

# SRE 2400

(Revised)

# Engagements to Review Historical Financial Statements

Note: Abbreviations used herein:

F AE = "Framework for Assurance Engagements"

Effective Date	Effective for Reviews of Financial Statements for periods beginning on or after 1 <sup>st</sup> April 2016. [Para 13]
<b>Objectives of the Practitioner [Para 14]</b>	<ol style="list-style-type: none"> <li>1. Obtain <b>Limited Assurance</b>, primarily by performing inquiry and analytical procedures, about whether the Financial Statements as a whole are free from material misstatement, thereby enabling the Practitioner to express a conclusion on whether anything has come to the Practitioner's attention that causes the Practitioner to believe the Financial Statements are not prepared, in all material respects, in accordance with an applicable Financial Reporting Framework, and</li> <li>2. <b>Report</b> on the Financial Statements as a whole and <b>communicate</b>, as required by this SRE.</li> </ol>
<b>Scope [Para 1–2]</b>	<ol style="list-style-type: none"> <li>1. SRE 2400 deals with –               <ol style="list-style-type: none"> <li>(a) Practitioner's <b>Responsibilities</b> when engaged to perform a review of Historical Financial Statements, when the Practitioner is <b>not</b> the Auditor of the Entity's Financial Statements, and</li> <li>(b) The <b>Form and Content</b> of the Practitioner's <b>Report</b> on the Financial Statements.</li> </ol> </li> <li>2. SRE 2400 <b>does not address</b> a review of an Entity's Financial Statements or Interim Financial Information, by the <b>Independent Auditor</b> of the Entity's Financial Statements.</li> </ol>
<b>Points related to Scope [Para A1–A2, A13, 3]</b>	<ol style="list-style-type: none"> <li>1. Practitioner is responsible to ensure compliance with all relevant legal, regulatory and professional obligations, if they are different from the requirements of this SRE.</li> <li>2. This SRE does <b>not</b> override Law /Regulations that govern a review of Financial Statements. However, a Review conducted <b>only</b> as per Law/Regulations which differ from this SRE, will <b>not</b> automatically comply with this SRE.</li> <li>3. Review Engagements as per this SRE may be requested <b>for Component Entities</b>, by the Auditor of the Financial Statements of a Group of Entities. Such a Review Engagement may be accompanied by a request from the Group Auditor to undertake additional work or procedures as needed in the circumstances of the Group Audit Engagement.</li> <li>4. This SRE is to be applied, adapted as necessary, to reviews of <b>Other</b> Historical Financial Information. [Para 3]</li> </ol>
<b>Contents [Para 9–12]:</b> SRE 2400 contains –	<ol style="list-style-type: none"> <li>1. Practitioner's <b>objectives</b> in following the SRE which provide the context in which the requirements of this SRE are set, and are intended to assist the Practitioner in understanding what needs to be accomplished in a Review Engagement,</li> <li>2. <b>Requirements</b>, expressed using "shall," that are designed to enable the Practitioner to meet the stated objectives.</li> <li>3. Introductory Material, Definitions, and Application and Other Explanatory Material, that provide <b>context</b> relevant to a proper understanding of the SRE.</li> <li>4. <b>Background Information</b> on matters addressed in this SRE that assists in the application of the requirements.</li> </ol>
<b>Nature of Engagements to Review Historical Financial Statements [Para 5, A5–A6]</b>	<ol style="list-style-type: none"> <li>1. The Review of Historical Financial Statements is a <b>Limited Assurance Engagement</b>, as described in FAE.</li> <li>2. <b>Type of Reviews:</b> Reviews of Financial Statements may be performed –               <ol style="list-style-type: none"> <li>(a) for a wide <b>range of Entities</b> that vary by type or size, or by the level of complexity in their Financial Reporting,</li> <li>(b) to <b>comply</b> with applicable Law/Regulations and related reporting requirements, in some cases.</li> <li>(c) in a variety of <b>circumstances</b>, e.g. (i) Entities exempt from mandatory audit, but subject to review, or (ii) on a voluntary basis, such as in connection with Financial Reporting undertaken for arrangements under the terms of a private contract, or to support funding arrangements.</li> </ol> </li> </ol>
<b>Role of Practitioner [Para 6–8]</b>	<p>In a Review of Financial Statements, the Practitioner –</p> <ol style="list-style-type: none"> <li>1. expresses a conclusion that is designed to enhance the degree of confidence of intended users regarding the preparation of an Entity's Financial Statements in accordance with an applicable Financial Reporting Framework.</li> <li>2. obtains Limited Assurance, for forming his conclusion,</li> <li>3. reports the nature of a Review Engagement to enable Readers to understand the conclusion.</li> <li>4. performs primarily inquiry and analytical procedures to obtain sufficient appropriate evidence as the basis for a conclusion on the Financial Statements as a whole, expressed in accordance with the requirements of this SRE.</li> <li>5. designs and performs additional procedures, where necessary, if the Practitioner becomes aware of a matter that causes him to believe the Financial Statements may be materially misstated.</li> </ol>

### Definitions [Para 17]

Term	Definition
<b>Analytical Procedures</b>	<ol style="list-style-type: none"> <li><b>Meaning:</b> Evaluations of Financial Information through analysis of plausible relationships among both financial and non-financial data.</li> <li><b>Scope:</b> It includes investigation of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.</li> </ol>
<b>Engagement Risk</b>	Risk that the Practitioner expresses an inappropriate conclusion when the Financial Statements are materially misstated.
<b>General Purpose Fin. Statements</b>	Financial Statements prepared in accordance with a General Purpose Framework.
<b>General Purpose Framework</b>	<ol style="list-style-type: none"> <li><b>Meaning:</b> A Financial Reporting Framework designed to meet the common financial information needs of a wide range of Users.</li> <li><b>Types:</b> It may be – (a) a Fair Presentation Framework, or (b) a Compliance Framework.</li> </ol>
<b>Inquiry</b>	Inquiry consists of seeking information of knowledgeable persons, both financial and non-financial, within the Entity or outside the Entity.
<b>Limited Assurance</b>	<ol style="list-style-type: none"> <li><b>Meaning:</b> It is the level of assurance obtained where Engagement Risk is reduced to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a Reasonable Assurance Engagement, as the basis for expressing a conclusion in accordance with this SRE.</li> <li><b>Nature:</b> The combination of the nature, timing and extent of evidence gathering procedures is at least sufficient for the Practitioner to obtain a <b>meaningful level of assurance</b>, i.e. to enhance the intended Users' <b>confidence</b> about the Financial Statements.</li> <li><b>Cumulative:</b> Sufficient Appropriate Evidence is <b>cumulative</b> in nature and is primarily obtained from the procedures performed during the course of the review. <b>[Para A12]</b></li> </ol>
<b>Practitioner</b>	<p>A Professional Accountant in public practice. The term includes the Engagement Partner or other Members of the Engagement Team, or, as applicable, the Firm.</p> <p><b>Note:</b> Where this SRE expressly intends that a requirement or responsibility be fulfilled by the Engagement Partner, the term "Engagement Partner" rather than "Practitioner" is used.</p>
<b>Professional Judgment</b>	The application of relevant training, knowledge and experience, within the context provided by assurance, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the Review Engagement.
<b>Relevant Ethical Requirements</b>	Ethical Requirements to which the Engagement Team is subject, which ordinarily comprise the Code of Ethics issued by ICAI together with other relevant pronouncements issued by the ICAI.
<b>Special Purpose Fin. Statements</b>	Financial Statements prepared in accordance with a Special Purpose Framework.
<b>Special Purpose Framework</b>	<ol style="list-style-type: none"> <li><b>Meaning:</b> A Financial Reporting Framework designed to meet the financial information needs of Specific Users.</li> <li><b>Types:</b> It may be – (a) a Fair Presentation Framework, or (b) a Compliance Framework.</li> </ol>

**Note:** The Glossary of Terms issued by the ICAI includes the terms defined in this SRE as well as descriptions of other terms used in this SRE, to assist in consistent application and interpretation. [e.g. Management, Those Charged with Governance, etc.]

### Requirements of SRE 2400

#### Section I: Preliminary General Aspects

- Understanding
- Compliance
- Ethical Requirements

#### Section II: Acceptance of Review Engagements

- Factors Affecting Acceptance & Continuance of Client Relationships and Review Engagements

#### Section III: Performing the Engagement

- Communication with Mgmt/ Governance
- Materiality
- Understanding

#### Section IV: Reporting

- Evaluating Evidence
- Forming the Conclusion

**Section I: Preliminary General Aspects**

- Skepticism / Judgement
- Engagement Level Quality Control
- Role of Engagement Partner w.r.t. Ethics
- Monitoring

**Section II: Acceptance of Review Engagements**

- Pre-conditions for Acceptance of Review Engagements
- Wording of Report given by Law or Regulation
- Agreeing the Terms of Engagement
- Change in Terms of Engagement

**Section III: Performing the Engagement**

- Designing and Performing Procedures
- Procedures to Address Specific Circumstances
- Written Representations

**Section IV: Reporting**

- Form of Conclusion
- Unmodified vs Modified
- FS materially mis-stated
- Inability to get evidence
- Reporting
- Documentation

