

Financial Statement Users' Perceptions of the IAASB's ISA 700 Unqualified Auditor's Report in Germany and the Netherlands

**Summary Report to the Auditing Standards Board, New York,
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ABSTRACT

We report on the results of an experiment, in which experienced auditors and users (financial analysts as sophisticated users and students as unsophisticated users) read a brief company description, a summary of the firm's financial statements, and an audit report, the latter of which we manipulated as being either the complete auditor's report according to the revised ISA 700 or a short-form audit opinion-only version. Participants then responded to questions related to the perceived responsibility of the auditor versus management for producing the financial statements, detecting and preventing fraud, the soundness of the firm's internal control structure, etc.; and to the reliability of the financial statements with respect to misstatements, fraud, errors, etc.

We find strong evidence for a persisting audit expectation gap between auditors and financial statement users under the revised ISA 700 auditor's report. Also, results are robust in indicating that the detailed explanations of the ISA 700 auditor's report of auditor versus management responsibilities and the task and scope of the audit are not effective in reducing this expectation gap, and partially even have a detrimental effect.

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1. Introduction

The issuance of an unqualified audit opinion means that the auditor believes that the financial statements give a true and fair view in accordance with the applicable financial reporting framework (IFAC, 2008). Prior research demonstrates that financial statement users (such as investors and analysts) often associate an absolute level of assurance when they read such messages, potentially resulting in often naïve or unreasonable expectations (e.g., Epstein & Geiger, 1994). However, in reality, the auditor provides only a 'reasonable' level of assurance, as inherent audit limitations prevent the achievement of absolute assurance (Gay, Schelluch & Baines, 1998). Furthermore, financial statement users (henceforth called 'users') often assume audits to have a broader scope than they actually have. For example, users frequently associate audits with an approval of management adequacy, a guarantee for absence of fraud, and a recommendation to invest in the respective firm (Frank, Lowe, & Smith, 2001). These and other differences between what users expect from the auditor and what the auditor actually provides is often called the 'audit expectation gap' (e.g., Frank, Lowe, & Smith, 2001).

Several prior studies have found that users attribute disproportionate responsibility toward auditors, whereas in reality, management, rather than the auditor, is largely responsible for the adequacy of the financial statements. The first purpose of this study is to investigate whether financial statement users, as compared to experienced auditors, ascribe relatively more responsibility to the *auditor* than to *management*, and whether this still holds under the revised version of ISA 700. Our second objective is to investigate the difference between experienced

auditors' and financial statement users' perceptions concerning the reliability of audited financial statements. We investigate these different facets of the expectation gap based on the revised version of ISA 700, which is provided to the participants in its complete form.

Furthermore, we investigate whether providing a complete auditor's report versus a short-form opinion-only version affects the expectation gap. Prior research has found that a complete audit report leads to a better understanding of the scope, nature and significance of the audit procedure (Koh & Woo, 1998). The provision of a complete auditor's report (compared to a short-form audit opinion-only version) should thus reduce the overall expectation gap between auditors' versus financial statement users' perceptions concerning (1) ascribed responsibilities toward the auditor versus management and (2) financial statement reliability. With respect to auditors, providing a complete auditor's report versus an opinion-only version should not affect their assessments, since professional auditors already know the exact meaning of an unqualified audit report. However, as for the financial statement users, a comparison between perceptions based on the complete report versus the short-form opinion-only version will indicate whether the additional information provided in the complete audit report according to the revised ISA 700 is effective in aligning users' perceptions with those of auditors and thus in reducing the audit expectation gap.

We report on the results of an experiment, in which experienced auditors and users (i.e., financial analysts as sophisticated users and students as unsophisticated users) read a brief company description, a summary of the firm's financial statements, and an audit report, the latter of which we manipulated as being either the complete auditor's report according to the revised ISA 700 or a short-form audit opinion-only version. Respondents were then asked to respond to a set of questions related to two different areas: (1) the responsibility of the auditor versus

management for producing the financial statements, detecting and preventing fraud, the soundness of the firm's internal control structure, etc.; and (2) the reliability of the financial statements with respect to misstatements, fraud, errors, etc.

Our findings are important for several reasons. First, we are the first to investigate whether an expectation gap still exists under the new ISA 700, which was motivated by the intent to reduce the expectation gap (IAASB, 2004), in two European countries, namely, the Netherlands and Germany. Second, with highly experienced auditors, financial analysts and students participating in our study, we inquire among a substantial range of different groups dealing with financial statements and audit opinions. This approach provides us with the possibility to investigate different aspects of the expectation gap, depending on the respective groups' expertise levels. For example, we compare auditors' perceptions to those of students (representing unsophisticated or "naïve" users) as well as financial analysts (sophisticated users). Third, we study the effect of audit report completeness on the respective expectation gap differences, which provides insights as to whether the explicit descriptions of auditor versus management responsibilities and the audit's task and scope included in the report are effective in reducing the expectation gap. We are the first to investigate a completeness effect based on the revised ISA 700.

We find strong evidence for a persisting audit expectation gap between auditors and financial statement users under the revised ISA 700 auditor's report. Also, results are robust in indicating that the detailed explanations of the ISA 700 auditor's report of auditor versus management responsibilities and the task and scope of the audit are not effective in reducing this expectation gap, and partially even have a detrimental effect.

This research report is organized as follows: The next section provides information on the regulatory background. Section 3 reviews the literature and develops our hypotheses. Section 4 describes the research method. Results are presented in section 5. Section 6 provides a summary and a discussion of the results.

2. Regulatory Background

ISA 700 is designed to establish a new form of the auditor's report, which seeks to improve the explanations provided on auditor's responsibilities and the task and scope of the audit. For example, prior research shows that the users of financial statements often associate an approval of management adequacy, a recommendation to invest in the company, or an absolute level of assurance concerning fraud when they read an audit report that contains an unqualified auditor's opinion (Epstein & Geiger, 1994; Frank, Lowe, & Smith, 2001), while in fact, this auditor's opinion provides assurance only up to a 'reasonable' level.

With the implementation of ISA 700, effective for reports dated on or after December 31st, 2006, the IAASB intends to provide "new wording for the auditor's report that better explains the respective responsibilities of management and the auditor; updates the description of the audit process; and clarification of the scope of the auditor's responsibilities with respect to internal controls" (IAASB, 2004). In particular, ISA 700 requires from the auditor's report to give explicit information concerning the auditor's responsibility and to express an opinion on the financial statements based on the conducted audit (IFAC, 2008, par. 60). Included in the auditor's responsibility section is an explanation of the audit procedures and scope to ensure the user understands the extent and scope of an audit.

All European Union (EU) member states are required to replace their existing national audit reports with the new format as soon as the European Commission adopts an international auditing standard, which covers the same subject matter as a national standard (European Parliament and Council, 2006). The Netherlands for example have already implemented ISA 700 in their national standard 700 of the ‘Handleiding Regelgeving Accountancy’ (NIVRA 2009), which is effective since December 31, 2006. In Germany, the implementation of ISA 700 into IDW PS 400 is currently being undertaken.¹

3. Literature Review and Development of Hypotheses

3.1 Prior Research on the Audit Expectation Gap

One of the first studies on the expectation gap was conducted by Libby (1979). He studied bankers’ and auditors’ perceptions of the message communicated by the audit report and found perceptions of these two groups to be relatively similar to the intended communication. In contrast, Nair and Rittenberg (1987) concluded that bankers place greater responsibility for the completeness and accuracy of the financial statements on auditors and less responsibility on management than did CPAs. Differences in the messages perceived by two different groups of readers were also observed by Bailey, Bylinski, and Shield (1983). They found that more knowledgeable readers place more responsibility on management than less knowledgeable readers. These results indicate the existence of a large gap between the professionals and the less knowledgeable members of the public. Houghton (1987) compared the perceptions of shareholders and accountants of the phrase “true and fair view” and found significant differences between the two groups.

¹ For purposes of this study, the unpublished draft version of the German translation of ISA 700 was used, which was kindly provided by the Institute of German Auditors (IDW).

In the UK, Holt and Moizer (1990) studied the auditor's report by investigating the extent to which accountants and sophisticated users, e.g. investment fund managers and bank managers, distinguish between various reports and agree about the meaning of these reports. Their results indicate that there is disagreement between the two groups of participants concerning the unqualified auditor's report. The disagreement is related to both the meaning of the unqualified auditor's report and the interpretation of the qualifications used by auditors. In particular, users felt going concern qualifications to be more serious than did accountants.

Australian evidence is provided by Monroe and Woodliff (1994), who investigated the effect of wording changes in the Australian standard auditor's report according to the newly issued Statement of Auditing Practice (AUP) no. 3. Following the US example of Statement on Auditing Standards (SAS) no. 58, the Australian Accounting Research Foundation (AARF) proposed new wording for their standard auditor's report by the issuance of AUP no. 3. The survey was conducted among auditors, accountants, directors, creditors, shareholders and undergraduate students. After establishing the existence of the gap under the old version of the auditor's report, it became clear that the new version eliminated some of the differences in perceptions (e.g. the auditor's responsibilities), but also created new differences, especially in the areas not mentioned in the auditor's report (e.g. fraud prevention).

Kneer, Reckers, and Jennings (1996) confirmed that the language of the auditor's report can influence users' perceptions of auditors' responsibilities and that the improved language in SAS no. 58 'achieved modest success in this regard' (p. 25). Frank, Lowe, and Smith (2001) include another group of stakeholders in their research. Aside from auditors and accounting students, they also study jurors' attitudes towards the accounting profession. The results indicate that a large difference in perceptions exists between the auditors and jurors, whereas the

accounting student responses were very similar to the auditor responses. In spite of efforts by the accounting profession to explicitly differentiate managements' responsibilities for the financial statements from the auditor's role in expressing an opinion, jurors assessed a higher responsibility to auditors. For instance, jurors expected auditors to actively search for the smallest fraud.

3.2 *Development of Hypotheses*

3.2.1 Persistence of the Audit Expectation Gap (H1)

The results of prior research suggest that the expectation gap will not be entirely eliminated through the implementation of the revised ISA 700, since it seems to be a rather persistent phenomenon. While prior content changes to the auditor's report had been found to be effective in reducing the expectation gap in certain areas, the expectation gap seemed to widen in other areas. Based on these prior findings, we expect financial statement users to ascribe relatively more responsibility to the auditor than auditors do. At the same time, we expect users to ascribe relatively less responsibility to management than auditors do. We predict this pattern because both users and auditors may likely have the perception of a substitutional relation between the responsibilities of the two parties (management versus auditor), which may also reflect different role perceptions of the two. Users may perceive management as naturally self-interested, which may be seen as a reason why the auditor necessarily *must* take over primary responsibility for the (correctness etc. of the) financial reporting, simply because management factually would not do so. As a consequence, users would ascribe less responsibility to management. In contrast, auditors will rather perceive their own role to just "*help*" ensure that management complies with *its own* original duties and responsibilities, which includes producing and presenting correct and fair financial statements. As a consequence, auditors are expected to

perceive management to have the primary responsibility for the financial reporting and to perceive their own responsibility only as secondary one.

Finally, since auditors are better aware of the inherent limitations of an audit and an unqualified audit report than users are, we expect financial statement users to ascribe more reliability to the audited financial statements than auditors do. Therefore, our first hypothesis is stated in the following three parts:

H1a: Financial statement users (i.e., students and financial analysts) of the ISA 700 audit report ascribe relatively more responsibility for the financial statements to the auditor than auditors do.

H1b: Financial statement users (i.e., students and financial analysts) of the ISA 700 audit report ascribe relatively less responsibility for the financial statements to management than auditors do.

H1c: Financial statement users (i.e., students and financial analysts) of the ISA 700 audit report ascribe more reliability to the underlying financial statements than auditors do.

3.2.2 Effect of Financial Statement Users' Knowledge on the Audit Expectation Gap (H2)

Bailey, Bylinski, and Shield (1983) used participants with different knowledge levels in their research on the auditor's report. They found that more knowledgeable users place less responsibility on auditors than less knowledgeable users. These results indicate differences in the size of the expectation gap, depending on different groups. Similarly, Monroe and Woodliff (1993) studied the influence of education on the expectation gap. The authors used undergraduate students, who were uneducated versus educated in auditing, and auditors as participants. Their results indicate that there were fewer differences between the auditors and the educated students in comparison to the uneducated students, which indicates that education has a significant effect on the expectation gap.

