

MAY 24

LIVE

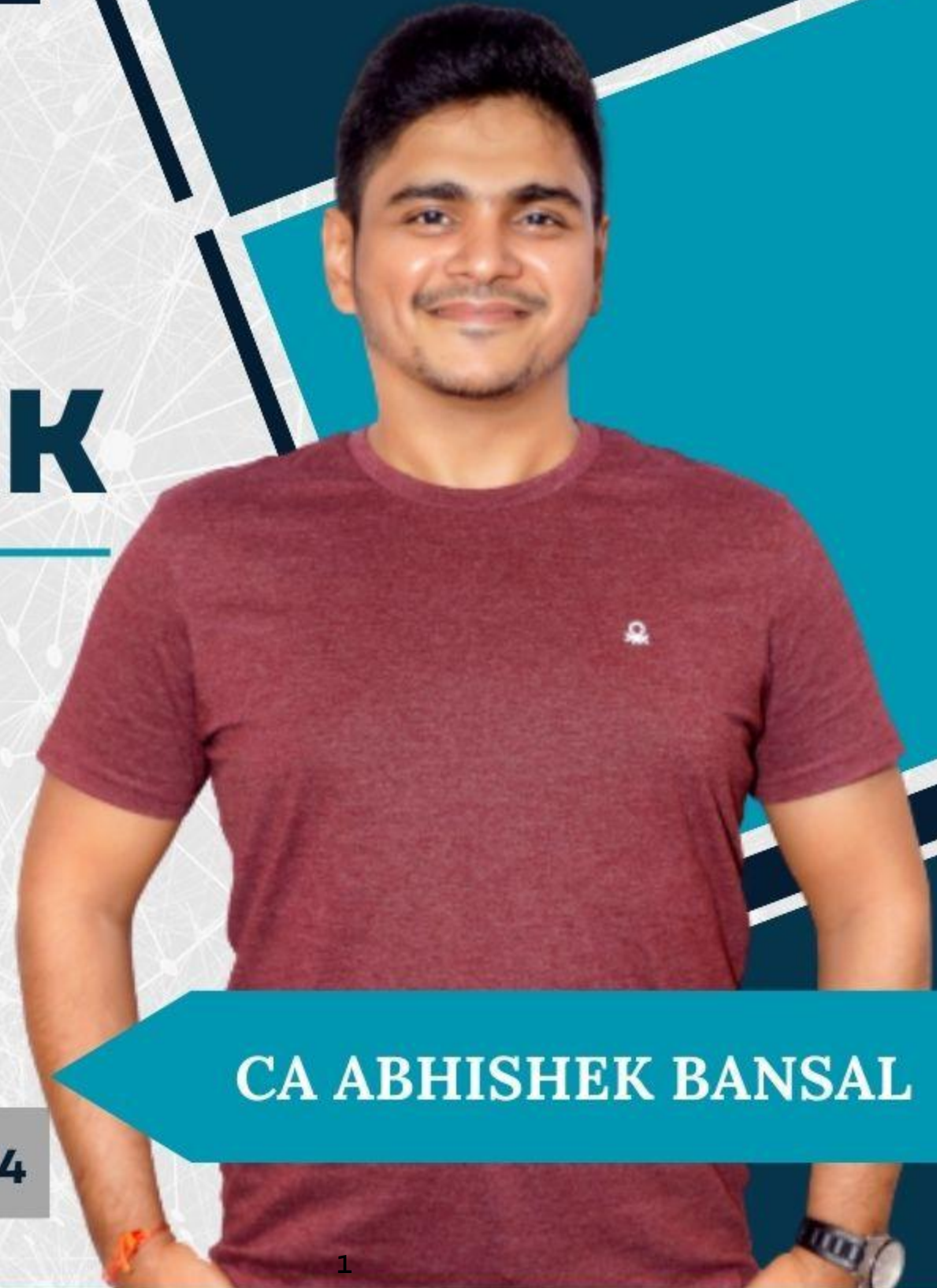
CA FINAL AUDIT SUPER FASTRACK

1 Main Book 1 Question Book
Duration : 60 Hrs Approx
(4-5 hours daily live)

PRICE

₹3599 /-

STARTING FROM 1ST FEB 2024



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Ch. Specialised Area.

