

24th
October
2020

STANDARDS ON AUDITING

- SPECIALIZED AREAS -

SA 800 | SA 805 | SA 810

By,
CA Veena Pillai

CONTENTS OF THIS PRESENTATION

1 INTRODUCTION

2 BIFURCATION OF STANDARDS

3 SPECIALIZED AREAS - SPECIFICATION

4 SA 800

5 SA 805

6 SA 810

7 AUDITOR'S REPORT FORMATS



INTRODUCTION

BUSINESS

25 Great jobs for people who love to travel

Economy of the European Union

Category	Value
Revenue	1000000
Expenses	800000
Profit	200000
Net Income	150000
Operating Income	180000
EBITDA	200000
EBIT	180000
EBT	150000
Net Income	150000
EPS	1.50

INTRODUCTION

STANDARDS ON AUDITING

DEFINITION

ESTABLISHMENT

IMPACT

BACKGROUND

EXAMPLES

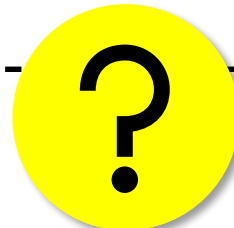
APPLICABILITY

AUDIT REPORTING

WHAT

WHY

WHERE



Formulated by AASB and issued under authority of council of ICAI

BIFURCATION OF STANDARDS

Structure of Standards Issued by AASB under the Authority of the council of ICAI

Chartered Accountants Act, 1949, Code of Ethics and other relevant pronouncements of the ICAI

Standards in Quality Control (SQC)

Assurance Services

Related Services

Framework for Assurance Engagements

Audits and reviews of historical financial information

Assurance engagements other than audits or reviews of historical financial information

