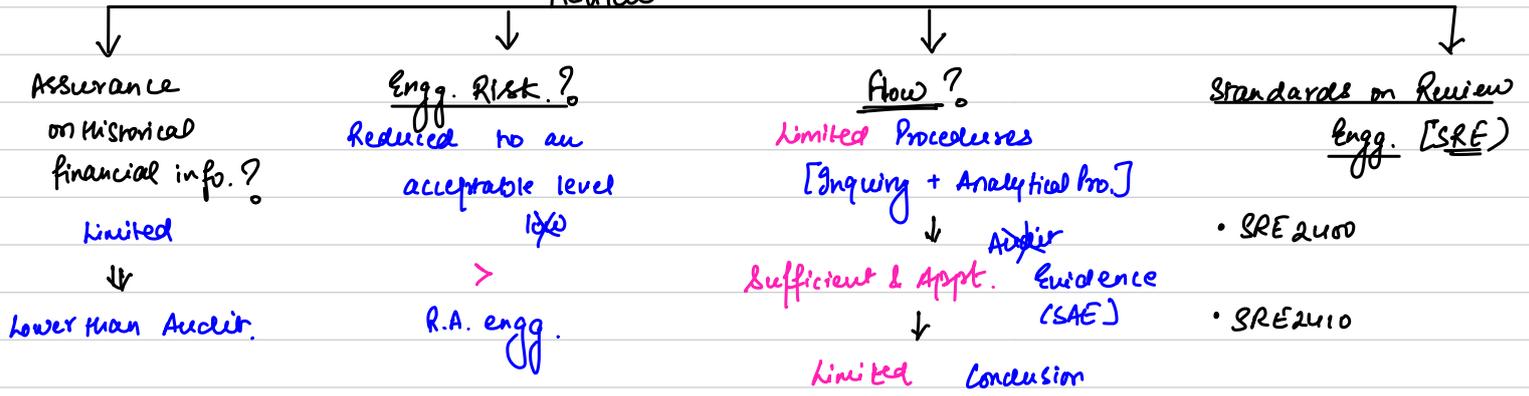


[5m]

Review



SRE 2400: Engg. to Review Historical FS.

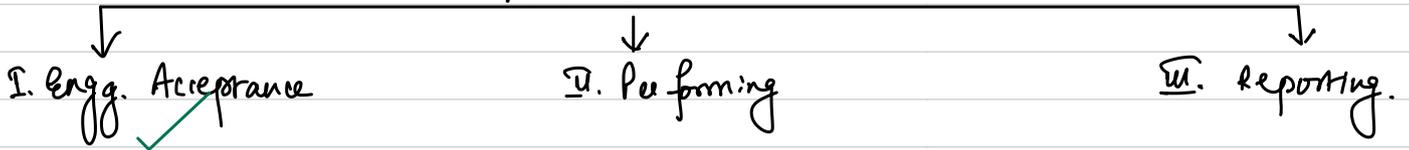
[Practitioner ⇒ x Auditor of FS].

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

1. Factors affecting acceptance & continuance of client

Don't accept review engg. if:

a. Info. needed is unavailable | unreliable.

b. Doubt over mg's integrity.

c. Mgt/Tax purpose limitation on scope [LOS] → that'll result in disclaiming conclusion. x

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

Info. needed is unavailable | unreliable. → LOS ER Not satisfied

e.

Not satisfied that

logic x

Analys Rational purpose for engg.

eg

- sig. LOS [limitation on scope].
- use of practitioner's name in suappt. manner.
- Engg. to comply with LR but LR requires audit.

Revised engg. would be appt.

⇒ so, recommend another type of engg like audit compilation engg. (As. Barane)

ii.

Performing the Engg

Materiality Understanding Audit. pro. specific circumstances other pro.

1. Materiality • for designing pro. & evaluating results. [misstatement]

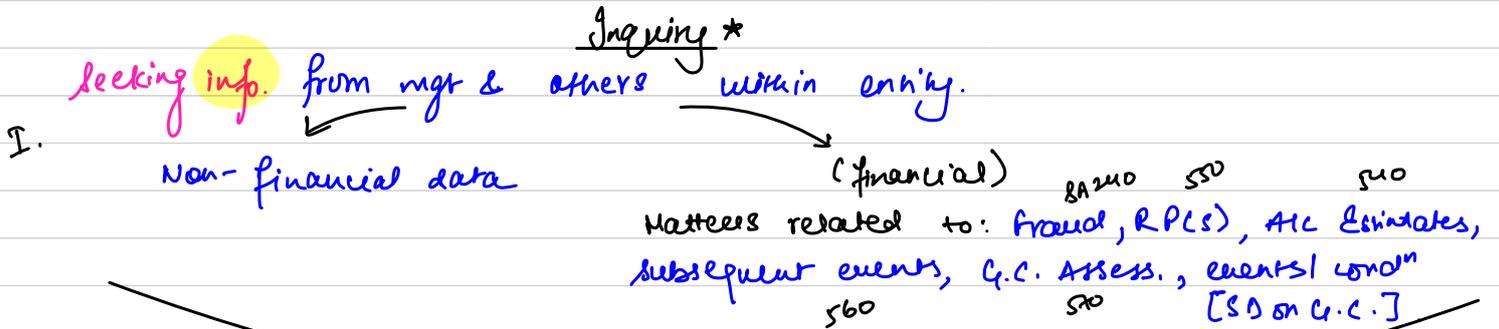
[Same as audit] • materiality remains same regardless of level of assurance.