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Student of SFT Batch of AB Sir

Part A:

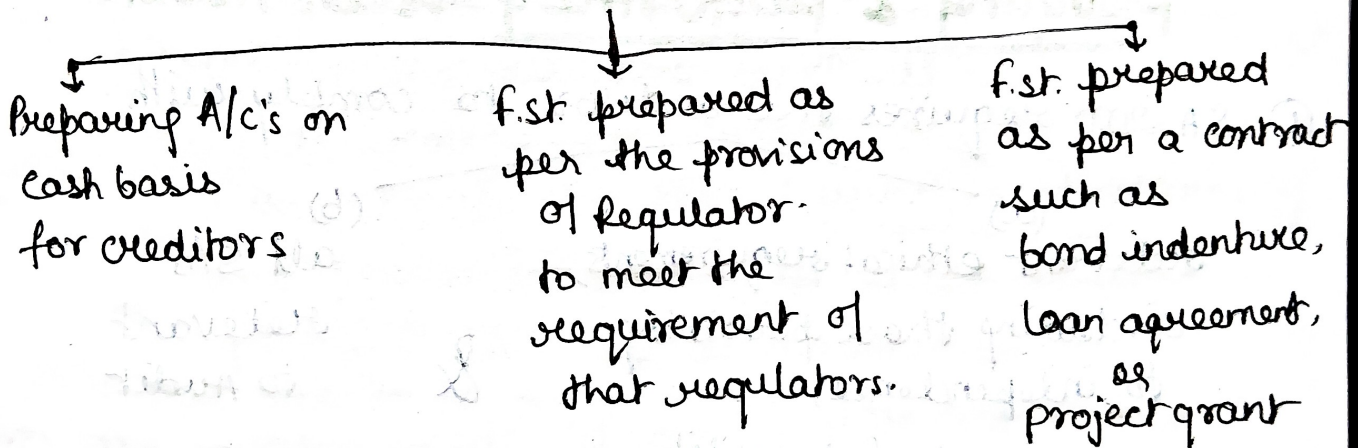
SA 800 - Special Considerations - Audits of F.st. prepared in accordance with Special Purpose frameworks (SPF)

Q1. What is Special Purpose F/w. along with example?

① SA 800 defines special purpose f/w as a FRF designed to ~~meet~~ meet the financial info needs of specific users.

② The FRF may be a  fair presentation framework
or
compliance framework

③ Examples of Special Purpose framework are:



Q2. What are the considerations when accepting such engagements?

① The auditor should consider the applicability of FRF.

② Those framework will be presumed acceptable if the org. follows an established and transparent process considering the views of relevant stakeholders.

③ SA 210 requires the auditor to determine whether any conflicts b/w the financial reporting standards & the additional requirements exists.

& prescribes actions to be taken by auditor if such conflicts exist.

④ Whether a framework is acceptable or not is a matter of professional judgement of the auditor.

Q3. What are the considerations when planning & performing such Audit?

① SA 200 requires the auditor to comply with.

(a) relevant ethical requirements, including those pertaining to independence, relating to first audit engagements,

(b) all SAs relevant to Audit.

&

② It also requires the auditor to comply with each requirements of an SA unless the SA is not relevant or the requirement is not relevant.

③ In exceptional circumstances it may be necessary for the auditor to depart from a relevant

requirement in SA by performing Alternative AuP.

(4) He also needs to comply with SA 320 i.e. judgements about the matters that are material to the users of f.st.

^{Imp}
(5) In the case of special purpose f.sts, such as those prepared in accordance with the requirements of a contract,

- management may agree with the intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted.

- The existence of such threshold does not relieve the auditor from the requirement to determine materiality in accordance with SA 320 for the purposes of planning and performing the audit of the special purpose financial statements.

(6) The auditor needs to comply with SA 260 i.e. communication with TCWG.

When a complete set of general purpose FS is prepared by the entity, the person responsible for preparation of special purpose f.st. may not be the same as TCWG who is responsible for the oversight of preparation of general purpose f.st.

⑦ When forming an opinion, the auditor shall comply with requirements of SA 700.

Q4. How will you prepare a report for an engagement as per Special Purpose f/w?

- ① He should prepare the report as per SA 700.
- ② His report should also describe the purpose for which the f.st. are prepared and the intended users.
- ③ His report should also contain that if the mgt. has a choice of financial reporting framework in preparation of such f.st., the explanation ~~of mgt.~~ on the mgt. responsibility for the f.st. & such FRF is acceptable in the circumstances.
- ④ To avoid misunderstandings, the auditor alerts users of the auditor's report that the f.st. are prepared in accordance with a special purpose framework and, therefore, may not be suitable for another purpose.
- ⑤ The auditor may consider it appropriate to indicate that the auditor's report is intended solely for specific users. This may be achieved by restricting the distribution or use of the auditor's reports.

for this ~~then~~ the paragraph may be expanded to include this matter & heading to be modified accordingly.

eg. for restriction on Distribution and use of auditor's report prepared as per special purpose framework.

