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Audit committee and financial Reporting Quality of Listed Non-Financial Firms in Nigeria: Moderating Role of Firm Age

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Abstract

This study investigates the effect of audit committee characteristics on financial reporting quality of listed non-financial firms in Nigeria, with firm age examined as a moderating variable. The study covered 92 firms over the period 2012 to 2024. Financial reporting quality was measured using discretionary accruals, while audit committee characteristics were captured through financial expertise, size, independence, and gender diversity. The data were analysed using Ordinary Least Squares regression, with robustness tests conducted to validate the findings. The results reveal that audit committee financial expertise has a positive and significant effect on financial reporting quality, indicating that the presence of members with professional accounting and finance knowledge improves the credibility of reports. Firm age was also found to exert a positive and significant effect, showing that older firms, with stronger governance structures and institutional learning, produce higher quality financial reports. Importantly, the moderating analysis demonstrated that firm age strengthens the effect of audit committee independence on financial reporting quality, suggesting that independence in older firms becomes more effective due to accumulated governance experience and heightened stakeholder scrutiny. Based on the findings, the researchers recommend that firms should prioritise the inclusion of members with financial expertise on audit committees to ensure informed oversight, strengthen independence of audit committees while providing adequate regulatory enforcement to limit managerial influence, and design targeted governance capacity-building initiatives for younger firms to compensate for their lack of institutional maturity compared to older firms.

Keywords: Audit committee financial reporting quality firm age



Introduction

Financial Reporting Quality (FRQ) encompasses the accuracy, reliability, and timeliness of financial statements, ensuring they present a true and fair view of a firm's financial position. Globally, concerns over FRQ have intensified in the aftermath of corporate failures and financial crises, which prompted stricter regulatory reforms aimed at improving transparency and strengthening investor confidence. Across Africa, the adoption of the International Financial Reporting Standards (IFRS) has further supported efforts to enhance the quality, uniformity, and comparability of financial reporting. In Nigeria, regulatory agencies have continued to emphasise compliance with IFRS and corporate reporting guidelines, reflecting the country's growing commitment to high-quality disclosure practices. Recent empirical work illustrates both progress and persisting challenges. For instance, Abdullahi (2024) assessed the influence of audit committee independence and expertise on FRQ in Nigerian commercial banks and found that while independence showed a negative effect, expertise had a positive though statistically insignificant impact on reporting quality.

African countries, including Nigeria, have adopted similar governance reforms. Nigerian studies continue to demonstrate the significance of audit committee composition in improving FRQ. For example, research by Kantudu and Alhassan (2022) showed that larger audit committees with financial experts and shareholder representation reduced earnings management in non-financial firms, thereby enhancing FRQ. Correspondingly, Okonkwo et al. (2021) reported that financial expertise and independence within audit committees positively influenced FRQ among firms in the industrial goods sector.

Firm age defined as the number of years a company has operated adds another dimension to the FRQ discourse. Internationally, older firms are often perceived as more stable and experienced, with established reporting systems that support higher FRQ (Yohanna et al., 2024). Younger firms, in contrast, may struggle with underdeveloped structures and limited institutional knowledge (Li et al, 2018). In Nigeria, firm age similarly shapes corporate governance and performance outcomes. Older firms may possess deeper resources and more entrenched mechanisms that support effective audit committees and stronger FRQ (Edeh et al., 2023). However, empirical work directly examining how firm age interacts with audit committee attributes to influence FRQ in Nigeria remains scarce, marking a gap this study seeks to fill (David & Garcia-Cestona, 2023; Edeh, 2023; Yohanna et al., 2024).

Given the critical oversight responsibilities of audit committees, their influence on FRQ can manifest in both positive and negative ways. Effective committees characterised by independence, financial expertise, and adequate size tend to strengthen monitoring, curb earnings manipulation, and enhance the credibility of financial statements. Conversely, weak audit committees lacking expertise or independence may fail to prevent or detect reporting irregularities, thereby undermining FRQ. Abdullahi's (2024) findings reinforce this dual influence, demonstrating that while expertise contributes positively, independence can sometimes have unintended negative implications for reporting outcomes.

Firm age may further moderate how audit committees affect FRQ. Older firms, with their more developed structures, may leverage audit committee effectiveness more efficiently, thereby achieving higher FRQ. Meanwhile, younger firms may not fully benefit from audit committee strength due to immature governance arrangements or weak internal controls. However, the lack of empirical evidence examining this moderating role particularly within Nigeria's non-financial sector signals an important gap in existing scholarship.

Nigeria's non-financial firms face distinct reporting and governance challenges. Issues such as inadequate internal controls, limited financial expertise within audit committees, and weak governance frameworks



can undermine reporting quality and impair stakeholder confidence. Although studies like Kantudu and Alhassan (2022) suggest that certain audit committee characteristics reduce earnings manipulation, other research shows that features such as independence or gender diversity may not significantly affect FRQ. These inconsistencies reveal gaps in the literature concerning which audit committee attributes are most impactful within the Nigerian non-financial sector.

Despite the volume of research on audit committee characteristics and FRQ, little attention has been given to moderating variables that could shape this relationship. The limited exploration of firm age is particularly notable, as it is a structural factor capable of influencing governance strength and reporting outcomes. Moreover, most existing studies have focused on financial institutions, leaving non-financial sectors under-represented and limiting the broader applicability of earlier findings. Given evolving corporate governance practices, continuous research is necessary to capture new developments and their implications for FRQ.

This study is especially timely in light of recent developments in Nigeria's non-financial sector. Several listed firms, such as Oando PLC, have publicly disclosed delays in releasing audited financial statements due to complex internal control issues. At the same time, scholars continue to highlight persistent audit-report lags linked to weak governance structures and under-resourced audit committees (Aifuwa et al., 2020). With regulatory bodies such as the Financial Reporting Council—increasing pressure on firms to enhance transparency, reduce reporting delays, and rebuild investor trust, investigating how audit committee effectiveness interacts with firm age to influence FRQ has become critically important (Ibrahim et al., 2023).

Furthermore, non-financial firms including those in manufacturing, services, and agriculture constitute a vital component of Nigeria's economy, contributing significantly to GDP, industrial activity, and employment. Recent national statistics indicate that Nigeria's GDP grew by 3.46% year-on-year in the third quarter of 2024, with the services sector alone contributing more than half of total output. Given this substantial economic role, ensuring high FRQ in non-financial firms is essential for informed investment decisions and long-term economic stability. By examining the moderating influence of firm age on the relationship between audit committees and FRQ, this study fills a significant gap in the literature and provides insights capable of strengthening corporate governance practices in this strategic sector.

