

Audit Adjustments Matter: Upholding Financial Reporting Quality

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Audit Committee Seminar 2015:
Jointly organised by:



Audit Adjustments

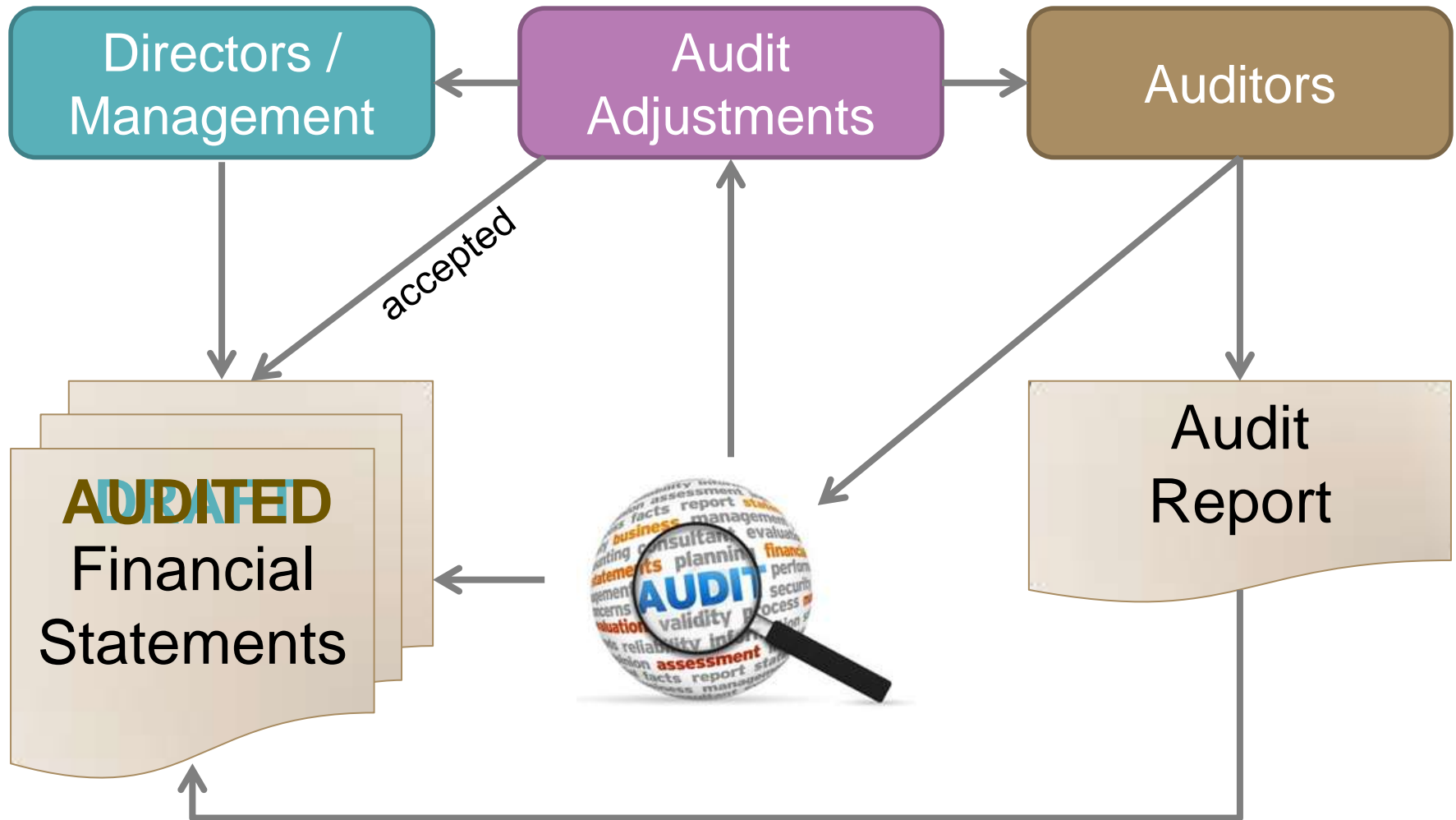
as communicated to those charged with governance
for SGX-listed companies with 31 Dec 2013 year end



