

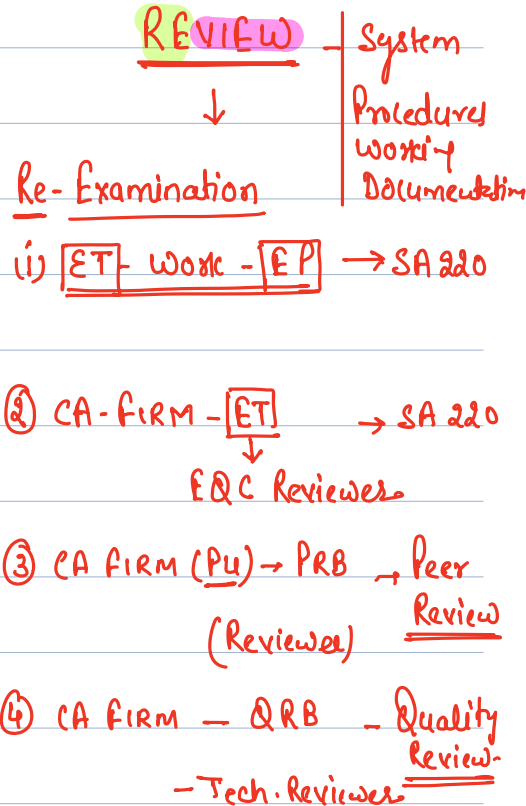
Chapter - 10 "Review of Financial Information"

① Concept of Review:

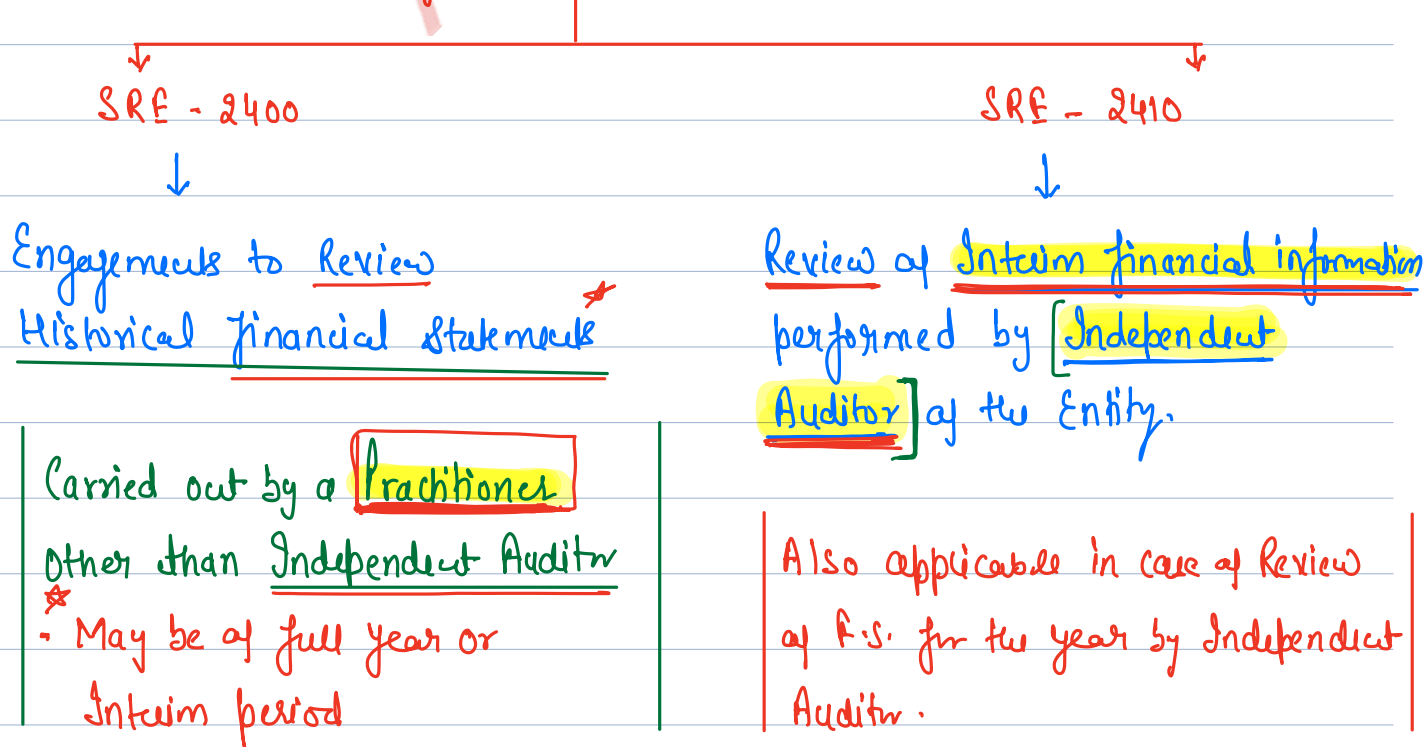
- Review is a limited assurance engagement of Historical financial statements / financial information, providing a lower level of assurance than reasonable assurance.
- Involves limited procedures (Inquiry and Analytical Procedures) for collecting sufficient and appropriate Evidences.
- Provides an assurance conclusion.
- Assurance conclusion is negatively worded.

