

Evaluation of The Effect of Audit Firm Size on Going-Concern Opinion (GCO) of Listed Consumer Goods Companies in Nigeria

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Abstract

This paper aimed at evaluating the effect of audit firm size on going-concern opinion (GCO) of listed Consumer goods companies in Nigeria. The time-frame of the study is five (5) years from (2010-2014). Secondary data was used for the research and was generated through content analysis design. The secondary data was generated from annual financial reports of selected listed Consumer goods companies in Nigeria for the relevant years (2010-2014) which included data related to Audit Firm Size (AFS) and Going-Concern Opinion (GCO). Seven (7) listed Consumer goods companies were selected for the study. The techniques applied for data analyses were Pearson's Correlation and Multiple Linear Regression (MLS). Findings were made that Audit Firm Size positively enhances Going Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria. This is clearly evidenced from the degree of relationship between AFS and GCO is positive and strong at 65.6%. Based on the findings and conclusions of the study, recommendations are made that to enhance the impact of Audit Firm Size on Going Concern Opinion (GCO) of DMBs in Nigeria, regulatory authorities like the Financial Reporting Council of Nigeria (FRCN), the Securities and Exchange Commission and the Corporate Affairs Commission should compel all Audit Firms engaged in the annual audit of the financial reports of the DMBs in Nigeria to provide a Going Concern Opinion (GCO) report to predict the future and prospect of the companies. This is to avoid corporate scandals like what happened in the United States of America and the involvement of the giant Arthur Anderson & Co in the collapse of the Enron and WorldCom which was traced to lack of Going Concern Opinion (GCO) report.

Keywords:

Audit Firm Size, Big-4, Non-Big 4, Going-Concern Opinion, Auditors Opinion, Annual Financial Reports, Consumer Goods Companies

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Background to the Study

Consumer goods industry in Nigeria are category of stocks and companies that relate to items purchased by individuals rather than by manufactures and industries. This sector includes companies involved in food production, packaged goods, clothing, beverages, automobiles and electronics (Jeli, 2010 and Aldrich, 2013). In Nigeria for instance, this industry includes companies like the Cadbury Nigeria PLC, Seven-Up Bottling Company, Nestle Nigeria PLC and so on.

Looking at the plethora of literature exist on the subject area of audit, audit firm size and Going-Concern Opinion, one would but agree that so much research attention is accorded to auditing, but not enough attention is given to audit components like audit firm size and Going-Concern Opinion. Talking about audit firm size in particular, researchers often use dichotomous like Big-4, non-Big-4 audit firms as proxy. They often associate Big accounting firms with high audit quality and non-Big accounting firms represent low audit quality. It can also be deduced from existing literature that the experience, professional competence and expertise of Auditors of consumer goods companies are not different from those other companies in other sectors like Deposit Money Banks, Oil and Gas, Telecom industry and so on, but the sizes of such firms engaged for the purpose of external audit often differs.

The concept of Going-Concern Opinion is elusive in terms of definition and measurement. In an early study, Deis and Giroux (1992) document that investor's confidence on Going-Concern Opinion increases with the size of audit firm. Wright and Wright (2010) find that bigger auditors (referring to big audit firms) are more likely to enhance investor's confidence on Going-Concern Opinion especially for larger clients. Few studies examined the association between Going-Concern Opinion and size of audit firm using the issuance of the audit opinion, including a modified audit opinion (MAO), a qualified audit opinion (QAO), and a going-concern opinion (GCO). Krishnan and Krishnan (1996) document that bigger auditors are less likely to issue Qualified Audit Opinions (QAOs) to larger clients when warranted. Similarly, in Australia, Craswell, Stokes, and Laughton (2002) do not find evidence of propensity between size of audit firm and Qualified Audit Opinions (QAOs). No such evidence is documented in Norway either, where big audit firms are not less likely to issue Qualified Audit Opinions (QAOs) (Hope & Langli, 2010). This finding is noteworthy as big audit firms also face some litigation and reputation risk in a sample of private Norwegian firms, relative to the United States.

