuous audit is supposed to earn audit quality for such an auditor then where the audit quality is transmitted to the market it should increase the clients' market value but this seems not to be upheld by our result. Hence, we are of the opinion that it is not just how long an auditor does the work but how well he understand the special industrial issues in his clients' industry.

The result further explains that an increase in AIS will significantly increase MPS by 15.1 percent. From the results presented in Table 4.1 we observed that if industry specialist auditors are better auditors then, we expect that the audit by these AIS is of quality and is capable of giving a signal to the market thereby improving the value of firms audited by them. This finding tends to validate this assertion.

Likewise, the result indicates that an increase in AF will significantly increase MPS by 52.7 percent. It means that if all other factors are held constant, and AF is increased by a level, it will significantly increase MV with about 53 percent. This result is in line with assertions that AF explains high audit quality and that consumers in recognizing that more AF improves audit quality therefore are prepared to pay higher fees in order to receive the services. Therefore, it is found in this study that even if another Naira is added to AF, it will have a significant increasing effect on MV.

It is noticed that an increase in AT will significantly increase MPS by 9.8 percent. This indicates that the more an auditor continues to audit a client the better for the clients'

market value because the longer audit tenure allows the auditors to know their clients' internal control and accounting system better; it also allow for increased knowledge in specific industry which makes it easier for the auditors to fight earnings management and other irregularities in clients financial reporting process. This knowledge gained as a result of long audit tenure leads to increased market value.

Table 4.6 also indicates that an increase in AOP will significantly increase MPS by 8.6 percent. This means that more of unqualified audit opinion will consequently increase market price per shares.

4.2.5 Test of Hypotheses

The hypotheses formulated for the study were hereby tested in this section using the t-values and p-values produced by SPSS output. Table 4.6 presents the calculated 'T' values which are used to compare the critical infinity value of t which is ±1.96. This gives the region of acceptance and rejection to enable decision making based on the decision rule presented in chapter three: Accept or reject the null hypothesis if the critical value is greater or less than the calculated value, respectively. (i.e. Accept Ho if ±1.96> t-cal. and Reject Ho if ±1.96< t-cal.). These hypotheses are tested in this section and presented as follows:

> **Ho_1:** Audit Firm Size (AFS) has no significanteffect on the market value of Nigerian listed non-financial companies

Table 4.6 presents the result for testing this hypothesis. It shows that t-cal. for AFS is 2.061 with P-value of (p=0.040). The t-cal. is less than t-critical and the p-value is less than 0.05. This means that AFS has a significant effect on the MV of Nigerian listed non-financial companies. We therefore reject the null hypothesis.

Ho_2: Audit Experience (AE) does not have significant effect on market value of Nigerian listed non-financial companies

Table 4.6 presents the result for the test of this hypothesis given t-cal. value to be -5.119 as against -1.96 of t tabulated. Since the t-cal. is less than t-critical and the p-value is less than 0.05 (the P-value of 0.0005 shows a 1% level of significance); we therefore reject the null hypothesis that AE has a significant effect on MV of listed non-financial companies in Nigeria.

Ho_3: Auditor Industry Specialization (AIS) has no significant effect on market value of Nigerian listed non-financial companies

4.186 represents the calculated t for AIS in Table 4.6 with P-value = 0.0005. The t-cal. is less than t-critical and the p-value is less than 0.05. Since the acceptance rule is to accept the null hypothesis where 1.96 > calculated value; we therefore reject the null hypothesis and we state that AIS has a significant effect on MV of listed non-financial companies.

Ho_4: Audit Fee (AF) has no significant effecton market value of Nigerian listed non-financial companies

Table 4.6 above also presents result for testing Ho_2. We note that the values of t-cal. and P-value stand at 13.261 and 0.0005 respectively. Since the t-cal. is less than t-critical and

the p-value is less than 0.05, wereject the null hypothesis. This means that there is a significant effect of AF on MV of Nigerian listed non-financial companies.

Ho_5: Audit Tenure (AT) does not have significant effect on the market value of Nigerian listed non-financial companies

We can deduce from Table 4.6 that the t cal. of 2.973is higher than the tabulated 1.96 and P-value of 0.003 is also less than 0.05 (±1.96< 2.973; 0.03< 0.05). This also presents us with a situation of rejecting the null hypothesis; we therefore state that AT has a significant effect on MV of listed non-financial companies in Nigeria.

Ho_6: Audit Opinion (AOP) does not have significant effect on the market value of Nigerian listed non-financial companies

Table 4.6 again presents the result of the test of this hypothesis. Here, we find the value of t cal. for AOP to be 2.645 with a P-value that is equal to 0.008. That is, the t-cal. is less than t-critical and the p-value is less than 0.05 (1.96< 2.645 and 0.008< 0.05). This result presents us with all it takes to reject the null hypothesis and then state that AOP has a significant effect on MV of listed non-financial companies in Nigeria.

The result of the test of hypotheses for this study presents a one-way result where all the null hypotheses are rejected. By implication, we can say that AQ proxied by AFS, AE, AIS, AF, AT and AOP have a significant impact on MV of the listed non-financial companies in Nigeria with AE having a significant negative effect and all other proxies indicating a positive significant effect.

4.2.6 Discussion of Findings

On the strength of the regression result and analysis thereupon in the preceding section, it can be inferred that all the independent variables significantly affect the market value of listed non-financial companies in Nigeria. Admittedly, the impacts are not in one direction. This result is now discussed in detail in this section.

4.2.6.1 Discussion of Findings on Audit Firm Size (AFS) and Market Value

AFS (Audit Firm Size) shows that if all the other variables are held constant and there is an addition of one more unit to AFS, it will cause a significant positive effect of about 9 percent on market value. That is, an audit by the Big-4 auditors result in higher impact on the MV of firms audited by them. This finding tends to follow the assertion by De Angelo (1981) that large audit firms have less incentive to behave opportunistically and because they have more wealth and more valuable reputation which they are assumed to guard, hence ensuring audit quality. Having said that, stakeholders appear to believe that large audit firms perform better and therefore assuring higher audit quality. Thus, this presumed audit quality by the Big-4 auditors as per our findings has an influence on the price of shares in the market. Some researchers such as Imhoff (1988) are however of the opinion that the large auditor firms do not really possess audit quality but perceived quality due to their reputation. Whether it is a real or perceived audit quality, our finding shows that an audit by the Big-4 audit firms sends signals to the market and further positively influence the market price per share of non-financial companies listed in Nigeria. This finding is consistent with the findings of Okolie (2014), Farouk and Hassan

(2014), Ardiana (2014) and Jusoh and Ahmad (2014) but differs from the findings of Yaser, Julia and Denise (2008), Shah-hosseini (2014), Marjolein (2011), Mohammed (2012) and Ahsan, Haiyan and Donghua (2014) who find that AFS has an adverse effect on market value. This difference in findings may be as a result of the differences in location and market of study as the studies in Nigeria agrees with this current findings.

4.2.6.2 Discussion of Findings on Audit Experience (AE) and Market Value

AE (Audit Experience) on the other hand shows a significant negative effect on the MV of non-financial companies studied in Nigeria. The regression result shows that an additional unit of AE will reduce MPS by 17 percent meaning that the experience of an auditor does not count in the market as it is possible that an audit firm can be in operation for years but may be inexperienced in some specific areas hence, may be unable to deliver well in such specific and special areas. This is possible as AIS shows a positive impact on MV as against AE. It therefore implies that it does not really matter how long an audit firm remains in operation but how well they are able to understand the clients' financial environment. This finding is not consistent with the study by Ziaee (2014) as they found a very strong relationship between audit experience and firm performance. This difference may be accounted for by the difference in the dependent variable, method of data collection (questionnaire) and the location of study (Iran). This study expanded on prior studies by utilizing AE as audit quality proxy to determine if it has any effect on the market value of companies audited by experienced auditors and found that AE has a negative effect on the market value of non-financial companies listed in Nigeria.

4.2.6.3 Discussion of Findings on Audit Industry Specialization (AIS) and Market Value

AIS (Auditor Industry Specialization) is another proxy for audit quality used in this study. The regression result also indicates that if other variables are held constant and AIS is increased by a unit, it will positively affect the market value by about 15 percent. This positive effect is statistically significant. This impliedly means that an audit by industry specialist (AIS) affects the market value of such firms audited by them. Industry-specialist auditors are believed to be better auditors because they easily identify the problem areas in the specific industry and plan better audit towards such areas since they are used to and understand better the accounting information system in that specific industry. They are therefore known to be capable of enhancing the likelihood of discovering and reporting errors thereby possessing the ability of sending good signals to the market on the value of the stock of companies audited by them (AIS). This assertion is also upheld by the findings of this study to the effect that AIS is capable of increasing MPS by 15 percent; that is, AIS has a significant positiveeffect on MV. This submission is in accordance with the findings of Shah-hosseini (2014) and Omidfar and Maradi (2015).

4.2.6.4 Discussion of Findings on Audit Fees (AF) and Market Value

AF (Audit Fee) is another independent variable in this study. It impacts positively on the market value by about 53 percent. This positive effect is a statistically significant impact. AF presents the highest impact on market value in this study. It suggests that more or

high AF indicates high audit quality because good auditors will charge fees that will cover their above average cost incurred to be able to produce a service of above average quality. Consequently, stakeholders perceive audit quality in high audit fees; this assertion reflected in our finding that a naira addition to AF will increase MPS of non-financial companies listed in Nigeria significantly. This finding is not consistent with that of Zunaidah, John, Amariah, Zuraidah, and Carl, (2013) and Okolie (2014) where they found that AQ proxied by AF had a negatively significant effect on firm performance proxied by TQ. Impliedly, the reason for this variation in findings may be in the difference in the dependent variables in the case of the study by Zunaidah, John, Amariah, Zuraidah, and Carl, (2013) and possibly, the study period and number of observations in the study by Okolie (2014). We also discovered that this study's finding is consistent with that of Taqi (2013) and Farouk and Hassan (2014).

4.2.6.5 Discussion of Findings on Audit Tenure (AT) and Market Value

Some say that the length of audit tenure (AT) can impair on the auditor's objectivity and independence hence jeopardizing audit quality and possibly reduce the market value of firms audited on long audit tenure (Haboya & Ohiokha, 2014). We found that if AT is increased by a period, it will significantly increase MV by 9.8 percent (i.e, about 10 percent). This finding seems to postulate that stakeholders in Nigeria agree with the assertion that 'the longer the AT the better' they know their client's internal control and accounting system. That is to say, the more they increase in expertise in specific industry, the easier it becomes to discover and fight all forms of irregularities in their clients'

financial reporting process. This is thus received well in the market as a signal of audit quality and it positively affects the prices of shares.Our finding is consistent with that of Okolie and Izedonmi (2014) and Ardiana (2014) who also found that AT significantly exerts a positive influence on MV. Wang (2009) also finds that prompt rotation of auditor has an adverse effect on the market value of firms.

4.2.6.6 Discussion of Findings on Audit Opinion (AOP) and Market Value

AOP (Audit Opinion) is also one of the independent variables used in the study. The regression result on AOP that if other variables are held constant and AOP is increased by a unit, it will positively affect the market value by 8.6 percent. This means that, audit opinion has a positive effect on MV. This finding implies that stakeholders rely on audit opinion as being independent and objective thus increasing the credibility of the financial statements audited. Consequently, the MPS is significantly affected by the nature of opinion issued. Here, the result suggests that the more the unqualified audit opinion, the higher the positive effect on the MPS. This finding is consistent with the findings from Firth (1978); Rudekhani and Jabbari (2013); Robu and Robu (2013) but differs from the findings in the study of Al-thuneibat, Khamees and Al-Fayoumi (2008) and Shah-hosseini (2014).

On the whole, it can be deduced that audit quality surrogated by AFS, AE, AIS, AF, AT and AOP in a combined effort towards improving the market value of companies under study accounted for about 43 percent of the variation in MPS, with AF having the highest positive effect and AE having a significant negativeeffect on MPS.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The effect of audit quality on the market value of listed non-financial companies in Nigeria was empirically analyzed in chapter four. Deriving from the result analysis, the findings obtained are summarized thus:

Audit quality proxied by AFS, AIS, AF, AT and AOP is found to have a positive effect on market value proxied by MPS. We also found that AE (another proxy of AQ) has a negative effect on market value. However, the study also found that there is a positive relationship between audit quality and market value and the strength of this relationship is as high as 65.3 percent.

The study also found that the r^2 is 43% meaning that AQ accounts for about 43 percent of the variations in MV of non-financial companies listed in Nigeria.

The test of hypotheses also shows that AQ has a significant positive effect on market value of listed non-financial companies in Nigeria except for AE which indicates a significant negative effect.

The test of significance also reveals that all the results obtained are significant at 1 percent except for AFS which is significant at 5 percent; this is also within the tolerance level for this study.

5.2 Conclusion

This study has examined and documented evidences on the effect of audit quality on market value of listed non-financial companies in Nigeria. The study used 564 company-year observations from 2004 to 2015, proxied audit quality by six variables (viz, AFS, AE, AIS, AF, AT, and AOP) and market value by MPS for the purpose of robustness. A multiple regression was conducted and the result shows that AFS, AIS, AF, AT, and AOP affects market value positively. On the other hand, AE effect on the market value is negatively significant.We hereby conclude that, audit quality significantly relates with market value and substantially affects the market value of listed non-financial companies in Nigeria positively. This conclusion is substantive where audit quality is proxied by Audit Firm Size, AE, Audit Industry Specialization, Audit Fees, Audit Tenure, and Audit Opinion Type. This conclusion is also validated by the result of the r^2 which presents a combined effectof all the independent variable/surrogates (AFS, AE, AIS, AF, AT, and AOP) on the dependent variable (market value).

5.3 Policy Implication from the Result

The result and findings of this study present implications for regulators such as SEC, FRC and professional accounting bodies like ICAN and ANAN.

First, regulators should be able to adjust policies on audit tenure, rotation and switch to allow an auditor stay longer on a particular company in order to achieve AIS which by our results has shown to have a positive effect on market value of audited companies.

Again, policies that can give a limit on audit fees should not be entertained since more fees seem to translate into audit quality.

Furthermore, the regulatory bodies should endeavour to do their supervisory task well by ensuring that audit reports/opinions reflect the true state of the financial statements especially where it is audited by the Big-4 auditors so as to justify the fees paid and the said industry specialization they possess.

To be able to insist on audit quality that will continually impact on the value of the companies' shares in the market, these regulatory and professional bodies should have sanctions and disciplinary penalties like temporal suspension and total withdrawal of operating license from auditors/audit firms that tend to mar audit quality by giving wrong audit opinion in Nigeria generally.

5.4 Recommendations

Based on the findings and the conclusions drawn from the study, the following recommendations are made.

Companies in Nigeria should endeavour to encourage joint audit where there will be a combination of the services of the Big-4 audit firms and the non Big-4 audit firms: as services rendered by the Big-4 tend to positively affect the market value of firms audited by them and the smaller audit firms will also learn from the Big-4 firms to ensure quality on their part.

Again, auditor industry specialization should be encouraged by the regulatory bodies through formulation of laws that will have to inspire auditor industry specialization since it is capable of ensuring audit quality; this is perceived by and it's translated into better value of firms in the market.

Also, high AF should not be discouraged as high audit fees seem like an incentive that motivates auditors to ensure AQ which also positivelyaffects the value of listed non-financial companies in Nigeria.

Frequent audit tenure rotation or switch should be discouraged by the regulatory bodies via extension of mandatory audit years as a long stay in audit service to a company aids audit quality which this study finds to have a positive effect on the market value of non-financial companies listed in Nigeria.