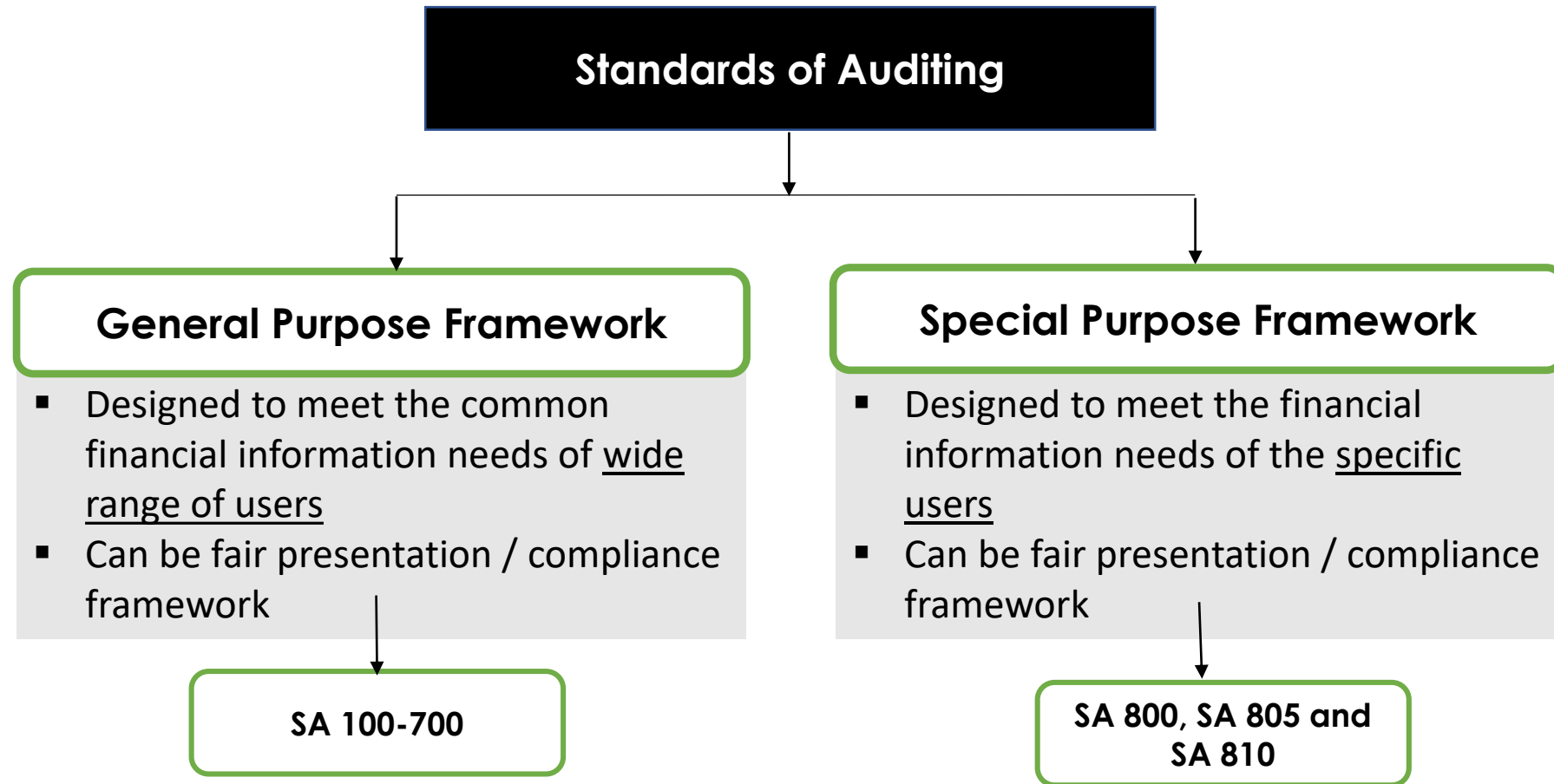
Standards on Auditing (SA)
100 - 899

Standards on Review Engagements (SREs)
2000 - 2699

Standards on Assurance Engagements (SAEs)
3000 - 3699

Standards on Related Services (SRSs)
4000 - 4699

SPECIALIZED AREAS – SPECIFICATIONS





SA 800

Audit of Financial Statements Prepared in Accordance with Special Purpose Framework

SPECIALIZED AREA - SA 800

DEFINITIONS

Special Purpose Financial Statement (FS)

- FS prepared in accordance with special purpose framework
- It may be the only FS that entity prepares, FS may be used by users other than those designated under SPFRF
- Even then FS are considered to be prepared under SPFRF

Special Purpose Framework

- FRF designed to meet financial info needs of specific users:
 - Compliance / Fair presentation.
 - SPFRF based on GPFRF but not complying with all its requirements cannot be described as GPFRF
- Related notes ordinarily comprise a summary of significant accounting policies and other explanatory info:
- Applicable FRF determines the form and content of FS, and what constitutes a complete set of FS

SPECIALIZED AREA - SA 800

KEY PARAMETERS

Scope of SA 800

- Deals with special considerations in the application of SAs to audit of FS prepared in accordance with a special purpose framework.
- Written in the context of complete set of FS prepared in accordance with a special purpose framework.
- Does not override the requirements of the other SAs.
- May not deal with all special considerations relevant in the circumstances of the engagement

Objectives

Address appropriately considerations relevant to:

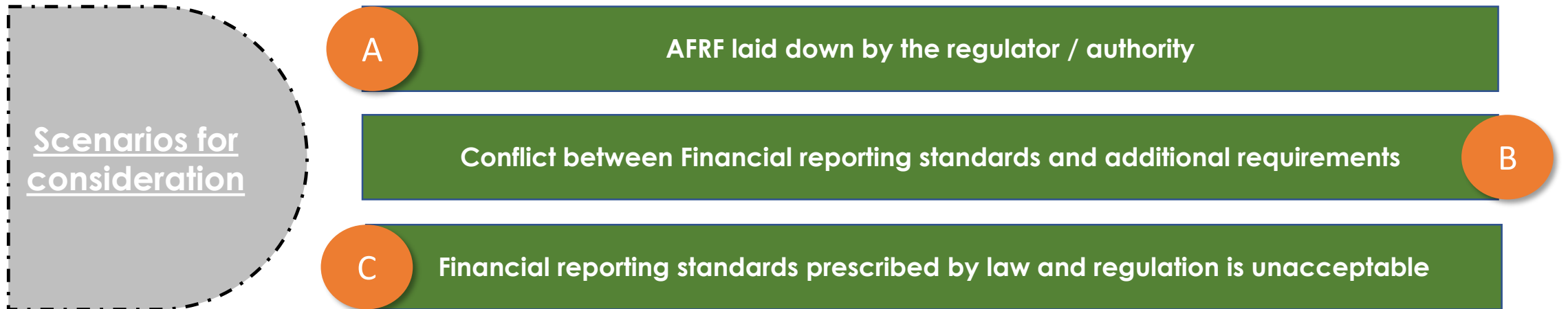
- Engagement acceptance
- Engagement planning & performance
- Forming opinion & reporting on FS

