

Key Audit Matters of the Auditor's report: A Case Study of Key Audit Matters in the Asset Categories of Listed Companies in the Stock Exchange of Thailand SET 100

Phetphairin Upping^{1, a} Savitee Budsri^{2, b} Jakkapat Wichaiya^{3, c}
Kamonwan Montreesa^{4, d} Janjira Khaipaiwan^{5, e}

¹Faculty of Industry and Technology / Business Administration /
Rajamangala University of Technology Isan Sakonnakhon Campus
199 M.3 Phang Khon, Sakon Nakhon

^a<phetphairin_u@hotmail.com > ^bjiwlove1@hotmail.com

ABSTRACT

The objective of this research is to study the key audit matters (KAMs) of the Auditor's Report in the asset category of companies listed on the Stock Exchange of Thailand SET100. The results of the study showed that SET100 companies listed on the Stock Exchange of Thailand for the year 2017 disclosure of key audit matter in the asset category of 100 companies, all 8 industry groups found that a total of 34 companies disclose information about current assets and 66 companies that do not disclose information about current assets. The top 4 current asset disclosure groups are financial business group, business service group, resource group and real estate and construction group. Moreover, the results of the study also reveal that 49 companies disclose information about non-current assets category, and 51 companies that did not disclose information about non-current assets. The top 4 groups of non-current assets disclosure groups are business service group, real estate and construction group, resource group and agriculture and food industry group. Moreover, the result of this research suggested to study the relationship between asset disclosure and firm performance for further research.

Keywords: *Key audit matter, Auditor's report, Companies listed, SET100*

1. Introduction

The key audit matters of the Certified Public Accountant Auditors' Report were a part of report that provides users with a high level confidence of financial statements in accordance with generally accepted auditing standards. Therefore, the certified public accountant is able to express an opinion on the financial statements as to whether the financial statements have been prepared correctly, in accordance with generally accepted accounting principles and in accordance with the international financial reporting standards. In the past, the Institute of Certified Accountants and Auditors of Thailand set the format of the report in the form of 2 paragraphs, then the form of 3 paragraphs after the economic crisis to be a report of the new type of certified auditor called " Six-paragraph report (Silapaporn Srijanpetch, 2017) . The new auditor's report does not change the auditor's

auditing process from the original, but is clearly written. The most interesting thing in the report is the key audit matters (KAMs) paragraph. The auditor has to use considerable discretion in selecting the matter to be presented in the auditor's report. It is important that there is communication between the auditor and the person responsible for the supervision of the client's business (Sompong Porn upathum, 2016).

Based on the previous research from Sureemas Khampanyo and Phatchanee Karnpian (2018), it was found that the asset categories were the first focused in the auditors' report. Therefore, this study continues interested in studying the topic the key audit matters of the auditor's report in the assets categories of listed companies in the stock exchange of Thailand SET 100. In order to know the auditing factors of the auditor which will result in the audit work being appropriate and achieving the objectives of the examination.

2. Methods

This research is a survey research by oneself checklist. The sample population in this study is the report of the certified public accountant disclosed in the financial statements of companies listed on the Stock Exchange of Thailand SET100. By using data in the fiscal year of the year 2017. Based on information published on the website of the Stock Exchange of Thailand, specifically studying the certified public accountant reports disclosed in the financial statements of companies listed on the Stock Exchange of Thailand in the SET100. The disclosure of key audit matter (KAM) about the asset category in the year 2017 (Securities and Exchange Commission, 2017). Data collecting was from companies listed on the Stock Exchange of Thailand in the index group SET100. Asset categories is used for this study which is divided into 2 types: current assets and non-current assets together with related documents, journals in accounting, related research results and various online database to be used as a guideline in gathering related concepts.

3. Results

A study of the key audit matters in the auditor's report focused on the assets categories in the Stock Exchange of Thailand of the Listed company SET100. Table 1 shows the key audit matters of the auditor's report and the classification of information according to the current asset category from the report of the auditor.