Auditors should be independent when issuing an opinion as the type of opinion issued seems to have an impact on a sensitive aspect of a corporation such as its value in the market. Organizations should also ensure that the financial statements prepared by them present a true and fair position of the firms as at date of presentation. This is necessary as any errors, misstatements and omissions discovered and reported in the audit report is capable of affecting the value of the firm negatively.

On this note, we advocate that good supervisory work by Financial Reporting Council (FRC) be put in place to check on auditors and costly sanctions be spelt out on auditors/audit firms who give an opinion that seems not to reflect errors, misstatements and omissions as they have discovered or fail to discover since such an action is capable of marring the audit profession in Nigeria.

5.5 Contribution to Knowledge

There are quite a lot of studies on audit quality across the globe. Our research in the world of audit quality exposed us to the fact that the trend of audit quality research has shifted from just ascertaining what constitutes or makes up audit quality to how audit quality can affect the performance of firms. It was also discovered that this shift has just been embraced in Nigeria as there is dearth of literature in this area. However, studies that tend to identify the impact of audit quality on market value in Nigeria are compared to this study in Table 5.1:

Table 5.1: Identification of Areas of Contribution to Knowledge

MAJOR AREAS	OTHER STUDIES	CURRENT STUDY	MAJOR DIFFERENCE IN THE CURRENT STUDY
Variables	MPS, NPM, AFS, AF and AT with control variables	MPS, AFS, AE, AIS, AF, AT and AOP	No control variables used and the introduction of AE, AIS and AOP
Study period	5 years and 6 years (within 2006 to 2011)	12 years (from 2004 to 2015)	Additional 6 years
No of observations	12 and 342 company year observations	564 company-year observations	222 company-year observations
Methodology for data analysis	• Regression • Correlation • Descriptive statistics	• Regression • Correlation • Descriptive statistics	No difference
Findings	• AQ influences MV	• AQ influences MV positively.	• Give direction of effct

Table 5.1 Continue

	• AFS=Positive but insignificant impact • AF= Negative and significant • AT = Positive but insignificant impact	• AFS=Positive but significant • AF=Positive and significant • Positive and significant	• Positive and significant • Positive and significant • Positive and significant
Coverage	Manufacturing Companies	Non-Financial companies	More sector coverage

Source: Researcher's Review

The table 5.1 shows that both past studies and current study in Nigeria used similar methodology and techniques for data analysis arriving at the same view that AQ has an effect on MPS with the former not indicating the direction of the relationship between AQ and MV. However, a further look into the various analyses shows that AFS has a positive effect though insignificant with AF having a significant negative effect whereas, in the current study this same AF has the highest positive effect of 52.7 percent on MV of non-financial companies in Nigeria and significant effect of 9 percent of AFS on MV. This variation might be explained by the fact that this current study is on a long term basis of 12 years with 564 observations as against six years with 342 observations.

To make this study more robust, we also increased the number of variables that explain audit quality rather than the use of control variables to fill in some lapses. Also, considering the selection of this study's period, we used more years from 2004 which is before the study period (2006) of the previous studies. To achieve recency of data used for the study, we also updated the years to 2015 from 2011. The choices of companies may not be the same as one of the prior studies analyzes data from the cement companies

only and the other study analyzes a cross section of manufacturing companies whereas, this current study collected its data from the non-financial sectors leaving out only the financial sectors. This means that we generate our evidences from companies within the following sectors: Agricultural, conglomerate, natural resources, industrial goods, oil and gas, consumer goods, constructions/real estates, health care, information and communication technology and services.

5.6 Limitations of Study

This study on the impact of audit quality on the market value of listed non- financial companies in Nigeria has been successfully conducted. However, the journey towards the completion of this study was not without some hitches, some of which include the style/format of reporting in some companies financial statements that made it difficult to identify some variables like audit fees. However it became easier as we approach the recent years especially the era of mandatory adaption of International Financial Reporting Standards.

We also had problems with availability of financial reports of companies throughout the 12- year study period for some companies but, we were able to overcome this by the use of filtering method via a pre-determined criterion to obtain the sample. Consequently, in spite of these limitations, we were able to get around them and ensure the validity of our study findings.

5.7 Suggested Areas for Further Studies

This current study has examined the impact of audit quality on the market value of non-financial companies listed in Nigeria using a panel data of 564 observations obtained from 47 companies for 12 years with six proxies for audit quality and MPS for market value. The study also discovered that all factors not included in this study accounts for over 50% of the variations in the market value of these companies; we therefore appeal that researchers who intend to do similar study should look out for these variables. Such other variables may be the firm's size, its earnings and liquidity to mention a few.

Thus, whoever intends to carry out research in this area may:

1. Embark on similar research in the banking sector which is totally excluded from this study.
2. Similar study can be done with the same study period but a comparative study where the impact of audit quality on market value be examined on a pre and post fall of the capital market in Nigeria.
3. More audit quality variables like joint audit, restatement and many more can be introduced in further studies.
4. Further studies can choose to expand on the dependent variable to encompass firm value generally as against an aspect of firm value (market value).
5. Other studies can also think of determinants of market value of firms in Nigeria.

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Appendix A_1

List of Non-Financial Companies Listed on the Nigerian Stock Exchange as at 31st December, 2015

S/N	Company	Ticker	Sector
1	7-UP BOTTLING COMP. PLC.	7UP	CONSUMER GOODS
2	A.G. LEVENTIS NIGERIA PLC.	AGLEVENT	CONGLOMERATES
3	ACADEMY PRESS PLC.	ACADEMY	SERVICES
4	ADSWITCH PLC.	ADSWITCH	INDUSTRIAL GOODS
5	AFRICAN PAINTS (NIGERIA) PLC.	AFRPAINTS	INDUSTRIAL GOODS
6	AFRIK PHARMACEUTICALS PLC.	AFRIK	HEALTHCARE
7	AFROMEDIA PLC	AFROMEDIA	SERVICES
8	AIRLINE SERVICES AND LOGISTICS PLC	AIRSERVICE	SERVICES
9	ALUMINIUM EXTRUSION IND. PLC.	ALEX	NATURAL RESOURCES
10	ALUMINIUM MANUFACTURING COMPANY PLC	ALUMACO	NATURAL RESOURCES
11	ANINO INTERNATIONAL PLC.	ANINO	OIL AND GAS
12	ARBICO PLC.	ARBICO	CONSTRUCTION/REAL ESTATE
13	ASHAKA CEM PLC	ASHAKACEM	INDUSTRIAL GOODS
14	ASSOCIATED BUS COMPANY PLC	ABCTRANS	SERVICES
15	AUSTIN LAZ & COMPANY PLC	AUSTINLAZ	INDUSTRIAL GOODS
16	AVON CROWNCAPS & CONTAINERS	AVONCROWN	INDUSTRIAL GOODS
17	B.O.C. GASES PLC.	BOCGAS	NATURAL RESOURCES
18	BECO PETROLEUM PRODUCT PLC	BECOPETRO	OIL AND GAS
19	BERGER PAINTS PLC	BERGER	INDUSTRIAL GOODS
20	BETA GLASS CO PLC.	BETAGLAS	INDUSTRIAL GOODS
21	C & I LEASING PLC.	CILEASING	SERVICES
22	CADBURY NIGERIA PLC.	CADBURY	CONSUMER GOODS
23	CAP PLC(CHEMICAL AND ALLIED PRODUCT)	CAP	INDUSTRIAL GOODS
24	CAPITAL HOTEL PLC	CAPHOTEL	SERVICES
25	CAPITAL OIL PLC	CAPOIL	OIL AND GAS
26	CAVERTON OFFSHORE SUPPORT GRP PLC	CAVERTON	SERVICES
27	CEMENT CO. OF NORTH.NIG. PLC	CCNN	INDUSTRIAL GOODS
28	CHAMPION BREW. PLC.	CHAMPION	CONSUMER GOODS
29	CHAMS PLC	CHAMS	ICT
30	CHELLARAMS PLC.	CHELLARAM	CONGLOMERATES
31	COMPUTER WAREHOUSE GROUP PLC	CWG	ICT
32	CONOIL PLC	CONOIL	OIL AND GAS
33	COSTAIN (W A) PLC.	COSTAIN	CONSTRUCTION/REAL ESTATE
34	COURTEVILLE BUSINESS SOLUTIONS PLC	COURTVILLE	ICT
35	CUTIX PLC.	CUTIX	INDUSTRIAL GOODS
36	DAAR COMMUNICATIONS PLC	DAARCOMM	SERVICES
37	DANGOTE CEMENT PLC	DANGCEM	INDUSTRIAL GOODS
38	DANGOTE SUGAR REFINERY PLC	DANGSUGAR	CONSUMER GOODS
39	DN MEYER PLC.	DNMEYER	INDUSTRIAL GOODS
40	DN TYRE & RUBBER PLC	DUNLOP	CONSUMER GOODS
41	E-TRANZACT INTERNATIONAL PLC	ETRANZACT	ICT
42	EKOCORP PLC.	EKOCORP	HEALTHCARE
43	ELLAH LAKES PLC.	ELLAHLAKES	AGRICULTURE
44	ETERNA PLC.	ETERNA	OIL AND GAS
45	EVANS MEDICAL PLC.	EVANSMED	HEALTHCARE
46	FIDSON HEALTHCARE PLC	FIDSON	HEALTHCARE
47	FIRST ALUMINIUM NIGERIA PLC	FIRSTALUM	INDUSTRIAL GOODS
48	FLOUR MILLS NIG. PLC.	FLOURMILL	CONSUMER GOODS
49	FORTE OIL PLC.	FO	OIL AND GAS

Appendix A_1Cont…

50	FTN COCOA PROCESSORS PLC	FTNCOCOA	AGRICULTURE
51	G CAPPA PLC	GCAPPA	CONSTRUCTION/REAL ESTATE
52	GLAXO SMITHKLINE CONSUMER NIG. PLC.	GLAXOSMITH	HEALTHCARE
53	GOLDEN GUINEA BREW. PLC.	GOLDBREW	CONSUMER GOODS
54	GREIF NIGERIA PLC	VANLEER	INDUSTRIAL GOODS
55	GUINNESS NIG PLC	GUINNESS	CONSUMER GOODS
56	HONEYWELL FLOUR MILL PLC	HONYFLOUR	CONSUMER GOODS
57	IKEJA HOTEL PLC	IKEJAHOTEL	SERVICES
58	INTERLINKED TECHNOLOGIES PLC	INTERLINK	SERVICES
59	INTERNATIONAL BREWERIES PLC.	INTBREW	CONSUMER GOODS
60	IPWA PLC	IPWA	INDUSTRIAL GOODS
61	JAPAUL OIL & MARITIME SERVICES PLC	JAPAULOIL	OIL AND GAS
62	JOHN HOLT PLC.	JOHNHOLT	CONGLOMERATES
63	JOS INT. BREWERIES PLC.	JOSBREW	CONSUMER GOODS
64	JULI PLC.	JULI	SERVICES
65	JULIUS BERGER NIG. PLC.	JBERGER	CONSTRUCTION/REAL ESTATE
66	LAFARGE AFRICA PLC.	WAPCO	INDUSTRIAL GOODS
67	LEARN AFRICA PLC	LEARNAFRCA	SERVICES
68	LENNARDS (NIG) PLC.	LENNARDS	SERVICES
69	LIVESTOCK FEEDS PLC.	LIVESTOCK	AGRICULTURE
70	MASS TELECOMMUNICATION INNOVATIONS NIGERIA PLC	MTI	ICT
71	MAY & BAKER NIGERIA PLC.	MAYBAKER	HEALTHCARE
72	MCNICHOLS PLC	MCNICHOLS	CONSUMER GOODS
73	MOBIL OIL NIG PLC.	MOBIL	OIL AND GAS
74	MORISON INDUSTRIES PLC.	MORISON	HEALTHCARE
75	MRS OIL NIGERIA PLC.	MRS	OIL AND GAS
76	MTECH COMMUNICATIONS PLC	MTECH	ICT
77	MULTI-TREX INTEGRATED FOODS PLC	MULTITREX	CONSUMER GOODS
78	MULTIVERSE MINING AND EXPLORATION PLC	MULTIVERSE	NATURAL RESOURCES
79	N NIG. FLOUR MILLS PLC.	NNFM	CONSUMER GOODS
80	NASCON ALLIED INDUSTRIES PLC	NASCON	CONSUMER GOODS
81	NAVITUS ENERGY PLC	UNIONVENT	OIL AND GAS
82	NCR (NIGERIA) PLC.	NCR	ICT
83	NEIMETH INTERNATIONAL PHARMACEUTICALS PLC	NEIMETH	HEALTHCARE
84	NESTLE NIGERIA PLC.	NESTLE	CONSUMER GOODS
85	NIGERIA-GERMAN CHEMICALS PLC.	NIG-GERMAN	HEALTHCARE
86	NIGERIAN AVIATION HANDLING COMPANY PLC	NAHCO	SERVICES
87	NIGERIAN BREW. PLC.	NB	CONSUMER GOODS
88	NIGERIAN ENAMELWARE PLC.	ENAMELWA	CONSUMER GOODS
89	NIGERIAN ROPES PLC	NIGROPES	INDUSTRIAL GOODS
90	OANDO PLC	OANDO	OIL AND GAS
91	OKOMU OIL PALM PLC.	OKOMUOIL	AGRICULTURE
92	OMATEK VENTURES PLC	OMATEK	ICT
93	P S MANDRIDES & CO PLC.	MANDRID	CONSUMER GOODS
94	P Z CUSSONS NIGERIA PLC.	PZ	CONSUMER GOODS
95	PAINTS AND COATINGS MANUFACTURES PLC	PAINTCOM	INDUSTRIAL GOODS
96	PHARMA-DEKO PLC.	PHARMDEKO	HEALTHCARE
97	PORTLAND PAINTS & PRODUCTS NIGERIA PLC	PORTPAINT	INDUSTRIAL GOODS
98	PREMIER BREWERIES PLC	PREMBREW	CONSUMER GOODS
99	PREMIER PAINTS PLC.	PREMPAINTS	INDUSTRIAL GOODS
100	PRESCO PLC	PRESCO	AGRICULTURE
101	R T BRISCOE PLC.	RTBRISCOE	SERVICES
102	RAK UNITY PET. COMP. PLC.	RAKUNITY	OIL AND GAS
103	RED STAR EXPRESS PLC	REDSTAREX	SERVICES

Appendix A_1Cont…

104	ROADS NIG PLC.	ROADS	CONSTRUCTION/REAL ESTATE
105	ROKANA INDUSTRIES PLC.	ROKANA	CONSUMER GOODS
106	S C O A NIG. PLC.	SCOA	CONGLOMERATES
107	SECURE ELECTRONIC TECHNOLOGY PLC	NSLTECH	SERVICES
108	SEPLAT PETROLEUM DEVELOPMENT COMPANY LTD	SEPLAT	OIL AND GAS
109	SKYE SHELTER FUND PLC	SKYESHELT	CONSTRUCTION/REAL ESTATE
110	SMART PRODUCTS NIGERIA PLC	SMURFIT	CONSTRUCTION/REAL ESTATE
111	STUDIO PRESS (NIG) PLC.	STUDPRESS	SERVICES
112	TANTALIZERS PLC	TANTALIZER	SERVICES
113	THOMAS WYATT NIG. PLC.	THOMASWY	NATURAL RESOURCES
114	TOTAL NIGERIA PLC.	TOTAL	OIL AND GAS
115	TOURIST COMPANY OF NIGERIA PLC.	TOURIST	SERVICES
116	TRANS-NATIONWIDE EXPRESS PLC.	TRANSEXPR	SERVICES
117	TRANSCORP HOTELS PLC	TRANSCOHOT	SERVICES
118	TRANSNATIONAL CORPORATION OF NIGERIA PLC	TRANSCORP	CONGLOMERATES
119	TRIPPLE GEE AND COMPANY PLC.	TRIPPLEG	ICT
120	U A C N PLC.	UACN	CONGLOMERATES
121	U T C NIG. PLC.	UTC	CONSUMER GOODS
122	UACN PROPERTY DEVELOPMENT CO. LIMITED	UAC-PROP	CONSTRUCTION/REAL ESTATE
123	UNILEVER NIGERIA PLC.	UNILEVER	CONSUMER GOODS
124	UNION DIAGNOSTIC & CLINICAL SERVICES PLC	UNIONDAC	HEALTHCARE
125	UNION DICON SALT PLC.	UNIONDICON	CONSUMER GOODS
126	UNION HOMES REAL ESTATE INVESTMENT TRUST (REIT)	UHOMREIT	CONSTRUCTION/REAL ESTATE
127	UNIVERSITY PRESS PLC.	UPL	SERVICES
128	VITAFOAM NIG PLC.	VITAFOAM	CONSUMER GOODS
129	VONO PRODUCTS PLC.	VONO	CONSUMER GOODS
130	W A GLASS IND. PLC.	WAGLASS	INDUSTRIAL GOODS