• Revise materiality on becoming aware of info. during review.

[RAP]

2. Understand Entity & Environment ⇒ to identify areas with comm.

8. Procedures (Inquiry & An. Procedures)



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

III. May also inquire about: • Actions taken at meetings of owners, TCoB & committees.
• Communication from regulatory authorities. [LCS | NOCLAR.....].
• other matters.

iv. For further inquiries on **inconsistencies** [Penalty notice → provision 5]

↓

check **reasonableness & consistency** of mgt's response.

↓ (How?)

considering **other pro. & knowledge & understanding** of entity & industry.
BELC confirmation

⚡ Why Inquiry & An. Pro. Important? [Imp.]

Inquiry

• Source of evidence for **mgt. intent**
[Info. maybe limited. understand mgt's b&A]

↓ MERT

• Apply **professional skepticism**.

↓

• **Understand Entity | Env.**
⇒ to identify **Areas with Romm.**

An. Pro.

• **Understand Entity | Env.**
⇒ to identify **Areas with Romm.**

↓

• **Inconsistencies / variances** from expected trends / fs. values.

↓

• **Addⁿ Procedures** [Matters ⇒ Believe fs. maybe materially misstated]

↓

• **Corroborative evidence** to Inquiry / An. Pro. already done.

leg. 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]
- ↓
- Identify $\xrightarrow{\text{mgt}}$ Disclose.

- Sig. transⁿ o/s N.C.O.B.

- ↓
- Inquire mgt $\left\{ \begin{array}{l} \text{nature of trans}^n \\ \text{R.P.s involved?} \\ \text{Business Rationale?} \end{array} \right.$

2. Fraud & NoC + AR

Indication

communicate $\left\{ \begin{array}{l} \text{Trust} \\ \text{Sr. mgt} \end{array} \right.$

⊕

Request mgt's assessment of f.s. effects

Effect \rightarrow Conclusion?

Report o/s party?

3. Going Concern *

- Ability of Entity to continue as G.C.?
- Etcⁿ \rightarrow S.S. on G.C.

Inquire mgt's plans $\left\{ \begin{array}{l} \text{Feasible?} \\ \text{Purpose} \\ \text{Situation?} \end{array} \right.$

↓

Evaluate results [Sufficient Basis]

f.s. G.C. Basis ✓

f.s. G.C. Basis ✗ [MM]

4. Work performed by Others.

- Expert \rightarrow Adequate? [Rate or Assurance]
- Review of group f.s.

Additional Procedures

f.s. maybe materially misstated.

- Perform addⁿ procedures to conclude: [Addⁿ Inquiry | An. Pro. or Tobs | Exp. 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 \Rightarrow LOS & modified conclusion. (LOID)

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

→ Extend work performed

or
→ Perform other procedures

↓
Not Practicable

SAE x

↓

Discuss with mgt / TWC

+

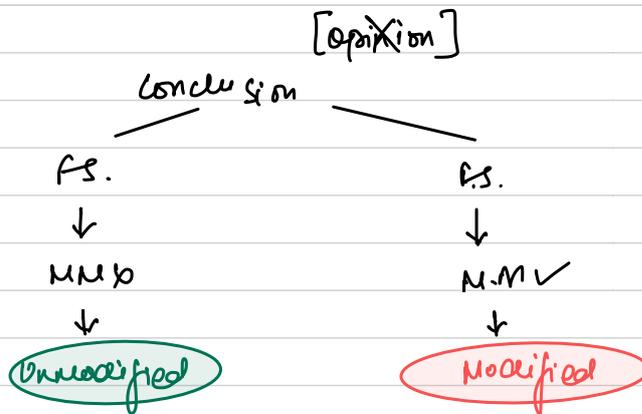
Effect on Report / Ability to complete Engg.

Spl. case

specific procedure ⇒ SAE

other procedure
(Alternate) ⇒ SAE ✓

} LOS? No



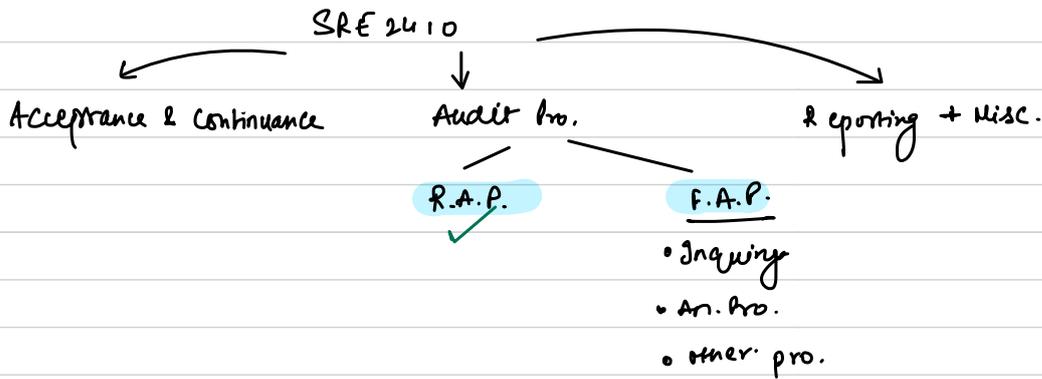
Unmodified conclusion [u.m. nani mili]

