[5m]

Review

- **Assurance on historical financial info.?**
  Limited
  ↓
  Lower than Audit.
- **Engg. Risk.?**
  Reduced to an acceptable level
  1{?}
  >
  R.A. engg.
- **How?**
  Limited Procedures [Inquiry + Analytical Pro.]
  ↓
  Sufficient & Appt. Audit Evidence (SAE)
  ↓
  Limited Conclusion
- **Standards on Review Engg. [SRE]**
  - SRE 2400
  - SRE 2410

SRE 2400 : Engg to Review historical FS.

[Practitioner ⇒ × Auditor of FS].

Objective: 1. Limited Assurance via. Inquiry & An. Pro. [FS are free from MM].
↓
express conclusion (FS prepared as per AFRF)

2. Report & communicate on FS..

SRE 2400

- I. Engg. Acceptance ✓
- II. Performing
- III. Reporting.

I. Engg. Acceptance

1. Factors affecting Acceptance & continuance of client

Don't accept review engg. if : → In ^{2} LOS ER Not satisfied

a. Info. needed is unavailable | unreliable.

b. Doubt over mgt's integrity.

c. Mgt | TCWG Purpose Limitation on Scope [LOS] that'll result in SAE × disclaiming conclusion. ×

d. Relevant Ethical Requirements (ER) including Independence, not satisfied.
CoI Professional

e. Not satisfied that

There is Rational purpose (logic) for engg.

eg
- sig. LOS [limitation on scope].
- use of practioner's name in inappropt. manner.
- Engg. to comply with LR but LR requires Audit.

Reviewer engg. would be appt.

⇒ So, recommend another type of engg like audit / compilation engg. (FS Banane)

II. Performing the Engg

- Materiality
- Understanding
- Audit. Pro.
- specific circumstances
- other pro.

1. Materiality
- for designing pro. & evaluating results [misstatement].
- [Same as audit] materiality remains same regardless of level of assurance.
- Revise materiality on becoming aware of info. during review.

2. Understand [RAP] — Entity / Environment ⇒ to identify areas with RoMM.

3. Procedures (Inquiry & An. Procedures)

Inquiry *

I. seeking info. from mgt & others within entity.

- Non-financial data
- (financial) Matters related to: Fraud (SA 240), RP(s) (550), A/c Estimates (540), subsequent events (560), G.C. Assess. (570), events/condn [SD on G.C.]

II. Evaluating response of mgt is part of inquiry process.

III. May also inquire about:
- Actions taken at meetings of owners, TCWG & committees. [LCs / NOCLAR .....].
- Communication from regulatory authorities.
- other matters.

IV. For further Inquiries on Inconsistencies [Penalty notice ⟶ provision ✗]

↓

Check reasonableness & consistency of mgt's response.

↓ (How?)

considering other pro. & knowledge & understanding of entity & Industry.

& ELC confirmation

Q why Inquiry & An. Pro. Important? [Imp.]

Inquiry	An. Pro.
• Source of evidence for mgt. intent [Info maybe limited. Understand mgt's RoRA] ↓ Alert! • Apply professional skepticism. ↓ • Understand Entity / Env. ⇒ to identify Areas with Romm.	• Understand Entity / Env. ⇒ to identify Areas with Romm. ↓ • Inconsistencies / variances from expected trends / FS. values. ↓ • Add^n Procedures [Matters ⇒ Believe FS. Maybe materially misstated] ↓ • Corroborative evidence to Inquiry / An. Pro. already done. eg. Mom. analysis of Revenue & cost.

Inquiry? • Intent [Sach?]

Provision for Bonus → 15% of Profits
- Past History
- Reasons
- Ability (Cash flow position)

Procedures to Address Specific circumstances

1. Related Parties

- Stay Alert!
  - ↓
  - R.P. [Relations / Transⁿ]
  - mgt → ~~Identify~~, ~~Disclose~~.
- Sig. transⁿ o/s N.C.O.B.
  - ↓
  - Inquire mgt
    - nature of transⁿ
    - R.P(s) Involved?
    - Business Rationale?

2. Fraud & NOCLAR

Indication
↓
Communicate — TCWG / Sr. mgt
⊕
Request mgt's assessment of F.S. effects
↓
Effect — Conclusion?
— Report o/s party?

3. Going concern *

- Ability of Entity to continue as G.C?
- Ericⁿ → S.D. on G.C.
  - ↓
  - Inquire mgt's plans — Feasible? / Improve situation?
  - ↓
  - Evaluate results [Sufficient Basis]
    - F.S. G.C. Basis ✓
    - F.S. G.C. Basis ✗ [MM]

4. Work performed by Others.

- Expert → Adequate? [to Afc or Assurance]
- Review of group F.S.

Additional Procedures

↓

F.S. maybe materially misstated.