SPECIALIZED AREA - SA 800

RATIONALE FOR ENGAGEMENT ACCEPTANCE

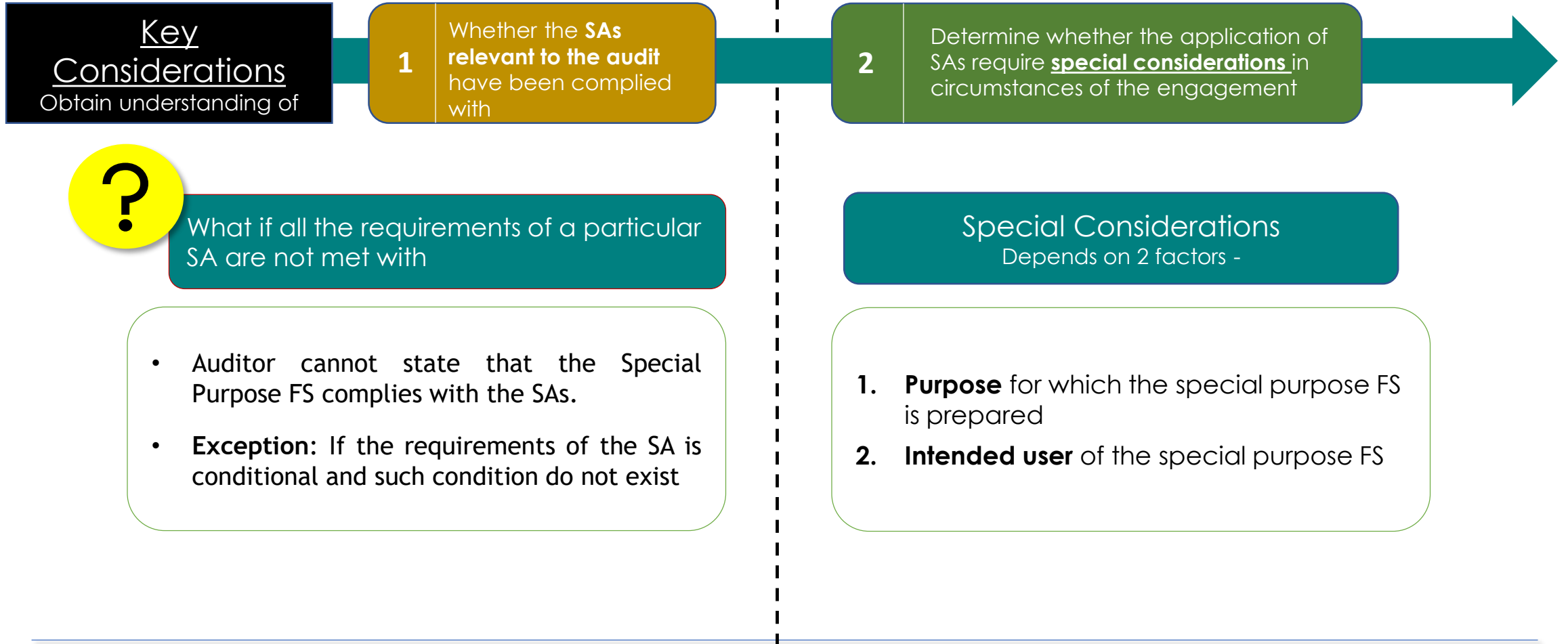


ACCEPTABILITY OF FINANCIAL REPORTING FRAMEWORK (FRF)



SPECIALIZED AREA - SA 800

PLANNING AND PERFORMING AN AUDIT



SPECIALIZED AREA - SA 800

FORMING AN OPINION & REPORTING CONSIDERATIONS

Considerations while framing an opinion ~ Apply Requirements of SA 700 (Revised)

- 1 Whether the report describes the AFRF
- 2 Purpose for which the special purpose FS are prepared
- 3 Intended user of the special purpose FS
- 4 Management responsibility for the determining the acceptability of AFRF and preparation of special purpose FS accordingly
- 5 Auditor's responsibility
- 6 Restriction on use



SA 805

Audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

SPECIALIZED AREA - SA 805

DEFINITIONS

'Element of a financial statement' or 'element' means element, account or item of a financial statement

Financial Reporting Standards

- the Accounting Standards issued by the (ICAI) or Accounting Standards, notified by the Central Government by publishing the same as the Companies (Accounting Standards) Rules, 2006, or
- the Accounting Standards for Local Bodies issued by the ICAI, as may be applicable

Single Financial Statement

- A single financial statement (for example, a cash flow statement) or to a specific element of a financial statement (for example, cash and bank balances) includes the related notes
- The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information relevant to the financial statement or to the element

SPECIALIZED AREA - SA 805

KEY PARAMETERS

Scope of SA 805

- SA 100-700 series applicable and to be adopted as necessary in the audit of FS
- Deals with Audit of single financial statements (SFS) or specific element / account/ item of FS (EFS)

Does not:

- Apply to report of component auditor
- Override requirements of other SAs
- Deal with special considerations that may be relevant in circumstances of the engagement

Objectives

Address appropriately considerations relevant to:

- Engagement acceptance
- Engagement planning & performance
- Forming opinion & reporting on SFS & EFS)

SPECIALIZED AREA - SA 805

EXAMPLES OF SFS or EFS

A

Accounts receivable, allowance for doubtful accounts receivable, inventory, the liability for accrued benefits of a private pension plan, the recorded value of identified intangible assets, or the liability for "incurred but not reported" claims in an insurance portfolio, including related notes

B

A schedule of externally managed assets and income of a private pension plan, including related notes

C

A schedule of net tangible assets, including related notes

D

A schedule of disbursements in relation to a lease property, including explanatory notes

E

A schedule of profit participation or employee bonuses, including explanatory notes

SPECIALIZED AREA - SA 805

RATIONALE FOR ENGAGEMENT ACCEPTANCE



Application of SA

- Whether **Independence requirements** are complied with
- Whether the auditor is **engaged to audit the complete set of financial statement** or appointment only for the audit of SFS / EFS

Acceptability of Financial Reporting Framework

1. Whether any restrictions imposed by the standard setting organization / law and regulation
2. Whether application of FRF will result in presentation that provides adequate disclosure to enable intended users to understand information conveyed in SFS/EFS
3. Effects of material transactions and events on information conveyed in SFS / EFS

Form of Opinion

- Whether form and content is appropriate
- Fair presentation framework / Compliance framework
- Usage of “presents fairly in all material respects” / “**true and fair view**”

SPECIALIZED AREA - SA 805

PLANNING AND PERFORMING AN AUDIT

Key Considerations
Obtain understanding of

1 Whether the **SAs relevant to the audit** have been complied with

1 Careful consideration of relevance of each SA is necessary

2 Audit evidence obtained as a part of audit of complete FS ~ may be useful, but auditor to plan and perform audit of SFS to obtain sufficient and appropriate audit evidence