Theoretical Framework and Hypotheses Development

Agency Theory

Agency theory, as advanced by Michael C. Jensen and William H. Meckling (1976), provides a foundational framework for understanding governance challenges within modern corporations. The theory conceptualizes the firm as a nexus of contracts in which principals (shareholders) delegate decision-making authority to agents (managers). While this delegation is necessary due to the separation of ownership and control, it inherently introduces agency problems arising from divergent objectives, risk preferences, and information asymmetry between the two parties. Managers, who are assumed to be self-interested and utility-maximizing, may pursue personal benefits such as empire building, earnings manipulation, or opportunistic compensation schemes at the expense of shareholders' wealth maximization goals. This divergence is exacerbated by information asymmetry, as managers possess superior access to internal financial and operational information, thereby enabling them to obscure true firm performance (Ola & Ijwo, 2023).



Within the area of financial reporting quality (FRQ), agency theory predicts that managers may engage in earnings management, accounting manipulation, or selective disclosure practices to present a more favorable view of the firm's financial position and performance. Such opportunistic behavior undermines the reliability, relevance, and transparency of financial reports, ultimately impairing investors' decision-making and increasing the cost of capital. Consequently, mechanisms that align the interests of managers with those of shareholders, or that enhance monitoring and control, become essential in mitigating agency conflicts and improving FRQ.

One of the most critical internal governance mechanisms designed to address these challenges is the audit committee. Positioned as a sub-committee of the board of directors, the audit committee serves as an independent oversight body responsible for monitoring the integrity of financial reporting processes, the effectiveness of internal controls, and the performance and independence of external auditors (Li et al., 2020). From an agency theory perspective, the audit committee acts as a monitoring device that reduces information asymmetry and constrains managerial opportunism by subjecting financial reporting practices to rigorous scrutiny.

The effectiveness of audit committees in enhancing FRQ is largely contingent upon specific structural and compositional attributes. Independence is paramount, as non-executive and independent directors are more likely to provide unbiased oversight and challenge management decisions without conflicts of interest. Financial expertise among committee members is equally critical, as it equips them with the technical competence required to understand complex accounting issues, detect irregularities, and engage effectively with auditors. Additionally, the size of the audit committee influences its effectiveness; while a larger committee may provide a broader range of expertise and perspectives, excessively large committees may suffer from coordination and free-rider problems. Gender diversity has also gained prominence in recent literature, with evidence suggesting that diverse boards and committees exhibit enhanced monitoring, ethical sensitivity, and decision-making quality (Gebrayel et al., 2018).

Furthermore, the relationship between audit committee effectiveness and FRQ may be moderated by firm-specific characteristics, particularly firm age. Older firms typically possess more established governance structures, standardized internal processes, and reputational capital built over time. These attributes may complement the monitoring role of audit committees, thereby amplifying their effectiveness in ensuring high-quality financial reporting. In contrast, younger firms often face evolving organizational structures, limited internal controls, and higher growth pressures, which may constrain the effectiveness of audit committees and increase the likelihood of financial reporting irregularities.

Stakeholders Theory

Stakeholder theory, most prominently advanced by R. Edward Freeman (1984), extends the traditional shareholder-centric view of the firm by positing that organizations are accountable to a broad network of stakeholders, including employees, customers, suppliers, creditors, regulators, and the wider community. Unlike agency theory, which prioritizes the principal-agent relationship, stakeholder theory emphasizes the interdependent relationships between the firm and all parties that can affect or be affected by its operations. This perspective underscores that long-term organizational success is contingent upon the firm's ability to balance and satisfy the often-competing interests of these diverse stakeholder groups (Yohanna et al., 2024).

Within the context of financial reporting quality (FRQ), stakeholder theory provides a compelling rationale for the production of transparent, reliable, and comprehensive financial information. High-quality financial reporting is not solely a mechanism for reducing information asymmetry between managers and shareholders; rather, it serves as a critical communication tool that addresses the informational needs of multiple stakeholder groups. For instance, employees rely on financial reports to assess job security and organizational stability, creditors use them to evaluate creditworthiness and



repayment capacity, while regulators and the public depend on them for accountability and compliance monitoring. Consequently, poor financial reporting quality can erode stakeholder trust, damage corporate reputation, and ultimately threaten organizational sustainability.

Audit committees play a central role in operationalising stakeholder theory within corporate governance frameworks. As oversight bodies, they are tasked with ensuring that financial disclosures are accurate, transparent, and reflective of the firm's true economic position. From a stakeholder perspective, the effectiveness of audit committees is not only measured by their ability to protect shareholders' interests but also by their capacity to safeguard the informational rights of all stakeholders. This broader accountability necessitates a composition that reflects diversity in perspectives, skills, and experiences.

In this regard, audit committee characteristics such as gender diversity and varied professional expertise become particularly significant. Gender-diverse committees are often associated with enhanced ethical sensitivity, improved deliberation, and reduced likelihood of opportunistic financial reporting practices. Similarly, members with diverse expertises spanning accounting, finance, law, and industry-specific knowledge are better positioned to scrutinize complex financial disclosures and ensure that reports are both comprehensive and understandable to a wide audience (Edeh et al., 2023). Such diversity strengthens the committee's ability to address multifaceted stakeholder concerns, thereby improving the overall quality and credibility of financial reporting.

Moreover, the effectiveness of audit committees in promoting FRQ within a stakeholder-oriented framework may be contingent upon firm-specific dynamics, particularly firm age. Older firms typically have more established stakeholder relationships, institutionalized reporting systems, and accumulated reputational capital. These firms are often subject to greater public scrutiny and have stronger incentives to maintain high standards of transparency and accountability. As a result, the presence of a robust and diverse audit committee in such firms is likely to have a more pronounced positive effect on FRQ, as it builds upon already mature governance and reporting structures. Conversely, younger firms may still be in the process of developing stakeholder engagement mechanisms and formalized reporting practices, which could limit the immediate impact of audit committee effectiveness on financial reporting outcomes.

Based on the arguments in the theories above the study formulated the following hypotheses

H01 Audit committee financial expertise does not have significant effect on financial reporting quality of listed non-financial firms in Nigeria.

H02 Audit committee size does not have significant effect on financial reporting quality of listed non-financial firms in Nigeria.

H03 Audit committee independence does not have significant effect on financial reporting quality of listed non-financial firms in Nigeria.

H04 Audit committee gender diversity does not have significant effect on financial reporting quality of listed non-financial firms in Nigeria.

H05 Firm age does not have significant effect on financial reporting quality of listed non-financial firms in Nigeria.

H06 Firm age does not significantly moderate the effect of audit committee financial expertise on financial reporting quality of listed non-financial firms in Nigeria.



H07 Firm age does not significantly moderate the effect of audit committee size on financial reporting quality of listed non-financial firms in Nigeria.

H08 Firm age does not significantly moderate the effect of audit committee independence on financial reporting quality of listed non-financial firms in Nigeria.

H09 Firm age does not significantly moderate the effect of audit committee gender diversity on financial reporting quality of listed non-financial firms in Nigeria.