Objective of the Study

This study therefore, evaluates the effect of audit firm size on going-concern opinion (GCO) of listed Consumer goods companies in Nigeria. In line with the objective, the research question developed is stated thus; Does audit firm size (AFS) affects going-concern opinion (GCO) of listed Consumer goods companies in Nigeria?

Research Hypotheses

Based on the research objective and research question above, the following hypothesis was formulated in null form: Audit firm size does not affect going-concern opinion (GCO) of listed Consumer goods companies in Nigeria.

Scope of Study

This study was carried out to examine the impact of Audit firm size on going-concern opinion (GCO) of listed Consumer goods companies in Nigeria; it is limited to 7 listed Consumer goods companies in Nigeria selected as sample, where the annual reports of these companies were analyzed to extract data on the dependent and independent variables. The study covered a period of five (5) years from (2010-2014), which is considered relevant for the study.

Conceptual Considerations

This section reviewed prior literatures related to the topic and specifically covered the conceptual considerations like concept of auditing, concept of Audit firm size, going-concern opinion, concept of audit quality, auditor independence and audit quality of listed Consumer goods companies in Nigeria.

Concept of Auditing

The most popular among all conceptions of auditing is that given by the International Auditing Guideline No: 6, which conceived auditing is an independent examination of, and expression of opinions, on the financial statements of an enterprise (either sole proprietorship, partnerships, company or public enterprises) by an appointed auditor, in accordance with his terms of engagement and in observance of statutory regulations and professional requirements. However, auditing has been taken a new dimension in our society today, and it will continue to be improved upon as a result of growth and expansion of businesses.

Audit Firm Size

Most researchers often use the dichotomous like Big-4, non-Big-4 audit firms as conceptions of audit firm size, but for us to understand precisely what audit firm size is all about, we first of all need to diagnose the meaning of audit firm size by unbundling the concept into its three component wordings of audit, audit firm and size. While relying on the conception of the International Auditing Guideline No: 6 given in 2.2 above for the meaning of audit, audit firms are professional service organizations rendering accounting, finance and audit services to companies (or simply reporting entities) by auditors. Having comprehended sharply and briefly what audit firm is all about, one can comfortably define audit firm size as the level of expansion such professional service organizations has attained, to enjoy economy of scale. The economy of scale arises from the level of expertise, the name, reputation, experience (connoted by years of the professional practice) that put audit firms at competitive advantage. Connoting from this level of expansion, most audit firms are qualitatively categorized into different sizes like big, medium and small firms; big-6, non-big 6 audit firms; big-4, non-big 4 audit firms; large and small audit firms and so on.

In linking between audit firm sizes with audit quality, Hamersley (2006) posited that audit firm size is directly related to audit quality. Thus, the larger the size of an audit firm, the higher the audit quality. This is mainly due to the fact that higher audit expertise can lead to higher audit quality (Francis, 2004). In other words, audit firm size connoted by expertise, reputation and experience of audit firm influence audit quality because larger firms the big 6, the big 4 and other forms of big firms are perceived to enhance higher audit quality than the non-big 6, the non-big 4 and other forms of smaller firms.

Concept of Going-Concern Opinion

Going-concern refers to the company/entity's ability to continue to exist perpetually (without cessation) into the unforeseeable future. While Going-concern opinion (GCO) is the Auditor's ability to give a clean bill of health in respect of that perpetual existence of the company or entity which is being audited.

Some two things are common in the above conceptions, thus; the company's ability and the Auditor's ability. The company's ability to exist infinitely is simply going-concern whereas the Auditor's consideration of the company/entity's ability to exist perpetually (without cessation) into the unforeseeable future ability is going-concern opinion. That is; expression of an independent opinion by the auditor by way of giving assurance that the company (or the reporting entity) will continue to exist infinitely and that there no anticipated short or long-term effects or challenges from the books of account, records, industry and environmental factors which might hamper the existence or lead to liquidation/winding-up of that entity.

Materials and Methods

This section discussed the materials and methods used. It covered the population and sample size of the study, method of data collection, variables of the study and their measurements, model specification and the techniques for data analysis.