Since prior research indicates differences in the size of the expectation gap depending on the knowledge about the implications of an auditor's report or the education of the user, we include auditors, financial analysts, and students as participants in our research. Auditors are expected to be fully aware of what an (unqualified) auditor's report implies. Consistent with prior research on the audit expectation gap, auditors' perceptions are considered as the best available indicator of the "true" meaning of an unqualified auditor's report, respective auditor's versus management responsibilities for the financial reporting and the reliability of audited financial statements. Financial analysts are specialized in financial statement analysis and company data interpretations and should therefore have a moderately sophisticated knowledge about audit report implications. Students are chosen to represent the individual "naïve" investor, who does not have any specific auditing knowledge. We select students from business or economics programs, who have not specialized in the area of auditing, in order to obtain participants, who are somewhat familiar with financial statements, but do not have deeper knowledge about the auditor's report. Based on the preceding reasoning, our second hypothesis is stated as follows, again comprising three parts:

- H2a: The difference in perceptions about the ISA 700 auditor's report between students and auditors will be relatively greater compared to the difference between financial analysts and auditors regarding the extent to which responsibility for the financial statements is ascribed to the auditor.*
- H2b: The difference in perceptions about the ISA 700 auditor's report between students and auditors will be relatively greater compared to the difference between financial analysts and auditors regarding the extent to which responsibility for the financial statements is ascribed to management.*
- H2c: The difference in perceptions about the ISA 700 auditor's report between students and auditors will be relatively greater compared to the difference between financial analysts and auditors regarding the extent to which reliability is ascribed to the financial statements.*

3.2.3 Effectiveness of the Detailed (Complete) Auditor's Report in Reducing the Audit Expectation Gap (H3)

The association of the completeness of the auditor's report and the expectation gap has also been studied in prior literature. Miller, Reed and Strawser (1990) concluded that bankers found a longer report more useful and understandable as compared to a short-form report. Hatherly, Innes, and Brown (1991) identified two potential effects of an expanded auditor's report on the expectation gap. Firstly, it can induce a change in the report reader's perception of the audit. Secondly, it can induce a change in the auditor's perceptions of what is required. This can immediately affect the extent and quality of the audit. The purpose of their study was to disentangle whether there are different meanings attached to a complete as compared to a short-form unqualified auditor's report (UK derivative of the SAS no. 58 standard auditor's report). The short form report in this research comprised only the auditor's opinion. The results show that only a complete auditor's report changes readers' perceptions. This is consistent with the results found by Schelluch (1996), who found that the expectation gap related to auditor responsibilities was reduced over time with the introduction of a complete auditor's report. However, a complete report did not reduce the expectation gap related to the perception of financial statement reliability.

Overall, prior research suggests that a complete auditor's report leads to a better understanding of the scope, nature, and significance of the audit procedure (Koh & Woo, 1998) on part of the users. We therefore expect that a complete auditor's report will reduce the overall gap between auditors' and users' expectations through a shift of user perceptions towards those of auditors. For auditors, the presence of the complete report should not affect their responsibility perceptions. Auditors are already well aware of their responsibilities and do not require further

explanation through the report. The third hypothesis is therefore stated in the following three parts:

H3a: The complete auditor's report will reduce the difference in perceptions between auditors and financial statement users compared to the short-form audit opinion-only report regarding the extent to which responsibility for the financial statements is ascribed to the auditor.

H3b: The complete auditor's report will reduce the difference in perceptions between auditors and financial statement users compared to the short-form audit opinion-only report regarding the extent to which responsibility for the financial statements is ascribed to management.

H3c: The complete auditor's report will reduce the difference in perceptions between auditors and financial statement users compared to the short-form audit opinion-only report regarding the extent to which reliability is ascribed to the financial statements.

4. Research Method

4.1 Research Design and Participants

We conducted two independent full-factorial two (complete auditor's report, opinion only) by three (auditors, financial analysts, students) between-subjects experiments. One experiment was conducted with Dutch participants, and the other one with German participants. The research design and the number of participants who completed the survey in the Netherlands (NL) and Germany (DE) are shown in Table 1. Detailed demographic information about the participants in both countries is provided in additional tables in Part 2 of the Appendix. The experimental case used in these experiments is reproduced in Part 1 of the Appendix.

<<<Insert Table 1 about here>>>

Participating auditors in Germany came from one German Big4 and multiple German non-Big4 audit firms, while auditor participants in the Netherlands were solely recruited from a Dutch Big4 firm. Part of the contact details of financial analysts in the Netherlands and Germany

were received from the database Bloomberg. Additional financial analysts in Germany were approached through the DVFA – Society of Investment Professionals in Germany. As an incentive to participate we donated €5 to a charity of each participating auditor's and financial analyst's choice. Finally, students at the Erasmus University, Ruhr University Bochum and University of Münster were invited to participate in the study. Dutch students were offered the opportunity to participate in a lottery draw to win one of six book vouchers of €50 each. German students were paid a flat fee of €5 for participation.

4.2 Measurement of the audit expectation gap

The primary dependent variable measuring the overall audit expectation gap is a multiple item construct adopted from instruments from prior research (Best, Bucky, and Tan, 2001; Gay, Schelluch, and Baines, 1997; Monroe and Woodliff, 1993; Miller, Reed, and Strawser, 1993; Hatherley, Innes, and Brown, 1991; Holt and Moizer, 1990; Frank, Lowe, and Smith, 2001; Kelly and Mohrweis, 1989), which assesses (1) the extent to which participants ascribe responsibility for the financial statements toward the auditor (*auditor responsibility*), (2) the extent to which participants ascribe responsibility for the financial statements toward management (*management responsibility*), and (3) the extent to which participants ascribe reliability of the underlying financial information (*reliability*). Table 2 illustrates our expectation gap belief scales.

<<<Insert Table 2 about here>>>

4.3 Experimental Procedure

The experiment was conducted as a web-based survey. Participants received an invitation email that provided a link to the survey. The survey was constructed with the online survey

software Globalpark. The software allowed random distribution of the two experimental treatments (complete audit report versus audit opinion only) between participants. The survey was provided in Dutch and German, depending on the participants' origin.

All participants were asked to read a short description of a stock-listed company, followed by summarized financial statement information from the last two years. Following this firm-specific information, all participants were shown the auditor's report on the financial statements. In the "opinion only" condition, participants read the auditor's opinion only, while the "complete audit report" condition disclosed the complete text of the ISA 700 version of the auditor's report (including the opinion). Hence, the difference between the two conditions was to disclose versus not to disclose the first part of the text of the ISA 700 auditor's report, which contains the detailed explanations of the auditor's responsibilities in comparison to management and of the task and scope of the audit.

Following the case description, participants responded to several sets of questions relating to the three expectation gap constructs (see Table 2). Within each set, the order of questions was randomized. These questions were followed by manipulation checks and demographic questions.

Once participants had moved from one set of questions to a subsequent one, they could not go back and change their previous answers. This was important to ensure that answers to the dependent variables could not subsequently be changed after having read the manipulation check questions. Furthermore, this ensured that participants could not go back to the previous page with the auditor's report once they were presented with the questions. This was important to ensure that participants did not give their answers by directly matching their answers with the detailed descriptions contained in the (complete version of the) auditor's report. The latter might have biased the results, since it would not reflect how expectations/ perceptions about the auditor's

report are formed in the real world. Thus, we wanted to make sure that participants reported their true perceptions after having been presented the (complete or opinion-only version of the) auditor's report, and not what they might have reproduced from an explicit re-reading of the report after knowing the questions.

5. Results

5.1 *Sample Demographics*

Auditors: A total of 205 German and 58 Dutch auditors participated in the experiment. The average German (Dutch) auditor was 41.8 (40.7) years old and had 14.4 (17.1) years of public accounting experience. Of the sample of German (Dutch) auditors, 164 [82.4%] (51 [89.5%]) were male. In Germany (the Netherlands), there were 54 (10) partners, 8 (3) directors, 41 (29) senior managers, 88 (13) managers, and 3 (1) senior staff auditors. We asked all participants from the different groups to rate which reputation level they believe the audit professions holds. On a Likert scale ranging from 1 (low) to 7 (high), both German and Dutch auditors perceive the audit profession to hold a high reputation level (Germany: mean=5.47; SD=1.17; Netherlands: mean=5.79; SD=1.00).

Financial analysts: A total of 62 German and 20 Dutch financial analysts participated in the study. The average German (Dutch) financial analyst was 37.5 (38.6) years old and had 12.3 (13.1) years of work experience. Of the sample of German (Dutch) financial analysts, 56 [90.3%] (17 [85%]) were male. In Germany (the Netherlands), there were 23 (8) security analysts, 7 (3) portfolio managers, 2 (1) fixed income security analysts, 2 (0) fixed income portfolio managers, 4 (1) directors of research, 2 (1) chief investment officers and 22 (6) analysts with other functions. On a Likert scale ranging from 1 (low) to 7 (high), financial analysts hold relatively

high levels of experience with financial reporting (Germany: mean=5.11; SD=1.80; Netherlands: mean=5.10; SD=1.74), knowledge about financial reporting (Germany: mean=4.39; SD=1.29; Netherlands: mean=4.95; SD=1.23), while their indicated knowledge about auditing is relatively low (Germany: mean=3.42; SD=1.49; Netherlands: mean=3.45; SD=1.50). Finally, both German and Dutch analysts perceive the audit profession to hold a reputation level slightly above the mid-point of the scale (Germany: mean=3.90; SD=1.56; Netherlands: mean=3.95; SD=1.15).

Students: A total of 60 German students and 46 Dutch students participated in the study. The average German (Dutch) student was 23.9 (22.2) years old and had 0.5 (0.6) years of general work experience. On a Likert scale ranging from 1 (low) to 7 (high), German students have an overall slightly greater experience with financial reporting (mean=3.52, SD=1.38) and knowledge of financial reporting (mean=4.18; SD=1.24) than Dutch students (mean=3.02; SD=1.66 for financial reporting experience; and mean=3.67; SD=1.52 for financial reporting knowledge). Knowledge about auditing is relatively similar for German (mean=3.43; SD=1.24) and Dutch students (mean=3.33; SD=1.71). Finally, both German and Dutch students perceive the audit profession to hold a relatively high reputation level (mean=4.82; SD=1.70; and mean=4.84; SD=1.17, respectively).

5.2 Manipulation and Other Checks

To verify the effectiveness of the audit report completeness manipulation (i.e., opinion-only versus complete audit report), we asked participants two questions after completion of the experimental survey. Since German and Dutch participants are relatively similar, we merge the two samples for the experimental manipulation checks.

First, participants were asked about the extent to which they agreed with the statement “The auditor’s report provided in the case materials explicitly described the respective responsibilities of management and auditors” (7=strongly agree; 1=strongly disagree). The overall mean response (SD) is 2.34 (1.60) for the ‘opinion only’ treatment, and 5.18 (1.72) for the ‘complete report’ treatment. The means are significantly different ($p<0.01$), indicating successful manipulation. The manipulation check was also successful when conducted for each individual user groups (i.e., auditors, financial analysts, students) ($p<0.01$).

Second, participants were asked about the extent to which they agreed with the statement “The auditor’s report provided in the materials explicitly described the scope and principles of the auditor’s work.” (7=strongly agree; 1=strongly disagree). The overall mean response (SD) is 2.61 (1.60) for the ‘opinion only’ treatment and 4.72 (1.77) for the ‘complete report’ treatment. The means are significantly different ($p<0.01$), indicating successful manipulation. The manipulation check was also successful when conducted for each individual user groups (i.e., auditors, financial analysts, students) (largest $p=0.02$).

Aside from manipulation checks, we measured a number of additional items to investigate the extent to which participants thoroughly read the case description. First, we asked them how intensively they read the financial statements (1=didn’t read them/ skipped them; 2=scanned them/ read them diagonally; 3=read them fairly thoroughly (word by word/ number by number); 4=read them very thoroughly (e.g., several times/ tried to memorize)). The mean response (SD) by overall participants is 2.38 (0.58), while students read the financial statements most thoroughly (mean=2.58; SD=0.53), followed by financial analysts (mean=2.34; SD=0.61) and auditors (mean=2.31; SD=0.57) (students’ mean is significantly different from both other groups’ means at $p<0.10$).