**Section I: Preliminary General Aspects**

Aspect	Description
<b>Understanding [Para 18]</b>	The Practitioner shall have an <b>understanding</b> of the entire text of this SRE, including its Application and Other Explanatory Material, to understand its objectives and to apply its requirements properly.
<b>Compliance [Para 19–20, 33]</b>	<ol style="list-style-type: none"> <li>1. The Practitioner shall comply with <b>each</b> requirement of this SRE unless a particular requirement is <b>not relevant</b> to the Review Engagement, e.g. if the circumstances addressed by the requirement do not exist in the engagement.</li> <li>2. The Practitioner shall <b>not</b> represent compliance with this SRE unless the Practitioner has complied with <b>all requirements</b> of this SRE relevant to the Review Engagement.</li> <li>3. The Practitioner's <b>Report</b> issued for the Review Engagement shall refer to this SRE only if the Report complies with the requirements of <b>Para 86</b>.</li> </ol>
<b>Ethical Requirements [Para 21, A14–A15]</b>	<ol style="list-style-type: none"> <li>1. The Practitioner shall comply with relevant ethical requirements, including those relating to Independence.</li> <li>2. Fundamental Principles (per Code of Ethics) to be followed are – (a) Integrity, (b) Objectivity, (c) Professional Competence &amp; Due Care, (d) Confidentiality, &amp; (e) Professional Behaviour.</li> <li>3. The Practitioner should be <b>independent</b> of the Entity whose Financial Statements are reviewed. Such Independence (both of mind and appearance), safeguards the Practitioner's ability to form a conclusion <b>without</b> being affected by influences that might otherwise compromise that conclusion. Independence enhances the Practitioner's ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.</li> </ol>
<b>Skepticism / Judgement [See Point A, B]</b>	<ol style="list-style-type: none"> <li>1. The Practitioner shall plan and perform the engagement with <b>professional skepticism</b> recognizing that circumstances may exist that cause the Financial Statements to be materially misstated.</li> <li>2. The Practitioner shall exercise <b>professional judgment</b> in conducting a Review Engagement.</li> </ol>
<b>Engagement Level Quality Control [Para 24–25]</b>  [Also refer Point C below]	<ol style="list-style-type: none"> <li>1. <b>Competence:</b> The Engagement Partner shall possess competence in assurance skills and techniques, and competence in Financial Reporting, appropriate to the engagement circumstances.</li> <li>2. <b>Responsibility:</b> The Engagement Partner shall take responsibility for – <ol style="list-style-type: none"> <li>(a) The Overall Quality of each Review Engagement to which that Partner is assigned,</li> <li>(b) The direction, supervision, planning and performance of the Review Engagement in compliance with Professional Standards and applicable legal and regulatory requirements,</li> <li>(c) The Practitioner's Report being <b>appropriate</b> in the circumstances, and</li> <li>(d) The engagement being performed in accordance with the Firm's QC Policies, including – <ol style="list-style-type: none"> <li>(i) Being satisfied that appropriate procedures regarding the acceptance and continuance of Client Relationships and Engagements have been followed, and that conclusions reached are appropriate, including considering whether there is information that would lead the Engagement Partner to conclude that Management lacks integrity,</li> <li>(ii) Being satisfied that the Engagement Team collectively has the appropriate competence and capabilities, including assurance skills &amp; techniques and expertise in Financial Reporting, to – <ul style="list-style-type: none"> <li>• Perform the Review Engagement as per Professional Standards, Law &amp; Regulations, and</li> <li>• Enable a Report that is appropriate in the circumstances to be issued, and</li> </ul> </li> <li>(iii) Taking responsibility for appropriate Engagement Documentation being maintained.</li> </ol> </li> </ol> </li> </ol>
<b>Post Acceptance Info [Para 26]</b>	If the Engagement Partner obtains information that would have caused the Firm to decline the engagement had that information been available earlier, he shall <b>communicate</b> that information promptly to the Firm, so that the Firm and the Engagement Partner can <b>take the necessary action</b> .

Aspect	Description
<b>Role of Engagement Partner w.r.t Ethical Requirements [Para 27]</b>	<ol style="list-style-type: none"> <li>Throughout the engagement, the Engagement Partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by Members of the Engagement Team.</li> <li>If matters come to the Engagement Partner's attention through the Firm's QC System or otherwise that indicate that Members of the Engagement Team have not complied with relevant ethical requirements, the Engagement Partner, in consultation with others in the Firm, shall determine the appropriate action.</li> </ol>
<b>Monitoring [Para 28]</b>	<ol style="list-style-type: none"> <li>An effective QC System for a Firm includes a <b>Monitoring Process</b> designed to provide the Firm with reasonable assurance that the Firm's Policies and Procedures relating to the QC System are relevant, adequate and operate effectively.</li> <li>The Engagement Partner shall consider the results of the Firm's Monitoring Process as evidenced in the latest information circulated by the Firm and, if applicable, other Network Firms and whether deficiencies noted in that information may affect the Review Engagement.</li> </ol>

## Section II: Acceptance of Review Engagements

Aspect	Description
<b>Factors Affecting Acceptance &amp; Continuance of Client Relationships and Review Engagements [Para 29]</b>  [Also refer Point D below]	<p>Unless required by Law or Regulation, the Practitioner shall <b>not</b> accept a Review Engagement if –</p> <ol style="list-style-type: none"> <li>The Practitioner is <b>not satisfied</b> – <ol style="list-style-type: none"> <li>That there is a <b>rational purpose</b> for the engagement, or</li> <li>That a Review Engagement would be <b>appropriate</b> in the circumstances, [Note: In such case, the Practitioner may recommend Audit, or Compilation Engagement, or Other Accounting Services Engagement, as appropriate.]</li> </ol> </li> <li>The Practitioner has reason to believe that relevant <b>Ethical Requirements</b>, including Independence, will <b>not be satisfied</b>,</li> <li>The Practitioner's preliminary understanding of the engagement circumstances indicates that information needed to perform the Review Engagement is likely to be <b>unavailable</b> or <b>unreliable</b>, (e.g. where the accounting records necessary for purposes of performing analytical procedures are suspected to be substantially inaccurate or incomplete.)</li> <li>The Practitioner has cause to <b>doubt Management's Integrity</b> such that it is likely to affect proper performance of the review, or</li> <li>Management or Those Charged with Governance impose a <b>limitation on the scope</b> of the Practitioner's work in the terms of a proposed Review Engagement such that the Practitioner believes the limitation will result in the Practitioner disclaiming a conclusion on the Financial Statements.</li> </ol>
<b>Acceptance Conditions</b>	Refer <b>Point E</b> below for discussion on the <b>Pre-conditions for Acceptance of Review Engagements</b> – viz. (1) Acceptability of Applicable Financial Reporting Framework, (2) Agreement with Management.
<b>Wording of Report given by Law or Regulation [Para 33–35]</b>	<ol style="list-style-type: none"> <li><b>Situation:</b> Review is performed pursuant to the specific Law or Regulation applicable to the Entity, and such Law/Regulation prescribes the layout or wording of the Practitioner's Report in a form or in terms that are <b>significantly different</b> from the requirements of this SRE.</li> <li><b>Effect:</b> The Practitioner shall evaluate – <ol style="list-style-type: none"> <li>whether Users might <b>misunderstand</b> the assurance obtained from the review of the Financial Statements and,</li> <li>if so, whether <b>Additional Explanation</b> in the Practitioner's Report can mitigate possible misunderstanding.</li> </ol> </li> <li><b>No mitigation:</b> If the Practitioner concludes that Additional Explanation in his Report <b>cannot</b> mitigate possible misunderstanding, he shall <b>NOT</b> – <ol style="list-style-type: none"> <li>accept the Review Engagement, unless required by law or regulation to do so.</li> <li>include any reference in the Report, to the review having been conducted as per this SRE.</li> </ol> </li> </ol>
<b>Agreeing the Terms of Engagement [Para 36–38]</b> [Also refer Point F below]	<ol style="list-style-type: none"> <li><b>Principle:</b> The Practitioner shall <b>agree</b> the terms of the engagement with Management or Those Charged with Governance, <b>prior</b> to performing the engagement.</li> <li><b>Contents:</b> The agreed terms of engagement shall be <b>recorded</b> in an Engagement Letter or other suitable form of <b>written</b> agreement, and shall include specified matters.</li> <li>For <b>Recurring Engagements</b>, the Practitioner shall evaluate whether circumstances, including changes in the engagement acceptance considerations, require the terms of engagement to be revised and whether there is need to remind Management of the existing terms of engagement.</li> </ol>

Aspect	Description
<p><b>Change in Terms of Engagement [Para 39–41]</b></p> <p>[Also refer Point F below]</p>	<ol style="list-style-type: none"> <li>The Practitioner shall <b>not</b> agree to a change in the terms of the engagement where there is <b>no reasonable justification</b> for doing so.</li> <li>If, prior to completing the Review Engagement, the Practitioner is requested to change the engagement to an engagement for which no assurance is obtained, the Practitioner shall – (i) determine whether there is <b>reasonable justification</b> for doing so, and (ii) assess any legal or contractual implications of the change.</li> <li>If the terms of engagement are changed during the course of the engagement, the Practitioner – <ol style="list-style-type: none"> <li>shall agree with Management/ Those Charged with Governance, and record the new terms of the engagement in an Engagement Letter or other suitable form of <b>written</b> agreement.</li> <li>consider the impact of work performed in the Review Engagement upto the date of change.</li> <li>issue a Report appropriate to the <b>revised</b> engagement. Such report shall <b>not</b> include a reference to the Original Review Engagement, or Procedures performed thereunder, except where the Review Engagement is changed to an engagement to perform Agreed-Upon Procedures.</li> </ol> </li> </ol>

### Section III: Performing the Engagement

Aspect	Description
<p><b>Communication with Mgmt/ Governance</b></p>	<p>The Practitioner shall communicate with Management / Those Charged with Governance, on a <b>timely basis</b> during the course of the Review Engagement, all matters that, in the Practitioner's professional judgment, are of sufficient importance to merit the attention of Management / Those Charged with Governance. <b>[Para 42] Also Refer Point G below</b></p>
<p><b>Materiality [Para 43–44]:</b> The Practitioner shall–</p>	<ol style="list-style-type: none"> <li><b>determine</b> materiality for the Financial Statements as a whole, and apply this materiality in designing the procedures and in evaluating the results obtained from those procedures.</li> <li><b>revise</b> materiality for the Financial Statements as a whole in the event of becoming aware of information during the review that would have caused the Practitioner to have determined a different amount initially. <b>[Also refer Point H below]</b></li> </ol>
<p><b>Practitioner's Understanding [Para 45–46]</b></p> <p>[Also refer Point I below]</p>	<ol style="list-style-type: none"> <li><b>Principle:</b> The Practitioner shall obtain an understanding of – (a) the Entity and its environment, and (b) the applicable Financial Reporting Framework. This is to – (i) identify areas in the Financial Statements where material misstatements are likely to arise, and (ii) thereby provide a basis for designing procedures to address those areas.</li> <li><b>Areas:</b> The Practitioner's Understanding shall include the following – <ol style="list-style-type: none"> <li>Relevant Industry, Regulatory, and Other External Factors including the applicable Financial Reporting Framework,</li> <li>The nature of the Entity, including: <ol style="list-style-type: none"> <li>Its Operations,</li> <li>Its Ownership and Governance Structure,</li> <li>The types of Investments that the Entity is making and plans to make,</li> <li>The way that the Entity is structured and how it is financed, and</li> <li>The Entity's Objectives and Strategies,</li> </ol> </li> <li>The Entity's accounting systems and accounting records, and</li> <li>The Entity's selection and application of accounting policies</li> </ol> </li> </ol>
<p><b>Designing and Performing Procedures [Para 47, A78–A82]</b></p> <p>[Also refer Point J, K below]</p>	<ol style="list-style-type: none"> <li><b>Principle:</b> In obtaining sufficient appropriate evidence as the basis for a conclusion on the Financial Statements as a whole, the Practitioner shall design and perform Inquiry and Analytical Procedures.</li> <li><b>Purpose:</b> <ol style="list-style-type: none"> <li>To address all material items in the Financial Statements, including disclosures, and</li> <li>To focus on addressing areas in the Financial Statements where material misstatements are likely to arise.</li> </ol> </li> <li><b>Factors:</b> The planned nature, timing &amp; extent of the procedures are influenced by the requirements of – (a) this SRE, and (b) applicable Law or Regulation, including additional reporting therein.</li> <li><b>Other Procedures:</b> In addition to Inquiry and Analytical Procedures, and procedures addressing specific circumstances, the Practitioner may perform "Other Procedures" also. <b>Examples:</b> (a) reading significant contracts, (b) reviewing the accounting records with a view to identifying significant or unusual transactions that may require specific attention, (c) procedures in relation to Group Financial Statements in appropriate cases, etc.</li> </ol>

Aspect	Description
<b>Procedures to Address Specific Circumstances</b>	Requirements of SRE are discussed in the following areas – [Refer <b>Point L</b> below for details] <ol style="list-style-type: none"> <li>1. Related Parties</li> <li>2. Fraud and Non-Compliance with Laws or Regulations</li> <li>3. Going Concern</li> <li>4. Use of Work Performed by Others</li> <li>5. Reconciling with A/cing Records</li> <li>6. Practitioner becomes aware that Financial Statements may be materially misstated</li> <li>7. Subsequent Events</li> </ol>
<b>Written Repr.</b>	Para 61–65 deal with <b>Written Representations</b> . Refer <b>Point M</b> below for details.