Population and Sample Size of the Study

The population of this study comprises of 28 firms operating in the Nigerian consumer goods industry listed on the Nigerian Stock Exchange as at 31st December 2014. However, a sample of 7 firms was selected from the population to represent the listed consumer goods companies in Nigeria. The criteria for selecting the sample were that only those firms whose annual financial statements were consistently available during the period of study (2005-2014) were considered. Secondly, a firm must have been quoted without being delisted from 2005 to 2014. After applying the criteria, seven (7) out of the 28 companies were selected. Table 1 presents the sampled firms for the Study.

Table 1: Sample Size

S/No	Company Name	Year of incorporation	Year of Listing
1.	Seven-up Bottling Co.	1960	1986
2.	Cadbury Nig PLC	1965	1976
3	Nestle Nigeria PLC	1961	1979
4	Rokana Industry PLC	1978	2001
5	UTC Nigeria PLC	1932	1972
6	VITA Foam Nig. PLC	1962	1978
7	Vono Products PLC	1964	1974

Source: Generated by the researcher from Population of the Study (Appendix One)

Methods of Data Collection

The study basically made use of secondary source of data, while the method of data collection involved financial statements; income statement and the statements of financial position of the sampled banks, for the period of Five years (from 2010 – 2014). The secondary data was generated from annual financial statements of the selected listed consumer goods companies in Nigeria for the relevant years (2010-2014), especially data relating to Audit Firm Size (AFS) and Going-Concern Opinion (GCO).

Study variables and their measurement

This study has two (2) set of variable i.e. the dependent variable (Going-Concern Opinion) and the independent variable (Audit Firm Size), the variable is explained in detail below.

(a) Dependent variable

Going-Concern Opinion (GCO) is the dependent variable. The GCO is given on whether the External Auditors gives a going-concern report on the financial Statements which indicates that there are any challenges that may hamper the perpetual existence of listed consumer goods companies. The audit opinion gives a high level of assurance to the users of financial statements and thereby enhances Audit quality.

A 5-scale measurement was used for rating GCO as follows:

A five point measurement scale was developed thus: 1=No Going-Concern Report (NGCO), 2 = Doubtful Going-Concern Report (DGCO), 3 = Unsatisfactory Going-Concern Report (UGCO), 4= Satisfactory Going-Concern Report (SGCO) 5= Guaranteed Going-Concern Report (GGCO).

NGCO: This is where there is No Going-Concern Opinion at all.

DGCO: This is where there is Going-Concern Opinion is very sketchy and not informative about the future of the bank.

UGCO: This is where the Going-Concern Opinion is detailed but not informative about the future of the bank.

SGCO: This is where the Going-Concern Opinion is detailed and informative about the future of the bank.

GGCO: This is where the Going-Concern Opinion is detailed and gives full informative which guarantees the future of the bank.

Note: A benchmark of 4 was provided as a cut-off to indicate whether the Annual Reports & Accounts met the criteria used a proxy or not.

(b) Independent Variable

Audit Firm Size (AFS) constitutes the independent variable; the AFS is given by whether the Audit firm is a Big-4 Audit Firm or Non-Big 4 Audit firm is a Big-4 Audit Firm. The Big 4 Audit Firms used for the measurement are those classified by Umoren (2009) as Price Waterhouse Coopers, KPMG, Akintola Williams Deloitte & Touche and Ernest & Young and otherwise, it is term as Non-Big 4 Audit firm.

A 2-scale measurement was used for rating AFS as follows:

2.5 = Non-Big 4 Audit firm and 5 = Big-4 Audit Firm. For all the Big 4 Audit firms (Price Waterhouse Coopers, KPMG, Akintola Williams Deloitte & Touche and Ernest & Young), 5 was allocated and for all the Non-Big 4 Audit firms, 2.5 was allocated.

