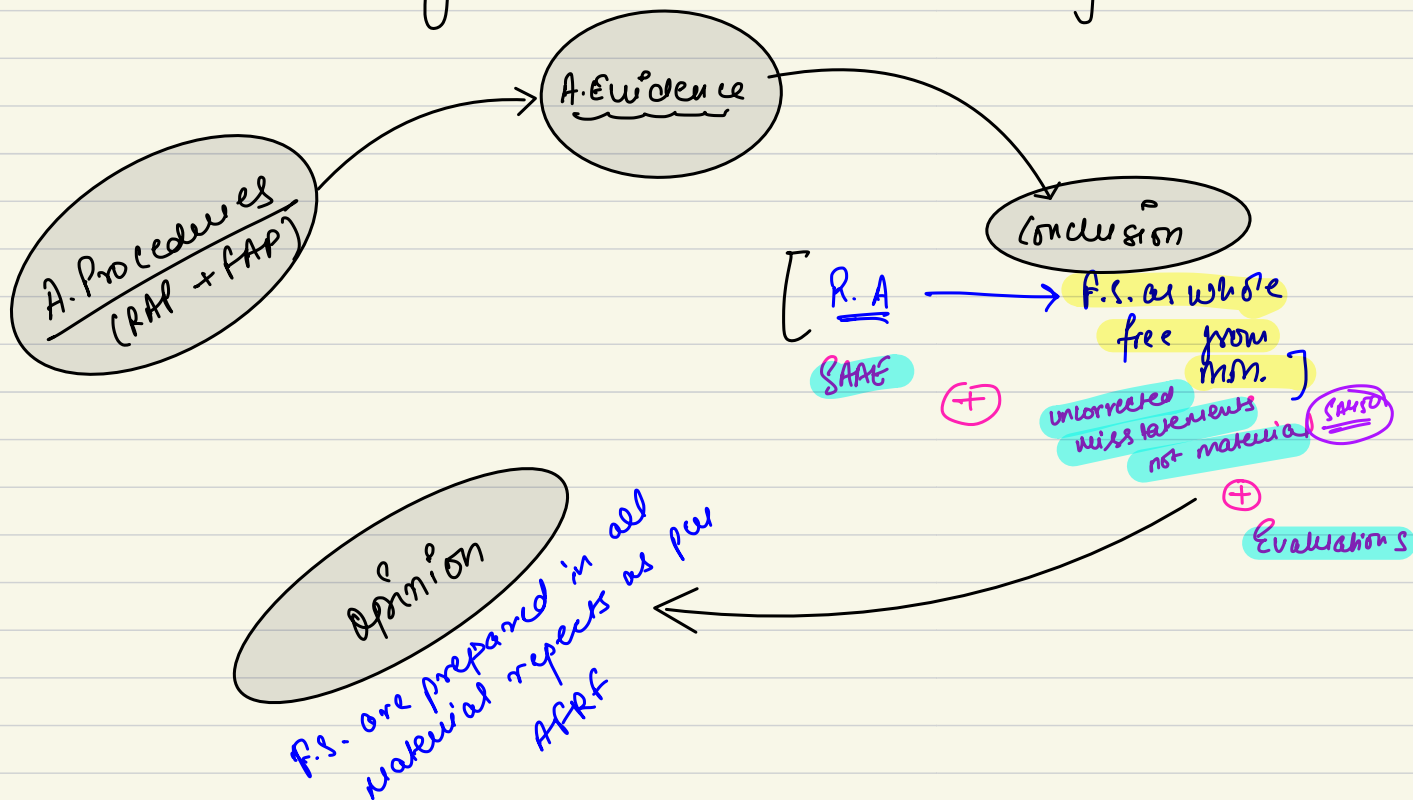


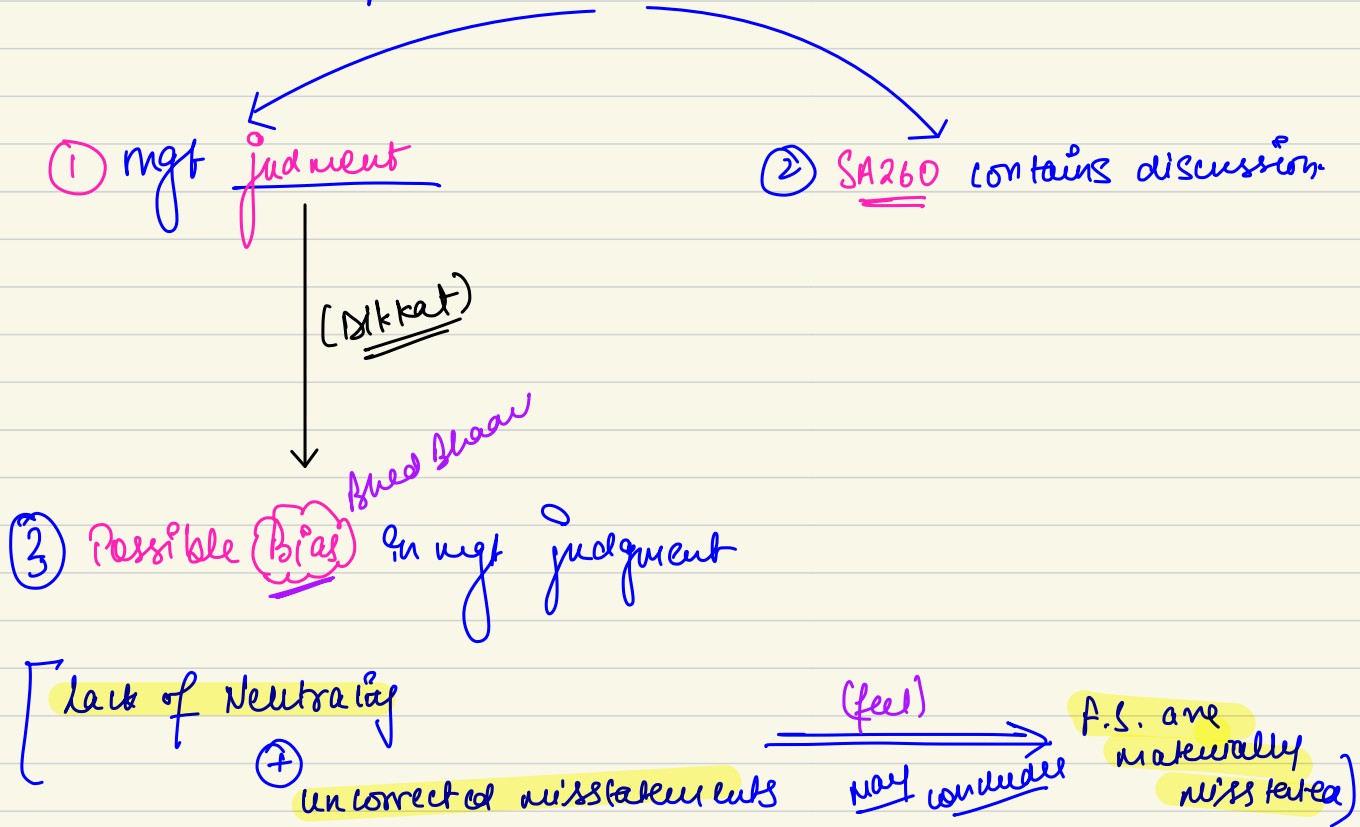
Audit Report [Simple + Scoring]

SA 700: Forming an Opinion & Reporting on F.S.



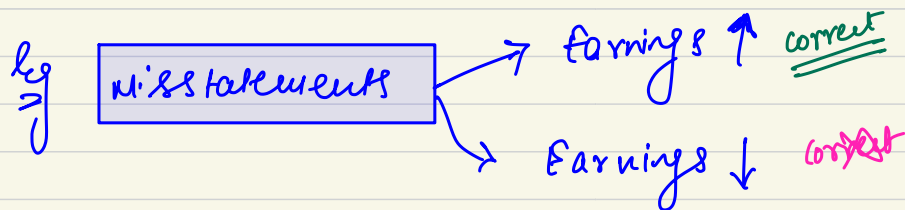
