EFFECT OF AUDIT FEE ON FINANCIAL PERFORMANCE OF QUOTED CONSUMER GOODS IN NIGERIA

ARUMONA, O. Jonah (FCA, PhD)
Department of Accounting
Bingham University, Karu
Email: jonaharumona@yahoo.com

NEV, Mure Juliet
Department of Accounting
Bingham University, Karu
Email: murejuliet@gmail.com

Abstract

*I*nvestors and other stakeholders of registered companies expect financial statements and annual reports to be true and fair about the position of the company. To achieve this, external auditors must ensure quality auditing. This study aimed to examine the effect of audit fee on financial of performance of quoted consumer goods in Nigeria. Secondary data was originally obtained from the published annual reports and accounts, and notes to the financial statements. The sample comprise 20 listed consumer goods on the NSE for the period of six (6) years from 2014 - 2019, using purposive sampling 10 was selected for the study. Ex-post facto design was adopted in carrying out this research. The dependent variable financial performance was proxy by return on asset (ROA) and the independent variable audit fee was proxy with audit transformation fee (AUDTF). The pooled data OLS regression technique fixed and random effect was employed which was analyzed via Eviews 10. The results show that the audit fee determines the financial performance of the selected companies. In particular, the study found that the audit debt transformation fee has a significant positive effect on the return on assets of the quoted firms in Nigeria. The study concludes that the quality of return on asset is significantly enhanced by the audit transformation fee. It is recommended that companies should contract with auditing firms for a period of more than three years to promote the quality of audited financial reports.

Keyword: Audit fee, Financial Performance, Return on asset and Audit transformation fee.

INTRODUCTION

The quality of the audit is an important element in maintaining the financial performance of companies; an objective quality audit fee forms the basis of confidence on the integrity and reliability of financial statements, which is essential for the efficient functioning of markets and for the improvement of financial performance. However, an external audit conducted in accordance with the principles of auditing excellence can strengthen the application of accounting principles by the respective organizations and help ensure that their financial statements are useful, transparent, and reliable. An independent audit will help strengthen internal controls, risk management and corporate governance codes in companies, thereby contributing to financial results (Hassan & Farouk, 2014). However, a financial

statement audit is seen as a control designed to protect the interests of shareholders and reduce information asymmetries in other areas to ensure that the audited financial statements do not contain material misstatement (Irungu, 2013). Besides, auditors help to minimize the probability of material misstatement by ensuring that the financial statements are prepared in accordance with the established principles. Reducing the risk of distortion builds confidence in financial markets, which translates into lower cost of capital for companies (Hoti, Ismajli, Ahmeti, & Dërmaku, 2012).

A financial report audited by a reputable auditor advises market participants that financial reports are more credible and reliable than those audited by unreliable auditors. The audit market identifies independent auditors and their size as superior to the rewards paid to auditors by companies with greater improvements or lower stock prices. The more independent an audit is, the more it plays an important role in maintaining a well-functioning market environment that creates confidence in the accuracy and reliability of the financial reports required for an efficient market (Ugwunta, Ugwuanyi, & Ngwa, 2018). The direct effect of audit fee quality attributes on the financial performance of firms has been a major concern; the need for reliable audit report has increased tremendously in the recent times. One of the major factor that triggered this is the growing importance of good corporate governance mechanism arising from highly publicized accounting scandals in Nigeria and across the globe, many high profile corporate collapses, such as the case of Enron scandal of 2001; Parmalat in 2003; Cadbury Nigeria Plc in 2006 and Afribank Nigeria Plc in 2009 (Ajani, 2012; Miettinen, 2011). These incidences have created a revolution in the design and

evaluation of the audit quality and have in fact reinforced the need for its improvement in the auditor's fees service.