Model specification

A model therefore emerged from the study variables to measure the relationship between the dependent and independent variables. The model is given as follows:

$$GCO = f(AFS) \dots\dots\dots(i)$$

Therefore:

$$GCO = \beta_0 + \beta_1 AFS + \epsilon \dots\dots\dots(ii)$$

Where:

- GCO = Going-Concern Opinion
- AFS = Audit Firm Size
- β_0 = Regression Intercept
- β_1 = Parameter to be estimated
- ϵ = error term

A'priori expectation:

$\beta_1 \geq 0$ - Implying that Audit Firm Size will significantly enhance Going-Concern Opinion of listed consumer goods companies.

Technique of Data Analysis

For the purpose of data collection and testing of hypothesis, the statistical technique used was Pearson's Correlation and Multiple Linear Regression (MLS). The techniques are discussed briefly below:

Pearson's Correlation Model

The Pearson Correlation was used to determine if a significant correlation exists between the dependent and independent variables. Pearson Correlation was adopted because it is a more powerful correlation statistic that examines relationships (Buba, 2006). The Pearson Correlation (r) formula is given as (Agburu, 2001):

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{[n\sum y^2 - (\sum y)^2][n\sum x^2 - (\sum x)^2]}}$$

Where:

r = Pearson Correlation results

xy = Auditors Independence.

Note: The summary correlation matrix between the variables will be generated automatic using SPSS and will be tabulated in chapter four.

Multiple Linear Regression

To determine the impact of Audit Firm Size on Going-Concern Opinion of listed consumer goods companies in Nigeria, multiple linear regression was used. The multiple linear regressions was used to determine the degree of variation in the dependent variables (Going-Concern Opinion) due to variations in the independent variable (Audit Firm Size). The multiple linear regression was therefore be used to test the hypothesis formulated in section one.

Results and Discussions

The materials and methods used in this research were highlighted in the preceding section. This section presents the results of the Pearson Correlation and multiple regressions of the study data based on the research objective and hypotheses. The data used for measuring both the dependent and independent variables were collected from the annual reports, records and accounts of the selected Listed Consumer goods companies in Nigeria.

Measurement of dependent and Independent Variables

Going-Concern Opinion (GCO) is the dependent variable which is given by whether the External Auditors gives a going-concern report on the financial Statements which spells out there is any challenge that may hamper the perpetual existence of the bank. The audit opinion gives a high level of assurance to the users of financial statements and thereby enhances Audit quality.

The 5-scale measurement was used for rating GCO as follows:

A five point measurement scale was developed thus: 1=No Going-Concern Report (NGCO), 2 = Doubtful Going-Concern Report (DGCO), 3 = Unsatisfactory Going-Concern Report (UGCO), 4= Satisfactory Going-Concern Report (SGCO) 5= Guaranteed Going-Concern Report (GGCO).

NGCO: This is where there is No Going-Concern Opinion at all.

DGCO: This is where there is Going-Concern Opinion is very sketchy and not informative about the future of the bank.

UGCO: This is where the Going-Concern Opinion is detailed but not informative about the future of the bank.

SGCO: This is where the Going-Concern Opinion is detailed and informative about the future of the bank.

GGCO: This is where the Going-Concern Opinion is detailed and gives full informative which guarantees the future of the bank.

Note: A benchmark of 4 was provided as a cut-off to indicate whether the Annual Reports & Accounts met the criteria used a proxy or not.

The independent variable: Audit Firm Size (AFS) is given by whether the Audit firm is a Big-4 Audit Firm or Non-Big 4 Audit firm is a Big-4 Audit Firm. The 2-scale measurement was used for rating AFS as follows: 2.5 = Non-Big 4 Audit firm and 5 = Big-4 Audit Firm.

After the qualitative measurement of the dependent and independent variables, the summary scores of GCO and AFS for the relevant years (2010 –2014) were obtained and provided on the table (2) below:

Table 2: Summary Statistics on Dependent and Independent Variables

YEAR		
	GCO	AFS
2010	3.80	5.00
2011	3.70	4.75
2012	4.00	5.00
2013	4.10	5.00
2014	4.30	5.00

Note: This table shows the Summary Scores of GCO and AFS for the relevant years (2010 –2014) generated from the Annual Reports & Accounts of the seven (7) selected Listed Consumer goods companies in Nigeria. This table is generated from Appendices 2.