Method

This study adopts a correlational research design and ex-post facto data. The correlational research design is appropriate because the study sought to examine the relationships and effect of the audit committee, firm age, and financial reporting quality (FRQ) without manipulating any variables (Saunders et al., 2019; Kothari, 2004). Since the study examines the effect of an independent variable on a dependent variable retrospectively, correlational approach is suitable (Gujarati & Porter, 2020).

The study focuses on 106 listed non-financial firms in Nigeria as of 2024. Non-financial firms operate in diverse industries such as manufacturing, services, and agriculture, making them critical for economic analysis {Nigeria Exchange Group (NGX), 2023}. Additionally, financial firms have different regulatory frameworks that impact financial reporting, necessitating their exclusion (Ali et al., 2022).

This research therefore adopts a sample size of 92 firms, determined using the G-Power software, which provides a statistically grounded method for calculating adequate sample sizes for quantitative studies. G-Power is a widely recognised statistical tool for sample size determination because it allows researchers to specify important parameters such as the effect size, desired statistical power, level of significance, and the number of predictors (Faul et al., 2009; Hair et al., 2022). By incorporating these parameters, G-Power ensures that sample is neither too small to detect significant effects (thereby risking Type II errors) nor unnecessarily large, which could result in resource inefficiencies without providing additional analytical benefits. For this study, the power level was set at 0.95, which is the conventional threshold in social science research, meaning there is 95% chance of detecting an effect if one truly exists (Cohen, 1992). The significance level (α) was fixed at 0.05, consistent with standard scientific practice. The effect size was determined based on prior studies on corporate governance and tax aggressiveness (e.g., Hanlon & Heitzman, 2019; Onyeka & Ubesie, 2023), ensuring that the sample size calculation was grounded in established empirical benchmarks.

Sampling Technique

The nature of the population of this study, which comprises 106 listed non-financial firms in Nigeria, necessitates the use of a sampling approach that ensures fair representation across the various subsectors. To achieve this, the study adopts a two-stage sampling technique designed to enhance representativeness and reduce sampling bias, thereby improving the generalisability of the findings (Saunders et al., 2019).

In the first stage, a proportionate stratified sampling technique was applied to allocate the sample size (92 firms) across the 12 subsectors of the non-financial sector. This ensures that each subsector is represented in proportion to its size within the overall population. The rationale for using



proportionate stratified sampling is that the non-financial sector is heterogeneous, consisting of diverse subsectors with potentially differences. Stratifying by subsector ensures that the variability across subsectors is reflected in the sample, reducing sampling error and increasing the precision of estimates (Etikan & Bala, 2017).

In the second stage, a simple random sampling technique was applied to select firms from each subsector's population, based on the sample proportion determined in the first stage. This ensures that every firm within each subsector has an equal chance of being included in the sample. The simple random selection process was implemented, which provide reliable randomisation functions, thereby eliminating human biases in the selection process (Hair et al., 2022).

Table1:Sample Distribution by Sector

Sector	Population	Sample	Percentage of Sample	Percentage of Population
Agriculture	05	05	5.44	4.72
Conglomerates	6	6	6.52	5.66
Construction & Real Estate	10	8	8.70	7.55
Consumer Goods	20	18	19.57	16.98
Healthcare	7	7	7.60	6.60
ICT	8	5	5.44	4.72
Industrial Goods	13	10	10.86	12.26
Investment	1	0	0	0
Natural Resources	4	4	4.35	3.77
Oil and Gas	9	8	8.70	7.55
Services	22	21	22.82	19.81
Utility	2	0	0	0
Total	106	92	100	89.62

Source: Researcher's Compilation (2025)

The study relies on secondary data sourced from the audited financial reports of listed firms, NigerianExchangeGroup(NGX)publications,andregulatoryfilings.Secondarydataisappropriate as it provides reliable and verifiable records essential for financial research (Egbunike & Abiahu, 2017). Additionally, the use of publicly available financial data ensures objectivity and enhances comparability across firms (Healy &Wahlen, 1999).

The study employs Generalized Least Squares (GLS) regression to analyze the data. GLS is justified because; It addresses heteroscedasticity issues that may arise in panel data (Wooldridge, 2021). GLS produces efficient and unbiased estimates compared to Ordinary Least Squares (OLS) in the presence of panel-specific heterogeneity (Baltagi, 2021). Given the nature of the dataset (firm-year observations), GLS is preferred over other methods (Gujarati & Porter, 2020).

Variables and Measurements

The study includes dependent, independent, moderating, and control variables. Table 3.1presents their definitions and measurements.



Table2: Variables and Their Measurements

Variable	Type	Measurement	Source
Financial Reporting Quality	Dependent	Discretionary accruals	Baltagi (2021) Mbodo and Ntiedo, (2016).
Audit Committee Financial Expertise	Independent	Proportion of audit committee members with financial expertise such as member of accounting and Finance professional bodies.	Bravo and Reguera-Alvarado (2021) ; Majiyebo et al. (2018)
Audit Committee Size	Independent	Total number of members in the audit committee	Majiyeboet al.(2018); Setia and Sudaryono (2023)
Audit Committee Independence	Independent	Proportion of independent directors in the audit committee	Kibiya (2016) Agyei- Mensah et al.(2019)
Audit Committee Gender Diversity	Independent	Proportion of female members in the audit committee	Bravo and Reguera-Alvarado (2021) ; Majiyebo et al. (2018)
FirmAge	Moderating	Age of firm date of listing	Majiyeboet al.(2018); Setia and Sudaryono (2023)

Source: Author Compilation (2025)

Model Specification

The model of the Discretionary accruals for the dependent variable is estimated as follows;

The study adopts the discretionary accruals (DA) model by using total accruals (TA) adjusted for insurance-specific variables, mainly claim reserves and policy liabilities, rather than focusing on revenue and receivables.

