

THE IMPACT OF STATUTORY EXTERNAL AUDIT IN SECURING THE SHAREHOLDERS' INTEREST OF TEXTILE COMPANIES IN KARACHI

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Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
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I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at 9% that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

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ABSTRACT

Purpose : The aim of this study is to find out whether the shareholders who invest big sums of money in textile companies, are getting accurate and complete information about the company and the financial matters in the annual report or not. If true information is not disclosed then shareholders interest is not secured.

Methodology: In this exploratory research a sample size of 245 shareholders of four textile companies; Nishat, Gul Ahmed, Yunus, Salfi has been selected. Primary data was collected by means of questionnaire .The collected data has been integrated using SPSS and it has been analysed through descriptive statistics (graphs) and inferential statistics (regression and correlation.) Reliability test has also been performed to know about the internal consistency of the items in my survey instrument which is questionnaire.

Findings: The research concluded that the qualitative interest of the shareholders such as, strict audit by reputable audit firms and higher trust in financial statements if audited by credible audit firm, is being secured to some degree by the external audits. However, the quantitative interest of the shareholders such as, sufficient informative balance sheet, profit & loss statement, is not being secured through the statutory external audits carried out in the textile companies of Karachi. So, it has been concluded that overall statutory audits conducted in the textile sectors of Karachi do not secure the shareholders' interest as appropriate level of external auditor's independence is absent and it is impaired through various tactics by the management.

Research significance: This research is of significant worth for the Security and Exchange Commission of Pakistan (SECP) & management (board of directors) so that proper strategies may be formulated to secure the shareholders qualitative and quantitative interest. It puts forward the shareholders concerns regarding the statutory audits conducted in the textile sector of Karachi.

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