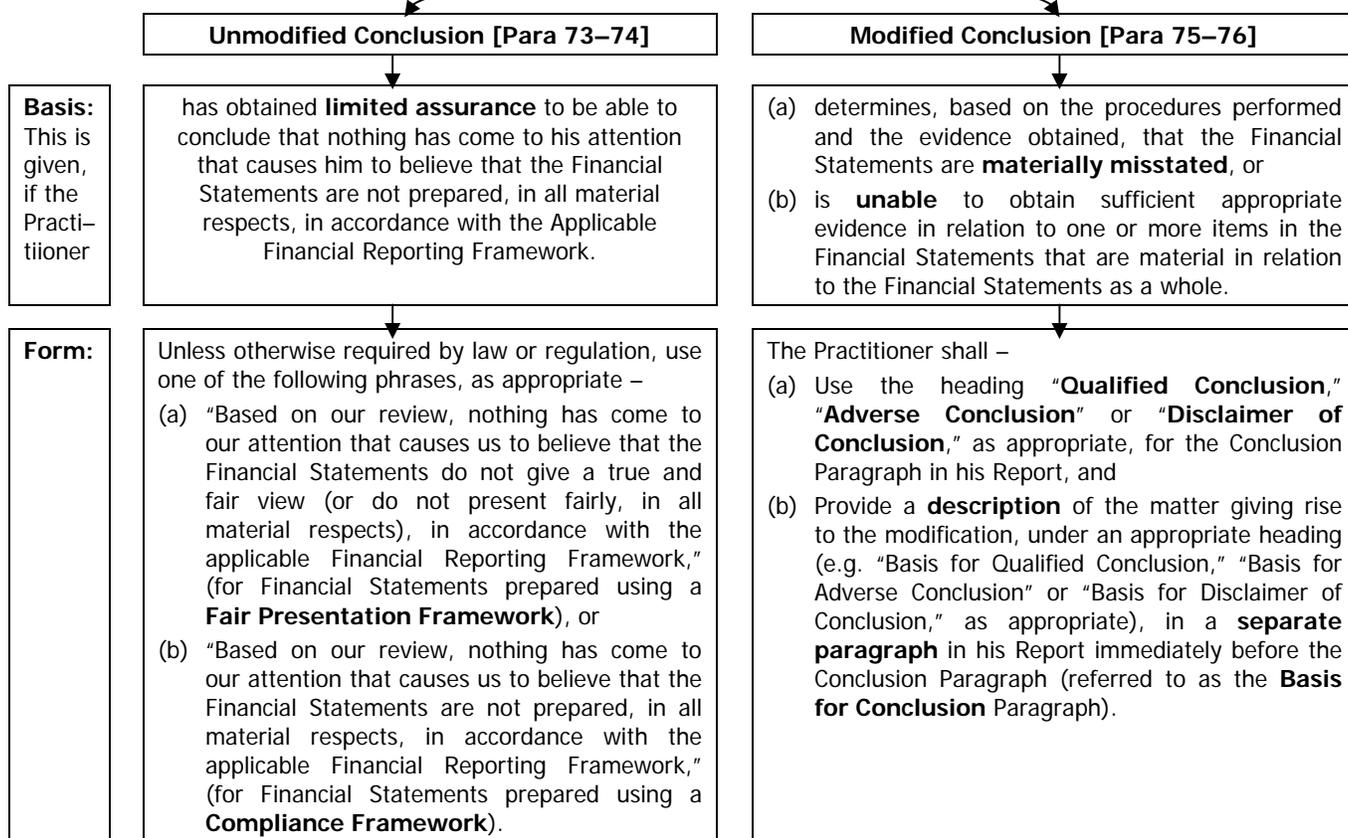
### Section IV: Reporting

Aspect	Description
<b>Evaluating Evidence</b> [Para 66–68, A102–A104]	<ol style="list-style-type: none"> <li>1. The Practitioner shall evaluate whether sufficient appropriate evidence has been obtained from the procedures performed. If not, the Practitioner shall perform <b>other procedures</b> judged by him to be necessary in the circumstances to be able to form a conclusion on the Financial Statements, (i.e. extend the work performed through Other Procedures).</li> <li>2. If the Practitioner is <b>not able</b> to obtain sufficient appropriate evidence to form a conclusion, the Practitioner shall discuss with Management and Those Charged with Governance, the effects such limitations have on the scope of the review. [<b>Note:</b> However, <b>inability</b> to perform a specific procedure does <b>not</b> constitute a limitation on the scope of the review if the Practitioner is able to obtain sufficient appropriate evidence by performing other procedures.]</li> <li>3. The Practitioner shall evaluate the evidence obtained from the procedures performed to determine the effect on the Practitioner's Report.</li> </ol>
<b>Forming the Practitioner's Conclusion on the Financial Statements</b> [Para 69–71]	<p><b>A. Practitioners' Duties:</b> In forming the conclusion on the Financial Statements, the Practitioner shall –</p> <ol style="list-style-type: none"> <li>1. Evaluate whether the Financial Statements adequately refer to or <b>describe</b> the applicable Financial Reporting <b>Framework</b>,</li> <li>2. Consider whether, in the context of the requirements of the applicable Financial Reporting Framework and the results of procedures performed –                         <ol style="list-style-type: none"> <li>(a) The <b>terminology</b> used in the Financial Statements, including the title of each Financial Statement, is appropriate,</li> <li>(b) The Financial Statements adequately disclose the significant <b>accounting policies</b> selected and applied,</li> <li>(c) The accounting policies selected and applied are <b>consistent</b> with the applicable Financial Reporting Framework and are <b>appropriate</b>,</li> <li>(d) Accounting <b>Estimates</b> made by Management appear <b>reasonable</b>,</li> <li>(e) The <b>information</b> presented in the Financial Statements appears relevant, reliable, comparable, and understandable, and</li> <li>(f) The Financial Statements provide <b>adequate disclosures</b> to enable the intended Users to understand the effects of material transactions and events on the information conveyed in the Financial Statements.</li> </ol> </li> </ol> <p><b>B. Effects analysed:</b> The Practitioner shall consider the impact of –</p> <ol style="list-style-type: none"> <li>1. <b>Uncorrected Misstatements</b> identified during the review, and in the previous year's review of the Entity's Financial Statements, on the Financial Statements as a whole, and</li> <li>2. <b>Qualitative Aspects</b> of the Entity's accounting practices, including indicators of possible bias in Management's judgments. [e.g. selective correction of misstatements highlighted to Management during the course of review, bias in making accounting estimates, etc.]</li> </ol> <p><b>C. Fair Presentation:</b> If the Financial Statements are prepared using a Fair Presentation Framework, the Practitioner's consideration shall also include –</p> <ol style="list-style-type: none"> <li>1. The overall presentation, structure and content of the Financial Statements in accordance with the applicable framework, and</li> <li>2. Whether the Financial Statements, including the related Notes, appear to represent the underlying transactions and events in a manner that achieves Fair Presentation or gives a true and fair view, as appropriate, in the context of the Financial Statements as a whole.</li> </ol>