- Perform addⁿ procedures to conclude:
  [Addⁿ Inquiry / An. Pro. or ToDs / Ext. conf.]
  - (a) F.S. MM ✗ or (b) F.S. MM ✓
- If not able to conclude (a) or (b)
  - i) continue add. pro.
  - or
  - ii) unable to continue ⇒ $\boxed{\text{LOS}}$ & modified conclusion. (Q/D) SAAE ✗

Q. What if practitioner not obtained expected evidence [SAE].
from — Inquiry, An. Pro., Pro. in specific circumstances?

→ Extend work performed
or
→ Perform other procedures
⇓
$\boxed{\text{Not Practicable}}$
SAE ✗
⇓
Discuss with mgt / TCWG
+
Effect on Report / Ability to complete Engg.

Spl. case

Specific procedure ⇒ ~~SAE~~
other procedure (Alternate) ⇒ SAE ✓
} LOS? No

Conclusion [Opinion]

- F.S. ↓ MM ✗ ↓ Unmodified
- F.S. ↓ M.M ✓ ↓ Modified

Unmodified conclusion [M.M nahi mili]

Nothing has come to our attention to believe that F.S. are not prepared in all material respects as per AFRF.

SRE 2410 : Review of Interim Financial Info. by Independent Auditor of Entity.

Interim Financial Info [IFI]. ⇒ Period < whole FY
eg Qtrly F.S.

Objective: • To express conclusion whether on basis of Review
→ Anything came to auditor's attention
→ to believe IFI not prepared in all material respects.
as per AFRF.

SRE 2410
- Acceptance & Continuance
- Audit Pro.
  - R.A.P.
  - F.A.P.
    - Inquiry
    - An. Pro.
    - other pro.
- Reporting + Misc.

Procedures

[R.A.P.] Update understanding of Entity, Env. & I.C

Read

1. Docs. related to • P.Y. Audit [FY. 24-25]. CY. 25-26 Q2
(purane) • Review
   - Prior interim periods of C.Y. Q1 [25-26]
   - Corresponding interim period of P.Y. Q2 [24-25]
2. (naye) Most recent ⇒ Annual & comparable Prior Period I.F.I.

[focus]

3. Consider sig. risks [eg. mgt override of ICs) identified in P.Y. Audit of F.S.
(fraud)
4. Consider nature of m.m. (corrected | uncorrected) in P.Y. F.S.
5. Consider materiality for → designing N.T.E of Pro
&
→ evaluating misstatements.
material?

Others: • Material weakness in I.C.
• Results of Internal Audit
• Sig. changes in I.C.
• Results of Audit pro.

If Auditor's understanding of Entity, Env. & I.C., risk assessment & materiality affects Nature & Extent of Inquiry, An. Pro. & other pro.

What procedures auditor ordinarily performs in review of IFI?

1. Read minutes of meetings [M.O.M]. (Shareholders, TCWG, committees)

past china.

If minutes N.A. then inquire about matters discussed.

2. Consider effects of matters that gave rise to modification in previous audit | reviews.
[MM]

Dost call.

3. Communicate with other auditors, reviewing financial info. of sig. components.
[Group Review]
CFS → Subsy B

4. Inquiry of mgt

(Basic) • IFI → is Prepared & presented as per AFRF.
(Changes) • Any changes in A/c principles / methods.
(New) • Any new transⁿ → that needs applⁿ of new A/c principles.
[Lease] [Ind AS 116].
[Saari sahi Batao].

• IFI contains any known uncorrected misstatements.

FRAUD

Fraud
• Involves mgt | employees having resp. for I.C.
• Communicated by employees or Analysts, Regulators & others.

R.Ps Transⁿ — A/c, Discl.

A/c Assumptions

Unusual situations
Eg M&A.
HUL → Acquire minimalists

Debt covenants [Borrowing Terms].

5. An. Pro. → to identify unusual relationships & transⁿ

6. Read IFI. → Anything come to auditor's attention → IFI not prepared in all material respects as per AFRF.

Doubt over A/c Treatment

M.S.S.L $\longrightarrow$ Maruti

Debtors

[Mid-March'19 delivery ✓

Revenue F.Y. 18-19 Book ✗]

Q [Sales/ marketing inquiry] $\xrightarrow{\text{[verify]}}$ Sales contract

Review [IFI]

MM in IFI

↓

Material adjustment in IFI

↓

Communicate to mgt

↓

Responds

Inform TCWG [orally | writing]

↓

Responds

Modify Report or Withdraw from engg (Review) & Resign from audit of FS.

Modify Report:

- SAE ✓
  - M ✓, P ✓ → Adverse
  - M ✓, P × → Qualified.
- SAE ×
  - M ✓, P ✓ → Disclaim

Report with IFI.

Document

I.F.I. (Reviewed)

\+

Review Report → × Seek legal advice [Appt. / Action] [SA 810] [Audited Summ. FS. + AR]

IFI.

↓

Condensed Set of FS [× all info ⇒ expl^n of events & changes since annual reporting date].

- Listed Entity ✓ (users access to latest audited FS.)
- Other cases ↓ Include statement ⇒ Read with latest audited FS. ⇓ (Missing) impact can be misleading. (Report).