



# SICASA E - NEWS LETTER



Tuticorin Branch of Southern India Regional Council of The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)

*November 2010*

## **SICASA Chairman's Writes:**



Dear Students,

It is high time to pull up your socks to get ready for the knowledge - testing period in the name of examination. All your long time preparation is tested in examination along with the level of understanding and practical application. As a Chairman, I wish all success to all students who make their attempt. Every stern hard work will not be without reaping the fruit of success. I would like to put out some points for all students. Reduce your hours of study in last two weeks and do not touch the materials on the day before the exam. Take plenty of water and fruits. Health is wealthier than every thing. Therefore, I want all my students to care their health, as they have to undergo tremendous three hours pressure to present all their inculcated knowledge. Most importantly pray well to the divine power since success is possible only if the creator showers his blessings. I pray on behalf of all my students the almighty to bless all you students. We are planning some industrial visits after the exams for making the students know what a real business practically means. I request students in large numbers to enroll themselves to take part in the programme. Many more programmes are in the sequel to make students stretch their wings further .Lastly once more I wish to students a hearty best of hard work for their exams.

Yours ever loving,

**CA.G.Manoj Rodrigo**  
SICASA Chairman

# AUDITOR'S REPORT ON FINANCIAL STATEMENTS ( AAS 28 / SA 700 )

Standards on auditing ( SA ) 700 lays down the principles in relation to Format and Content of Auditor's report .

An Audit report should have the following essential elements or paragraphs as part of reporting requirement .

Title – a place where audit report is given the heading : Auditor's Report “

Address – a place where reference is being made to the appointing authority .

Opening / Introductory Paragraph – a place where financial statements being audited and the period under audit are identified

Scope Paragraph – a place where auditors mentions that audit has been conducted as per Generally Accepted Audit Procedures in India

Opinion Paragraph – a place where auditors express opinion as to true and fair view on financial statements .