Table 1 Key audit matters in the auditor's report and categorized according to current assets

Industry group name	Number of companies	Cash	Temporary investment	Accounts receivable	Short-term loans	Left in stock	Current assets	Do not disclose information	Reveal information
Property and Construction Group	21	-	-	2	-	2	-	17	4

Service group	25	-	-	3	-	6	1	16	9
Industrial Products	2	-	-	-	-	1	-	1	1
Financial business group	12	-	-	-	-	-	11	1	11
Agriculture and food industry	8	-	-	-	-	1	1	7	1
Resource group	23	-	-	1	-	3	1	18	5
Consumer Products	2	-	-	-	-	1	-	1	1
Technology group	7	-	-	-	-	2	-	5	2
Total	100	-	-	6	-	16	14	66	34

Table 1 showed that 34 companies disclosed information about current asset. 66 companies that do not disclose information. The companies that disclosed information are as follows the inventories 16 companies, followed by other current assets about 14 companies and account receivable 6 companies. However, cash transactions, temporary investments and short-term loans do not disclosed the information. Pervious research of Sureemas Khampanyo and Phatchanee Karnphian (2561) found that both 8 industry group during the year 2016-2017 disclosure of information classified by elements of financial statements, the most common is asset category (335 items). The most commonly used inspection method is the method of calculation testing (184 companies). The opinion of auditor's report during year 2016 was found without conditions (409 items). The relationship between the key audit matters paragraphs and the types of auditors' opinions (CPA) during the year 2016- 2017 do not changed. Auditor's opinion still need to disclose information of KAMs and the assets is the most disclosed of key audit matters and comments do not change. Previous research Chanchai Tangruenrat (2017) found that key audit matters has an average 2.06 items both company SET100 and SET50 had a significantly greater number of subjects than the overall average. Moreover, the large audit office Big4 has more key audit matters than audit office non-big4, there is a greater proportion in the presentation of examination results. Each KAMs subject were presented in a format that is easier to understand. There is also a change in the name of the person who is responsible for overseeing the situation. Pervious research of Worasak Tummanon and Chutathip Aussavabumrung (2016) found that key audit matters standards affect only

32 companies in the listed companies. Most of them are companies in the category of construction services, followed by companies in the energy and utilities category and companies in the bank category. Examples of such impacts in the investment is reclassified from an associated company to a subsidiary and included in the final consolidated financial statements. However, PACK 5 does not affect assets, liabilities and operating results of listed companies are significant.

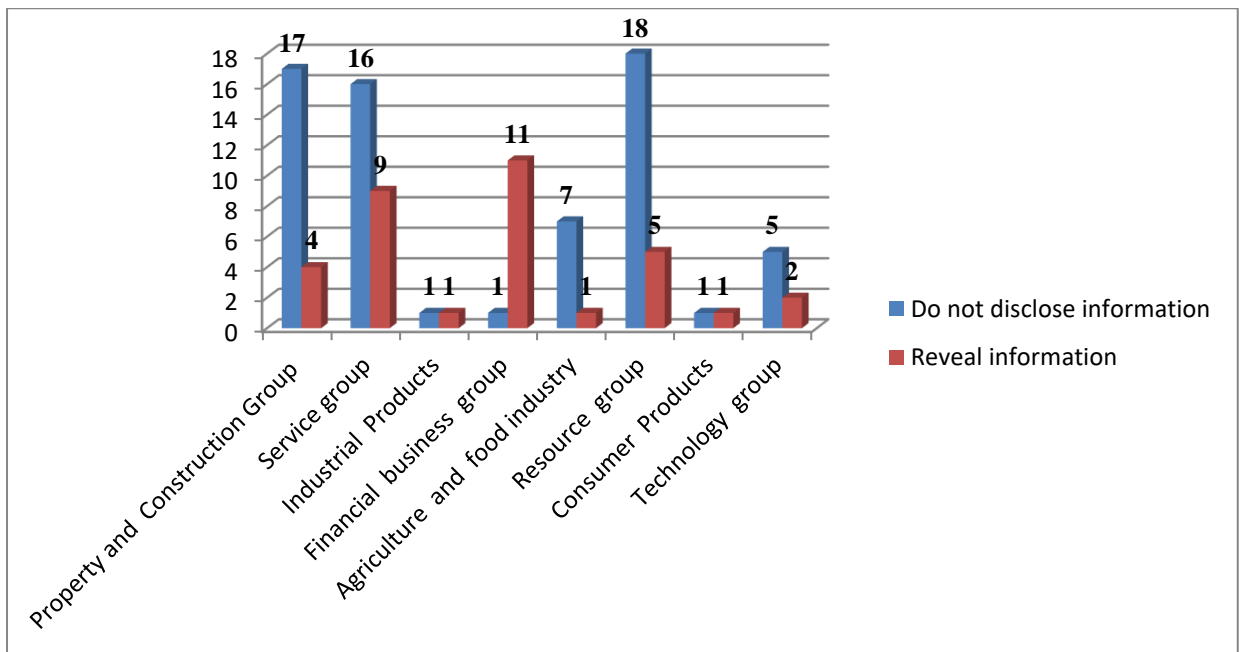


Figure 1 Company that discloses and does not disclose information in the auditor's report in the category of current assets