Likewise, Knechel (2009) opined that it is a business audit and the audit process provides an assessment of the likelihood of misuse of the material and reduces the likelihood of undetermined misstatement to a reasonable or reasonable level of assurance. This process involves performing procedures to obtain evidence of the amount and disclosure in the financial statements to evaluate the suitability of accounting estimates made by management (KPMG, 2008). Thus, the quality of audit reports is an important requirement for improving the reliability of financial statements among stakeholders. Thus, audit quality is a key component of increasing confidence in financial reporting for users of accounting information.

However, several authors seem to suggest that audit fee influences audit quality and hence they tend to use audit fee as proxy for audit quality. Yassin and Nelson (2012) suggested that a higher audit fees indicates that auditors provide more efficient audit services to the companies compared to lower audit fees. Since the audit market is closely regulated wherein the opportunities to earn rents is limited, auditor efforts are more likely reflected by audit fees (Kanagaretnam, Krishnan, Lobo, & Mathieu, 2011). Moreover, for a more thorough investigation, more audit hours and more specialized audit staff are required; thus higher audit fees would be expected (O'Sullivan & Diacon, 2002). Hence, it is expected that higher audit fees indicate a higher quality audit, as more audit work is required to ensure that the financial statements are free from material misstatement.

LITERATURE REVIEW

Conceptual Framework

Concept of Audit Fee

Audit fee refers to the amount of fees charged by auditors for their professional services based on factors such as the complexity of services, skill level, and many other factors. Gammal (2012), defines audit fees as the amount of expenses (salaries) received by the auditor for the audit process of the company (auditee). Audit fees are usually determined by an agreement between the auditor and his client, depending on the duration of the audit process, the services, and the number of employees required for the audit process. The audit fee is usually set before the audit process begins. Agos (2012), defines audit fees as 'the amount of the charge depends, among others, the risk of the assignment, the complexity of the services provided, the level of expertise required to carry out the services of proficiency level, the cost structure of the firm concerned and other professional considerations'. The official assignment of the audit attracts service charge.

The amount that makes up these fees is called the audit fee. According to the Securities and Exchange Commission, these fees are paid for the annual audit of the current year and the review of financial statements (Yuniarti, 2011). The amount generally paid is usually the amount of all expenses incurred for the audit (Hoitash, Markelevich & Barragato, 2007); as such, it also reflects the costs of public editors and the risks of litigation (Choi, Kim, Liu & Simonk, 2009). However, By these explanations, audit fee would vary depending on the auditee size and how complex the auditing process is (Lyon & Maher, 2005).

Concept of Financial Performance

Financial performance is a measure of how well an organization can use assets from its primary mode of business to generate revenues (Grimsley, 2018). Financial performance is also used as a general measure of a firm's overall financial health over a given period. An empirical analysis of performance is an important requirement for further policy changes. Financial performance means whether a firm has done well within a certain period to realize its set goals. Some firms in Nigeria have remained stable and resilient despite the challenges caused by the global financial crisis and the failure of some domestic unauthorized institutions. Financial statements provide information on the performance. Measurement of firms' performance should start by evaluating whether it has been able to achieve the objectives set by stakeholders (Hofstrand, 2018).

Concept of Return on Assets (ROA)

Return on Assets (ROA) is a major ratio that indicates the profitability of a firm. It is an indicator of how profitable a company is relative to its total asset. It is a ratio of income to its total asset. It measures the ability of the firm's management to generate income by utilizing company assets at their disposal. In other words, it shows how efficiently the resources of the company are used to generate income (Amahalu, Egolum & Obi, 2019). This profitability ratio shows management efficiency and rate of returns. It further indicates the efficiency of the management of a company in generating a net income from all the resources of the

organization. A higher ROA shows that the company is more efficient in using its resources (Horton, 2018).

Empirical Review

Relevant studies on the audit fee and financial performance are reviewed below.

