'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

- Misstatement
  - Material but not Pervasive → **Qualified opinion**
- Misstatement
  - Material & Pervasive → **Adverse opinion**

when auditor is unable to obtain A.E to Conclude that F.S are Free from MM

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Undetected Misstatment

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Possible effect

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Misstatement

- Material but not Pervasive → Qualified opinion
- Material Pervasive → Disclamer of OPINION

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 Materialy Misstated
  - Auditor is unable to obtain Sufficient & Appropriate A. E
- Auditor Judgement about Pervasive possible effect on F.S

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

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Auditor shall request Management to Remove limitation

If removed limitation

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Auditor Shall Continue audit

If mgt. refuse to remove limitation

Communication the matter to TCWG

&

Perform Alternative Audit Procedure

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If alternative AP does not Provide SAAE.

Material but not Pervasive

(Qualified OPINION)

Basis of OPINION

- R — Auditor Responsibility
- I — Independence
- S — SA
- E — State evidence from

When Auditor give Disclamer of OPINION

Auditor Shall not include ~~R~~ I S ~~E~~

- Shall not give reference to the auditor Responsiblity section of Audit Report Specifying.

Statement that whether AoE obtaind in SAAE to form an opinion

Material & Pervasive

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

If Can't withdraw

Disclamer 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 Four user's understanding of Audit Report & Auditor Responsiblity

- Matter that are Prohibited by law

Seprate Section for emphasis of Matter Paragraph

Auditor Shall in the Seprate Section of AR, give

- Heading 'EOM'
- Refrence as to where the matter is fully disclosed in FoS
- Auditor opinion not modified because of these Matter

Eg. of 'EOM'

Circumstances

- uncertainity related to failure outcome & litigation
- Major Catastrophe, effecting the Financial Position entity
- New AS has materialy effect on FoS
- effect of Subsequent event

In case of other Matter

Auditor in the Seprate of A.R given the heading

'Other Matter'

EOM is not Substitue

- 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 SAAE that Comparative Information is as per applicable F.R.F

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Auditor shall determine this by evaluating.

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Report as per Auditor reporting Responsobility.

The Comparative info agree with the amt. and other Disclosure presented in Prior Period.

Acc Policy used is Comparative info is Consistenly followed in CoY.

Change in A/C Polcies are appropriately Disclosed & Presented.

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

Corrosponding figure auditor opinion Shall not refer to Corrosponding 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 SAAE about Opening balance if Matter is not resolved as per F.R.F in Co.Y 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 Seprate 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 Uncertainity.

→ Effect on Audit of Significant event or trans. that occured during Period.

Communication KAM in the Audit Report

In the Seprate Section of Audit Report with the Heading.

"Key audit Matter"

KAM is not Substitute

- For Disclosure of FoS
- For the Modified opinion as Per SA-705
- For Reporting on Going Concern as Per 570
- Auditor Does not Provide Seprate opinion on these Matter