SA700

Types of opinion, Contents of Reports

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Forming an opinion & Reporting on FS

Form of Opinion | Types of Opinion :-

Unmodified / Clean Opinion	Modified Opinion
The auditor shall express an unmodified opinion when the auditor concludes that the FS are prepared, in all material respects, in accordance with the AFRF.	If the auditor: (i) Concludes that, based on the AE obtained, the FS as a whole are not free from m/m (defection of ms) Or (ii) is unable to obtain SAAE to conclude that the FS as a whole are free from mm. (possible ms)

The auditor shall modify the opinion in the auditor's report in accordance with SA705.

Dec 21

(Plan → Perform audit → AE → conclusion)

Objective of the auditor as per SA700 (Revised) are:

(i) To form an opinion on the FS based on an evaluation of the conclusions drawn from the AE obtained; and

(ii) To express clearly that opinion through a written report.

(SA450)

SA 260

About SA700

{ factors to be considered to form an opinion }

To form Opinion — Auditor to obtain Reasonable Assurance :- Dec 21

Dec 21

① The auditor shall form an opinion on whether the FS are prepared, in all material respects, in accordance with AFRF. (unmodified opinion definition)

② In order to form that opinion, that auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the FS as a whole are free from MM, whether due to fraud or error. (SA 200 objective)

③ That conclusion shall take into account :-

ⓐ Whether SAAE has been obtained. (SA 330)

(SA 450) ⓑ Whether uncorrected MS are material, individually or in aggregate.

ⓒ The evaluations

↓

Evaluation by the Auditor

(i) The auditor shall evaluate whether FS are prepared in accordance with the requirement of the AFRF.

(ii) The evaluation shall include consideration of the qualitative aspects of the entity's a/cing practices, including indications of possible bias in mgmt's judgement. → SA 540

SA 260

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Qualitative aspects of the Entity's a/cing Practices.

(What are the specific Evaluations to be kept in mind or conducted before expressing your opinion)

Specific Evaluation by the Auditor:-

In particular, the auditor shall evaluate whether:

(a) The FS adequately disclose the significant accounting policies selected & applied.

Nov/18

(b) The a/cing policies selected & applied are consistent with the AFRF & are appropriate.

(c) The a/cing estimates (provisions) made by mgmt are reasonable.

(d) The info^{n} presented in the FS is relevent, reliable, comparable & understandable.

(e) The FS provide adequate disclosure to enable the intended users to understand the effect of material tx^{n} & events on the info^{n} conveyed in the FS.

(f) The terminology (language) used in FS, including the title of each FS, is appropriate.

Companies Sec 143

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Definitation :

General Purpose FS

* FS prepared in accordance with general purpose framework.

General Purpose framework

* A financial reporting framework (FRF) designed to meet the common FI needs of a wide range of users.
* The FRF may be a
  (i) fair presentation framework
  Or
  (ii) compliance framework.

AFRF (AS / IndAS + Sch III)

fair Presentation framework	Compliance framework
(a) AS / IndAS + Sch III	✓
&	
(b) If required you can deviate (beyond, depart) from FRF	not allowed.

Fair presentation framework is used to refer to a FRF that requires compliance with requirements of framework and

(i) Acknowledges explicity or implicity that, to acheive fair presentation of FS, it may be necessary for mgmt to provide disclosure beyond those specifically required by framework Or

(ii) Acknowledges explicity that it may be necessary for mgmt to depart from a requirement of the framework to acheive

Compliance framework is used to refer to a FRF that requires compliance with requirements of framework, but does not contain acknowledgement as in (i) or (ii)

CA Final

aspects = respects.

drafting
KAM EOM OM

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fair Presentation of the FS. Such departures are expected to be necessary only in extremely rare circumstances.

(clean)
Reporting → Unmodified opinion

- While expressing an unmodified ~~opinion~~ opinion on FS, the auditor's opinion shall, unless otherwise required by L or R, use one of the following phrases, which are regarded as being equivalent:

(a) In our opinion, the accompanying FS present fairly, in all material respects in accordance with AFRF

(Or)

(b) In our opinion, the accompanying FS give a true and fair view in accordance with AFRF.

Appropriate phase.

* The phrases "present fairly, in all material ~~exp~~ respects", and "give a true & fair view" are regarded as being equivalent.

Sept 24

* When the auditor expresses an unmodified opinion, it is not appropriate to use phrases such as "with the foregoing explanation" or "subject to" in relation to the opinion, as these suggest a conditional opinion or weakening or modification of opinion.

Inappropriate phase

(But they are used in modification)

(Clean)
Reporting → Unmodified Opinion

- The accompanying FS are prepared in all material respects in accordance with AFRF.

• Should be in writing.

Independent
External (who) Internal (Emp) they work for mgmt
Internal auditor can be employee also

Auditors Report

Auditor's report for audits conducted in accordance with SA's :-

① Title : Independent Auditor's Report"

② Addressee : To the SHs (members) & FCWT of the company.

③ Auditor's opinion : $\boxed{\text{Opinion}}$

SQ.

Paragraph 1

The first section of the auditor's report shall include the auditor's opinion, and shall have the heading "Opinion".
The opinion section of the auditor's report shall also :-

(a) Identify the entity whose FS have been audited.
(b) State that the FS have been audited.
(c) Identify the title of each statement comprising the FS.
(d) Refer to the notes, including the summary of significant accounting policies.
(e) Specify the date of, or period covered by, each ~~FS~~ statement comprising the FS.