Evaluations

Qualitative Aspects of Entity's A/c Practices (A/c policies / Est. / Disclosures)



Indicators of "Lack of Neutrality"

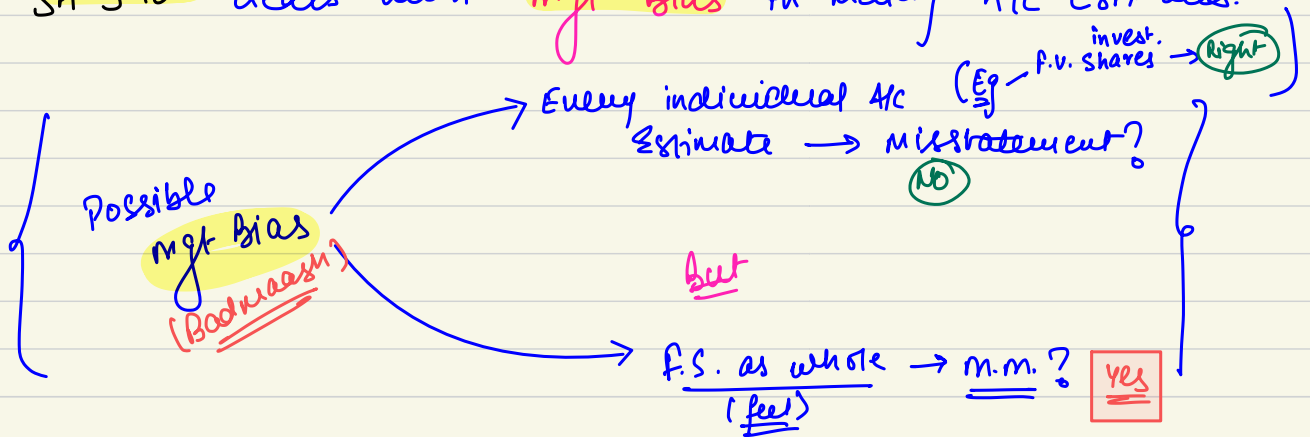
a) Selective correction of misstatements