Appendix A_2

List of Companies that Satisfied the Study Criterion

S/No	Company	Ticker	Sector
1	OKOMU OIL PALM PLC.	OKOMUOIL	AGRICULTURE
2	PRESCO PLC	PRESCO	AGRICULTURE
3	LIVESTOCK FEEDS PLC.	LIVESTOCK	AGRICULTURE
4	U A C N PLC.	UACN	CONGLOMERATES
5	JOHN HOLT PLC.	JOHNHOLT	CONGLOMERATES
6	A.G. LEVENTIS NIGERIA PLC.	AGLEVENT	CONGLOMERATES
7	UNILEVER NIGERIA PLC.	UNILEVER	CONSUMER GOODS
8	VITAFOAM NIG PLC.	VITAFOAM	CONSUMER GOODS
9	P Z CUSSONS NIGERIA PLC.	PZ	CONSUMER GOODS
10	NESTLE NIGERIA PLC.	NESTLE	CONSUMER GOODS
11	NIGERIAN BREW. PLC.	NB	CONSUMER GOODS
12	NASCON ALLIED INDUSTRIES PLC	NASCON	CONSUMER GOODS
13	GUINNESS NIG PLC	GUINNESS	CONSUMER GOODS
14	INTERNATIONAL BREWERIES PLC.	INTBREW	CONSUMER GOODS
15	NIG. FLOUR MILLS PLC.	NFM	CONSUMER GOODS
16	DN TYRE & RUBBER PLC	DUNLOP	CONSUMER GOODS
17	DANGOTE SUGAR REFINERY PLC	DANGSUGAR	CONSUMER GOODS
18	CADBURY NIGERIA PLC.	CADBURY	CONSUMER GOODS
19	VONO PRODUCTS PLC.	VONO	CONSUMER GOODS
20	JULIUS BERGER NIG. PLC.	JBERGER	CONSTRUCTION/REAL ESTATE
21	GLAXO SMITHKLINE CONSUMER NIG. PLC.	GLAXOSMITH	HEALTHCARE
22	GLAXO SMITHKLINE CONSUMER NIG. PLC.	GLAXOSMITH	HEALTHCARE
23	TRIPPLE GEE AND COMPANY PLC.	TRIPPLEG	ICT
24	AVON CROWNCAPS & CONTAINERS	AVONCROWN	INDUSTRIAL GOODS
25	LAFARGE AFRICA PLC.	WAPCO	INDUSTRIAL GOODS
26	DANGOTE CEMENT PLC	DANGCEM	INDUSTRIAL GOODS
27	CAP PLC(chemical and allied product)	CAP	INDUSTRIAL GOODS
28	BETA GLASS CO PLC.	BETAGLAS	INDUSTRIAL GOODS
29	BERGER PAINTS PLC	BERGER	INDUSTRIAL GOODS
30	ASHAKA CEM PLC	ASHAKACEM	INDUSTRIAL GOODS
31	FIRST ALUMINIUM NIGERIA PLC	FIRSTALUM	INDUSTRIAL GOODS
32	CUTIX PLC.	CUTIX	INDUSTRIAL GOODS
33	THOMAS WYATT NIG. PLC.	THOMASWY	NATURAL RESOURCES
34	B.O.C. GASES PLC.	BOCGAS	NATURAL RESOURCES
35	TOTAL NIGERIA PLC.	TOTAL	OIL AND GAS
36	OANDO PLC	OANDO	OIL AND GAS
37	MRS OIL NIGERIA PLC.	MRS	OIL AND GAS
38	MOBIL OIL NIG PLC.	MOBIL	OIL AND GAS
39	JAPAUL OIL & MARITIME SERVICES PLC	JAPAULOIL	OIL AND GAS
40	FORTE OIL PLC.	FO	OIL AND GAS
41	ETERNA PLC.	ETERNA	OIL AND GAS
42	CONOIL PLC	CONOIL	OIL AND GAS
43	ACADEMY PRESS PLC.	ACADEMY	SERVICES
44	UNIVERSITY PRESS PLC.	UPL	SERVICES
45	R T BRISCOE PLC.	RTBRISCOE	SERVICES
46	TRANS-NATIONWIDE EXPRESS PLC.	TRANSEXPR	SERVICES
47	C & I LEASING PLC.	CILEASING	SERVICES

APPENDIX B_1

RAW DATAPRESENTATION

Company	year	AFS	AE	AIS	AF	AT	AOP	NAME OF AUDIT	Mp/S
Okomu	2004	0	17	1	2500	1	1	Messrs Spiropoulos Adiele Okpara	14.5
	2005	0	18	1	2500	1	1	Messrs Spiropoulos Adiele Okpara	17
	2006	0	19	1	3500	1	1	Messrs Spiropoulos Adiele Okpara	34.1
	2007	0	20	1	7000	1	1	Messrs Spiropoulos Adiele Okpara	36.1
	2008	0	21	1	10000	1	1	Messrs Spiropoulos Adiele Okpara	32.8
	2009	0	22	1	15000	1	1	Messrs Spiropoulos Adiele Okpara	22.8
	2010	0	23	1	20000	1	1	Messrs Spiropoulos Adiele Okpara	15.2
	2011	0	3	1	21000	0	1	messrs Horwath Dafinone	23.1
	2012	0	4	1	24000	0	1	messrs Horwath Dafinone	42.5
	2013	0	5	1	24000	1	1	messrs Horwath Dafinone	44
	2014	0	6	1	20001	1	1	messrs Horwath Dafinone	25.4
	2015	0	7	1	23000	1	1	messrs Horwath Dafinone	30.3
Presco	2004	1	52	1	2000	1	1	Akintola Williams Deloitte	9.25
	2005	1	53	1	3000	1	1	Akintola Williams Deloitte	11.8
	2006	1	54	1	5000	1	1	Akintola Williams Deloitte	10.8
	2007	1	55	1	5000	1	1	Akintola Williams Deloitte	14.6
	2008	0	21	1	8000	0	1	Messrs Spiropoulos Adiele Okpara	10.1
	2009	0	22	1	8000	0	1	Spiropoulos, Adiele, Okpara & Co	5.6
	2010	0	23	1	8000	1	1	Spiropoulos, Adiele, Okpara & Co	6.85
	2011	0	24	1	8000	1	1	Spiropoulos, Adiele, Okpara & Co	8.67
	2012	0	25	1	12000	1	1	Spiropoulos, Adiele, Okpara & Co	17
	2013	0	26	1	12000	0	1	Grant Thomton Nigeria	38.5
	2014	0	27	1	12000	0	1	Grant Thomton Nigeria	24.5
	2015	1	63	1	24000	0	1	Akintola Williams Deloitte	33
Livestock	2004	1	52	1	1200	1	0	Akintola Williams Deloitte	2.83
	2005	1	53	1	1500	1	0	Akintola Williams Deloitte	2.82
	2006	1	54	1	1500	1	1	Akintola Williams Deloitte	0.95
	2007	1	55	1	1500	1	1	Akintola Williams Deloitte	3.63
	2008	1	56	1	5500	1	1	Akintola Williams Deloitte	2.18
	2009	0	36	1	3000	0	1	BDO Professional Service	0.57
	2010	0	37	1	3400	0	1	BDO Professional Service	0.65
	2011	0	38	1	4000	1	1	BDO Professional Service	0.72
	2012	0	39	1	4800	1	1	BDO Professional Service	1.44
	2013	0	40	1	6000	1	1	BDO Professional Service	4.3
	2014	0	41	1	6900	1	1	BDO Professional Service	2.28
	2015	0	42	1	6900	1	1	BDO Professional Service	1.33

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
UACN	2004	1	6	0	4500	1	1	Price WaterHouse Coopers	8.4
	2005	1	7	0	4500	1	1	Price WaterHouse Coopers	8.7
	2006	1	8	0	6000	1	1	Price WaterHouse Coopers	25.1
	2008	1	10	0	8000	1	1	Price WaterHouse Coopers	34.6
	2009	1	11	0	8000	1	1	Price WaterHouse Coopers	36.8
	2010	1	12	0	6850	1	1	Price WaterHouse Coopers	37.5
	2011	1	13	0	6850	1	1	Price WaterHouse Coopers	31.2
	2012	1	14	0	40863	1	1	Price WaterHouse Coopers	42
	2013	1	15	0	22000	1	1	Price WaterHouse Coopers	67
	2014	1	16	0	27473	1	1	Price WaterHouse Coopers	34
	2015	1	26	0	23000	0	1	Ernst &Young	20.8
John Holt	2004	1	52	1	2000	1	1	Akintola Williams Deloitte	0.99
	2005	1	53	1	2500	1	0	Akintola Williams Deloitte	1.4
	2006	1	54	1	4000	1	0	Akintola Williams Deloitte	1.21
	2007	1	55	1	4000	1	0	Akintola Williams Deloitte	4.49
	2008	1	56	1	7000	1	0	Akintola Williams Deloitte	14
	2009	1	57	1	8000	1	0	Akintola Williams Deloitte	9.28
	2010	0	30	1	10500	0	0	Pannell Kerr Forster	9.28
	2011	0	31	1	11000	0	0	Pannell Kerr Forster	5.89
	2012	0	32	1	11000	1	0	Pannell Kerr Forster	3.4
	2013	0	33	1	11000	1	0	Pannell Kerr Forster	1.12
	2014	0	41	0	8500	0	0	BDO Professional Service	0.98
	2015	0	42	0	9000	0	0	BDO Professional Service	0.92
AG Leventis	2004	1	52	1	6173	1	1	Akintola Williams Deloitte	1.23
	2005	1	53	1	7037	1	1	Akintola Williams Deloitte	1.16
	2006	1	54	1	7741	1	1	Akintola Williams Deloitte	1.86
	2007	1	55	1	8515	1	1	Akintola Williams Deloitte	5.1
	2008	1	56	1	8540	1	1	Akintola Williams Deloitte	7.9
	2009	1	57	1	8540	1	1	Akintola Williams Deloitte	2.47
	2010	1	58	1	9000	1	1	Akintola Williams Deloitte	2.67
	2011	1	59	0	10100	1	1	Akintola Williams Deloitte	1.38
	2012	1	60	0	11362	1	1	Akintola Williams Deloitte	1.35
	2013	1	61	0	12385	1	1	Akintola Williams Deloitte	1.7
	2014	1	62	0	13252	1	1	Akintola Williams Deloitte	1.31
	2015	1	37	0	15200	0	1	KPMG Professional service	0.62
CHELLARAMS	2004	0	24	0	1450	1	1	PFK Pannel Kerr Forster	1.71
	2005	0	25	0	1600	1	1	PFK Pannel Kerr Forster	0.83
	2006	0	26	0	1850	1	1	PFK Pannel Kerr Forster	1.59
	2007	0	27	0	1850	1	1	PFK Pannel Kerr Forster	12.4
	2008	0	28	0	2000	1	1	PFK Pannel Kerr Forster	22.4

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2009	0	29	0	2000	1	1	PFK Pannel Kerr Forster	14.1
	2010	0	30	1	2850	1	1	PFK Pannel Kerr Forster	7.6
	2011	0	31	1	2850	1	1	PFK Pannel Kerr Forster	6.43
	2012	0	32	1	4000	1	1	PFK Professional services	6.43
	2013	0	33	1	4000	1	1	PFK Professional services	4.15
	2014	0	34	0	5500	1	1	PFK Professional services	3.96
	2015	0	35	0	6000	1	1	PFK Professional services	3.76
Uniliver	2004	1	6	0	10912	1	1	Price WaterHouse Coopers	14.6
	2005	1	7	0	14500	1	1	Price WaterHouse Coopers	20.5
	2006	1	8	1	21500	1	1	Price WaterHouse Coopers	13
	2007	1	9	0	16802	1	1	Price WaterHouse Coopers	21.9
	2008	1	10	1	17028	1	1	Price WaterHouse Coopers	10.4
	2009	1	11	1	16414	1	1	Price WaterHouse Coopers	18.5
	2010	1	12	1	16400	1	1	Price WaterHouse Coopers	26.9
	2011	1	13	0	17852	1	1	Price WaterHouse Coopers	29
	2012	1	14	0	27539	1	1	Price WaterHouse Coopers	46.5
	2013	1	15	0	17539	1	1	Price WaterHouse Coopers	53.8
	2014	1	36	1	15800	0	1	KPMG Professional service	35.8
	2015	1	37	1	15752	0	1	KPMG Professional service	43.3
Vitafoam	2004	1	6	0	5250	1	1	Price WaterHouse Coopers	3.33
	2005	1	7	0	5250	1	1	Price WaterHouse Coopers	4.51
	2006	1	8	1	6000	1	1	Price WaterHouse Coopers	4.08
	2007	1	9	0	7000	1	1	Price WaterHouse Coopers	9.82
	2008	1	10	1	8500	1	1	Price WaterHouse Coopers	4.65
	2009	1	11	1	8500	1	1	Price WaterHouse Coopers	5.65
	2010	1	12	1	11000	1	1	Price WaterHouse Coopers	6.66
	2011	1	59	1	12500	0	1	Akintola Williams Deloitte	5.06
	2012	1	60	1	12500	0	1	Akintola Williams Deloitte	3.66
	2013	1	61	1	16500	1	1	Akintola Williams Deloitte	4.9
	2014	1	62	1	16500	1	1	Akintola Williams Deloitte	4.03
	2015	1	63	1	18150	1	1	Akintola Williams Deloitte	5.41
PZ Cussion	2004	1	52	1	8250	1	1	Akintola Williams Deloitte	11.6
	2005	1	53	1	9900	1	1	Akintola Williams Deloitte	16.2
	2006	1	54	0	10600	1	1	Akintola Williams Deloitte	26
	2007	1	55	1	12500	1	1	Akintola Williams Deloitte	26.5
	2008	1	10	1	13180	0	1	Price WaterHouse Coopers	11.2
	2009	1	11	1	13180	0	1	Price WaterHouse Coopers	25
	2010	1	12	1	15420	1	1	Price WaterHouse Coopers	31.5
	2011	1	13	0	15420	1	1	Price WaterHouse Coopers	28
	2012	1	14	0	15160	1	1	Price WaterHouse Coopers	28
	2013	1	15	0	18294	1	1	Price WaterHouse Coopers	37
	2014	1	16	0	21979	1	1	Price WaterHouse Coopers	23.8
	2015	1	17	0	24528	1	1	Price WaterHouse Coopers	25.7

