

**Standard on Auditing (SA) 800(Revised)
Special Considerations—Audits of Financial Statements Prepared
in Accordance with Special Purpose Frameworks**

Contents

	Paragraph(s)
Introduction	
Scope of this SA.....	1-3
Effective Date	4
Objective	5
Definitions	6-7
Requirements	
Considerations When Accepting the Engagement	8
Considerations When Planning and Performing the Audit	9-10
Forming an Opinion and Reporting Considerations	11-14
Application and Other Explanatory Material	
Special Purpose Frameworks	A1-A4
Considerations When Accepting the Engagement	A5-A8
Considerations When Planning and Performing the Audit	A9-A12
Forming an Opinion and Reporting Considerations	A13-A21
Material Modifications <i>vis-a-vis</i> ISA 800(Revised), “Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks”	
Appendix: Illustrations of Independent Auditor’s Reports on Special Purpose Financial Statements	

Standard on Auditing (SA) 800(Revised), “Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks” should be read in the context of the “Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services”, which sets out the authority of SAs and SA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing”.
--

Introduction

Scope of this SA

1. The Standards on Auditing (SAs) in the 100-700 series apply to an audit of financial statements. This SA deals with special considerations in the application of those SAs to an audit of financial statements prepared in accordance with a special purpose framework.
2. This SA is written in the context of a complete set of financial statements prepared in accordance with a special purpose framework. SA 805(Revised)¹, deals with special considerations relevant to an audit of a single financial statement or of a specific element, account or item of a financial statement.
3. This SA does not override the requirements of the other SAs; nor does it purport to deal with all special considerations that may be relevant in the circumstances of the engagement.

Effective Date

4. This SA is effective for audits of financial statements for periods beginning on or after April 1, 2024.

Objective

5. The objective of the auditor, when applying SAs in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to:
 - (a) The acceptance of the engagement;
 - (b) The planning and performance of that engagement; and
 - (c) Forming an opinion and reporting on the financial statements.

Definitions

6. For purposes of the SAs, the following terms have the meanings attributed below:
 - (a) Special purpose financial statements – Financial statements prepared in accordance with a special purpose framework. (Ref: Para. A4)
 - (b) Special purpose framework – A financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework². (Ref: Para. A1-A4)
7. Reference to “financial statements” in this SA means “a complete set of special purpose financial statements” including the related notes. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting

¹ SA 805(Revised), “Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement”.

² SA 200, paragraph 13(a).

framework determine the form and content of the financial statements, and what constitutes a complete set of financial statements.

Requirements

Considerations When Accepting the Engagement

Acceptability of the Financial Reporting Framework

8. SA 210 requires the auditor to determine the acceptability of the financial reporting framework applied in the preparation of the financial statements³. In an audit of special purpose financial statements, the auditor shall obtain an understanding of: (Ref: Para. A5-A8)

- (a) The purpose for which the financial statements are prepared;
- (b) The intended users; and
- (c) The steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances.

Considerations When Planning and Performing the Audit

9. SA 200 requires the auditor to comply with all SAs relevant to the audit⁴. In planning and performing an audit of special purpose financial statements, the auditor shall determine whether application of the SAs requires special consideration in the circumstances of the engagement. (Ref: Para. A9-A12)

10. SA 315 requires the auditor to obtain an understanding of the entity's selection and application of accounting policies⁵. In the case of financial statements prepared in accordance with the provisions of a contract, the auditor shall obtain an understanding of any significant interpretations of the contract that management made in the preparation of those financial statements. An interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial statements.

Forming an Opinion and Reporting Considerations

11. When forming an opinion and reporting on special purpose financial statements, the auditor shall apply the requirements in SA 700(Revised)⁶. (Ref: Para. A13–A19)

Description of the Applicable Financial Reporting Framework

12. SA 700(Revised) requires the auditor to evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework⁷. In the case of financial statements prepared in accordance with the provisions of a contract, the auditor shall evaluate whether the financial statements adequately

³ SA 210, "Agreeing the Terms of Audit Engagements", paragraph 6(a).

⁴ SA 200, paragraph 18.