b) Bias in making A/c estimates A

by Provisions [understated] to show highest earnings

④ SA 540 deals with mgt bias in making A/c Estimates.



Indicator of possible mgt bias

does it constitute misstatement for concluding on Individual A/c Estimates

But may affect auditor's evaluation whether F.S. as whole are free from m.m.

FRF

India ✓

Fair Presentation framework

Compliance framework

Comply with FRF

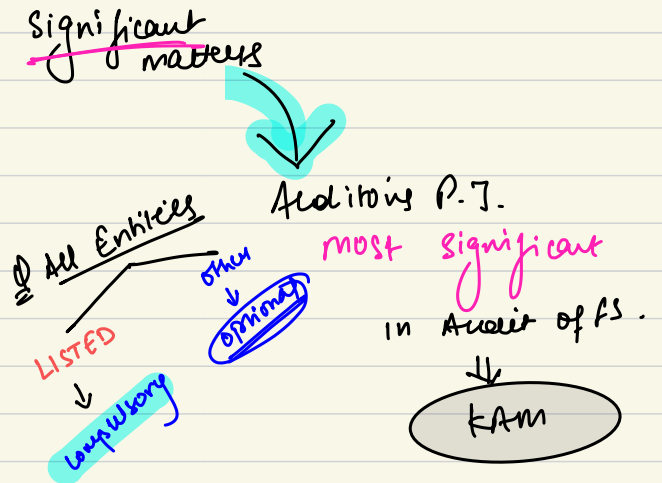
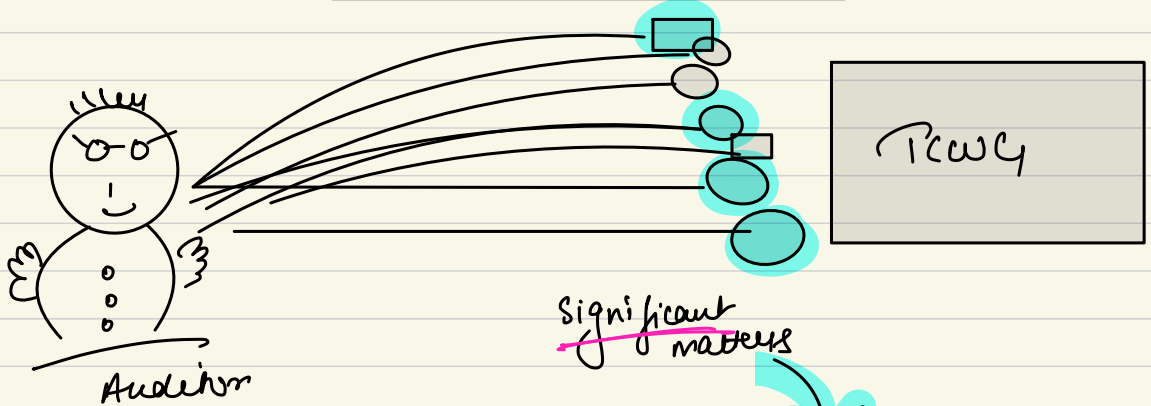
⊕ Addⁿ disclosures
fair presentation