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
NESTLE	2004	1	26	1	10700	1	1	KPMG Professional service	150
	2005	1	27	1	12800	1	1	KPMG Professional service	190
	2006	1	28	1	14800	1	1	KPMG Professional service	218
	2007	1	29	1	18900	1	1	KPMG Professional service	277
	2008	1	30	1	20500	1	1	KPMG Professional service	191
	2009	1	31	1	23000	1	1	KPMG Professional service	240
	2010	1	32	1	24812	1	1	KPMG Professional service	369
	2011	1	33	1	28219	1	1	KPMG Professional service	446
	2012	1	34	1	32682	1	1	KPMG Professional service	700
	2013	1	35	1	32682	1	1	KPMG Professional service	1200
	2014	1	36	1	30783	1	1	KPMG Professional service	1012
	2015	1	63	1	30000	0	1	Akintola Williams Deloitte	860
CADBURY	2004	1	52	1	8370	1	1	Akintola Williams Deloitte	57
	2005	1	53	1	12500	1	1	Akintola Williams Deloitte	62.4
	2006	1	8	1	14000	0	0	Price WaterHouse Coopers	34.2
	2007	1	29	1	17500	0	1	KPMG Professional service	36.9
	2008	1	30	1	18500	0	0	KPMG Professional service	23.9
	2009	1	31	1	18500	1	1	KPMG Professional service	10.5
	2010	1	32	1	19000	1	1	KPMG Professional service	25.6
	2011	1	33	1	20900	1	1	KPMG Professional service	11.4
	2012	1	34	1	24896	1	1	KPMG Professional service	29
	2013	1	35	1	26000	1	1	KPMG Professional service	59
	2014	1	36	1	26000	1	1	KPMG Professional service	40
	2015	1	37	1	24000	1	0	KPMG Professional service	17.2
Nig. Brew	2004	1	26	1	14586	1	1	KPMG Professional service	40.5
	2005	1	27	1	17507	1	1	KPMG Professional service	39.4
	2006	1	28	1	20133	1	1	KPMG Professional service	2.81
	2007	1	29	1	24160	1	1	KPMG Professional service	49
	2008	1	30	1	27059	1	1	KPMG Professional service	40.9
	2009	1	31	1	30306	1	1	KPMG Professional service	53
	2010	1	32	1	33943	1	1	KPMG Professional service	77.1
	2011	1	33	1	33264	1	1	KPMG Professional service	94.4
	2012	1	34	1	55964	1	1	KPMG Professional service	147
	2013	1	35	1	40043	1	1	KPMG Professional service	168
	2014	1	36	1	43692	1	1	KPMG Professional service	165
	2015	1	63	1	46239	0	1	Akintola Williams Deloitte	136
NASCON	2004	0	49	0	250	0	1	Morison Odede &Co	2.06
	2005	0	50	0	250	0	1	Morison Odede &Co	0.94
	2006	0	51	0	500	1	1	Morison Odede &Co	0.22
	2007	1	55	1	1200	0	0	Akintola Williams Deloitte	17.1
	2008	1	56	0	8000	0	0	Akintola Williams Deloitte	5.59

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2009	1	57	0	8400	1	0	Akintola Williams Deloitte	4.35
	2010	1	58	0	9000	1	1	Akintola Williams Deloitte	6.39
	2011	1	59	1	9000	1	1	Akintola Williams Deloitte	4.01
	2012	1	60	1	13000	1	0	Akintola Williams Deloitte	8
	2013	1	61	1	14500	1	0	Akintola Williams Deloitte	15
	2014	1	62	1	3000	1	1	Akintola Williams Deloitte	6.22
	2015	1	63	1	4250	1	1	Akintola Williams Deloitte	7.15
Guinness	2004	1	26	1	10000	1	1	KPMG Professional service	117
	2005	1	27	1	12500	1	1	KPMG Professional service	96
	2006	1	28	1	14375	1	1	KPMG Professional service	108
	2007	1	29	1	14375	1	1	KPMG Professional service	130
	2008	1	30	1	19100	1	1	KPMG Professional service	99.5
	2009	1	31	1	21965	1	1	KPMG Professional service	128
	2010	1	32	1	19000	1	1	KPMG Professional service	191
	2011	1	33	1	20900	1	1	KPMG Professional service	250
	2012	1	34	1	24896	1	1	KPMG Professional service	275
	2013	1	35	1	26000	1	1	KPMG Professional service	236
	2014	1	36	1	26000	1	1	KPMG Professional service	168
	2015	1	37	1	24000	1	0	KPMG Professional service	120
Inter. Brew.	2004	0	6	0	800	1	1	Oyelami Soetan Adeleke & Co	2.06
	2005	0	7	0	2000	1	0	Oyelami Soetan Adeleke & Co	0.94
	2006	0	8	0	2977	1	0	Oyelami Soetan Adeleke & Co	0.22
	2007	0	9	0	2977	1	1	Oyelami Soetan Adeleke & Co	2.57
	2008	0	10	0	3825	1	1	BakerTilly Nigeria (OSA)	4.91
	2009	0	11	0	6000	1	1	BakerTilly Nigeria (OSA)	2.27
	2010	0	12	0	7399	1	0	BakerTilly Nigeria (OSA)	6.42
	2011	0	13	0	11000	1	1	BakerTilly Nigeria (OSA)	5.7
	2012	0	14	0	12490	1	1	BakerTilly Nigeria (OSA)	16.2
	2013	0	15	0	12490	1	1	BakerTilly Nigeria (OSA)	28.7
	2014	0	16	0	18796	1	1	BakerTilly Nigeria (OSA)	23.4
	2015	0	17	0	21618	1	1	BakerTilly Nigeria (OSA)	16
Flour Mills	2004	1	52	1	12500	1	1	Akintola Williams Deloitte	16.6
	2005	1	53	1	15000	1	1	Akintola Williams Deloitte	24
	2006	1	54	0	18000	1	1	Akintola Williams Deloitte	61
	2007	1	55	1	23500	1	1	Akintola Williams Deloitte	82.6
	2008	1	56	0	28800	1	1	Akintola Williams Deloitte	32
	2009	1	57	0	33000	1	1	Akintola Williams Deloitte	36
	2010	1	58	0	38800	1	1	Akintola Williams Deloitte	69
	2011	1	59	1	44600	1	1	Akintola Williams Deloitte	65.5
	2012	1	60	1	50000	1	1	Akintola Williams Deloitte	65
	2013	1	61	1	88800	1	1	Akintola Williams Deloitte	87
	2014	1	62	1	1E+05	1	1	Akintola Williams Deloitte	39.2
	2015	1	63	1	1E+05	1	1	Akintola Williams Deloitte	20.8

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
Dunlop	2004	1	15	0	2000	1	1	Ernst &Young	1.99
	2005	1	16	0	2000	1	1	Ernst &Young	2.66
	2006	1	17	0	5000	1	1	Ernst &Young	4.16
	2007	1	18	0	5000	1	1	Ernst &Young	3.2
	2008	1	19	0	9000	1	1	Ernst &Young	0.98
	2009	1	20	0	9000	1	1	Ernst &Young	0.5
	2010	1	21	0	5000	1	1	Ernst &Young	3.51
	2011	1	22	0	5000	1	1	Ernst &Young	0.5
	2012	0	25	0	4000	0	1	S.I.A.O	0.5
	2013	0	26	0	4000	0	1	S.I.A.O	0.5
	2014	1	62	1	10213	0	0	Akintola Williams Deloitte	0.5
	2015	0	42	0	4773	0	1	BDO Professional Service	0.5
VONO PDT	2004	0	31	0	1000	1	1	BDO Oyediran Faleye Oke & Co	1.9
	2005	0	32	0	1000	1	1	BDO Oyediran Faleye Oke & Co	1.75
	2006	0	33	0	1000	1	1	BDO Oyediran Faleye Oke & Co	1.6
	2007	0	34	0	2000	1	0	BDO Oyediran Faleye Oke & Co	4.4
	2008	0	35	0	2000	1	1	BDO Oyediran Faleye Oke & Co	2.96
	2009	0	36	0	2000	1	1	BDO Oyediran Faleye Oke & Co	1.44
	2010	0	37	0	3500	1	1	BDO Oyediran Faleye Oke & Co	2.86
	2011	0	38	0	4000	1	1	BDO Oyediran Faleye Oke & Co	2.88
	2012	0	39	0	5000	1	1	BDO Oyediran Faleye Oke & Co	2.88
	2013	0	40	0	6000	1	0	BDO Oyediran Faleye Oke & Co	1.82
	2014	0	41	0	7000	1	1	BDO Oyediran Faleye Oke & Co	0.94
	2015	0	26	0	7000	0	1	Ernst &Young	0.81
JULIUS BERGER	2004	1	52	1	7650	1	1	Akintola Williams Deloitte	18.2
	2005	1	53	1	7650	1	1	Akintola Williams Deloitte	21.7
	2006	1	54	1	8800	1	1	Akintola Williams Deloitte	43.5
	2007	1	55	1	12100	1	1	Akintola Williams Deloitte	84.6
	2008	1	56	1	17000	1	1	Akintola Williams Deloitte	55.6
	2009	1	57	1	24000	1	1	Akintola Williams Deloitte	25.8
	2010	1	58	1	30000	1	1	Akintola Williams Deloitte	50
	2011	1	59	1	30000	1	1	Akintola Williams Deloitte	31.6
	2012	1	60	1	60000	1	1	Akintola Williams Deloitte	34.7
	2013	1	61	1	63000	1	1	Akintola Williams Deloitte	72.3
	2014	0	43	1	48750	0	1	Nexia Agbo Abel & Co	60.7
	2015	0	44	1	48750	0	1	Nexia Agbo Abel & Co	42
BOC GAS	2004	1	52	1	3100	1	1	Akintola Williams Deloitte	2.94
	2005	1	53	1	3816	1	1	Akintola Williams Deloitte	2.57
	2006	1	54	1	4400	1	1	Akintola Williams Deloitte	3.3
	2007	1	29	1	6000	0	1	KPMG Professional service	9.5
	2008	1	30	1	9000	0	1	KPMG Professional service	17.4

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2009	1	31	1	9000	1	1	KPMG Professional service	13.5
	2010	1	32	1	10000	1	1	KPMG Professional service	9.2
	2011	1	33	1	10500	1	1	KPMG Professional service	6.85
	2012	1	34	1	12789	1	1	KPMG Professional service	5.68
	2013	1	35	1	12936	1	1	KPMG Professional service	6.66
	2014	1	36	1	14786	1	0	KPMG Professional service	5.48
	2015	1	37	1	16164	1	0	KPMG Professional service	3.79
GLAXO	2004	1	6	1	7200	1	1	Price WaterHouse Coopers	5.42
	2005	1	7	1	9000	1	1	Price WaterHouse Coopers	4.14
	2006	1	8	1	10800	1	1	Price WaterHouse Coopers	17
	2007	1	9	1	12000	1	1	Price WaterHouse Coopers	23.5
	2008	1	10	1	14100	1	1	Price WaterHouse Coopers	14.7
	2009	1	11	1	14100	1	1	Price WaterHouse Coopers	22.4
	2010	1	12	1	16695	1	1	Price WaterHouse Coopers	26
	2011	1	13	1	18900	1	1	Price WaterHouse Coopers	23
	2012	1	14	1	21295	1	1	Price WaterHouse Coopers	45.1
	2013	1	15	1	25019	1	1	Price WaterHouse Coopers	68
	2014	1	16	1	27721	1	1	Price WaterHouse Coopers	50
	2015	1	63	1	24000	0	1	Akintola Williams Deloitte	34.2
M&B	2004	1	52	1	2100	1	1	Akintola Williams Deloitte	0.27
	2005	1	53	1	2800	1	1	Akintola Williams Deloitte	5.8
	2006	1	64	1	3250	1	1	Akintola Williams Deloitte	7.8
	2007	1	55	1	4250	1	1	Akintola Williams Deloitte	13.4
	2008	1	56	1	4800	1	1	Akintola Williams Deloitte	5.87
	2009	1	57	1	5280	1	1	Akintola Williams Deloitte	3.86
	2010	1	58	1	5280	1	1	Akintola Williams Deloitte	4.2
	2011	1	59	1	7500	1	1	Akintola Williams Deloitte	1.99
	2012	1	60	1	12000	1	1	Akintola Williams Deloitte	1.55
	2013	1	61	1	8000	1	1	Akintola Williams Deloitte	2.45
	2014	1	62	1	9000	1	1	Akintola Williams Deloitte	1.58
	2015	0	35	1	9000	0	1	PFK Professional services	1.05
TRIPPLE GEE	2004	0	24	1	450	0	1	Messers Mojibayo Ogunmoyero	1
	2005	0	25	1	600	1	1	Messers Mojibayo Ogunmoyero	0.51
	2006	0	26	1	750	1	1	Messers Mojibayo Ogunmoyero	1.55
	2007	0	27	1	600	1	1	Messers Mojibayo Ogunmoyero	5.25
	2008	0	28	1	1000	1	1	Messers Mojibayo Ogunmoyero	8.17
	2009	0	29	1	750	1	1	Messers Mojibayo Ogunmoyero	4.84
	2010	0	30	1	750	1	1	Messers Mojibayo Ogunmoyero	3.59
	2011	0	31	1	850	1	1	Messers Mojibayo Ogunmoyero	2.94
	2012	0	32	1	950	1	1	Messers Mojibayo Ogunmoyero	2.41
	2013	0	33	1	1000	1	1	Messers Mojibayo Ogunmoyero	2.07
	2014	0	34	1	1100	1	1	Messers Mojibayo Ogunmoyero	1.86
	2015	0	16	1	1100	0	1	Messers Olusola Olojede & Co	1.69

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
INTERLINKED	2004	0	9	1	450	0	1	Nnamdi Oyeka & Co	1.27
	2005	0	10	1	500	0	1	Nnamdi Oyeka & Co	1.21
	006	0	11	1	500	1	1	Nnamdi Oyeka & Co	1.21
	2007	0	12	1	500	1	1	Nnamdi Oyeka & Co	1.21
	2008	0	13	1	500	1	1	Nnamdi Oyeka & Co	5.42
	2009	0	14	1	1000	1	1	Nnamdi Oyeka & Co	5.15
	2010	0	15	1	1000	1	1	Nnamdi Oyeka & Co	5.15
	2011	0	16	1	1000	1	1	Nnamdi Oyeka & Co	5.15
	2012	0	17	1	1000	1	1	Nnamdi Oyeka & Co	5.15
	2013	0	18	1	1000	1	1	Nnamdi Oyeka & Co	4.99
	2014	0	19	1	1000	0	1	Alatta Nzewi Onyeka & Co	4.66
	2015	0	20	1	1000	0	1	Alatta Nzewi Onyeka & Co	3.84
CEMENT LAFARGE	2004	1	52	1	18000	0	1	Akintola Williams Deloitte	11.3
	2005	1	53	1	14000	1	1	Akintola Williams Deloitte	17.3
	2006	1	54	1	20000	1	1	Akintola Williams Deloitte	0.5
	2007	1	55	1	22000	1	1	Akintola Williams Deloitte	79.8
	2008	1	56	1	24200	1	1	Akintola Williams Deloitte	25.8
	2009	1	57	1	28266	1	1	Akintola Williams Deloitte	30
	2010	1	58	1	28266	1	1	Akintola Williams Deloitte	40.7
	2011	1	59	1	28266	1	1	Akintola Williams Deloitte	43.3
	2012	1	60	1	30800	1	1	Akintola Williams Deloitte	58.5
	2013	1	61	1	30800	1	1	Akintola Williams Deloitte	115
	2014	1	62	1	43000	1	1	Akintola Williams Deloitte	80.5
	2015	1	63	1	41000	1	1	Akintola Williams Deloitte	96.8
DANGOTE CEMENT	2004	0	31	0	2300	1	1	BDO Oyediran Faleye Oke & Co	4.1
	2005	0	32	0	3000	1	1	BDO Oyediran Faleye Oke & Co	6.5
	2006	0	33	0	4200	1	1	BDO Oyediran Faleye Oke & Co	37
	2007	0	34	0	12000	1	1	BDO Oyediran Faleye Oke & Co	51
	2008	0	35	0	15000	1	1	BDO Professional Services	18
	2009	0	36	0	62000	1	1	BDO Professional Services	43
	2010	1	58	1	1E+05	0	1	Akintola Williams Deloitte	120
	2011	1	59	1	1E+05	0	1	Akintola Williams Deloitte	111
	2012	1	60	1	2E+05	1	1	Akintola Williams Deloitte	129
	2013	1	61	1	2E+05	1	1	Akintola Williams Deloitte	200
	2014	1	62	1	2E+05	1	1	Akintola Williams Deloitte	170
	2015	1	63	1	2E+05	1	1	Akintola Williams Deloitte	7.12
CAP PLC	2004	1	6	0	6000	1	1	Price WaterHouse Coopers	7.12
	2005	1	7	0	7000	1	1	Price WaterHouse Coopers	8.97
	2006	1	8	0	7000	1	1	Price WaterHouse Coopers	0.34
	2007	1	9	0	8000	1	1	Price WaterHouse Coopers	64