⁵ SA 315, "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment", paragraph 11(c).

⁶ SA 700(Revised), "Forming an Opinion and Reporting on Financial Statements".

⁷ SA 700(Revised), paragraph 15.

describe any significant interpretations of the contract on which the financial statements are based.

13. SA 700(Revised) deals with the form and content of the auditor's report, including the specific ordering of certain elements. In the case of an auditor's report on special purpose financial statements:

- (a) The auditor's report shall also describe the purpose for which the financial statements are prepared and, if necessary, the intended users, or refer to a note in the special purpose financial statements that contains that information; and
- (b) If management has a choice of financial reporting frameworks in the preparation of such financial statements, the explanation of management's responsibility for the financial statements shall also make reference to its responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances.

Alerting Readers that the Financial Statements Are Prepared in Accordance with a Special Purpose Framework

14. The auditor's report on special purpose financial statements shall include an Emphasis of Matter paragraph alerting users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose. (Ref: Para. A20 – A21)

Application and Other Explanatory Material

Special Purpose Frameworks (Ref: Para. 6)

A1. Examples of special purpose frameworks are:

- The cash basis of accounting and also cash flow information that an entity may be required to prepare for creditors;
- The financial reporting provisions established by a regulator to meet the requirements of that regulator; or
- The financial reporting provisions of a contract, such as a bond indenture, a loan agreement, or a project grant.

A2. There may be circumstances where a special purpose framework is based on a financial reporting framework established by an authorised or recognised standards setting organization or by law or regulation, but does not comply with all the requirements of that framework. An example is a contract that requires financial statements to be prepared in accordance with most, but not all, of the Accounting Standards issued by ICAI or the Accounting Standards notified under the Companies Act, 2013. When this is acceptable in the circumstances of the engagement, it is inappropriate for the description of the applicable financial reporting framework in the special purpose financial statements to imply full compliance with the financial

reporting framework established by the authorised or recognized standards setting organization or by law or regulation. In the above example of the contract, the description of the applicable financial reporting framework may refer to the financial reporting provisions of the contract, rather than make any reference to the Accounting Standards issued by ICAI or the Accounting Standards notified under the Companies Act, 2013.

A3. In the circumstances described in paragraph A2, the special purpose framework may not be a fair presentation framework even if the financial reporting framework on which it is based is a fair presentation framework. This is because the special purpose framework may not comply with all the requirements of the financial reporting framework established by the authorized or recognized standards setting organization or by law or regulation that are necessary to achieve fair presentation of the financial statements.

A4. Financial statements prepared in accordance with a special purpose framework may be the only financial statements an entity prepares. In such circumstances, those financial statements may be used by users other than those for whom the financial reporting framework is designed. Despite the broad distribution of the financial statements in those circumstances, the financial statements are still considered to be special purpose financial statements for purposes of the SAs. The requirements in paragraphs 13-14 are designed to avoid misunderstandings about the purpose for which the financial statements are prepared.

Considerations When Accepting the Engagement

Acceptability of the Financial Reporting Framework (Ref: Para. 8)

A5. In the case of special purpose financial statements, the financial information needs of the intended users are a key factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial statements.

A6. The applicable financial reporting framework may encompass the financial reporting standards established by an organization that is authorized or recognized to promulgate standards for special purpose financial statements. In that case, those standards will be presumed acceptable for that purpose if the organization follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. Some law(s) or regulation(s) may prescribe the financial reporting framework to be used by management in the preparation of special purpose financial statements for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for special purpose financial statements prepared by such entity.

A7. Where the financial reporting standards referred to in paragraph A6 are supplemented by legislative or regulatory requirements, SA 210 requires the auditor to determine whether any conflicts between the financial reporting standards and the additional requirements exist, and prescribes actions to be taken by the auditor if such conflicts exist⁸.

⁸ SA 210, paragraph 18.

A8. The applicable financial reporting framework may encompass the financial reporting provisions of a contract, or sources other than those described in paragraphs A6 and A7. In that case, the acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks as described in Appendix 2 of SA 210. In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional judgment. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the vendor and the purchaser may have agreed that very prudent estimates of allowances for uncollectible accounts receivable are appropriate for their needs, even though such financial information is not neutral when compared with financial information prepared in accordance with a general purpose framework.