⊖ Extremely rare circumstances
depart from requirements
FRF

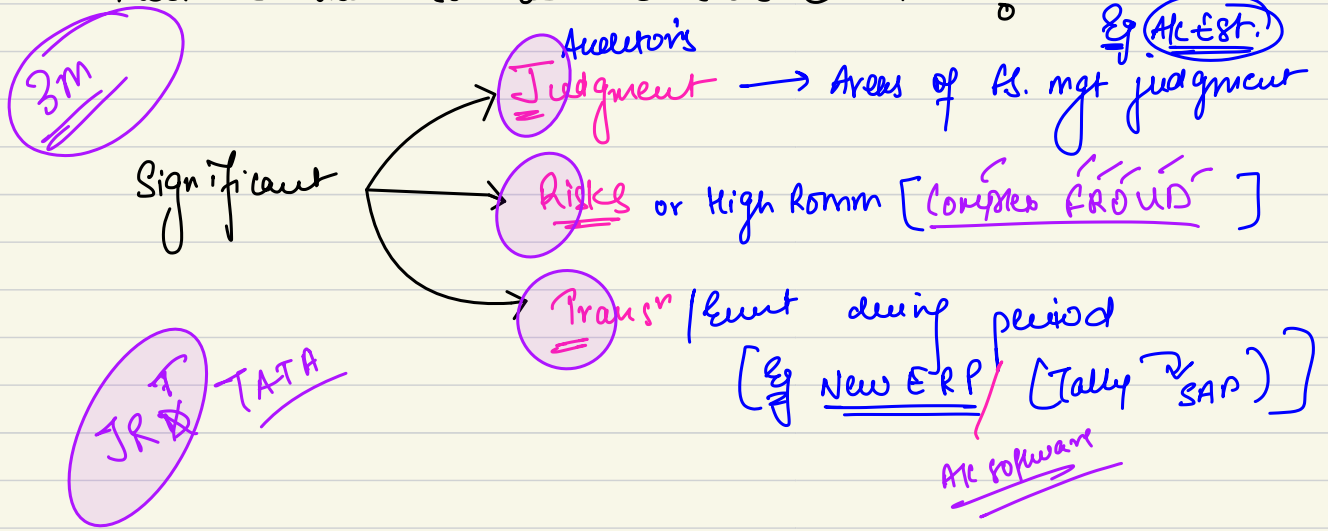
FRF comply

~~⊕~~ ~~⊖~~

SA 701: KEY AUDIT MATTERS



Matters that can be considered KAM?



How to communicate KAM in A/R?

① Separate Section in A/R → Heading "Key Audit Matter"
⇒ (Defn) Those matters, auditor's P.J., most significance in audit of F.S.

(May be audit?)

②

③

clear?

⇒ These matters addressed in audit of F.S. Δ

auditor doesn't provide separate opinion

on these matters.

Repeat? MURC para

Cases

① Revenue ^{P&L}

→ A/c policy disclose NOTES

→ KAM ✓
Chalega? No.

② ^{Entry} F.S. → M.U.R.C → A/R MURC ~~Section~~

→ KAM ✓
Chalega? No.

③ F.S. → M.M. → ~~modify~~ (KAM) ✓

→ Chalega? No.

④ Sec 143 (3) _{CA Act 2013}

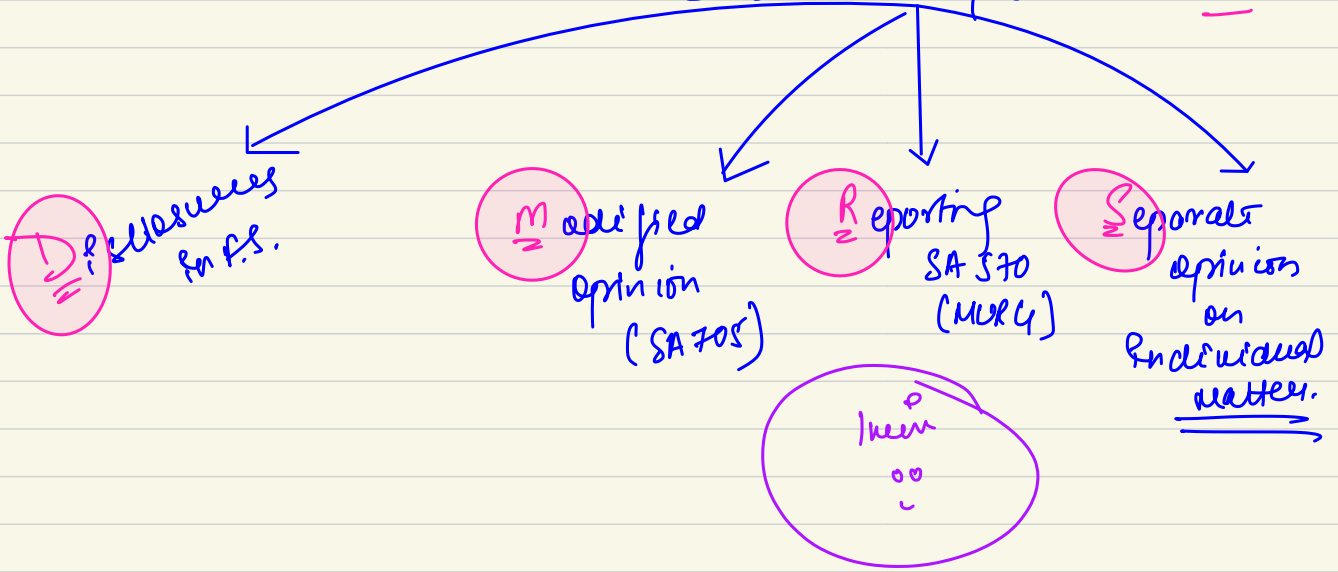
→ Specific matters Reporting?