Second, using the same scale, we asked participants how intensively they read the auditor's report. The mean response (SD) by overall participants is 2.31 (0.54), while auditors read the auditor's report most thoroughly (mean=2.35; SD=0.52), followed by students (mean=2.30; SD=0.56) and financial analysts (mean=2.17; SD=0.56) (the only statistically significant difference is between auditors' and financial analysts' means at $p<0.05$).

5.3 Preliminary Testing

We measured three dimensions of the expectation gap, two of which refer to the perceived responsibility for the financial reporting (management responsibility dimension and auditor responsibility dimension) and one to the perceived reliability of the financial reporting, each containing a number of items borrowed from prior research. An exploratory factor analysis using all raw items as input variables was performed in order to check whether our three underlying theoretical constructs were empirically reproduced as separate factors. This analysis supported the existence of three stable constructs:² (1) the responsibility of the auditor for the financial reporting (auditor responsibility); (2) the responsibility of management for the financial reporting (management responsibility); and (3) the reliability of the underlying financial statements (reliability). Reliability analyses reveal very high Cronbach alphas (0.89 for auditor responsibility; 0.86 for management responsibility; and 0.83 for financial statement reliability), indicating that all factors measure the underlying construct with a very high degree of consistency. Consequently, we test our hypotheses on the basis of average indices of each of the three constructs, rather than using the individual items.

² We used principal components analysis with varimax rotation. The factor solution explains 57% of the overall variance.

Furthermore, to reduce the overall experimental error, we include a number of covariates in our data analyses. To determine which covariates to include, we conducted preliminary ANCOVA tests for all hypotheses tests (not tabulated), revealing which measured variables are significantly associated with the respective dependent variables. We included the following potential measured variables as covariates in this preliminary testing: (1) country (Germany or the Netherlands), (2) age, (3) gender, (4) self-reported reading intensity of financial statements, (5) self-reported reading intensity of audit report, and (6) perceived audit profession reputation.

5.4 *Hypothesis Testing*

5.4.1 Hypotheses *H1* and *H2*

Recall that *H1* predicts that auditors' and financial statement users' (i.e., students' and financial analysts') perceptions about the ISA 700 audit report will differ significantly regarding their ascribed responsibility to auditors (*H1a*), ascribed responsibility to management (*H1b*), and ascribed reliability to the underlying financial statements (*H1c*). *H2* suggests that these differences (a, b, and c) will be relatively greater between students and auditors as compared to financial analysts and auditors.

For testing *H1* and *H2*, we use only those observations that were provided by respondents in the 'complete auditor's report' treatment condition, thus omitting the 'opinion only' data portion.³ The reasoning behind this design choice is that *H1* and *H2* are primarily predicting the perceptual differences in response to the actual normal long form (i.e. the complete) ISA 700 report, rather than a short form of the report. Upcoming testing of *H3* will also incorporate responses by participants in the 'opinion only' treatment.

³ As a result, the number of observations for testing of *H1* and *H2* is 124 for auditors, 39 for financial analysts, and 57 for students.

First, we conducted an ANCOVA with group (auditor, financial analyst, student) as the independent variable, the ‘auditor responsibility’ index as the dependent variable, and the following measured variables, which were found to be significant, as covariates: self-reported reading intensity of audit report and perceived audit profession reputation. Table 3 reports the number of observations and dependent variable means per user group (Panel A) and the ANCOVA results (Panel B). There is a significant difference between user groups regarding the mean responsibility ascribed to auditors ($p < 0.01$). To further investigate which groups differ significantly from each other, we conducted post-hoc mean comparisons (not tabulated). We found that auditors’ mean responsibility rating of 1.53 is significantly lower than the mean responsibility ratings of both financial analysts (4.12) and students (4.27) ($p = 0.00$); however, there is no significant difference between the mean ratings provided by financial analysts and students ($p = 1.00$). These findings clearly support *H1a*, such that financial statement users ascribe greater responsibility for the financial statements to auditors, in comparison to auditors.

In order to investigate whether the difference in ascribed auditor responsibility is indeed greater between students and auditors (difference=2.74) as compared to financial analysts and auditors (difference=2.59) (as predicted by *H2a*), we conducted a difference-in-difference t-test and found the difference-in-difference to be insignificant ($t\text{-statistic} = 0.94$; $p = 0.35$). Hence, *H2a* is not supported.

<<<Insert Table 3 about here>>>

Second, we conducted an ANCOVA with group (auditor, financial analyst, student) as the independent variable, the ‘management responsibility’ index as the dependent variable, and country as the only measured variable, which was found to be significant. Table 4 reports the number of observations and dependent variable means per user group (Panel A) and the

ANCOVA results (Panel B). There is a significant difference between user groups regarding the responsibility ascribed to management ($p < 0.01$). To further investigate which groups differ significantly from each other, we conducted post-hoc mean comparisons (not tabulated). We found that auditors' mean responsibility rating of 6.88 is marginally higher than the mean responsibility rating of financial analysts (6.59; $p = 0.08$) and significantly higher than students' mean rating (5.84; $p = 0.00$). The difference between the mean responsibility rating of financial analysts and students is also significant ($p = 0.00$). These findings support *H1b*, such that financial statement users ascribe lower responsibility to management, in comparison to auditors.

In order to investigate whether the difference in ascribed auditor responsibility is indeed greater between students and auditors (difference=1.04), as compared to financial analysts and auditors (difference=0.29) (as predicted by *H2b*), we conducted a difference-in-difference t-test and found the difference-in-difference to be statistically significant ($t\text{-statistic} = 7.06$; $p = 0.00$). Hence, *H2b* is supported.

<<<Insert Table 4 about here>>>

Third, in order to test Hypotheses *H1c* and *H2c*, we conducted an ANCOVA with group (auditor, financial analyst, student) as the independent variable, the 'financial statement reliability' index as the dependent variable, and the following measured variables, which were found to be significant, as covariates: age and gender. Table 5 reports the number of observations and dependent variable means per group (Panel A) and the ANCOVA results (Panel B). There is a significant difference between user groups regarding financial statement reliability ($p < 0.05$). To further investigate which groups differ significantly from each other, we conducted post-hoc mean comparisons (not tabulated). We found that auditors' mean financial statement reliability rating of 4.01 is significantly lower than the mean reliability rating provided by students (4.76;

$p=0.01$), but not significantly different from financial analysts' mean reliability rating (4.05; $p=1.00$). These findings partially support *H1c*, such that students (but not financial analysts) ascribe greater reliability to financial statements than auditors do.

In order to investigate whether the difference in financial statement reliability ratings is also statistically greater between students and auditors (difference=1.19), as compared to financial analysts and auditors (difference=0.16) (as predicted by *H2c*), we conducted a difference-in-difference t-test and found that the difference-in-difference is statistically significant (t -statistic=4.75; $p=0.00$). Hence, Hypothesis *H2c* is supported.

<<<Insert Table 5 about here>>>

5.4.2 Hypothesis *H3*

Hypothesis *H3* predicts that the complete auditor's report will reduce the difference in perceptions between auditors and financial statement users compared to the short-form audit opinion-only report regarding ascribed responsibility to the auditor (*H3a*), ascribed responsibility to management (*H3b*), and ascribed reliability to the financial statements (*H3c*). Again, we conducted three different ANCOVAs – one for each dependent variable. However, this time we included audit report type (opinion only versus complete report) as a second independent variable in each model. Also, we merged financial analysts and students into one group, since we were primarily interested in the extent to which the overall difference between auditors' and users' perceptions would be affected by audit report completeness.

First, we conducted an ANCOVA with group (auditor versus financial statement user [i.e., financial analysts and students]) and audit report type (opinion only versus complete report) as the independent variables, the 'auditor responsibility' index as the dependent variable, and the

following measured variables, which were found to be significant, as covariates: country⁴, self-reported reading intensity of audit report, age, gender, and perceived audit profession reputation. We do not tabulate the results of ANCOVA testing, because neither the main effect of audit report type ($F=0.96$; $p=0.33$), nor the interaction effect between group and audit report type ($F=0.10$; $p=0.75$) on auditor responsibility ratings is significant. However, auditors' 'auditor responsibility' rating (1.54) remains significantly lower than financial statement users' rating (4.25) ($p=0.00$), also when including the 'opinion-only' treatment data in the study sample.

A difference-in-difference test statistically confirms that the auditor responsibility rating difference between auditors and financial statement users exposed to a complete report (difference=2.31) is not significantly different from the difference between the groups when exposed to the opinion only (difference=2.37) ($t\text{-statistic}=0.42$; $p=0.67$).

Re-running the ANCOVA and difference-in-difference test for (1) auditors versus financial analysts and (2) auditors versus students results in equivalent findings; i.e., the responsibility rating difference between auditors and users is not significantly affected by the completeness of the audit report.⁵ In conclusion, our results do not support *H3a*, since the complete auditor's report does not reduce the difference in auditor responsibility perceptions between auditors and financial statement users.

Second, we conducted an ANCOVA with group (auditor versus financial statement user [i.e., financial analysts and students]) and audit report type (opinion only versus complete report) as the independent variables, the 'management responsibility' index as the dependent variable, and the following measured variables, which were found to be significant, as covariates: country,

⁴ Dutch respondents provide higher responsibility ratings for auditors than German respondents.

⁵ A final sensitivity test was conducted, in which we ran individual ANCOVAs with report completeness as the only independent variable for each of the three groups. The effect was insignificant for auditors ($p=0.79$), financial analysts ($p=0.74$), as well as students ($p=0.57$).

age, and perceived audit profession reputation. Table 6 reports the number of observations and dependent variable means per treatment condition (Panel A) and the ANCOVA results (Panel B). Aside from a significant group effect (such that auditors rank management's responsibility higher [6.91] than financial statement users do [6.35; $p < 0.01$]), we also observe a marginally significant audit report type effect. More specifically, participants exposed to a complete audit report rate management responsibility slightly lower (6.56) than participants exposed to the audit opinion only (6.69; $p < 0.10$). However, the interaction term is insignificant.

<<<Insert Table 6 about here>>>

As already suggested by the insignificant interaction term, a difference-in-difference test further reveals that the management responsibility rating difference between auditors and financial statement users exposed to a complete report (difference=0.35) is not significantly different from the difference between the groups when exposed to the opinion only (difference=0.44) (t -statistic=0.97; $p=0.33$).

We re-ran the ANCOVA and difference-in-difference test for (1) auditors versus financial analysts and (2) auditors versus students, but the audit report completeness effect remains insignificant on the responsibility rating difference between auditors and users.⁶ In conclusion, our results do not support *H3b*, since the complete auditor's report does not reduce the difference in management responsibility perceptions between auditors and financial statement users.

Third, in order to test *H3c*, we conducted an ANCOVA with group (auditor versus financial statement user [i.e., financial analysts and students]) and audit report type (opinion only

⁶ A final sensitivity test was conducted, in which we ran individual ANCOVAs with report completeness as the only independent variable for each of the three groups. The effect was insignificant for financial analysts ($p=0.85$) and students ($p=0.40$), but auditors surprisingly reduced their management responsibility ratings from 6.94 (opinion only) to 6.88 (complete report) ($p=0.08$). However, since the rating difference of 0.06 is practically trivial, we do not consider it meaningful for interpretation.

versus complete report) as the independent variables, the ‘financial statement reliability’ index as the dependent variable, and no covariates. Table 7 reports the number of observations and dependent variable means per treatment condition (Panel A) and the ANCOVA results (Panel B). Consistent with the results pertaining to *H1c*, auditors’ reliability ratings (4.05) are significantly lower than financial statement users’ ratings (4.31; $p < 0.05$). However, given the marginally significant interaction term ($p < 0.10$), the main effect should be interpreted with caution. To further investigate the interaction effect, we conducted post-hoc mean comparisons (not tabulated). As expected, audit report length does not significantly affect auditors’ reliability ratings (opinion only: 4.09; complete report: 4.01; $p = 0.61$); however, financial statement users (i.e., students and financial analysts) rate financial statement reliability significantly higher when the audit report is complete (4.47) than when only the opinion is stated (4.14) ($p = 0.07$). Interestingly, however, and in contrast to our Hypothesis *H3c*, the complete form of the audit report does not bring users’ reliability ratings closer to the auditors’ ratings. Rather, in the presence of a complete report, users increase their reliability ratings to a level (i.e., from 4.14 to 4.47), where it becomes significantly greater than auditors’ ratings (4.01). Figure 1 illustrates the interaction effect.