Aspect	Description
<b>Form of the Conclusion [Para 72]</b>	The Practitioner's conclusion on the Financial Statements, whether unmodified or modified, shall be expressed in the <b>appropriate form</b> in the context of the Financial Reporting Framework applied in the Financial Statements. [See <b>Note 1</b> for Unmodified vs Modified Conclusion]
<b>FS materially mis-stated</b>	If Financial Statements are materially misstated, the Practitioner's reporting duties are summarised in <b>Note 2. [Para 77–80]</b>
<b>Inability to get evidence</b>	In case of inability to obtain sufficient appropriate evidence, the Practitioner's reporting duties are summarised in <b>Note 3. [Para 81–85, A114–A116]</b>
<p data-bbox="147 789 326 1129"><b>Practitioner's Report [Para 86]:</b> The Practitioner's Report for the Review Engagement shall be <b>in writing</b>, and shall contain the following elements –</p> <p data-bbox="147 1171 326 1367"><b>[Note:</b> Written Report includes hard copy format or those using an electronic medium.]</p> <p data-bbox="147 1409 326 1461"><b>[Also refer Point N below]</b></p>	<ol style="list-style-type: none"> <li>1. A <b>Title</b>, which shall clearly indicate that it is the report of an Independent Practitioner for a Review Engagement,</li> <li>2. The <b>Addressee(s)</b>, as required by the circumstances of the engagement,</li> <li>3. An <b>Introductory Paragraph</b> that – <ol style="list-style-type: none"> <li>(a) Identifies the Financial Statements reviewed, including identification of the title of each of the statements contained in the set of Financial Statements and the date and period covered by each Financial Statement,</li> <li>(b) Refers to the Summary of significant accounting policies and other explanatory information, and</li> <li>(c) States that the Financial Statements have been reviewed,</li> </ol> </li> <li>4. A description of the <b>responsibility of Management</b> for the preparation of the Financial Statements, including an explanation that Management is responsible for – <ol style="list-style-type: none"> <li>(a) Their preparation in accordance with the applicable Financial Reporting Framework, including, where relevant, their Fair Presentation,</li> <li>(b) Such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error,</li> </ol> </li> <li>5. If the Financial Statements are Special Purpose Financial Statements: <ol style="list-style-type: none"> <li>(a) A <b>description</b> of the purpose for which the Financial Statements are prepared and, if necessary, the intended Users, or reference to a note in the special purpose Financial Statements that contains that information, and</li> <li>(b) If Management has a choice of Financial Reporting Frameworks in the preparation of such Financial Statements, a reference within the explanation of Management's responsibility for the Financial Statements to Management's responsibility for determining that the applicable Financial Reporting Framework is acceptable in the circumstances,</li> </ol> </li> <li>6. A description of the <b>Practitioner's responsibility</b> to express a conclusion on the Financial Statements including reference to this SRE and, where relevant, applicable law or regulation,</li> <li>7. A description of a <b>review</b> of Financial Statements and its limitations, and the following statements – <ol style="list-style-type: none"> <li>(a) A review engagement under this SRE is a Limited Assurance Engagement,</li> <li>(b) The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained, and</li> <li>(c) The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing (SAs), and, accordingly, the Practitioner does not express an audit opinion on the Financial Statements,</li> </ol> </li> <li>8. A Paragraph under the heading "<b>Conclusion</b>" that contains: <ol style="list-style-type: none"> <li>(a) The Practitioner's conclusion on the Financial Statements as a whole in accordance with paragraphs 72–85, as appropriate, and</li> <li>(b) A reference to the applicable Financial Reporting Framework used to prepare the Fin.Stmts.</li> </ol> </li> <li>9. When the Practitioner's conclusion on the Financial Statements is modified – <ol style="list-style-type: none"> <li>(a) A paragraph under the appropriate heading that contains the Practitioner's <b>modified conclusion</b> in accordance with paragraphs 72 and 75–85, as appropriate, and</li> <li>(b) A paragraph, under an appropriate heading, that provides a <b>description</b> of the matter(s) giving rise to the modification,</li> </ol> </li> <li>10. A reference to the <b>Practitioner's obligation</b> under this SRE to comply with relevant ethical requirements,</li> <li>11. The <b>Date</b> of the Practitioner's Report,</li> <li>12. The Practitioner's <b>Signature</b>, and</li> <li>13. The <b>Place</b> of Signature.</li> </ol>
<b>Other Matters</b>	Other Reporting Matters and Documentation Requirements are discussed in <b>Point N and O</b> below.

**Note 1:**

**Unmodified vs Modified Conclusion**



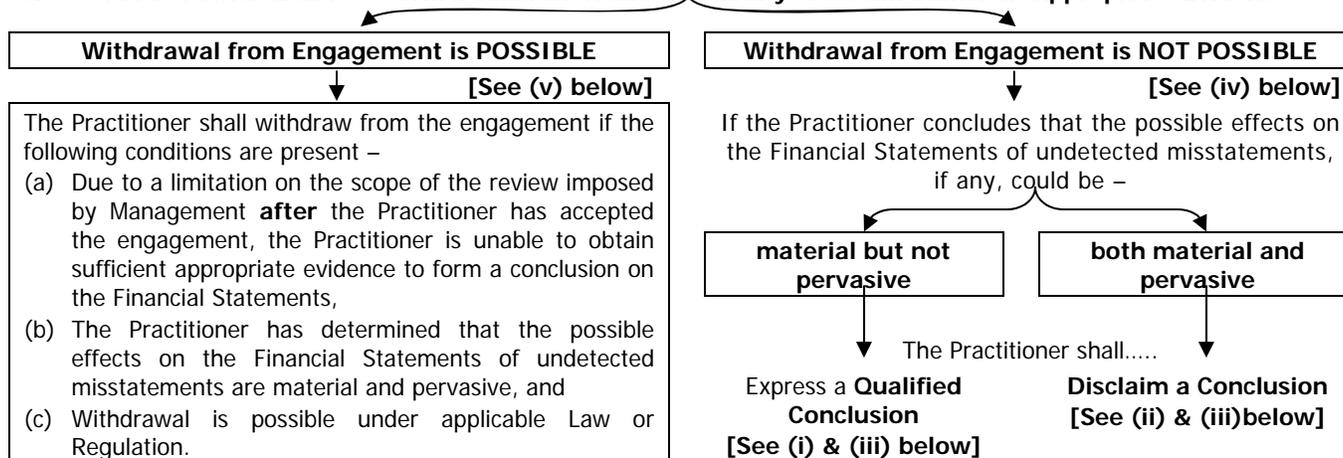
**Note 2:**

**If Financial Statements are materially misstated, and the effects of the matters(s) giving rise to the modification are –**

Nature of effect(s)	<b>material, but not pervasive to the Financial Statements</b>	<b>both material and pervasive to the Financial Statements</b>
Practitioner shall express –	<b>A Qualified Conclusion</b>	<b>An Adverse Conclusion</b>
Phrases used, unless otherwise required by Law / Regulation	(a) "Based on our review, except for the effects of the matter(s) described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Financial Statements do not give a true and fair view (or do not present fairly, in all material respects), in accordance with the applicable financial reporting framework," (for FS prepared using a <b>Fair Presentation Framework</b> ), or (b) "Based on our review, except for the effects of the matter(s) described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Financial Statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework," (for FS prepared using a <b>Compliance Framework</b> ).	(a) "Based on our review, due to the significance of the matter(s) described in the Basis for Adverse Conclusion paragraph, the Financial Statements do not give a true and fair view (or do not present fairly, in all material respects), in accordance with the applicable financial reporting framework," (for FS prepared using a <b>Fair Presentation Framework</b> ), or (b) "Based on our review, due to the significance of the matter(s) described in the Basis for Adverse Conclusion paragraph, the Financial Statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework," (for FS prepared using a <b>Compliance Framework</b> ).
<b>Basis for Conclusion Paragraph</b> (for both Qualified /	In the <b>Basis for Conclusion</b> Paragraph, in relation to material misstatements that give rise to either a Qualified Conclusion or an Adverse Conclusion, the Practitioner shall – (a) Describe and quantify the financial effects of the misstatement if the material misstatement relates to specific amounts in the Financial Statements (including quantitative disclosures), unless impracticable, in which case the Practitioner shall so state,	

Nature of effect(s)	<b>material, but not pervasive</b> to the Financial Statements	<b>both material and pervasive</b> to the Financial Statements
Adverse Conclusion)	(b) Explain how disclosures are misstated if the material misstatement relates to narrative disclosures, or (c) Describe the nature of omitted information if the material misstatement relates to the non-disclosure of information required to be disclosed. Unless prohibited by law or regulation, the Practitioner shall include the omitted disclosures where practicable to do so.	

**Note 3: Practitioner unable to form a conclusion due to inability to obtain Sufficient Appropriate Evidence**



<b>(i)</b>	<p>When the Practitioner expresses a Qualified Conclusion in the above situation, the Practitioner shall, unless otherwise required by law or regulation, use one of the following phrases, as appropriate:</p> <p>(a) "Based on our review, except for the possible effects of the matter(s) described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Financial Statements do not give a true and fair view (or do not present fairly, in all material respects), in accordance with the applicable Financial Reporting Framework," (for FS prepared using a <b>Fair Presentation Framework</b>),</p> <p>(b) or "Based on our review, except for the possible effects of the matter(s) described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Financial Statements are not prepared, in all material respects, in accordance with the applicable Financial Reporting Framework," (for FS prepared using a <b>Compliance Framework</b>).</p>
<b>(ii)</b>	<p>When disclaiming a conclusion on the FS, the Practitioner shall state in the Conclusion Paragraph that –</p> <p>(a) Due to the significance of the matter(s) described in the Basis for Disclaimer of Conclusion paragraph, the Practitioner is unable to obtain sufficient appropriate evidence to form a conclusion on the Fin.Statements, and</p> <p>(b) Accordingly, the Practitioner does not express a conclusion on the Financial Statements.</p>
<b>(iii)</b>	<p>In the <b>Basis for Conclusion</b> Paragraph, in either the Qualified Conclusion or Disclaimer, the Practitioner shall include the <b>reason(s)</b> for the inability to obtain sufficient appropriate evidence.</p>
<b>(iv)</b>	<p>Withdrawal <b>may not be possible</b> in the following situations –</p> <p>(a) Practitioner is required by law or regulation to continue the engagement, e.g. for a Public Sector Entity.</p> <p>(b) Practitioner is appointed to review the Financial Statements covering a specific period, or appointed for a specific period, and is prohibited from withdrawing before the completion of the review of those Financial Statements or before the end of that period, respectively.</p> <p>(c) Practitioner has substantially completed the review, and decides to complete the review to the extent possible.</p> <p><b>Note:</b> The Practitioner may also consider it necessary to include an <b>Other Matter Paragraph</b> in the Practitioner's report to explain why it is not possible for the Practitioner to withdraw from the engagement.</p>
<b>(v)</b>	<p>When the Practitioner concludes that withdrawal from the engagement is necessary because of a scope limitation, there may be a professional, legal or regulatory requirement for the Practitioner to communicate matters relating to the withdrawal from the engagement to Regulators or the Entity's Owners. Scope Limitation may arise from –</p> <p>(a) Circumstances beyond the control of the Entity,</p> <p>(b) Circumstances relating to the nature or timing of the Practitioner's work, or</p> <p>(c) Limitations imposed by management or those charged with governance of the Entity.</p>

## Related Concepts

### A. Professional Skepticism and Professional Judgment [Para 21, A16–A19]

Aspect	Description
<b>Professional Skepticism</b> is needed for –	<ol style="list-style-type: none"> <li>1. critical assessment of evidence in a review,</li> <li>2. questioning inconsistencies and investigating contradictory evidence,</li> <li>3. questioning the reliability of responses to inquiries and other information obtained from Management and Those Charged with Governance,</li> <li>4. consideration of the sufficiency and appropriateness of evidence obtained in the light of the engagement circumstances.</li> </ol>
<b>Professional Skepticism</b> includes being alert to, for example –	<ol style="list-style-type: none"> <li>1. Evidence that is <b>inconsistent</b> with other evidence obtained.</li> <li>2. Information that calls into question the <b>reliability</b> of documents and responses to inquiries to be used as evidence.</li> <li>3. Conditions that may indicate possible <b>Fraud</b>.</li> <li>4. Any other circumstances that suggest the need for <b>Additional Procedures</b>.</li> </ol>
<b>Professional Skepticism</b> reduces the risks of –	<ol style="list-style-type: none"> <li>1. Overlooking unusual circumstances.</li> <li>2. Over-generalizing when drawing conclusions from evidence obtained.</li> <li>3. Using inappropriate assumptions in determining the nature, timing, and extent of the procedures performed in the review, and evaluating the results thereof.</li> </ol>

**Note:** A belief that Management and Those Charged with Governance are **honest** and have **integrity**, does **not relieve** the Practitioner of the need to maintain Professional Skepticism or allow the Practitioner to be satisfied with evidence that is inadequate for the purpose of the review.

