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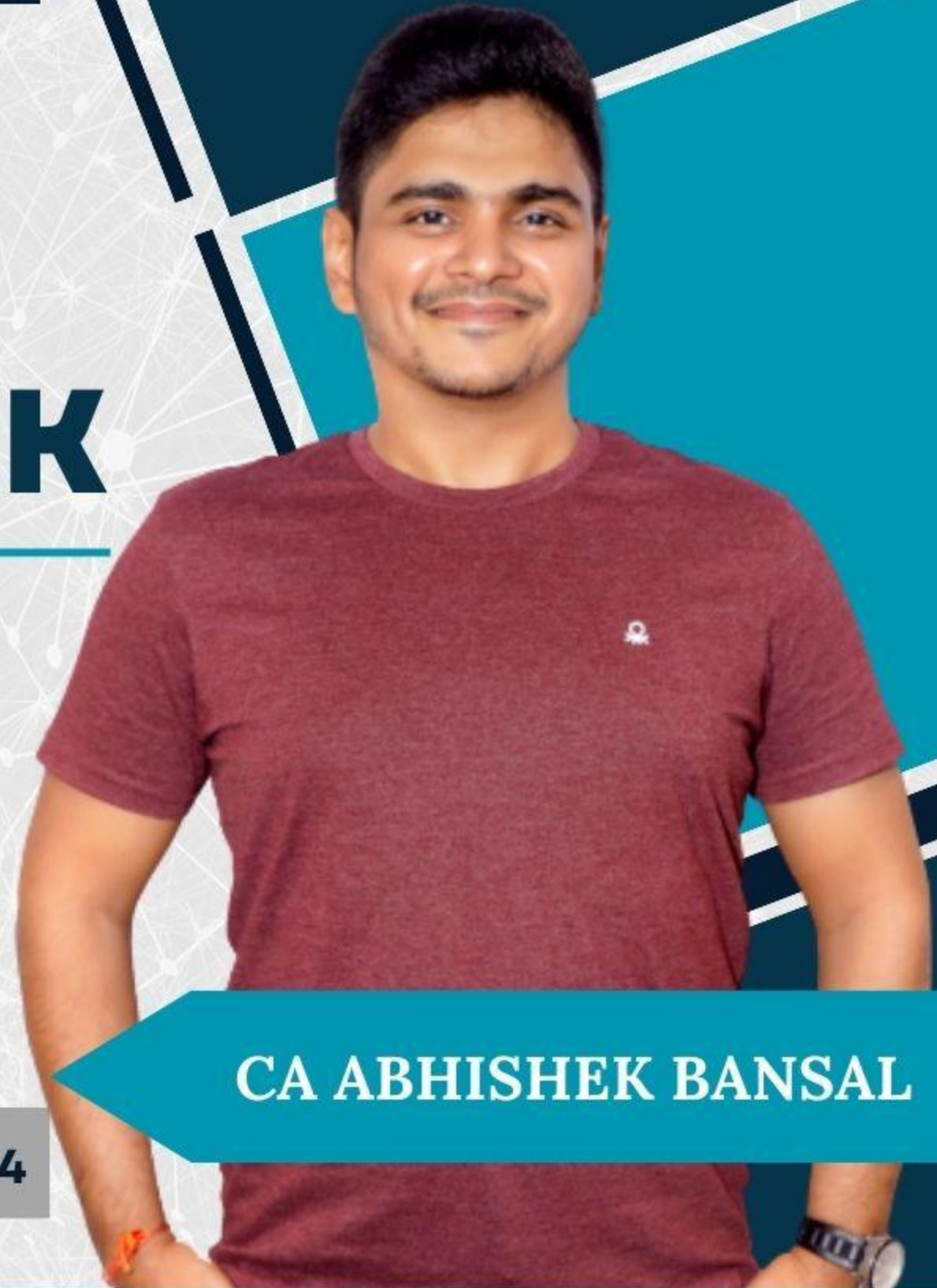
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Standards on Related Services

SRS 4400

Engagements to perform
Agreed-upon procedures
regarding financial information.

