

The Relationship Between Cost Of Debt And Investment Opportunities: The Role Of Audit Quality And Debt Maturity

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Investment opportunities constitute an important part of company values. When investors determine company's value based on reported accounting information, they are investigating how much the company will grow in the future. Therefore, determining the investment opportunities is one of the important factors that is of interest to users of financial statements. The aim of this study was to investigate the relationship between the cost of debt and the investment opportunities: the role of audit quality and debt maturity in the companies listed on the Tehran Stock Exchange. The population consisted of 137 manufacturing companies listed on the Tehran Stock Exchange during the years 2012 to 2016. The research model was tested using combined data. The results indicated that there is no relationship between the investment opportunities and the the corporate interest cost. The results also demonstrated that there is no significant relationship between the audit quality and the interest cost, however, there is a significant and positive correlation between the audit quality and the investment opportunities with the interest cost. Moreover, there is no relationship between the debt maturity and the corporate interest cost, as well as the debt maturity and the investment opportunities with the interest cost.

Keywords : Capital Structure, Investment Opportunities, Audit Quality

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