Without modifying our opinion, we draw attention to Note A to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the company 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 X Ltd. and Y Ltd. and should not be distributed to or used by parties other than X Ltd. and Y Ltd.

Part B

SA 805 - Special considerations - Audits of Single FS, and Specific Elements, Accounts or Items of a Fst. [AIE]

If single FS or specific AIE can be prepared as per general or special purpose f/w.

If it is prepared as per Special purpose f/w then, SA 800 also apply.

SA 805 does not apply to the reports of components auditors.

Q1. What is Single FS?

A single FS is to be distinguished from a complete set of financial statements.

for eg, a cash flow statement is a single FS.

Q2. What is the Element of a FS?

"Element of a f-st" or "element" means an

"element, account or item of a financial statement."

for eg, - Trade receivable

- Cash and bank balances.

Q3. Consideration when Accepting Such Eng.?

1) Refer SA 800 Q2 on consideration - - -

2) Compliance with the requirements of SAs relevant to the audit of single FS or specific AIE may not be practicable when the auditor is not auditing the entity's complete set of FS.

He may not have the same understanding of entity, its environment, its internal control system as an auditor has who audits the entity's complete set of FS.

He also does not have audit evidence about the general quality of the accounting records or other accounting info that would be acquired in an audit of the entity's complete set of FS.

The auditor may need further evidence to corroborate audit evidence acquired from the accounting records.

③ In the case of an audit of a specific element of a FS, certain SAs require audit work that may be disproportionate to the element being audited.

If the auditor concludes that an audit of a

Single f.st. or of a specific element of a f.st. in accordance with SAs may not be practicable, the auditor may discuss with management whether another type of engagement might be more practicable.

Q4. What are the considerations when planning and performing Audit as per SA 805?

- ① The auditor shall adapt all SAs relevant to the audit as necessary in the circumstances of the engagement.
- ② When auditing a single f.st. or a specific element of a f.st. in conjunction with the audit of the entity's complete set of f.sts, the auditor may be able to use audit evidence obtained as part of the audit of the entity's complete set of financial statements in the audit of the f.st. or the element.
- ③ He should plan and perform the audit of the f.st. or element to obtain SAAE on which to base the opinion on the f.st. or on the element.
- ④ Also, the auditor may need to perform procedures in relation to the interrelated items to meet the objectives of the audit.

- ⑤ The materiality determined for a single f.st.
 (a) for a specific element of a f.st may be lower than the materiality for the entity's complete set of f.sts ;
 this will affect the NTE of AUP and the evaluation of uncorrected mst.

Q5. How would you form opinion while using SA 805?

① If the complete set of f.st contains unmodified opinion prepared as per

fair presentation framework

or compliance framework

The Auditor on single FS / specific AIE

shall use :-

FS present fairly in all material respects as per AFRF.

or

FS gives T&F view as per AFRF

FS are prepared in all material respects as per AFRF.

Q6. What are the factors which affect the auditor's consideration to use the phrase T&F view?

① Whether the AFRF is explicitly or implicitly restricted to the preparation of a complete set of f.st.

② Whether the single f.st. or the specific element of a f.st. will:

(a) Comply fully with each of those requirements of the f/w relevant to the particular f.st. or the particular element, and the presentation of the f.st.

or
Specific element of a f.st. include the related notes and disclosures.

(b) if necessary to achieve fair presentation, provide disclosures beyond those specifically required by the framework or, in exceptional circumstances, depart from a requirement of the framework.

Q7. Framing an opinion.

- ① If the auditor undertakes an engagement to report on
- single FS
 - or
 - specific AIE
- along with engagement to audit the entity's

Complete set of FS

↓
the Auditor shall express a separate opinion for each engagement.

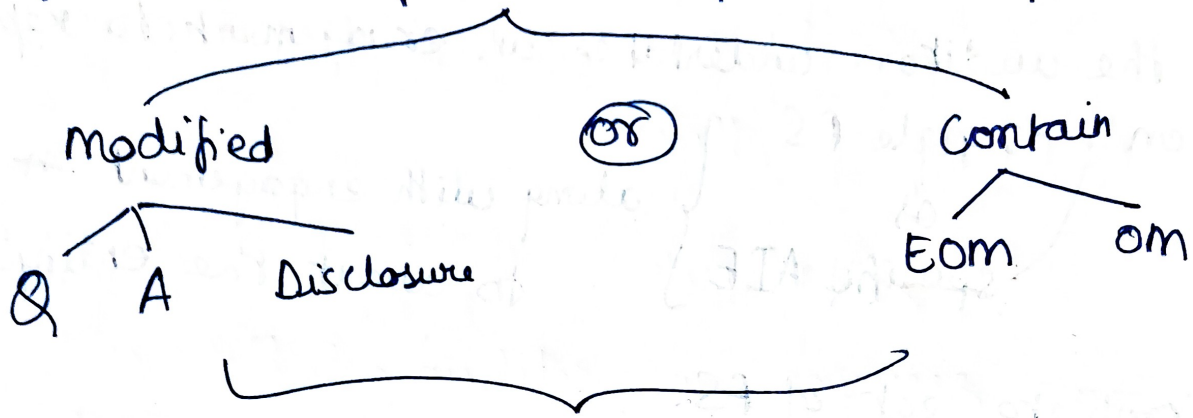
- ② Single FS or specific AIE may be published together with the entity's audited complete set of FS.

