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An empirical investigation of audit qualification decisions in the presence of going concern uncertainties*

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Abstract

Abstract. This study presents a logistic regression model which is used to identify U.S. companies that are likely to have their financial statements qualified for going concern reasons. The model is developed using financial statement data for a sample of failing companies. Validation tests performed on independent samples of bankrupt and nonbankrupt companies indicate that the model has reasonable explanatory power. The findings from this study indicate that the auditor's qualification for companies in financial distress is correlated with variables derived from financial statement data. The variables that are consistently identified as being closely associated with the auditor's decision whether to qualify his opinion are recurring operating losses and change in a company's liquidity position.

Résumé. Cette étude présente un modèle de régression logistique utilisé afin d'identifier les sociétés américaines dont les états financiers sont susceptibles d'être accompagnés d'une opinion avec restriction quant à la permanence de l'entreprise. Le modèle est construit à l'aide de données

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