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2008	1	10	1	8000	1	1	Price WaterHouse Coopers	42.4
	2009	1	11	1	10000	1	1	Price WaterHouse Coopers	34
	2010	1	12	1	10000	1	1	Price WaterHouse Coopers	34
	2011	1	13	0	14000	1	1	Price WaterHouse Coopers	14.5
	2012	1	14	0	17000	1	1	Price WaterHouse Coopers	44.1
	2013	1	15	0	19500	1	1	Price WaterHouse Coopers	48.5
	2014	1	16	0	21060	1	1	Price WaterHouse Coopers	37.5
	2015	1	26	0	20575	0	1	Ernst & Young	37.6
BETA GLASS	2004	1	52	1	6000	1	1	Akintola Williams Deloitte	4.53
	2005	1	53	1	6800	1	1	Akintola Williams Deloitte	6.8
	2006	1	54	1	7480	1	1	Akintola Williams Deloitte	4.23
	2007	1	55	1	7540	1	1	Akintola Williams Deloitte	21.4
	2008	1	10	1	8400	0	1	Price WaterHouse Coopers	21.8
	2009	1	11	1	8400	0	1	Price WaterHouse Coopers	21.8
	2010	1	12	1	14400	1	1	Price WaterHouse Coopers	15.6
	2011	1	13	0	14400	1	1	Price WaterHouse Coopers	12.7
	2012	1	14	0	19184	1	1	Price WaterHouse Coopers	10.5
	2013	1	15	0	19184	1	1	Price WaterHouse Coopers	14.4
	2014	1	16	0	20527	1	1	Price WaterHouse Coopers	26.5
	2015	1	17	0	22272	1	1	Price WaterHouse Coopers	53.5
BEGER PAINT	2004	1	52	1	3700	1	1	Akintola Williams Deloitte	4.85
	2005	1	53	1	4000	1	1	Akintola Williams Deloitte	3.84
	2006	1	54	1	4255	1	1	Akintola Williams Deloitte	4.23
	2007	1	55	1	5800	1	1	Akintola Williams Deloitte	10.2
	2008	1	56	1	8500	1	1	Akintola Williams Deloitte	8.12
	2009	1	57	1	9350	1	1	Akintola Williams Deloitte	5.7
	2010	1	58	1	11825	1	1	Akintola Williams Deloitte	8.36
	2011	1	59	1	14300	1	1	Akintola Williams Deloitte	8.47
	2012	1	60	1	15000	1	1	Akintola Williams Deloitte	8.98
	2013	1	61	1	15500	1	1	Akintola Williams Deloitte	8
	2014	1	36	0	16500	0	1	KPMG Professional service	9
	2015	1	37	0	16500	0	1	KPMG Professional service	10
ASHAKA	2004	1	52	1	6000	1	1	Akintola Williams Deloitte	22.5
	2005	1	53	1	6000	1	1	Akintola Williams Deloitte	34
	2006	1	54	1	8000	1	1	Akintola Williams Deloitte	55
	2007	1	55	1	14000	1	1	Akintola Williams Deloitte	53.1
	2008	1	56	1	16000	1	1	Akintola Williams Deloitte	17
	2009	1	57	1	20000	1	1	Akintola Williams Deloitte	11.6
	2010	1	58	1	20000	1	1	Akintola Williams Deloitte	26.5
	2011	1	59	1	20000	1	1	Akintola Williams Deloitte	11.3
	2012	1	60	1	26000	1	1	Akintola Williams Deloitte	18
	2013	1	61	1	21000	1	1	Akintola Williams Deloitte	21
	2014	1	62	1	23000	1	1	Akintola Williams Deloitte	21.9

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2015	1	63	1	20000	1	1	Akintola Williams Deloitte	25
FIRST ALUMINIUM	2004	1	6	0	4000	1	1	Price WaterHouse Coopers	2.97
	2005	1	7	0	4000	1	1	Price WaterHouse Coopers	3.41
	2006	1	8	0	4400	1	1	Price WaterHouse Coopers	34
	2007	1	9	0	8000	1	1	Price WaterHouse Coopers	2.28
	2008	1	10	1	9000	1	1	Price WaterHouse Coopers	4.52
	2009	1	11	1	10000	1	1	Price WaterHouse Coopers	0.5
	2010	1	12	1	9000	1	1	Price WaterHouse Coopers	0.73
	2011	0	38	0	9000	0	1	BDO Professional Services	0.66
	2012	0	39	0	10000	0	1	BDO Professional Services	0.5
	2013	0	40	0	11000	1	1	BDO Professional Services	0.5
	2014	0	41	0	11000	1	1	BDO Professional Services	0.5
	2015	0	42	0	11000	1	1	BDO Professional Services	0.5
AVON	2004	0	24	0	1200	1	1	PFK Professional services	0.69
	2005	0	25	0	1500	1	1	PFK Professional services	0.98
	2006	0	26	0	1500	1	1	PFK Professional services	1.24
	2007	0	27	0	1750	1	1	PFK Professional services	5.52
	2008	0	28	0	2250	1	1	PFK Professional services	9.51
	2009	0	29	0	2800	1	1	PFK Professional services	9.04
	2010	0	30	0	3300	1	1	PFK Professional services	6.91
	2011	0	31	0	3800	1	1	PFK Professional services	5.94
	2012	0	32	0	4300	1	1	PFK Professional services	1.9
	2013	0	33	0	4800	1	1	PFK Professional services	1.71
	2014	0	34	0	5040	1	1	PFK Professional services	1.59
	2015	0	35	0	5796	1	1	PFK Professional services	1.45
CUTIX	2004	0	9	0	550	1	1	Nnamdi Oyeka & Co	1.58
	2005	0	10	0	550	1	1	Nnamdi Oyeka & Co	3.15
	2006	0	11	0	660	1	1	Nnamdi Oyeka & Co	3.61
	2007	0	12	0	750	1	1	Nnamdi Oyeka & Co	12.7
	2008	0	13	0	1000	1	1	Nnamdi Oyeka & Co	8.67
	2009	0	14	0	1000	1	1	Nnamdi Oyeka & Co	5.24
	2010	0	15	0	1200	1	1	Nnamdi Oyeka & Co	2.21
	2011	0	16	0	1500	1	1	Nnamdi Oyeka & Co	1.55
	2012	0	17	0	1500	1	1	Nnamdi Oyeka & Co	1.44
	2013	0	18	0	1800	1	1	Nnamdi Oyeka & Co	1.78
	2014	0	19	0	2000	0	1	Alatta Nzewi Onyeka & Co	1.3
	2015	0	20	0	2000	0	1	Alatta Nzewi Onyeka & Co	1.66
TOTAL	2004	1	52	1	10000	1	1	Akintola Williams Deloitte	192
	2005	1	53	1	15000	1	1	Akintola Williams Deloitte	183
	2006	1	54	1	15000	1	1	Akintola Williams Deloitte	199
	2007	1	55	1	17000	1	1	Akintola Williams Deloitte	180
	2008	1	56	1	19000	1	1	Akintola Williams Deloitte	204

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2009	1	57	1	20900	1	1	Akintola Williams Deloitte	149
	2010	1	58	1	22990	1	1	Akintola Williams Deloitte	234
	2011	1	59	1	22900	1	1	Akintola Williams Deloitte	188
	2012	1	60	1	25289	1	1	Akintola Williams Deloitte	121
	2013	1	61	1	29977	1	1	Akintola Williams Deloitte	170
	2014	1	62	1	21446	1	1	Akintola Williams Deloitte	143
	2015	1	63	1	22776	1	1	Akintola Williams Deloitte	147
OANDO	2004	1	6	1	12000	1	1	Price WaterHouse Coopers	107
	2005	1	7	1	15000	1	1	Price WaterHouse Coopers	96.1
	2006	1	8	1	18500	1	1	Price WaterHouse Coopers	69.1
	2007	1	9	1	18000	1	1	Price WaterHouse Coopers	123
	2008	1	10	1	24000	1	1	Price WaterHouse Coopers	79.8
	2009	1	11	1	30000	1	1	Price WaterHouse Coopers	94
	2010	1	12	1	21600	1	1	Price WaterHouse Coopers	66
	2011	1	13	1	23112	1	1	Price WaterHouse Coopers	22
	2012	1	14	1	63833	1	1	Price WaterHouse Coopers	12.4
	2013	1	15	1	79991	1	1	Price WaterHouse Coopers	24.3
	2014	1	16	1	84072	1	1	Price WaterHouse Coopers	16.1
	2015	1	26	1	90001	0	1	Ernst & Young	5.9
MRS	2004	1	6	1	7128	1	1	Price WaterHouse Coopers	169
	2005	1	7	1	7400	1	1	Price WaterHouse Coopers	120
	2006	1	8	1	8400	1	1	Price WaterHouse Coopers	140
	2007	1	9	1	9500	1	1	Price WaterHouse Coopers	160
	2008	1	10	1	10500	1	1	Price WaterHouse Coopers	160
	2009	1	11	1	13500	1	1	Price WaterHouse Coopers	69.8
	2010	1	12	1	12500	1	1	Price WaterHouse Coopers	66.6
	2011	1	33	0	17114	0	1	KPMG Professional service	59
	2012	1	34	0	24914	0	1	KPMG Professional service	23.8
	2013	1	35	0	24914	1	1	KPMG Professional service	54.4
	2014	1	36	0	27231	1	1	KPMG Professional service	53.2
	2015	1	37	0	30000	1	1	KPMG Professional service	49.7
MOBIL	2004	1	6	1	9003	1	1	Price WaterHouse Coopers	176
	2005	1	7	1	8418	1	1	Price WaterHouse Coopers	160
	2006	1	8	1	8349	1	1	Price WaterHouse Coopers	188
	2007	1	9	1	8398	1	1	Price WaterHouse Coopers	180
	2008	1	10	1	11177	1	1	Price WaterHouse Coopers	332
	2009	1	11	1	11678	1	1	Price WaterHouse Coopers	98.8
	2010	1	12	1	12500	1	1	Price WaterHouse Coopers	141
	2011	1	13	1	15000	1	1	Price WaterHouse Coopers	134
	2012	1	23	0	18790	0	1	Ernst & Young	109
	2013	1	24	0	23400	0	1	Ernst & Young	119
	2014	1	25	0	26517	1	1	Ernst & Young	158
	2015	1	26	1	32023	1	1	Ernst & Young	160

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
JAPAUL	2004	0	10	0	650	1	1	Ugboaja Martins & Co	1.05
	2005	0	11	0	500	1	1	Ugboaja Martins & Co	1.66
	2006	0	12	0	700	1	1	Ugboaja Martins & Co	1.17
	2007	0	13	0	1200	1	1	Ugboaja Martins & Co	8
	2008	0	14	0	2500	1	1	Ugboaja Martins & Co	3.66
	2009	0	15	0	2500	1	1	Ugboaja Martins & Co	1.13
	2010	0	16	0	3500	1	1	Ugboaja Martins & Co	1.4
	2011	0	17	0	5500	1	1	Ugboaja Martins & Co	0.9
	2012	0	18	0	7000	1	1	Ugboaja Martins & Co	0.55
	2013	0	33	1	8500	0	1	PFK Professional services	0.54
	2014	0	34	1	10000	0	1	PFK Professional services	0.5
	2015	0	35	1	12500	1	1	PFK Professional services	0.7
FORTE	2004	1	52	1	14000	1	0	Akintola Williams Deloitte	1.44
	2005	1	53	1	20000	1	1	Akintola Williams Deloitte	1.44
	2006	1	54	1	32000	1	0	Akintola Williams Deloitte	0.38
	2007	1	55	1	38000	1	0	Akintola Williams Deloitte	207
	2008	1	56	1	45000	1	0	Akintola Williams Deloitte	294
	2009	1	57	1	50000	1	0	Akintola Williams Deloitte	33.5
	2010	0	30	0	30000	0	0	PFK Professional services	21.9
	2011	0	31	0	35000	0	0	PFK Professional services	11.6
	2012	0	32	0	42500	1	0	PFK Professional services	7.73
	2013	0	33	1	56700	1	1	PFK Professional services	97.8
	2014	0	34	1	56700	1	1	PFK Professional services	228
	2015	0	35	1	60900	1	1	PFK Professional services	330
ETERNA	2004	1	14	0	2500	1	1	Messers Babington Ashaye & Co	1.95
	2005	1	7	1	2900	0	1	Price WaterHouse Coopers	3.05
	2006	1	8	1	4000	0	1	Price WaterHouse Coopers	2.99
	2007	1	9	1	5000	1	1	Price WaterHouse Coopers	16
	2008	1	10	1	6000	1	1	Price WaterHouse Coopers	31.1
	2009	1	11	1	6000	1	1	Price WaterHouse Coopers	4.98
	2010	1	12	1	7000	1	1	Price WaterHouse Coopers	5.05
	2011	1	13	1	7000	1	1	Price WaterHouse Coopers	2.96
	2012	1	14	1	7013	1	1	Price WaterHouse Coopers	3.01
	2013	1	15	1	9545	1	1	Price WaterHouse Coopers	2.89
	2014	1	16	1	9545	1	1	Price WaterHouse Coopers	2.98
	2015	1	63	1	13500	0	1	Akintola Williams Deloitte	2.05
CON OIL	2004	1	52	1	7500	1	1	Akintola Williams Deloitte	128
	2005	1	53	1	11000	1	1	Akintola Williams Deloitte	97.8
	2006	1	54	1	14000	1	1	Akintola Williams Deloitte	69
	2007	1	55	1	16000	1	1	Akintola Williams Deloitte	84.2
	2008	1	56	1	16500	1	1	Akintola Williams Deloitte	78.4