SRS 4410

Compilation Engagement

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PART A : SRS 4400

Q1. What are Related Services?

- ① An "Assurance engagement" means that a practitioner gives an opinion about the specific info. due to which the users of info. are able to make confident decisions.
- ② Not all the engagements performed by practitioner are assurance engagements.
- ③ Following engagements are ⁱⁿ nature of Related services:

The preparation of tax returns where no conclusion conveying assurance is expressed.

Consulting (or advisory) engagements such as management & tax consulting.

Engagements covered by Standards for Related Services,

- such as
- agreed-upon procedures engagements &
 - compilation of financial or other info.

Q2. What are Agreed-upon Procedures?

- ① In an engagement to perform agreed-upon procedures,
- the auditor is engaged by the client to issue a report of factual findings
 - based on

-	based on	specific procedures performed
		on
		specific subject matter

 of specific elements, accounts or items of f.st.
- ② For eg, ~~pro~~ engagements to perform procedures on A/c's payable, A/c's receivable (or) purchases from related party.

The person performing related services need not necessarily be the auditor of entity's f.st.

Q3. Explain the difference b/w Audit vs Agreed upon Procedures

- ① An audit expresses an opinion and provides assurance to users.
- ② In agreed-procedures engagement, only a report of the factual findings of agreed-upon procedures is provided. No assurance is given to users. Instead, users draw their own conclusions based on factual findings stated in the report.

- ③ ^{For eg.} Comparing the names of major suppliers and the amounts outstanding as on a date with amounts in trial balance.

OR
obtaining suppliers confirmations to confirm balances o/s on a date.

Q4. What are the matters to be agreed & included in the engagement letter?

Following are the matters - [PINNL]

- ① Stated Purpose for the engagement.
- ② Identification of the financial information to which the agreed-upon procedures will be applied.
- ③ Nature, timing and extent of the specific procedures to be applied.
- ④ Nature of the engagement including the fact that procedures performed will not constitute an audit or a review and that accordingly no assurance will be expressed.
- ⑤ Limitations on distribution of the report of factual findings.

Q5. What are the contents of reports for agreed upon procedures engagements?

following are the contents :

- ① Title
- ② Addressee (ordinarily, the appointing authority)
- ③ Identification of specific financial or non-financial info to which the AUP have been applied.
- ④ A statement that the engagement was performed as per SRS 4400
- ⑤ Identification of the purpose for which the AUP were performed.
- ⑥ A listing of the specific procedures performed.
- ⑦ A statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed.
- ⑧ A statement that the report is restricted to those parties that have agreed to the procedures to be performed.
- ⑨ Date of the report.
- ⑩ Place of signature and.
- ⑪ Auditor's signature

PART-B SRS 4410: Compilation engagement

Q1. Explain Compilation engagement?

① It is an engagement in which the practitioner applies Accounting & financial reporting expertise to assist the management in the preparation & presentation of financial info. of an entity as per AFRF and issues a report.

② Any practitioner can take compilation engagement.

③ It is not an assurance engagement.

④ It does not require the practitioner to

verify the accuracy or

completeness of the info. provided by management

to gather evidence to express an audit opinion

review conclusion on the preparation of the financial information.

Q2. What are the purposes of compilation eng.?

It may be used for the following purposes:

(A)
To comply with mandatory periodic financial reporting requirements as per L&R.

(B)
For purposes unrelated to mandatory financial reporting as per L&R.

for mgt. or TCWG internal use.

for periodic financial reporting undertaken for o/s parties such as banks (in case of a loan)

for transactional purposes, eg. Mergers & Acquisitions

Q3. Does a practitioner need to comply with ethical requirements as per SRS 4410?

- ① The practitioner shall comply with relevant ethical requirement as per Code of ethics.
- ② He should also properly identify & address to the threat of relevant ethical requirements.
- ③ Being a non-assurance engagement, independence

requirements do not apply to compilation eng.
However, certain Law & Regulation may specify requirements regarding independence.

Q4. What are the contents of engagement letters for SRS 4410? [LORIE]

- 1) Limited use and distribution of the financial info.
- 2) Objective and scope of compilation engagement.
- 3) Responsibilities of the practitioner including requirement to comply with ethical requirement.