Ugwu, Aikpitanyi, and Idemudia (2020). Carried out a study examines the impact of audit quality on the financial performance of all the 15 listed DMBs in Nigeria from 2011-2017. Independent variables used are audit firm size, joint audit, and audit fee, while ROA, a proxy for financial performance, is the dependent variable. Secondary data were used, which were extracted from the financial statements of the listed DMBs. The study employed correlation and ex-post facto research designs and multiple regressions were used for data analysis. The study revealed a significant and positive relationship between audit firm size and ROA, a negative and significant relationship between joint audit and ROA, and a negative and insignificant relationship between audit fee and ROA. Based on the finding it concluded that firm size and joint audit contribute to return on asset of deposit money banks. The study recommends that since joint audit and audit firm size positively and significantly affect firm performance, in this regard regulatory bodies should try to make joint audit compulsory and any firms that fail to comply should be sanction and smaller audit firm should be encouraged as they are likely to carry out a more thorough audit assignment, because most of the DMBs engaged the service of the bigger audit firm.

Sheikh and Siddiqui (2020) carried out a study to investigate the impacts of Audit Fees and Audit Firm's Reputation on Audit Quality: Evidence from Listed Companies from Pakistan. A sample comprised of 49 listed firms from the KSE-100 index of Pakistan Stock Exchange (PSX) is selected for 5 years. Secondary data was sourced from the financial statement of the companies. Discretionary/irregular accruals serving as a proxy for income manipulation, and audit firms' reputation (Big 4 auditors vs Non-Big 4 auditors), and audit fees are utilized to examine the quality of auditing. The data is evaluated through multiple regression and correlations. The outcomes suggested that audit Fee seems to have a significant and negative effect on the quality of auditing, Audit quality also seems to affect ROA negatively, whereas, audit fee affected ROA positively.

Lastly, the Big 4 representation has a negative effect on cash flows, whereas audit quality seems to have an inverse effect. The outcomes indicate that non-Big 4 audit firms in Pakistan perform higher quality of auditing than Big 4 audit firms. It concluded that in exchange for higher audit fees; auditors perform lower quality audits. The basic job of audit quality has gathered remarkably academic consideration. Though, earlier researches have cantered on organizations operating in developed nations. Very limited is investigated about the quality of auditing in developing economies. It recommends that this study investigation would increase the predetermined number of researches conducted on the quality of auditing of listed firms in developing nations.

Ilechukwu (2017), carried out a study to examine the effect of audit fee on audit quality using a sample of selected firms from the consumer goods sector in Nigeria. Ex post facto research design

was adopted because the data are already in existence. Secondary sources of data were obtained from the financial statement and Nigerian stock exchange fact book and the sample size consisted of 28 quoted consumer goods firms in Nigeria. The researcher adopted a purposive sampling technique to select a sample of eleven consumer goods firms for the study. The time frame ranges from 2011 to 2016 making it six years. The core explanatory variables employed were the audit fee and audit tenure. Added to these explanatory variables were the control for firm size, profitability, and leverage. The pooled data OLS regression technique was employed for data analyses. The results showed that audit fees and other explanatory variables determine of audit quality of the selected firms. Specifically, the study found that audit fees, client profitability, and financial leverage have a positive but insignificant effect on audit quality in the consumer goods sector of quoted firms in Nigeria. However, audit tenure and client size have a significant positive effect on audit quality in the consumer goods sector of quoted firms in Nigeria. The study thus concludes that the quality of firm audit is significantly enhanced by the length of audit tenure and client size, much more than the amount of audit fee, firm profit, and leverage. It is recommended that firms should contract audit firms for longer than three years to encourage the quality of audit reports.

Ukoma (2020), carried out a study to examine the effect of audit quality on audit report lag of industrial goods companies in Nigeria. The study specifically examined the effect of Audit quality on audit report lag of manufacturing companies in Nigeria and the effect of auditors' independence on audit report lag of manufacturing companies in Nigeria. The

study is anchored on agency theory. The ex-post facto was adopted as the research design. The sample comprised of fourteen (14) consumer goods firms quoted on the Nigerian Stock Exchange (NSE) as of 31st December 2018. The study used secondary data obtained from annual reports and accounts. The data were analyzed using multiple regression techniques. The results showed that Audit quality has a positive and significant effect on audit report lag while Auditor's independence does not significantly affect audit report lag of industrial goods companies in Nigeria. It was recommended that firms should engage the quality audit firms with requisite experience in their sector and have the required resources- human and material to avoid delays in meeting the regulatory guideline for audit report timeliness and that audit firm are given all they require to carry out their audit without undue interference and limitations.