### B. Professional Judgment [Para 22, A20–A24]

Aspect	Description
<b>Professional Judgment</b> is needed for –	<ol style="list-style-type: none"> <li>1. proper conduct of a Review Engagement.</li> <li>2. interpretation of relevant Ethical Requirements and the requirements of this SRE,</li> <li>3. informed decisions throughout the performance of a Review Engagement,</li> <li>4. application of relevant knowledge &amp; experience to the facts and circumstances of the engagement.</li> </ol>
Specific Areas where <b>Professional Judgment</b> is necessary	<ol style="list-style-type: none"> <li>1. Decisions about <b>Materiality</b>, and the nature, timing, and extent of procedures used to meet the requirements of this SRE, and to gather evidence.</li> <li>2. <b>Evaluating</b> whether the <b>evidence</b> obtained from the procedures performed reduces the Engagement Risk to a level that is acceptable in the engagement circumstances.</li> <li>3. Considering <b>Mgmt's Judgments</b> in applying the Entity's applicable Financial Reporting Framework.</li> <li>4. <b>Forming the conclusion</b> on the Financial Statements based on the evidence obtained, and reasonableness of the estimates made by Management in preparing the Financial Statements.</li> </ol>
<b>Factors influencing</b> Professional Judgment	<p>The exercise of professional judgment in individual engagements is based on the <b>facts and circumstances</b> that are known by the Practitioner throughout the engagement, including –</p> <ol style="list-style-type: none"> <li>1. Knowledge acquired from engagements carried out with respect to the Entity's Financial Statements in prior periods, where applicable.</li> <li>2. The Practitioner's understanding of the Entity and its environment, including its accounting system, and of the application of the applicable Financial Reporting Framework in the Entity's Industry.</li> <li>3. The extent to which the preparation and presentation of the Financial Statements require the exercise of Management Judgment.</li> </ol>
<b>Evaluation</b>	<p>Professional Judgment can be evaluated based on whether the judgment reached reflects a <b>competent application</b> of assurance and a/cing principles, and is <b>appropriate</b> in the light of, and <b>consistent</b> with, the facts and circumstances that were known to the Practitioner up to the date of his Report.</p>
<b>Other Points:</b> Professional Judgment –	<ol style="list-style-type: none"> <li>1. should be exercised <b>throughout</b> the engagement.</li> <li>2. should be appropriately <b>documented</b> as per this SRE.</li> <li>3. should <b>not</b> be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement, or the evidence obtained.</li> </ol>

### C. Engagement Level Quality Control [Para 24–25, A25–A30]

Aspect	Description
<b>Assurance Skills and Techniques</b> include –	<ol style="list-style-type: none"> <li>1. Applying Professional Skepticism and Professional Judgment to planning and performing an Assurance Engagement, including obtaining and evaluating evidence,</li> <li>2. Understanding Information Systems and the role and limitations of Internal Control,</li> <li>3. Linking the consideration of Materiality and Engagement Risks to the nature, timing and extent of procedures for the Review,</li> <li>4. Applying procedures as appropriate to the Review Engagement, which may include other types of procedures in addition to inquiry and analytical procedures (such as inspection, re–calculation, re–performance, observation and confirmation),</li> <li>5. Systematic Documentation Practices, and</li> <li>6. Application of Skills and Practices relevant for writing reports for Assurance Engagements.</li> </ol>
<b>Role of Engagement Partner</b>	<p>The actions of the Engagement Partner and appropriate messages to the Other Members of the Engagement Team, in taking responsibility for the overall quality on each engagement, emphasize the importance to achieving the quality of the engagement of –</p> <ol style="list-style-type: none"> <li>1. Performing work that complies with Professional Standards and Regulatory and Legal Requirements,</li> <li>2. Complying with the Firm's Quality Control Policies and Procedures as applicable,</li> <li>3. Issuing the Report for the engagement that is appropriate with the circumstances, and</li> <li>4. The Engagement Team's ability to raise concerns without fear of reprisals.</li> </ol>
<b>Relationship with SQC–1</b>	<p><b>Same as applicable for SRS 4410.</b> Refer “<b>SRS 4410 – Related Concepts – Point B</b>” on –</p> <ol style="list-style-type: none"> <li>1. Assumption, 2. Reliance on Firm's QC, 3. Rectification of Deficiencies, and 4. Effect of Deficiency.</li> </ol> <p>[Para 4, A3–A4, A26–A29 of SRE 2400]</p>
<b>Engagement Teams</b>	<p>When considering the appropriate competence and capabilities expected of the Engagement Team as a whole, the Engagement Partner may take into consideration such matters as the Team's –</p> <ol style="list-style-type: none"> <li>1. Understanding of, and practical experience with, Review Engagements of a similar nature and complexity through appropriate training and participation.</li> <li>2. Understanding of Professional Standards and applicable Legal and Regulatory Requirements.</li> <li>3. Technical Expertise, including expertise with relevant information technology and specialized areas of accounting or assurance.</li> <li>4. Knowledge of relevant industries in which the Client operates.</li> <li>5. Ability to apply Professional Judgment.</li> <li>6. Understanding of the Firm's Quality Control Policies and Procedures.</li> </ol>

### D. Acceptance and Continuance of Client Relationships and Review Engagements

Aspect	Description
<b>Doubts as to Integrity</b> [Para A31–A32]	<ol style="list-style-type: none"> <li>1. Engagement Partner has to consider – (a) the <b>Integrity</b> of the Principal Owners, Key Management and Those Charged with Governance, and (b) <b>Significant matters</b> that have arisen during the current or a previous Review Engagement, and their implications for continuing the relationship.</li> <li>2. If the Engagement Partner has cause to doubt Management's Integrity to a degree that is likely to affect proper performance of the review, it is not appropriate to accept the engagement, unless required by Law or Regulation, as doing so may lead to the Practitioner being associated with the Entity's Financial Statements in an inappropriate manner.</li> </ol>
<b>Lack of Rational Purpose</b> [Para A35]	<p>It may be <b>unlikely</b> that there is a rational purpose for the engagement if, for example:</p> <ol style="list-style-type: none"> <li>1. There is a significant <b>limitation</b> on the scope of the Practitioner's work,</li> <li>2. The Practitioner <b>suspects</b> the Engaging Party intends to associate the Practitioner's name with the Financial Statements in an <b>inappropriate</b> manner, or</li> <li>3. The engagement is intended to meet compliance requirements of relevant Law or Regulation and such Law or Regulation requires the Financial Statements to be audited.</li> </ol>

**E. Pre-conditions for Accepting a Review Engagement [Para 30–32]**

Aspect	Description
<b>Pre-Conditions</b>	<p>Prior to accepting a Review Engagement, the Practitioner shall –</p> <ol style="list-style-type: none"> <li>1. Determine whether the Financial Reporting Framework applied in the preparation of the Financial Statements is <b>acceptable</b> including, in the case of Special Purpose Financial Statements, obtaining an understanding of the purpose for which the Financial Statements are prepared and of the intended Users, and</li> <li>2. Obtain the <b>agreement of Management</b> that it acknowledges and understands its responsibilities –               <ol style="list-style-type: none"> <li>(a) For preparation of the Financial Statements in accordance with the applicable Financial Reporting Framework, including, where relevant, their fair presentation,</li> <li>(b) For such Internal Control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and</li> <li>(c) To provide the Practitioner with:                   <ul style="list-style-type: none"> <li>• Access to all information of which Management is aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters,</li> <li>• Additional information that the Practitioner may request from Management for the purpose of the review, and</li> <li>• Unrestricted access to persons within the Entity from whom the Practitioner determines it necessary to obtain evidence.</li> </ul> </li> </ol> </li> </ol> <p><b>Note:</b> Practitioner should ascertain certain matters, upon which it is necessary for the Practitioner and the Entity's management to <b>agree</b>, and which are within the control of the Entity, prior to the Practitioner accepting the engagement. <b>[Para A38]</b></p>
<b>If above pre-conditions not satisfied</b>	<ol style="list-style-type: none"> <li>1. If the Practitioner is not satisfied as to any of the above pre-conditions, he shall discuss the matter with Management or Those Charged with Governance.</li> <li>2. If changes cannot be made to satisfy the Practitioner as to those matters, the Practitioner shall <b>not</b> accept the proposed engagement unless required by Law or Regulation to do so. However, an engagement conducted under such circumstances does not comply with this SRE. So, the Practitioner shall not include any reference in his Report, as to review being conducted as per this SRE.</li> </ol>
<b>Matters discovered after acceptance</b>	<p>If it is discovered after the engagement has been accepted that the Practitioner is not satisfied as to any of the above pre-conditions, the Practitioner shall discuss the matter with Management or Those Charged with Governance, and shall determine –</p> <ol style="list-style-type: none"> <li>1. Whether the matter can be resolved,</li> <li>2. Whether it is appropriate to continue with the engagement, and</li> <li>3. Whether and, if so, how to communicate the matter in the Practitioner's Report.</li> </ol>

**Note 1: Acceptability of the Financial Reporting Framework to be applied [Para A40–A45]**

1. **Generally**, the Practitioner may presume that the applicable Financial Reporting Network is **acceptable**.
2. Following **Factors** may be considered in this regard –
  - (a) **Nature** of the Entity (e.g. Business Enterprise, a Public Sector Entity or a Not-For-Profit Entity).
  - (b) **Purpose** of the Financial Statements (e.g. for common financial information needs of a wide range of users or the financial information needs of specific users).
  - (c) **Nature** of the Financial Statements (e.g. Complete Set of Financial Statements or a Single Financial Statement).
  - (d) Whether the Applicable Financial Reporting Framework is prescribed in relevant Law or Regulation.
3. If the Financial Reporting Framework used to prepare the Financial Statements is **not acceptable** in view of the purpose of the Financial Statements and Management will not agree to use of a Financial Reporting Framework that is acceptable in the Practitioner's view, the Practitioner is required under this SRE to **decline** the engagement.
4. If, after the Review Engagement has been accepted, deficiencies in the Framework are identified, that indicate that the Framework is not acceptable, then Management may decide to adopt another Framework that is acceptable, if permitted by Law/Regulation. In such case, the Practitioner should agree the **new terms** of the Review Engagement with Management to reflect the change in the Applicable Financial Reporting Framework.