<<<Insert Table 7 about here>>>

<<<Insert Figure 1 about here>>>

We also conducted a difference-in-difference test, which reveals that the reliability rating difference between auditors and financial statement users exposed to a complete report (difference=0.46) is significantly greater than the difference between the groups when exposed to the opinion only (difference=0.05) (t -statistic=2.48; $p = 0.01$). In contrast to *H3c*, the expectation

gap with respect to financial statement reliability is increased (rather than reduced) by the exposure to a complete audit report. Hence, *H3c* is rejected.^{7,8}

At least to the extent that auditor perceptions can be taken as a “benchmark” for management and auditor responsibilities and financial statement reliability, our results do not suggest that the complete auditor’s report with its detailed explanations of management’s and auditor’s respective responsibilities and the task and scope of the audit, as opposed to a short-form opinion-only report, are effective in reducing the expectation gap.

6. Summary and Discussion

Over 70 jurisdictions around the world have adopted the International Standards on Auditing, and several additional implementations are pending, most notable the EU and China. These developments reinforce the need for further empirical evidence on international financial statement users’ perceptions of ISA 700, which is one of the most important standards with respect to enhancing investors’ confidence in financial reporting. Further, given permanent revisions of current standards to address changing investor needs, empirical evidence on user perceptions is a crucial means to provide insight into possible needs of standard revisions. Finally, given individual jurisdictions’ plan to adopt and build on existing standards, such as the EU or national standards setters, high quality standards are an important condition of consistency and standard-setting transparency between jurisdictions.

⁷ We re-ran the ANCOVA and difference-in-difference test for (1) auditors versus financial analysts and (2) auditors versus students, revealing that the significant interaction and difference-in-difference results are primarily driven by the comparison between auditors and students (rather than auditors and financial analysts).

⁸ A final sensitivity test was conducted, in which we ran individual ANCOVAs with report completeness as the only independent variable for each of the three groups. The effect was insignificant for auditors ($p=0.40$) and financial analysts ($p=0.72$), but students increased their reliability ratings from 4.37 (opinion only) to 4.74 (complete report) ($p=0.08$).

However, prior research indicates the existence of an audit expectation gap between auditors, who are well familiar with what an audit is and what it implies, and financial statement users, based on the information provided in the auditor's report. This experimental study provides insight into financial statement users' perceptions regarding auditor and management responsibilities as well as financial statement reliability to investigate a possible reduction of the expectation gap under the revised ISA 700 auditor's report.

Consistent with our predictions, we find that financial statement users ascribe greater (lower) responsibility for the financial statements to auditors (management) as compared to auditors. As for the responsibility ascription to management, we find the gap between students and auditors to be significantly greater as compared to the gap between financial analysts and auditors. Further, students perceive financial statements to be more reliable than auditors do. This gap is significantly greater than the gap between financial analysts and auditors. Overall, our results indicate the persistence of an audit expectation gap based on the revised version of ISA 700 with its new wording for the auditor's report.

We further investigate the importance of the information provided in the ISA 700 audit report by comparing user perceptions based on the complete long-form versus a short-form opinion-only audit report. This allows us to test whether being presented with the detailed explanations of the auditor's responsibilities in comparison to management and the task and scope of the audit leads to an alignment of users' perceptions toward those of auditors. However, contrary to our prediction and contrary to the goal of the revised ISA 700 auditor's report, we do not find a reduction in the expectation gap related to ascribed auditor and management responsibilities between auditors and financial statement users when the complete audit report is provided as compared to when the short-form version is provided. This is a robust finding that

holds for various sensitivity tests and occurs with a successful experimental manipulation as indicated by the corresponding manipulation check.

While the fact that an audit expectation gap still exists under the new ISA 700 auditor's report is in line with our prediction, it is surprising and somewhat disturbing that the detailed explanations of auditor versus management responsibilities and of the task and scope of the audit seem to be without any effect at all regarding ascribed responsibilities. It is theoretically possible that participants had already "internalized" all the information that is contained in the complete ISA 700 auditor's report before participating in this study. However, this is plausible only for auditors and to some extent for sophisticated users such as the financial analysts in our study, but not for the entire population of unsophisticated users (students), who had no formal education in auditing. Thus, it seems that the detailed explanations given in the complete auditor's report are interpreted in a significantly different fashion by users versus auditors. Since auditor and management responsibility ascriptions are virtually identical with and without being presented the detailed explanations of the ISA 700 auditor's report, auditors versus users seem to interpret them in a consistent fashion with their already held beliefs.

As for the reliability ascription, we find the expectation gap to be even increased when the complete audit report is provided. As suggested by additional analyses, this effect is driven by the students rather than the financial analysts. A possible explanation for this counterintuitive finding might be the low experience of students with the issue of financial statement reliability (which very likely is lower than that of financial analysts). Students therefore might be highly uncertain about how much reliability can be ascribed to audited financial statements in a situation where no relevant information on this issue is provided (as is the case in the opinion-only condition). Therefore, they might make a particularly "prudent" assessment in this condition

(at least from *their* point of view). In contrast, when provided with relevant cues relating to the reliability of audited financial statements (as contained in the complete auditor's report), they may feel better informed. This reduction in uncertainty might make them "dare" to make a less cautious assessment, particularly if they get the impression that there are two parties (management and the auditor) who both take over certain responsibilities with regard to financial statement reliability, and which may appear "more" than what they originally had in mind without this explicit information.

Taken together, these results indicate that the comprehensive explanations of auditor vs. management responsibilities and of the task and scope of the audit in the new ISA 700 auditor's report are not effective in reducing the audit expectation gap and in part can even have a detrimental effect. The results suggest that both auditors and users interpret these explanations in a significantly different fashion and possibly "simply" consistent with their preconceptions. This might indicate that the explanations need to be formulated stronger, better understandable (particularly to users), and perhaps less ambiguous, i.e. leaving less room for individual interpretation. However, at this stage, this is speculative and needs further research to shed light on.

This study has some limitations that need to be acknowledged. First, an assumption maintained in this study is that auditors' perceptions of auditor and management responsibilities as well as of (audited) financial statements' reliability can be considered as an indicator of the "true" responsibilities and financial statement reliability. Even though auditors are likely to have self-interests and may also "strategically" respond to questions relating to their own responsibilities, it is plausible to assume that – due to their in-depth knowledge of the audit process with its legal requirements and general possibilities and limitations and due to their

extensive experience with financial statements – auditors are the best people available to take as a “benchmark” in this regard. Therefore, this is indeed a maintained assumption in most of the prior empirical research on the audit expectation gap. Second, we have not hypothesized any differences in perceptions related to auditor and management responsibilities as well as to the reliability of financial statements between German and Dutch participants, which is consistent with having no reasons to do so from a theory perspective, since both countries are neighbors in the western hemisphere and have very similar economic structures. Corresponding with this view, our analyses conducted in this report do not suggest important differences between the two countries. However, a detailed analysis of the data in this regard is still due. At this point, the tables included in Part 2 of the Appendix provide a detailed descriptive summary of our data for the two countries, including demographic information about the participants, descriptive data of the three index variables/factors, the individual items, and a number of additional variables not explicitly analyzed in this report, but which may provide useful background information on our findings.

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TABLE 1: Research Design and Participants

		Participant Groups						Total
		Auditors		Financial Analysts		Students		
		GER	NL	GER	NL	GER	NL	
Auditor's Report	Opinion only	n=111	n=28	n=33	n=10	n=56	n=21	259
	Complete report	n=94	n=30	n=29	n=10	n=53	n=25	241
	Total	205	58	62	20	109	46	500

GER = Participants in Germany; NL = Participants in the Netherlands

TABLE 2: Expectation Gap Belief Scales

Auditor Responsibility Factor (Cronbach's alpha = 0.89)

(all item scales ranging from 1=strongly disagree to 7=strongly agree)

According to my impression...

- ...the auditor is responsible for detecting all fraud
 - ...the auditor is responsible for the soundness of the internal control structure of the entity.
 - ...the auditor is responsible for maintaining accounting records.
 - ...the auditor is responsible for producing the financial statements.
 - ...the auditor is responsible for preventing fraud.
-

Management Responsibility Factor (Cronbach's alpha = 0.86)

(all item scales ranging from 1=strongly disagree to 7=strongly agree)

According to my impression...

- ...management is responsible for detecting all fraud.
 - ...management is responsible for the soundness of the internal control structure of the entity.
 - ...management is responsible for maintaining accounting records.
 - ...management is responsible for producing the financial statements.
 - ...management is responsible for preventing fraud.
-

Financial Statement Reliability Factor (Cronbach's alpha = 0.83)

(all item scales ranging from 1=strongly disagree to 7=strongly agree)

- Users can have absolute assurance that the financial statements contain no material misstatements.
 - The audited financial statements give a true and fair view of the financial position of the entity.
 - The entity is free from fraud.
 - The audited financial statements comply with accepted accounting practice.
 - The audited financial statements contain no deliberate distortions.
 - The audited financial statements contain no accidental errors.
 - The audited financial statements have no significant omissions.
 - The amounts and disclosures contained in the audited financial statements are credible.
 - The company has kept proper accounting records during the year.
-

TABLE 3: Dependent Variable: Auditor Responsibility Index (H1a and H2a)

Panel A: Means, Standard Deviations (Std. Dev.), and Participants per Group (N)			
<i>Group</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>N</i>
Auditors	1.5210	0.63150	119
Financial Analysts	4.1179	1.47307	39
Students	4.2643	1.37410	56
Total	2.7121	1.69809	214

Panel B: ANCOVA of User Group on Auditor Responsibility Index					
<i>Source</i>	<i>Type III Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Corrected Model	398.269	4	99.567	96.377	0.000
Intercept	169.365	1	169.365	163.938	0.000
Reading intensity of audit report*	5.973	1	5.973	5.782	0.017
Audit profession reputation**	8.750	1	8.750	8.469	0.004
Group	293.558	2	146.779	142.076	0.000
Error	215.919	209	1.033		
Total	2188.320	214			
Corrected Model	614.188	213			

R-squared=0.648 (adj. R-squared=0.642)

*Reading intensity of the audit report is negatively associated with responsibility ratings for auditors.

**Perceived audit profession reputation is negatively associated with responsibility ratings for auditors.

TABLE 4: Dependent Variable: Management Responsibility Index (H1b and H2b)

Panel A: Means, Standard Deviations (Std. Dev.), and Participants per Group (N)			
<i>Group</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>N</i>
Auditors	6.8823	0.34312	124
Financial Analysts	6.5949	0.45303	39
Students	5.8386	1.22383	57
Total	6.5609	0.82413	220

Panel B: ANCOVA of User Group on Management Responsibility Index					
<i>Source</i>	<i>Type III</i>				
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Corrected Model	46.519	3	15.506	32.764	0.000
Intercept	5400.014	1	5400.014	11410.131	0.000
Country*	3.930	1	3.930	8.304	0.004
Group	36.650	2	18.325	38.720	0.000
Error	102.225	216	0.473		
Total	9618.760	220			
Corrected Model	148.744	219			

R-squared=0.313 (adj. R-squared=0.303)

*German respondents provide higher responsibility ratings for management than Dutch respondents.

TABLE 5: Dependent Variable: Financial Statement Reliability Index (H1c and H2c)

Panel A: Means, Standard Deviations (Std. Dev.), and Participants per Group (N)

<i>Group</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>N</i>
Auditors	4.0306	1.32998	120
Financial Analysts	4.0541	1.08922	39
Students	4.7583	1.07790	57
Total	4.2269	1.26220	216

Panel B: ANCOVA of User Group on Financial Statement Reliability Index

<i>Source</i>	<i>Type III Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Corrected Model	35.973	4	8.993	6.190	0.000
Intercept	48.761	1	48.761	33.562	0.000
Gender*	5.725	1	5.725	3.940	0.048
Age**	9.910	1	9.910	6.821	0.010
Group	27.029	2	13.515	9.302	0.000
Error	306.553	211	1.453		
Total	4201.642	216			
Corrected Total	342.526	215			

R-squared=0.105 (adj. R-squared=0.088)

*Female participants rate reliability higher than male participants.