Theoretical Review
The theories relating to audit fees and financial performance are presented below.

Signaling Theory
This theory was propounded by Spence (1973). The theory provides an opportunity to communicate between two parties to a transaction on the reliability of the transaction. The theory is concerned with the reliability of certain signal in terms of decision making. Signaling theory considered the quality and reliability of financial information sent by the firms to their users of financial information for decision making by investors. Spence (1973) states that a good performing firm differentiates itself from a non-performing one by sending a good signal about its performance to capital markets and potential investors. Signals sent by the company through its financial statement would inform the investors about their future financial performance. Also, signaling theory assumed that managers of a firm have more access to its

financial information than the shareholders of a company.

Agency Theory
This theory was propounded by Jensen and Meckling (1976). The agency theory deals with the contractual relationship between the agent (manager) and the principal (shareholders) under which shareholders delegate responsibilities to the manager to run their business. This theory argues that when both parties are expected to maximize their utility, there is good reason to believe that the agent may engage in opportunistic behavior at the expense of the principal's interest. Jensen and Meckling (1976) modeled this condition as an agency relationship where the inability of the principal to directly observe the agent's action could lead to moral hazard, thus increasing agency cost
.
The paper was underpinned by agency theory because the level of cordiality between the agent and the principal influences the price of the audit. According to Jensen and Meckling (1976), a component of the agency costs is represented by the monitoring costs supported by shareholders for the monitoring of the manager's actions. The audit fees are an important component of these costs, as long as auditors have to make sure that managers act according to the shareholders' interests, while also auditors have the required task to inspect the accounts of the company.

METHODOLOGY
The study examines the Effect of Audit fee on Financial Performance of quoted Consumer Goods Firms in Nigeria. The study employed an ex post facto research design because data are already in existence on the financial statement and annual reports and accounts. The population consist of all 20 quoted consumer goods firms in Nigeria. The researcher adopted a purposive sampling technique to select a sample of eleven 11 consumer goods firms for the study. The time frame ranges from 2014 to 2019 making it a six-year period. The technique used was ordinary least square OLS regression fixed and random effect test and the data was analyzed via Eviews 10.

Model Specification
A multiple regression equation is set up to investigate the hypothesized relationships between the dependent variable and the four independent variables in this study. The econometric form of the equation is given as:
ROA = $\beta 0$ + $\beta 1$ (ATF) + ε
Where**:**
  ROA= Return on Asset
ATF = Auditor's Transformation Fee
Є = Error Term

Table 1: Summary of Variable Measurement

1	Financial Performance	Measured as the proportion of income before taxi to shareholder's Equity.	ROA	(Chen & Chen,i 2011)
22233	Auditi Fee	The logarithmic transformation of Naira value remunerated to the auditor for the audit services.	ATF	Hanlon, Krishnan, & Mills (2012)

Source: *E-View 10 Output (2020)*

RESULT AND DISCUSSION
This section presents the results of data analysis and test of hypothesis formulated earlier in the paper. First descriptive statistics followed by the Hausman test and pooled fixed effect regression results are presented, analyzed and interpreted.