→ ~~Reporting~~ KAM ✓
Chalega? No.

Summary:

KAM is not [3/4m]
a substitute of:

DIRS



Auditor

Disclaim opinion

~~Auditor~~

~~KAM~~
significant?

most sig?

NO

H.W.

T.Y.U. Q1/2

SA 700 Past Exam Q1 → 5 | 6/7/8
Read

SA 701 3 ques → Direct ✓

SA 510 (Op. Balance)
(Aadka Bhai)

B.S.

2024
x x x

2023
x x x

SA 710 Comparative Info.

Comparative Info: ? prior period amounts & disclosures

In f.s. as per AFRF.

(just like opening balances)

Audit Procedures: ?

Basic

a) Comparative info. agrees with Amt & disclosures of prior period.

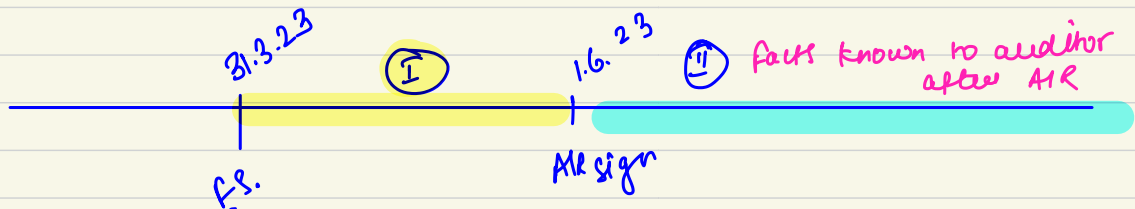
b) Accounting policy consistently followed
or
changes → APID [A/c, presented & disclosed]

Material Misstatement

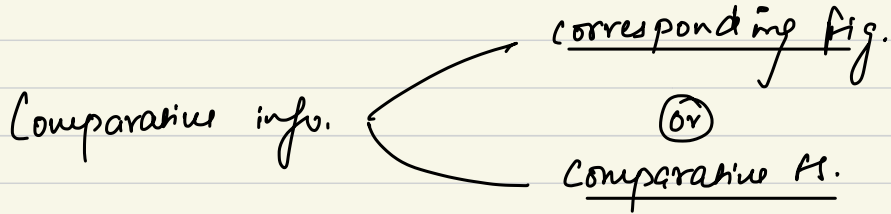
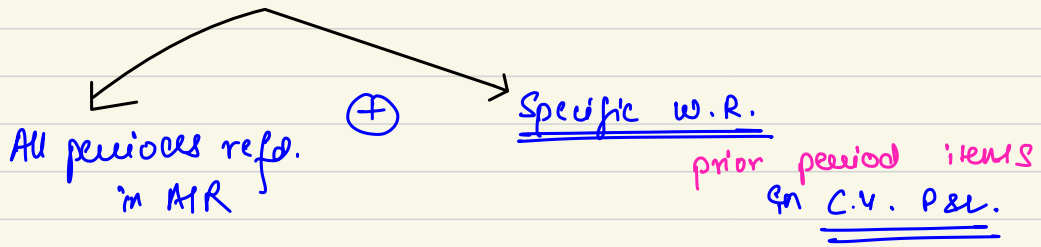
"Possible" M.M. In comp. info. → "Adcon Pro"
↓
M.M. Exist?

S. Masala

Prior period f.s. audited by same auditor → SA 560

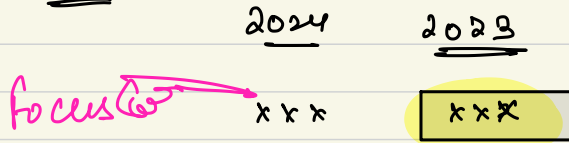


SA 580 W.R.



Corresponding fig.

B.S. as on 31.3.24



India

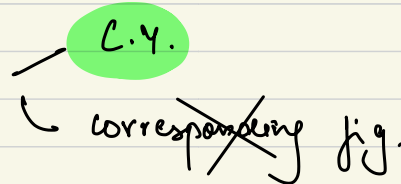
Purpose?

