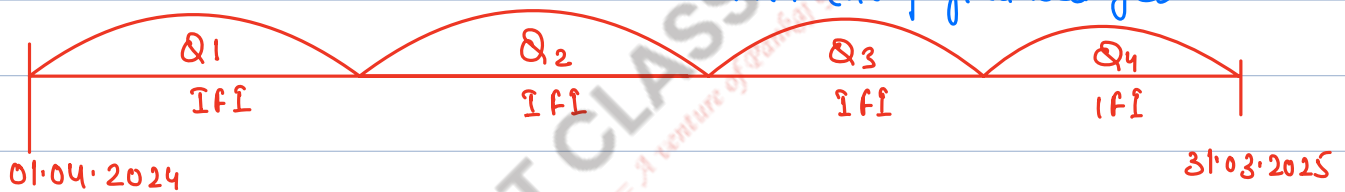


## Ch. 10 - Review of Financial Information

- Topics Covered:
- (1) Concept of Review
  - (2) SRE-2400 "Engagements to Review Historical F.S."

(3) SRE-2410 "Review of Interim Financial Information performed by Independent Auditor of the Entity"

(A) Meaning of Interim Financial Information: Financial information prepared and presented in accordance with applicable FRF, for a period that is shorter than entity financial year.



(B) Scope of SRE-2410: SRE-2410 deals with auditor's responsibility while reviewing IFI of an audit client.

Note: SRE 2410 also applies when auditor engaged to review historical financial statements other than IFI, as adapted as necessary.

(C) Objectives of Auditor: As per SRE 2410, auditor's objective in reviewing the IFI is to express a conclusion based on limited assurance, obtained through performing

- (a) Inquiry
- (b) Analytical Procedures, and
- (c) Other Review Procedures

Imp  
D) Procedures performed to update the understanding of the Entity:

I. Reading

- (a) Documentation of
- Preceding year Audit;
  - Review of Prior Interim Period of Current year;
  - Review of Corresponding Interim period of Prior year.
- (b) Most Recent annual and comparable prior period Interim financial information

II. Considering

- (a) Significant risks identified in audit of Prior year F.S.
- (b) Materiality w.r.t. applicable FRF
- (c) Nature of Corrected Material Misstatements and uncorrected immaterial Misstatements.
- (d) Identified material weaknesses in I.C.
- (e) Results of audit procedures performed w.r.t. Current year F.S.
- (f) Results of Internal Audit Performed.

III. Inquiry with Mngt.

- (a) Mngt. Assessment of risks related to fraud
- (b) Changes in business activities.
- (c) Changes in Internal Control
- (d) Procedures through which IFI are prepared.

Imp  
(E) Procedures performed to collect Evidences:

(i) Inquiries of management and others as to:

- (a) whether IFI has been prepared and presented as per applicable FRF;
- (b) Changes in accounting policies;
- (c) Any known uncorrected misstatements;
- (d) Significant assumptions used w.r.t. fair value measurements;

- (e) Appropriate accounting and disclosures of R.P. Transactions;
- (f) Knowledge of any fraud or suspected fraud;
- (g) Knowledge of any actual or possible NOCLAR;
- (h) Others, as appropriate, in the Circumstances.

(iii) Inquire whether management has identified all events up to date of review report that may require adjustment to or disclosure in IFR.

It is not necessary for the auditor to perform other procedures to identify the events occurring after the date of review report.

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Review Report

(iii) Apply Analytical Procedures to identify unusual relationships.  
(Comparisons and relationships)

(iv) Reading the IFR and consider whether anything has come to his attention that cause him to believe that the IFR is not prepared, in all material respects, as per applicable FRF.