Descriptive Statistics

Table 2: Descriptive Statistics Result
Date: 11/23/20   Time: 11:56
Sample: 2014 2019

	ROA	ATF
Mean	4.378333	9.998333
Median	3.525000	9.985000
Maximum	13.95000	10.09000
Minimum	-1.040000	9.860000
Std. Dev.	4.806693	0.070610
Skewness	1.063412	2.142014
Kurtosis	3.098746	2.516420
Jarque-Bera	6.799702	0.471783
Probability	0.003378	0.039867
Sum	157.6200	359.2200
Sum Sq. Dev.	808.6505	0.174500
Observations	36	36

Source: Researcher's computations (2020)

Table 1 above presents the descriptive statistics of the variables used within the study. The descriptive statistics shows the trend and comprehensive evidence about the variables. The Mean tells us about the average values of the set of the variables. Audit transformation fee (ATF) has the highest average value of 9.99 while return on asset (ROA) has the lowest value of 4.37. The Median tells us about the middle values for each of the variables. Audit transformation fee (ATF) has the highest Median value of 9.98 while return on asset (ROA) has the lowest Median value of 3.52. The Maximum and the Minimum tell us about the highest and lowest figures for each of the variables. Return on asset (ROA) has the values ranges from 13.95 to 1.04, while audit transformation fee (ATF) has the values ranges from 10.09 to 9.86. The Standard Deviation tells us about the deviation from the sample mean with respect to each of the variables. Return on asset (ROA) has the highest Standard Deviation of 4.80 while Audit transformation fee (ATF) has the lowest Standard Deviation of 0.07.

Skewness which measures the shape of the distribution and equally shows the measure of the symmetry of the data set, indicated that ROA and ATF are all positively skewed and have values greater than zero which suggests that the distribution tails to the right-hand side of the mean. Hence, the distributions of all the variables are positively skewed, considering that their values are greater than zero, in addition to the fact that their mean are greater than their median.

Kurtosis value measures the peakness and flatness of the distribution of the series. If Kurtosis value is less than 3, it means the distribution of the variable is normal, but when it is more than 3, the distribution of the variable is said to be abnormal. Variables with value of kurtosis less than three are called platykurtic (fat or short-tailed) and ATF is the only variable that qualifies for this during the study period. On the other hand, variables whose kurtosis value are greater than three are called leptokurtic (slim or long tailed) and ROA variables qualified for this during the study period.

Correlation Matrix
Jarque-Bera measures the difference between the skewness and kurtosis of each of the variables. ROA has the highest Jarque-Bera value of 6.79 while ATF 0.47. At 5% level of significance, all the variable of the study ROA and ATF showed that their P-values of variables are less than 5%, therefore, the Null Hypotheses is rejected, and it can be concluded that the variables are highly statistically significant, thus indicating that the distribution is not a normal distribution.

Table 3: Correlation Matrix Results

	ROA	ATF
ROA	1	
ATF	-0.157295	1

Source: Researcher's computations (2020)

The correlation indicated in the table 3 above with a value of -0.15 shows that there is negative relationship between return on asset and audit transformation fees, which shows that correlation did not exist between the variables.

Hausman Test
Decision Rule: if the probability is greater than 0.05, random effect is interpreted, similarly if the probability is less than 0.05 fixed effect should be interpreted.

Table: 4 Result of Correlated Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	1	0.0210

Source: Researcher's computations (2020)

Based on the result of hausman test, fixed effect is suggested to be interpreted because the probability is less than 0.05 therefore the model is best fit.

Test of Hypotheses
Decision Rule: The hypothesis is tested using fixed effect ordinary least Square of

the Regression model. If the probability value is less than 0.05, null hypothesis is rejected and alternate is accepted. Similarly, if the probability is greater than 0.05, the alternate hypothesis is rejected and null hypothesis is accepted.