* prepared using General Purpose Framework or Special Purpose Framework.

REVIEW



Stds on Review Engagements:



② SRE - 2400 "Engagements to Review Historical financial statements"

(i) Objectives of the Practitioner :

(a) To obtain limited assurance primarily by making Inquiries and Analytical Procedures, about



whether the f.s. as a whole are free material misstatements



thereby enabling the practitioner to express a Conclusion on whether anything has come to his attention that causes him to believe that f.s. are not prepared in all material respects as per applicable financial reporting framework.

(b) To Report on the f.s. as a whole and communicate.

(ii) Acceptance and Continuance of Client Relationships and Review Engagements:

(A) Factors affecting acceptance and continuance.

(B) Preconditions for accepting an engagement

(C) Agreeing the terms of engagement.

(iii) Performing the Review Engagement:

✓ Determine Materiality for the f.s. as a whole



✓ Obtaining an Understanding of the Entity and its Environment



✓ Design and Perform "Inquiry" and "Analytical Procedures"

✓ Perform procedures to address Specific Circumstances - like

(a) Related Parties

(b) Fraud and NOCLAR

(c) Going Concern

(d) Using work of others

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Consider Subsequent Events

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Obtain Written Representations

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Evaluating Evidences obtaining from procedures performed

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Forming the Conclusion on financial statements
and Issue the Report

Q.1: What are the factors that affect acceptance and continuance of client relationship and review engagements?

Q.2: As per requirements of SRE 2400, practitioner is required to obtain sufficient and appropriate evidences through performing Inquiry and Analytical Procedures.

State few matters on which practitioner shall make inquiries and explain Importance of Inquiry.

Q.3: While performing review engagement of X Ltd. (listed entity), the practitioner becomes aware of matters that cause him to believe that f.s. may be materially misstated.

What should be the practitioner course of action in this situation and mention certain additional procedures to be performed.

(Addl. Inquiry, Addl AP, Tod, Ex. (imp.))

Q.4: While performing review engagement, practitioner is required to obtain WRs from Mgmt, as to certain matters.

State any five matters on which WRs is to be obtained.

Q.5: Under what circumstances, a practitioner can withdraw from an review engagements considering the requirements of SRF-2400.

Q.6: Mention the aspects need to be documented while performing review engagement as per SRF-2400.

(a) NTE of procedures performed

(b) Results obtained from the procedures

(c) Conclusion formed on the basis of results.

(d) Significant matters arising during engagement, practitioner conclusion thereon and significant professional judgements made in arriving at those conclusions.