Nothing has come to our attention to believe that FS. 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]. \Rightarrow Period $<$ whole FY
by **Qnty F.S.**

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



Procedures

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

- Read**
1. **Docs.** related to **P.Y. Auditor** [Fr. 24-25].
(purane) • Review \leftarrow Prior interim periods of C.Y. Q_1 [25-26]
 Q_2 [24-25] Corresponding interim period of P.Y.
 2. **Most recent** \Rightarrow **Annual & comparable** Prior Period **I.F.S.**
(naye)
 3. Consider **sig. risks** [eg. mgr override of I.Cs] identified in P.Y. Auditor of F.S.
(fraud)
 4. Consider **nature of m.m.** (corrected / uncorrected) in P.Y. F.S.
 5. Consider **materiality** for \rightarrow designing N.F.E of Pro $\underline{\underline{=}}$ evaluating misstatements.
material?

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

⊥ 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 I.F.G.?

1. Read minutes of meetings [M.O.M]. (Shareholders, TWC, Committees)

pass Chitra. → If minutes N.A. then Enquire about matters discussed.

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

Post call. →

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

CFS → Subs B

4. Inquiry of mgt

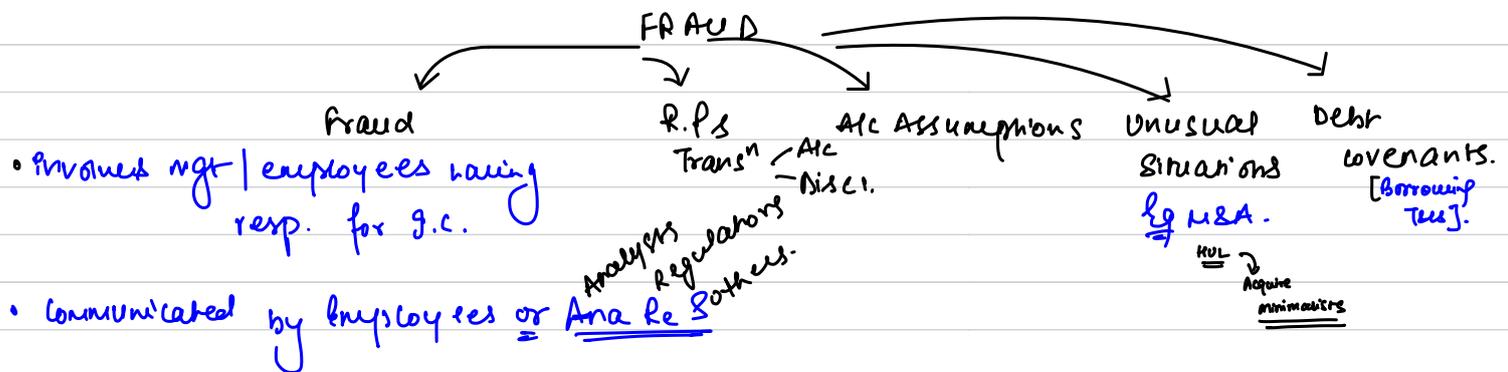
[Basic] • I.F.I. → is prepared & presented as per AFRF.

[Changes] • Any changes in Acc principles / methods.

[New] • Any new transⁿ → that needs applⁿ of new Acc principles. [Ind AS 16].

[lease] [sachin sawi Baroo].

• If I contains any known uncorrected misstatements.



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

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

~~Debit~~ over Acc Treatment

M. S. S. L

Maruti

Debitors

[mid-march '19 delivery ✓

Revenue FY. 18-19 Book X]

⊗ [Sales marketing inquiry.] [verify] → Sales contract

Review [IF1]

MM in IF1

Material adjustment in IF1

Communicate to mgr

Respond to Inform TCW [orally/writing]

Respond to

Modify Report

or withdraw from engg (Review) or Resign from audit of FS.

SAE ✓

SAE ✗

M ✓
P ✓

M ✓
P ✗

M ✓
P ✓

Adverse

Qualified.

Disclaim

Report with J.F.G.

Document

J.F.G.
(Reviewed)

+

Review
Report

→ to seek legal advice [APPR. Action] [SA 810] [Audited Summ. FS. + AR]

J.F.G.

Condensed Set of FS [all info]

→ exp'n of events & changes since annual reporting date.

Listed Entity

↳ best access to latest audited FS.

Other cases

include statement

→ read with latest audited FS.

↳ (Risking impact can be misleading (report)).