**Note 2: Responsibilities of Management and Those Charged with Governance [Para A46–A49]**

<b>Role of Mgmt and Those Charged with Governance</b>	<ul style="list-style-type: none"> <li>To exercise judgment in making accounting estimates that are reasonable in the circumstances, in the context of the applicable Financial Reporting Framework, and</li> <li>To select and apply appropriate accounting policies. These judgments are made</li> </ul>
<b>Scope of SRE</b>	<ul style="list-style-type: none"> <li>This SRE does <b>not</b> impose responsibilities on Mgmt and Those Charged with Governance, nor does it override Laws and Regulations that govern their respective responsibilities.</li> <li>Review under this SRE is conducted on the premise that Management, and Those Charged with Governance, have <b>acknowledged</b> certain responsibilities that are fundamental to the conduct of the review.</li> <li>The Review of the Financial Statements does <b>not</b> relieve Management and Those Charged with Governance of their responsibilities.</li> </ul>
<b>Agreement with Management</b>	<ul style="list-style-type: none"> <li>The Practitioner may obtain Management's Agreement either orally or in writing. However, Management's Agreement is subsequently <b>recorded</b> within the written terms of the engagement.</li> <li>If Management/Those Charged with Governance, do not or will not acknowledge their responsibilities, it is <b>not appropriate</b> to accept the engagement unless law or regulation requires the Practitioner to do so.</li> <li>In circumstances where the Practitioner is required to accept the Review Engagement, he may need to explain to Management / Those Charged with Governance, the importance of these matters and the implications for the engagement.</li> </ul>

**F. Agreeing the Terms of Engagement [Para 36–38, A51–A61]**

<b>Aspect</b>	<b>Description</b>
<b>Contents</b>	<ol style="list-style-type: none"> <li><b>Intended Use and Distribution</b> of the Financial Information, and any restrictions on its use or distribution (where applicable).</li> <li><b>Identification</b> of the applicable Financial Reporting <b>Framework</b>,</li> <li><b>Objectives and Scope</b> of the Review Engagement,</li> <li><b>Responsibilities</b> of the Practitioner,</li> <li><b>Responsibilities of Management</b>, including matters specified in Para 30, [See <b>Note</b>]</li> <li>A Statement that the Engagement is not an Audit, and that the Practitioner will <b>not</b> express an Audit Opinion on the Financial Statements,</li> <li>Expected <b>Form and Content</b> of the Report to be issued by the Practitioner, and a statement that there may be circumstances in which the report may differ from its expected form and content.</li> </ol> <p><b>Note:</b> If the Practitioner concludes that it is not necessary to record certain terms of the engagement in an Engagement Letter, he should seek the <b>written agreement</b> from Management /Those Charged with Governance, that they acknowledge and understand their responsibilities set out in this SRE.</p>
<b>Form and Content</b>	<p>The form and content of the Engagement Letter may vary for each Engagement. In addition to the matters required by this SRE, an Engagement Letter may make reference to the following also –</p> <ol style="list-style-type: none"> <li>Arrangements concerning the involvement of other Practitioners and Experts.</li> <li>Arrangements to be made with Predecessor Practitioner, if any, in the case of an Initial Engagement.</li> <li>Fact that a Review Engagement will <b>not</b> satisfy any statutory or third party requirements for an audit.</li> <li>The expectation that Management will provide Written Representations to the Practitioner.</li> <li>The agreement of Management to inform the Practitioner of facts that may affect the Financial Statements of which Management may become aware during the period from the date of the Practitioner's Report to the date the Financial Statements are issued.</li> <li>A request for Management to acknowledge receipt of the Engagement Letter and to agree to the terms of the engagement outlined therein.</li> </ol>
<b>Review of Components of Groups of Entities</b>	<ol style="list-style-type: none"> <li><b>Situation:</b> The Auditor of the Financial Statements of a Group of Entities may request that a Practitioner perform a review of the financial information of a Component Entity of the Group.</li> <li><b>Effect:</b> Depending on the instructions of the Group Auditor, a review of the financial information of a Component may be performed as per this SRE. The Group Auditor may also specify <b>additional procedures</b> to supplement the work done for the review performed under this SRE.</li> </ol>
<b>Recurring Engagements</b>	<p>The Practitioner may decide <b>not</b> to send a new Engagement Letter or other written agreement each period, except in the following cases, where it is appropriate to revise the terms of the Review Engagement, or to remind Management / Those Charged with Governance, of the existing terms of the engagement –</p> <ol style="list-style-type: none"> <li>Any indication that Management misunderstands the objective and scope.</li> </ol>

Aspect	Description
	<ol style="list-style-type: none"> <li>2. Any revised or special terms of the engagement.</li> <li>3. A recent change of Senior Management of the Entity.</li> <li>4. A significant change in Ownership of the Entity.</li> <li>5. A significant change in nature or size of the Entity's business.</li> <li>6. A change in Legal or Regulatory Requirements affecting the Entity.</li> <li>7. A change in the Applicable Financial Reporting Framework.</li> </ol>
<b>Change in Terms</b>	<ol style="list-style-type: none"> <li>1. <b>Factors:</b> A request from the Entity for the Practitioner to change the terms of the Review Engagement may result from factors including –               <ol style="list-style-type: none"> <li>(a) A change in <b>circumstances</b> affecting the need for the service.</li> <li>(b) <b>Misunderstanding</b> as to the nature of a Review Engagement as originally requested.</li> <li>(c) A <b>restriction on the scope</b> of the Review Engagement, whether imposed by Management or caused by other circumstances.</li> </ol> </li> <li>2. <b>Reasonable Basis:</b> Items (a) and (b) may be considered a <b>reasonable basis</b> for requesting a change. However, a change is <b>not</b> reasonable if it appears that the change relates to information that is incorrect, incomplete or otherwise unsatisfactory.</li> </ol>

### G. Communication with Management / Those Charged with Governance [Para 42, A62–A68]

Aspect	Description
<b>Forms</b>	<p>Practitioner's Communications with Management / Those Charged with Governance can take the form of –</p> <ol style="list-style-type: none"> <li>1. <b>Inquiries</b> the Practitioner makes in the course of performing the procedures for the review, and</li> <li>2. <b>Other communications</b>, in the context of having effective two-way communication to understand matters arising and to develop a constructive working relationship for the engagement.</li> </ol>
<b>Communi-cating Matters Concerning the Review</b>	<p>Matters to be communicated to Management / Governance, under this SRE may include –</p> <ol style="list-style-type: none"> <li>1. The Practitioner's responsibilities in the Review Engagement, as included in the Engagement Letter or other suitable form of written agreement.</li> <li>2. Significant Findings from the Review, e.g. –           <ol style="list-style-type: none"> <li>(a) The Practitioner's views about significant qualitative aspects of the Entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.</li> <li>(b) Significant findings from the performance of procedures, including situations where the Practitioner considered performance of additional procedures necessary under this SRE.</li> <li>(c) Matters arising that may lead to modification of the Practitioner's conclusion.</li> <li>(d) Significant difficulties, if any, encountered during the review, for example, unavailability of expected information, unexpected inability to obtain evidence that the Practitioner considers necessary for the review, or restrictions imposed on the Practitioner by management.</li> </ol> </li> </ol> <p><b>Note:</b> In some circumstances, such difficulties may constitute a scope limitation that, if not addressed by Management / Those Charged with Governance, may lead to modification of the Practitioner's conclusion or to the Practitioner's withdrawal from the engagement in certain circumstances.</p>
<b>Communi-cation with Third Parties</b>	<ol style="list-style-type: none"> <li>1. <b>General Rule:</b> Practitioner can give a copy of his written communications with Those Charged with Governance only – (a) if required by Law /Regulation, or (b) if prior consent of Management / Those Charged with Governance is obtained.</li> <li>2. <b>Law / Regulation:</b> Sometimes, the Practitioner may be required by Law or Regulation to –           <ol style="list-style-type: none"> <li>(a) notify a Regulatory or Enforcement Body of certain matters communicated with Those Charged with Governance. [e.g. reporting misstatements to Authorities where Management and Those Charged with Governance fail to take corrective action.]</li> <li>(b) submit copies of certain reports prepared for Those Charged with Governance to relevant Regulatory or Funding Bodies or, in some cases, make such reports publicly available.</li> </ol> </li> </ol>
<b>Other Points</b>	<ol style="list-style-type: none"> <li>1. <b>Timing:</b> Appropriate timing for communications will vary with the circumstances of the engagement, and depends on factors like significance and nature of the matter, and any action expected to be taken by Management, etc.</li> <li>2. <b>Restriction:</b> If Law or Regulation restricts the Practitioner's communication of certain matters with Those Charged with Governance, [e.g. to avoid prejudice to an investigation by an appropriate authority into an actual, or suspected, illegal act], Practitioner may consider obtaining legal advice.</li> </ol>

## H. Materiality [Para 43–44, A69–A73]

Aspect	Description
<b>Principles</b>	<ol style="list-style-type: none"> <li>1. The Practitioner's consideration of materiality is made in the context of the applicable Financial Reporting <b>Framework</b>.</li> <li>2. The Practitioner's determination of materiality is a matter of <b>professional judgment</b>, and is affected by the Practitioner's perception of the needs of the intended users of the Financial Statements.</li> <li>3. The Practitioner's judgment about what is material in relation to the Financial Statements as a whole is the same regardless of the <b>level of assurance</b> obtained by a Practitioner as the basis for expressing the conclusion on the Financial Statements.</li> </ol>
<b>Assump-tions</b>	<p>It is reasonable for the Practitioner to assume that Users –</p> <ol style="list-style-type: none"> <li>1. Have a reasonable knowledge of business and economic activities and accounting, and a willingness to study the information in the Financial Statements with reasonable diligence,</li> <li>2. Understand that Financial Statements are prepared, presented and reviewed to levels of materiality,</li> <li>3. Recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment and the consideration of future events, and</li> <li>4. Make reasonable economic decisions on the basis of the information in the Financial Statements.</li> </ol>
<b>Revision of Materiality</b>	<p>The Practitioner's determination of materiality for the Financial Statements as a whole may need to be revised during the engagement as a result of –</p> <ol style="list-style-type: none"> <li>1. <b>Change in the circumstances</b> that occurred during the review (e.g. a decision to dispose of a major part of the Entity's business).</li> <li>2. <b>New information</b>, or a <b>change in the Practitioner's understanding</b> of the Entity and its environment as a result of performing procedures for the review in accordance with this SRE (e.g. if during the review it appears as though actual financial results are likely to be substantially different from the anticipated period-end financial results that were used initially to determine materiality for the Financial Statements as a whole).</li> </ol>