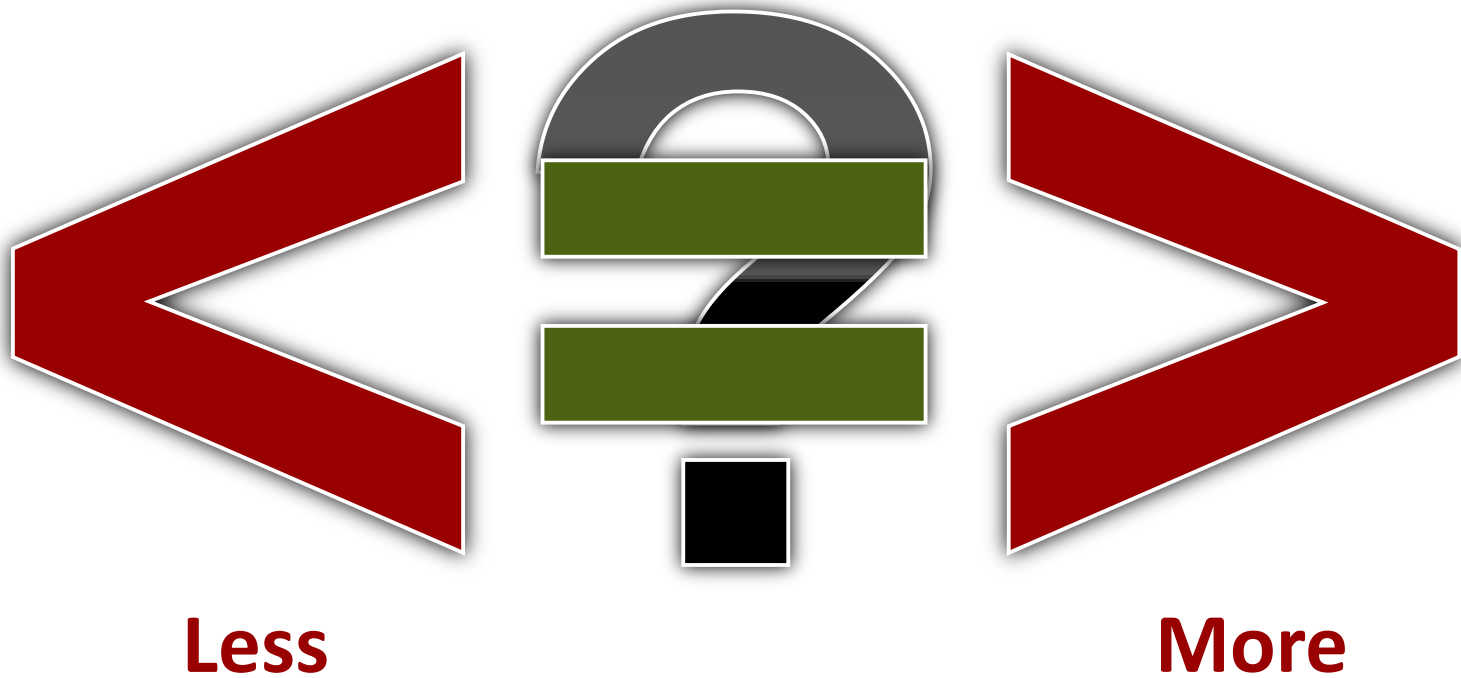
Characteristics, nature and extent of audit adjustments

An indication of the **gap** between financial statements as prepared by management and what is prescribed in the accounting standards

Background: Audit Adjustments



Audit Adjustments: Less is More !



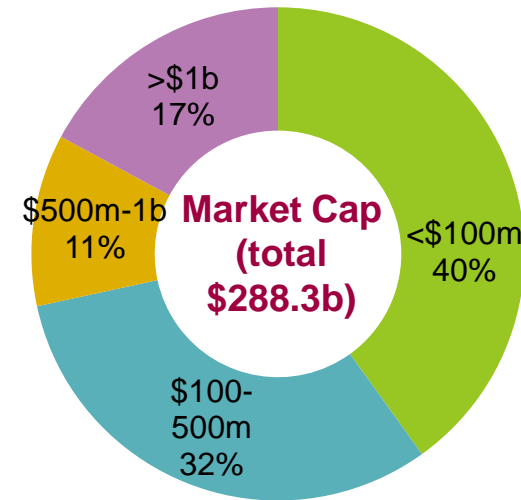
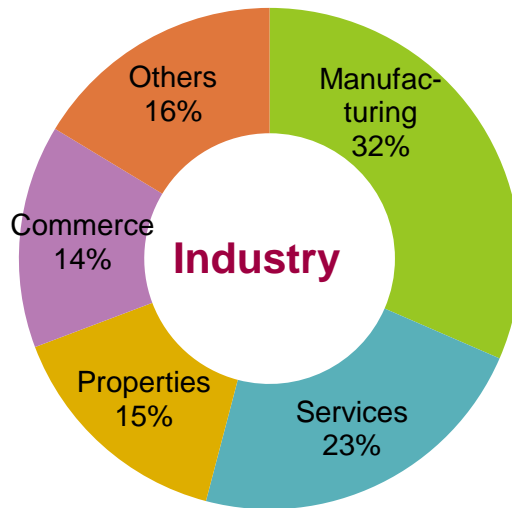
Data Collection