If the auditor concludes that presentation of single FS or specific AIE does not differentiate it sufficiently from complete set of FS, the auditor shall ask the mgt. to rectify the situation.

The auditor should also differentiate the opinion on single FS or specific AIE from the opinion on complete set of FS.

He shall not issue any audit report until he is satisfied with the differentiation.

③ If the Audit Report on complete set of FS is



then the auditor shall determine the effect on $\left\{ \begin{array}{l} \text{Single FS} \\ \text{\&} \\ \text{Specific AIE} \end{array} \right.$

& when deemed appropriate, he may also modify the opinion or include

EOM or OM.

④ If entity's complete set of FS contains

Adverse or Disclaimers,

then,

single FS cannot be unmodified/clean.

This is because such unmodified opinion would contradict the adverse opinion or disclaimers of opinion on the entity's complete set of FS as a whole.

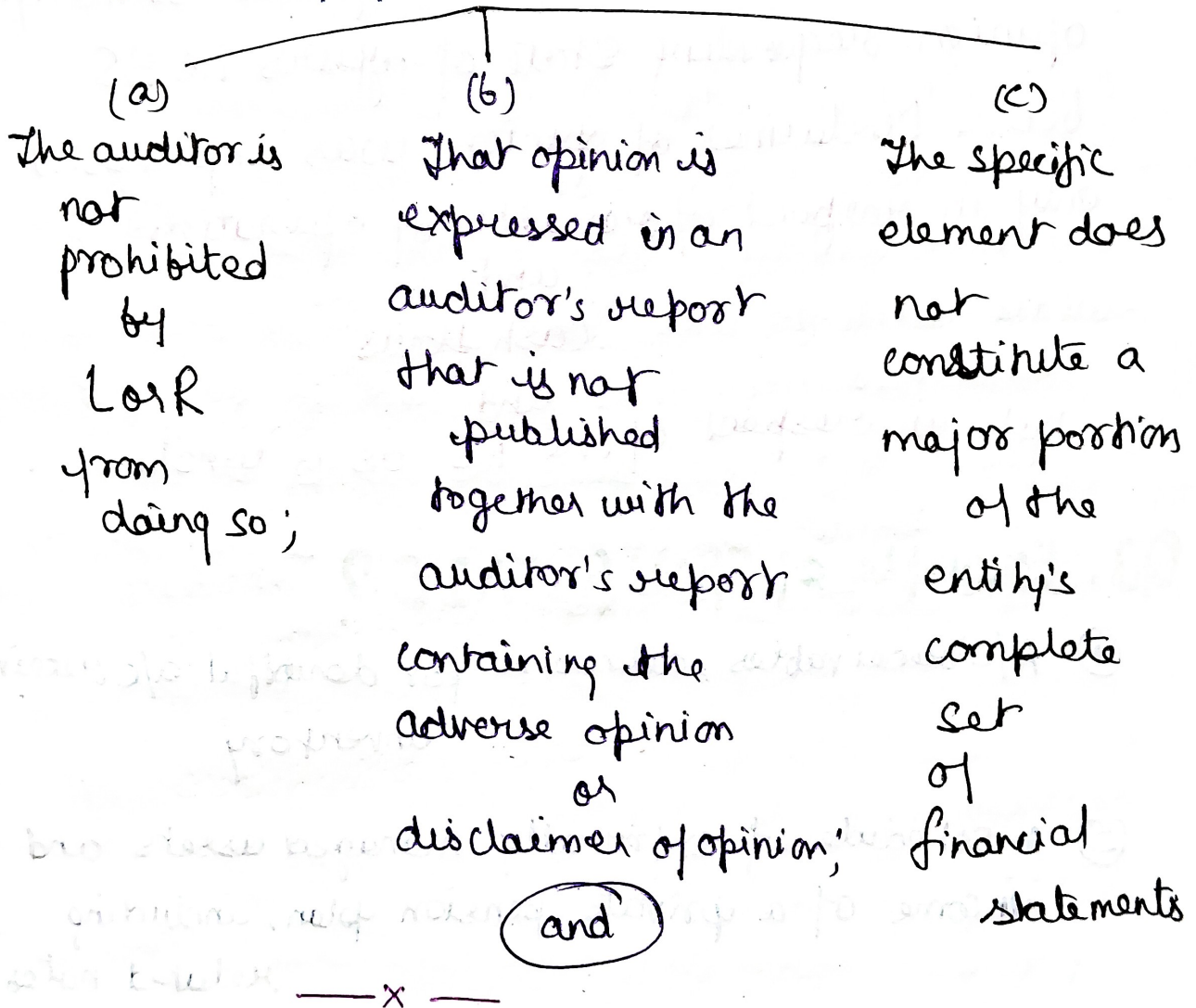
⑤ If entity's complete set of FS contains