Read only with reference C.Y. fig

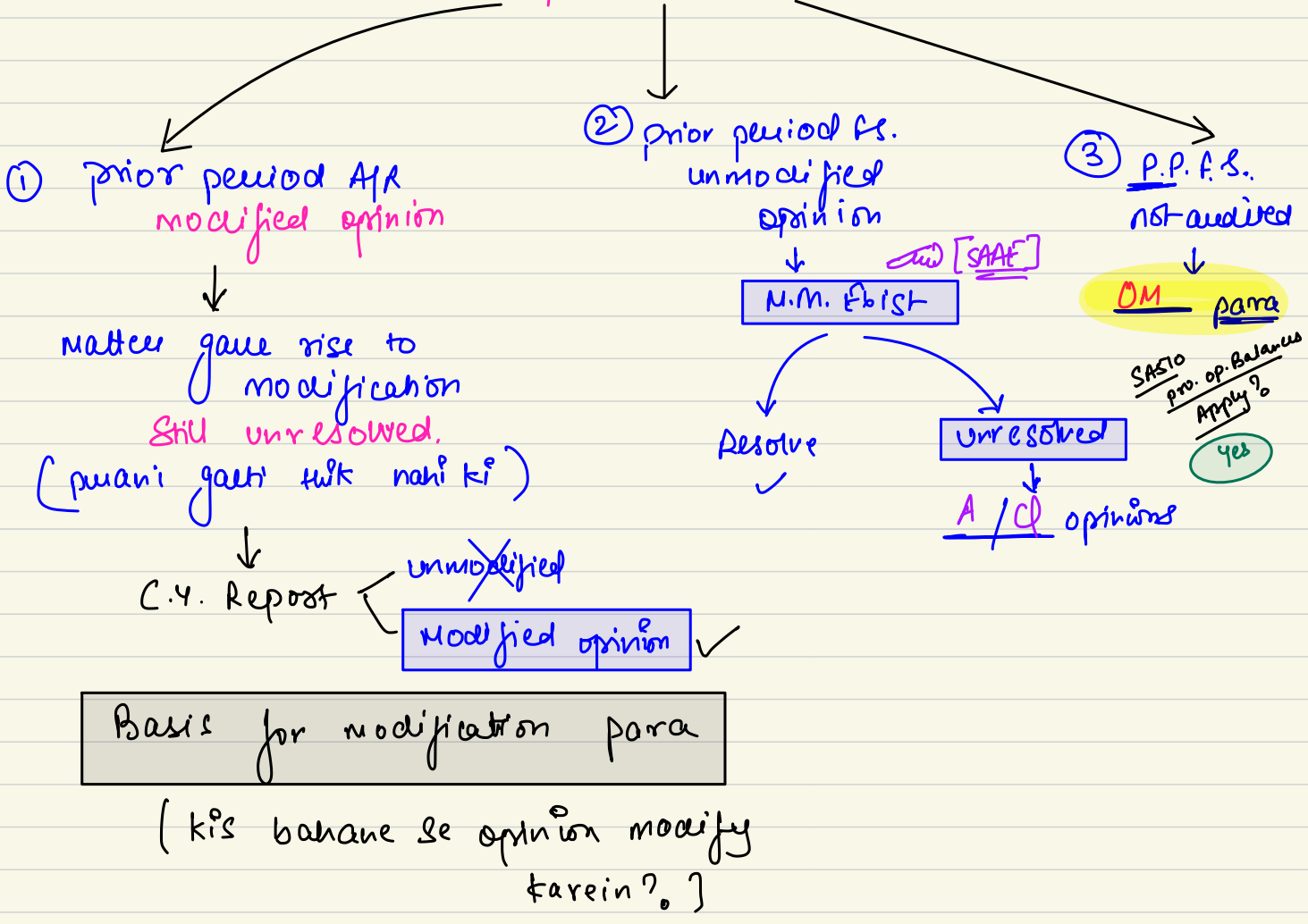
Detail? No

Only relevant info. provided.

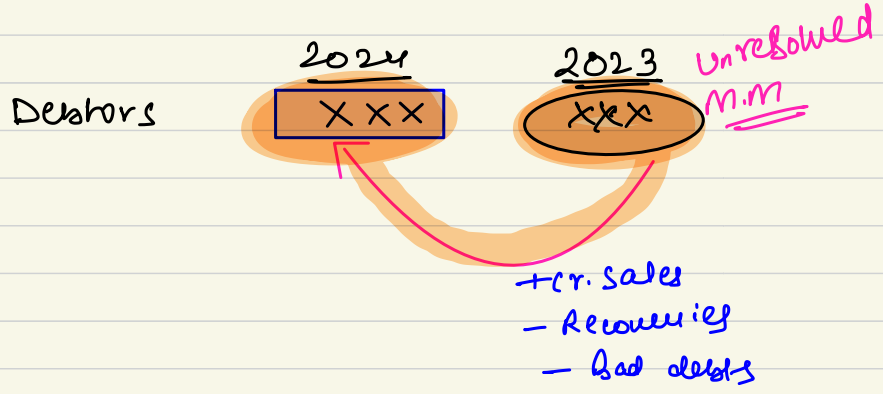
Audit Opinion → Refer?