7

audit firms

3,222

entries



257

companies

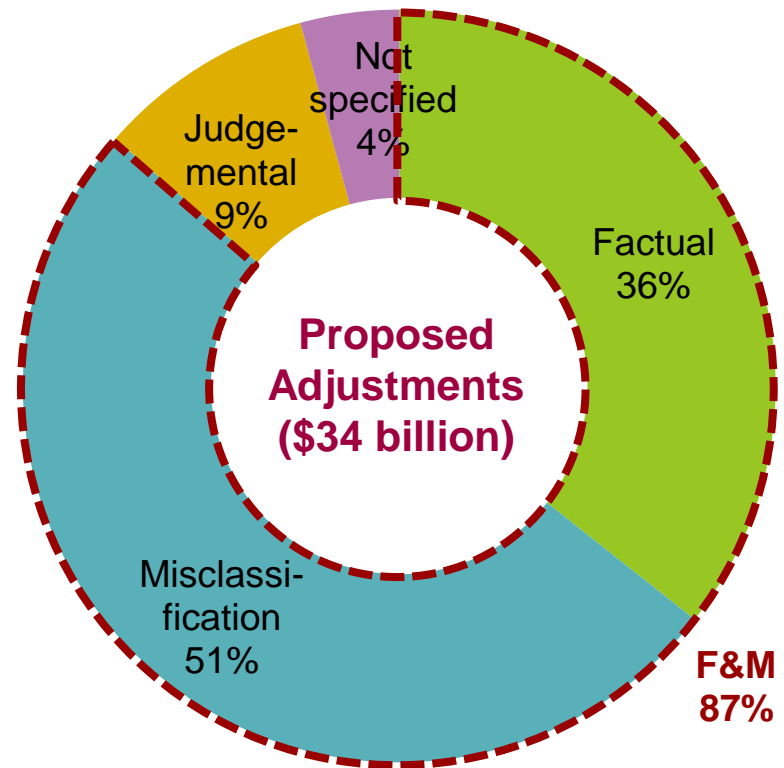
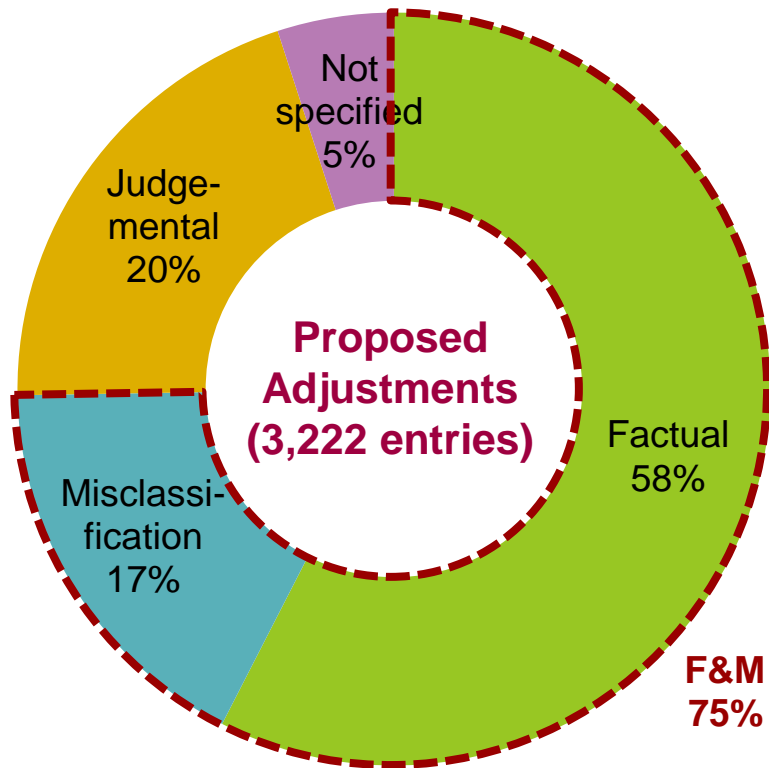
\$34b

