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# Qualified audit reports and costly contracting

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changed accounting methods. It is more likely that a qualified report will be issued by a “non Big 8” auditor in Singapore to a firm which has a higher proportion of the equity owned by the management. Qualified firms are more likely to have revalued assets and changed accounting methods to increase income than the control group. The strength of the results is also shown to depend on the nature of the qualification. Companies receiving “severe” qualifications (ie going concern, not true and fair, and unable to form an opinion) have far more significant differences than their pairs compared with those firms receiving “moderate” or “other” qualifications.



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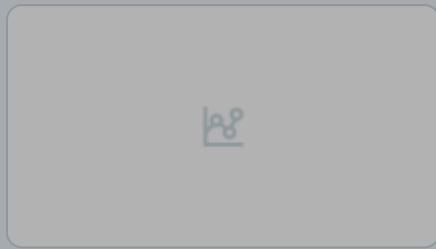
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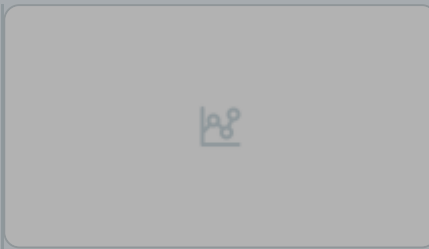
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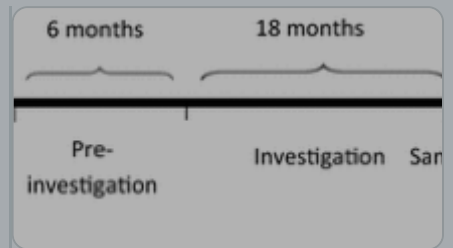
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