But 3 exceptions :



Case 1 B.S. Item



Basis for modification (Dono galat hain)
 Refer to BOTH C.Y. corresponding fig ⊕ Effect/possible effect on C.Y. fig. is material.

Case 2

P&L Item

2024

2023

Employee Benefit Exp. x x x

x x x

gauri

Tanmay
Reality

Maths
61/80
61/80

Topper
62/80

Waa h

80/80

Waa h iyaat

Comparability

⇒ modified opinion because of effect / possible effect on

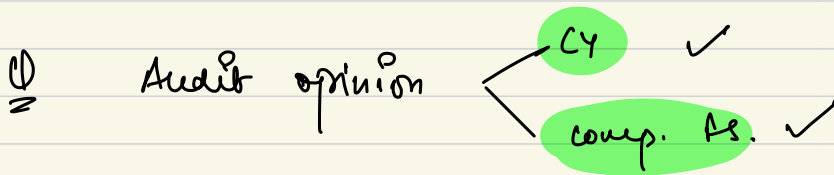
Comparability — C4
②
Corresponding fig.

Comparative F.S.

F.S. included for comparison India

"If audited"

covered by auditor's opinion



3 Spl. cases

Differentiated opinion

Reasons

OM para

Comparative F.S.

M.M. identified
(prev. auditor nahi mili)

communicate mgmt wch
⊕ prev. auditor inform

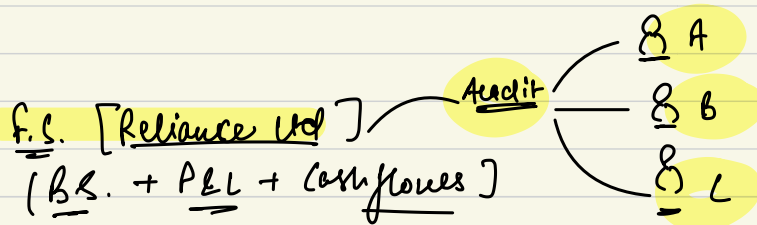
Prior period FS amend (Huk) + New ATR issued

prior period
FS.
not audited

OM para

C.Y. Auditor → Report - CY only
~~Comp. As.~~

SA 299 : Joint Audit of f.s.



Co. law? Sec 139(3)

Members of Co. → may resolve ↓
Audit
> 1 auditor

Audit Planning : EF. + key E.T. members. [of all JAs]

Audit Strategy : Sets RTD of Audits [Scope, Timing & Direction]

1) Scope identify division of areas
⊕
Common audit Areas

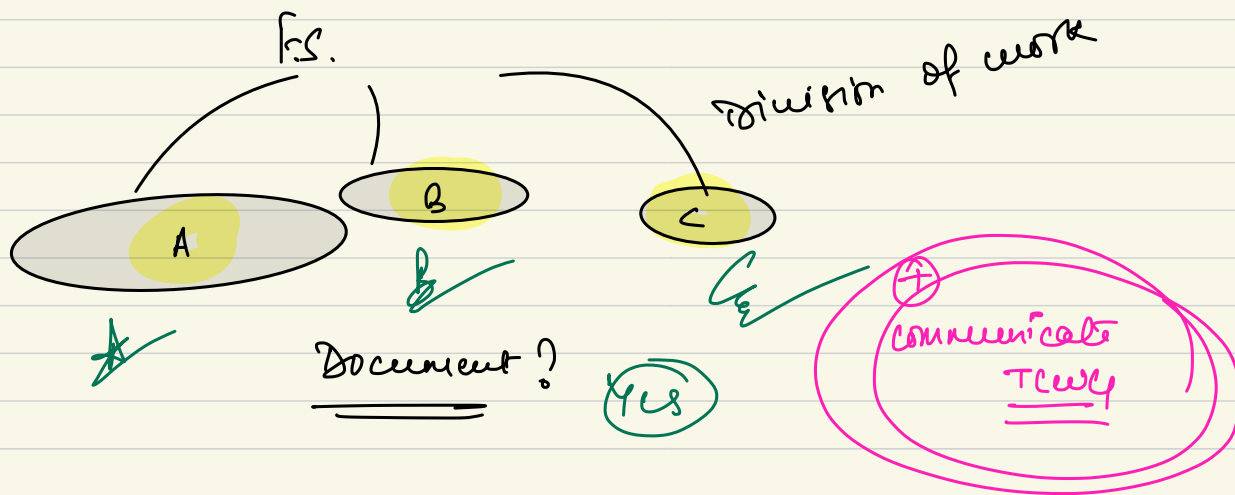
2) NTE of Resources required

(conclude)

3) PEA
⊕
Similar engg. performed

4) Timing
Reporting objectives of engg.

