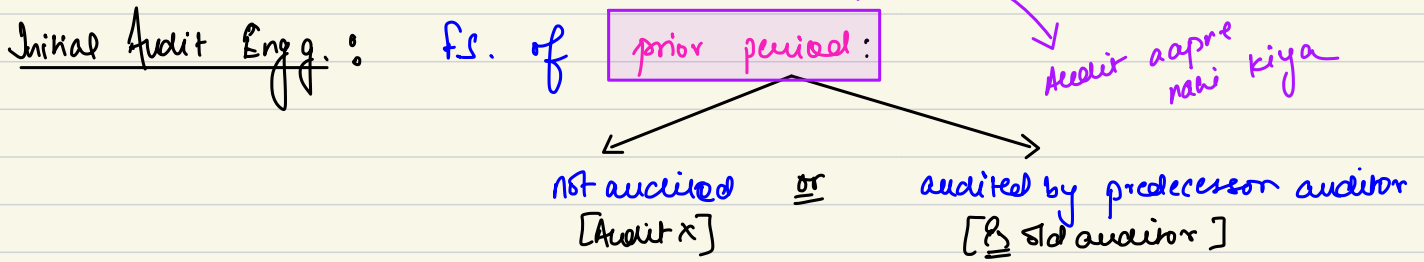
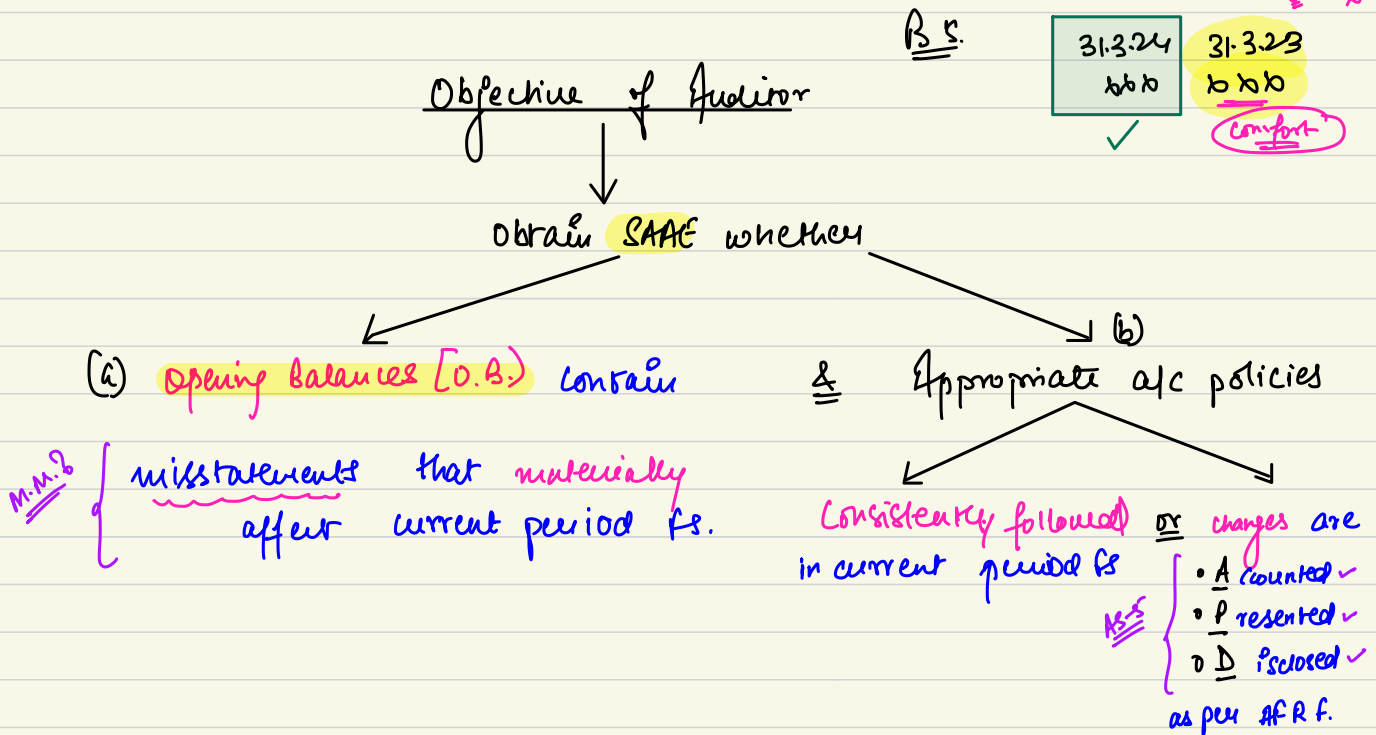
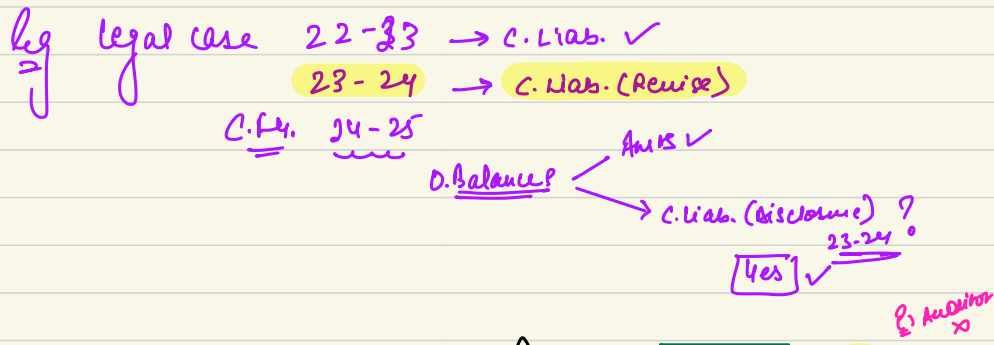