Key audit matters in the auditor's report and categorize the data according to the non-current asset, the study indicated that 49 companies disclosed the non-current asset category. 51 Companies do not disclose information about non-current assets. The most components of non-current assets which are goodwill (31 company), followed by long-term investment (13 Companies). Other non-current assets (11 Companies) and land, buildings and equipment (9 Companies) Royalty fees (3 Companies) and concession contracts (1 Company).

Table 2 Key audit matters in the auditor's report and categorize the data according to the non-current asset category

Industry group name	Number of companies	Long-term investment	Property, plant and equipment	Good will	license fee	Concession Agreement	Non-current assets	Do not disclose information	Reveal information
Property and Construction Group	21	3	2	3	-	-	4	10	11
Service group	25	2	2	9	2	1	3	11	14
Industrial Products	2	1	-	1	-	-	1	1	1
Financial business group	12	-	-	2	-	-	-	10	2
Agriculture and food industry	8	-	1	5	-	-	1	3	5
Resource group	23	5	2	6	-	-	2	13	10
Consumer Products	2	1	1	2	-	-	-	-	2
Technology group	7	1	1	3	1	-	-	3	4
Total	100	13	9	31	3	1	11	51	49

Table 2 reveals that 49 companies disclosed non-current assets as key audit matters in the auditor's report. The company that do not disclose information about non-current assets is 51 companies. The highest components of non-current assets disclosed as follows

goodwill (31 companies), followed by long-term investment (13 Companies), other non-current assets (11 companies) and land, buildings and equipment (9 Companies), royalty fees (3 companies), concession contracts (1 company). Previous research from Surimat Khamphanyo and Patchaneekepian (2018) found that both 8 industry groups during the year 2016-2017 disclosures classified according to the components of the financial statements the most common are the asset categories (335 companies). The most commonly used inspection method is the calculation testing method (184 companies) and the type of auditor's opinion. In the year 2016 the most key audit matters found is unconditional type (409 companies). In this regard, 2016-2017 the relationship between the key audit paragraphs (Key Audit Matters : KAMs) and the types of auditors' opinions (CPA) during the year 2016-2017 do not changed. Auditors 'report still need to disclosed information KAMs about the assets and comments do not change. Vorasak Tummanon and Chutathip Aussabumrungrat (2016) found that key audit matters such standards affect only 32 companies in the listed companies . Most of them are companies in the category of construction services, followed by companies in the energy and utilities category and companies in the bank category. Examples of such impacts. The investment is reclassified from an associated company to a subsidiary and included in the final consolidated financial statements. PACK 5 does not affect assets. Liabilities and operating results of listed companies are significant.

