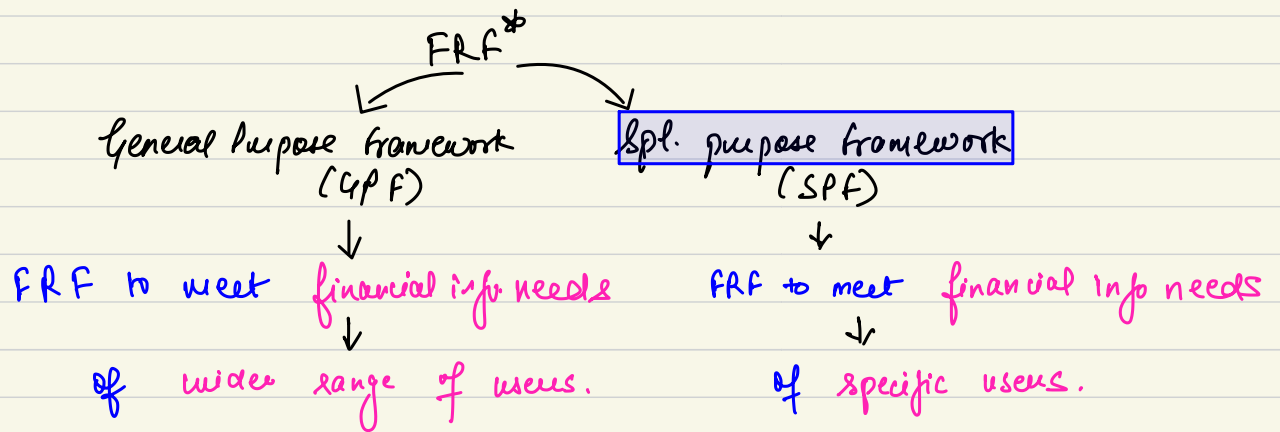
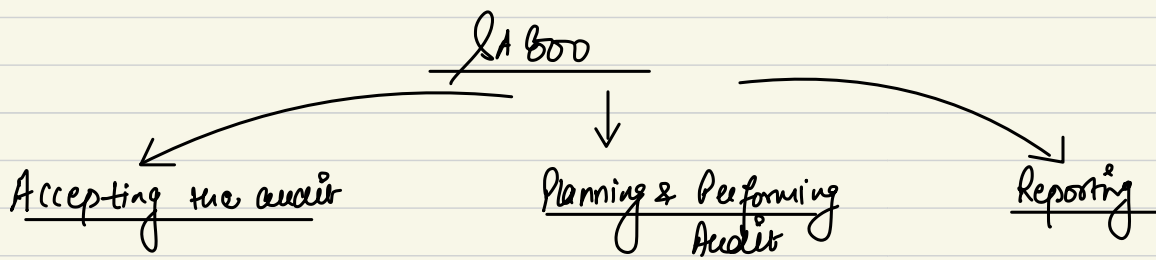
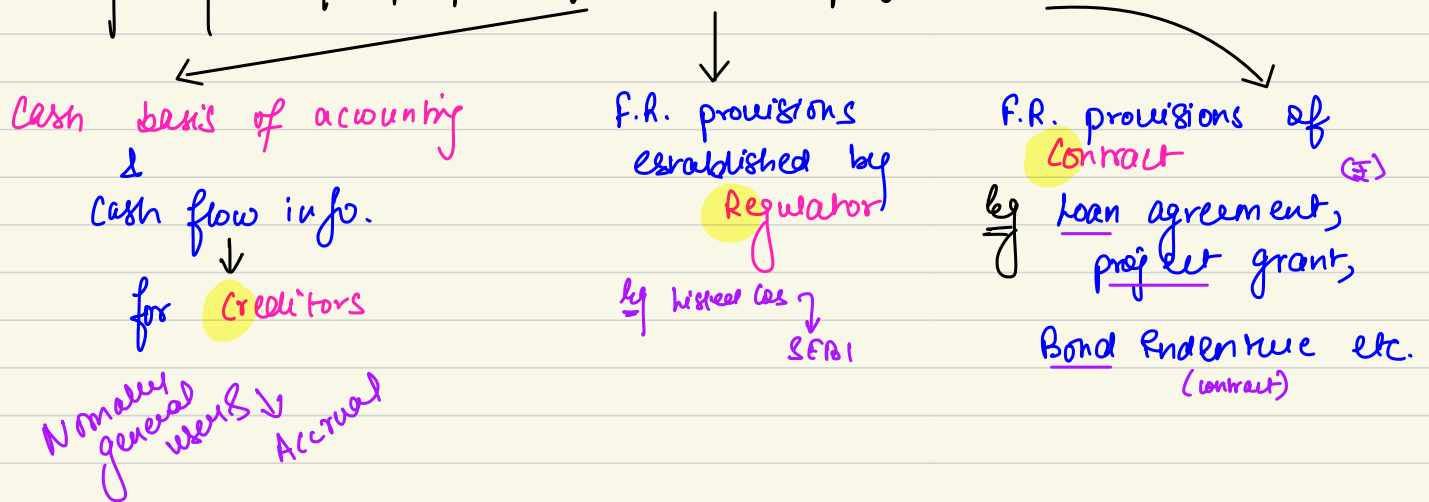


