

# STRATAFIN INC.:

## AUDITING CHANGE



11.00 a.m



### OBJECTIVES & FORMAT

#### AUDIT REPORT



What is Audit Report?

A report prepared by the auditors after the examining the accounts of the company.

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OBJECTIVE:

According to Sec 227(2) of the Companies Act, it is auditor's duty to verify the accounts of the company carefully and give a report about whether the account present " true and fair" condition of the company.

### NEED FOR AN AUDIT REPORT

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- communicate the auditor's findings to users
- Inform readers of the degree of correspondence between the information audited and established criteria.



### STANDARD UNQUALIFIED REPORT

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- Known as an unmodified report which means as clean report
- When the auditor concludes that the FS give true and fair view or presented fairly in all material respect in accordance GAAP
- No material misstatement has been discovered



### CIRCUMSTANCES THAT LEAD TO THE ISSUANCE OF UNQUALIFIED REPORT

- STANDARD UNQUALIFIED AUDIT REPORT
- 1 All statements are included in the FS
  - 2 The three general standards have been followed during the audit engagement
  - 3 Sufficient evidence has been accumulated
  - 4 FS are presented in accordance with GAAP
  - 5 No circumstances requiring the addition of explanatory paragraph or modified wording

- UNQUALIFIED REPORT WITH EXPLANATORY OR MODIFIED WORDING
- 1 Lack of consistent application of GAAP
  - 2 Substantial doubt about going concern
  - 3 The auditor agrees with the auditee departure from GAAP
  - 4 Emphasis of matter.
  - 5 Reporting involving other auditor.

### TYPES OF QUALIFIED REPORT



### DISCLAIMER OF RESPONSIBILITY



AUDITOR → 3rd Party



The 3rd party's losses were not caused by misstatement FS.



The report is prepared for the private use of the client only & must not be disclosed to any other person.

### CONDITIONS RESULT IN ISSUING QUALIFIED REPORT

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**OBJECTIVE & FORMAT AUDIT REPORT**

**THE NEEDS FOR AN AUDIT REPORT**

**UNQUALIFIED REPORT**

**TYPES OF QUALIFIED REPORT**

**CIRCUMSTANCES THAT LEAD TO THE  
ISSUANCE OF UNQUALIFIED REPORT**

**DISCLAIMER OF RESPONSIBILITY**



# OBJECTIVES & FORMAT

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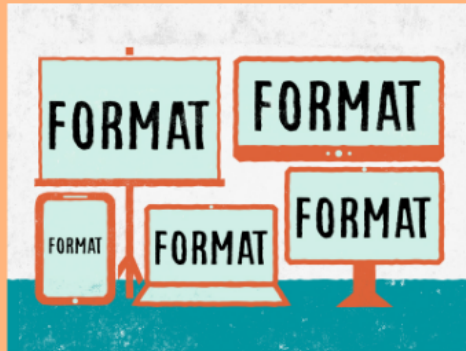
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- ✓ summary
- ✓ background
- ✓ findings
- ✓ prioritised action list
- ✓ appendix

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# NEED FOR AN AUDIT REPORT

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**STANDARD UNQUALIFIED**



# STANDARD UNQUALIFIED REPORT

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UNQUALIFIED REPORT WITH EXPLANATORY PARAGRAPHS BE HIGHLIGHTED WHEREVER

Meet the criteria of a complete audit with satisfactory result and BS that are fairly presented, but the auditor believes it is important or is required to provide additional information.

**TITLE** Report of Independent Auditors  
The Board of Directors and Shareholders of [Company Name]  
March 31, 2020

**SCOPE** We have audited the accompanying financial statements of [Company Name], which comprise the balance sheet as of December 31, 2020, and the related statements of income, comprehensive income, equity, and cash flows for the period then ended, and the related notes to the financial statements.

**OPINION** In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of [Company Name] as of December 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with GAAP.

**DATE** March 12, 2021

**SIGNATURE** [Auditor Name]