

Title: Analyzing The Relationship between Auditor's Report and Shareholders' Investment Decision

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Abstract: This book considered the rising concern of the reliability of the auditor's report to shareholders' investment decisions in the country; it becomes imperative to consider the kind of relationship that exists. Shareholders represent the owner of the business and because they are divorced from the day to day activities of the business, there is a need for an independent auditor to help certify the financial statement prepared by the management. Shareholders rely on auditor's report and so the possibility of relying on it despite previous compromises on the part of the auditor is needed to be established. The purpose of this study is to ascertain how the auditor's report can be relied upon in making investment decision. Specifically, we set out to investigate the relationship between the auditor's report and the shareholders' investment decision. A survey research was applied and questionnaire is used to gather the data needed. The main sources for the data are the shareholders/stockbrokers and auditors/accountants who work in Lagos and Ogun state of Nigeria. The population is made up of estimated figure of 1200 shareholders/stockbrokers and auditors/accountants and the sample size is 300. We make use of correlation coefficient to establish the relationship and in the finding we discover that a positive relationship exists but weak and mild. We therefore recommended that the contents of the report be improved upon and peer review of audited reports should be encouraged to enable shareholders in placing more reliance on the report.