SA 800: Spl. considerations: Audit of F.S.
prepared using Spl. purpose framework.



* maybe fair presentation or compliance framework.

eg. of spl. purpose framework (specific users)



① Accepting the Audit (S.P.F)

⇒ check Acceptability of FRF ⇒ Depends on financial info. needs of specific users.

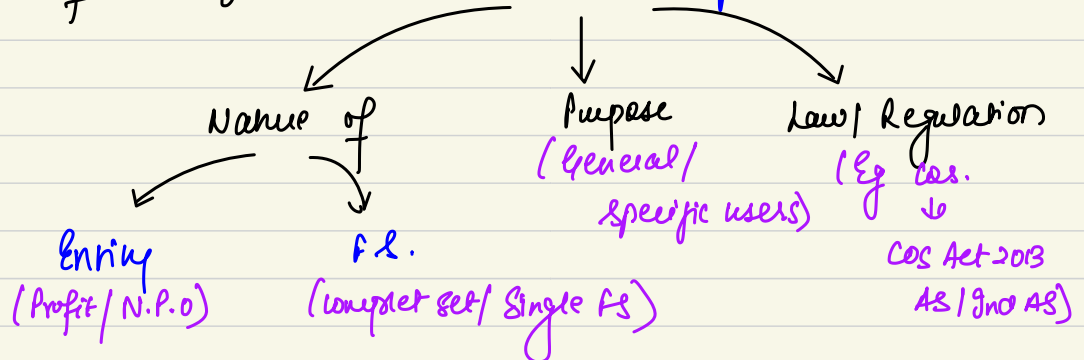
① Applicable FRF? (options)

F.R. standards established by authorised / recognised org.
eg ICAI / M.C.A
AS / Ind AS

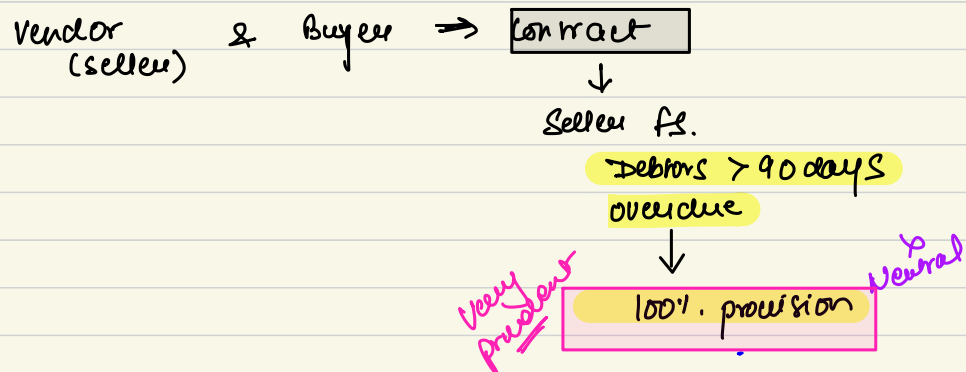
L.R. may prescribe FRF for S.P.F.S. for certain types of entities.
eg Requirements of regulator?
SEBI → listed entities → FRF?

Note: if any conflict b/w F.R. standards (AIC standards) & requirements of regulator, follow actions as per SA 210.

② Acceptability of FRF? Consider attributes as per SA 210.