## (f) Management Representations!

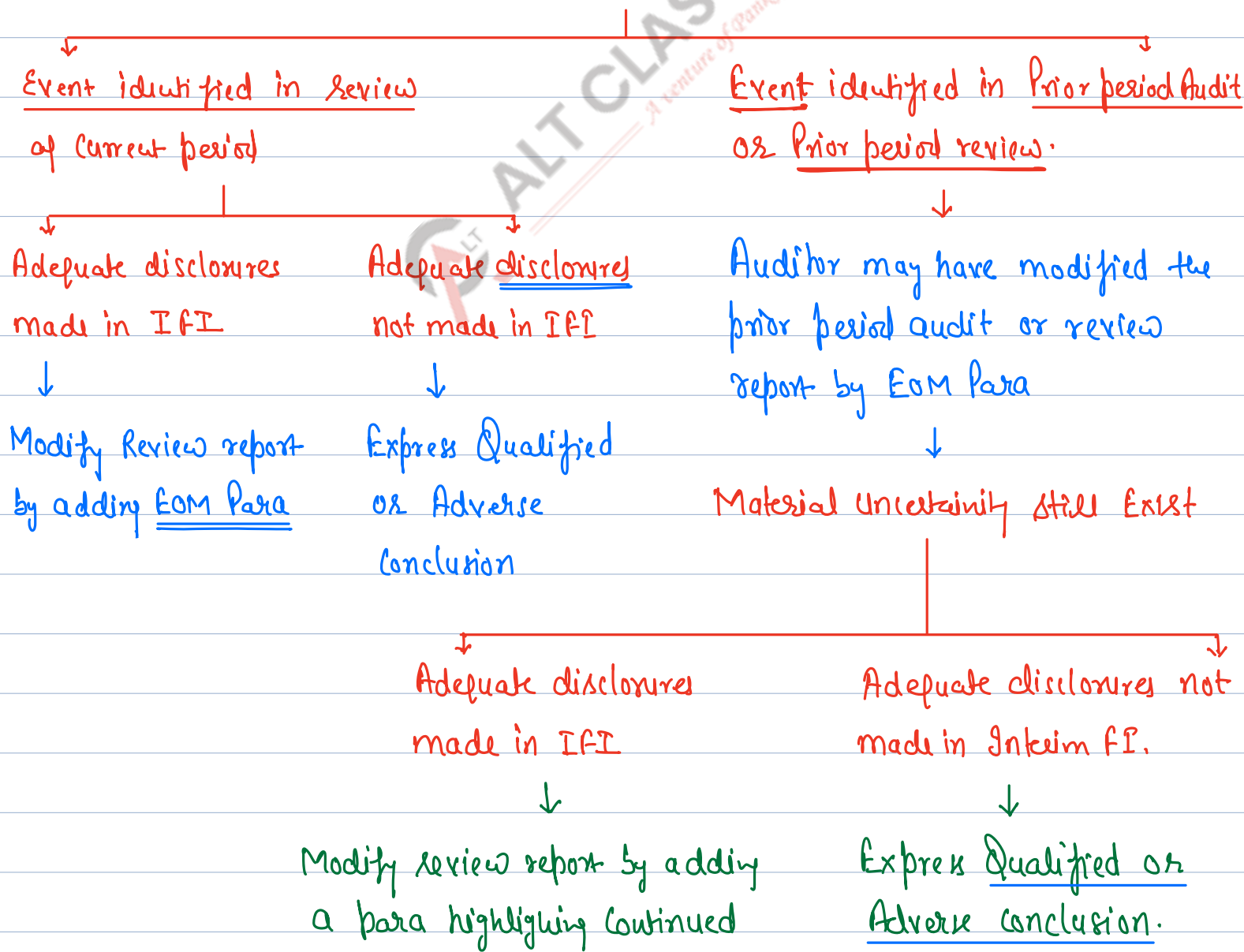
Auditor should obtain WRs from Management that :

- (a) it acknowledges its responsibility for preparation and presentation of IFR, in accordance with the applicable FRF.
- (b) it acknowledges its responsibility for design and implementation of all necessary I.C. to prevent and detect fraud and error ; to ensure that IFR does not contain any material misstatements.
- (c) it believes that uncorrected misstatements, aggregated by the auditor are immaterial - individually as well as in aggregate with others.
- (d) it disclosed to auditor:
  - (i) All significant facts related to fraud or suspected fraud known to them.
  - (ii) All known actual or possible NOCLAR.

- (iii) Results of its assessment of risk that IFR may be materially mistaken due to fraud.
- (iv) All significant events occurred subsequent to Balance sheet date and upto date of review report which may require adjustment or disclosure.

### (G) Going Concern and Significant Uncertainties:

Auditor identified a Material uncertainty relating to an event that may cast significant doubt on entity ability to continue as a Going Concern



Material Uncertainty.

(H) Other Topics:

———— Only reading from book (H.W.) ————

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