**Age is positively associated with reliability ratings

TABLE 6: Dependent Variable: Management Responsibility Index (H3b)**Panel A: Means, Standard Deviations (Std. Dev.), and Participants per Group (N)**

<i>Audit Report</i>				
<i>Type</i>	<i>Group</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>N</i>
Opinion only	Auditors	6.9403	0.18521	134
	Financial Statement User	6.3370	0.90708	92
	Total	6.6947	0.66431	226
Complete	Auditors	6.8807	0.34867	119
	Financial Statement User	6.1579	1.04978	95
	Total	6.5598	0.82660	214
Total	Auditors	6.9123	0.27554	253
	Financial Statement User	6.2460	0.98364	187
	Total	6.6291	0.74983	440

Panel B: ANCOVA of User Group and Audit Report Type on Management Responsibility Index

<i>Source</i>	<i>Type III Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Corrected Model	66.140	6	11.023	28.416	0.000
Intercept	400.297	1	400.297	959.274	0.000
Country*	6.477	1	6.477	15.522	0.000
Age**	8.389	1	8.389	20.102	0.000
Audit profession reputation***	1.033	1	1.033	2.475	0.116
Audit Report Type	1.163	1	1.163	2.788	0.096
Group	9.657	1	9.657	23.143	0.000
Audit Report Type x Group	0.228	1	0.228	0.547	0.460
Error	180.687	433	0.417		
Total	19582.560	440			
Corrected Total	246.828	439			

R-squared=0.268 (adj. R-squared=0.258)

*Dutch respondents provide higher responsibility ratings for auditors than German respondents.

**Age is positively associated with responsibility ratings for management.

***Perceived audit profession reputation is negatively associated with responsibility ratings for management.

TABLE 7: Dependent Variable: Financial Statement Reliability Index (H3c)**Panel A: Means, Standard Deviations (Std. Dev.), and Participants per Group (N)**

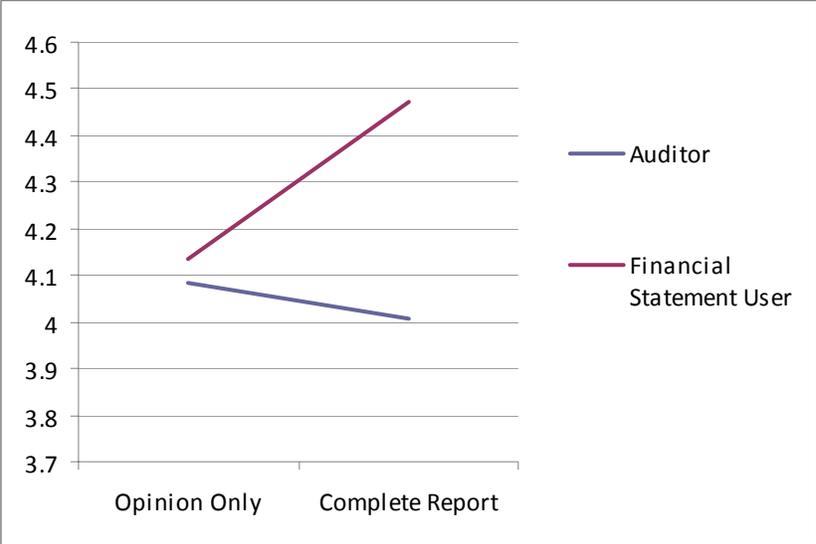
<i>Audit Report Type</i>		<i>Mean</i>	<i>Std. Dev.</i>	<i>N</i>
Opinion only	Auditors	4.0855	1.23143	139
	Financial Statement User	4.1353	1.28650	92
	Total	4.1053	1.25112	231
Complete	Auditors	4.0063	1.33959	124
	Financial Statement User	4.4722	1.13151	96
	Total	4.2096	1.27157	220
Total	Auditors	4.0482	1.28170	263
	Financial Statement User	4.3073	1.21835	188
	Total	4.1562	1.26081	451

Panel B: ANCOVA of User Group and Audit Report Type on Financial Statement Reliability Index

<i>Source</i>	<i>Type III Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Corrected Model	13.109	3	4.370	2.782	0.041
Intercept	7630.768	1	7630.768	4857.294	0.000
Audit Report Type	1.817	1	1.817	1.157	0.2836
Group	7.277	1	7.277	4.632	0.032
Audit Report Type x Group	4.740	1	4.740	3.017	0.83
Error	702.233	447	1.571		
Total	8505.901	451			
Corrected Model	715.353	450			

R-squared=0.018 (adj. R-squared=0.012)

FIGURE 1: Interaction Group x Audit Report Type on Financial Statement Reliability Index



APPENDIX

*Part 1: Experimental Case with Auditor's Report Manipulation ('Opinion Only' Versus 'Complete Report')**

In the following you will obtain information about Berens Electronics AG and the auditor's report of its financial statements auditor. Upon reading the case, you will be asked a set of questions.

Berens Electronics AG

Berens Electronics is a large publicly traded company that manufactures and distributes audio, video, and other multimedia equipment to retailers throughout Europe.

Berens Electronics has completed the fiscal year 2007 and published the IFRS consolidated financial statements outlined in the following;

<u>Berens Electronics AG</u>		
<u>Consolidated Balance Sheet</u>		
	12/31/2007	12/31/2006
	in million €	in million €
Non-Current Assets	600	596
Current Assets	490	479
<i>Thereof cash and cash equivalents</i>	<i>156</i>	<i>150</i>
<i>Thereof accounts receivables</i>	<i>191</i>	<i>189</i>
<i>Thereof inventory</i>	<i>143</i>	<i>140</i>
TOTAL ASSETS	1,090	1,075
Equity	640	638
Liabilities	450	437
TOTAL EQUITY AND LIABILITIES	1,090	1,075

<u>Berens Electronics AG</u>		
<u>Consolidated Income Statement</u>		
	2007	2006
	in million €	in million €
Sales	1,300	1,181
Cost and expenses	1,201	1,084
OPERATING PROFIT	99	97
Financial income and expenses	2	1
PROFIT BEFORE TAX	101	98

* The original versions used in this study were in German or Dutch, depending on each participant's origin. Here we reproduce an English translation from the version used in Germany (the Dutch version differs only to a minimal extent from the German one, which is due to adaptations regarding nationally specific terms, such as for stock corporations).

Berens Electronics' financial statements have been audited by the audit firm G&B for the preceding three years. G&B is a large audit firm with a good reputation.

In the following, this year's auditor's report of G&B relating to the audit of this year's IFRS consolidated financial statements according to International Standards on Auditing (ISA) is reproduced:

[--- Experimental Manipulation ---]

[The following text was shown in the 'complete report' auditor's report condition:]

Independent Auditor's Report

To Berens Electronics AG

We have audited the accompanying consolidated financial statements for the year from January 1st, 2007 to December 31st, 2007.

Management's Responsibility for the Financial Statements

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Berens Electronics AG, as of December 31st, 2007, and of its financial performance and cash flows for the year from January 1st, 2007 to December 31st, 2007 in accordance with International Financial Reporting Standards.

G&B
(Public Accounting Firm)

[-----]

[The following text was shown in the ‘opinion only’ auditor’s report condition:]

Independent Auditor’s Report

To Berens Electronics AG

We have audited the accompanying consolidated financial statements for the year from January 1st, 2007 to December 31st, 2007.

[...]

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Berens Electronics AG, as of December 31st, 2007, and of its financial performance and cash flows for the year from January 1st, 2007 to December 31st, 2007 in accordance with International Financial Reporting Standards.

G&B
(Public Accounting Firm)

[-----]

Part 2: Detailed Descriptive Statistics of the Data Used in this Study

TABLE A1: Demographic Information About the Participants (Metric Variables)

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	Mean (Std. Dev.)								
Age									
Opinion Only	41.86 (6.94)	37.89 (7.02)	41.06 (7.11)	38.39 (9.95)	36.50 (8.85)	37.95 (9.64)	24.18 (2.91)	22.33 (2.54)	23.39 (2.88)
Complete Report	41.61 (7.82)	43.27 (11.73)	42.03 (8.93)	36.55 (8.26)	40.70 (11.31)	37.62 (9.16)	23.69 (2.38)	22.12 (2.62)	23.00 (2.58)
Total	41.75 (7.34)	40.72 (10.07)	41.52 (8.02)	37.53 (9.17)	38.60 (10.12)	37.79 (9.36)	23.92 (2.63)	22.22 (2.56)	23.18 (2.72)
Years of audit experience									
Opinion Only	14.53 (7.30)	14.00 (7.91)	14.42 (7.40)	NA	NA	NA	NA	NA	NA
Complete Report	14.30 (7.44)	19.97 (11.28)	15.73 (8.87)	NA	NA	NA	NA	NA	NA
Total	14.42 (7.35)	17.14 (10.20)	15.04 (8.14)	NA	NA	NA	NA	NA	NA
Years of (full-time) work experience									
Opinion Only	16.12 (7.32)	15.30 (8.03)	15.96 (7.45)	12.41 (8.28)	11.30 (8.17)	12.14 (8.17)	0.71 (1.12)	0.20 (0.52)	0.50 (0.95)
Complete Report	15.85 (7.18)	20.53 (11.56)	17.04 (8.70)	12.24 (7.74)	14.80 (10.87)	12.90 (8.57)	0.38 (0.79)	0.91 (1.57)	0.59 (1.19)
Total	16.00 (7.24)	18.05 (10.30)	16.46 (8.06)	12.33 (7.96)	13.05 (9.53)	12.51 (8.32)	0.53 (0.96)	0.57 (1.23)	0.55 (1.08)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each variable according to auditor's report condition in the lines and participant group and nationality in the columns.

NA = Not available (corresponding question not asked in the respective participant group)

TABLE A2: Demographic Information About the Participants (Categorical Variables) (Part 1 of 2)

	Auditors			Financial Analysts			Students		
	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number
Gender									
Opinion Only									
<i>Female</i>	24	2	26	4	1	5	8	11	19
<i>Male</i>	84	25	109	29	9	38	20	10	30
Complete Report									
<i>Female</i>	11	4	15	2	2	4	8	8	16
<i>Male</i>	80	26	106	27	8	35	24	17	41
Total									
<i>Female</i>	35	6	41	6	3	9	16	19	35
<i>Male</i>	164	51	215	56	17	73	44	27	71
Auditor Position									
Opinion Only									
<i>Senior Staff</i>	3	1	4	NA	NA	NA	NA	NA	NA
<i>Manager</i>	48	6	54	NA	NA	NA	NA	NA	NA
<i>Senior Manager</i>	21	15	36	NA	NA	NA	NA	NA	NA
<i>Director</i>	3	2	5	NA	NA	NA	NA	NA	NA
<i>Partner</i>	29	3	32	NA	NA	NA	NA	NA	NA
<i>Other</i>	6	0	6	NA	NA	NA	NA	NA	NA
Complete Report									
<i>Senior Staff</i>	0	0	0	NA	NA	NA	NA	NA	NA
<i>Manager</i>	40	7	47	NA	NA	NA	NA	NA	NA
<i>Senior Manager</i>	20	14	34	NA	NA	NA	NA	NA	NA
<i>Director</i>	5	1	6	NA	NA	NA	NA	NA	NA
<i>Partner</i>	25	7	32	NA	NA	NA	NA	NA	NA
<i>Other</i>	3	1	4	NA	NA	NA	NA	NA	NA
Total									
<i>Senior Staff</i>	3	1	4	NA	NA	NA	NA	NA	NA
<i>Manager</i>	88	13	101	NA	NA	NA	NA	NA	NA
<i>Senior Manager</i>	41	29	70	NA	NA	NA	NA	NA	NA
<i>Director</i>	8	3	11	NA	NA	NA	NA	NA	NA
<i>Partner</i>	54	10	64	NA	NA	NA	NA	NA	NA
<i>Other</i>	9	1	10	NA	NA	NA	NA	NA	NA
Audit Firm Segment									
Opinion Only									
<i>Auditors from Big4 firms</i>	89	28	117	NA	NA	NA	NA	NA	NA
<i>Auditors from Non-Big4 firms</i>	22	0	22	NA	NA	NA	NA	NA	NA
Complete Report									
<i>Auditors from Big4 firms</i>	74	30	104	NA	NA	NA	NA	NA	NA
<i>Auditors from Non-Big4 firms</i>	20	0	20	NA	NA	NA	NA	NA	NA
Total									
<i>Auditors from Big4 firms</i>	163	58	221	NA	NA	NA	NA	NA	NA
<i>Auditors from Non-Big4 firms</i>	42	0	42	NA	NA	NA	NA	NA	NA