Adverse or Disclaimers

and Auditor wishes

to give clean/unmodified opinion.

on specific AIE then still he can give only if:



Note: SA 800 and 805 do not override the requirements of the other SAs; nor do they purport to deal with all special considerations that may be relevant in the circumstances of the engagement.

If the auditor's report on complete FS is "disclaims of opinion" regarding

results of operations (P/L)

&
cash flows,

then still the auditor can express unmodified opinion regarding state of affairs i.e BS

bcz "Disclaims of opinion" was expressed only in respect of results of operations

and
Cash flows

not in respect of the FS as a whole

Q8. Example of Specific AIE?

① A/c receivables, allowance for doubtful a/c receivables, inventory

② A schedule of externally managed assets and income of a private pension plan, including related notes.

③ A schedule of net tangible assets, including related notes.

④ A schedule of disbursements in relation to a lease property, including explanatory notes.

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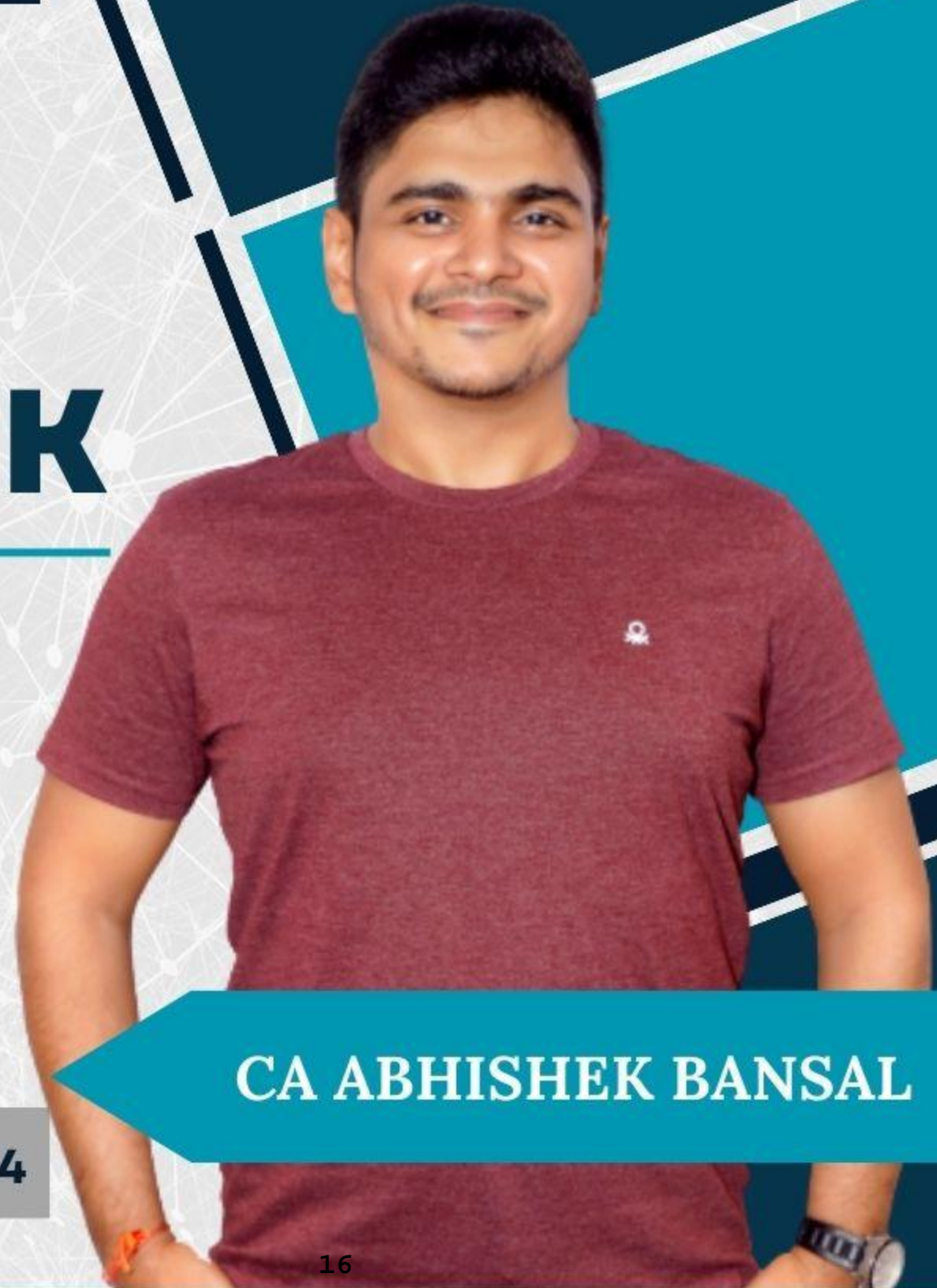
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Part C