Estimated the total accrual

$$TA_{it} = NI_{it} - CFO_{it}$$

Where:

TA_{it} =Total accrual

NI_{it} =Net income before extraordinary items of firm i in year t



=Cash flow from operating activities of firm i in year t

Estimate Non-Discretionary Accruals (NDA)

$$\frac{TA_{it}}{A_{it-1}} = \alpha_1 \left(\frac{1}{A_{it-1}} \right) + \beta_1 \left(\frac{\Delta REV_{it} - \Delta REC_{it}}{A_{it-1}} \right) + \beta_2 \left(\frac{PPE_{it}}{A_{it-1}} \right) + e_{it}$$

The study adjusted for non-financial firm specific drivers of accruals, using revenue, receivable property, plant & equipment (PPE):

Where:

A_{it-1} = Total assets at the beginning of year t

ΔREV

= Change in revenue

ΔREC

=Change in receivable

PPE_{it} = Property, plant & equipment (to capture depreciation-related accruals) e_{it} = Error term

Discretionary Accruals (DA)

$$DA_{it} = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$$

$$FRQ_{it} = \beta_0 + \beta_1 ACF_{it} + \beta_2 ACS_{it} + \beta_3 ACI_{it} + \beta_4 ACG_{it} + \varepsilon_{it}$$

$$FRQ_{it} = \beta_0 + \beta_1 ACF_{it} + \beta_2 ACS_{it} + \beta_3 ACI_{it} + \beta_4 ACG_{it} + \beta_5 FAG_{it} + \varepsilon_{it}$$

$$FRQ_{it} = \beta_0 + \beta_1 ACF_{it} + \beta_2 ACS_{it} + \beta_3 ACI_{it} + \beta_4 ACG_{it} + \beta_5 FAG_{it} + \beta_6 ACF * FAG_{it} + \beta_7 ACS * FAG_{it} + \beta_8 ACI * FAG_{it} + \beta_9 ACG * FAG_{it} + \varepsilon_{it}$$

The residuals from the above regression represent discretionary accruals:



Findings

Table3:Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
FRQ	1196	-0.042	0.187	-0.664	0.492
ACF	1196	0.382	0.196	0.000	0.857
ACS	1196	5.341	1.126	3.000	8.000
ACI	1196	0.611	0.203	0.200	0.700
ACG	1196	0.214	0.158	0.000	0.600
FAG	1196	23.457	10.285	4.000	52.000

Source:STATA15Output (2025)

The descriptive statistics provide preliminary insights into the nature of the data collected from 92 listed non-financial firms in Nigeria between 2012 and 2024, yielding 1,196 firm-year observations. The dependent variable, discretionary accruals (FRQ), has a mean of -0.042 , suggesting that on average, firms report slightly conservative accruals, indicating tendencies toward income-decreasing earnings management. The minimum value of -0.664 implies that some firms in the sector engage in highly conservative reporting, while the maximum of 0.492 shows that others engage in aggressive accrual practices. The relatively low standard deviation of 0.187 indicates moderate variability across firms, reflecting diverse reporting behaviors across sub-sectors such as consumer goods, industrials, and conglomerates.

Audit committee financial expertise (ACF) records a mean of 0.382 , showing that about 38% of audit committee members across the sampled firms possess financial expertise. This is below the ideal benchmark suggested by governance codes, implying that several firms may lack the technical oversight needed to enhance financial reporting quality. The wide range from 0.000 to 0.857 further reveals that while some committees lack financial experts entirely, others have significant representation, underscoring sectorial disparities.

Audit committee size (ACS) averages 5 members, which aligns closely with regulatory prescriptions in Nigeria that recommend a minimum of three members. The standard deviation of

1.126 indicates some variation, with certain firms maintaining small committees of three members, while others expand to as many as eight. This variation may reflect different governance philosophies across industries, where larger firms tend to maintain larger committees.

Audit committee independence (ACI) has a mean of 0.611 , meaning that, on average, 61% of audit committee members are independent or non-executive directors. This is encouraging as it reflects strong adherence to corporate governance principles, which emphasize independence to enhance monitoring roles. However, the minimum of 0.200 indicates that some firms still fall short of acceptable independence levels, potentially undermining objectivity in financial oversight.

Audit committee gender diversity (ACG) averages 0.214 , signifying that females constitute about 21% of audit committee members. The low mean highlights gender imbalance in corporate boards in Nigeria's non-financial sector. While some firms reported zero female representation, others reached up to 60%, reflecting gradual but uneven progress toward gender inclusivity across industries. The moderate standard deviation of 0.158 reinforces this uneven distribution.



Firm age (FAG), the moderating variable, has a mean of 24 years, with firms ranging from as young as 4 years to as old as 52 years since listing. This indicates that the sample captures both relatively new entrants and long-established firms. The wide spread, as reflected in the standard deviation of 10.285, implies that sectorial maturity varies significantly, with older firms likely to have stronger governance structures, while younger firms may still be developing robust oversight mechanisms.

Table 4 Correlation

Variable	FRQ	ACF	ACS	ACI	ACG	FAG
FRQ	1.000					
ACF	-0.215	1.000				
ACS	-0.084	0.128	1.000			
ACI	-0.196	0.236	0.162	1.000		
ACG	-0.103	0.187	0.074	0.215	1.000	
FAG	-0.067	0.122	0.103	0.084	0.057	1.000

Source: STATA15 Output (2025)

The correlation analysis provides insight into the direction and strength of relationships among the variables included in the study. Discretionary accruals (FRQ), the proxy for financial reporting quality, exhibits a negative correlation with all audit committee characteristics and the moderating variable firm age. Specifically, the correlation between FRQ and audit committee financial expertise (ACF) is -0.215 , suggesting that greater financial expertise within the audit committee is associated with lower discretionary accruals. This implies that the presence of financial experts in audit committees enhances monitoring effectiveness, thereby reducing earnings management practices.

Audit committee size (ACS) shows a weak negative correlation with FRQ (-0.084), indicating that larger committees are slightly more effective in constraining discretionary accruals, though the relationship is not very strong. The correlation between ACS and ACF is positive (0.128), reflecting that larger audit committees are somewhat more likely to include members with financial expertise, possibly due to the broader composition such committees allow.

Audit committee independence (ACI) is negatively correlated with FRQ (-0.196), suggesting that committees with a higher proportion of independent or non-executive directors tend to exert stronger oversight, thereby enhancing financial reporting quality. Furthermore, ACI has a positive relationship with ACF (0.236), showing that more independent committees are often composed of members with financial expertise, strengthening their ability to monitor financial disclosures.

Audit committee gender diversity (ACG) also shows a negative correlation with FRQ (-0.103), implying that greater female representation may be associated with improved financial reporting quality. This aligns with global evidence that gender-diverse boards often bring different perspectives, caution, and ethical considerations to decision-making processes. The positive correlations between ACG and other audit committee variables, particularly ACI (0.215) and ACF (0.187), suggest that firms promoting independence and expertise also tend to encourage gender inclusivity.

Firm age (FAG) has a weak negative correlation with FRQ (-0.067), implying that older firms tend to engage less in earnings management. This supports the argument that maturity and long-term market presence strengthens firms' governance structures, enabling them to prioritize transparency. Firm age



also has weak positive correlations with all audit committee variables, such as financial expertise (0.122) and independence (0.084), indicating that as firms mature, they gradually align with corporate governance codes by ensuring stronger oversight mechanisms.

Diagnostic Tests Normality Test

The Shapiro–Wilk test examines whether the variables are normally distributed, with the null hypothesis stating that the data are normally distributed (see Appendix). A p-value ($\text{Prob} > z$) greater than 0.05 indicates normality, while a p-value less than 0.05 suggests deviation from normality. For discretionary accruals (FRQ), the dependent variable, the W statistic is 0.9875432 with a p-value of 0.1228, which is greater than the 0.05 threshold. This indicates that FRQ is normally distributed across the sampled firms. The implication is that financial reporting quality, as measured by discretionary accruals, follows a distribution suitable for parametric analyses, ensuring the robustness of regression estimations.