3 Interrelated items in audit of EFS ~ Auditor would need to perform audit procedures on such interrelated items as well

4 Materiality of SFS < Materiality of complete FS ~ evaluate the nature timing and extent of audit procedures to be applied for evaluation of uncorrected misstatements

Critical Pointers

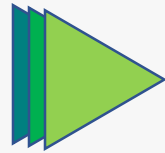
SPECIALIZED AREA - SA 805

FORMING AN OPINION & REPORTING CONSIDERATIONS

Scenarios while framing an opinion ~ Apply Requirements of SA 700 (Revised)

A

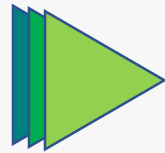
If appointed for both - complete FS as well as SFS / EFS



Issue separate report for each

B

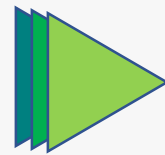
Entity publishes SFS along with the complete FS



- Differentiation should be made between both. If it is not met with then management to rectify the same
- Differentiation in the opinion issued
- Do not issue the audit report on SFS until satisfied with the differentiation

C

Qualified opinion / Emphasis of Matter / Other Matter Para in Complete FS



- Determine the effect of SFS:
- If necessary, modify the SFS and include the modified opinion in SFS / EFS

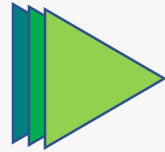
SPECIALIZED AREA - SA 805

FORMING AN OPINION & REPORTING CONSIDERATIONS

Scenarios while framing an opinion ~ Apply Requirements of SA 700 (Revised)

D

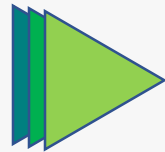
Adverse Opinion / Disclaimer of Opinion on complete FS



- Auditor cannot issue unmodified opinion on the SFS since SFS forms a major part of the complete FS.
- Contradictory to issue unmodified opinion in such scenario

E

Adverse Opinion / Disclaimer of Opinion on complete FS



Unmodified opinion on EFS only if:

- Not prohibited by laws & regulations
- Audit report of EFS should not be published with the audit report on complete FS
- Specific element does not constitute a major portion of entity's complete FS



SA 810

Engagements to report on Summary Financial Statements

SPECIALIZED AREA - SA 810

DEFINITIONS

Applied criteria - Criteria applied by the management in the preparation of the summary financial statements

Audited Financial Statement

- Financial statements audited by the auditor in accordance with SAs, and from which the summary financial statements are derived

Summary Financial Statement

- Historical financial information that is derived from financial statements but that contains less detail than the financial statements, while still providing a structured representation consistent with that provided by the financial statements of the entity's economic resources or obligations at a point in time or the changes therein for a period of time
- Different jurisdictions may use different terminology to describe such historical financial information

SPECIALIZED AREA - SA 810

KEY PARAMETERS

Scope of SA 810

- Deals with auditor's responsibilities when undertaking engagement to report on the summary financial statement (SFS) derived from the FS audited in accordance with the SA by the same auditor

Objectives

- Determine Appropriateness ~ Of accepting the engagement to report on SFS
- Form Opinion on SFS ~ Based on evaluations of conclusions drawn from evidence obtained
- Express opinion ~ Through written report that also describes the basis for that opinion