(Direction)
5) Factors Direct ET efforts.



Responsibility of Joint Auditors [5* Topic]

Work allocated

Jointly & severally

- work that's not divided
- Decisions taken by ALL planning of common audit areas.



- matters brought to notice by one of them & agreement among All.

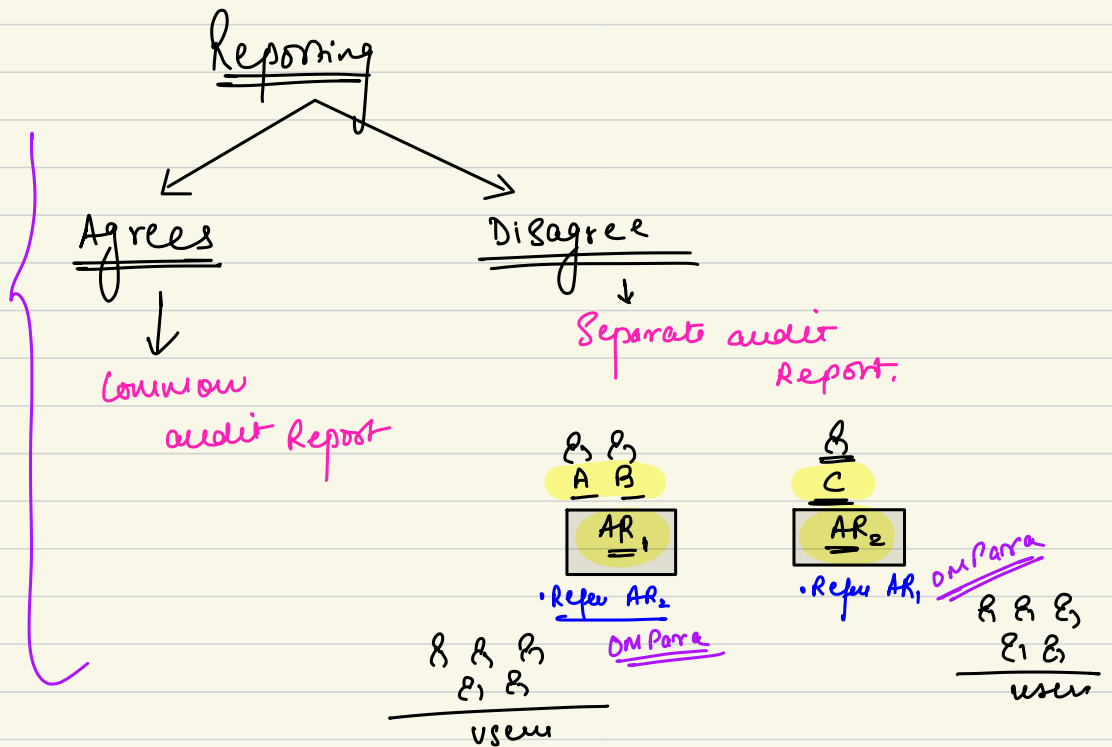
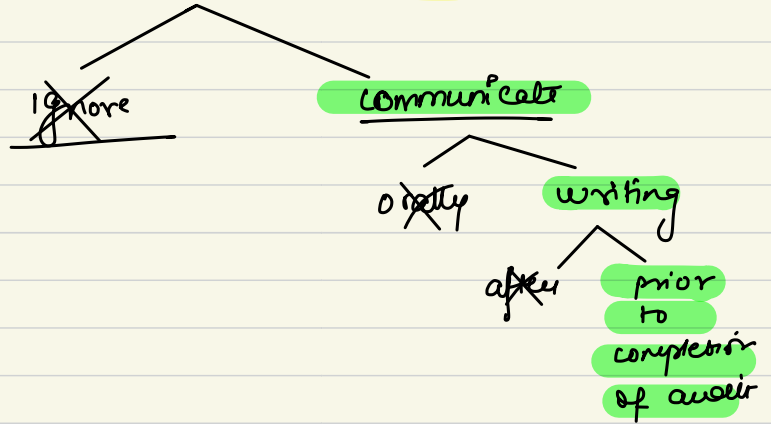
F.S. → Applicable Statute (eg ISA 2013 Sec 129 - Attest)
 → Presentation & Disclosure (A.C. P.D.)
 - TIF
 - Accrual

2 mins ☺

- AIR
- relevant statute
 - SAS
 - ICAI pronouncements

Spl. point \Rightarrow If Mr. A comes across matter Relevant to Mr. B

deserves his attention.



Rest:
Ch-12 Audit Report [SA750 Series + SA299] + SA600

Ch-10 SA260 + 265

Sunday 30 M \rightarrow Tension? No
 \hookrightarrow comfort
12/15