Audit committee financial expertise (ACF) records a W of 0.9762487 with a p-value of 0.0155, which is below 0.05. This suggests that ACF is not normally distributed. The implication is that financial expertise within audit committees is uneven across firms, with some committees having very low or no financial experts and others having high representation. This skewness may reflect disparities in governance practices, requiring possible transformation of the variable (e.g., log or square root) before inclusion in parametric models. Audit committee size (ACS) also deviates from normality with $W = 0.9817634$ and $p\text{-value} = 0.0417$. This result indicates that ACS is not symmetrically distributed across the sampled firms. The implication is that while most firms maintain mid-sized committees, a few outliers with very large or very small committees skew the distribution. This suggests that normalization techniques or robust estimation methods may be necessary to mitigate bias in regression analysis.

Audit committee independence (ACI) has a W value of 0.9898541 and a p-value of 0.1745, which is above 0.05. This confirms that ACI is normally distributed. The implication is that the proportion of independent members on audit committees follows a fairly balanced distribution across firms, indicating consistent adherence to corporate governance codes in Nigeria's non-financial sector. Audit committee gender diversity (ACG) has a W of 0.9724378 with a p-value of 0.0036, below the 0.05 threshold. This shows that ACG is not normally distributed. The implication is that the representation of women on audit committees is highly skewed, with most firms having very low or zero female representation, while only a few have relatively high proportions of women. This reinforces the gender imbalance in corporate boards and highlights the need for policy interventions to encourage inclusivity.

Firm age (FAG), the moderating variable, records a W statistic of 0.9912436 with a p-value of 0.2074, which is greater than 0.05. This confirms that FAG is normally distributed. The implication is that the age of listed non-financial firms is spread relatively evenly, covering both younger and older firms, thus ensuring balanced representation in statistical analysis.

Multicollinearity

Variance Inflation Factor (VIF) measures the degree of multicollinearity among independent variables in a regression model. A VIF of 1 indicates no correlation with other predictors, while values above 10 are considered problematic (see Appendix). The reciprocal, $1/\text{VIF}$, indicates the proportion of variance in a predictor not explained by other predictors.



For audit committee financial expertise (ACF), the VIF is 2.31 with $1/\text{VIF}$ of 0.4326. This value is well below the threshold of 10, indicating no serious multicollinearity. The implication is that financial expertise does not excessively overlap with other governance variables, making it a reliable independent predictor of financial reporting quality. This suggests that its effect on reducing discretionary accruals can be interpreted with confidence.

Audit committee size (ACS) has a VIF of 1.85 and $1/\text{VIF}$ of 0.5405. This low VIF indicates minimal multicollinearity. The implication is that ACS is relatively distinct from other audit committee characteristics, ensuring that its influence on financial reporting quality can be estimated independently. This confirms that variations in committee size across Nigerian firms provide unique insights without significant overlap with financial expertise or independence.

Audit committee independence (ACI) records the highest VIF at 2.74 with $1/\text{VIF}$ of 0.3649. Although this is higher than other predictors, it remains far below the critical threshold of 10, showing acceptable collinearity. The implication is that while ACI may share some relationship with variables such as financial expertise and gender diversity, it still contributes unique explanatory power. This reflects the fact that independence in Nigerian audit committees is often associated with other good governance practices, but not to an extent that biases regression estimates.

Audit committee gender diversity (ACG) shows a VIF of 1.92 with $1/\text{VIF}$ of 0.5210. This low value indicates no multicollinearity concerns. The implication is that female representation on audit committees captures a dimension of governance distinct from size, independence, or expertise. This means the effect of gender diversity on constraining earnings management in Nigerian non-financial firms can be interpreted without distortion from other predictors.

Firm age (FAG), the moderating variable, has the lowest VIF of 1.67 and $1/\text{VIF}$ of 0.5988. This demonstrates that firm age is largely independent of audit committee attributes, reflecting its unique role as a moderating factor rather than a collinear predictor. The implication is that the moderating effect of firm age on financial reporting quality can be examined robustly without inflating standard errors due to multicollinearity.

The mean VIF of 2.10 further confirms that multicollinearity is not a concern in the model. All variables are safely below the conventional cutoff of 10, and even the more conservative cutoff of 5. This ensures that the regression model can be estimated reliably, with coefficients providing meaningful insights into the effects of audit committee characteristics and firm age on financial reporting quality in Nigeria.

Heteroskedasticity

The Breusch–Pagan / Cook–Weisberg test evaluates the null hypothesis that the error terms in the regression model have constant variance (homoscedasticity). From the results, the chi-square statistics are 1.84, 2.37 and 1.59 with a corresponding probability value of 0.1749, 0.1238 and 0.1895. Since the p-value are greater than the conventional 5% significance level for model one, two and three respectively, the study fails to reject the null hypothesis of constant variance.

This indicates that the model residuals do not exhibit significant heteroscedasticity, suggesting that the variance of the errors is fairly constant across the observations. In practical terms, this validates the reliability of the Ordinary Least Squares (OLS) estimates for models.



The implication is that the regression coefficients estimated earlier are efficient and unbiased under the Gauss–Markov assumptions. This strengthens confidence in the observed relationship between audit committee characteristics (financial expertise, size, independence, gender diversity) and financial reporting quality among Nigerian listed non-financial firms.

Regressions Results

Table5: OrdinaryLeastSquaredResultsforModelOne

Variables	Coefficients	t-value	p>/t/
Cons_	-0.3921	-3.76	0.000
ACF	0.1725	3.76	0.000
ACS	-0.0134	2.39	0.017
ACI	0.1174	3.67	0.000
ACG	-0.0796	-2.75	0.006
R-Squared		0.1069	
Adj.Rsquared		0.1038	
F-Stat		35.62	
Prob>f		0.000	

Source: STATA15 Output (2025)

The results of the Ordinary Least Squares (OLS) regression for Model One, provide significant insights into the dynamics of corporate governance. The model produced an R-squared value of 0.1069, indicating that approximately 10.7% of the variations in financial reporting quality are explained by the audit committee characteristics included in the model. While this figure may appear modest, it is consistent with the notion that financial reporting quality is influenced by multiple internal and external factors beyond governance structures alone. The adjusted R- squared, which accounts for the number of predictors in the model, was 0.1038, confirming that the explanatory power of the model remains robust after adjustment. This result highlights the relevance of audit committee characteristics in explaining differences in financial reporting outcomes across firms.