TABLE A2: Demographic Information About the Participants (Categorical Variables) (Part 2 of 2)

	Auditors			Financial Analysts			Students		
	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number
Financial Analyst Position									
Opinion Only									
<i>Chief Investment Officer</i>	NA	NA	NA	1	0	1	NA	NA	NA
<i>Director of Research</i>	NA	NA	NA	2	1	3	NA	NA	NA
<i>Fixed Income Portfolio Manager</i>	NA	NA	NA	1	0	1	NA	NA	NA
<i>Fixed Income Security Analyst</i>	NA	NA	NA	0	1	1	NA	NA	NA
<i>Portfolio Manager</i>	NA	NA	NA	0	3	3	NA	NA	NA
<i>Security Analyst</i>	NA	NA	NA	16	4	20	NA	NA	NA
<i>Other</i>	NA	NA	NA	13	1	14	NA	NA	NA
Complete Report									
<i>Chief Investment Officer</i>	NA	NA	NA	1	1	2	NA	NA	NA
<i>Director of Research</i>	NA	NA	NA	2	0	2	NA	NA	NA
<i>Fixed Income Portfolio Manager</i>	NA	NA	NA	1	0	1	NA	NA	NA
<i>Fixed Income Security Analyst</i>	NA	NA	NA	2	0	2	NA	NA	NA
<i>Portfolio Manager</i>	NA	NA	NA	7	0	7	NA	NA	NA
<i>Security Analyst</i>	NA	NA	NA	7	4	11	NA	NA	NA
<i>Other</i>	NA	NA	NA	9	5	14	NA	NA	NA
Total									
<i>Chief Investment Officer</i>	NA	NA	NA	2	1	3	NA	NA	NA
<i>Director of Research</i>	NA	NA	NA	4	1	5	NA	NA	NA
<i>Fixed Income Portfolio Manager</i>	NA	NA	NA	2	0	2	NA	NA	NA
<i>Fixed Income Security Analyst</i>	NA	NA	NA	2	1	3	NA	NA	NA
<i>Portfolio Manager</i>	NA	NA	NA	7	3	10	NA	NA	NA
<i>Security Analyst</i>	NA	NA	NA	23	8	31	NA	NA	NA
<i>Other</i>	NA	NA	NA	22	6	28	NA	NA	NA

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show numbers of participants for each variable category according to auditor's report condition in the lines and participant group and nationality in the columns.

NA = Not available (corresponding question not asked in the respective participant group)

TABLE A3: Participants' Financial Accounting and Auditing Knowledge and Perceived Auditor Profession Reputation

Panel A: Financial Accounting and Auditing Knowledge

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	<i>Mean</i> (<i>Std. Dev.</i>)								
Frequency of dealing with financial statements (professionally and privately considered together)									
Opinion Only	NA	NA	NA	5.58 (1.75)	5.40 (1.71)	5.53 (1.72)	3.57 (1.20)	2.81 (1.57)	3.24 (1.41)
Complete Report	NA	NA	NA	4.59 (1.74)	4.80 (1.81)	4.64 (1.74)	3.47 (1.54)	3.21 (1.74)	3.36 (1.62)
Total	NA	NA	NA	5.11 (1.80)	5.10 (1.74)	5.11 (1.78)	3.52 (1.38)	3.02 (1.66)	3.30 (1.52)
Own knowledge in financial accounting and reporting									
Opinion Only	NA	NA	NA	4.79 (1.39)	4.90 (1.20)	4.81 (1.33)	4.32 (1.31)	3.62 (1.40)	4.02 (1.38)
Complete Report	NA	NA	NA	3.93 (1.00)	5.00 (1.33)	4.21 (1.17)	4.06 (1.19)	3.71 (1.65)	3.91 (1.40)
Total	NA	NA	NA	4.39 (1.28)	4.95 (1.23)	4.52 (1.29)	4.18 (1.24)	3.67 (1.52)	3.96 (1.39)
Own knowledge in financial statements auditing									
Opinion Only	NA	NA	NA	3.70 (1.57)	3.10 (1.37)	3.56 (1.53)	3.50 (1.23)	3.52 (1.81)	3.51 (1.49)
Complete Report	NA	NA	NA	3.10 (1.35)	3.80 (1.62)	3.28 (1.43)	3.38 (1.26)	3.17 (1.63)	3.29 (1.42)
Total	NA	NA	NA	3.42 (1.49)	3.45 (1.50)	3.43 (1.48)	3.43 (1.24)	3.33 (1.71)	3.39 (1.45)

Panel B: Perceived Auditor Profession Reputation

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	<i>Mean</i> (<i>Std. Dev.</i>)								
Perceived reputation of financial statement auditor profession									
Opinion Only	5.52 (1.09)	5.93 (0.73)	5.60 (1.04)	3.94 (1.48)	4.00 (1.41)	3.95 (1.45)	4.86 (1.56)	5.05 (1.24)	4.94 (1.42)
Complete Report	5.40 (1.27)	5.67 (1.18)	5.47 (1.25)	3.86 (1.66)	3.90 (0.88)	3.87 (1.49)	4.78 (1.84)	4.67 (1.09)	4.73 (1.55)
Total	5.47 (1.17)	5.79 (1.00)	5.54 (1.14)	3.90 (1.55)	3.95 (1.15)	3.91 (1.46)	4.82 (1.70)	4.84 (1.17)	4.83 (1.49)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each variable according to auditor's report condition in the lines and participant group and nationality in the columns. The frequency scale (first) ranges from 1=never to 7=very frequently, the knowledge scales (second and third) range from 1=no knowledge to 7=very comprehensive knowledge, and the reputation scale (last) ranges from 1=very low reputation to 7=very high reputation.

NA = Not available (corresponding question not asked in the respective participant group)

TABLE A4: Descriptive Statistics of Factors/Index Variables

	Auditors			Financial Analysts			Students		
	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)
Auditor Responsibility Factor									
Opinion Only	1.56 (0.76)	1.64 (0.58)	1.58 (0.73)	4.13 (1.27)	4.42 (1.30)	4.20 (1.27)	4.15 (1.32)	4.70 (1.52)	4.39 (1.42)
Complete Report	1.52 (0.64)	1.55 (0.57)	1.53 (0.63)	4.14 (1.60)	4.04 (1.11)	4.12 (1.47)	3.95 (1.50)	4.68 (1.06)	4.27 (1.36)
Total	1.54 (0.71)	1.59 (0.57)	1.55 (0.68)	4.14 (1.42)	4.23 (1.19)	4.16 (1.36)	4.04 (1.41)	4.69 (1.28)	4.32 (1.38)
Management Responsibility Factor									
Opinion Only	6.95 (0.15)	6.89 (0.28)	6.94 (0.18)	6.75 (0.42)	6.34 (1.01)	6.65 (0.62)	6.19 (0.73)	5.90 (1.33)	6.06 (1.03)
Complete Report	6.88 (0.36)	6.88 (0.30)	6.88 (0.34)	6.66 (0.42)	6.42 (0.51)	6.59 (0.45)	6.19 (0.74)	5.38 (1.55)	5.84 (1.22)
Total	6.92 (0.27)	6.89 (0.29)	6.91 (0.27)	6.70 (0.42)	6.38 (0.78)	6.62 (0.54)	6.19 (0.73)	5.62 (1.46)	5.94 (1.14)
Financial Statement Reliability Factor									
Opinion Only	4.03 (1.29)	4.29 (0.93)	4.09 (1.23)	3.84 (1.49)	3.98 (1.12)	3.87 (1.40)	4.28 (1.27)	4.49 (0.96)	4.37 (1.14)
Complete Report	3.95 (1.38)	4.18 (1.21)	4.01 (1.34)	3.93 (1.16)	4.42 (0.78)	4.05 (1.09)	4.76 (1.05)	4.76 (1.14)	4.76 (1.08)
Total	4.00 (1.33)	4.23 (1.08)	4.05 (1.28)	3.88 (1.34)	4.20 (0.97)	3.96 (1.26)	4.53 (1.17)	4.64 (1.06)	4.58 (1.12)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each index variable/factor according to auditor's report condition in the lines and participant group and nationality in the columns. All underlying item scales and hence the index scales range from 1=strongly disagree to 7=strongly agree. All items that underlie the three index variables/factors are listed in Table 2.

TABLE A5: Descriptive Statistics of Auditor Responsibility Items

	Auditors			Financial Analysts			Students		
	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)
According to my impression...									
...the auditor is responsible for detecting all fraud.									
Opinion Only	2.23 (1.28)	2.96 (1.55)	2.37 (1.36)	5.70 (1.70)	5.50 (1.84)	5.65 (1.72)	5.93 (1.68)	5.81 (1.89)	5.88 (1.75)
Complete Report	2.17 (1.33)	2.80 (1.69)	2.32 (1.44)	6.07 (1.41)	5.40 (1.58)	5.90 (1.47)	5.69 (1.80)	5.60 (1.63)	5.65 (1.72)
Total	2.20 (1.30)	2.88 (1.61)	2.35 (1.40)	5.87 (1.57)	5.45 (1.67)	5.77 (1.60)	5.80 (1.73)	5.70 (1.74)	5.75 (1.73)
...the auditor is responsible for the soundness of the internal control structure of the entity.									
Opinion Only	1.49 (1.08)	1.46 (0.92)	1.48 (1.05)	4.12 (1.76)	3.70 (1.89)	4.02 (1.78)	3.93 (1.70)	3.90 (1.79)	3.92 (1.72)
Complete Report	1.48 (1.12)	1.10 (0.40)	1.39 (1.01)	3.72 (2.42)	3.30 (1.49)	3.62 (2.21)	3.41 (1.58)	3.84 (1.89)	3.60 (1.72)
Total	1.48 (1.10)	1.28 (0.72)	1.44 (1.03)	3.94 (2.09)	3.50 (1.67)	3.83 (1.99)	3.65 (1.64)	3.87 (1.82)	3.75 (1.72)
...the auditor is responsible for maintaining accounting records.									
Opinion Only	1.40 (1.11)	1.14 (0.45)	1.35 (1.01)	3.73 (1.88)	3.50 (1.78)	3.67 (1.84)	3.18 (2.11)	4.71 (2.22)	3.84 (2.27)
Complete Report	1.35 (0.92)	1.17 (0.75)	1.31 (0.89)	3.38 (2.24)	3.30 (1.42)	3.36 (2.05)	3.69 (2.15)	4.80 (2.04)	4.18 (2.16)
Total	1.38 (1.02)	1.16 (0.62)	1.33 (0.95)	3.56 (2.05)	3.40 (1.57)	3.52 (1.93)	3.45 (2.13)	4.76 (2.10)	4.02 (2.20)
...the auditor is responsible for producing the financial statements.									
Opinion Only	1.14 (0.63)	1.21 (0.57)	1.15 (0.61)	3.42 (2.25)	4.10 (1.97)	3.58 (2.18)	3.25 (1.99)	4.43 (2.23)	3.76 (2.16)
Complete Report	1.14 (0.48)	1.13 (0.73)	1.14 (0.55)	3.55 (2.40)	3.40 (2.37)	3.51 (2.36)	3.03 (2.29)	4.08 (2.34)	3.49 (2.35)
Total	1.14 (0.56)	1.17 (0.65)	1.14 (0.58)	3.48 (2.30)	3.75 (2.15)	3.55 (2.26)	3.13 (2.14)	4.24 (2.27)	3.61 (2.26)
...the auditor is responsible for preventing fraud.									
Opinion Only	1.55 (1.11)	1.43 (0.63)	1.53 (1.03)	3.70 (1.98)	5.30 (1.16)	4.07 (1.93)	4.46 (2.10)	4.67 (1.96)	4.55 (2.02)
Complete Report	1.48 (0.96)	1.53 (1.22)	1.49 (1.02)	4.00 (2.42)	4.80 (2.44)	4.21 (2.42)	3.94 (2.17)	5.08 (1.66)	4.44 (2.03)
Total	1.52 (1.04)	1.48 (0.98)	1.51 (1.03)	3.84 (2.18)	5.05 (1.88)	4.13 (2.16)	4.18 (2.14)	4.89 (1.79)	4.49 (2.02)