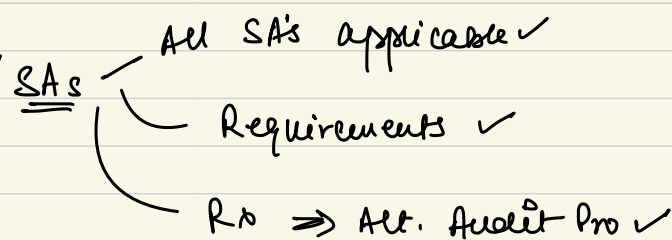


eg Valuation of Net Assets for sale of Entity [P.C. ⇒ Net Assets] (A-L)



⇒ This is not neutral compared with financial info. as per General Purpose Framework

2. Planning & Performing Audit



* Examples of SA's → Require sp. consideration by Auditor

① SA 320 & SA 315:

Materiality → (Normally) Judgment about materiality is based on common financial info. needs of users.

- (SPF) In audit of S.P.F.S., consider financial info. needs of intended users.
CFC

Sp. case [contract] • SA 315 requires auditor to understand entity's ac policies.
FABRIN

If F.S. prepared as per contract, then understand "Sig. Interpretations" of contract that mgt made to prepare FS.

?

- Interpretation is sig. when adoption of another reasonable interp. will produce material difference in FS.

- If S.P. FS prepared as per contract, mgt may agree threshold below which misst. will not be corrected. (⇒)

↓
(Q. As auditor do we still need to calculate materiality?)
(Yes)

- Still auditor has to determine materiality as per SA 320.

leg
up



⇒ 50% Contract



Financials

①

Contract 1. Revenue Reog. → [60% → 50% & 60% Recognise]
Percentage of Completion Method.

2. R/L can anytime terminate contract.

Sig. int. of contract
e.g. mgt

Both Interpret. → R/R ⇒ P.O.C.M. ✓
or
R/R ⇒ contract complete ✓

② L&T is reqd to submit accounts to RIL Ltd.

→ Any mistake below 20 lakhs won't be corrected (ignored)

Auditor shall reqd to calculate materiality as per SA 320.

② SA 260 "Communication with TCWG" (Non-Exec)
(listed → Audit Comm. / Chairman)

It requires auditor to determine appt. persons in governance structure to communicate

→ oversight

Financial Reporting Process
along with C.P.F.S.
S.P.F.S.

• Those responsible for oversight of S.P.F.S. maybe different from C.P.F.S.

③ SA 700 Forming an opinion & reporting on F.S.

Audit Report (Spl. points):

• check if F.S. adequately describe AFRF.

if F.S. are as per contract, adequately describe significant & interpretation of contract.

• AIR should describe
 — purpose of F.S.
 — intended users (if necessary) &
 — Note in S.P.F.S. (contain this info.)

• If mgt has choice of FRFs →

AIR (Mgt. Resp. Section) also refer to resp. of determining AFRF.

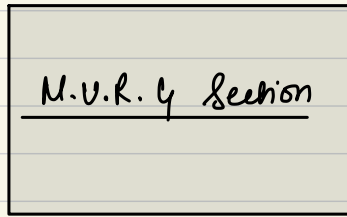
• If FAM communicated in AIR ⇒ SA 701 also applies.

• SA 720: Reports containing S.P.F.S. → to provide owners / others with info. related to S.P.F.S.

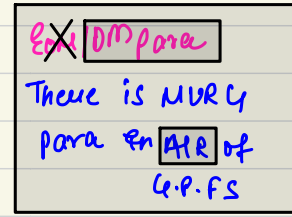
↓
It'll be considered as Annual Report as per SA 720

• A/R (G.P.F.S)

NCDR

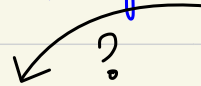


A/R (S.P.F.S)



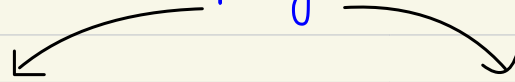
★ users → Alert! that f.s. prepared as per S.P.F

(Intro) S.P.F.S they can be used for other purposes.



Reg Regulator (SEBI) may require entities to place S.P.F.S. on public record (website)

To avoid misunderstanding, alert users of A/R using Eo.m para explaining:



f.s. are prepared using SPI. purpose framework $\neq$ may not be suitable for any other purpose.



Indicate that A/R is only for specific users $\neq$ should not be distributed / used by other parties.

Indicate