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2009	1	57	1	18000	1	1	Akintola Williams Deloitte	27.6
	2010	1	58	1	19500	1	1	Akintola Williams Deloitte	36.4
	2011	1	59	1	21000	1	1	Akintola Williams Deloitte	31.5
	2012	1	60	1	18750	1	1	Akintola Williams Deloitte	20.5
	2013	1	61	1	19500	1	1	Akintola Williams Deloitte	38.1
	2014	1	62	1	30000	1	1	Akintola Williams Deloitte	35.4
	2015	0	44	0	26000	0	1	Nexia Agbo Abel & Co	24.7
ACADEMY PRESS	2004	0	48	0	1000	1	1	HLB Z.O. Ososanya & Co	1.95
	2005	0	49	0	1000	1	1	HLB Z.O. Ososanya & Co	1.5
	2006	0	50	0	1000	1	1	HLB Z.O. Ososanya & Co	1.56
	2007	0	51	0	1200	1	1	HLB Z.O. Ososanya & Co	5.42
	2008	0	52	0	1200	1	1	HLB Z.O. Ososanya & Co	5.52
	2009	0	53	0	2000	1	1	HLB Z.O. Ososanya & Co	5.4
	2010	0	54	0	2000	1	1	HLB Z.O. Ososanya & Co	3.68
	2011	0	55	0	3500	1	1	HLB Z.O. Ososanya & Co	2.24
	2012	0	56	0	3500	1	1	HLB Z.O. Ososanya & Co	3.75
	2013	0	57	0	4500	1	1	HLB Z.O. Ososanya & Co	2.55
	2014	0	58	1	4500	1	1	HLB Z.O. Ososanya & Co	1.18
	2015	0	59	1	4500	1	1	HLB Z.O. Ososanya & Co	0.55
UNIVERSITY PRESS	2004	0	31	0	1000	1	1	BDO Oyediran Faleye Oke & Co	1.22
	2005	0	32	0	1200	1	1	BDO Oyediran Faleye Oke & Co	1.45
	2006	0	33	0	1000	1	1	BDO Oyediran Faleye Oke & Co	3.2
	2007	0	34	0	1150	1	1	BDO Oyediran Faleye Oke & Co	8.45
	2008	0	35	0	1700	1	1	BDO Oyediran Faleye Oke & Co	5.81
	2009	0	36	0	1700	1	1	BDO Oyediran Faleye Oke & Co	4.97
	2010	0	37	0	2000	1	1	BDO Oyediran Faleye Oke & Co	6.8
	2011	0	38	0	2000	1	1	BDO Oyediran Faleye Oke & Co	3.4
	2012	0	39	0	3200	1	1	BDO Oyediran Faleye Oke & Co	4.47
	2013	0	40	0	3200	1	1	BDO Oyediran Faleye Oke & Co	4.18
	2014	0	41	0	4200	1	1	BDO Oyediran Faleye Oke & Co	4.22
	2015	0	42	0	4200	1	1	BDO Oyediran Faleye Oke & Co	6
RT BRISCOE	2004	1	52	1	3000	1	1	Akintola Williams Deloitte	7.22
	2005	1	53	1	4000	1	1	Akintola Williams Deloitte	7.3
	2006	1	54	1	5500	1	1	Akintola Williams Deloitte	1.02
	2007	1	55	1	7000	1	1	Akintola Williams Deloitte	29.2
	2008	1	56	1	11000	1	1	Akintola Williams Deloitte	17.1
	2009	1	57	1	11000	1	1	Akintola Williams Deloitte	6.15
	2010	1	58	1	12500	1	1	Akintola Williams Deloitte	2.9
	2011	1	59	1	14000	1	1	Akintola Williams Deloitte	1.22
	2012	1	60	1	16800	1	1	Akintola Williams Deloitte	1.52
	2013	1	61	1	18480	1	1	Akintola Williams Deloitte	1.47

Appendix B_1 continue

Company	Year	AFS	AE	AIS	AF	ATAOP		NAME OF AUDIT	Mp/S
	2014	1	62	0	18480	1	1	Akintola Williams Deloitte	0.77
	2015	1	63	0	20500	1	1	Akintola Williams Deloitte	0.72
TRANS-NATIONWIDE	2004	0	29	0	750	1	1	Ojike Okechukwu & Co	1.05
	2005	0	30	0	1000	1	1	Ojike Okechukwu & Co	1
	2006	0	31	0	1000	1	1	Ojike Okechukwu & Co	0.61
	2007	0	32	0	1200	1	1	Ojike Okechukwu & Co	3.21
	2008	0	33	0	1200	1	1	Ojike Okechukwu & Co	8.04
	2009	0	34	0	1200	1	1	Ojike Okechukwu & Co	7.24
	2010	0	35	0	1200	1	1	Ojike Okechukwu & Co	6.4
	2011	0	36	0	1500	1	1	Ojike Okechukwu & Co	3.45
	2012	0	37	0	1500	1	1	Ojike Okechukwu & Co	3.07
	2013	0	38	0	1575	1	1	Ojike Okechukwu & Co	1.17
	2014	0	58	1	2100	0	1	HLB Z.O. Ososanya & Co	1.29
	2015	0	59	1	2100	0	1	HLB Z.O. Ososanya & Co	1.13
CI LEASING	2004	1	52	1	2000	1	1	Akintola Williams Deloitte	0.4
	2005	1	53	1	2200	1	1	Akintola Williams Deloitte	0.38
	2006	1	54	1	2600	1	1	Akintola Williams Deloitte	1.55
	2007	1	55	1	2600	1	1	Akintola Williams Deloitte	8.1
	2008	1	56	1	4000	1	1	Akintola Williams Deloitte	11.1
	2009	1	57	1	11000	1	1	Akintola Williams Deloitte	2.6
	2010	1	58	1	13255	1	1	Akintola Williams Deloitte	1.53
	2011	1	59	1	13255	1	1	Akintola Williams Deloitte	0.63
	2012	1	60	1	17700	1	1	Akintola Williams Deloitte	0.5
	2013	1	61	1	18522	1	1	Akintola Williams Deloitte	0.5
	2014	0	34	0	18522	0	1	PFK Professional services	0.5
	2015	0	35	0	16940	0	1	PFK Professional services	0.5

APPENDIX B_2

TRANSFORMED DATA

Company	Year	LOGAF	LOGAE	LOGMp/S
Okomu	2004	3.39794	1.230449	1.161368
	2005	3.39794	1.255273	1.230449
	2006	3.544068	1.278754	1.532117
	2007	3.845098	1.30103	1.557507
	2008	4	1.322219	1.515741
	2009	4.176091	1.342423	1.356981
	2010	4.30103	1.361728	1.181844
	2011	4.322219	0.477121	1.363612
	2012	4.380211	0.60206	1.628389
	2013	4.380211	0.69897	1.643453
	2014	4.301052	0.778151	1.403978
	2015	4.361728	0.845098	1.481443
Presco	2004	3.30103	1.716003	0.966142
	2005	3.477121	1.724276	1.071882
	2006	3.69897	1.732394	1.034628
	2007	3.69897	1.740363	1.162863
	2008	3.90309	1.322219	1.004751
	2009	3.90309	1.342423	0.748188
	2010	3.90309	1.361728	0.835691
	2011	3.90309	1.380211	0.938019
	2012	4.079181	1.39794	1.230449
	2013	4.079181	1.414973	1.585461
	2014	4.079181	1.431364	1.389166
	2015	4.380211	1.799341	1.518514
Livestock	2004	3.079181	1.716003	0.451786
	2005	3.176091	1.724276	0.450249
	2006	3.176091	1.732394	-0.02228
	2007	3.176091	1.740363	0.559907
	2008	3.740363	1.748188	0.338456
	2009	3.477121	1.556303	-0.24413
	2010	3.531479	1.568202	-0.18709
	2011	3.60206	1.579784	-0.14267
	2012	3.681241	1.591065	0.158362
	2013	3.778151	1.60206	0.633468
	2014	3.838849	1.612784	0.357935
	2015	3.838849	1.623249	0.123852

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
UACN	2004	3.653213	0.778151	0.924279
	2005	3.653213	0.845098	0.939519
	2006	3.778151	0.90309	1.399674
	2007	3.792392	0.954243	1.70757
	2008	3.90309	1	1.539076
	2009	3.90309	1.041393	1.565257
	2010	3.835691	1.079181	1.574147
	2011	3.835691	1.113943	1.493876
	2012	4.61133	1.146128	1.623249
	2013	4.342423	1.176091	1.826075
	2014	4.438906	1.20412	1.531479
	2015	4.361728	1.414973	1.317018
John Holt	2004	3.30103	1.716003	-0.00436
	2005	3.39794	1.724276	0.146128
	2006	3.60206	1.732394	0.082785
	2007	3.60206	1.740363	0.652246
	2008	3.845098	1.748188	1.144574
	2009	3.90309	1.755875	0.967548
	2010	4.021189	1.477121	0.967548
	2011	4.041393	1.491362	0.770115
	2012	4.041393	1.50515	0.531479
	2013	4.041393	1.518514	0.049218
	2014	3.929419	1.612784	-0.00877
	2015	3.954243	1.623249	-0.03621
AG Leventis	2004	3.790496	1.716003	0.089905
	2005	3.847388	1.724276	0.064458
	2006	3.888797	1.732394	0.269513
	2007	3.930185	1.740363	0.70757
	2008	3.931458	1.748188	0.897627
	2009	3.931458	1.755875	0.392697
	2010	3.954243	1.763428	0.426511
	2011	4.004321	1.770852	0.139879
	2012	4.055455	1.778151	0.130334
	2013	4.092896	1.78533	0.230449
	2014	4.122281	1.792392	0.117271
	2015	4.181844	1.568202	-0.20761
CHELLARAMS	2004	3.161368	1.380211	0.232996
	2005	3.20412	1.39794	-0.08092
	2006	3.267172	1.414973	0.201397
	2007	3.267172	1.431364	1.092018
	2008	3.30103	1.447158	1.349472

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2009	3.30103	1.462398	1.150142
	2010	3.454845	1.477121	0.880814
	2011	3.454845	1.491362	0.808211
	2012	3.60206	1.50515	0.808211
	2013	3.60206	1.518514	0.618048
	2014	3.740363	1.531479	0.597695
	2015	3.778151	1.544068	0.575188
Uniliver	2004	4.037904	0.778151	1.164353
	2005	4.161368	0.845098	1.311966
	2006	4.332438	0.90309	1.113943
	2007	4.225361	0.954243	1.339451
	2008	4.231164	1	1.016197
	2009	4.215214	1.041393	1.267172
	2010	4.214844	1.079181	1.429752
	2011	4.251687	1.113943	1.462398
	2012	4.439948	1.146128	1.667453
	2013	4.244005	1.176091	1.730782
	2014	4.198657	1.556303	1.553883
	2015	4.197336	1.568202	1.635986
Vitafoam	2004	3.720159	0.778151	0.522444
	2005	3.720159	0.845098	0.654177
	2006	3.778151	0.90309	0.61066
	2007	3.845098	0.954243	0.992111
	2008	3.929419	1	0.667453
	2009	3.929419	1.041393	0.752048
	2010	4.041393	1.079181	0.823474
	2011	4.09691	1.770852	0.704151
	2012	4.09691	1.778151	0.563481
	2013	4.217484	1.78533	0.690196
	2014	4.217484	1.792392	0.605305
	2015	4.258877	1.799341	0.733197
PZ Cussion	2004	3.916454	1.716003	1.065953
	2005	3.995635	1.724276	1.209515
	2006	4.025306	1.732394	1.414973
	2007	4.09691	1.740363	1.423246
	2008	4.119915	1	1.050766
	2009	4.119915	1.041393	1.39794
	2010	4.188084	1.079181	1.498311
	2011	4.188084	1.113943	1.447158
	2012	4.180699	1.146128	1.447158
	2013	4.262309	1.176091	1.568202

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2014	4.342008	1.20412	1.376577
	2015	4.389662	1.230449	1.409933
NESTLE	2004	4.029384	1.414973	2.176091
	2005	4.10721	1.431364	2.278731
	2006	4.170262	1.447158	2.338855
	2007	4.276462	1.462398	2.442041
	2008	4.311754	1.477121	2.282033
	2009	4.361728	1.491362	2.379306
	2010	4.394662	1.50515	2.566496
	2011	4.450542	1.518514	2.649004
	2012	4.514309	1.531479	2.845098
	2013	4.514309	1.544068	3.079181
	2014	4.488311	1.556303	3.005073
	2015	4.477121	1.799341	2.934498
CADBURY	2004	3.922725	1.716003	1.755875
	2005	4.09691	1.724276	1.795185
	2006	4.146128	0.90309	1.533518
	2007	4.243038	1.462398	1.566437
	2008	4.267172	1.477121	1.378216
	2009	4.267172	1.491362	1.020775
	2010	4.278754	1.50515	1.408579
	2011	4.320146	1.518514	1.056905
	2012	4.39613	1.531479	1.462398
	2013	4.414973	1.544068	1.770926
	2014	4.414973	1.556303	1.60206
	2015	4.380211	1.568202	1.234264
Nig. Brew	2004	4.163936	1.414973	1.607455
	2005	4.243212	1.431364	1.595496
	2006	4.303908	1.447158	0.448706
	2007	4.383097	1.462398	1.690196
	2008	4.432312	1.477121	1.611192
	2009	4.481529	1.491362	1.72444
	2010	4.53075	1.50515	1.887054
	2011	4.521974	1.518514	1.975064
	2012	4.747909	1.531479	2.167317
	2013	4.602527	1.544068	2.225051
	2014	4.640402	1.556303	2.218273
	2015	4.665008	1.799341	2.133539

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
NASCON	2004	2.39794	1.690196	0.313867
	2005	2.39794	1.69897	-0.02687
	2006	2.69897	1.70757	-0.65758
	2007	3.079181	1.740363	1.231724
	2008	3.90309	1.748188	0.747412
	2009	3.924279	1.755875	0.638489
	2010	3.954243	1.763428	0.805501
	2011	3.954243	1.770852	0.603144
	2012	4.113943	1.778151	0.90309
	2013	4.161368	1.78533	1.175802
	2014	3.477121	1.792392	0.79379
	2015	3.628389	1.799341	0.854306
Guinness	2004	4	1.414973	2.068149
	2005	4.09691	1.431364	1.982271
	2006	4.157608	1.447158	2.031691
	2007	4.157608	1.462398	2.113943
	2008	4.281033	1.477121	1.997823
	2009	4.341731	1.491362	2.10551
	2010	4.278754	1.50515	2.280032
	2011	4.320146	1.518514	2.39794
	2012	4.39613	1.531479	2.439333
	2013	4.414973	1.544068	2.372912
	2014	4.414973	1.556303	2.225697
	2015	4.380211	1.568202	2.080626
Inter. Brew.	2004	2.90309	0.778151	0.313867
	2005	3.30103	0.845098	-0.02687
	2006	3.473779	0.90309	-0.65758
	2007	3.473779	0.954243	0.409933
	2008	3.582631	1	0.691081
	2009	3.778151	1.041393	0.356026
	2010	3.869173	1.079181	0.807535
	2011	4.041393	1.113943	0.755875
	2012	4.096562	1.146128	1.209515
	2013	4.096562	1.176091	1.457882
	2014	4.274065	1.20412	1.368659
	2015	4.334816	1.230449	1.203848
Flour Mills	2004	4.09691	1.716003	1.22037
	2005	4.176091	1.724276	1.380392
	2006	4.255273	1.732394	1.785401
	2007	4.371068	1.740363	1.916927
	2008	4.459392	1.748188	1.505014

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2009	4.518514	1.755875	1.556303
	2010	4.588832	1.763428	1.838849
	2011	4.649335	1.770852	1.81591
	2012	4.69897	1.778151	1.812913
	2013	4.948413	1.78533	1.939519
	2014	5.0141	1.792392	1.593286
	2015	5.071145	1.799341	1.318063
Dunlop	2004	3.30103	1.176091	0.298853
	2005	3.30103	1.20412	0.424882
	2006	3.69897	1.230449	0.619093
	2007	3.69897	1.255273	0.50515
	2008	3.954243	1.278754	-0.00877
	2009	3.954243	1.30103	-0.30103
	2010	3.69897	1.322219	0.545307
	2011	3.69897	1.342423	-0.30103
	2012	3.60206	1.39794	-0.30103
	2013	3.60206	1.414973	-0.30103
	2014	4.009153	1.792392	-0.30103
	2015	3.678791	1.623249	-0.30103
VONO PDT	2004	3	1.491362	0.278754
	2005	3	1.50515	0.243038
	2006	3	1.518514	0.20412
	2007	3.30103	1.531479	0.643453
	2008	3.30103	1.544068	0.471292
	2009	3.30103	1.556303	0.158362
	2010	3.544068	1.568202	0.456366
	2011	3.60206	1.579784	0.459392
	2012	3.69897	1.591065	0.459392
	2013	3.778151	1.60206	0.260071
	2014	3.845098	1.612784	-0.02687
	2015	3.845098	1.414973	-0.09151
JULIUS BERGER	2004	3.883661	1.716003	1.259116
	2005	3.883661	1.724276	1.33726
	2006	3.944483	1.732394	1.638589
	2007	4.082785	1.740363	1.927524
	2008	4.230449	1.748188	1.745075
	2009	4.380211	1.755875	1.411451
	2010	4.477121	1.763428	1.69897
	2011	4.477121	1.770852	1.499687
	2012	4.778151	1.778151	1.539703
	2013	4.799341	1.78533	1.859078
	2014	4.687975	1.633468	1.782902