SPECIALIZED AREA - SA 810

RATIONALE FOR ENGAGEMENT ACCEPTANCE

1

Acceptability of Criteria

- Aggregated nature of SFS including limited disclosures - risk involved
- Factors affecting acceptability of criteria:
 - Nature of entity
 - Purpose of SFS
 - Information needs of the intended user
 - Whether applied criteria will be misleading
- Standards laid down by the standard setting board / law or regulation – presumed to be applied criteria
- Such established criteria does not exist – applied criteria may be developed by management (example – based on industry practice)
 - Adequately disclose their summarised nature and identify the audited FS;
 - Clearly describe from whom or where the audited FS are available or, if law or regulation provides that the audited FS need not be made available to the intended users of the SFS and establishes the criteria for the preparation of SFS, that law or regulation
 - Adequately disclose the applied criteria;
 - Agree with or can be re-calculated from the related information in the audited FS; and
 - In view of the purpose of SFS, contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances

SPECIALIZED AREA - SA 810

RATIONALE FOR ENGAGEMENT ACCEPTANCE

2

Management Acknowledgement

- Aggregated nature of SFS including limited disclosures ~ risk involved
- For the preparation of SFS in accordance with the applied criteria;
- To make the audited FS available to the intended users of SFS without undue difficulty (or, if law or regulation provides that the audited FS need not be made available to the intended users of SFS and establishes the criteria for the preparation of SFS, to describe that law or regulation in SFS); and
- To include the auditor's report on SFS in any document that contains the SFS and that indicates that the auditor has reported on them

3

Applied Criteria Unacceptable

- Auditor shall not accept the engagement unless required by law or regulation
- An engagement conducted in accordance with such law or regulation does not comply with this SA.
- Accordingly, the auditor's report on SFS shall not indicate that the engagement was conducted in accordance with this SA.
- Include appropriate reference to this fact in the terms of the engagement
- Determine the effect that this may have on the engagement to audit FS from which SFS are derived.

SPECIALIZED AREA - SA 810

NATURE OF PROCEDURES

A. Whether SFS adequately

- Disclose the summarised nature
- Identify the audited FS

B. If SFS is not accompanied by audited FS, whether the SFS describes the following:

- From whom or where audited FS are available
- Whether available on public records
- Whether management has established process where users can get access to the information
- Law & regulation which specifies that audited FS need not be made available to intended users of SFS & establishes criteria for preparation of SFS

C. Whether SFS adequately disclose the applied criteria

D. Whether SFS are prepared in accordance with the applied criteria

E. Whether SFS contain necessary information & are appropriately aggregated so as not to be misleading

F. Whether audited FS are available to intended users without undue difficulty.

G. Whether SFS with related information in audited FS to determine if SFS agree with or can be re-calculated from related information in audited FS

SPECIALIZED AREA - SA 810

FORM OF OPINION

Unmodified Opinion on SFS: include in auditor's opinion –

- SFS are consistent, in all material respects, with audited FS, in accordance with (applied criteria)
- SFS are fair summary of audited FS in accordance with (applied criteria)

If Law and regulation prescribes different wordings:

- Apply the procedures described in slides relating to nature of procedures and any further procedures necessary to be able to express the prescribed opinion; and
- Evaluate whether users of SFS might misunderstand the auditor's opinion on SFS and, if so, whether additional explanation in the auditor's report on SFS can mitigate possible misunderstanding
- If auditor concludes that additional explanation would not mitigate the possible misunderstanding do not accept the engagement unless required by the law and regulation.
- In case of above scenario, the auditors report shall not indicate that the engagement was conducted in accordance with SA

SPECIALIZED AREA - SA 810

Timing of the work and events subsequent to the Date of Auditor's Report on Audited FS

Date of the report on SFS shall be no earlier than:

- Date on which the auditor has obtained audit evidence for performing the audit procedures on the SFS and management have asserted their responsibility for the SFS
- Date of report on the audited FS

Auditor's report on SFS to mention the fact that SFS do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited FS. Auditor need not perform additional procedures / obtain audit evidence for the events occurred after the date of auditor's report o audited FS

Auditor may become aware of the facts that existed at the date of auditor's report on the audited FS, but of which the auditor was previously unaware of. In such case, the auditor shall not issue the auditor's report on the SFS until the auditor's consideration of such facts in relation to the audited FS in accordance with SA 560 has been completed

