
Audit opinion impact in the investors' perception – empirical evidence on Bucharest Stock Exchange

Tatiana DĂNESCU,

*“Petru Maior” University from Tîrgu Mureş,
E-mail: tatiana.danescu@gmail.com*

Ovidiu SPĂTĂCEAN,

*“Petru Maior” University from Tîrgu Mureş,
E-mail: ovidiu.spatacean@ea.upm.ro*

Abstract

The integrity and credibility of financial statements are sensitive aspects that significantly influence the investors' confidence in the capital market efficiency. Recent research in the area of (re)establishing effective communication between the auditor and the investors have brought into the attention of audit practitioners the provisions of International Standard on Auditing (ISA) 701 “Communicating Key Audit Matters in the Independent Auditor’s Report.” This approach proves that investors demand more information that accompanies the audit opinion, when forming a decision to buy, hold or sell equity instruments. Our research is focused on identifying, isolating and analyzing the significant changes in financial asset trading prices, as a consequence of publishing the auditor report. Thus, the overall objective is to assess the impact of the modified opinion, expressed by the auditor in accordance with ISA 705 “Modifications to the Opinion in the Independent Auditor’s Report”, upon the prices of financial assets. Subsequently, the specific objectives aim to identify quantifiable adjustments in the financial position of the entities and to analyze its impact on trading prices. Research is focused on a sample that consists of 32 listed entities, of which 25 entities are included in the BET-XT index and seven entities are traded on the alternative trading system AeRO, selected in relation to the liquidity degree measured by the BVB market operator. Our observations upon changes in financial asset prices were focused on 2009-2017 period, while the analyzed audit reports addressed the reporting periods from 2008 to 2016, included.

Keywords: *Audit opinion, misstatement, audit adjustments, financial statements' reliability, investors' perception*

JEL Classification: *M42*

To cite this article:

Dănescu, T. and Spătăcean, O. (2018), Audit opinion impact in the investors' perception – empirical evidence on Bucharest Stock Exchange, *Audit Financiar*, vol. XVI, no. 1(149)/2018, pp. 111-121, DOI: 10.20869/AUDITF/2018/149/003

To link to this article:

<http://dx.doi.org/10.20869/AUDITF/2018/149/003>
Received: 06.11.2017
Revised: 08.11.2017
Accepted: 09.11.2017