## I. Practitioner's Understanding [Para 45–46, A74–A77,

Aspect	Description
<b>Princi-ples</b>	<p>The Practitioner's Understanding –</p> <ol style="list-style-type: none"> <li>1. is based on his professional judgment as to the <b>extent</b> of the understanding of the Entity and its environment, as required for this SRE,</li> <li>2. is obtained and applied on a continual, dynamic and iterative basis throughout performance of the engagement,</li> <li>3. is updated as changes in conditions and circumstances occur,</li> <li>4. includes knowledge obtained from prior engagements performed by the Practitioner in relation to the Entity's Financial Statements and other financial information.</li> <li>5. establishes a frame of reference within which the Practitioner plans &amp; performs the Review Engagement.</li> </ol>
<b>Factors</b>	<p>In obtaining an understanding of the Entity and its environment, and of the applicable Financial Reporting Framework, the Practitioner may also consider –</p> <ol style="list-style-type: none"> <li>1. Whether the Entity is a <b>Component</b> of a Group of Entities, or an <b>Associated</b> Entity of another Entity.</li> <li>2. The <b>Complexity</b> of the Financial Reporting Framework.</li> <li>3. <b>Nature</b> of the Entity's Financial Reporting Obligations or Requirements, i.e. under Law or Regulation or voluntary Financial Reporting arrangements established under formalized governance or accountability arrangements, e.g. under contractual arrangements with third parties.</li> <li>4. Relevant <b>Provisions</b> of Law /Regulations that are generally recognized to have a direct effect on the determination of material amounts and disclosures in the Financial Statements, e.g. Tax, Pension Law.</li> <li>5. Level of <b>development</b> of the Entity's Management and governance structure regarding management and oversight of the Entity's accounting records and financial reporting systems that underpin preparation of the Financial Statements.</li> <li>6. The <b>"tone at the top"</b> and the Entity's control environment through which the Entity addresses risks relating to Financial Reporting and compliance with the Entity's Financial Reporting obligations.</li> <li>7. The level of development and complexity of the Entity's Financial Accounting and Reporting systems and related controls through which the Entity's accounting records and related information are maintained.</li> <li>8. The Entity's procedures for recording, classifying and summarizing transactions, accumulating information for inclusion in the Financial Statements and related disclosures.</li> <li>9. The types of matters that required accounting adjustments in the Entity's Fin.Statements in prior periods.</li> </ol>

**J. Designing and Performing Procedures – “Inquiry”**

Aspect	Description
<p><b>Areas of Inquiry [Para 48]</b></p>	<p>The Practitioner's Inquiries of Management and Others within the Entity, shall include the following –</p> <ol style="list-style-type: none"> <li>1. How Management makes the <b>significant accounting estimates</b> required under the applicable Financial Reporting Framework,</li> <li>2. Identification of <b>Related Parties</b> &amp; Related Party Transactions, and the purpose of those transactions,</li> <li>3. Whether there are significant, <b>unusual or complex transactions</b>, events or matters that have affected or may affect the Entity's Financial Statements, including –                         <ol style="list-style-type: none"> <li>(a) Significant Changes in the Entity's business activities or operations,</li> <li>(b) Significant Changes to the terms of contracts that materially affect the Entity's Financial Statements, including terms of finance and debt contracts or covenants,</li> <li>(c) Significant Journal Entries or other adjustments to the Financial Statements,</li> <li>(d) Significant transactions occurring or recognized near the end of the reporting period,</li> <li>(e) Status of any uncorrected misstatements identified during previous engagements, and</li> <li>(f) Effects or possible implications for the Entity of transactions or relationships with Related Parties,</li> </ol> </li> <li>4. Existence of any actual, suspected or alleged:                         <ol style="list-style-type: none"> <li>(a) <b>Fraud</b> or illegal acts affecting the Entity, and</li> <li>(b) <b>Non-Compliance</b> with provisions of Law/Regulations that are generally recognized to have a direct effect on the determination of material amounts and disclosures in the Financial Statements,</li> </ol> </li> <li>5. Whether Management has identified and addressed <b>events occurring between</b> the date of the Financial Statements and the date of the Practitioner's Report that require adjustment of, or disclosure in, the Financial Statements,</li> <li>6. Basis for Management's assessment of the Entity's <b>ability</b> to continue as a <b>Going Concern</b>,</li> <li>7. Whether there are events or conditions that appear to <b>cast doubt</b> on the Entity's ability to continue as a Going Concern,</li> <li>8. Material Commitments, Contractual Obligations or Contingencies that have affected or may affect the Entity's Financial Statements, including disclosures, and</li> <li>9. Material <b>Non-Monetary Transactions</b> or transactions for no consideration in the financial reporting period under consideration.</li> </ol>
<p><b>Other Areas of Inquiry [Para A84]</b></p>	<p>Depending on the engagement circumstances, Inquiries may also include Inquiries about:</p> <ol style="list-style-type: none"> <li>1. Actions taken at Meetings of Owners, Those Charged with Governance and Committees thereof, and proceedings at other Meetings, if any, that affect the information and disclosures contained in the Financial Statements,</li> <li>2. Communications the Entity has received, or expects to receive or obtain, from Regulatory Agencies.</li> <li>3. Matters arising in the course of applying Other Procedures.</li> </ol> <p><b>Note:</b> When performing further inquiries in relation to <b>identified inconsistencies</b>, the Practitioner considers the reasonableness and consistency of Management's responses in light of the results obtained from other procedures, and the Practitioner's knowledge and understanding of the Entity and the Industry in which it operates.</p>
<p><b>Other Related Points</b></p>	<ol style="list-style-type: none"> <li>1. The Practitioner may also extend inquiries to obtain <b>non-financial data</b> if appropriate.</li> <li>2. <b>Evaluating</b> (with professional skepticism), the responses provided by Management, is integral to the inquiry process.</li> </ol>

**K. Designing and Performing Procedures – “Analytical Procedures”**

Aspect	Description
<p><b>Adequacy [Para 49]</b></p>	<p>In designing Analytical Procedures, the Practitioner shall consider whether the data from the Entity's a/cing system and a/cing records are <b>adequate</b> for the purpose of performing the Analytical Procedures.</p>
<p><b>Utility of Analytical Procedures [Para A88]</b></p>	<ol style="list-style-type: none"> <li>1. Obtaining or updating the Practitioner's understanding of the Entity and its environment, including to be able to identify areas where material misstatements are likely to arise in the Financial Statements.</li> <li>2. Identifying inconsistencies or variances from expected trends, values or norms in the Financial Statements such as the level of congruence of the Financial Statements with key data, including key performance indicators.</li> <li>3. Providing corroborative evidence in relation to other Inquiry or Analytical Procedures already performed.</li> </ol>

Aspect	Description
	4. Serving as Additional Procedures when the Practitioner becomes aware of matter(s) that cause the Practitioner to believe that the Financial Statements may be materially misstated. <b>[Example:</b> Comparative Analysis of monthly revenue and cost figures across profit centers, branches or other components of the Entity, to provide evidence about financial information contained in line items or disclosures contained in the Financial Statements.]
<b>Sources of Information [Para A89]</b>	Examples of sources of information the Practitioner often uses to develop expectations, depending on the engagement circumstances, include: <ol style="list-style-type: none"> <li>1. Financial information for comparable prior period(s), taking known changes into account.</li> <li>2. Information about expected operating and financial results, such as Budgets or Forecasts including extrapolations from interim or annual data.</li> <li>3. Relationships among elements of financial information within the period.</li> <li>4. Information regarding the Industry in which the Entity operates, such as Gross Margin information, or comparison of the Entity's ratio of Sales to Accounts Receivable with Industry Averages or with other Entities of comparable size in the same industry.</li> <li>5. Relationships of Financial Information with relevant non-financial information, e.g. Payroll Costs to Number of Employees.</li> </ol>
<b>Factors as to whether Analytical Procedures are satisfactory [Para A90]</b>	The Practitioner's consideration of whether data to be used for analytical procedures are satisfactory for the intended purpose(s) of those procedures is based on his understanding of the Entity and its environment, and is influenced by the nature and source of the data, and by the circumstances in which the data are obtained. The following considerations may be relevant – <ol style="list-style-type: none"> <li>1. Source of the information, e.g. Information from Independent Sources outside the Entity is more reliable,</li> <li>2. Comparability of the information available, e.g. broad industry data may need to be supplemented or be adjusted to be comparable to data of an Entity that produces and sells specialized products,</li> <li>3. Nature and relevance of the information available, e.g. whether the Entity's Budgets are established as results to be expected rather than as goals to be achieved, and</li> <li>4. Knowledge and Expertise involved in the preparation of the information, and</li> <li>5. Related Controls that are designed to ensure its completeness, accuracy and validity. <b>[Note:</b> Such controls may include, controls over the preparation, review and maintenance of budgetary information.]</li> </ol>

#### L. Procedures to Address Specific Circumstances

Aspect	Description
<b>Related Parties [Para 50, 51]</b>	<ol style="list-style-type: none"> <li>1. <b>RPTs:</b> During the review, the Practitioner shall remain alert for arrangements or information that may indicate the existence of Related Party Relationships or Transactions that Management has <b>not</b> previously identified or disclosed to the Practitioner.</li> <li>2. <b>Special Items:</b> If the Practitioner identifies significant transactions outside the Entity's normal course of business in the course of performing the review, the Practitioner shall inquire of management about: <ol style="list-style-type: none"> <li>(a) The nature of those transactions,</li> <li>(b) Whether Related Parties could be involved, and</li> <li>(c) The business rationale (or lack thereof) of those transactions.</li> </ol> </li> </ol>
<b>Fraud and Non-Compliance with Laws or Regulations [Para 52, A91]</b>	<ol style="list-style-type: none"> <li>1. <b>Principle:</b> When there is an indication that Fraud or Non-Compliance with Laws or Regulations, or Suspected Fraud or Non-Compliance with Laws or Regulations, has occurred in the Entity, the Practitioner shall – <ol style="list-style-type: none"> <li>(a) Communicate that matter to the appropriate level of Senior Management or Those Charged with Governance as appropriate,</li> <li>(b) Request Management's assessment of the effect(s), if any, on the Financial Statements,</li> <li>(c) Consider the effect, if any, of Management's assessment of the effects of Fraud or Non-Compliance with Laws or Regulations communicated to the Practitioner on the Practitioner's conclusion on the Financial Statements and on the Practitioner's Report, and</li> <li>(d) Determine whether there is a responsibility to report the occurrence or suspicion of fraud or illegal acts to a Party outside the Entity.</li> </ol> </li> <li>2. <b>Reporting to Other Parties:</b> The Practitioner should determine whether there is a responsibility to report the occurrence or suspicion to a party <b>outside</b> the Entity. The Practitioner's legal responsibilities may override the duty of confidentiality in some circumstances.</li> </ol>