SPECIALIZED AREA - SA 810

REPORT ON THE SFS - ELEMENTS

Critical Pointers

Title

Addressee

Introductory Paragraph

Management responsibility

Auditor's responsibility

Opinion

Auditor's Signature/Date/Place

SPECIALIZED AREA - SA 810

Qualified Opinion / Emphasis of Matter / Other Matter in Audited FS

If satisfied that SFS are consistent in all material respects or are a fair summary of audited FS then,

- Report on SFS should state that report on audited FS contains qualified opinion, EOM, OM
- Describe the basis of the above
- Effect, if any of the same on the SFS

Adverse Opinion / Disclaimer of Opinion on complete FS

Report on SFS should state the following:

- Statement that report on audited FS contains Adverse opinion / disclaimer of opinion
 - Description of basis of such opinion
 - Statement that as a result of the above, it is inappropriate to express an opinion on the SFS
-

SPECIALIZED AREA - SA 810

Unmodified opinion on audited FS ,
but modified opinion on SFS

- SFS are not consistent in all material respects with or are not a fair summary of audited FS in accordance with the applied criteria
- Management does not agree to make the necessary changes

Restriction on Distribution or
Use or Alerting Readers to the
Basis of Accounting

- Alert the users that SFS has been prepared on the basis on special purpose framework
 - Purpose
 - Intended user
 - May not be suitable for any other use
-

SPECIALIZED AREA - SA 810

Comparatives

- If audited FS contain comparatives, but SFS do not, determine whether such omission is reasonable in the circumstances of the engagement.
- Determine the effect of an unreasonable omission on the auditor's report on SFS
- If SFS contain comparatives that were reported on by another auditor, auditors report on SFS shall also contain other matters that SA 710 requires the auditor to include in the auditor's report on the audited FS

- Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include:
 - Nature and objective of SFS,
 - Applied criteria, and
 - Information needs of the intended users of the SFS

SPECIALIZED AREA - SA 810

Unaudited Supplementary Information presented with SFS

- Evaluate whether such info. is clearly differentiated from SFS.
- If entity's presentation of such info. is not clearly differentiated from SFS, the auditor shall ask management to change the presentation of such info.
- If management refuses to do so, the auditor to explain in auditor's report on SFS that such information is not covered by that report.

Other information in documents containing SFS

- READ other info to identify material inconsistencies vis a vis SFS.
 - If material inconsistency identified – Determine whether SFS or other info needs revision
 - If auditor becomes aware that other information needs to be revised – discuss the matter with management
-

SPECIALIZED AREA - SA 810

Auditor Association

- If auditor becomes aware that entity plans to state that auditor has reported on SFS in a document containing SFS, but does not plan to include the related auditor's report, the auditor shall request management to include the auditor's report in the document.
 - If management does not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the SFS in that document
-

A close-up photograph of a person's hand in a dark suit jacket writing on a white document with a gold fountain pen. The background is blurred, showing a colorful circular graphic on a screen. A semi-transparent blue and teal graphic overlay is positioned across the middle of the image, containing the text 'Auditor's Report format' in white.

Auditor's Report format

Audit Report Format – SA 800

REPORT OF THE INDEPENDENT AUDITOR ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Board of Directors [or other Appropriate Addressee]

We have audited the accompanying financial statements of ABC Company Ltd., which comprise the balance sheet as at March 31, 20X1, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of ABC Company Ltd. based on the financial reporting provisions of section/ clause Z of the contract dated July 1, 2019 between ABC Company Ltd. and DEF Company Ltd. (“the contract”).

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of section/ clause Z of the contract; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Audit Report Format – SA 800 (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of ABC Company Ltd. for the year ended March 31, 2020 are prepared, in all material respects, in accordance with the financial reporting provisions of section/ clause Z of the contract.

Audit Report Format – SA 800 (Continued)

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist ABC Company Ltd. to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for ABC Company Ltd. and DEF Company Ltd. and should not be distributed to or used by parties other than ABC Company Ltd. or DEF Company Ltd.

