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**THE RELATIONSHIP BETWEEN INVESTMENT OPPORTUNITY AND DELAY IN  
PRESENTING THE REPORT OF THE ACCEPTED COMPANIES AUDIT IN  
SECURITIES EXCHANGE OF TEHRAN**

**ALIREZA DEILAMI KHOZESTANI<sup>1</sup>, Dr. SAYED ALI VAEZ<sup>2</sup>,**

MA student Department of accounting Persian Gulf International Branch, Islamic Azad  
University, Khorramshahr, Iran.

[Alirezadeilami@gmail.com](mailto:Alirezadeilami@gmail.com)

2: Faculty member of Chamran University, Ahvaz , Iran

[Sa.vaez@gmail.com](mailto:Sa.vaez@gmail.com)

**ABSTRACT**

This article investigates the relationship between the investment opportunity and delay in presenting the audit report in 71 accepted companies in securities exchange during seven years: 1386-1392. In this research the delay in presenting the audit report introduced as a time between financial year end and the date of audit report signature. The soft wares excel, Eview8, multi-variant regression, fixed effects way and Logit regression to test the research hypothesis. The result of the first hypothesis test shows the positive and meaningful relationship between the investment opportunities and delay in presenting audit report. The positive and meaningful relationship between the investment opportunities and delay in presenting the audit report show that because of the complicated process of accounting in companies with many investment opportunities, more time is required to investigate and accomplish content and control tests which cause to delay in presenting the audit report. The results of the second hypothesis test show the positive but unreasonable relationship between the investment opportunities and abnormal delay in presenting audit report. The positive relationship between different criteria of the abnormal investment opportunities and delay in presenting the audit report shows that the more investment opportunities of companies, the more time required accounting which cause to

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abnormal delay in presenting the audit report. The results of the third hypothesis shows the positive but unreasonable relationship between the abnormal delay in presenting audit reports in companies with high investment opportunities and restoration of presenting financial forms. The positive relationship between abnormal delay in presenting audit report and the restoration of presenting financial forms show that the restoration of presenting financial forms more likely happens in companies which audit reports presented in more delay.

**Keywords: Delay in presenting audit report, investment opportunities, exchange securities of Tehran**

## **INTRODUCTION**

Audited financial forms are one of reliable information sources but this information can be applied by users if they have some qualified features. To be online is one of information features. Because of financial information are more sensitive to passing of time, they will be worthless in decisions. Therefore the shorter time between the financial year end and the date of publishing audit report, the more valuable the information. According to Volek and etc (2004) there is conflicting information between on-time information and other aspects of relevant information but there is a consistency between this qualified factor and other qualified features of appropriateness. International accounting standard committee, with regard to the importance of this issue, includes timeliness among the main features of financial information in its reports in 1989. The researches in investment opportunities concern mainly on companies

features relevant to development opportunities, the effect of high investment opportunities on management behaviors and management decisions in companies with high investment opportunities (Kehan and etc 2008; chen and etc 2010; lay and etc 2009; Bodry and others 2013). Bodry and etc found that the amount of further stock purchase is shorter in companies with high investment opportunities. They also found that the investment opportunities have a negative relation to announced benefit of redeemed stock. Lay (2009) investigates the benefit management and investment opportunities. He also found that benefit management more likely happens in companies with high investment opportunities. He also found that there is a weak relationship between the high opportunities of investment and benefit management in companies audited by great and important auditors. Chen and etc (2010) found that have found that the benefit

management more likely happens in companies with high investment opportunities. Habiband Borhan Adin (2011) found that companies with industrial expert auditor have shorter delay in reporting audit. Sadeghi Hasan Abadi (1388) investigated the influencing factors on export time of audit report and tested variables like the type of audit report, likely debit, unexpected items, major shareholder and precedent cooperation between auditor and employer. The results of this research showed that the type of audit report has influenced on the date of auditor report significantly. The variable of main shareholder, both likely debits and the change of audit has significant influenced on the date of auditor report during three years and a year of considered period respectively but the variable of unexpected items did not show any significant relation with date of audit report.

### **RESEARCH METHOD**

The statistical population of this research includes all of the accepted companies in exchange securities of Tehran during the years 1386 until 1392. According to statistical instance with remove method, 71 companies were recognized. Next all of the required data to accomplish this research collected from information banks of securities exchange of Tehran, the software

Rhavard Novin, Tadbir Pardaz and exchange publications. In this research different tests will be used to analyze data includes descriptive indicators in descriptive statistics and statistic tests in inferential statistics. Statistic tests include correlation tests, t tests and multi-variable linear regression. The relation between dependent and independent variables, the ratio of independent variable effect and the type of relation (positive or negative ratio) will be estimated by using of correlation ratio, besides testing hypothesis.

