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This month's focus: **Expanded Audit Report and Usefulness of Audit Information**

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After the financial crisis of 2007-08, discussion of the standard revision of auditor reports intensified in each country but that regarding auditor statement content depended on what kind of users were assumed. Traditionally, the standardized and short form was oriented from the viewpoint of conciseness/clarity for users. However, recently, it is deemed necessary to disclose various kinds of audit information in reports, although supplementary information from an auditor was previously taboo and the audit process was presumed black box. In this article, taking into consideration the debate on auditor reports, we outline the desirable form an auditor's report should take including content of audit information.

Expanded Auditor's Report Prescribed in International Standards on Auditing
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From an international viewpoint, discussions regarding reform of auditor reports in financial statement audits that began in 2006 have already shifted to the stage of implementation. In this paper, we describe requirements of the International Standards on Auditing (ISA) related to the expanded auditor's report, its features, and issues in as much detail as possible. Our purpose is to contribute to the understanding of ongoing discussion of reform of auditors reports in the Auditing Committee of the Business Accounting Council in Japan, and to promote understanding of the significance of the expanded auditor's report that will be introduced in Japan in the near future as well as to promote its utilization.

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In Japan, introduction of expanded audit reports is now underway by the Audit Department Association of the Business Accounting Council (under the Financial Services Agency) so as to include KAM (key audit matters). If realized, there will be a great change in the conduct of audits and the effects audit reports (which CPAs publish) have. Problems to be solved are explained, checking basic rules of KAM and forms of

audit reports based on International Standards on Auditing (ISA).

Review of Market Reaction Regarding Going Concern Information

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One ‘key audit matter’, which is considered to be disclosed by expanded audit reports, is ‘going concern information’. In Japan, a two-stage disclosure system is adopted according to degree of uncertainty, but there are few empirical studies targeting the current system. In this article, we review prior research which carried out univariate analysis on stock price reaction to ‘going concern information’.

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