

Topic G1 Audit Reports (一) 09年ACCA\_CAT考试 PDF转换可能丢失图片或格式，建议阅读原文

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\_80\_c52\_625737.htm 1. ISA700 The independent auditor ' s report on a set of general purpose financial statements 1.1 The unmodified audit report This is the standard audit report which has an unqualified opinion and does not require an ' emphasis of matter ' paragraph. In the examination, you would not be required to reproduce a full audit report. However, you might be asked to describe the type of report that would be appropriate, to explain the meaning of the main elements of the report or to analyze what was wrong in an example of an audit report given in the exam. 1.2

Preparing a formal audit report To prepare a formal audit report the following elements need to be considered. The auditor ' s report should have an appropriate title. It may be appropriate to use the term ' Independent Auditor ' in the title to distinguish the auditor ' s report from reports that might be issued by others, such as by officers of the entity or the board of directors, or from the reports of other auditors who may not have to abide by the same ethical requirements as the independent auditor. Addressee The auditor ' s report should be appropriately addressed as required by the circumstances of the engagement and local regulations. The report is ordinarily addressed either to the shareholders or the board of directors of the entity whose financial statements are being audited. Opening or introductory paragraph The auditor ' s report should identify the financial statements of the entity that have been audited,

including the date of and period covered by the financial statements. The report should include a statement that the financial statements are the responsibility of the entity ' s management, and a statement that the responsibility of the auditor is to express an opinion on the financial statements based on the audit.

**Management ' s responsibility paragraph** Financial statements are the representations of management. The preparation of such statements requires management to make significant accounting estimates and judgements, as well as to determine the appropriate accounting principles, and methods used in preparation of the financial statements. In contrast, the auditor ' s responsibility is to audit these financial statements in order to express an opinion thereon.

**Auditor ' s responsibility paragraph** The auditor ' s report should describe the scope of the audit by stating that the audit was conducted in accordance with ISAs or in accordance with the relevant national standards or practices, as appropriate. ' Scope ' refers to the auditor ' s ability to perform audit procedures deemed necessary in the circumstances. The reader needs this as an assurance that the audit has been carried out in accordance with established standards or practices. Unless otherwise stated, the auditing standards or practices followed are presumed to be those of the country indicated by the auditor ' s address. The report should include a statement that the audit was planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The auditor ' s report should describe the audit as including: examining, on a test basis, evidence to support the

financial statement amounts and disclosures assessing the accounting principles used in the preparation of the financial statements. Assessing the significant estimates made by management in the preparation of the financial statements. evaluating the overall financial statement presentation. The report should include a statement by the auditor that the audit provides a reasonable basis for the opinion. An illustration of these matters in a scope paragraph is: We conducted our audit in accordance with International Standards on Auditing ( or refer to relevant national standards or practices ) . Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion paragraph The auditor ' s should clearly state the auditor ' s opinion as to whether the financial statements give a true and fair view ( or are presented fairly, in all material respects ) in accordance with the financial reporting framework and, where appropriate whether the financial statements comply with statutory requirements. The terms used to express the auditor ' s opinion are ' give a true and fair view ' or ' present fairly, in all material respects ' , and are equivalent. Both terms indicate, amongst other things, that the auditor considers only those matters that are material

to the financial statements. The financial reporting framework is determined by IASs, or national accounting standards, rules issued by professional bodies, and the development of general practice within a country, with an appropriate consideration of fairness and with due regard to local legislation. To advise the reader of the context in which 'fairness' is expressed, the auditor's opinion must indicate the framework upon which the financial statements are based by using words such as 'in accordance with (indicate IASs or relevant national standards)'. In addition to an opinion of the true and fair view (or fair presentation, in all material respects), the auditor's report may need to include an opinion as to whether the financial statements comply with other requirements specified by relevant statutes or law. In any situation where it is not evident which country's accounting principles have been used, the country should be stated. When reporting on financial statements that are distributed extensively outside the country of origin, it is recommended that the auditor refers to the standards of the country of origin in the auditor's report, such as: '... in accordance with accounting principles generally accepted in country A ...'. This designation will help the user to better understand which accounting principles were used in preparing the financial statements. When reporting on financial statements that are prepared specifically for use in another country (e.g. where the statements have been translated into the language and currency of another country in a cross-border financing), the auditor must consider the need to refer to the accounting principles of the country of origin where

prepared, and consider whether appropriate disclosure has been made in the statements. **Date of report** The auditor should date the report as of the completion date of the audit. This informs the reader that the auditor has considered the effect on the financial statements and on the report of events and transactions of which the auditor became aware and that occurred up to that date. Since the auditor's responsibility is to report on the financial statements as prepared and presented by management, the auditor should not date the report earlier than the date on which the financial statements are signed or approved by management. **Auditor's address** The report should name a specific location, which is ordinarily the city where the auditor maintains the office that has responsibility for the audit.

**Auditor's signature** The report should be signed in the name of the audit firm, the personal name of the auditor or both, as appropriate.

The auditor's report is ordinarily signed in the name of the firm because the firm assumes responsibility for the audit. **The auditor's report** An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view ( or are presented fairly, in all material respects ) in accordance with the identified financial reporting framework. An unqualified opinion also indicates implicitly that any changes in accounting principles or in the method of their application, and the effects thereof, have been properly determined and disclosed in the financial statements. 2

**Modified audit reports** 2.1 Introduction A modified audit report is a report other than the standard unmodified report described at the start of this chapter. A modified audit report may either be one

which has a qualified audit opinion or one which does not have a qualified opinion but requires an ' emphasis of matter ' paragraph.

## 2.2 Modified audit reports with audit qualifications

These arise where the auditor is unable to issue an unqualified opinion. All qualifications arise from either disagreements or limitations in the scope of the audit. The qualification ' grid ' below is a useful summary of the decisions to be made in drafting a qualified audit report.