31.3.24
 Assets
 Liab
 A x x
 31.3.23
 A x x
 A x x

SA 510: Initial Audit Engg: Opening Balances



opening balances (O.B.): f.s. amounts & disclosures [Existed at beginning of year]



Q1 Audit Procedures?

Obtain **SATF** whether O.B. contain **misstatements** that **materially** affect current period **f.s.**

a) Determine whether **prior period closing balance** have been

F **correctly brought forward** to current period

Purana Daap
(Galti)

any adjustments disclosed as **prior period** items **[PPI]**
in current year **P&L**

ALP Policy

b) whether O.B. reflect application of **appt. acc policies**.

c) Perform **one or more** of the following:

(i) where prior period **f.s. audited.**

detail reap
perusing copies of audited **f.s.**

(ii) **Current year Audit Procedures** to get **AE**. **[Eg 1]**

(iii) **Specific Audit Procedures** to get **AE**. **[Eg 2]**

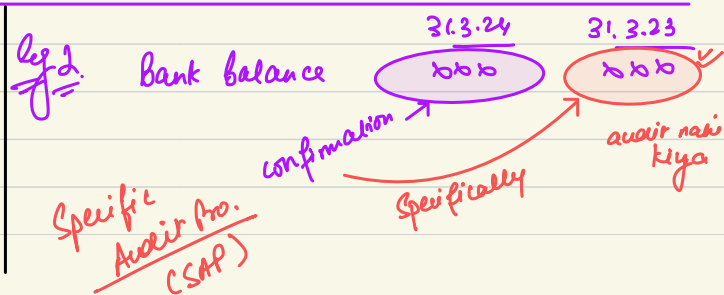
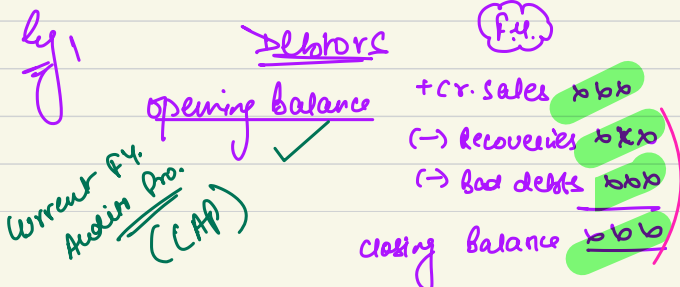
SK Nagala

If auditor obtains **AE** that O.B. **"could have"** **mm**.

perform **Additional / Alternate** audit pro. **yakeen** to determine effect on **C.Y. f.s.**

If auditor concludes, misstatement exists

communicate to **mgt & TCWG**, as per **SA 450**.