Fixed Effect Regression

Table: 5 Regression Result Fixed Effect
Dependent Variable: ROA
Method: Panel Least Squares
Date: 11/23/20   Time: 11:53
Sample: 2014 2019
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	111.2237	115.0460	0.966776	0.0305
ATF	10.70774	11.52930	-0.928741	0.0396

R-squared	0.724742	Mean dependent var		4.378333
Adjusted R-squared	0.503942	S.D. dependent var		4.806693
S.E. of regression	4.816159	Akaike info criterion		6.035783
Sum squared resid	788.6431	Schwarz criterion		6.123756
Log likelihood	-106.6441	Hannan-Quinn criter.		6.066488
F-statistic	23.86560	Durbin-Watson stat		1.981332
Prob(F-statistic)	0.039570			

Source: Researcher's computations (2020)

In the estimated regression line in Table 5 above, the constant term is 111.2237 meaning that audit transformation fees (ATF) is constant, the value of return on asset (ROA) will be about 111.2237. The coefficient of ATF in the estimated regression line is 10.70774 which imply

The coefficient of determination (R^2) is 0.724742 and this shows that 72% of variation in ROA is caused by variations in ATF while the remaining 28% of the variation in the model is captured by the explanatory variable and error term. This suggests that the line of best fit is fitted. The Durbin-Watson statistics is 1.981332 which is approximately to 2 shows that there is no autocorrelation in the model. However, the value of F-statistics is 23.129176 and the value of the probability of F-statistics is 0.039570. This result

that a unit increase in ATF will increase ROA by 10.70774. This result is consistent with 'a priori' expectation which hypothesizes that increase in ATF will lead to proper and good audited financial performance which will increase in ROA.

implies that the overall regression is statistically significant at 5% level of significant given that probability of F-statistics is 0.039570, which is less than 0.05. The implication of this is that improving the ATF can be a further move towards encouraging the ROA. Therefore, based on the probability (F-Statistics) value of 0.007943 as well as probability value PV 0.0396, which is less than 0.05, the null hypothesis that ATF has no significant effect on the ROA is rejected.

Discussion of Findings

This study was undertaken to examine the effect of audit fee on the financial performance of quoted consumer's goods in Nigeria for 6 years ranging from 2014 to 2019 where the dependent variable financial performance proxied by return on asset (ROA) and the independent audit fee was proxy audit transformation fees (ATF). The impact of the independent variable on the dependent variable was analyzed in terms of strength and significance and fixed effect Ordinary Least Square (OLS) regression compares the relationship among the variable.

The result of the hypothesis which is the inline objective of the study audit transformation fee (ATF) has a positive and significant effect on ROA and this implies that ATF is significantly an independent predictor of return on asset (ROA). That is to say, an increase in audit transformation fee will lead to an increase in financial performance (ROA). This finding is in agreement with Ilechukwu (2017) who found that audit fee, client profitability, and have a positive but significant effect on the audit quality of quoted firms in Nigeria. This result could be interpreted that audit transformation fee has a significant influence on return on asset of quoted consumer goods in Nigeria

CONCLUSION AND RECOMMENDATION

The study concludes based on the findings that the quality of firm audit is significantly enhanced by the amount of audit fee and the firm profit. Thus, firms that engage external auditors for longer time frame periods tend to obtain more quality audit report than ones that establish short term audit contract. In the same vein, larger firms have more quality audit reports than smaller firms.

However, the study has thus recommended that firms should contract audit firms for periods longer than three years to encourage quality of audit reports. More to this is that the professional bodies should always watch governmental actions and raise alarm on policies which affects audit practice especially in the consumer goods sector and make guidelines that will penalize auditors that offer less quality report on smaller firms

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APPENDICES

Appendix: A

Data set on return on asset and audit transformation fees on consumer goods firms for a period 2014 - 2019