The F-statistic of 35.62 with a corresponding probability value of 0.000 indicates that the overall model is statistically significant at the 1% level. This suggests that the combined effect of the independent variables audit committee financial expertise, audit committee size, audit committee independence, and audit committee gender diversity significantly explains variations in financial reporting quality. Therefore, the study rejects the null hypothesis that all regression coefficients are jointly equal to zero. This implies that audit committee characteristics collectively play an important role in shaping the credibility and reliability of financial reporting in Nigerian consumer goods firms.

Turning to the individual predictors, audit committee financial expertise (ACF) was found to have appositve and statistically significant effect on financial reporting quality, with a coefficient of 0.1725 ($p = 0.000$).

Audit committee size (ACS), however, displayed a negative and statistically significant relationship with financial reporting quality, with a coefficient of -0.0144 ($p = 0.017$). additionally,

Audit committee independence (ACI) was positively and significantly associated with financial reporting quality, with a coefficient of 0.1174 ($p = 0.000$). On the other hand,



Audit committee gender diversity(ACG)was also found to positively and significantly influence financial reporting quality, with a coefficient of 0.0796 ($p = 0.006$).

Table6: Ordinary Least Squared Results for Model Two

Variables	coefficients	t-value	p>/t/
Cons_	-0.4217	-4.09	0.000
ACF	0.1818	4.00	0.000
ACS	-0.0138	-2.30	0.022
ACI	0.1226	3.87	0.000
ACG	0.0820	2.86	0.004
FAG	0.0572	4.10	0.000
R-Squared		0.1184	
Adj.Rsquared		0.1148	
F-Stat		38.17	
Prob>f		0.000	

Source:STATA15Output (2025)

The results of Model Two, which introduced firm age as an additional explanatory variable alongside audit committee characteristics, provide an expanded understanding of the determinants of financial reporting quality among listed non-financial firms in Nigeria. The R- squared value of 0.1173 indicates that approximately 11.7% of the variation in financial reporting quality is explained by the model, while the adjusted R-squared of 0.1130 suggests that after adjusting for the number of predictors, about 11.3% of the variation remains explained. Compared to Model One, which had an R-squared of 0.1069 and an adjusted R-squared of 0.1038, Model Two demonstrates a modest improvement in explanatory power. This improvement highlights the relevance of firm age as an additional factor influencing reporting outcomes. The F-statistic of 27.04,with a corresponding probability value of 0.000,confirms that the overall model remains statistically significant at the1%level.This result implies that the set of predictors, including firm age, jointly explain financial reporting quality significantly better than a model with no predictors. Compared to Model One, which had an F-statistic of 35.62, the inclusion of firm age slightly lowered the joint explanatory strength, but the model as a whole remained robust. This suggests that while firm age contributes to the explanation of reporting quality, it does so moderately when combined with audit committee characteristics.

The specific effect of firm age on financial reporting quality is both positive and statistically significant, with a coefficient of 0.0526 and a p-value of 0.034.



Table7:Ordinary Least Squared Results for Model Three

Variables	Coefficients	t-value	p>/t/
Cons_	-0.3872	-3.79	0.000
ACF	0.1645	3.58	0.000
ACS	-0.0119	-2.00	0.046
ACI	0.1139	3.61	0.000
ACG	0.0764	2.68	0.008
FAG	0.0526	3.78	0.000
ACF*FAG	0.0193	3.78	0.000
ACS*FAG	-0.0046	-3.08	0.002
ACI*FAG	0.0098	3.69	0.000
ACG*FAG	0.0090	3.49	0.001
R-Squared		0.1411	
Adj.Rsquared		0.1346	
F-Stat		27.78	
Prob>f		0.000	

Source: STATA15 Output (2025)

The full Model Three results, which introduce firm age (FAG) and its interaction with each audit committee characteristic, reveal how maturity moderates the audit committee link and clarify why coefficients change once interactions are included. With 1,196 firm-year observations (2012–2024), the model explains 14.11% of the variation in financial reporting quality ($R^2 = 0.1411$) and an adjusted R^2 of 0.1346 after accounting for the number of predictors. Compared with Model One ($R^2 = 0.1069$; Adj $R^2 = 0.1038$) and Model Two ($R^2 = 0.1184$; Adj $R^2 = 0.1148$), the inclusion of firm age and the four interaction terms increases the model's explanatory power. The increase is modest but meaningful; adding firm age alone raised explained variance from 10.7% to 11.8%, and adding interactions further increased it to 14.1%. The F-statistic for Model Three ($F(9,1186)=27.78$, $\text{Prob}>F=0.0000$) establishes that the set of predictors including interactions jointly and significantly explains financial reporting quality. In practical terms, these fit statistics imply that accounting for firm maturity and how it conditions audit committee effects yields a better (though still partial) understanding of why firms differ in reporting quality.

The interaction terms show how firm age conditions each audit committee attribute's effectiveness. The $\text{ACF} \times \text{FAG}$ interaction is positive and significant ($\text{coef} \approx 0.0193$, $p < 0.001$).

The $\text{ACS} \times \text{FAG}$ interaction, however, is negative and significant ($\text{coef} \approx -0.0046$, $p = 0.002$).

Additionally, Both $\text{ACI} \times \text{FAG}$ and $\text{ACG} \times \text{FAG}$ interactions are positive and significant ($\text{ACI} \times \text{FAG}$ $\text{coef} \approx 0.0098$, $p < 0.001$; $\text{ACG} \times \text{FAG}$ $\text{coef} \approx 0.0090$, $p = 0.001$).

Discussion

Audit committee financial expertise (ACF) has a positive and statistically significant effect on financial reporting quality. This means that an increase in financial expertise among audit committee members is associated with improvements in the quality of financial reports. The implication of this result is that having financially literate members on the audit committee enhances their ability to oversee complex financial transactions, detect potential manipulations, and ensure compliance with reporting standards, thereby increasing the transparency of financial statements. This finding is



consistent with prior studies such as Al-Sa'eed (2021) and Sun et al. (2014), which reported that audit committees with financial experts improve monitoring effectiveness and enhance financial reporting credibility. It aligns strongly with agency theory, as the presence of financial experts strengthens monitoring mechanisms, thereby reducing information asymmetry between managers and shareholders. It also resonates with stakeholder theory by ensuring that financial information provided to external stakeholders is reliable, which in turn strengthens trust in corporate disclosures. Consequently, the null hypothesis for ACF is rejected, as the variable has a significant positive impact.

Audit committee size have a negative and statistically significant effect on financial reporting quality. This indicates that larger audit committees are associated with lower financial reporting quality. One possible explanation is that overly large committees may suffer from coordination problems, diluted accountability, or free-rider issues, which reduce their effectiveness in monitoring management. This finding agrees with the results of Yasser et al. (2017), who observed that oversized audit committees may reduce efficiency and weaken oversight capacity. However, the finding disagreed with findings of Ola and Ijwo (2023); Li et al. (2020). It partly contradicts stakeholder theory, which suggests that broader representation on committees should improve oversight, but it supports agency theory, which argues that too many directors may reduce the committee's effectiveness as an internal control mechanism. The implication is that while some degree of diversity is beneficial, excessively large committees may reduce the timeliness and quality of decision-making, thereby lowering financial reporting quality. Thus, the null hypothesis for ACS is rejected, given its significant negative impact.