SE
Q2)

Matters → "Nature" & "Extent" of procedures?

A/c policies followed by entity

- Appropriate
 - consistent
 - changes
- A/c
A
D

Significance of a.B. in relation current period fs.

{ significant ↑ (legal case) → Extent of pro ↑ }

R.O.M.M. & Name of ABCA in current period fs.

{ R.O.M.M. ↑ → ↑ pro. }
AB
C: } Name → pro.
D } Bank → comp.
Debit → Realisation - Assets

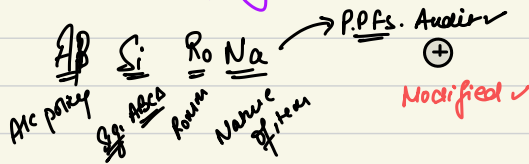
whether prior period fs. audited & predecessor auditor opinion was modified.

{ O.B. → M.M. → Extent ↑ }

Feel:

C.B ✓

Op. Bal. → check karna pedega → karan badh



Q3) Advⁿ Audit Pro. → Testing "opening inventory" [MTP May 24]

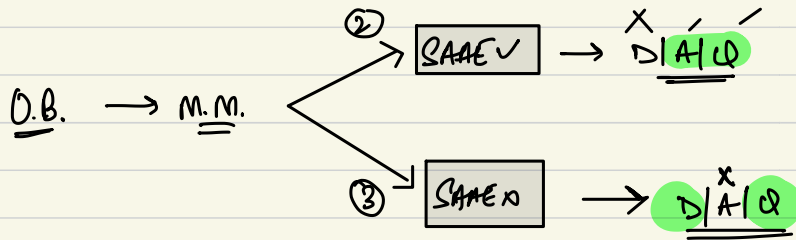
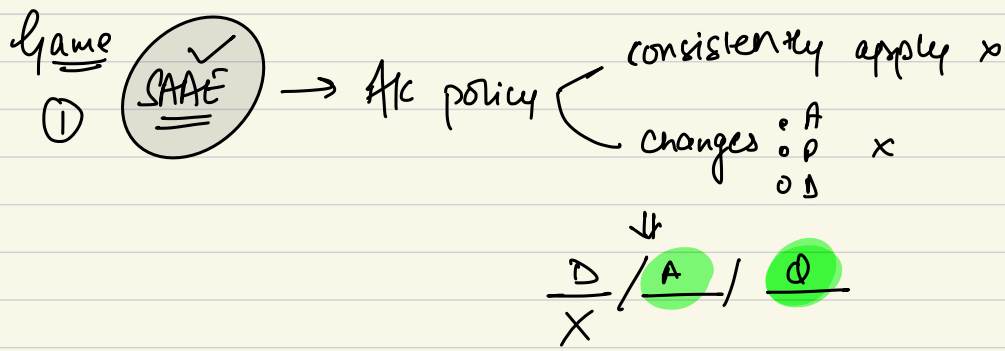
[04] ① observe c.y. physical count & reconciling with opening qty.

[05] perform audit procedures on

② valuation of op. inventory

gross profit & cut off { 1.4.24 }

{ S.P. (05)
(-) G.P. (05)
Cost (05) x 100 }



Ans 3) (Intro) As per SAS 10, "J.A.E: O.B" objective of auditor w.r.t O.B is to obtain SAAE whether:

- O.B. contain miss. that materially affect current period fs.
- Apppt. a/c policies consistently followed or changes appropriately AP/D as per AFRA

- [A.E.?] • When P.Y. fs. audited by predecessor auditor, peruse copies of audited fs.
- Auditor can rely on closing balances in fs. **except** when C.Y. Audit pro. indicate possibility of miss. in O.B

New • General Principles of verification of Assets require auditor to confirm **correct value** of assets as on As. date.

Conclusion: • Mgt's contention that inventory of ₹100 lacs continued from last year can't be accepted.

99 optional
3 points
7. inv.

- Duty of auditor to examine figures & check valuation of inventory.
- very likely inventory might have **deteriorated** needs to be examined.
- Auditor **should not exclude** closing inv. from audit prog.

Dunning-Kruger Effect