adjustments

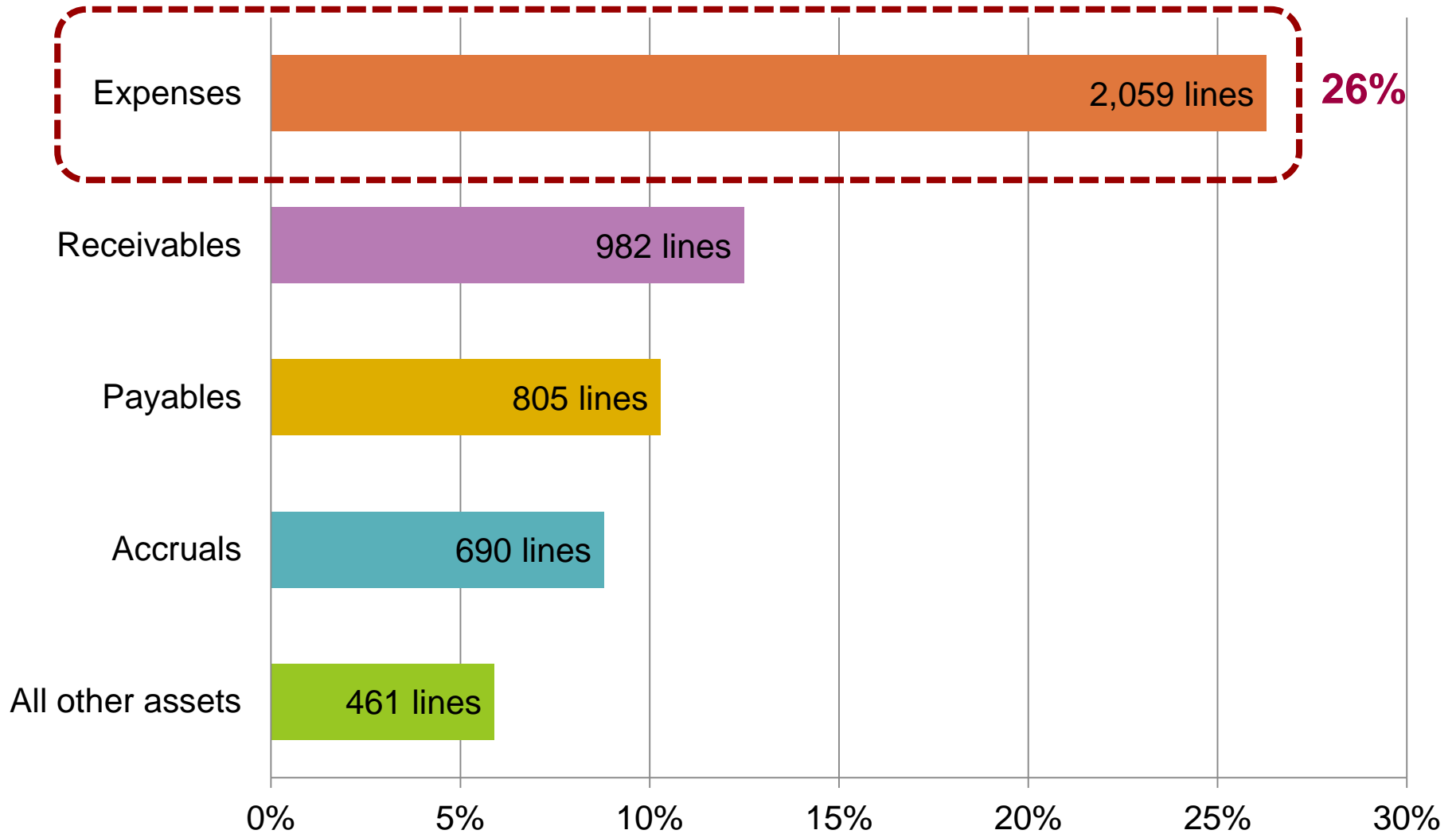
7,842

lines

Auditors work hard!

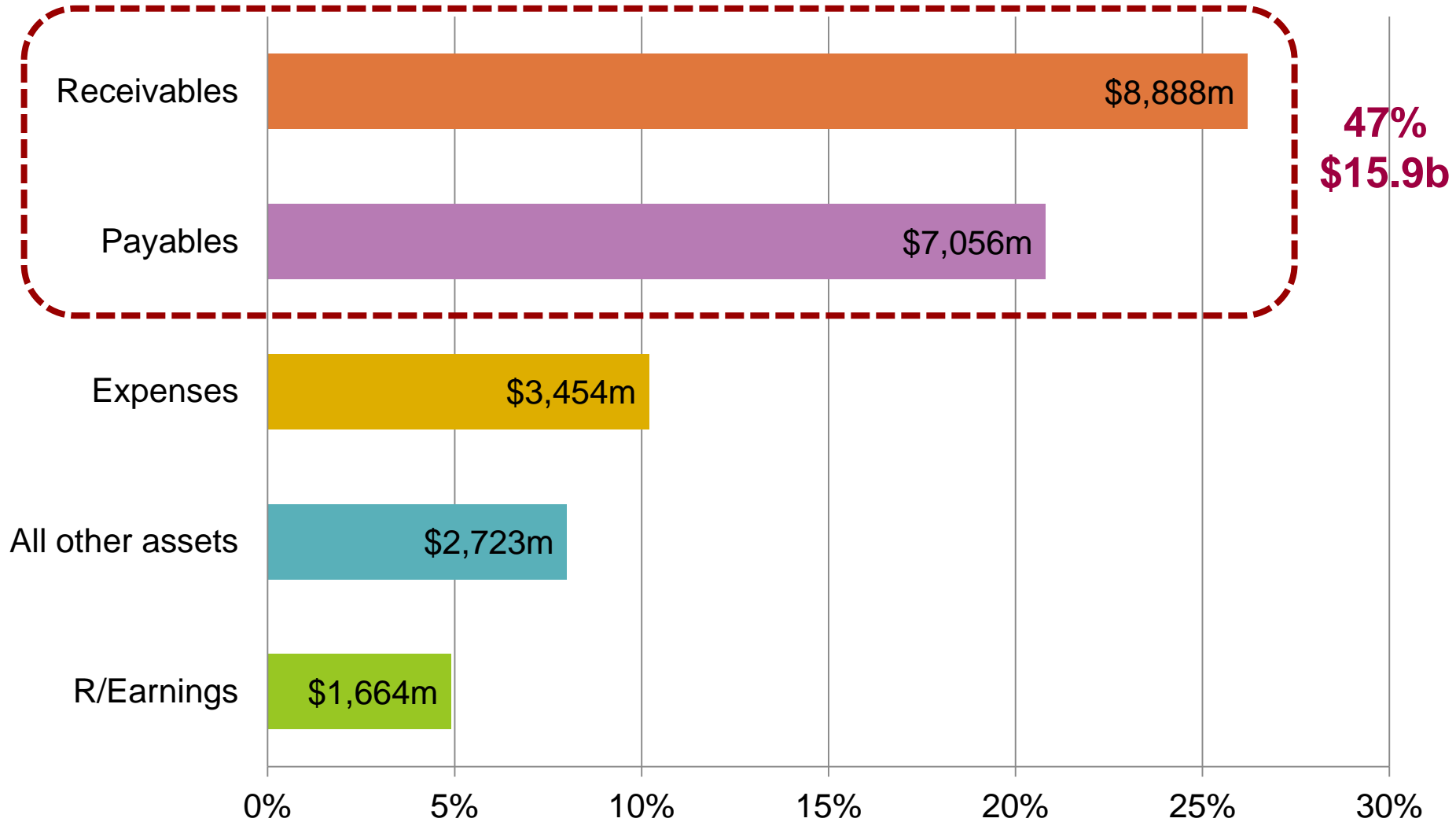


Top 5 Accounts (by lines)