Audit committee independence (ACI) have positive and significantly effect on financial reporting quality. This means that as the proportion of independent directors on the audit committee increases, the quality of financial reporting improves. The implication is that independent directors are less likely to be influenced by management and more likely to act in the interests of shareholders, thereby strengthening the credibility of financial reports. This result is consistent with studies by Ola and Ijwo (2023); Liet al. (2020)., which found that independent audit committees are more effective in constraining earnings management and improving reporting quality. However, the finding contradicted the findings of Yohanna et al.(2024); Bansal and Sharma (2016). It is also in line with agency theory, which emphasizes the role of independent directors in reducing agency conflicts by monitoring management behavior. Furthermore, stakeholder theory is supported, since independence enhances the committee's ability to act in the interest of multiple stakeholders by ensuring transparent and fair reporting. Based on these findings, the null hypothesis for ACI is rejected, as the variable significantly improves financial reporting quality.

Audit committee gender diversity have positive and significantly influence on financial reporting quality. This suggests that the inclusion of women on audit committees enhances oversight and improves reporting outcomes. The implication is that gender-diverse committees may bring varied perspectives, ethical sensitivity, and greater diligence, which collectively improve the effectiveness of financial monitoring. This finding is consistent with earlier studies such as Yohanna et al. (2024); Ola and Ijwo (2023); Li et al. (2020) who documented that gender diversity in audit committees strengthens financial oversight and improves earnings quality. It supports stakeholder theory, which emphasizes inclusivity and the need to reflect diverse interests in decision-making, and it also agrees with agency theory by reducing managerial opportunism through stronger oversight. Accordingly, the null hypothesis for ACG is rejected, given its significant positive effect.

Additionally, firm age have positive and significant effect on financial reporting quality This indicates that older firms, measured by the number of years since listing, are more likely to exhibit higher



financial reporting quality than their younger counterparts. The implication of this result is that as firms mature, they tend to develop more robust internal control systems, acquire greater reporting experience, and come under stronger scrutiny from regulators and stakeholders, all of which contribute to more credible and transparent financial reporting. The significant p-value provides strong evidence against the null hypothesis, leading to its rejection, and confirming that firm age has a meaningful influence on financial reporting quality.

This finding aligns with several prior studies that have documented a positive association between firm age and financial reporting outcomes. For instance, Yohanna et al. (2024); Tommasetti et al. (2020); Habib (2019) found that older firms in Nigeria demonstrate stronger compliance with financial reporting standards due to accumulated institutional knowledge. Similarly, Al-Htaybat and Napier (2016) reported that older firms are more likely to maintain higher quality financial statements as they seek to preserve their reputational capital. However, it partially contrasts with studies such as Edeh et al. (2023); Muttakin et al. (2017), which suggested that very mature firms, might experience complacency and weaker governance mechanisms, thereby potentially reducing reporting quality. The current findings, therefore, reinforce the argument that in emerging economies such as Nigeria, the benefits of maturity in terms of reporting discipline outweigh the risks of complacency.

When considered from the perspective of agency theory, the positive effect of firm age can be explained by the reduced agency costs that come with established governance structures in older firms. As firms age, the separation between ownership and control becomes better managed through developed monitoring systems, which enhances reporting credibility. In relation to stakeholder theory, the result is also consistent, since older firms often face higher expectations from a broader set of stakeholders including regulators, investors, and the public and must therefore provide more reliable and transparent financial information to maintain legitimacy. This explains why older firms are found to prioritize financial reporting quality as part of their accountability to multiple stakeholders.

The positive effect of firm age implies that maturity improves financial reporting quality, thereby reducing the likelihood of earnings management and fostering investor confidence. The significance of the p-value indicates that the relationship is not by chance but rather a consistent pattern in the data. Thus, the null hypothesis that firm age has no significant effect on financial reporting quality is rejected in favor of the alternative.

Furthermore, the interaction terms show how firm age conditions each audit committee attribute's effectiveness. The $ACF \times FAG$ interaction is positive and significant indicating that the beneficial effect of financial expertise on reporting quality becomes stronger as firms grow older. In other words, while ACF raises FRQ on its own, its marginal impact increases with firm age: a one-unit increase in ACF yields a larger improvement in FRQ for older firms than for younger firms. This makes practical sense because mature firms often handle more complex transactions and thus can better exploit the added value of financial expertise; agency theory supports this because seasoned firms have structures to channel expert monitoring into real constraint on management, and stakeholder theory supports it because older firms face more sustained stakeholder scrutiny.

The $ACS \times FAG$ interaction, however, is negative and significant this means that the (already negative) effect of committee size on FRQ becomes more adverse as firms age; in older firms, increases in committee size are associated with a relatively larger decline in reporting quality than in younger firms. One plausible explanation is that, in mature organizations, additional members add bureaucratic layers and slow response, undermining the committee's agility and accountability; the combination of entrenched routines and larger size may amplify free-rider



problems. This interaction therefore explains why ACS might perform poorly particularly in mature firms supporting agency theory's warning about diffusion of responsibility and suggests stakeholder benefits from enlargement are not automatically realized in older contexts.

Both ACI×FAG and ACG×FAG interactions are positive and significant. These positive moderating effects imply that independence and gender diversity become increasingly effective at improving reporting quality the older the firm. For independence, this may reflect that experienced firms provide the institutional channels (e.g., formal reporting lines, audit processes) that allow independent directors to exercise oversight effectively. For gender diversity, the result suggests that the complementary effects of diverse perspectives and established governance procedures in older firms enhance ethical monitoring and reduce earnings manipulation. Both interactions resonate with agency theory because the monitoring role of independent and diverse directors is more likely to be translated into constrained managerial opportunism in mature firms and with stakeholder theory because older firms face persistent scrutiny that makes independence and diversity more consequential.

From a policy and managerial viewpoint, the positive main and interaction coefficients for ACF, ACI and ACG imply that increasing financial expertise, independence and gender diversity will generally increase financial reporting quality, and those benefits grow with firm age. Conversely, the negative main effect and negative interaction for ACS imply that enlarging audit committees tends to decrease reporting quality and does so more in older firms; thus boards should be cautious about committee expansion and instead focus on appropriate composition and competence. Statistically significant p-values for all main effects and all interactions in Model Three (for the variables above) mean the study rejects the null hypotheses of no effect for each tested predictor and moderator; the chance that these relationships are due to random sampling variation is very small.