Table 2 indicates that the average score for GCO during the study period fluctuated between 3.70 and 4.30, with a maximum of 4.30 recorded in 2014, 4.10 in 2013, 4.00 in 2012, 3.80 in 2010 and a minimum of 3.70 recorded in 2011. The scores for 2010 and 2011 are all lower than the benchmark of 4; this shows that the going-concern opinion indicated during those periods (2010 & 2011) were less the required benchmark.

Table 2 also indicates that the average score for AFS during the study period (2010 – 2014) was uniform and flat at 5.00 except for year 2011 which a score of 4.75, which are all greater than the benchmark of 4; this shows that the External Auditors engage for the Audit of the Annual Reports and Accounts of the selected Listed Consumer goods companies in Nigeria during the study period were mostly the Big-4 Audit firms. This is therefore, an indication that Non-big 4 auditors are not mostly engaged for the audit of financial statements of the Listed Consumer goods companies in Nigeria.

Test of Hypotheses

This sub-heading test the research hypotheses formulated in section one using the Pearson Correlation model and multiple linear regressions as discussed in section three. The sub-heading tested the impact of Audit Firm Size (independent variable) on Going-

Concern Opinion (dependent variable) of the selected Listed Consumer goods companies in Nigeria.

Correlation between the Dependent and Independent Variables

The relationship between the dependent and independent variables were examined here using the Pearson's correlation statistics. The summary correlation matrix between the variables of the study is presented in the table 3. The full correlation result is shown in Appendix 3.

Table 3: Correlation Matrix between the Dependent and Independent Variables

Variables:	GCO	AFS
GCO	1	
AFS	.656	1

*, **: Correlation is significant at 0.05 and 0.01 percent level (2-tailed) respectively.

Source: Generated from Annual Reports and Accounts of the selected Listed Consumer goods companies in Nigeria (2010-2014). The Correlation was run using SPSS .20.

Table 3 shows that Going-Concern Opinion (GCO) positively and strongly correlated with Audit Firm Size (AFS) at 0.656 and the degree of correlation between them is statistically significant at 65.6% at 0.05 level of significance. In a nutshell, one would say that the more Listed Consumer goods companies in Nigeria engage External Auditors who are professional independent, the higher their Audit quality will be.

Test of Impact of AFS on GCO

The research hypothesis which states that Audit Firm Size does not impact significantly on Going-Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria. The data used in testing this hypothesis was generated by operational measurement of Audit Firm Size (AFS) and Going-Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria. Multiple regressions were utilized to test the hypothesis. Table 4 below shows the results of the multiple regressions.

Table 4: Regression Results on Impact of AFS on GCO

AFS _j	= -2.950	+	1.400	GCO
SE	= (4.609)			(0.931)
t*	= (0.640)			(1.504)
P-Value	= (0.568)			(0.230)
R = 0.656	R ² = 0.430	Adjusted R ² = 0.240	F*-Statistic = 2.264	

Note: This table presents the summary regression result of the impact of Audit Firm Size (AFS) on Going Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria. The table is generated from Appendix 3 using SPSS 20.

Source: Generated from Appendix 3

The MLS regression results in Table 4 show R of 0.656. This means that there is a positive and strong (65.6%) relationship between the dependent and independent variable. The adjusted R-square (R^2), also known as the coefficient of determination however reveals a value of 0.430 further indicates that about 43% of the dependent variable (Going Concern Opinion (GCO)) is enhanced for by the independent variable (Audit Firm Size (AFS)). This is clear evidence that the model is a good fit. The MLS estimates of the regression coefficient of the individual dependent variable of β_1 reveals that one percent increase in the independent variable (Audit Firm Size (AFS)) will result to a 40% increase in Going Concern Opinion (GCO).