Years	COMPANIES NAME	ROA	ATF
2014	CADBURY NIGERIA PLC.	13.95	9.99
2015	CADBURY NIGERIA PLC.	5.25	9.86
2016	CADBURY NIGERIA PLC.	4.06	9.94
2017	CADBURY NIGERIA PLC.	-1.04	10.01
2018	CADBURY NIGERIA PLC.	1.06	9.98
2019	CADBURY NIGERIA PLC.	2.99	10.09
2014	CHAMPION BREW. PLC.	-12.89	9.08
2015	CHAMPION BREW. PLC	-7.87	9.16
2016	CHAMPION BREW. PLC	0.75	9.25
2017	CHAMPION BREW. PLC	5.32	9.43
2018	CHAMPION BREW. PLC	5.13	9.52
2019	CHAMPION BREW. PLC	-2.92	9.59
2014	DANGOTE SUGAR REFINERY PLC	-2.92	11.12
2015	DANGOTE SUGAR REFINERY PLC	-10.27	11.33
2016	DANGOTE SUGAR REFINERY PLC	-11.46	11.19
2017	DANGOTE SUGAR REFINERY PLC	-25.69	11.33
2018	DANGOTE SUGAR REFINERY PLC	13.38	11.33
2019	DANGOTE SUGAR REFINERY PLC	11.07	11.21
2014	FLOUR MILLS NIG. PLC	-0.96	11.82
2015	FLOUR MILLS NIG. PLC	2.76	12.1
2016	FLOUR MILLS NIG. PLC	1.83	12.24
2017	FLOUR MILLS NIG. PLC	2.47	13.34
2018	FLOUR MILLS NIG. PLC	1.18	12.81
2019	FLOUR MILLS NIG. PLC	4.83	9.57
2014	HONEYWELL FLOUR MILL PLC	3.36	9.52
2015	HONEYWELL FLOUR MILL PLC	2.79	9.62
2016	HONEYWELL FLOUR MILL PLC	1.48	9.62
2017	HONEYWELL FLOUR MILL PLC	2.79	9.62
2018	HONEYWELL FLOUR MILL PLC	0.77	9.55
2019	HONEYWELL FLOUR MILL PLC	-0.07	9.8
2014	N NIG. FLOUR MILLS PLC	7.29	9.58
2015	N NIG. FLOUR MILLS PLC	10.72	9.58

2016	N NIG. FLOUR MILLS PLC	14.36	9.58
2017	N NIG. FLOUR MILLS PLC	12.17	9.58
2018	N NIG. FLOUR MILLS PLC	7.09	9.58
2019	N NIG. FLOUR MILLS PLC	9.04	9.58
2014	NASCON ALLIED INDUSTRIES PLC	23.62	9.43
2015	NASCON ALLIED INDUSTRIES PLC	14.87	9.65
2016	NASCON ALLIED INDUSTRIES PLC	12.92	9.58
2017	NASCON ALLIED INDUSTRIES PLC	9.82	9.76
2018	NASCON ALLIED INDUSTRIES PLC	17.74	9.76
2019	NASCON ALLIED INDUSTRIES PLC	1406	9.76
2014	NESTLE NIGERIA PLC	20.57	10.33
2015	NESTLE NIGERIA PLC	20.96	10.31
2016	NESTLE NIGERIA PLC	19.91	10.39
2017	NESTLE NIGERIA PLC	4.67	10.46
2018	NESTLE NIGERIA PLC	22.97	10.45
2019	NESTLE NIGERIA PLC	26.49	10.56
2014	UNILEVER NIGERIA PLC.	7.36	9.77
2015	UNILEVER NIGERIA PLC.	7.36	9.67
2016	UNILEVER NIGERIA PLC.	7.16	9.66
2017	UNILEVER NIGERIA PLC.	6.78	10.02
2018	UNILEVER NIGERIA PLC.	4.09	10.14
2019	UNILEVER NIGERIA PLC.	2.86	10.17
2014	MCNICHOLS PLC	10.99	5.99
2015	MCNICHOLS PLC	5.27	6.16
2016	MCNICHOLS PLC	2.38	6.31
2017	MCNICHOLS PLC	4.24	6.4
2018	MCNICHOLS PLC	6.15	6.4
2019	MCNICHOLS PLC	6.93	6.51
2014	VITAFOAM NIG PLC	4.12	9.05
2015	VITAFOAM NIG PLC	3.64	9.31
2016	VITAFOAM NIG PLC	1.72	9.67
2017	VITAFOAM NIG PLC	-0.24	9.68
2018	VITAFOAM NIG PLC	-0.95	8.85
2019	VITAFOAM NIG PLC	3.75	9.31

