

Auditing And Assurance

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The logo of Galgotias University is a stylized 'G' composed of three overlapping, curved segments in shades of yellow, blue, and pink. The text 'Lecture -5' is centered over this logo.

Lecture -5

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Topics covered:

- Audit Report
- Contents of audit report
- Types of audit report
- Unmodified report
- Modified report

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Audit Report

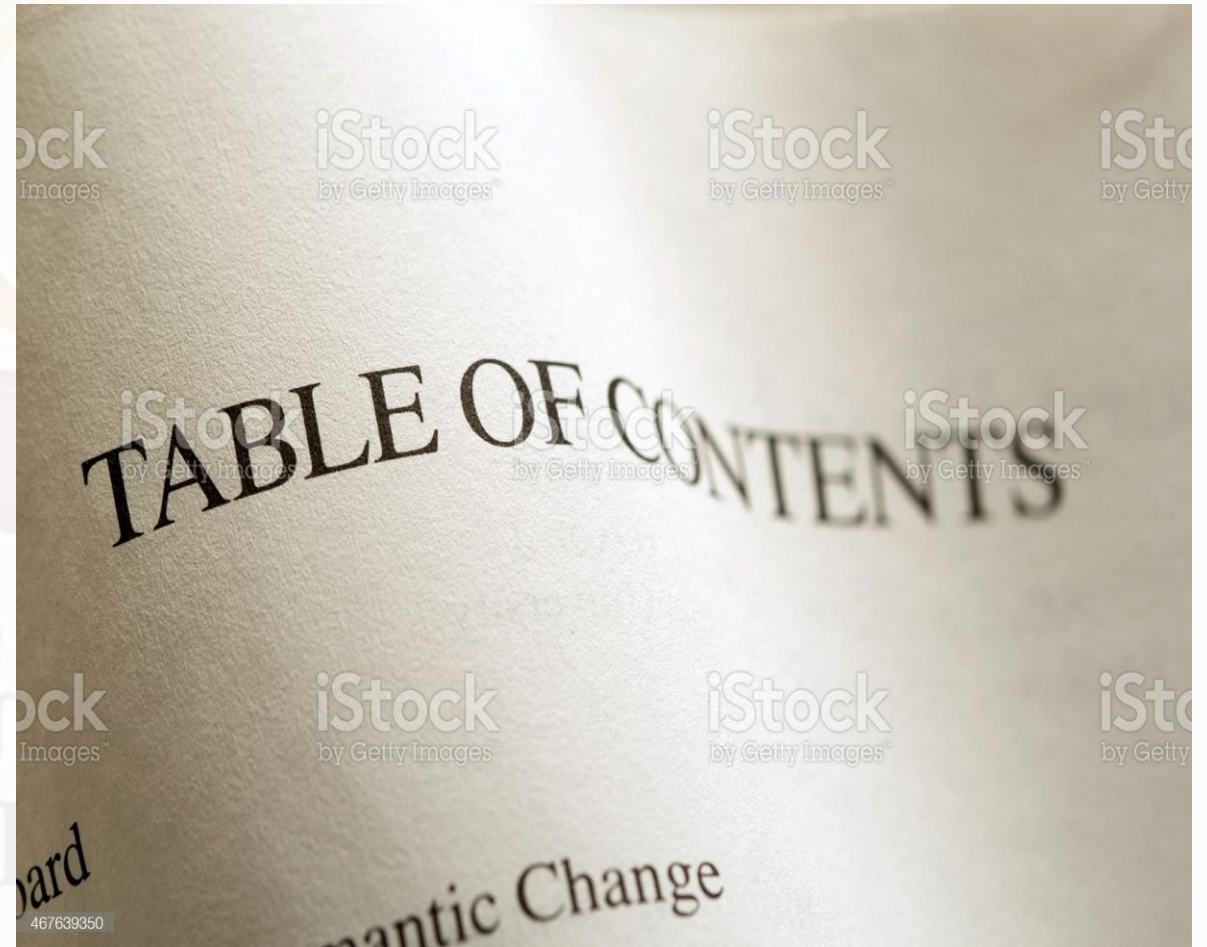
The auditor forms an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

In order to do that they must conclude whether they have obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement (whether due to fraud or error).



Contents of audit Report

- Title
- Addressee
- Opinion
- Basis of opinion
- Key audit Matters
- Other information
- Responsibilities
- Signature, date, address



Contents of audit report

Title

- To clearly identify the report as an Independent Auditor's Report.

Addressee

- To identify the intended user of the report.

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Opinion

- Provides the auditor's conclusion as to whether the financial statements give a true and fair view.

Basis of opinion

- Provides a description of the professional standards applied during the audit to provide confidence to users that the report can be relied upon.

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Key audit matters

- To draw attention to any other significant matters of which the users should be aware, to aid their understanding of the entity.

Other information

- To clarify that management are responsible for the other information such as the Chairman's statement.

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Responsibilities

- To clarify that management are responsible for preparing the financial statements and for the internal controls. Included to help minimize the expectations gap.

Signature, date and address

- At the end, signature, date and address is mentioned.

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Types of Audit report:

1. Unmodified report
2. Modified report without modifying the opinion
3. Modified with a modified opinion

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- 1. Unmodified** – the financial statements show a true and fair view. (ISA 700)
- 2. Modified without modifying the opinion** – the financial statements show a true and fair view but there is additional communication required to bring something to the attention of the user.
- 3. Modified with a modified opinion** – the financial statements don't fully show a true and fair view or the auditor has not obtained sufficient appropriate evidence to make that conclusion. (ISA 705 *Modifications to the Opinion in*

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References

- ACCA Study Material, F8 Kaplan Publishing
- Pic credit: www.istock.com



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