SA 810: Engagements to Report on Summary

Eng. to report on summary FS can be taken only if the auditor has audited the complete FS.

Q1. What do Summary FS Reflects?

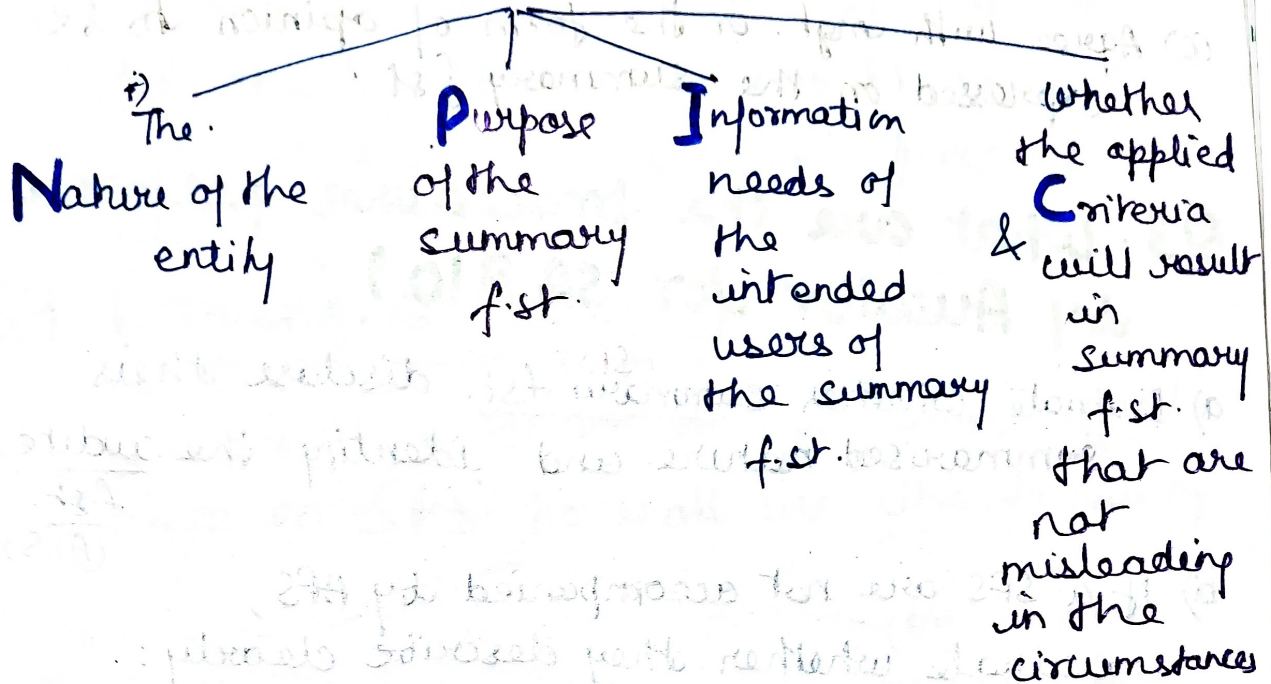
- Summary f.st. reflect historical financial info
- that is derived from f.st.;
 - but that contains less detail than the f.st.
 - while still providing a structured representation consistent with that provided by the f.st.
 - of the entity's economic resources or obligations at a point in time or the changes therein for a period of time.

Q2. What are the factors to be considered by the auditor before accepting an engagement on summary FS?