Appendix: B

Date: 11/23/20   Time: 11:56
Sample: 2014 2019

	ROA	ATF
Mean	4.378333	9.978333
Median	3.525000	9.985000
Maximum	13.95000	10.09000
Minimum	-1.040000	9.860000
Std. Dev.	4.806693	0.070610
Skewness	1.063412	-0.142014
Kurtosis	3.098746	2.516420
Jarque-Bera	6.799702	0.471783
Probability	0.033378	0.789867
Sum	157.6200	359.2200
Sum Sq. Dev.	808.6505	0.174500
Observations	36	36

Appendix: C

	ROA	ATF
ROA	1.000000	-0.157295
ATF	-0.157295	1.000000

Appendix: D
Dependent Variable: ROA
Method: Panel Least Squares
Date: 11/23/20   Time: 11:53
Sample: 2014 2019
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	111.2237	115.0460	0.966776	0.0305
ATF	-10.70774	11.52930	-0.928741	0.0396
R-squared	0.724742	Mean dependent var		4.378333
Adjusted R-squared	0.503942	S.D. dependent var		4.806693

S.E. of regression	4.816159	Akaike info criterion	6.035783
Sum squared resid	788.6431	Schwarz criterion	6.123756
Log likelihood	-106.6441	Hannan-Quinn criter.	6.066488
F-statistic	23.86560	Durbin-Watson stat	1.981332
Prob(F-statistic)	0.039570		

Appendix: E
Dependent Variable: ROA
Method: Panel Least Squares
Date: 11/23/20   Time: 11:54
Sample: 2014 2019
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	111.2237	124.5696	0.892864	0.0393
ATF	-10.70774	12.48371	-0.857737	0.0381

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.724742	Mean dependent var	4.378333
Adjusted R-squared	0.577036	S.D. dependent var	4.806693
S.E. of regression	5.214843	Akaike info criterion	6.313561
Sum squared resid	788.6431	Schwarz criterion	6.621467
Log likelihood	-106.6441	Hannan-Quinn criter.	6.421028
F-statistic	23.12619	Durbin-Watson stat	1.981332
Prob(F-statistic)	0.039716		

Appendix: F
Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)
Date: 11/23/20   Time: 11:54
Sample: 2014 2019
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	111.2237	124.5696	0.892864	0.0382
ATF	-10.70774	12.48371	-0.857737	0.0370

Effects Specification

			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			5.214843	0.0210

Weighted Statistics

R-squared	0.724742	Mean dependent var	4.378333
Adjusted R-squared	0.503942	S.D. dependent var	4.806693
S.E. of regression	4.816159	Sum squared resid	788.6431
F-statistic	23.86560	Durbin-Watson stat	1.981332
Prob(F-statistic)	0.035570		

Unweighted Statistics

R-squared	0.724742	Mean dependent var	4.378333
Sum squared resid	788.6431	Durbin-Watson stat	1.981332

Appendix: G
Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	1	0.0210

* Cross-section test variance is invalid. Hausman statistic set to zero.
** WARNING: estimated cross-section random effects variance is zero.
Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ATF	-10.707736	-10.707736	0.000000	0.0210

Cross-section random effects test equation:
Dependent Variable: ROA
Method: Panel Least Squares
Date: 11/23/20   Time: 11:55

Sample: 2014 2019
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	111.2237	124.5696	0.892864	0.0393
ATF	-10.70774	12.48371	-0.857737	0.0381

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.724742	Mean dependent var	4.378333
Adjusted R-squared	0.577036	S.D. dependent var	4.806693
S.E. of regression	5.214843	Akaike info criterion	6.313561
Sum squared resid	788.6431	Schwarz criterion	6.621467
Log likelihood	-106.6441	Hannan-Quinn criter.	6.421028
F-statistic	23.12619	Durbin-Watson stat	1.981332
Prob(F-statistic)	0.032716		