### **RESEARCH HYPOTHESIS**

H1: There is a positive and significant relation between investment opportunities and delay in presenting audit report.

H2: There is no significant relation between abnormal investment opportunities and delay in presenting audit report.

H3: There is a significant relation between abnormal delay in audit report and restoration of presenting financial forms.

### **DESCRIPTIVE STATISTICS**

Descriptive statistics means summarization, description and explanation of the main features of data. In this section different data are shown in terms of charts and diagrams and different indicators are measured. First the data are summarized, presented in forms of charts then the numeral criteria will be obtained to gain the amount of data center in

this type of statistics. The results of have shown according to the chart (1). descriptive statistics of research variables

Standard deviation	minimum	maximum	middle	Average	Vriables
0.339	1.558	1.558	0.021	-0.1	Abnormal delay in presenting audit report
1.147	-4	3.712	-0.05	0.155	ABMTB
0.766	-2.29	3.216	-0.03	0.086	ABPPGT
2.156	-5.59	4.306	-0.93	-0.9	ABTObeen Q
25.23	20	155	94	88.17	Delay in presenting audit report
0.418	0.000	1.000	0.000	0.225	Measure of audit institute
0.486	0.000	1.000	0.000	0.382	Comment of ambiguity in activity continuation
0.499	0.000	1.000	0.000	0.465	HIGHMTB
0.5	0.000	1.000	0.000	0.479	HIGHPPGT
0.476	0.000	1.000	0.000	0.344	HIGHQ
0.247	-1.56	0.49	0.000	-0.05	HM*ABRL
0.241	-1.56	0.49	0.000	-0.06	HP*ABRL
0.238	-1.56	0.49	0.000	-0.05	HQ*ABRL
0.245	0.078	1.985	0.708	0.713	Financial lever
0.397	0.000	1.000	0.000	0.195	Loss
1.14	-2.84	4.87	1.102	1.319	Bazaar value to official value of company
0.853	-1.98	3.828	0.61	0.723	Development of equipment, estate and machinery
2.156	-4.11	7.985	2.755	2.765	Twin Q
0.133	-0.31	0.904	0.058	0.068	Output of property
29.31	10.66	6.66	14.81	14.81	Size of trade unit
0.44	0.000	1.000	1.000	0.738	Restatement present of financial forms

The average and middle of most variables are close according to the chart 1. Investigating the quantified results of the descriptive statistics of research variables show that the average and standard deviation of dependent variables of Q Tobin, development of equipment, estate and machinery and the relation of bazaar value with official value of company are (1/14) 1/39 and (0/853) 0/732; (2/156) 2/765 respectively. The average and (standard deviation) delay in presenting audit report about accepted companies in securities exchange of Tehran is about 88/17 (25/23). Comparing change ration of research variable (divided standard deviation to average) causes the delay variable in presenting audit report to have the least change ratio and the most stability and dispersion. So this

criterion is more reliable during the research period. It should be saidthat, in relation to control variable, the ratio average of financial lever is about 72% in exchange companieswhich shows the high percent of debit in investment structure of these companies. In addition, the average of estates natural logarithm in companies contained in considered instance is 6/08. The average and middle of most variables are close which show that the research variables have a relevant distribution.

### Correlation analysis

Correlation analysis is a statistic device can measure the degree which a variable relates to another linearly. The correlation usually applied with regression analysis. The correlation is a criterion to determine the

amount of the connection between two variables.

If the research variables used with ratio and continuous scale the Pearson correlation ratio is used to investigate their correlation. The Pearson correlation ratio is between +1 and -1. If this ratio is closer to +1 it shows the high and direct correlation between two variables and if this correlation is closer to -1 it means the high and opposite one. Although there are no fast and easy rules to

distinguish the high correlation from the less one but the rule to interpret the different amounts of correlation ratio could be useful. Such rule exists but it should be cautious to use it. The variable of audit institution size, harm, audit change and securities export are not in correlation test because they are imaginary. The correlation ratio of research variables is reasonable which shows the lack of correlation among research variables according to the charts (2), (3) and (4).