- Determine whether the applied criteria are accepted₋₁₆
 - Applied criteria refer to the criteria applied by mgr. in the preparation of the summary f.st.
 - mgr is responsible for the determination of the info. that needs to be reflected in the summary f.st. so that they are consistent, in all material respects, with or represent a fair summary of the

audited f.st.

iii) factors affecting the auditor's determination of the acceptability of the applied criteria:



(b) Obtain the agreement of mgt that it acknowledges and understands its responsibility.

i) for the preparation of the summary f.st. in accordance with the applied criteria.

ii) To make the audited f.st. available to the intended users of the summary f.st. without undue difficulty.

iii) The auditor's evaluation whether the audited f.st. are available to the intended users of the summary f.st. without undue difficulty is affected by factors such as whether:

(a) The summary f.st. describe clearly from whom or where the audited f.st. are available.

(b) The audited f.st. are on public records.

(c) Mgt. has established a process by which the intended users of the summary f.st.

can obtain ready access to the audited f.st.

(c) Agree with mgmt. on the form of opinion to be expressed on the Summary f.st.

Q3. What are the procedures performed by Auditor for SFS?

a) Evaluate whether ^(SFS) summary f.st. disclose their summarised nature and identify the audited f.st. (AFS)

b) If a SFS are not accompanied by AFS, evaluate whether they describe clearly:

i) from whom or where the AFS are available

(ii) where LoR prohibits that AFS shall not be made available.

c) Evaluate whether the SFS adequately disclose the applied criteria.

d) Compare the SFS with the related info in the ~~audited~~ AFS to determine whether the SFS agree with or can be re-calculated from the related info in the AFS.

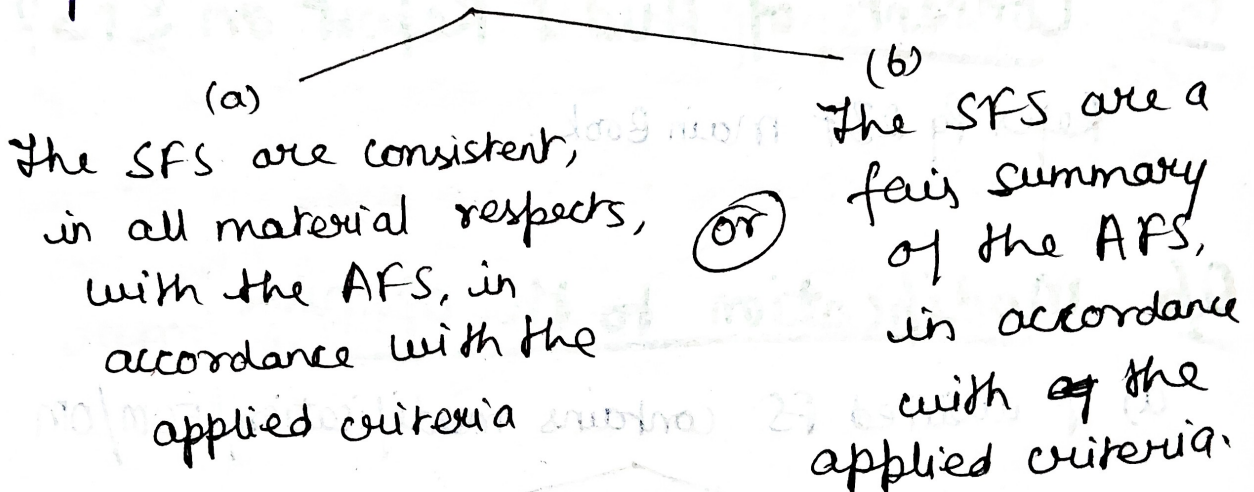
e) Evaluate whether the SFS are prepared in accordance with applied criteria.

f) Evaluate, whether the info in SFS not be misleading, in the circumstances.

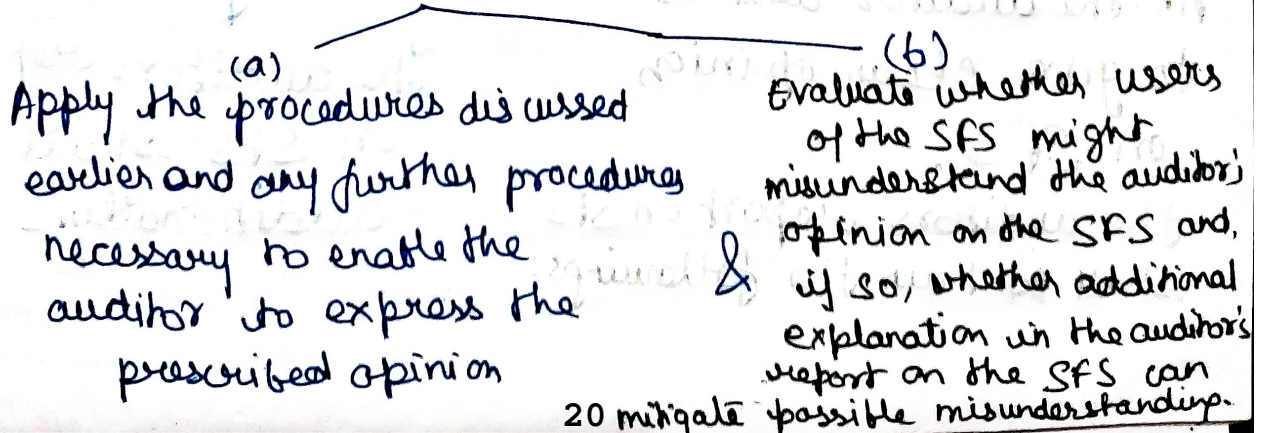
g) Evaluate whether the AFS are available to the intended users of the SFS without undue difficulty, unless LoR prohibits