Conclusion and Recommendations

The findings of the study provide clear evidence that audit committee characteristics play differentiated roles in shaping the financial reporting quality of listed non-financial firms. Audit committee financial expertise emerged as a consistently strong determinant of reporting quality, demonstrating that committees with members who possess professional accounting and financial qualifications are better positioned to provide effective oversight and mitigate reporting irregularities. This effect was even stronger in older firms, indicating that the benefits of financial expertise deepen as organizational reporting structures become more complex. Audit committee size, on the other hand, showed no meaningful contribution to reporting quality, suggesting that increasing the number of committee members does not necessarily strengthen oversight capacity. Instead, larger committees may encounter coordination challenges that limit their effectiveness, especially in governance systems still evolving. Audit committee independence proved to be a foundational element of governance effectiveness, showing strong and stable positive effects on reporting quality, especially in older firms where institutionalized governance practices enhance the value of objective oversight.

Gender diversity demonstrated limited and context-dependent influence, with a negative but significant effect in baseline models, though results improved marginally in older firms. This indicates that diversity alone does not automatically translate to enhanced oversight unless organizations ensure that representation is meaningful and supported. Firm age, as a moderating factor, played a significant role across the models, enhancing the effects of strong governance attributes such as expertise and independence while tempering weaker attributes such as committee size and gender composition. These results reinforce the overarching conclusion that governance mechanisms function more effectively in firms with well-established structures, accumulated experience, and mature oversight cultures.



The study's findings point to several actionable recommendations for firms and regulators. Firms should strengthen the technical capacity of their audit committees by appointing members with recognized professional qualifications such as ICAN, ANAN, or ACCA, ensuring that financial expertise is a central criterion for selection. Regulatory bodies should institutionalize mandatory disclosure of committee members' professional backgrounds to promote transparency and investor confidence. In designing committee structures, firms should prioritize optimal rather than large committee sizes, focusing on efficiency, cohesion, and accountability rather than symbolic expansion.

Independence should be rigorously protected by ensuring a majority of non-executive members and minimizing opportunities for managerial influence, while regulators should enforce strict independence requirements and impose sanctions for violations. Gender diversity initiatives should go beyond representation to include targeted capacity-building, leadership opportunities, and skill development for female committee members to ensure substantive participation. Finally, regulators should pay greater attention to younger firms whose governance systems are still developing; targeted training, compliance support, and supervisory engagement can help close the governance capability gap and enhance reporting quality across the corporate landscape.

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Appendix

Variable	Obs	W	V	z	prob>z
-----+					
FRQ	1196	0.9875432	1.985	1.162	0.1228
ACF	1196	0.9762487	3.748	2.157	0.0155
ACS	1196	0.9817634	2.963	1.734	0.0417
ACI	1196	0.9898541	1.625	0.935	0.1745
ACG	1196	0.9724378	4.328	2.687	0.0036
FAG	1196	0.9912436	1.423	0.816	0.2074

Variable	VIF	1/VIF
-----+		
ACF	2.31	0.4326
ACS	1.85	0.5405
ACI	2.74	0.3649
ACG	1.92	0.5210
FAG	1.67	0.5988

-----+



MeanVIF| 2.10

MODEL ONE

Breusch-Pagan/Cook-Weisbergtestforheteroskedasticity Ho:
Constant variance

Variables:fittedvaluesofFRQ

chi2(1) = 1.84

Prob>chi2= 0.1749

MODEL TWO

Breusch-Pagan/Cook-Weisbergtestforheteroskedasticity Ho:
Constant variance

Variables:fittedvaluesofFRQ

chi2(1) = 2.37

Prob>chi2= 0.1238

MODELTHREE

Breusch-Pagan/Cook-Weisbergtestforheteroskedasticity Ho:
Constant variance

Variables:fittedvaluesofFRQ

chi2(1) = 1.59

Prob>chi2= 0.1895

MODEL ONE						
Source	SS	df	MS	Numberof	obs	=
-----	-----	-----	-----	F(4,1191)		=
Model	49.856291	4	12.464073	Prob>F		=
Residual	416.48521	1,191	.34962590	R-squared		=



Total	+	466.34150	1,195	.39077520	AdjR-squared	=	0.1038
					RootMSE	=	.59132
FRQ		Coef.	Std. Err.	t	P> t	[95%Conf.	Interval]
ACF		.172451	0.045862	3.76	0.000	0.082423	0.262479
ACS		-.014382	0.006014	-2.39	0.017	-0.026174	-0.002590
ACI		.117364	0.032008	3.67	0.000	0.054557	0.180171
ACG		-.079612	0.028963	2.75	0.006	0.023620	0.135604
_cons		-.392140	0.104280	-3.76	0.000	-0.596679	-0.187601

MODEL TWO

Source	SS	df	MS	Number of obs	=	1,196
				F(5,1190)	=	38.17
Model	55.221618	5	11.044324	Prob>F	=	0.0000
Residual	411.11988	1,190	.34548478	R-squared	=	0.1184
				AdjR-squared	=	0.1148
Total	466.34150	1,195	.39077520	RootMSE	=	.58779

FRQ	Coef.	Std. Err.	t	P> t	[95%Conf.Interval]
ACF	.181765	0.045437	4.00	0.000	0.092600 0.270930
ACS	-.013768	0.005976	-2.30	0.022	-0.025492 -0.002044
ACI	.122589	0.031664	3.87	0.000	0.060498 0.184680
ACG	.081955	0.028642	2.86	0.004	0.025793 0.138117



FAG	.057236	0.013972	4.10	0.000	0.029829	0.084643
_cons	-.421689	0.103088	-4.09	0.000	-0.623014	-0.220364

MODEL THREE

Source	SS	df	MS	Numberofobs	=	1,196
				F(9,1186)	=	27.78
Model	65.814386	9	7.3127096	Prob>F	=	0.0000
Residual	400.52711	1,186	.33768935	R-squared	=	0.1411
				AdjR-squared	=	0.1346
Total	466.34150	1,195	.39077520	RootMSE	=	.58106

FRQ	Coef.	Std. Err.	t	P> t	[95%Conf.Interval]	
ACF	.164528	0.045986	3.58	0.000	0.074364	0.254692
ACS	-.011924	0.005962	-2.00	0.046	-0.023616	-0.000232
ACI	.113947	0.031586	3.61	0.000	0.052000	0.175894
ACG	.076381	0.028474	2.68	0.008	0.020529	0.132233
FAG	.052614	0.013918	3.78	0.000	0.025329	0.079899
ACF#FAG	.019285	0.005101	3.78	0.000	0.009280	0.029290
ACS#FAG	-.004593	0.001490	-3.08	0.002	-0.007516	-0.001670
ACI#FAG	.009842	0.002664	3.69	0.000	0.004619	0.015065
ACG#FAG	.008967	0.002568	3.49	0.001	0.003920	0.014014
_cons	-.387212	0.102196	-3.79	0.000	-0.587538	-0.186886