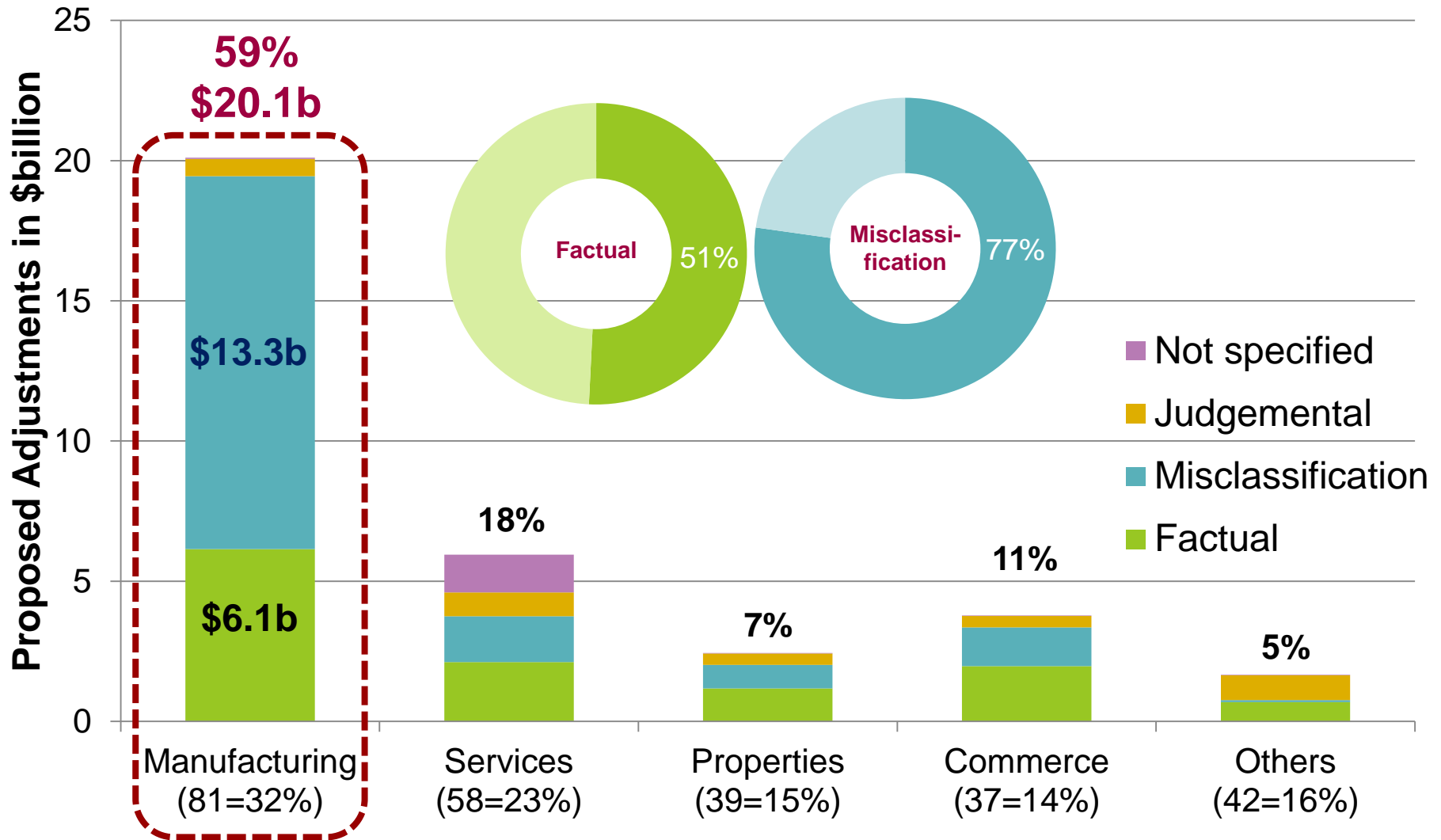


Top 5 Accounts (by amounts)