Reason for qualification	Material	Pervasive	Limitation In scope
The scope of the audit ' Except for ' The auditor is work is limited unable to from The auditor is opinion an opinion and unable to carry does our procedures because or a lack not know whether the of evidence, e.g. a lack of accounting records financial that have been lost or statements give destroyed, or a lack of true and fair view. adequate information and explanations from directors. ' Disclaimer ' of opinion	Disagreement	The auditor disagrees ' Except for ' The financial with the accounting statements treatment or disclosure opinion do not give a of a matter such as true fair the non-allowance for view. ' Adverse ' a doubtful debt. opinion	A pervasive qualification is one that affects the view given by the financial statements as a whole. In the case of disagreements, it is one that renders the financial statements seriously misleading or incomplete. in the case of uncertainties, it renders the auditor unable to express an opinion. ( In some countries the term fundamental is used as an alternative to pervasive. )

The difference between a material qualification and a pervasive qualification is a matter of degree and materiality. There are no absolute out-off points, and what is material

to one auditor may be pervasive to another. Pervasive qualifications are very rare in practice. adverse opinions are almost unheard of and it would be unusual for a listed company to have any sort of qualified opinion. The issue of a qualified opinion may have certain effects such as making it impossible to gain a stock exchange listing. In all cases where a qualified opinion is issued, the auditor should give a clear description of all substantive reasons for the qualification and quantify the effect, unless impracticable. The report often refers to a more extensive note in the financial statements. In the case of limitations in scope the report should distinguish between:

Limitations imposed on the auditors by the entity examples include situations in which not all the accounting records are made available to the auditors and where the directors have refused to authorize confirmation of accounts receivable or to sign a representation letter. Limitations outside the control of the auditors or the directors, and imposed by circumstances for example, when the timing of the auditors' appointment is such that attendance at the entity's inventory count is not possible and there is no alternative form of evidence regarding the existence of inventories.

### 2.3 Evaluating and determining the circumstances in which it is necessary to qualify audit reports

The auditor would not normally issue a qualified audit report unless it was absolutely necessary to do so. When a qualification is necessary the auditor should do so as clearly as possible. In practice, qualifications are normally avoided by discussion and negotiation with the directors. Management will usually make whatever changes are necessary in order to avoid a

qualified report. Each of the following examples illustrates the wording that might be used in a particular situation. Notice that the ‘ except for ’ opinions are generally less extreme because they are positive in supporting the other matters dealt with in the financial statements. The ‘ adverse ’ and ‘ disclaimer ’ opinions do not support the credibility of the financial statements. From an examination point of view, if you are asked to suggest an appropriate form of qualified report you should normally use the except for form. You would only use the adverse or disclaimer in very extreme circumstances. It is highly unlikely that you will ever be asked to write an audit report out in full in the exam.

#### 2.4 Modified audit reports without qualified opinion: emphasis of matter

An ‘ emphasis of matter ’ highlights a matter affecting the financial statements and draws the reader ’ s attention to a note which more fully explains the position. An emphasis of matter does not constitute a qualified opinion, but the audit report is referred to as a modified report, since it is different from the standard unqualified report. The emphasis of matter is usually situated after the opinion paragraph and states that the opinion is not qualified with regard to that matter. It is used: for highlighting going concern problems ( refer back to Chapter 17 to refresh your memory ) as follows if adequate disclosure is made in the financial statements, the auditor should ordinarily express an unqualified opinion and modify the going concern problem by drawing attention to the note in the financial statements that discloses the matter as follows: in other situations such as where the prior period financial statements turn out to be



materially misstated, and the corresponding figures are properly restated in the current period.

### 2.5 IAPS 1014: Reporting by auditors on compliance with IFRSs

ISA 700 requires the auditor's report to clearly indicate the financial reporting framework used to prepare the financial statements. IAPS 1014 was issued to provide practical guidance in this area. There are three possibilities that management could assert, namely that the financial statements are prepared: (a) solely in accordance with IFRSs (b) in accordance with both IFRSs and a national financial reporting framework, or (c) in accordance with a national financial reporting framework with disclosure of the extent of compliance with IFRSs. Consider these possibilities in turn.

Financial statements prepared solely in accordance with IFRSs IAS 1 states that financial statements can only be described as complying with IFRSs if they comply with each accounting standard (IAS or IFRS) and each interpretation from the SIC/IFRIC. Financial statements cannot state that they comply with 'the significant requirements' of IFRSs or that they 'mainly' comply with IFRSs. There is either full compliance or there is not.

An unqualified audit opinion can only be given if the auditor concludes that the financial statements comply with IFRSs in all material respects.

Financial statements prepared in accordance with two frameworks For financial statements to accord with more than one financial reporting framework, they must comply with each framework individually. Preparation in accordance with one framework, with a reconciliation statement to what the results would have been under the other framework, is not acceptable. The full set

of statements must comply with both frameworks. The auditor must consider each framework separately and refer to both frameworks in the audit report. It is possible that the auditor will issue an unqualified opinion on one framework and a qualified opinion on the other framework. Financial statements disclosing the extent of compliance with IFRSs Sometimes an enterprise may prepare its financial statements in accordance with a national financial reporting framework, and then additionally disclose, in the notes to those statements, the extent to which they comply with IFRSs. The notes are part of the financial statements on which the auditor gives their opinion, so the auditor must consider the accuracy of the note. If the auditor disagrees with the assertions in the note, the auditor must consider qualifying the audit report, in exactly the same way as if any other note is judged to be inaccurate. 100Test 下载频道开通，各类考试题目直接下载。详细请访问 [www.100test.com](http://www.100test.com)