Considerations When Planning and Performing the Audit (Ref: Para. 9)

A9. SA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements, and (b) all SAs relevant to the audit. It also requires the auditor to comply with each requirement of an SA unless, in the circumstances of the audit, the entire SA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an SA by performing alternative audit procedures to achieve the aim of that requirement⁹.

A10. Application of some of the requirements of the SAs in an audit of special purpose financial statements may require special consideration by the auditor. For example, in SA 320, judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group¹⁰. In the case of an audit of special purpose financial statements, however, those judgments are based on a consideration of the financial information needs of the intended users.

A11. In the case of special purpose financial statements, such as those prepared in accordance with the requirements of a contract, management may agree with the intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with SA 320 for purposes of planning and performing the audit of the special purpose financial statements.

A12. SA 260(Revised) requires the auditor to determine the appropriate persons within the entity's governance structure with whom to communicate¹¹. SA 260(Revised) notes that, in some cases, all of those charged with governance are involved in managing the entity, and the application of the communication requirements is modified to recognise this position.¹² When a complete set of general

⁹ SA 200, paragraphs 14, 18 and 22-23.

¹⁰ SA 320, "Materiality in Planning and Performing an Audit", paragraph 2.

¹¹ SA 260(Revised), "Communication with Those charged with Governance", paragraph 11.

¹² SA 260(Revised), paragraph A8.

purpose financial statements is also prepared by the entity, those person(s) responsible for the oversight of the preparation of the special purpose financial statements may not be the same as those charged with governance responsible for the oversight of the preparation of the general purpose financial statements.

Forming an Opinion and Reporting Considerations (Ref: Para. 11)

A13. The Appendix to this SA contains illustrations of independent auditor's reports on special purpose financial statements. Other illustrations of auditor's report may be relevant to reporting on special purpose financial statements (see for example, the Appendices to SA 700(Revised), SA 705(Revised)¹³, SA 570(Revised)¹⁴, SA 720(Revised)¹⁵, and SA 706(Revised)¹⁶.

Application of SA 700(Revised) When Reporting on Special Purpose Financial Statements

A14. Paragraph 11 of this SA explains that the auditor is required to apply SA 700(Revised) when forming an opinion and reporting on special purpose financial statements. In doing so, the auditor is also required to apply the reporting requirements in other SAs and may find the special considerations addressed in paragraphs A15-A19 below helpful.

Going Concern

A15. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant.¹⁷ Depending on the applicable financial reporting framework used in the preparation of the special purpose financial statements, the description in the auditor's report of management's responsibilities¹⁸ relating to going concern may need to be adapted, as necessary. The description in the auditor's report of the auditor's responsibilities¹⁹ may also need to be adapted as necessary depending on how SA 570(Revised) applies in the circumstances of the engagement.

Key Audit Matters

A16. SA 700(Revised) requires the auditor to communicate key audit matters in accordance with SA 701²⁰ for audits of complete sets of general purpose financial statements of listed entities. For audits of special purpose financial statements, SA 701 applies only when communication of key audit matters in the auditor's report on

¹³ SA 705(Revised), "Modifications to the Opinion in the Independent Auditor's Report".

¹⁴ SA 570(Revised), "Going Concern".

¹⁵ SA 720(Revised), "The Auditor's Responsibilities Relating to Other Information".

¹⁶ SA 706(Revised), "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report".

¹⁷ See SA 570(Revised), "Going Concern", paragraph 2.

¹⁸ See SA 700(Revised), paragraph 34(b) and A43.

¹⁹ See SA 700(Revised), paragraph 39(b)(iv).