Std changes in equity, B/S, P&L, Cashflow, notes to a/cs

Paragraph 2

OPINION :-

In our opinion & to the best of our info^n & according to the explanation given to us, the aforesaid FS give the info^n required by the act in the manner so required & give a true & fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the co. as at 31.3.2024 & the P&L for the year ending on that date.

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(4) Basis for opinion :-

The auditor's report shall include a section, directly following the opinion section, with the heading "Basis for Opinion" that:
irrespective of modified or unmodified opinion

1. States the audit was conducted in accordance with SA's.
2. Refer to the section of the auditor's report that described the auditor's responsibilities under the SA's.
3. Include a statement that the auditor is independent of the entity in accordance with the relevent ethical requirements relating to the audit & has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.
4. States whether the auditor believes that the AE the auditor has obtain is S&A to provide a basis for the auditor's opinion.

Opinion

Unmodified / clean
Paragraph 2 → 1,2,3,4 Points
Paragraph 1 →

Modified opinion.
Paragraph 1 → reason for modification
Paragraph 2 → 1,2,3,4 Point

disclaimer of opinion
Para 1 reason
Para 2. —
4 Points auditor's responsibility

(5) Going Concern → SA 570

(6) Key Audit Matters [KAM] → SA 701

(7) Other information :- Where applicable, the auditor shall report in accordance with SA 720 (revised).

(Indetail SA ...)

1. F.S prepare ... Karna as per ... [with SCITT ...]
2. IC → design
3. going concern uncertainty identification assessment

MCQ
SA 210

FI = Financial information
FS = Financial Statement
FR = Financial Reporting.

NOV 23

Companies Sec 143

(8) **Responsibilities for the FS → Mgmt**

The auditor's report shall include a section with a heading "Responsibilities of mgmt for the FS".

This section of the auditors report shall describe mgmt's responsibility for:

(Indetail SA 210)

(1) Preparing the FS inaccordance with the AFRF and for such IC as mgmt determines is necessary to enable the preparation of FS that are free from MMS, whether due to fraud or error: [Because of the possible effects of fraud on other aspects of the audit, materiality does not apply to mgmt acknowledgement regarding responsibility for design, implementation, & maintence of IC or for establishing & maintaining effective IC over FR to prevent & detect fraud] and.

1. FS prepare & present Karna as per AFRF [with SCH III + AS / IND AS]
2. IC → design, implement, maintain
3. going concern uncertainty identification & assessment

(2) Assessing the entity's ability to continue as a going concern & whether the use of the going concern basis of accounting is appropriate as well as disclosure, if applicable, matters relating to going concern.
[the explanation of mgmt's responsibility for this assessment shall include a description of when the use of the going concern basis of accounting is appropriate]

SA 570

(*) SA 200 explain the premise (assumptions), relating to the responsibilities of mgmt &, where appropriate TCWG, on which an audit in accordance with SA's is conducted.

MCQ

SA 210, require Auditor to agree mgmt's responsibility in an Engagement or othe suitable form of WR.

700 SA-450 SA 530 SA 210

firm ABLtd < A → Execution, B → Signing — Possible? → yes, MOU [Memorandum of Understanding] Bcz of ceiling limit.

firm is appointed & not the Partner

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(9) Auditor's Responsibilities for the Audit of the FS:

SUMMARY of All Important SA's

(10) Location of the description of the auditor's responsibilities for the audit of the FS:

(11) Other Report Responsibilities:

(12) Signature of the Auditor:

The Person who is appointed as a auditor should sign the audit Report

CA + having COP

Individual CA	Audit firm.
the auditor's report shall be signed. The report is signed by auditor (ie engagement partner) in his personal name.	Where the firm is appointed as the auditor, the report is signed in the personal name of the auditor & in the name of the audit firm.
The Proprietor signing the audit report also needs to mention membership no. assigned by ICAI.	The Partner signing the audit report also need to mention membership no. assigned by ICAI + Also include the registration no. of the firm, wherever applicable, alloted by ICAI, in the audit reports signed by them.

C o P → Certificate of P

(13)

(14)

MCQs

to show true

COP → certificate of Practice

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(13) Place of Signature:
The auditor's report shall name specific location, which is ordinarily the city where the audit report is signed

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(14) Date of the Auditors Report:

* UDIN [Unique Document Identification Number].

MCQs

to show true

(1) It was noticed that financial documents certificates attested by 3rd person misrepresenting themselves as CA members were misleading the authorities & stakeholders.

(2) ICAI also received no. of complaints of signatures of CA's being forged by non CA's. To curb (control) the malpractices (wrong), the professional development committee of ICAI implemented in phased manner as innovative concept of UDIN.

(3) All certificates were made mandatory with effect from 1/1/2019 as per the council decision taken at its 379th meeting held on 17-18 Dec 2018.

(4) CA having full time certificate of Pratice (COP) as register on UDIN portal & generate UDIN by registering the certificates attested / certified by them.

(5) Accordingly, an auditor is required to mention the UDIN w.r.t each audit report being signed by him, along with his membership no. while signing an audit report.