

SA - 705

Modification to the opinion in the Independent A.R

Modified opinion

When auditor has obtained A.E that F.S are not Free from Material Misstatement

When auditor is unable to obtain A.E to Conclude that F.S are Free From MM

Misstatement

Material
but not
Pervasive

Qualified opinion

Misstatement

Material & Pervasive

Adverse opinion

Material but not Pervasive

Disclaimer of OPINION

Undetected
Misstatement

Possible effect

Misstatement

Material
Pervasive

Auditor objective as Per SA - 705

→ Auditor provide appropriate Modified opinion
which opinion is appropriate
Depend upon ?

Nature of the matter
giving rise to Modification

that F.S are
Materially Misstated

Auditor
is unable
to obtain
Sufficient
&
Appropriate
A.E

Auditor Judgment
about pervasive
possible effect
on F.S

If management impose limitation on auditor after the auditor accepted the engagement.

↓
Auditor shall request
Management to Remove Limitation

↓
If removed
limitation

↓
Auditor shall
Continue audit

↓
If mgt. refuse
to remove limitation

↓
Communication the matter
to TCGN

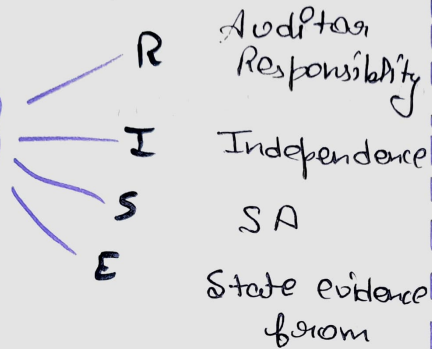
↓
& Perform
Alternative
Audit Procedure

↓
If alternative AP does not
Provide SAE.

↓
Material but not Pervasive

Qualified OPINION

Basis of OPINION



When Auditor give Disclaimer of OPINION

Auditor shall not include ~~X~~ I S ~~X~~

- Shall not give reference to the auditor responsibility section of Audit Report specifying.

Statement that whether A/E obtained in SAE to form an opinion

Material & Pervasive

If possible auditor shall withdraw from engagement if permitted by law.

If Can't withdraw
↓

Disclaimer of OPINION

SA-706

Emphasis of Matter Paragraph

Those matter that are already disclosed in F.S and are fundamental to the user's understanding as per auditor Judgement Provided

The auditor would not be required to modify the opinion in accordance with SA-705

matter that are already stated in KAM as per SA-701

Other Matter Paragraph

Those matter that are not disclosed in F.S but as per auditor Judgement are fundamental for user's understanding of Audit Report & Auditor Responsibility

Matter that are Prohibited by law

Separate Section for emphasis of Matter Paragraph

Auditor shall in the separate section of AR, give

Heading
'EOM'

Reference as to where the matter is fully disclosed in FOS

Auditor opinion not modified because of these Matter

Eg. of 'EOM'

Circumstances

uncertainty related to failure outcome & litigation

Major Catastrophe, affecting the Financial Position entity

New AS has materially effect on FOS

effect of Subsequent Event

In case of other Matter

Auditor in the separate of AOR given the heading

'Other Matter'

EOM is not Substitute

Disclosure
in
F.S

Modified
opinion
as per SA
705

Reporting
on going
Concern
as per
SA-570

SA - 710

Comparative Information Corresponding figure and
Comparative Financial Statement.

Auditor Objective

↓
To obtain SAE
that Comparative Information
is as per applicable F.R.F



Auditor shall determine
this by evaluating.



Report as per
Auditor reporting
Responsibility.

↓
The Comparative
Info agree
with the amt.
and other
Disclosure
presented in
prior period.

↓
Acc
Policy used
is Comparative
Info is
Consistently
followed
in CoY.

↓
Change
in Acc
Policies
are
appropriately
Disclosed
&
Presented.

↓
Comparative F.S
Auditor's opinion
shall refer to
each period
for which
Statement are
Prepared.

Corresponding figure auditor opinion shall not
refer to corresponding figure except in following.

① If prior period audit report
is modified & the matter
because of which auditor
give modified opinion is
still unresolved the
auditor shall give modified
opinion in CoY also

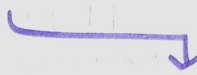
② Auditor has obtained
A.E that F.S of PP
is MM & auditor
gave unmodified
opinion in prior
period

prior period F.S
are not audited
the auditor shall
obtain SRAE about
opening balance

If Matter is not
resolved as per F.R.F
in Co's auditor
shall give



ADVERSE
OPINION



QUALIFIED
OPINION

KAM

are those Matter that are most Significant matter as per Auditor Professional Judgement during the audit of f.s

↓
In the introductory language the auditor shall state

↓
KAM are those Matter in Auditor PJ are most Significant in Audit of F.s

These matter were address in the context of Audit of F.s and Auditor does not provide separate opinion

SA-701

Key Audit Matters (KAM)

OBJECTIVE

↓
Determine key Audit Matter

→ Area of High ROMM or Significant Risk under SA-315

→ Area of F.s that involve Significant mgt. Judgement & as per auditor Judgement involve High estimation Uncertainty.

→ Effect on Audit of Significant event or trans. that occurred during period.

↓
Communication KAM in the Audit Report

In the separate Section of Audit Report with the Heading.

• key audit Matter



KAM is not Substitute