TABLE A6: Descriptive Statistics of Management Responsibility Items

	Auditors			Financial Analysts			Students		
	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)
According to my impression...									
...management is responsible for detecting all fraud.									
Opinion Only	6.91 (0.32)	6.71 (0.81)	6.87 (0.46)	6.48 (1.00)	6.20 (1.23)	6.42 (1.05)	5.46 (1.32)	5.43 (1.40)	5.45 (1.34)
Complete Report	6.63 (1.13)	6.70 (0.70)	6.65 (1.04)	6.31 (1.23)	6.20 (1.23)	6.28 (1.21)	5.44 (1.83)	4.84 (1.97)	5.18 (1.90)
Total	6.78 (0.81)	6.71 (0.75)	6.76 (0.79)	6.40 (1.11)	6.20 (1.20)	6.35 (1.13)	5.45 (1.60)	5.11 (1.74)	5.30 (1.66)
...management is responsible for the soundness of the internal control structure of the entity.									
Opinion Only	6.98 (0.13)	6.96 (0.19)	6.98 (0.15)	6.91 (0.29)	6.20 (1.93)	6.74 (0.98)	6.50 (0.79)	6.19 (1.54)	6.37 (1.17)
Complete Report	6.98 (0.15)	7.00 (0.00)	6.98 (0.13)	6.66 (0.72)	6.50 (0.53)	6.62 (0.67)	6.53 (0.80)	5.48 (1.85)	6.07 (1.45)
Total	6.98 (0.14)	6.98 (0.13)	6.98 (0.14)	6.79 (0.55)	6.35 (1.39)	6.68 (0.84)	6.52 (0.79)	5.80 (1.73)	6.21 (1.33)
...management is responsible for maintaining accounting records.									
Opinion Only	6.98 (0.19)	6.93 (0.26)	6.97 (0.21)	6.85 (0.36)	6.20 (1.32)	6.70 (0.74)	6.29 (0.94)	5.81 (1.50)	6.08 (1.22)
Complete Report	6.95 (0.34)	6.93 (0.37)	6.94 (0.34)	6.79 (0.41)	6.40 (0.70)	6.69 (0.52)	6.13 (1.21)	5.24 (1.79)	5.74 (1.54)
Total	6.97 (0.27)	6.93 (0.32)	6.96 (0.28)	6.82 (0.39)	6.30 (1.03)	6.70 (0.64)	6.20 (1.09)	5.50 (1.67)	5.90 (1.41)
...management is responsible for producing the financial statements.									
Opinion Only	7.00 (0.00)	6.96 (0.19)	6.99 (0.08)	6.73 (0.57)	6.60 (0.70)	6.70 (0.60)	6.32 (0.86)	5.81 (1.33)	6.10 (1.10)
Complete Report	6.97 (0.18)	7.00 (0.00)	6.98 (0.15)	6.79 (0.62)	6.40 (0.52)	6.69 (0.61)	6.22 (1.01)	5.44 (1.66)	5.88 (1.38)
Total	6.99 (0.12)	6.98 (0.13)	6.98 (0.12)	6.76 (0.59)	6.50 (0.61)	6.70 (0.60)	6.27 (0.94)	5.61 (1.51)	5.98 (1.26)
...management is responsible for preventing fraud.									
Opinion Only	6.90 (0.60)	6.89 (0.31)	6.90 (0.56)	6.76 (1.06)	6.50 (1.27)	6.70 (1.10)	6.36 (0.95)	6.24 (1.55)	6.31 (1.23)
Complete Report	6.89 (0.43)	6.77 (1.10)	6.86 (0.65)	6.72 (0.65)	6.60 (0.52)	6.69 (0.61)	6.66 (0.60)	5.92 (1.87)	6.33 (1.35)
Total	6.90 (0.53)	6.83 (0.82)	6.88 (0.60)	6.74 (0.89)	6.55 (0.94)	6.70 (0.90)	6.52 (0.79)	6.07 (1.72)	6.32 (1.29)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each item according to auditor's report condition in the lines and participant group and nationality in the columns. All item scales range from 1=strongly disagree to 7=strongly agree.

TABLE A7: Descriptive Statistics of Financial Statement Reliability Items (Part 1 of 2)

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	<i>Mean</i> (<i>Std. Dev.</i>)								
Users can have absolute assurance that the financial statements contain no material misstatements.									
Opinion Only	3.28 (2.01)	1.71 (1.46)	2.96 (2.01)	3.36 (2.04)	3.20 (2.20)	3.33 (2.06)	3.68 (2.02)	3.52 (1.33)	3.61 (1.74)
Complete Report	2.85 (2.09)	2.03 (1.83)	2.65 (2.06)	3.03 (1.84)	3.50 (1.43)	3.15 (1.74)	3.69 (1.87)	3.92 (2.02)	3.79 (1.92)
Total	3.08 (2.06)	1.88 (1.66)	2.82 (2.03)	3.21 (1.94)	3.35 (1.81)	3.24 (1.90)	3.68 (1.93)	3.74 (1.73)	3.71 (1.84)
The audited financial statements give a true and fair view of the financial position of the entity.									
Opinion Only	4.59 (2.24)	6.14 (1.27)	4.90 (2.17)	3.64 (1.82)	4.10 (1.52)	3.74 (1.75)	4.79 (1.79)	4.76 (1.18)	4.78 (1.54)
Complete Report	4.85 (2.12)	5.67 (2.02)	5.05 (2.12)	4.17 (1.89)	4.70 (1.64)	4.31 (1.82)	5.53 (1.39)	5.00 (1.80)	5.30 (1.59)
Total	4.71 (2.19)	5.90 (1.70)	4.97 (2.15)	3.89 (1.86)	4.40 (1.57)	4.01 (1.80)	5.18 (1.62)	4.89 (1.54)	5.06 (1.58)
The entity is free from fraud.									
Opinion Only	2.33 (1.50)	2.21 (1.40)	2.31 (1.47)	3.67 (2.03)	3.40 (1.51)	3.60 (1.90)	4.07 (1.21)	4.33 (1.39)	4.18 (1.29)
Complete Report	2.55 (1.61)	2.50 (1.91)	2.54 (1.68)	3.45 (1.57)	3.30 (1.16)	3.41 (1.46)	4.28 (1.63)	4.56 (1.53)	4.40 (1.58)
Total	2.43 (1.55)	2.36 (1.67)	2.42 (1.58)	3.56 (1.82)	3.35 (1.31)	3.51 (1.70)	4.18 (1.44)	4.46 (1.46)	4.30 (1.45)
The audited financial statements comply with accepted accounting practice.									
Opinion Only	4.96 (2.22)	5.29 (2.03)	5.03 (2.18)	4.67 (2.10)	4.40 (1.71)	4.60 (2.00)	4.79 (1.64)	5.10 (1.34)	4.92 (1.51)
Complete Report	4.85 (2.27)	5.27 (2.24)	4.95 (2.26)	5.34 (1.47)	5.60 (1.07)	5.41 (1.37)	5.56 (1.63)	5.20 (1.73)	5.40 (1.67)
Total	4.91 (2.23)	5.28 (2.13)	4.99 (2.21)	4.98 (1.85)	5.00 (1.52)	4.99 (1.77)	5.20 (1.67)	5.15 (1.55)	5.18 (1.61)
The audited financial statements contain no deliberate distortions.									
Opinion Only	4.23 (1.91)	5.46 (1.62)	4.47 (1.92)	3.67 (1.81)	4.10 (1.73)	3.77 (1.78)	3.89 (1.69)	4.57 (1.33)	4.18 (1.56)
Complete Report	4.23 (1.96)	4.73 (2.29)	4.35 (2.05)	4.00 (1.56)	4.30 (1.49)	4.08 (1.53)	4.75 (1.61)	4.84 (1.84)	4.79 (1.70)
Total	4.23 (1.93)	5.09 (2.01)	4.42 (1.98)	3.82 (1.69)	4.20 (1.58)	3.91 (1.66)	4.35 (1.69)	4.72 (1.61)	4.51 (1.66)
The audited financial statements contain no accidental errors.									
Opinion Only	3.01 (1.76)	2.82 (1.91)	2.97 (1.78)	4.00 (1.85)	4.50 (1.84)	4.12 (1.84)	4.50 (1.67)	3.95 (1.40)	4.27 (1.56)
Complete Report	2.68 (1.88)	2.97 (2.16)	2.75 (1.95)	3.79 (1.54)	4.40 (1.58)	3.95 (1.56)	4.59 (1.79)	4.56 (1.64)	4.58 (1.71)
Total	2.86 (1.82)	2.90 (2.02)	2.87 (1.86)	3.90 (1.71)	4.45 (1.67)	4.04 (1.70)	4.55 (1.72)	4.28 (1.54)	4.43 (1.64)

TABLE A7: Descriptive Statistics of Financial Statement Reliability Items (Part 2 of 2)

	Auditors			Financial Analysts			Students		
	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)	GER Mean (Std. Dev.)	NL Mean (Std. Dev.)	Total Mean (Std. Dev.)
The audited financial statements have no significant omissions.									
Opinion Only	4.31 (2.36)	5.29 (1.88)	4.50 (2.30)	3.30 (2.07)	3.00 (1.94)	3.23 (2.02)	3.61 (2.04)	4.43 (1.60)	3.96 (1.89)
Complete Report	3.95 (2.55)	4.63 (2.27)	4.11 (2.49)	3.41 (1.80)	4.30 (1.06)	3.64 (1.68)	4.50 (1.70)	4.52 (1.58)	4.51 (1.64)
Total	4.14 (2.45)	4.95 (2.10)	4.32 (2.40)	3.35 (1.93)	3.65 (1.66)	3.43 (1.87)	4.08 (1.91)	4.48 (1.57)	4.25 (1.77)
The amounts and disclosures contained in the audited financial statements are credible.									
Opinion Only	5.00 (1.67)	5.64 (1.50)	5.13 (1.65)	4.03 (1.72)	4.90 (1.45)	4.23 (1.69)	4.82 (1.61)	5.00 (1.38)	4.90 (1.50)
Complete Report	4.85 (1.74)	5.27 (1.96)	4.95 (1.80)	4.28 (1.60)	4.80 (0.79)	4.41 (1.45)	5.03 (1.43)	5.24 (1.42)	5.12 (1.42)
Total	4.93 (1.70)	5.45 (1.75)	5.05 (1.72)	4.15 (1.66)	4.85 (1.14)	4.32 (1.57)	4.93 (1.51)	5.13 (1.39)	5.02 (1.45)
The company has kept proper accounting records during the year.									
Opinion Only	4.60 (1.84)	4.04 (1.91)	4.49 (1.86)	4.18 (1.74)	4.20 (1.14)	4.19 (1.61)	4.36 (1.42)	4.76 (1.22)	4.53 (1.34)
Complete Report	4.73 (1.98)	4.57 (1.98)	4.69 (1.98)	3.86 (1.79)	4.90 (0.99)	4.13 (1.67)	4.88 (1.24)	5.00 (1.41)	4.93 (1.31)
Total	4.66 (1.90)	4.31 (1.95)	4.59 (1.91)	4.03 (1.76)	4.55 (1.10)	4.16 (1.63)	4.63 (1.34)	4.89 (1.32)	4.75 (1.33)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each item according to auditor's report condition in the lines and participant group and nationality in the columns. All item scales range from 1=strongly disagree to 7=strongly agree.