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2015	4.687975	1.643453	1.623249
BOC GAS	2004	3.491362	1.716003	0.468347
	2005	3.581608	1.724276	0.409933
	2006	3.643453	1.732394	0.518514
	2007	3.778151	1.462398	0.977724
	2008	3.954243	1.477121	1.23955
	2009	3.954243	1.491362	1.12969
	2010	4	1.50515	0.963788
	2011	4.021189	1.518514	0.835691
	2012	4.106837	1.531479	0.754348
	2013	4.1118	1.544068	0.823474
	2014	4.169851	1.556303	0.738781
	2015	4.208549	1.568202	0.578639
GLAXO	2004	3.857332	0.778151	0.733999
	2005	3.954243	0.845098	0.617
	2006	4.033424	0.90309	1.230449
	2007	4.079181	0.954243	1.371068
	2008	4.149219	1	1.166726
	2009	4.149219	1.041393	1.350248
	2010	4.222586	1.079181	1.414973
	2011	4.276462	1.113943	1.361728
	2012	4.328278	1.146128	1.654177
	2013	4.39827	1.176091	1.832509
	2014	4.442809	1.20412	1.69897
	2015	4.380211	1.799341	1.534026
M&B	2004	3.322219	1.716003	-0.56864
	2005	3.447158	1.724276	0.763428
	2006	3.511883	1.80618	0.892095
	2007	3.628389	1.740363	1.128076
	2008	3.681241	1.748188	0.768638
	2009	3.722634	1.755875	0.586587
	2010	3.722634	1.763428	0.623249
	2011	3.875061	1.770852	0.298853
	2012	4.079181	1.778151	0.190332
	2013	3.90309	1.78533	0.389166
	2014	3.954243	1.792392	0.198657
	2015	3.954243	1.544068	0.021189
TRIPPLE GEE	2004	2.653213	1.380211	0
	2005	2.778151	1.39794	-0.29243
	2006	2.875061	1.414973	0.190332
	2007	2.778151	1.431364	0.720159
	2008	3	1.447158	0.912222
	2009	2.875061	1.462398	0.684845

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2010	2.875061	1.477121	0.555094
	2011	2.929419	1.491362	0.468347
	2012	2.977724	1.50515	0.382017
	2013	3	1.518514	0.31597
	2014	3.041393	1.531479	0.269513
	2015	3.041393	1.20412	0.227887
INTERLINKED	2004	2.653213	0.954243	0.103804
	2005	2.69897	1	0.082785
	2006	2.69897	1.041393	0.082785
	2007	2.69897	1.079181	0.082785
	2008	2.69897	1.113943	0.733999
	2009	3	1.146128	0.711807
	2010	3	1.176091	0.711807
	2011	3	1.20412	0.711807
	2012	3	1.230449	0.711807
	2013	3	1.255273	0.698101
	2014	3	1.278754	0.668386
	2015	3	1.30103	0.584331
CEMENT LAFARGE	2004	4.255273	1.716003	1.053078
	2005	4.146128	1.724276	1.238046
	2006	4.30103	1.732394	-0.30103
	2007	4.342423	1.740363	1.902003
	2008	4.383815	1.748188	1.41162
	2009	4.451264	1.755875	1.477121
	2010	4.451264	1.763428	1.609594
	2011	4.451264	1.770852	1.635986
	2012	4.488551	1.778151	1.767379
	2013	4.488551	1.78533	2.060698
	2014	4.633468	1.792392	1.905796
	2015	4.612784	1.799341	1.985875
DANGOTE CEMENT	2004	3.361728	1.491362	0.612784
	2005	3.477121	1.50515	0.812913
	2006	3.623249	1.518514	1.568202
	2007	4.079181	1.531479	1.70757
	2008	4.176091	1.544068	1.255273
	2009	4.792392	1.556303	1.633569
	2010	5.079181	1.763428	2.079181
	2011	5.120574	1.770852	2.044422
	2012	5.20412	1.778151	2.110556
	2013	5.20412	1.78533	2.30103
	2014	5.245513	1.792392	2.230449
	2015	5.281033	1.799341	0.85248

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
CAP PLC	2004	3.778151	0.778151	0.85248
	2005	3.845098	0.845098	0.952792
	2006	3.845098	0.90309	-0.46852
	2007	3.90309	0.954243	1.80618
	2008	3.90309	1	1.627058
	2009	4	1.041393	1.531862
	2010	4	1.079181	1.531862
	2011	4.146128	1.113943	1.161368
	2012	4.230449	1.146128	1.643946
	2013	4.290035	1.176091	1.685294
	2014	4.323458	1.20412	1.574031
	2015	4.31334	1.414973	1.575188
BETA GLASS	2004	3.778151	1.716003	0.656098
	2005	3.832509	1.724276	0.832509
	2006	3.873902	1.732394	0.62634
	2007	3.877371	1.740363	1.331022
	2008	3.924279	1	1.338058
	2009	3.924279	1.041393	1.338058
	2010	4.158362	1.079181	1.192567
	2011	4.158362	1.113943	1.104146
	2012	4.282939	1.146128	1.021189
	2013	4.282939	1.176091	1.159266
	2014	4.312325	1.20412	1.42259
	2015	4.347759	1.230449	1.727948
BEGER PAINT	2004	3.568202	1.716003	0.685742
	2005	3.60206	1.724276	0.584331
	2006	3.6289	1.732394	0.62634
	2007	3.763428	1.740363	1.006466
	2008	3.929419	1.748188	0.909556
	2009	3.970812	1.755875	0.755875
	2010	4.072801	1.763428	0.922206
	2011	4.155336	1.770852	0.927883
	2012	4.176091	1.778151	0.953276
	2013	4.190332	1.78533	0.90309
	2014	4.217484	1.556303	0.954243
	2015	4.217484	1.568202	1
ASHAKA	2004	3.778151	1.716003	1.352183
	2005	3.778151	1.724276	1.531734
	2006	3.90309	1.732394	1.740363
	2007	4.146128	1.740363	1.725258
	2008	4.20412	1.748188	1.230704
	2009	4.30103	1.755875	1.062582

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2010	4.30103	1.763428	1.42341
	2011	4.30103	1.770852	1.053078
	2012	4.414973	1.778151	1.254064
	2013	4.322219	1.78533	1.322012
	2014	4.361728	1.792392	1.340444
	2015	4.30103	1.799341	1.39794
FIRST ALUMINIUM	2004	3.60206	0.778151	0.472756
	2005	3.60206	0.845098	0.532754
	2006	3.643453	0.90309	1.531351
	2007	3.90309	0.954243	0.357935
	2008	3.954243	1	0.655138
	2009	4	1.041393	-0.30103
	2010	3.954243	1.079181	-0.13668
	2011	3.954243	1.579784	-0.18046
	2012	4	1.591065	-0.30103
	2013	4.041393	1.60206	-0.30103
	2014	4.041393	1.612784	-0.30103
	2015	4.041393	1.623249	-0.30103
AVON	2004	3.079181	1.380211	-0.16115
	2005	3.176091	1.39794	-0.00877
	2006	3.176091	1.414973	0.093422
	2007	3.243038	1.431364	0.741939
	2008	3.352183	1.447158	0.978181
	2009	3.447158	1.462398	0.956168
	2010	3.518514	1.477121	0.839478
	2011	3.579784	1.491362	0.773786
	2012	3.633468	1.50515	0.278754
	2013	3.681241	1.518514	0.232996
	2014	3.702431	1.531479	0.201397
	2015	3.763128	1.544068	0.161368
CUTIX	2004	2.740363	0.954243	0.198657
	2005	2.740363	1	0.498311
	2006	2.819544	1.041393	0.557507
	2007	2.875061	1.079181	1.103804
	2008	3	1.113943	0.938019
	2009	3	1.146128	0.719331
	2010	3.079181	1.176091	0.344392
	2011	3.176091	1.20412	0.190332
	2012	3.176091	1.230449	0.158362
	2013	3.255273	1.255273	0.25042
	2014	3.30103	1.278754	0.113943
	2015	3.30103	1.30103	0.220108
TOTAL	2004	4	1.716003	2.283301

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2005	4.176091	1.724276	2.262475
	2006	4.176091	1.732394	2.298853
	2007	4.230449	1.740363	2.255273
	2008	4.278754	1.748188	2.30897
	2009	4.320146	1.755875	2.173186
	2010	4.361539	1.763428	2.369216
	2011	4.359835	1.770852	2.274389
	2012	4.402932	1.778151	2.081239
	2013	4.476788	1.78533	2.230449
	2014	4.331346	1.792392	2.153815
	2015	4.357477	1.799341	2.167347
OANDO	2004	4.079181	0.778151	2.029465
	2005	4.176091	0.845098	1.982497
	2006	4.267172	0.90309	1.839478
	2007	4.255273	0.954243	2.08849
	2008	4.380211	1	1.902003
	2009	4.477121	1.041393	1.973082
	2010	4.334454	1.079181	1.819544
	2011	4.363838	1.113943	1.342423
	2012	4.805045	1.146128	1.091667
	2013	4.903041	1.176091	1.384712
	2014	4.924651	1.20412	1.207096
	2015	4.954247	1.414973	0.770852
MRS	2004	3.852968	0.778151	2.227887
	2005	3.869232	0.845098	2.079109
	2006	3.924279	0.90309	2.146128
	2007	3.977724	0.954243	2.20412
	2008	4.021189	1	2.203876
	2009	4.130334	1.041393	1.843793
	2010	4.09691	1.079181	1.823213
	2011	4.233352	1.518514	1.770852
	2012	4.396443	1.531479	1.375846
	2013	4.396443	1.544068	1.735918
	2014	4.435064	1.556303	1.725912
	2015	4.477121	1.568202	1.696007
MOBIL	2004	3.954387	0.778151	2.246499
	2005	3.925209	0.845098	2.20412
	2006	3.921634	0.90309	2.27485
	2007	3.924176	0.954243	2.255273
	2008	4.048325	1	2.521125
	2009	4.067368	1.041393	1.994757
	2010	4.09691	1.079181	2.149219
	2011	4.176091	1.113943	2.126813

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2012	4.273927	1.361728	2.038421
	2013	4.369216	1.380211	2.074085
	2014	4.423524	1.39794	2.198657
	2015	4.505462	1.414973	2.20412
JAPAUL	2004	2.812913	1	0.021189
	2005	2.69897	1.041393	0.220108
	2006	2.845098	1.079181	0.068186
	2007	3.079181	1.113943	0.90309
	2008	3.39794	1.146128	0.563481
	2009	3.39794	1.176091	0.053078
	2010	3.544068	1.20412	0.146128
	2011	3.740363	1.230449	-0.04576
	2012	3.845098	1.255273	-0.25964
	2013	3.929419	1.518514	-0.26761
	2014	4	1.531479	-0.30103
	2015	4.09691	1.544068	-0.1549
FORTE	2004	4.146128	1.716003	0.158362
	2005	4.30103	1.724276	0.158362
	2006	4.50515	1.732394	-0.42022
	2007	4.579784	1.740363	2.31597
	2008	4.653213	1.748188	2.468318
	2009	4.69897	1.755875	1.525174
	2010	4.477121	1.477121	1.340444
	2011	4.544068	1.491362	1.064458
	2012	4.628389	1.50515	0.888179
	2013	4.753583	1.518514	1.990117
	2014	4.753583	1.531479	2.357744
	2015	4.784617	1.544068	2.518514
ETERNA	2004	3.39794	1.146128	0.290035
	2005	3.462398	0.845098	0.4843
	2006	3.60206	0.90309	0.475671
	2007	3.69897	0.954243	1.20412
	2008	3.778151	1	1.49276
	2009	3.778151	1.041393	0.697229
	2010	3.845098	1.079181	0.703291
	2011	3.845098	1.113943	0.471292
	2012	3.845904	1.146128	0.478566
	2013	3.979776	1.176091	0.460898
	2014	3.979776	1.20412	0.474216
	2015	4.130334	1.799341	0.311754
CON OIL	2004	3.875061	1.716003	2.106531
	2005	4.041393	1.724276	1.990339
	2006	4.146128	1.732394	1.838849

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2007	4.20412	1.740363	1.925209
	2008	4.217484	1.748188	1.894316
	2009	4.255273	1.755875	1.441381
	2010	4.290035	1.763428	1.561578
	2011	4.322219	1.770852	1.498311
	2012	4.273001	1.778151	1.311754
	2013	4.290035	1.78533	1.581039
	2014	4.477121	1.792392	1.549126
	2015	4.414973	1.643453	1.3934
ACADEMY PRESS	2004	3	1.681241	0.290035
	2005	3	1.690196	0.176091
	2006	3	1.69897	0.193125
	2007	3.079181	1.70757	0.733999
	2008	3.079181	1.716003	0.741939
	2009	3.30103	1.724276	0.732394
	2010	3.30103	1.732394	0.565848
	2011	3.544068	1.740363	0.350248
	2012	3.544068	1.748188	0.574031
	2013	3.653213	1.755875	0.40654
	2014	3.653213	1.763428	0.071882
	2015	3.653213	1.770852	-0.25964
UNIVERSITY PRESS	2004	3	1.491362	0.08636
	2005	3.079181	1.50515	0.161368
	2006	3	1.518514	0.50515
	2007	3.060698	1.531479	0.926857
	2008	3.230449	1.544068	0.764176
	2009	3.230449	1.556303	0.696356
	2010	3.30103	1.568202	0.832509
	2011	3.30103	1.579784	0.531479
	2012	3.50515	1.591065	0.650308
	2013	3.50515	1.60206	0.621176
	2014	3.623249	1.612784	0.625312
	2015	3.623249	1.623249	0.778151
RT BRISCOE	2004	3.477121	1.716003	0.858537
	2005	3.60206	1.724276	0.863323
	2006	3.740363	1.732394	0.0086
	2007	3.845098	1.740363	1.464936
	2008	4.041393	1.748188	1.232996
	2009	4.041393	1.755875	0.788875
	2010	4.09691	1.763428	0.462398
	2011	4.146128	1.770852	0.08636
	2012	4.225309	1.778151	0.181844
	2013	4.266702	1.78533	0.167317

Appendix B_2 continue

Company	Year	LOGAF	LOGAE	LOGMp/S
	2014	4.266702	1.792392	-0.11351
	2015	4.311754	1.799341	-0.14267
TRANS-NATIONWIDE	2004	2.875061	1.462398	0.021189
	2005	3	1.477121	0
	2006	3	1.491362	-0.21467
	2007	3.079181	1.50515	0.506505
	2008	3.079181	1.518514	0.905256
	2009	3.079181	1.531479	0.859739
	2010	3.079181	1.544068	0.80618
	2011	3.176091	1.556303	0.537819
	2012	3.176091	1.568202	0.487138
	2013	3.197281	1.579784	0.068186
	2014	3.322219	1.763428	0.11059
	2015	3.322219	1.770852	0.053078
CI LEASING	2004	3.30103	1.716003	-0.39794
	2005	3.342423	1.724276	-0.42022
	2006	3.414973	1.732394	0.190332
	2007	3.414973	1.740363	0.908485
	2008	3.60206	1.748188	1.045323
	2009	4.041393	1.755875	0.414973
	2010	4.12238	1.763428	0.184691
	2011	4.12238	1.770852	-0.20066
	2012	4.247973	1.778151	-0.30103
	2013	4.267688	1.78533	-0.30103
	2014	4.267688	1.531479	-0.30103
	2015	4.228913	1.544068	-0.30103