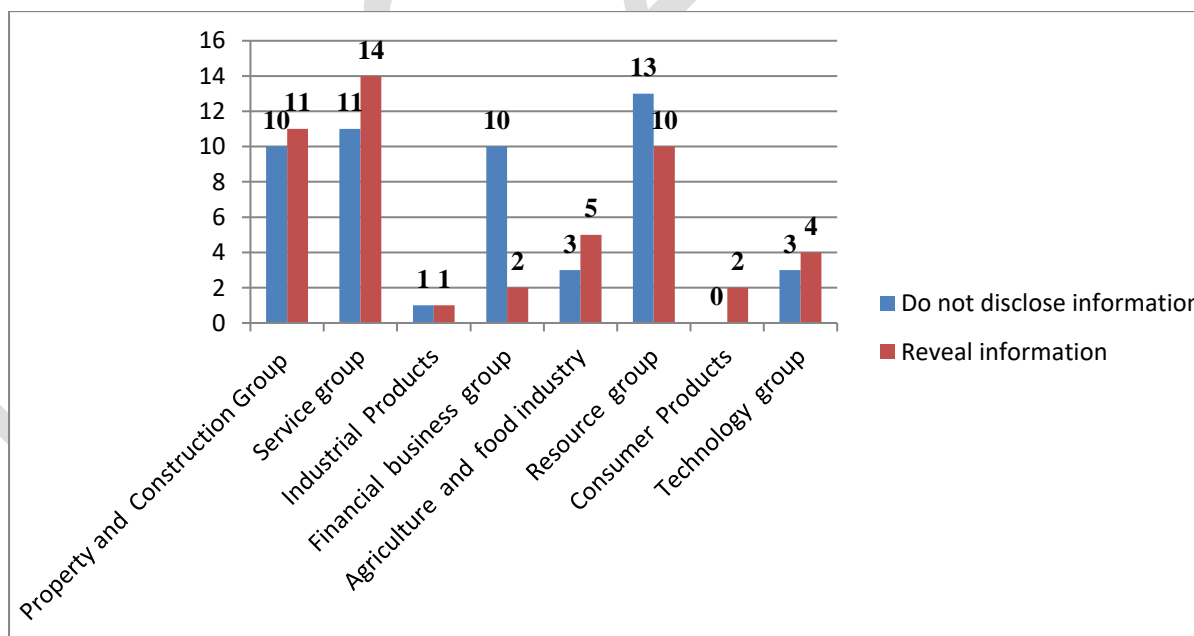


Figure 2 Companies that disclose and do not disclose information in the auditor's report by asset category, non-current assets

5. Conclusion Recommendation

1. Summary of data analysis in the asset category

1.1 Disclosure of key audit matters in the asset category of current assets, it was found that 34 companies disclosure of information, 66 companies non-disclosure of information. There were items of disclosure as follows: inventories (16 companies), other current assets (14 companies), accounts receivable (6 companies). However, for cash, current investments, short-term loans do not disclosure.

1.2 Disclosure of key audit matters in non-current assets category : 49 companies disclosure information, 51 companies do not disclose information. The company have disclosure the information as follows: goodwill amount (31 companies) long-term investment (13 companies), others non-current assets (11 companies) and land items building and equipment (9 companies), license fees (3 companies) and concession contracts (1 company).

2. Summary of the method of checking the asset list in the auditor's report

2.1 The Real Estate and Construction Industry Group revealed that the key audit matters were disclosed regarding other non-current assets (4 companies), by using the following auditing methods: assessment and testing method (2 companies), random testing methods (2 companies), analysis and comparison method (1 company), recheck information method (1 company).

2.2 The service industry group revealed that there was a disclosure of key audit matters regarding goodwill items, the first of 9 companies, using the methods of assessment and testing methods (5 company) analyze and comparison method (5 companies) review method (3 companies) calculation testing method (5 companies) consideration method (2 companies) questioning method (2 companies) recheck information (2 companies) understanding (3 companies).

2.3 Industrial product industry found that key audit matters were disclosed regarding inventory of 1 company by using the following methods: Assessment and testing methods (1 company) random testing method (1 company) analysis and comparison method (1 company) understanding method (1 company).

2.4. The financial business industry group revealed key audit matters regarding other current assets first 11 company by means of inspection as follows: assessment and testing method (5 company) random testing method (7 companies) analysis and comparison method (7 companies) review method (6 Companies) calculation testing method (11 companies) consideration method (5 company) questing method (4 companies) recheck information method (2 companies) understanding method (3 companies).

2.5 Agro and food industry clusters revealed that key audit matters has been disclosed regarding goodwill items first (5 companies) using the method of examination as follows: assessment and testing method (3 companies) analysis and comparison method (5 companies) calculation method (3 companies) questioning method (4 companies) understanding method (1 companies).

2.6 The resource industry group found that there was a disclosure of key audit matters about the list of goodwill is the first priority (6 companies) by testing method as

follows: assessment and testing method (6 companies) analysis and comparison method (4 companies) calculation testing methods (2 companies) consideration method (2 companies) questioning method (4 companies) understanding method (3 companies).

2.7 The Consumer Products Industry Group revealed that key audits were disclosed key audit matters) regarding goodwill as a first items (2 companies) using the method of auditing methods of assessment and testing (1 company) understanding method (1 company).

2.8 The Technology Industry Group has revealed that key audit matters has been disclosed regarding goodwill items is the first priority (3 companies) by means of inspection as follows assessment and testing methods (2 companies) analysis and comparison method (1 company) calculation testing method (2 companies) considering method (1 Company) questioning method (2 Companies) understanding method (1 Company).

Therefore, companies listed on the Stock Exchange of Thailand should pay more attention to audits in the above mentioned assets since they are assets of the business. Is an item that the authorized auditor gives priority and it is also a valuable information for the business Businesses must disclose information to outsiders.