Q4. Forming an opinion.

1) If the auditor wants to give unmodified opinion on SFS he shall use the following:



2) If the LoR prescribes the wording which are different from those mentioned above, the auditor shall



If the auditor concludes that the additional explanation in the report cannot mitigate the possible misunderstanding, he shall not accept the engagement unless required by LoR.

An engagement conducted as per such LoR does not comply with this SA i.e. 810 & therefore his report shall not indicate that engagement was conducted as per SA.

Q5. Contents of Audit Report on SFS?

Refer Pg 237 main Book.

Q6. Modification to the opinion

a) If audited FS contains modification/EOM/OM

(i) If Audited FS contains
Q/EOM/OM

↓
An. the auditor wishes
to give clear opinion
on SFS,

the auditor's report on SFS
shall contain the followings:

(ii) If Audited FS
contains adverse/
Disclaimers

↓
The auditor's report
on SFS shall
additionally:-

(a) State that the auditor's report on the AFS contains a qualified opinion / EOM para / OM para;

and.

(b) Describe.

(i) The basis for the qualified opinion on the AFS, and that qualified opinion; or
EOM or OM para in the auditor's report on the AFS

(ii) The effect thereof on the SFS, if any.

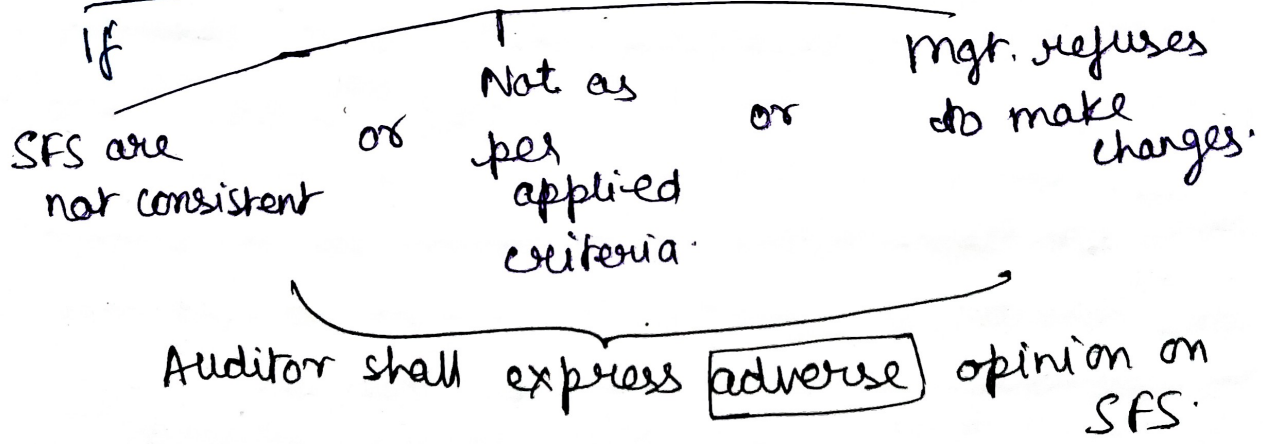
and

(a) State that the Air Report on the AFS contains an Adverse opinion or Disclaimer of opinion.

(b) Describe the basis for that adverse opinion or disclaimers of opinion.

(c) State that as a result of the Adverse opinion or disclaimer of opinion, it is inappropriate to express an opinion on the SFS.

b) Modified opinion on SFS



Read 4.8. to 4.11 → Main Book.

Note: If the auditor reports on SFS after the completion of audit of f.st.,

he is not required to obtain additional audit evidence on AFS or report on the effects of events that occurred subsequent to the date of auditor report on AFS since SFS are derived from

AFS