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:

Audit Report Format – SA 805

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors [or other Appropriate Addressee]

We have audited the accompanying statement of cash receipts and disbursements of ABC Company Ltd. for the year ended March 31, 2020 and a summary of significant accounting policies and other explanatory information (together "the financial statement"). The financial statement has been prepared by management using the cash receipts and disbursements basis of accounting described in Note X.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note X; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

Audit Report Format – SA 805 (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents a true and fair view of the cash receipts and disbursements of ABC Company Ltd. for the year ended March 31, 2020 in accordance with the cash receipts and disbursements basis of accounting described in Note X.

Audit Report Format – SA 805 (Continued)

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note X to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to XYZ Creditor. As a result, the statement may not be suitable for another purpose.

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:

Audit Report Format – SA 810

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENT

To the Board of Directors [or other Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at March 31, 2020, the summary statement of profit & loss, and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020. We expressed an unmodified audit opinion / qualified audit opinion on those financial statements in our report dated May 15, 2020. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, [applied in the preparation of the audited financial statements of ABC Company Ltd]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company Ltd.

Audit Report Format – SA 810 (Continued)

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810 , "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 20X1 are a fair summary of those financial statements, in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India.

OR

Audit Report Format – SA 810 (Continued)

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020 are a fair summary of those financial statements, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020.

(Describe the basis of qualification)

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:

Audit Report Format – SA 800

REPORT OF THE INDEPENDENT AUDITOR ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Board of Directors [or other Appropriate Addressee]

We have audited the accompanying financial statements of ABC Company Ltd., which comprise the balance sheet as at March 31, 20X1, and the statement of profit and loss, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of ABC Company Ltd. based on the financial reporting provisions of section/ clause Z of the contract dated July 1, 2019 between ABC Company Ltd. and DEF Company Ltd. (“the contract”).

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of section/ clause Z of the contract; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Audit Report Format – SA 800 (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of ABC Company Ltd. for the year ended March 31, 2020 are prepared, in all material respects, in accordance with the financial reporting provisions of section/ clause Z of the contract.

Audit Report Format – SA 800 (Continued)

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist ABC Company Ltd. to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for ABC Company Ltd. and DEF Company Ltd. and should not be distributed to or used by parties other than ABC Company Ltd. or DEF Company Ltd.

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:

Audit Report Format – SA 805

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors [or other Appropriate Addressee]

We have audited the accompanying statement of cash receipts and disbursements of ABC Company Ltd. for the year ended March 31, 2020 and a summary of significant accounting policies and other explanatory information (together "the financial statement"). The financial statement has been prepared by management using the cash receipts and disbursements basis of accounting described in Note X.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note X; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

Audit Report Format – SA 805 (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents a true and fair view of the cash receipts and disbursements of ABC Company Ltd. for the year ended March 31, 2020 in accordance with the cash receipts and disbursements basis of accounting described in Note X.

Audit Report Format – SA 805 (Continued)

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note X to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to XYZ Creditor. As a result, the statement may not be suitable for another purpose.

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:

Audit Report Format – SA 810

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENT

To the Board of Directors [or other Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at March 31, 2020, the summary statement of profit & loss, and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020. We expressed an unmodified audit opinion / qualified audit opinion on those financial statements in our report dated May 15, 2020. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, [applied in the preparation of the audited financial statements of ABC Company Ltd]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company Ltd.

Audit Report Format – SA 810 (Continued)

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810 , "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 20X1 are a fair summary of those financial statements, in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India.

OR

Audit Report Format – SA 810 (Continued)

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020 are a fair summary of those financial statements, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial statements of ABC Company Ltd. for the year ended March 31, 2020.

(Describe the basis of qualification)

For DEF & Co
Chartered Accountants

Signature
(Name of the Member)
Partner
Membership Number
UDIN:
Place:
Date:



THANK YOU