Place of Signature

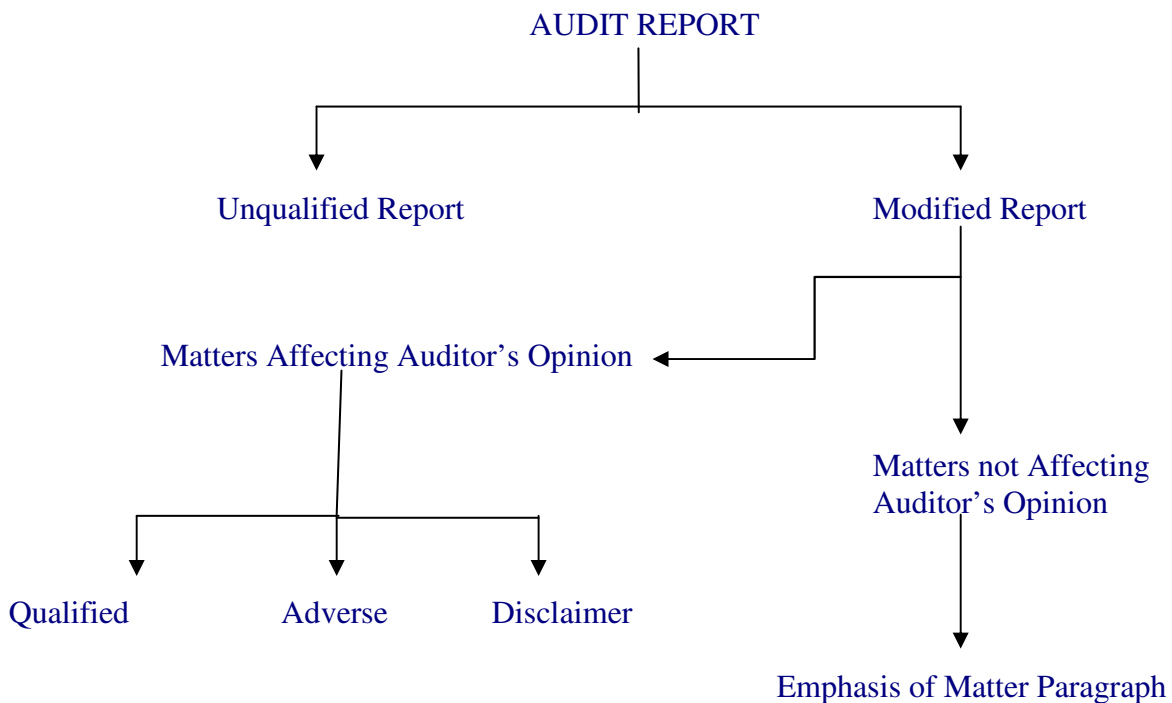
Date of Auditor's Report

Signature of Auditor along with Membership No and Firm's registration number

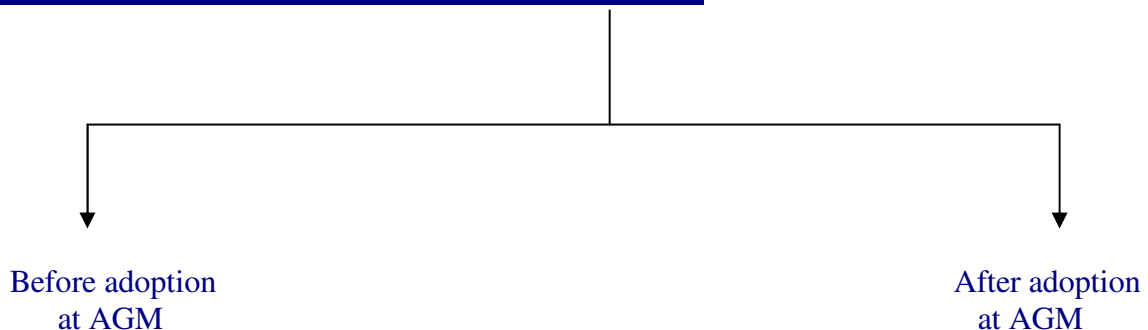
## *Types of Audit report :*

- v **UNQUALIFIED REPORT :** This report is also referred to as “ Clean “ report . This report is issued when auditor is having no reservations on financial statements . The following can be used to reporting “ ON THE BASIS OF EXAMINATION CARRIED OUT BY US WE REPORT THAT THE FINANCIAL STATEMENTS ARE REFLECTING TURE AND FAIR VIEW “
- v **QUALIFIED REPORT :** This report is issued when auditor is having reservations on some items of the financial statements . This report is also known as “ Subjective or Except That “ report . For example the following is a qualified report “ ON THE BASIS OF EXAMINATION CARRIED OUT BY US WE REPORT THAT , SUBJECT TO VALUATION OF INVENTORIES ON LIFO BASIS ON ACCOUNT OF WHICH THE PROFIT IS SHOWN AT BY LESSER THAN Rs 10000 COMPARED TO WEIGHTED AVERAGE METHOD , THE FINANCIAL STATEMENTS REFLECT TRUE AND FAIR VIEW “
- v **ADVERSE REPORT :** This report is issued when auditor is having reservations on the whole of the financial statements . In other words , when the effect of qualification is pervasive on financial statements , adverse report is issued . For example “ ON THE BASIS OF EXAMINATION CARRIED OUT BY US WE REPORT THAT FINANCIAL STATEMENTS ARE NOT REFLECTING TRUE AND FAIR VIEW “ is an adverse report .

- v **DISCLAIMER REPORT** : This report is issued when auditors are not able to express any opinion on financial statements . The following is a disclaimer report . “ SINCE THE BOOKS OF ACCOUNTS AND RECORDS ARE IN POSSESSION OF INCOME TAX DEPARTMENT AND NOT MADE AVAILABLE TO US FOR THE PURPOSE OF EXAMINATION WE ARE NOT ABLE TO FURNISH ANY OPINION “ .
- v **EMPHASIS OF MATTER PARAGRAPH** : This report is issued when qualification is not required but certain matters which are materials to financial statements are required to be highlighted for the users of financial statements . In general emphasis of matter paragraph is given on matter which is already included in notes of accounts . For example; “ WITHOUT QUALIFYING THE REPORT , WE DRAW THE ATTENTION OF USERS TO NOTE THAT NO x OF NOTES OF ACCOUNTS IN RELATION TO COMPLIANCE OF ACCOUNTING STANDARD 30 ON FINANCIAL INSTRUMENTS “



**REVISION OF AUDITOR'S REPORT :**



**BEFORE ADOPTION AT AGM :**

Auditor's report can be revised if and only if :

All original accounts , reports , records , documents are redeemed back to auditor , and

Fact of revision should be mentioned in the following report .

**AFTER ADOPTION AT AGM :**

As per ICAI opinion , audit report , once adopted at AGM , cannot be revised

However , as per Ministry of Corporate Affairs vide circular dated 30.01.2003 , audit report once adopted at AGM can be revised only for technical matters Eg compliance of taxation laws .

**By**  
**Mr.S.Bharath**  
**Final Student**

*Do not go where the path may lead, go instead  
where there is no path and leave a trail.*

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