²⁰ SA 701, "Communicating Key Audit Matters in the Independent Auditor's Report".

the special purpose financial statements is required by law or regulation²¹. When key audit matters are communicated in the auditor's report on special purpose financial statements, SA 701 applies in its entirety.²²

Other Information

A17. SA 720(Revised) deals with the auditor's responsibilities relating to other information. In the context of this SA, reports containing or accompanying the special purpose financial statements – the purpose of which is to provide owners (or similar stakeholders) with information on matters presented in special purpose financial statements – are considered to be annual reports for the purposes of SA 720(Revised). In the case of financial statements prepared using a special purpose framework, the term "similar stakeholders" includes the specific users whose financial information needs are met by the design of the special purpose framework used to prepare the special purpose financial statements. When the auditor determines that the entity plans to issue such a report, the requirements of SA 720(Revised) apply to the audit of the special purpose financial statements.

Signature of the Auditor

A18. The auditor's report shall be signed. The report is signed by the auditor (i.e. the engagement partner) in his personal name. Where the firm is appointed as the auditor, the report is signed in the personal name of the auditor and in the name of the audit firm. The partner/proprietor signing the auditor's report also needs to mention the membership number assigned by the Institute of Chartered Accountants of India. They also include the registration number of the firm, wherever applicable, as allotted by ICAI, in the auditor's reports signed by them²³.

Inclusion of a Reference to the Auditor's Report on the Complete Set of General Purpose Financial Statements

A19. The auditor may deem it appropriate to refer, in an Other Matter paragraph in the auditor's report on the special purpose financial statements, to the auditor's report on the complete set of general purpose financial statements or to matter(s) reported therein (See SA 706(Revised)²⁴). For example, the auditor may consider it appropriate to refer in the auditor's report on the special purpose financial statements to a Material Uncertainty Related to Going Concern section included in the auditor's report on the complete set of general purpose financial statements.

Alerting Readers that the Financial Statements Are Prepared in Accordance with a Special Purpose Framework (Ref: Para. 14)

A20. The special purpose financial statements may be used for purposes other than those for which they were intended. For example, a regulator may require certain entities to place the special purpose financial statements on public record. To avoid misunderstandings, the auditor alerts users of the auditor's report by including

²¹ Presently, laws and regulations do not require reporting of key audit matters in accordance with SA 701 in case of special purpose financial statements.

²² See SA 700(Revised), paragraph 31.

²³ See SA 700(Revised), paragraph 46.

²⁴ See SA 706(Revised), paragraphs 10-11.

an Emphasis of Matter paragraph explaining that the financial statements are prepared in accordance with a special purpose framework and, therefore, may not be suitable for another purpose. SA 706(Revised) requires this paragraph to be included within a separate section of the auditor's report with an appropriate heading that includes the term "Emphasis of Matter".²⁵

Restriction on Distribution or Use (Ref: Para. 14)

A21. In addition to the alert required by paragraph 14, the auditor may consider it appropriate to indicate that the auditor's report is intended solely for the specific users. Depending on the applicable law or regulation, this may be achieved by restricting the distribution or use of the auditor's report. In these circumstances, the paragraph referred to in paragraph 14 may be expanded to include these other matters, and the heading modified accordingly.

Material Modifications *vis-a-vis* ISA 800(Revised), "Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks"

Deletion

Paragraph A1 of ISA 800(Revised) [paragraph A1 of SA 800(Revised)] deals with the examples of special purpose frameworks, which also includes the example of "a tax basis of accounting for a set of financial statements that accompany an entity's tax return". Since in India, financial statements prepared on accrual basis of accounting as per applicable Indian GAAP for filing with income tax authorities are considered to be general purpose financial statements, the example, "A tax basis of accounting for a set of financial statements that accompany an entity's tax return" has been deleted.

²⁵ See paragraph 9(a) of SA 706(Revised).

Illustrations of Independent Auditor's Reports on Special Purpose Financial Statements

Illustration 1: An auditor's report on a complete set of financial statements of an entity other than a listed entity, prepared in accordance with the financial reporting provisions of a contract (for purposes of this illustration, a compliance framework).

Illustration 2: An auditor's report on a complete set of financial statements prepared in accordance with the financial reporting provisions established by a regulator (for purposes of this illustration, a fair presentation framework).

²⁶ It may be noted that auditor's report formats are illustrative in nature and necessary changes may be made as per the facts and circumstances of the audit for example due to changes in applicable financial reporting framework, applicable laws and regulations, pronouncements issued by ICAI.