TABLE A8: Descriptive Statistics of Perception of the Auditor's Work and the Auditor's Report Items (Part 1 of 2)

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	<i>Mean</i> <i>(Std. Dev.)</i>								
The auditor is unbiased and objective.									
Opinion Only	6.09 (1.22)	6.21 (1.34)	6.12 (1.24)	4.12 (1.87)	5.10 (1.79)	4.35 (1.88)	4.43 (1.43)	5.43 (1.33)	4.86 (1.46)
Complete Report	5.94 (1.49)	5.83 (1.76)	5.91 (1.55)	3.83 (1.73)	5.20 (1.62)	4.18 (1.79)	5.16 (1.80)	4.56 (1.42)	4.89 (1.65)
Total	6.02 (1.35)	6.02 (1.57)	6.02 (1.40)	3.98 (1.80)	5.15 (1.66)	4.27 (1.83)	4.82 (1.66)	4.96 (1.43)	4.88 (1.56)
The auditor agrees with the accounting policies used in the financial statements.									
Opinion Only	5.82 (1.53)	6.57 (0.63)	5.97 (1.42)	5.70 (1.51)	5.70 (1.57)	5.70 (1.50)	5.50 (1.58)	5.86 (0.79)	5.65 (1.30)
Complete Report	5.82 (1.57)	5.67 (2.04)	5.78 (1.69)	5.76 (1.35)	5.90 (0.88)	5.79 (1.24)	5.72 (1.35)	6.00 (1.38)	5.84 (1.36)
Total	5.82 (1.54)	6.10 (1.59)	5.88 (1.55)	5.73 (1.43)	5.80 (1.24)	5.74 (1.38)	5.62 (1.45)	5.93 (1.14)	5.75 (1.33)
The auditor accepts full legal liability for the accuracy of the financial statements.									
Opinion Only	2.34 (1.82)	1.96 (1.45)	2.27 (1.75)	3.42 (2.18)	3.80 (1.87)	3.51 (2.10)	4.57 (1.85)	5.43 (1.36)	4.94 (1.70)
Complete Report	2.12 (1.77)	2.13 (1.70)	2.12 (1.75)	3.21 (2.18)	4.00 (2.11)	3.41 (2.16)	4.47 (2.21)	5.08 (1.75)	4.74 (2.03)
Total	2.24 (1.79)	2.05 (1.57)	2.20 (1.75)	3.32 (2.16)	3.90 (1.94)	3.46 (2.12)	4.52 (2.04)	5.24 (1.58)	4.83 (1.88)
The addressees can hold the auditor accountable for the quality of their work.									
Opinion Only	5.15 (2.04)	5.96 (1.43)	5.32 (1.95)	4.97 (1.72)	6.00 (0.82)	5.21 (1.61)	4.71 (1.76)	5.76 (0.94)	5.16 (1.55)
Complete Report	4.68 (2.29)	6.00 (1.72)	5.00 (2.23)	4.86 (2.05)	5.40 (2.07)	5.00 (2.04)	5.09 (1.89)	5.40 (1.63)	5.23 (1.77)
Total	4.94 (2.16)	5.98 (1.57)	5.17 (2.09)	4.92 (1.87)	5.70 (1.56)	5.11 (1.82)	4.92 (1.83)	5.57 (1.36)	5.20 (1.66)
The auditor does not accept management's estimates and explanations without seeking appropriate corroborating evidence.									
Opinion Only	5.97 (1.29)	5.79 (1.64)	5.94 (1.36)	4.42 (1.89)	5.50 (0.97)	4.67 (1.77)	5.04 (1.48)	5.71 (0.96)	5.33 (1.31)
Complete Report	5.67 (1.67)	5.63 (2.09)	5.66 (1.78)	5.07 (1.19)	5.30 (1.42)	5.13 (1.24)	5.56 (1.05)	5.12 (1.42)	5.37 (1.23)
Total	5.83 (1.48)	5.71 (1.87)	5.81 (1.57)	4.73 (1.62)	5.40 (1.19)	4.89 (1.55)	5.32 (1.28)	5.39 (1.26)	5.35 (1.27)
The auditor has the expertise necessary to evaluate all of the circumstances and transactions underlying the financial statements.									
Opinion Only	5.49 (1.55)	5.32 (1.61)	5.45 (1.56)	4.52 (1.89)	4.20 (1.81)	4.44 (1.86)	5.14 (1.15)	5.48 (1.36)	5.29 (1.24)
Complete Report	5.49 (1.71)	4.70 (2.28)	5.30 (1.88)	4.14 (1.51)	4.80 (1.69)	4.31 (1.56)	4.94 (1.46)	5.56 (1.23)	5.21 (1.39)
Total	5.49 (1.62)	5.00 (1.99)	5.38 (1.72)	4.34 (1.72)	4.50 (1.73)	4.38 (1.71)	5.03 (1.31)	5.52 (1.28)	5.25 (1.32)

TABLE A8: Descriptive Statistics of Perception of the Auditor's Work and the Auditor's Report Items (Part 2 of 2)

	Auditors			Financial Analysts			Students		
	GER	NL	Total	GER	NL	Total	GER	NL	Total
	Mean (Std. Dev.)								
The auditor is convinced that the financial statements are fairly presented.									
Opinion Only	6.21 (1.35)	6.18 (0.94)	6.20 (1.28)	5.42 (1.79)	5.30 (1.34)	5.40 (1.68)	5.36 (1.47)	5.19 (1.21)	5.29 (1.35)
Complete Report	6.16 (1.29)	5.77 (1.63)	6.06 (1.38)	5.48 (1.57)	5.00 (1.05)	5.36 (1.46)	5.63 (1.24)	5.40 (1.55)	5.53 (1.38)
Total	6.19 (1.32)	5.97 (1.35)	6.14 (1.33)	5.45 (1.68)	5.15 (1.18)	5.38 (1.57)	5.50 (1.35)	5.30 (1.40)	5.42 (1.37)
The representations made in the auditor's report are completely reliable.									
Opinion Only	4.54 (1.90)	5.50 (1.77)	4.73 (1.91)	3.55 (2.00)	4.50 (1.27)	3.77 (1.89)	4.25 (1.55)	4.90 (1.14)	4.53 (1.42)
Complete Report	4.28 (2.07)	5.37 (1.67)	4.54 (2.03)	4.21 (1.70)	4.30 (1.06)	4.23 (1.55)	4.41 (1.78)	4.60 (1.26)	4.49 (1.56)
Total	4.42 (1.98)	5.43 (1.71)	4.64 (1.96)	3.85 (1.88)	4.40 (1.14)	3.99 (1.74)	4.33 (1.66)	4.74 (1.20)	4.51 (1.49)
The auditor is providing complete assurance that the financial statements are free of material misstatements.									
Opinion Only	2.50 (1.96)	2.14 (1.96)	2.43 (1.96)	2.97 (2.10)	2.90 (1.79)	2.95 (2.01)	4.00 (2.13)	4.71 (1.62)	4.31 (1.94)
Complete Report	2.70 (2.26)	2.23 (2.01)	2.59 (2.20)	2.59 (1.78)	3.30 (1.34)	2.77 (1.69)	3.91 (2.13)	4.32 (1.60)	4.09 (1.91)
Total	2.60 (2.10)	2.19 (1.97)	2.51 (2.08)	2.79 (1.95)	3.10 (1.55)	2.87 (1.86)	3.95 (2.11)	4.50 (1.60)	4.19 (1.92)
The auditor's report adds significant value to the financial statements.									
Opinion Only	5.44 (1.84)	6.29 (0.85)	5.61 (1.72)	4.85 (1.99)	4.40 (1.51)	4.74 (1.88)	5.11 (1.47)	5.52 (1.25)	5.29 (1.38)
Complete Report	5.38 (1.77)	5.73 (1.80)	5.47 (1.78)	3.93 (1.96)	5.10 (1.60)	4.23 (1.93)	5.19 (1.53)	4.88 (1.67)	5.05 (1.59)
Total	5.41 (1.81)	6.00 (1.44)	5.54 (1.75)	4.42 (2.01)	4.75 (1.55)	4.50 (1.91)	5.15 (1.49)	5.17 (1.51)	5.16 (1.49)
The representations made auditor's report are completely understandable.									
Opinion Only	5.32 (1.72)	5.50 (1.43)	5.36 (1.66)	4.70 (2.02)	5.20 (1.14)	4.81 (1.85)	5.43 (1.26)	5.43 (1.16)	5.43 (1.21)
Complete Report	5.09 (1.74)	5.10 (1.63)	5.09 (1.71)	4.41 (1.55)	5.10 (1.29)	4.59 (1.50)	4.78 (1.66)	4.84 (1.43)	4.81 (1.55)
Total	5.21 (1.73)	5.29 (1.53)	5.23 (1.69)	4.56 (1.81)	5.15 (1.18)	4.71 (1.69)	5.08 (1.51)	5.11 (1.34)	5.09 (1.43)
The shareholders can hold the auditor accountable for the quality of their work.									
Opinion Only	5.36 (1.93)	6.18 (1.06)	5.53 (1.82)	4.76 (1.87)	5.00 (1.83)	4.81 (1.84)	4.71 (1.61)	5.24 (1.51)	4.94 (1.57)
Complete Report	4.79 (2.31)	5.73 (2.03)	5.02 (2.27)	5.10 (1.76)	5.60 (1.90)	5.23 (1.78)	5.34 (1.64)	5.48 (1.56)	5.40 (1.59)
Total	5.10 (2.13)	5.95 (1.64)	5.29 (2.06)	4.92 (1.81)	5.30 (1.84)	5.01 (1.82)	5.05 (1.64)	5.37 (1.53)	5.19 (1.59)

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show means (standard deviations in parentheses) for each item according to auditor's report condition in the lines and participant group and nationality in the columns. All item scales range from 1=strongly disagree to 7=strongly agree.

TABLE A9: Descriptive Statistics of Self-Reported Thoroughness in Reading the Provided Financial Statements and Auditor's Report (Part 1 of 2)

	Auditors			Financial Analysts			Students		
	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number
Thoroughness in reading the provided financial statements									
Opinion Only									
<i>Didn't read them/ skipped them</i>	0	1	1	1	1	2	0	0	0
<i>Scanned them/ read them diagonally</i>	71	19	90	23	1	24	12	12	24
<i>Read them fairly thoroughly (word by word/ number by number)</i>	33	8	41	7	8	15	16	9	25
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	7	0	7	2	0	2	0	0	0
<i>Total</i>	111	28	139	33	10	43	28	21	49
Complete Report									
<i>Didn't read them/ skipped them</i>	4	1	5	2	0	2	0	0	0
<i>Scanned them/ read them diagonally</i>	70	19	89	17	7	24	12	11	23
<i>Read them fairly thoroughly (word by word/ number by number)</i>	19	9	28	10	3	13	19	13	32
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	1	1	2	0	0	0	1	1	2
<i>Total</i>	94	30	124	29	10	39	32	25	57
Total									
<i>Didn't read them/ skipped them</i>	4	2	6	3	1	4	0	0	0
<i>Scanned them/ read them diagonally</i>	141	38	179	40	8	48	24	23	47
<i>Read them fairly thoroughly (word by word/ number by number)</i>	52	17	69	17	11	28	35	22	57
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	8	1	9	2	0	2	1	1	2
<i>Total</i>	205	58	263	62	20	82	60	46	106

TABLE A9: Descriptive Statistics of Self-Reported Thoroughness in Reading the Provided Financial Statements and Auditor's Report (Part 2 of 2)

	Auditors			Financial Analysts			Students		
	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number	GER Number	NL Number	Total Number
Thoroughness in reading the provided auditor's report									
Opinion Only									
<i>Didn't read them/ skipped them</i>	0	0	0	3	1	4	0	2	2
<i>Scanned them/ read them diagonally</i>	66	20	86	22	6	28	18	11	29
<i>Read them fairly thoroughly (word by word/ number by number)</i>	41	8	49	8	3	11	9	8	17
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	4	0	4	0	0	0	1	0	1
<i>Total</i>	111	28	139	33	10	43	28	21	49
Complete Report									
<i>Didn't read them/ skipped them</i>	1	0	1	3	0	3	1	0	1
<i>Scanned them/ read them diagonally</i>	67	21	88	19	7	26	20	21	41
<i>Read them fairly thoroughly (word by word/ number by number)</i>	25	9	34	7	3	10	10	4	14
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	1	0	1	0	0	0	1	0	1
<i>Total</i>	94	30	124	29	10	39	32	25	57
Total									
<i>Didn't read them/ skipped them</i>	1	0	1	6	1	7	1	2	3
<i>Scanned them/ read them diagonally</i>	133	41	174	41	13	54	38	32	70
<i>Read them fairly thoroughly (word by word/ number by number)</i>	66	17	83	15	6	21	19	12	31
<i>Read them very carefully (e.g. several times/ tried to memorize)</i>	5	0	5	0	0	0	2	0	2
<i>Total</i>	205	58	263	62	20	82	60	46	106

GER = Participants in Germany; NL = Participants in the Netherlands

Cells show numbers of participants for each variable category according to auditor's report condition in the lines and participant group and nationality in the columns.