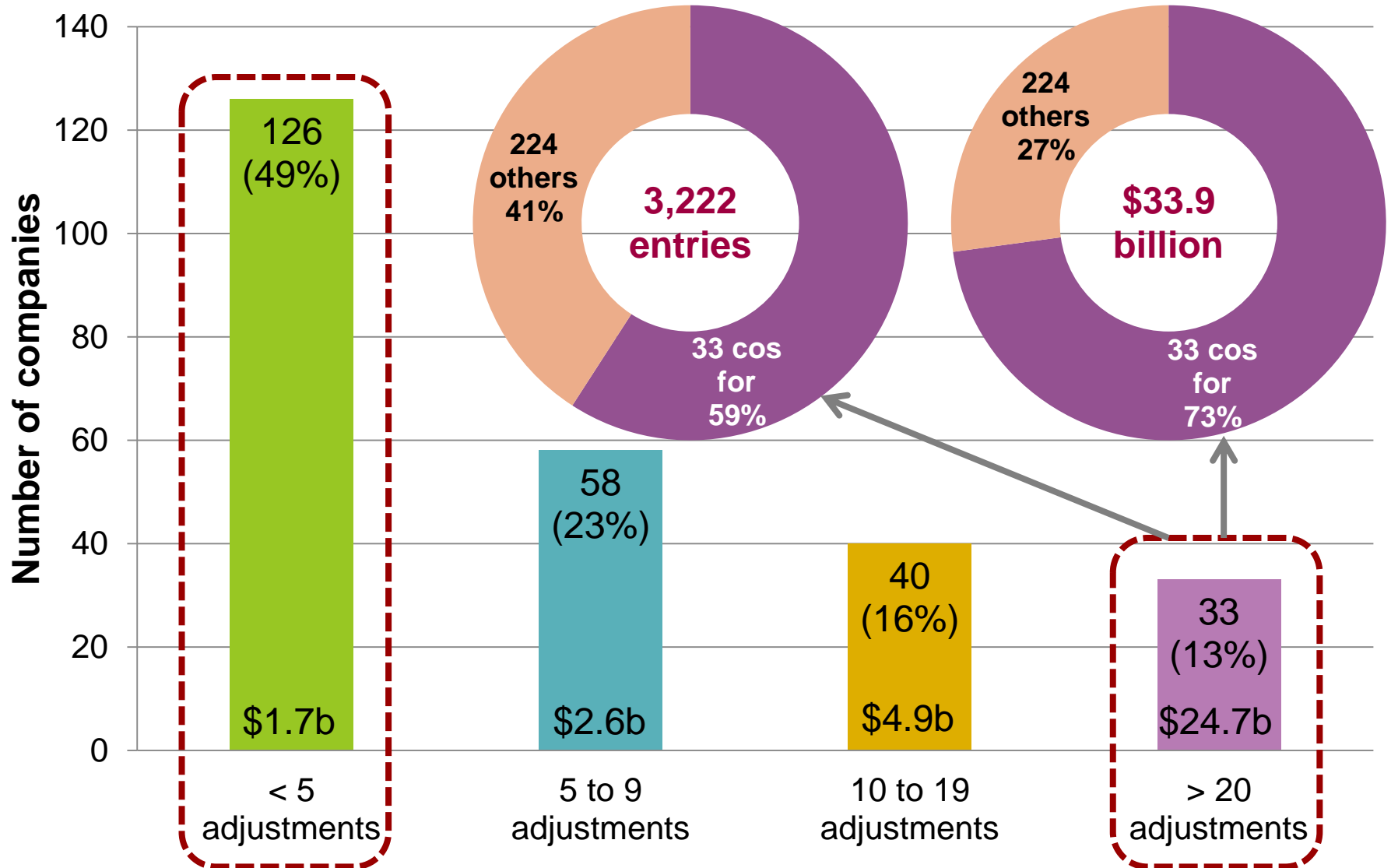
2



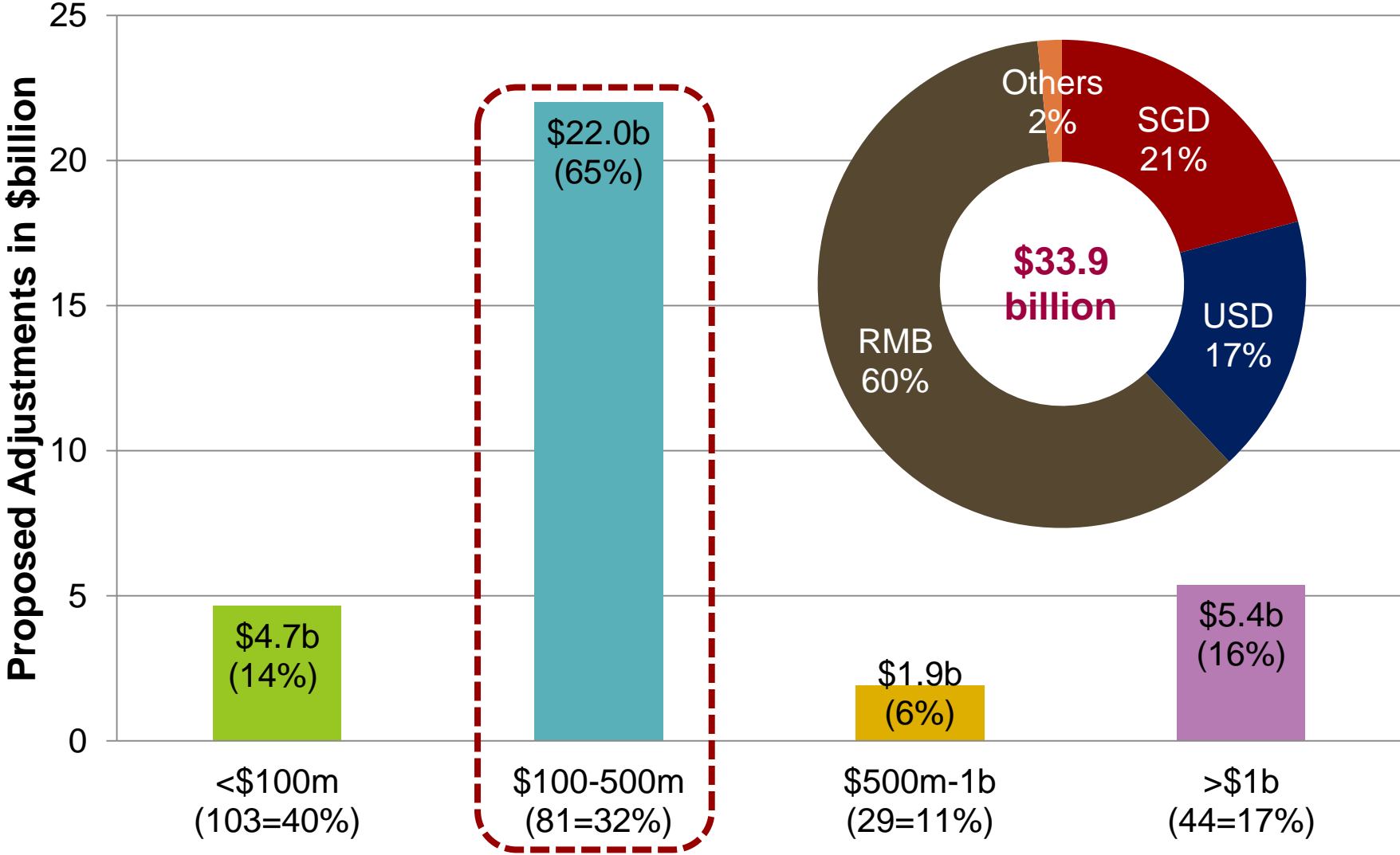
Adjustments by Industry



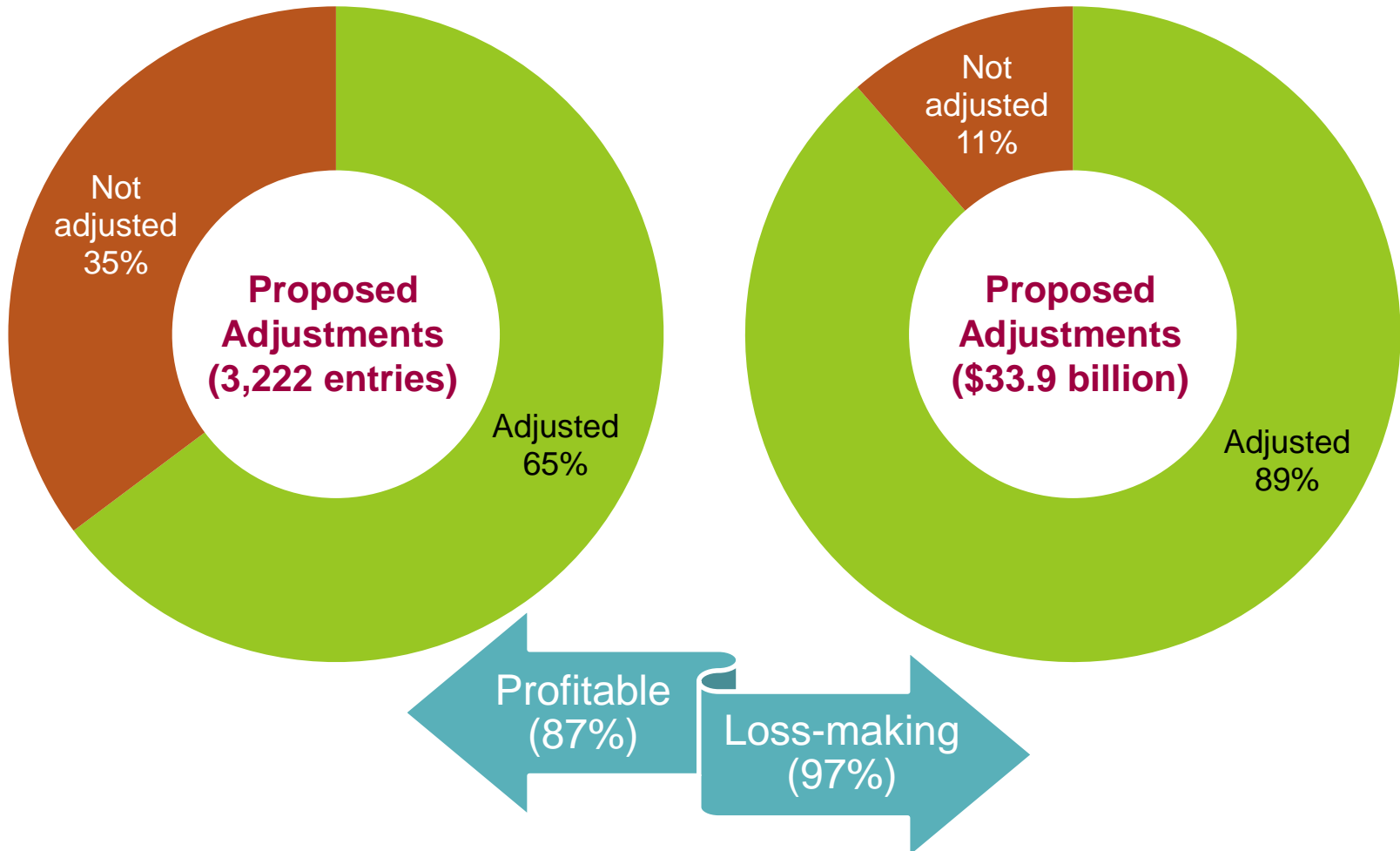
Majority for minority



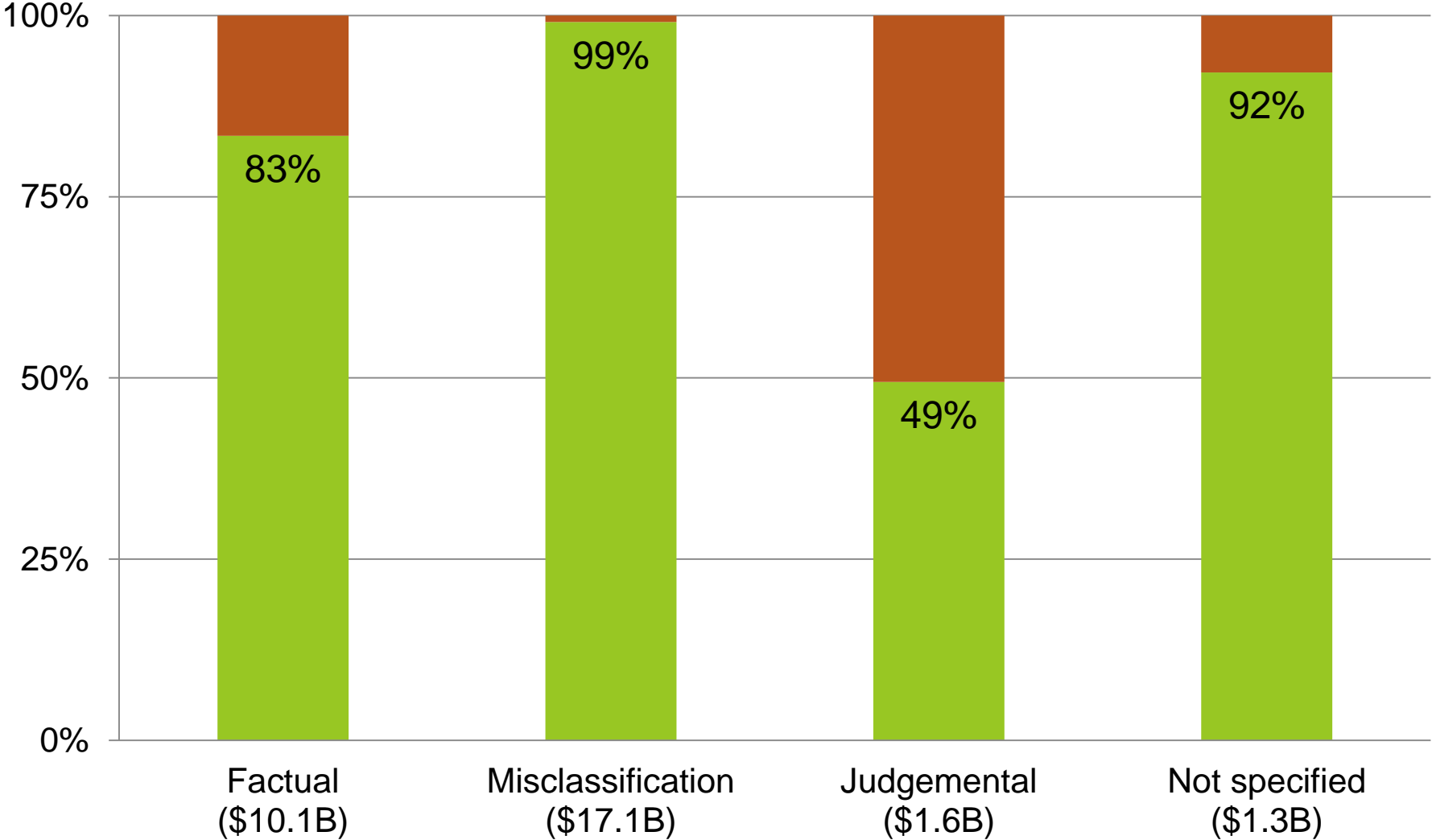
Growing Pains



Passed/Accepted Adjustments



Passed/Accepted Adjustments



Key Findings & Recommendations

- 1 Companies must take more responsibility for their financial statements
- 2 Companies should pay more attention on expense accounts, receivables and payables
- 3 Manufacturing companies should identify and rectify causes of factual misstatements and misclassifications
- 4 Companies with many audit adjustments should improve their internal control systems and processes
- 5 Growing companies should expand their internal accounting capacity and capabilities
- 6 Auditors should continue to uphold their stance on material adjustments

Full report available at ACRA's website



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