**Chart 2: Correlation test of research first model variables**

ROA	SIZE	BIG	GC	LOSS	QTOB EEN	PPEGT	MTB	ARL	
								1.00	Delay in audit reporting
							1.00	0.2	Relation of bazaar value to official value in shareholders' equity
						1.00	0.27	0.36	Machinery estate growing
					1.00	0.29	0.33	0.27	Tobin's Q
				1.00	0.01	0.00	-0.01	0.17	Loss
			1.00	0.13	0.12	0.11	0.07	0.14	Ambiguity in activity continuation
		1.00	-0.04	-0.08	-0.1	-0.06	-0.02	-0.29	Audit institute size
	10.00	0.10	0.06	-0.03	0.05	0.07	-0.01	0.03	Trade unit size
1.00	0.00	-0.14	-0.14	-0.52	-0.12	-0.13	-0.07	-0.28	Estate output

**Chart 3: Correlation test of the research second model variables**

GC	BIG	SIZE	LOSS	ROA	ABQ	ABP	ABM	ABARL	
								1.00	Abnormal delay in presenting audit report
							1.00	-0.01	ABM
					1.00	0.20	0.28	0.08	ABT
				1.00	-0.09	0.08	0.00	0.005	ABQ
			1.00	-0.52	-0.02	-0.03	-0.06	-0.22	Estate output
		1.00	-0.03	0.00	0.06	0.08	-0.01	0.14	Loss
	1.00	0.10	-0.08	0.11	0.02	0.03	0.04	0.02	Size of trade unit
	-0.04	0.06	0.13	-0.14	0.07	0.07	0.02	0.25	Audit institute size
1.00								0.11	Comment of ambiguity in activity continuation

**Chart 4: correlation test of the research third model variables**

HP AB RL	HQ	ABRL	HMA BRL	ABAR L	LOSS	LEVE R	SIZE	Q TOBI N	PPEG T	MTB	restatem ent	
											1.00	Restoration presenting of financial forms
										1.00	-0.13	Bazaar value in compare to official value of shareholders'

												equity
									1.00	0.27	-0.18	Development of machinery and equipment estate
								1.00	0.28	0.33	-0.06	Tobin's Q
							1.00	0.05	0.06	-0.01	-0.08	Size of trade unit
					1.00	0.03	-0.03	0.01	-0.01	-0.01	0.08	Financial lever
												Loss
				1.00	0.14	-0.02	0.02	0.20	0.28	0.16	-0.03	Abnormal delay in presenting audit report
			1.00	0.44	0.15	0.09	0.01	0.16	0.18	-0.04	0.1	HMABRL
		1.00	0.66	0.40	0.12	-0.01	0.02	0.15	0.14	0.01	-0.03	HQABRL
	1.00	0.64	0.60	0.41	0.05	0.05	0.02	0.15	0.02	0.02	-0.03	HPABRL

**Investigating the stability of research variable**

The stability of research variables have been tested by using Lin and Cho test in this research. If the research variables I time series and complex data are not stable it causes to false regression problem. The test results show that all the variables are stable.

The variables of audit institute size, loss, restatement presenting of financial forms and commenting have not inserted in stability test because they are ambiguous in activity continuation. The results of this test are presented in chart 5:

The results of variable stability test by using the software \*E views

Meaningfulness level	Statistics of Levin, Lin and Cho	Variables
0.000	-15/352	Abnormal delay in presenting the audit report
0.000	-20/490	ABM
0.000	-23/217	ABP
0.000	-22/231	ABQ
0.000	-13/067	Delay in presenting audit report
0.000	-21/313	HMABRL
0.000	-30/126	HPABRL
0.000	-23/266	HQABRL
0.000	-23/266	Financial lever
0.000	-19/243	Relation of bazaar value to the official value of shareholders' equity
0.000	-24/721	Growing of estate, machinery and equipment
0.000	-21/368	Tobin's Q
0.000	-33/316	Estate output
0.000	-103/723	Size of trade unit

The research variables are in confidence and stable level (99%). Therefore the parameters can be estimated without concerning their falsehood.

**Inferential statistics**

We should extract the concepts and points of that community from existent information in that example by sampling from community. These topics are in the palm of inferential statistics which include statistical estimation techniques and testing hypothesis. Regarding

to this type of statistics, to numeral features of community distribution or parameter like average and standard deviation of community distribution or other numeral criteria, is the orientation on center and variability.