4) Responsibilities of mgt. for

(i) preparation & presentation of financial info as per AFRF

(ii) Design, implementation & maintenance of internal controls.

(iii) Accuracy & completeness of the records, documents, & explanation given by the mgt.

(iv) Judgement needed in the preparation & presentation of financial info.

5) Identification of AFRF.

6) Expected form and content of the practitioner's report.

Q5. How as a practitioner you will perform the compilation engagement as per SRS 4410?

① The ~~practitioner~~ practitioner shall obtain understanding of:

entity's
Accounting system
&
Accounting records

&

Applicable
FRF

② He shall compile the financial info using records, documents, explanations & other info provided by mgt.

③ He shall discuss with Mgt, or TCWG about the significant judgement made by mgt.

④ Before completion of the engagement, he shall read the compiled financial info in light of the practitioner's understanding of the entity's business and operations, and of the applicable FRF.

Imp
⑤

If during compilation engagement, practitioner becomes AWARE of $\left\{ \begin{array}{l} \text{incomplete info} \\ \text{inaccurate} \end{array} \right.$

He should bring to management's attention & request for $\left\{ \begin{array}{l} \text{additional info} \\ \text{corrected} \end{array} \right.$

⑥ If practitioner is unable to complete the engagement bcoz mgt has failed to provide records, documents, explanations

↳ He should withdraw from eng.

inform mgt & TCWG of the reasons for withdrawing.

⑦ If during the course of compilation engagement, the practitioner becomes aware of:

(i) the compiled financial info does not describe the applicable FRF

(ii) Amendments to the compiled financial info are required so that it is not materially misstated.

(iii) The compiled financial info is misleading

then practitioner shall propose amendments to mgt.

• If mgt. for Amendment

Agrees

Refuses

practitioner

→ withdraw

→ inform

mgt & TCWG

- If withdrawal Not possible, the practitioner shall determine the professional and legal responsibilities applicable in the circumstances.
- The practitioner shall obtain an acknowledgement from mgt. or TCWG, as appropriate, that they have taken responsibility for the final version of the compiled financial information.

Q6. Contents of practitioner Report?

TADPS

- ① Title
- ② Addressee, as required by the terms of engagement.
- ③ A statement that practitioner has compiled financial info based on the info provided by the mgt.
- ④ Description of the responsibilities of the mgt. / TCWG
- ⑤ Identification of AFRF if a special purpose ARF is used.
- ⑥ A description of the practitioner's responsibilities in compiling financial info
- ⑦ A description that compilation engagement is done as per SRS 4410.

⑧ Explanations that:

(i)
Since a compilation eng.
is not an assurance eng.,
the practitioner is not
required to verify the
accuracy or completeness
of the info provided
by mgt. for the
compilation and.

(ii)
Accordingly, the
practitioner does
not
express an
audit opinion
or
a review conclusion
on
whether the
financial info is
prepared as
per AFRF.

⑨ If the financial info is prepared using special purpose FRF, then an explanatory paragraph that:-

Describes the purpose
for which the
financial info is
prepared & its
intended users.

Draws the attentions
of the readers
of the financial
report
to the fact that
the financial info
is ~~for~~ prepared as
per AFRF.
&
may not be suitable
for other purposes.

- (10) **D**ate of the practitioner's report.
- (11) **P**lace of signature -
- (12) The practitioner's **S**ignature -

Q7. What documentation the practitioner shall make as per SRS 4410.

- | | | |
|---|---|---|
| <p>(a)
Significant matters arising during the compilation eng. & how these matters were addressed by the practitioner</p> | <p>(b)
A record of how the compiled financial info reconciles with the underlying records, documents, explanations & other info, provided by mgt.</p> | <p>(c)
A copy of the final version of the compiled financial info for which mgt./TCWG, as appropriate, has acknowledged their responsibility and the practitioner's report.</p> |
|---|---|---|

The practitioner may also document the entity's trial balance, summary of significant accounting records & other info.

Note: SQC-1 is also applicable for compilation engagement.