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Μεταπτυχιακή Διατριβή

The Auditor's Responsibility in Financial Due Diligence in Mergers and Acquisitions της

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1.Abstract

Mergers and acquisitions (M&As) are complicated, high-risk business deals that typically fail to provide promised shareholder value (Cartwright and Schoenberg, 2006 King et al., 2004). In such situations, financial due diligence is crucial for eliminating valuation mistakes, hidden liabilities, and post-acquisition financial difficulties. Using Agency Theory (Jensen & Meckling, 1976), Audit Quality Theory (DeAngelo, 1981), and Information Asymmetry Theory (Akerlof, 1970), this research investigates how auditors help to reduce information asymmetries and improve valuation reliability during M&A transactions.

The research employs a qualitative case study technique, focusing on two significant cases: Apex Technology Co. Ltd. and Lexmark International (2016) and Quaker Oats and Snapple (1994). A comparative study of these instances' sheds light on the variables that separate effective from unsuccessful due diligence processes, highlighting the auditor's involvement in detecting financial misstatements, concealed responsibilities, and overvaluation hazards.

The findings demonstrate that auditor independence, professional skepticism, and adherence to international auditing standards (such as ISA 240, ISA 315, and IFRS 3) are critical for uncovering financial irregularities and reducing M&A risks. The report continues by making recommendations for improving audit due diligence procedures and advocating for the use of standardized global auditing frameworks to enable improved audit quality and transparency in cross-border transactions.

1.1. Purpose of the Study

The purpose of this study is to assess auditors' role and efficacy in conducting financial due diligence during mergers and acquisitions (M&A). It seeks to investigate how auditors discover hidden liabilities, overvaluation concerns, and financial misstatements that could