APPENDIX C

RESULT OF DESCIPTIVE STATISTICS AND REGRESSION ANALYSIS

```
REGRESSION
  /DESCRIPTIVES MEAN STDDEV CORR SIG N
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA COLLIN TOL CHANGE ZPP
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT MPS
  /METHOD=ENTER AFS AIS AF AT AOP AE
  /SCATTERPLOT=(*ZPRED ,*ZRESID)
  /RESIDUALS HISTOGRAM (ZRESID) NORMPROB (ZRESID).
```

Regression

Notes

Output Created		20-JUN-2017 12:28:02
Comments		
Input	Data	C:\Users\Patience Ola\Documents\NEWDATAWITH47COYS.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	564
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /DESCRIPTIVES MEAN STDDEV CORR SIG N /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA COLLIN TOL CHANGE ZPP /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT MPS /METHOD=ENTER AFS AIS AF AT AOP AE /SCATTERPLOT=(*ZPRED ,*ZRESID) /RESIDUALS HISTOGRAM(ZRESID) NORMPROB(ZRESID).
Resources	Processor Time	00:00:04.49
	Elapsed Time	00:00:04.06
	Memory Required	3140 bytes
	Additional Memory Required for Residual Plots	872 bytes

[DataSet1] C:\Users\Patience Ola\Documents\NEWDATAWITH47COYS.sav

Descriptive Statistics

	Mean	Std. Deviation	N
MPS	1.0132	.76393	564
AFS	.6578	.47487	564
AIS	.6454	.47882	564
AF	3.9052	.51993	564
AT	.8652	.34176	564
AOP	.9326	.25089	564
AE	1.4532	.30312	564

Correlations

		MPS	AFS	AIS	AF	AT	AOP	AE
Pearson Correlation	MPS	1.000	.447	.313	.591	.107	.093	-.057
	AFS	.447	1.000	.418	.567	.153	.015	.106
	AIS	.313	.418	1.000	.311	.001	-.022	.216
	AF	.591	.567	.311	1.000	-.029	-.040	.152
	AT	.107	.153	.001	-.029	1.000	.122	-.004
	AOP	.093	.015	-.022	-.040	.122	1.000	-.105
	AE	-.057	.106	.216	.152	-.004	-.105	1.000
Sig. (1-tailed)	MPS	.	.000	.000	.000	.005	.014	.087
	AFS	.000	.	.000	.000	.000	.362	.006
	AIS	.000	.000	.	.000	.495	.303	.000
	AF	.000	.000	.000	.	.245	.172	.000
	AT	.005	.000	.495	.245	.	.002	.464
	AOP	.014	.362	.303	.172	.002	.	.006
	AE	.087	.006	.000	.000	.464	.006	.
N	MPS	564	564	564	564	564	564	564
	AFS	564	564	564	564	564	564	564
	AIS	564	564	564	564	564	564	564
	AF	564	564	564	564	564	564	564
	AT	564	564	564	564	564	564	564
	AOP	564	564	564	564	564	564	564
	AE	564	564	564	564	564	564	564

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AE, AT, AF, AOP, AIS, AFS[b]	.	Enter

a. Dependent Variable: MPS

b. All requested variables entered.

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	.653[a]	.426	.420	.58198	.426	68.842	6	557	.000

a. Predictors: (Constant), AE, AT, AF, AOP, AIS, AFS

b. Dependent Variable: MPS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	139.903	6	23.317	68.842	.000[b]
	Residual	188.659	557	.339		
	Total	328.562	563			

a. Dependent Variable: MPS

b. Predictors: (Constant), AE, AT, AF, AOP, AIS, AFS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-2.070	.262		-7.888	.000					
	AFS	.139	.068	.087	2.061	.040	.447	.087	.066	.585	1.710
	AIS	.242	.058	.151	4.186	.000	.313	.175	.134	.788	1.270
	AF	.774	.058	.527	13.261	.000	.591	.490	.426	.653	1.532
	AT	.220	.074	.098	2.973	.003	.107	.125	.095	.941	1.063
	AOP	.262	.099	.086	2.645	.008	.093	.111	.085	.973	1.028
	AE	-.428	.084	-.170	-5.119	.000	-.057	-.212	-.164	.935	1.070

a. Dependent Variable: MPS

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions						
				(Constant)	AFS	AIS	AF	AT	AOP	AE
1	1	6.234	1.000	.00	.00	.01	.00	.00	.00	.00
	2	.363	4.145	.00	.17	.34	.00	.03	.01	.00
	3	.207	5.493	.00	.54	.54	.00	.01	.00	.00
	4	.107	7.628	.00	.02	.08	.01	.89	.03	.02
	5	.061	10.104	.00	.00	.03	.01	.00	.70	.19
	6	.023	16.358	.06	.06	.01	.17	.00	.18	.73
	7	.005	33.854	.94	.22	.00	.82	.06	.08	.05

a. Dependent Variable: MPS

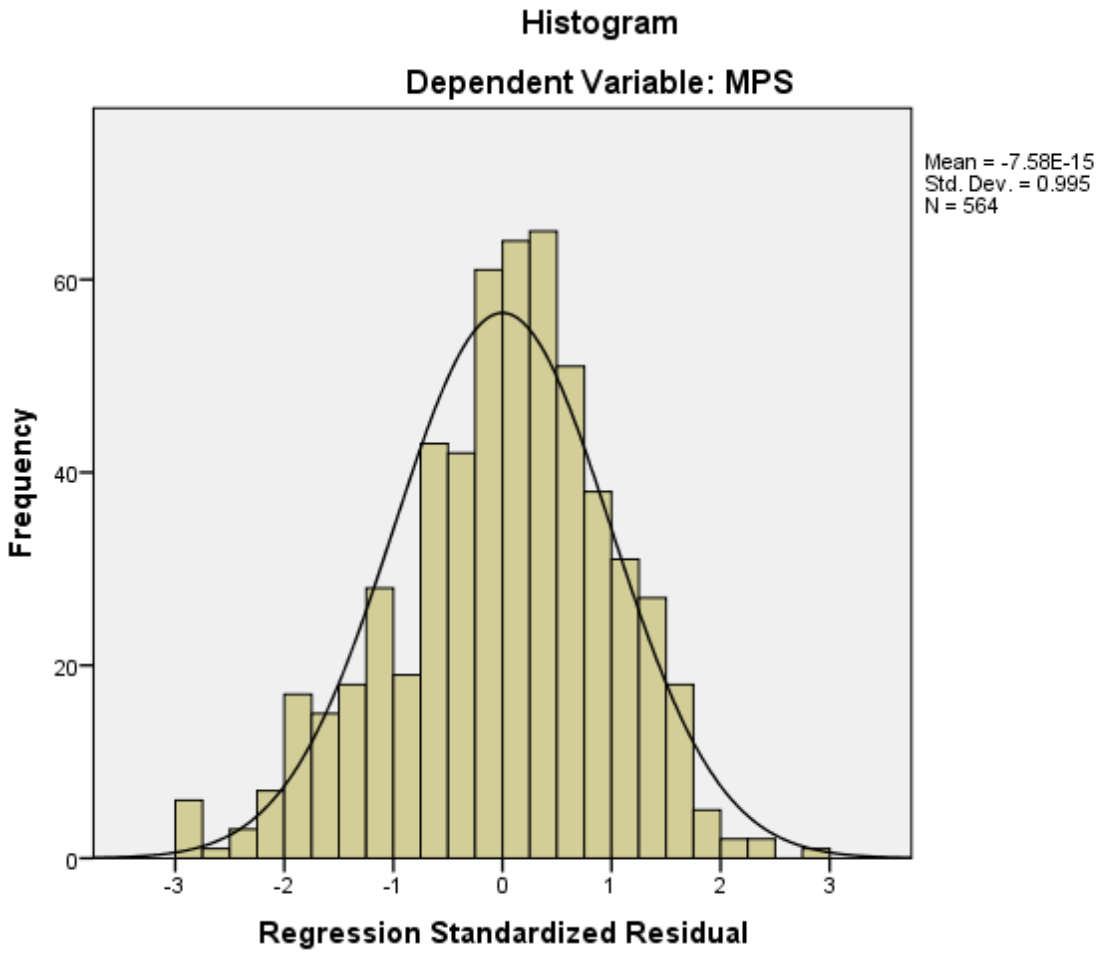
Residuals Statistics[a]

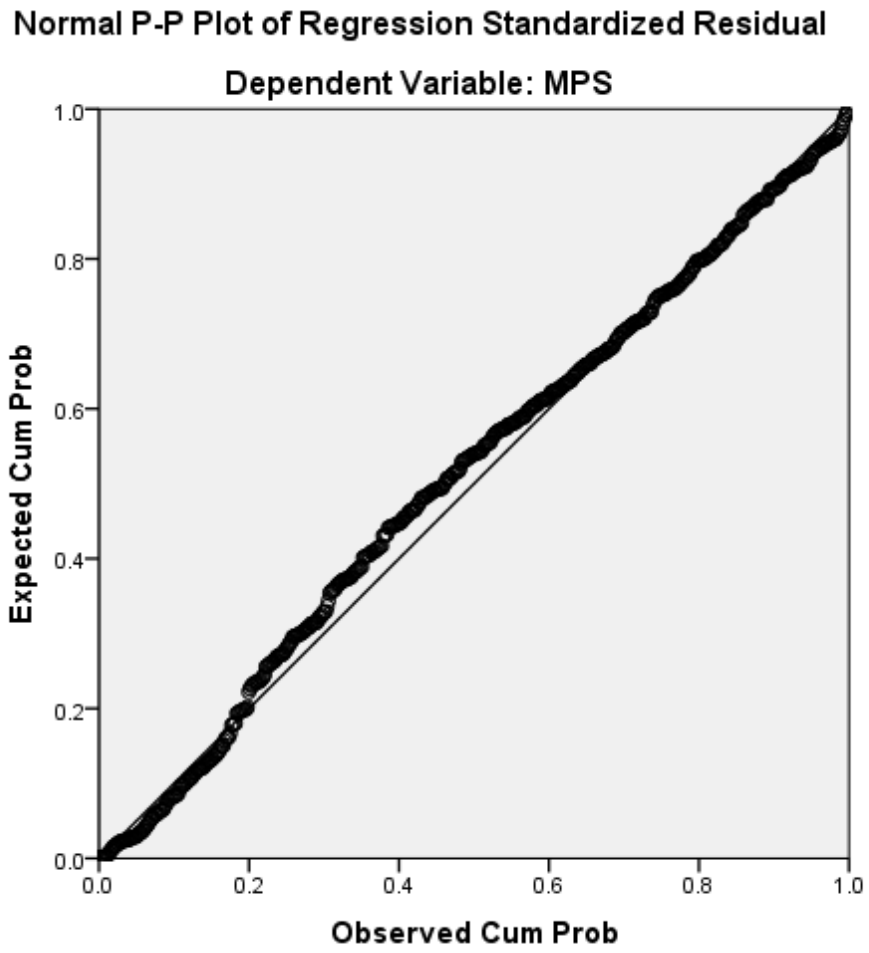
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.6793	2.1109	1.0132	.49849	564
Residual	-1.74467	1.66606	.00000	.57888	564
Std. Predicted Value	-3.395	2.202	.000	1.000	564
Std. Residual	-2.998	2.863	.000	.995	564

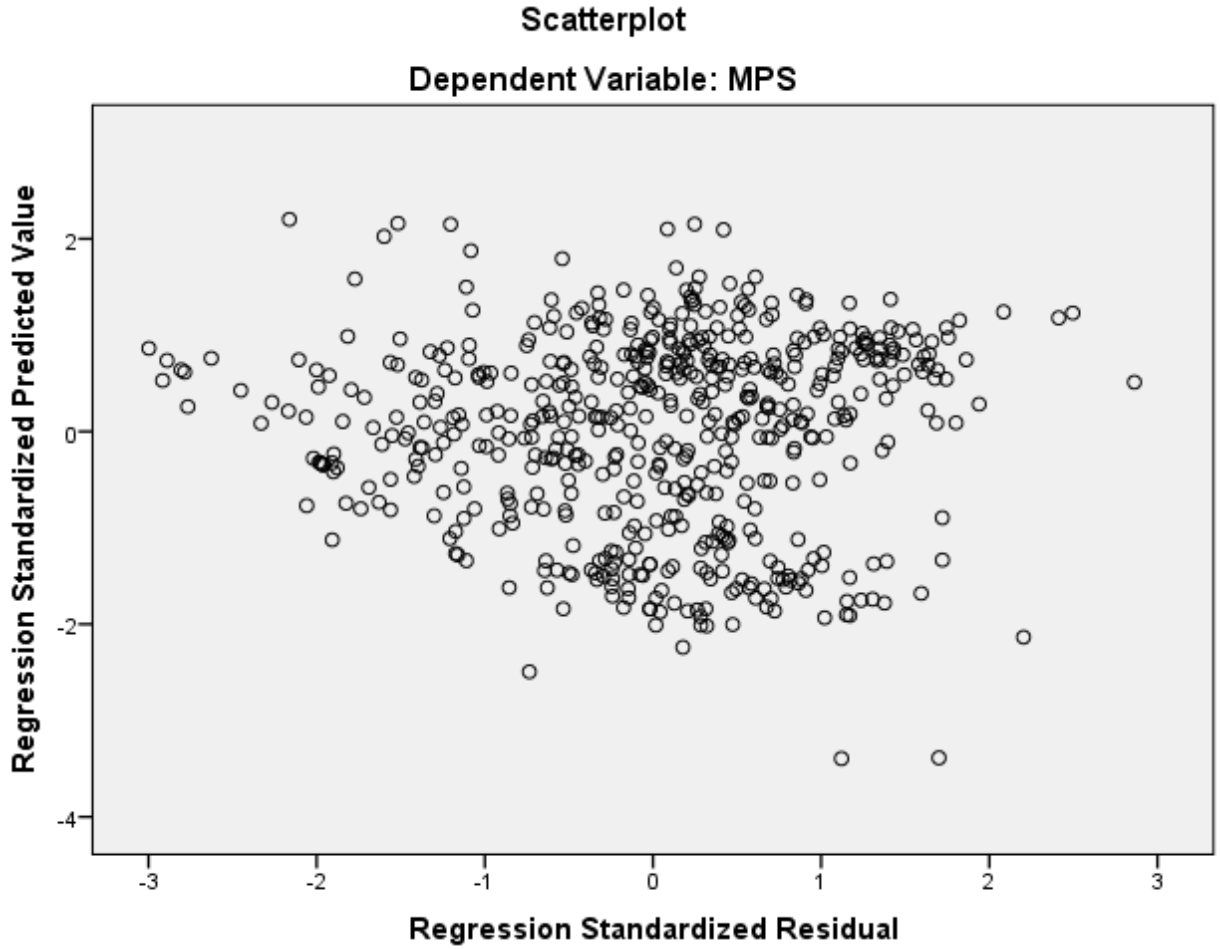
a. Dependent Variable: MPS

APPENDIX D
CHARTS OF THE P-P PLOT

Charts




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


Scatterplot
Dependent Variable: MPS
Regression Standardized Predicted Value
2
0
-2
-4
-3
-2
-1
0
1
2
3
Regression Standardized Residual