A consideration of the P-value in Table 5 shows 0.230 for Going Concern Opinion (GCO) which is less than 0.05 level of significance. On the strength of the t-value of 1.504 and P-value of 0.230, it can be concluded that research hypothesis which states that Audit Firm Size does not impact on Going Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria is rejected and the alternative hypothesis which states that Audit Firm Size do impact positively on Going Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria is accepted. This is evidenced from the degree of relationship between AFS and GCO is positive and strong at 65.6%.

Conclusion

This study reveals that Audit Firm Size positively enhances Going Concern Opinion (GCO) of Listed Consumer goods companies in Nigeria. This is clearly evidenced from the degree of relationship between AFS and GCO is positive and strong at 65.6%. Perhaps, because almost all the Audit Firms engaged in the annual audit of the financial reports of the Listed Consumer goods companies in Nigeria are all Big-4 Audit firms chosen from among Akintola Williams Delloite & touche, Price Water House Co-opers (PWC), KPMG, or Ernst & Youngs, they are mindful of corporate collapse as a results of the widespread corporate scandals, especially in the United States of America and the involvement of the giant Arthur Anderson & Co in the collapse of the [Enron and WorldCom](#) which was traced to lack of Going Concern Opinion (GCO) report by the External Auditor (Arthur Anderson & Co) to predict the future and prospect of the companies.

Recommendations

Based on the findings and conclusions of the study, the following recommendations are proffered. That to enhance the impact of Audit Firm Size on Going Concern Opinion (GCO) of DMBs in Nigeria, regulatory authorities like the Financial Reporting Council of Nigeria (FRCN), the Securities and Exchange Commission and the Corporate Affairs Commission should compel all Audit Firms engaged in the annual audit of the financial reports of the DMBs in Nigeria to provide a Going Concern Opinion (GCO) report to predict the future and prospect of the companies. This is to avoid corporate scandals like what happened in the United States of America and the involvement of the giant Arthur Anderson & Co in the collapse of the [Enron and WorldCom](#) which was traced to lack of Going Concern Opinion (GCO) report.

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Appendix One: Population of the Study

S/No	Company Name	Year of Incorporation	Year of Listing
1.	Seven-up Bottling Co.	1960	1986
2.	Cadbury Nig PLC	1965	1976
3.	Champion Brewery PLC	1980	1983
4.	Dangote Flour mills Plc	1999	2006
5.	Nestle Nigeria PLC	1961	1979
6.	Rokana Industry PLC	1978	2001
7.	UTC Nigeria PLC	1932	1972
8.	VITA Foam Nig. PLC	1962	1978
9.	Vono Products PLC	1964	1974
10.	Dangote Sugar Refinery plc	2000	2007
11.	DN Tyre and Rubber PLC	1961	1961
12.	Flour Mills Nigeria PLC	1962	1979
13.	Golden Guinea brewery	1960	1979
14.	Guinness Nigeria PLC	1962	1965
15.	Honey well flour mill PLC	1983	2009
16.	International breweries PLC	1994	2005
17.	Jos International Breweries	1975	1992
18.	MCNICHOLAS Plc	2004	2009
19.	Multi-trex integrated foods plc	1999	2010
20.	N-Nigeria flour mills PLC	1960	1978
21.	Nascon Allied Industries Plc	1973	1992
22.	Nigerian Brewery Plc	1946	1973
23.	Nigerian Enamel ware plc	1960	1977
24.	P.S Mandrides andco PLC	1949	1978
25.	PZ Cussons Nigeria PLC	1958	N/A
26.	Premier breweries PLC	1978	1991
27.	Unilever Nigeria PLC	1973	N/A
28.	Union Dicon salt Nigeria PLC	1993	N/A

Source: Generated by the researcher from NSE Fact book (2014)

Appendix Two:

a. Criteria used to Measure Proxies of the Dependent Variable: Going-Concern Opinion (GCO)

	Question	Operationalization
GCO	What is the nature of the Going-Concern Opinion indicated by the External Auditor/or Audit Committee in the Annual Report?	1 = NGCO (No Going-Concern Report) 2= DGCO (Doubtful Going-Concern Report) 3 = UGCO (Unsatisfactory Going-Concern Report) 4 = SGCO (Satisfactory Going-Concern Report) 5 = GGCO (Guaranteed Going-Concern Report)