**The first model fitting, investigation the first hypothesis**

The Chav test should be accomplished to estimate these patterns and investigate the fixed effects method. The hypotheses of this test are in below:

H<sub>0</sub>: consolidated data method

H<sub>1</sub>: fixed effect method

The results of Chav test

The results do not confirm the hypothesis H<sub>0</sub>, according to chart 6. As e result the fixed effect method is preferred. Now it should be necessary for Hussman test to be accomplished. The hypothesis of this test is in chart 7:

The results do not confirm the hypothesis H<sub>0</sub> according to chart 7. As a result, the fixed effect method is preferred. The results of estimating these patterns are shown with the fixed effect method.

Result of test	Error level	Statistics	
Rejecting the H <sub>0</sub> hypothesis	0.000	8/630	First model f research

Result of test	Error level	Statistics	
Rejecting the H <sub>0</sub> hypothesis	0.000	40/892	First model of research

$$ARL = \beta_0 + \beta_1 INVESTOPP(TOBEEN Q, MTB, PPEGT) + \beta_2 ROA + \beta_3 LOSS + \beta_4 GC + \beta_5 AUDSIZE + \beta_6 SIZE + \varepsilon \quad \text{MODEL}$$

Error level	T statistics	Variable ratio	Variable
0/000	43/218	81/623	Width of origin
0/000	3/351	2/349	Relation between bazaar value to official value of shareholders' equity
0/007	2/697	2/575	Estate, machinery and equipment development
0/031	2/160	0/815	Tobin's Q
0/003	-2/985	-20/370	Estate output
0/358	0/919	2/222	Loss
0/011			Ambiguity in activity continuation
Well-proportioned statistics of research model estatement	2/541	4/238	
		0/702	Determination ratio
		0/646	Justified determination ratio
		12/652	F statistics
		0/000	Probability of F statistics
		1/896	Watson's prospective statistics

It could be said that in the 99% confidence level, generally the research pattern has a high level of meaningfulness according to

visible results in chart (8) and the F obtained statistics (12.652) for the first hypothesis model and its error level (0/000), it could be

claimed that the independent and controlled variables of the research, generally, explain more than 64.6% of the dependent variable changes according to the justified determination ratio of this pattern which equal to 64.6%. It could also be said that there is no first grade self correlation among reminiscent of pattern according to the amount of Watson's perspective statistics.

### **The results of the research first hypothesis test**

First hypothesis: The error level as to variables of the relation between bazaar value and official value of shareholders' equity, property, machinery and equipment development (investment opportunities criteria) and Tobin's Q are equal to (0,000), (0.007) and (0.031) respectively and their ratio are (2.349), (2.575) and (0.815) which show the meaningful and positive relation between investment opportunities and delay in presenting audit report. It means that the first hypothesis would not be rejected in the

5% error level. The estate output variable has a meaningful and negative relation and the variable ambiguity commenting in activity continuation has a meaningful and positive one with the variable delay in presenting audit report.

### **The second model fitting, investigation the second hypothesis**

It is necessary for Chav test, to investigate the fixed effect method in opposite of the consolidated data method to estimate it, to be accomplished. The hypothesis of this test is as follows:

H<sub>0</sub>: consolidated data method

H<sub>1</sub>: fixed effect method

The results do not confirm the hypothesis H<sub>0</sub>, so the fixed effect method is preferred according to the chart (9). Now it is necessary for Hussman test to be accomplished.

H<sub>0</sub>: accidental effect method

H<sub>1</sub>: fixed effect method

**The results of the Chav test in chart (9):**

Test result	Error level	Statistics	
	0.000	5/702	<b>Research second model</b>

**Chart (10): The results of Hussman test**

Test result	Error level	Statistics	
<b>Rejecting H hypothesis</b>	0.000	25/314	<b>Research model</b>

The results do not confirm the hypothesis H<sub>0</sub>, according to chart (10), so the fixed affect method is preferred. The estimation

results of these patterns are shown in the chart (11) with the fixed effect method.

