
Enhanced auditor's report

Survey of first year experience in Singapore



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Auditor's reports in Singapore provide greater clarity in resolution of significant matters compared with Hong Kong and UK, finds PwC

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Contact	<p>Natalie Choo Tel: +65 6236 4309 Mobile: +65 9738 1415 E-mail:natalie.yl.choo@sg.pwc.com</p> <p>Candy Li Tel: +65 6236 7429 Mobile: +65 8613 8820 E-mail:candy.yt.li@sg.pwc.com</p>
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- The enhanced reporting standards mark distinct transition toward reports that are more informative and insightful
- The reporting of Key Audit Matters (“KAMs”) for listed entities is the most important change in the enhanced auditor reporting standards
- Average number of KAMs per entity in Singapore of 2.2 was comparable to Hong Kong’s average of 2.3 but significantly less than the average of 4.2 in the UK
- KAMs most reported on in the first year were largely consistent regardless of country or industry

Singapore – 2 October 2017 – PwC Singapore’s report, *Enhanced auditor’s report: Survey of first year experience in Singapore*, found that significantly more auditor reports in Singapore included outcomes or results in the reporting of KAMs as compared with the United Kingdom (“UK”) and Hong Kong.

Said Marcus Lam, Assurance Leader, PwC Singapore:

“The independent auditor’s report on financial statements was always brief. But the implementation of the enhanced auditor reporting standards marks a distinct move towards reports that are more informative and insightful, addressing key concerns of the wider stakeholder group. This signals the evolution of the auditor’s role to one akin to being a trusted business advisor, especially with the inclusion of the KAMs, matters of most significance in the audit of financial statements of listed entities.”

The report reflects PwC’s survey analysis of 499 auditors’ reports of Singapore

companies listed on the Singapore Exchange, and shares the key observations from the first year of the implementation of the enhanced reporting standards in Singapore.

It was observed that in this first year of implementing the enhanced auditor reporting standards, the average number of KAMs per entity in Singapore of 2.2 was comparable to Hong Kong's average of 2.3 but significantly less than the average of 4.2 in the UK, where the additional reporting requirements currently apply to the larger listed entities. Interestingly, the report also revealed that the KAMs that were most reported on in the first year were largely consistent regardless of country or industry. These most commonly reported topics revolved around valuation and impairment assessments, which typically involve significant management and auditor judgement. Another area of focus was revenue recognition.

Moving forward

Marcus Lam, PwC Singapore's Assurance Leader concludes:

“It has taken many years for the auditor's report to change to its current more informative version. The evolution of auditor's report will not just stop there. With technological advancements leading to faster information sharing, investors and other stakeholders can be expected to provide more prompt feedback to regulators; and regulators can be expected to respond more quickly towards financial reporting and corporate governance matters.

“It is encouraging that Singapore is on the right track in not only embracing change but can even be seen to be leading the change with its quick and widespread adoption of the enhanced standards. There is no doubt that the role of the auditor will continue to evolve towards that of a trusted business advisor as investors and businesses alike seek trust in their quest for growth in an increasingly dynamic and volatile environment.”

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Contacts



Siew Ling Ong

Press Contact

Manager, Brand and Communications

siew.ling.ong@pwc.com

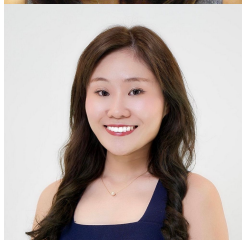


Candy Li

Press Contact

Team Lead - Brand & Communications

candy.yt.li@pwc.com



Verlynn Heng

Press Contact

Senior Associate

Brand & Communications

verlynn.wy.heng@pwc.com

81251483