6. Acknowledgement

This research was done well, we would like to thank you to all people who always supporting us as a research consultant, gives advice and takes the time to correct research defects to be more accurate.

7. References

- [1] Silpaporn Srichanphet. (2017). New auditor's report. Searched on 24 November 2018, (online). Access from www.tbs.tu.ac.th/wp-content/uploads/2017/05/Session-3_2-sip.
- [2] Sompong PornUpatham. (2016). New Auditor Report. Searched on 7 January 2019, (Online). Access from www.account.cbs.chula.ac.th/2016/10/13.
- [3] Sureemas Khampanyo and Phatchanee Phian. (2018). "Disclosure of Information in the Certified Public Accountants Report, Case Study of Important Matters in Auditing (KAM) 2016-2017 of listed companies in the Stock Exchange of Thailand. Thailand." Searched on 1 February 2019.
- [4] Worasak Thummanon and Chutathip Assabumrungrat. (2016, December). "Study the impact of financial reporting standards Pack 5 on the company. Listed on the Stock Exchange of Thailand. "Journal of Accounting Professions 12,36 Page 5-19.

[5] Chanchai Tangrueanrat (2017, June). "Using the new auditor's report: first year experience, the

report of 515 auditors for companies listed on the Stock Exchange of Thailand".
Journal of Accounting Profession 13,38 Page 5-21.



Assistant Professor Dr. Phetphrairin Upping^{1,a} Lecturer in Accounting Program Business Administration Faculty of Industry and Technology Rajamangala University of Technology Isan Sakon Nakhon 199 Campus, Moo 3, Phang Khon Subdistrict Phang Khon District, Sakon Nakhon Province 47160 Phone : 042772391 , fax : 042772392 E-mail :

phetphrairin_u@hotmail.com

brief education background :

2010: PhD in Accounting, Swinburne University of Technology Australia

2006: M.S. (International Management) Kalmar University, Sweden

2004: B.B.A. (Accounting) Sukhothai Thammathirat, Open University, Thailand

2002: M.B.A. (Accounting for planning and control), Kasetsart University, Bang Khen, Thailand

1997: B.B.A. (Business Education – Accounting) Rajamangala University of Technology Thanyaburi

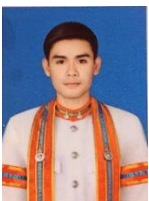


Miss. Savitee Budsri Lecturer in Accounting Program Business Administration

Faculty of Industry and Technology Rajamangala University of Technology Isan Sakon Nakhon 199 Campus, Moo 3, Phang Khon Subdistrict Phang Khon District, Sakon Nakhon Province 47160

Phone : 042772391 , fax : 042772392 E-mail : jiwlove1@hotmail.com

2008: B.B.A. (Accounting) Faculty of Industry and Technology, Rajamangala University of Technology Isan Sakon Nakhon Campus



Mr. Jakkapat Wichaiya^{2,b} Students in Accounting Program Business Administration Faculty of Industry and Technology Rajamangala University of Technology Isan Sakon Nakhon 199 Campus, Village No. 3, Phang Khon Subdistrict, Phang Khon District, Sakon Nakhon Province 47160 Phone : 042772391 , fax : 042772392

E-mail : taojjakkapat13@gmail.com

2019: B.Acc. Faculty of Industry and Technology

Rajamangala University of Technology Isan Sakon Nakhon Campus.



Miss. Kamonwan Montreesa^{3,c} Students in Accounting Program Business Administration Faculty of Industry and Technology Rajamangala University of Technology Isan Sakon Nakhon 199 Campus, Village No. 3, Phang Khon Subdistrict, Phang Khon District, Sakon Nakhon Province 47160 Phone : 042772391 , fax : 042772392

2019: B.Acc. Faculty of Industry and Technology
Rajamangala University of Technology Isan Sakon Nakhon Campus.



Miss. Janjira Khaipaiwan^{4,c} Students in Accounting Program Business Administration Faculty of Industry and Technology Rajamangala University of Technology Isan Sakon Nakhon 199 Campus, Village No. 3, Phang Khon Subdistrict, Phang Khon District, Sakon Nakhon Province 47160 Phone : 042772391 , fax : 042772392

E-mail : Janjira25042540@gmail.com

2019: B.Acc. Faculty of Industry and Technology
Rajamangala University of Technology Isan Sakon Nakhon Campus.

First-name Family-name Author may state about full name, position, full address, phone, fax, e-mail, brief education background, interested research area, and place a photo. NOTE: this section is required in the original copy only.