Illustration 1: An auditor’s report on a complete set of financial statements of an entity other than a listed entity, prepared in accordance with the financial reporting provisions of a contract (for purposes of this illustration, a compliance framework).

For purposes of this illustration, the following circumstances are assumed:

- The financial statements have been prepared by management of the entity in accordance with the financial reporting provisions of a contract (i.e., a special purpose framework). Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework.
- An auditor’s report on the complete set of general purpose financial statements was not issued.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 210.
- The auditor has concluded an unmodified (i.e. “clean”) opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570(Revised).
- Distribution and use of the auditor’s report are restricted.
- The auditor has determined that there is no other information (i.e., the requirements of SA 720(Revised) do not apply).
- Those responsible for oversight of the financial statements do not differ from those responsible for the preparation of the financial statements.
- The auditor has no other reporting responsibilities required under local law.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

Opinion

We have audited the financial statements of ABC Company Limited (the Company), which comprise the balance sheet as at March 31, 20XX, and the statement of profit and loss, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements of the Company for the year ended March 31, 20XX are prepared in all material respects in accordance with the

financial reporting provisions of section/ clause Z of the contract dated July 1, 20XX between the Company and DEF Company Limited (“the contract”).

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in complying with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and DEF Company Limited and should not be distributed to or used by parties other than the Company or DEF Company Limited. Our opinion is not modified in respect of this matter.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of section/ clause Z of the contract; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is also responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 41(b) of SA 700(Revised) explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) of SA 700(Revised) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with the Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control²⁷.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

²⁷ This sentence would be modified, as appropriate in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with an audit of the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For XYZ and Co.
Chartered Accountants
Firm's Registration Number

Signature
(Name of the Member Signing the Auditor's Report)
(Designation²⁸)
Membership Number
UDIN

Place of Signature

Date

²⁸ Partner or Proprietor, as the case may be.

Illustration 2: An auditor’s report on a complete set of financial statements prepared in accordance with the financial reporting provisions established by a regulator (for purposes of this illustration, a fair presentation framework).

For purposes of this illustration, the following circumstances are assumed:

- Audit of a complete set of financial statements that have been prepared by management of the entity in accordance with the financial reporting provisions established by a regulator (i.e., a special purpose framework) to meet the requirements of that regulator. Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a fair presentation framework.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 210.
- The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570(Revised). The disclosure of material uncertainty in the financial statements is adequate.
- Distribution or use of the auditor’s report is not restricted.
- The auditor has determined that there is no other information (i.e., the requirements of SA 720(Revised) do not apply).
- Those responsible for oversight of the financial statements do not differ from those responsible for the preparation of the financial statements.
- The auditor has no other reporting responsibilities required under local law.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

Opinion

We have audited the financial statements of ABC Company Limited (the Company), which comprise the balance sheet as at March 31, 20XX, and the statement of profit and loss, and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view of the state of affairs of the Company as at March 31, 20XX, and of its results of operations and its cash flows for the year then ended in accordance with the

financial reporting provisions of Section Y of Regulation Z.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note X to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of Regulator DEF. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note XX in the financial statements, which indicates that the Company incurred a net loss of Rs. ZZZ during the year ended March 31, 20XX and, as of that date, the Company's current liabilities exceeded its total assets by Rs. YYY. As stated in Note XX, these events or conditions, along with other matters as set forth in Note XX, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The Company has prepared a separate set of financial statements for the year ended March 31, 20XX in accordance with the Accounting Standards notified under the Companies Act, 2013 on which we issued a separate auditor's report to the members of the Company dated June 30, 20XX.

Management's Responsibility for the Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the financial reporting provisions of Section Y of Regulation Z; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is also responsible for

assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 41(b) of SA 700(Revised) explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) of SA 700(Revised) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control²⁹.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a

²⁹ This sentence would be modified, as appropriate in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with an audit of the financial statements.

material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For XYZ and Co.
Chartered Accountants
Firm's Registration Number

Signature
(Name of the Member Signing the Auditor's Report)
(Designation³⁰)
Membership Number
UDIN

Place of Signature
Date

³⁰ Partner or Proprietor, as the case may be.