

The Influence of the Audit Report and the Audited Financial Statements on the Financial Performance of the Listed Companies in Sri Lanka

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Abstract

Every rational investor often tempted to spiral up their wealth by taking efficient and effective investment decisions based on relevant and faithfully represented financial information. Therein study aims to examine the influence of audit report and audited financial statements, on the financial performance (investment decision) of the listed companies in Sri Lanka. Multiple regression analysis is employed to find the relationship between independent variables ; audit opinion, firm size, return on assets , return on equity , profit margin, financial autonomy on the return on investment and earning per share. The data associated with the study extracted from the annual reports for the period of 2016-2021 representing 16 sectors. Thereby the insights of this study contribute to find the relationship between audit report and audited financial statements on the financial performance. Further the findings will be useful for individual investors to make relatively profitable investment decisions and to propose some criteria to public companies in appointing external auditors.

Key words: *Audit opinion, Firm size, Return on investment, financial Autonomy, profit margin*