Chart 11: results of research hypotheses model

$$ABARL = \beta_0 + \beta_1 ABINVESTOPP(TOBEEN Q, MTB, PPEGT) + \beta_2 ROA + \beta_3 LOSS + \beta_4 GC + \beta_5 AUDSIZE + \beta_6 SIZE + \varepsilon$$

Error level	T statistics	Variable ratio	Variable
0/000	-3/983	-0/101	Width of origin
0/825	0/220	0/002	ABM
0/331	0/972	0/015	ABP
0/099	1/651	0/010	ABQ
0/332	-0/969	-0/110	Estate output
0/620	0/496	0/019	Loss
0/031	2/154	0/059	Ambiguity commenting in activity continuation
0/603	-0/519	-0/024	Size of audit institute
0/918	-0/101	-4/230	Size of trade unit
			Well-proportioned statistics of research model
		0/546	Determination ratio
		0/462	Justified determination ratio
		6/468	F statistics
		0/000	F statistics probability
		2/137	Watson's predictable statistics

It could be said that in the 99% confidence level, the research pattern generally has a high level of meaningfulness according to the visible results in chart (11) and the obtained F statistics (6.468) for the second hypothesis model and its error level (0.000). It could be claimed that, generally, the dependent and controlled variables of research explain more than 46% percent of dependent variable changes according to the justified determination ratio of this pattern which is equal to 46/2. It could also be said that there is no self correlation of first place among pattern reminiscent.

### The results of the research second hypothesis test

Second hypothesis: the error level as to the abnormal variables of the bazaar value relation to official value of shareholders'

equity (ABBTM), estate, machinery and equipment development (ABBPET) and Tobin's Q (ABQ) (criteria of abnormal investment opportunities) are equal to (0.829), (0.331) and (0.099) respectively and their ratio are (0.002), (0.015) and (0.010) which show the positive but nonsense between investment opportunities and abnormal delay in presenting audit report. It means that the second hypothesis in the 5% error level. The size of audit institute has a negative and meaningful relation among controlled variables and the ambiguity commenting in activity continuation has a positive and meaningful relation with abnormal delay variable in presenting audit report.

The results of testing third hypothesis

$$RESTATE_F = \beta_0 + \beta_1 INVESTOPP(TOBEENQ, MTB, PPEGT) + \beta_2 AbARL * HIGHINVEST + \beta_3 LOSS + \beta_4 AbARL + \beta_5 SIZE + \beta_6 LEVERAGE + \varepsilon$$

model

			Variable
0/004	2/880	3/225	Width of origin
0/098	-1/653	-0/171	Relation of bazaar value to official value of shareholders' equity
0/000	-3/630	-0/503	Estate, machinery and equipment development
0/874	-0/159	-0/009	Tobin's Q
0/885	-0/145	-0/003	HMABRL
0/742	-0/329	-0/197	HPABRL
0/762	-0/302	-0/183	HQABRL
0/575	0/561	0/226	abnormal delay in presenting audit report
0/025	2/248	1/172	Financial level
0/190	1/311	0/391	Loss
0/018	-2/376	-0/176	Size of trade unit
		0/000	Statistics probability LR
		38/164	Statistics LR
		0/067	Ratio of diagnosis Mcfadde
		-285/622	Bounded likelihood logarithm
		-266/540	Unbounded likelihood logarithm

There are two criteria, in Logit regression, to investigate the fitting fineness: the most important is RL. This criterion acts, like F statistics, in normal regression. The amount of this statistics, for the first model, is equal to (38.164) and its related probability is zero. Therefore the meaningful hypothesis of this model would be rejected and the model is meaningful and reliable. Another criterion, used to evaluate, is Logit likelihood which is meaningful and reliable according to the results of this model. The error level of this model and McFonnede are zero and 6.7% respectively. The Mcfodden criterion substitutes for determination ratio in multi-variable regression. This criterion shows that about 7% of dependent variable changes s

explained by the dependent variable and other controlled variables.

### The results of testing the research third hypothesis

Third hypothesis: Error level related to the abnormal delay variable, according to the thirds hypothesis model in chart (12), in presenting audit report and its ratio are (0.575) and (0.226) respectively. These numbers show the positive relation between abnormal delay in presenting audit report in companies with igh investment opportunities and restoration presenting of financial forms. This relation is not meaningful because the statistics probability Z of these variables is higher than (0.05). It means that the third hypothesis is rejected in 5% error level. The financial lever has a positive and meaningful

relation to variable of trade unit value. This variable has a negative and meaningful relation to the variable of restoration presenting of financial forms.

## CONCLUSION

The normal panel method is used, to estimate the model and testing hypothesis, in this research. The Chav and Hussman test are accomplished, in research models, to determine the type of model used in combinatorial data method. The fixed effect model was used to these models. Finally, the results of testing research hypotheses showed that the research first, second and third hypotheses were confirmed and rejected, in 5% error level, respectively. The results obtained of this chapter have been investigated in detail in chapter 5.

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