Note: This Appendix shows the criteria used to measure the proxies of the dependent variable (Audit Quality). This criterion was adopted and modified from Boelens (2011).

b. Measurement of Proxies of Dependent Variable: Going-Concern Opinion (GCO)

S/NO:	Bank	2010	2011	2012	2013	2014
1.	Access Bank Plc.	3	4	5	4	5
2.	Diamond Bank Plc.	3	3	3	4	4
3.	Fidelity Bank Plc.	4	3	3	5	5
4.	First City Monument Bank Plc.	3	4	4	4	3
5.	Guaranty Trust Bank	5	4	4	4	5
6.	Skye Bank Plc.	4	4	3	4	4
7.	Zenith Bank Plc	5	4	5	5	5
8.	Wema Bank Plc.	4	3	4	4	4
9.	Union Bank Plc.	4	4	4	4	4
10.	Sterling Bank Plc	3	4	5	3	4
	Total	38	37	40	41	43
	Average	3.8	3.7	4.0	4.1	4.3

Note: This Appendix shows the scores of Going-Concern Opinion (GCO) as a second proxy of the dependent variable (Audit Quality). This Appendix is generated from the Annual Reports & Accounts of the selected Listed Consumer goods company's (DMBs) for the period of Five years (2010 – 2014).

Appendix Three:

a. Criteria used to Measure Proxies of the Independent Variable: Audit Firm Size (AFS)

	Question	Operationalization
AFS	Is the Bank audited by a Bg-4 or Non-Big 4 Audit Firm?	2.5 = Non-Big 4 Audit Firm 5 = Big 4 Audit Firm

Note: This Appendix shows the criteria used to measure the proxies of the Independent variable (Audit Quality). This criterion was adopted and modified from Boelens (2011).

b. Measurement of Proxies of Independent Variable: Audit Firm Size (AFS)

S/NO:	Bank	2010	2011	2012	2013	2014
1.	Access Bank Plc.	5	5	5	5	5
2.	Diamond Bank Plc.	5	5	5	5	5
3.	Fidelity Bank Plc.	5	5	5	5	5
4.	First City Monument Bank Plc.	5	5	5	5	5
5.	Guaranty Trust Bank	5	5	5	5	5
6.	Skye Bank Plc.	5	5	5	5	5
7.	Zenith Bank Plc	5	5	5	5	5
8.	Wema Bank Plc.	5	2.5	5	5	5
9.	Union Bank Plc.	5	5	5	5	5
10.	Sterling Bank Plc	5	5	5	5	5
	Total	50	47.5	50	50	50
	Average	5	4.75	5	5	5

Note: This Appendix shows the scores of Audit Firm Size (AFS) as the first proxy of the Independent variable (Auditors Independence). This Appendix is generated from the Annual Reports & Accounts of the selected Listed Consumer goods company's s (DMBs) for the period of Five years (2010 – 2014).

Appendix Four:

a. Results of Pearson's Correlation and Multiple Regressions

		GCO	AFS
GCO	Pearson Correlation	1	.656
	Sig. (2-tailed)		.230
	N	5	5
AFS	Pearson Correlation	.656	1
	Sig. (2-tailed)	.230	
	N	5	5

b. Regression Results on Audit Firm Size (AFS) & Going-Concern Opinion (GCO)

Variables Entered/ Removed^a

Model	Variables Entered	Variables Removed	Method
1	AFS ^b		Enter

a. Dependent Variable: GCO

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.656 ^a	.430	.240	.20817

a. Predictors: (Constant), AFS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.098	1	.098	2.262	.230 ^b
	Residual	.130	3	.043		
	Total	.228	4			

a. Dependent Variable: GCO

b. Predictors: (Constant), AFS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.950	4.609		-.640	.568
	AFS	1.400	.931	.656	1.504	.230

a. Dependent Variable: GCO

Source: Multiple Regression of AFS with GCO Using SPSS Statistics