Aspect	Description
<p><b>Going Concern</b> [Para 53, 54, A92]</p>	<ol style="list-style-type: none"> <li>1. <b>Principle:</b> A review of Financial Statements includes consideration of the Entity's ability to continue as a Going Concern. [<b>Factors</b> affecting Going Concern are the same as under <b>SA-570</b> Going Concern]</li> <li>2. <b>Timeframe:</b> In considering Management's assessment of the Entity's ability to continue as a going concern, the Practitioner shall cover the same period as that used by Management to make its assessment as required by the applicable Financial Reporting Framework, or by Law or Regulation where a longer period is specified.</li> <li>3. <b>Effect of Doubt on Going Concern:</b> If, during the review, the Practitioner becomes aware of events or conditions that may cast significant doubt about the Entity's ability to continue as a going concern, the Practitioner shall –                         <ol style="list-style-type: none"> <li>(a) Inquire of Management about plans for future actions affecting the Entity's ability to continue as a going concern and about the feasibility of those plans, and also whether Management believes the outcome of those plans will improve the situation regarding the Entity's ability to continue as a going concern,</li> <li>(b) Evaluate the results of those Inquiries, to consider whether Management's responses provide a sufficient basis to:                                 <ol style="list-style-type: none"> <li>(i) Continue to present the Fin.Statements on the going concern basis if the applicable Financial Reporting Framework includes the assumption of an Entity's continuance as a Going Concern, or</li> <li>(ii) Conclude whether the Financial Statements are materially misstated, or are otherwise misleading regarding the Entity's ability to continue as a Going Concern, and</li> </ol> </li> <li>(c) Consider Management's responses in light of all relevant information of which the Practitioner is aware as a result of the review.</li> </ol> </li> </ol>
<p><b>Use of Work Performed by Others</b> [Para 55]</p>	<ol style="list-style-type: none"> <li>1. <b>Situation:</b> Practitioner uses the work performed by other Practitioners, or the work of an individual or organization possessing expertise in a field other than accounting or assurance.</li> <li>2. <b>Duties:</b> If the Practitioner uses work performed by another Practitioner or an Expert in the course of performing the review, the Practitioner shall take appropriate steps to be satisfied that the work performed is <b>adequate</b> for the Practitioner's purposes.</li> </ol>
<p><b>Reconciling</b> [Para 56, A93]</p>	<ol style="list-style-type: none"> <li>1. The Practitioner shall obtain evidence that the Financial Statements agree with, or reconcile to, the Entity's underlying accounting records.</li> <li>2. This is done by <b>tracing</b> the Financial Statement amounts and balances to the relevant a/cing records e.g. General Ledger, or to a summary record or schedule that reflects the agreement or reconciliation of the Financial Statement amounts with the underlying a/cing records (e.g. a Trial Balance).</li> </ol>
<p><b>Financial Statements may be materially misstated</b> [Para 57, A94-A98]</p>	<ol style="list-style-type: none"> <li>1. <b>Principle:</b> If the Practitioner becomes aware of a matter(s) that causes him to believe the Financial Statements may be materially misstated, he shall design and perform <b>Additional Procedures</b> sufficient to enable him to –                         <ol style="list-style-type: none"> <li>(a) conclude that the matter(s) is not likely to cause the Financial Statements as a whole to be materially misstated, or</li> <li>(b) determine that the matter(s) causes the Fin.Statements as a whole to be materially misstated.</li> </ol> </li> <li>2. <b>Factors:</b> The Practitioner's judgment about the nature, timing and extent of Additional Procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely, or determine that a material misstatement exists, is guided by –                         <ol style="list-style-type: none"> <li>(a) Information obtained from the Practitioner's evaluation of the results of the procedures already performed,</li> <li>(b) The Practitioner's updated understanding of the Entity and its environment obtained throughout the course of the engagement, and</li> <li>(c) The Practitioner's view on the persuasiveness of evidence needed to address the matter that causes the Practitioner to believe that the Financial Statements may be materially misstated.</li> </ol> </li> <li>3. <b>Types:</b> Such Additional Procedures may be –                         <ol style="list-style-type: none"> <li>(a) Additional Inquiry or Analytical Procedures, e.g. being performed in greater detail or being focused on the affected items (i.e. amounts or disclosures concerning the affected accounts or transactions as reflected in the Financial Statements), or</li> <li>(b) Other Types of Procedures, e.g. Substantive Test of Details or External Confirmations.</li> </ol> </li> </ol>
<p><b>Subsequent Events</b> [Para 58–</p>	<ol style="list-style-type: none"> <li>1. <b>Events Up to Report Date:</b> If the Practitioner becomes aware of events occurring between the date of the Financial Statements and the date of his Report that require adjustment of, or disclosure in, the Financial Statements, the Practitioner shall request Management to correct those misstatements.</li> </ol>

Aspect	Description
60]	<p>2. <b>Events after Report Date:</b> The Practitioner has <b>no</b> obligation to perform any procedures regarding the Financial Statements after the date of his Report. However, if, after the date of his Report but before the date the Financial Statements are issued, a fact becomes known to the Practitioner that, had it been known to the Practitioner at the date of the Practitioner's Report, may have caused the Practitioner to amend the report, the Practitioner shall –</p> <ol style="list-style-type: none"> <li>Discuss the matter with Management or Those Charged with Governance, as appropriate,</li> <li>Determine whether the Financial Statements need amendment, and</li> <li>If so, inquire how Management intends to address the matter in the Financial Statements.</li> </ol> <p><b>Effect of disagreement:</b></p> <ul style="list-style-type: none"> <li>If Management does not amend the Financial Statements in circumstances where the Practitioner believes they need to be amended, and the Practitioner's Report has already been provided to the Entity, the Practitioner shall <b>notify</b> Management and Those Charged with Governance <b>not to issue</b> the Fin.Statements to Third Parties before the necessary amendments have been made.</li> <li>If the Financial Statements are nevertheless subsequently issued without the necessary amendments, the Practitioner shall take <b>appropriate action</b> to seek to prevent reliance on the Practitioner's Report.</li> </ul>

### M. Written Representations [Para 61–65]

Aspect	Description
Management has fulfilled its responsibilities [Para 61]	<p>The Practitioner shall request Management to provide a Written Representation that Management has fulfilled its responsibilities described in the agreed terms of engagement. Written Representation shall include that –</p> <ol style="list-style-type: none"> <li>Management has fulfilled its responsibility for the preparation of Financial Statements in accordance with the applicable Financial Reporting Framework, including Fair Presentation if relevant, and has provided the Practitioner with all relevant information &amp; access to information as per terms of the engagement, and</li> <li>All transactions have been recorded and are reflected in the Financial Statements.</li> </ol> <p><b>Note:</b> If Law /Regulation requires Management to make <b>Written Public Statements</b> about its responsibilities, and the Practitioner determines that such statements provide some or all of the representations required as above, matters covered by such statements need <b>not</b> be included in the Written Representation.</p>
Management has disclosed to Practitioner [Para 62]	<p>The Practitioner shall also request Management's Written Representations that Management has disclosed to the Practitioner –</p> <ol style="list-style-type: none"> <li>Identity of the Entity's Related Parties and all the Related Party Relationships and Transactions of which management is aware,</li> <li>Significant Facts relating to any Frauds or suspected frauds known to Management that may have affected the Entity,</li> <li>Known actual or possible Non-Compliance with Laws and Regulations for which the effects of Non-Compliance affect the Entity's Financial Statements,</li> <li>All information relevant to use of the Going Concern Assumption in the Financial Statements,</li> <li>That all events occurring subsequent to the date of the Financial Statements and for which the applicable Financial Reporting Framework requires adjustment or disclosure, have been adjusted or disclosed,</li> <li>Material Commitments, Contractual Obligations or Contingencies that have affected or may affect the Entity's Financial Statements, including disclosures, and</li> <li>Material Non-Monetary Transactions or transactions for no consideration undertaken by the Entity in the financial reporting period under consideration.</li> </ol>
If Mgmt does not provide [Para 63]	<p>If Management does not provide one or more of the requested written representations, the Practitioner shall –</p> <ol style="list-style-type: none"> <li>Discuss the matter with Management and Those Charged with Governance, as appropriate,</li> <li>Re-evaluate the integrity of Management, and evaluate the effect that this may have on the reliability of representations (oral or written) and evidence in general, and</li> <li>Take appropriate actions, including determining the possible effect on the conclusion in the Practitioner's Report in accordance with this SRE.</li> </ol>
Disclaimer /Withdraw [Para 64]	<p>The Practitioner shall <b>disclaim</b> a conclusion on the Financial Statements, or <b>withdraw</b> from the engagement if withdrawal is possible under applicable law or regulation, as appropriate, if –</p> <ol style="list-style-type: none"> <li>The Practitioner concludes that there is sufficient doubt about the <b>integrity</b> of Management such that the Written Representations are <b>not reliable</b>, or</li> </ol>

Aspect	Description
	2. Management does <b>not</b> provide the required representations required by Para 61.
<b>Date and Period [Para 65]</b>	The date of the Written Representations shall be as near as practicable to, but not after, the date of the Practitioner's Report. The Written Representations shall be for <b>all</b> Financial Statements and period(s) referred to in the Practitioner's Report.

**N. Practitioner's Report – Other Matters [Para 87–92]**

Aspect	Description
<b>Emphasis of Matter Paragraphs</b>	<ol style="list-style-type: none"> <li><b>General Principle:</b> <ol style="list-style-type: none"> <li>The Practitioner may consider it necessary to draw users' attention to a matter presented or disclosed in the Financial Statements that, in the Practitioner's judgment, is of such importance that it is fundamental to users' understanding of the Financial Statements.</li> <li>In such cases, the Practitioner shall include an <b>Emphasis of Matter Paragraph</b> in his Report, provided he has obtained sufficient appropriate evidence to conclude that the matter is not likely to be materially misstated as presented in the Financial Statements. Such paragraph shall refer only to information presented or disclosed in the Financial Statements.</li> </ol> </li> <li><b>Special Purpose Financial Statements:</b> The Practitioner's Report on Special Purpose Financial Statements <b>shall</b> include an Emphasis of Matter paragraph alerting Users of the Practitioner'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.</li> <li><b>Manner of Inclusion:</b> The Practitioner shall include an Emphasis of Matter Paragraph immediately after the paragraph that contains the Practitioner's conclusion on the Financial Statements under the heading "Emphasis of Matter," or other appropriate heading.</li> </ol>
<b>Other Matter Paragraphs</b>	<ol style="list-style-type: none"> <li><b>Situation:</b> If the Practitioner considers it necessary to communicate a matter other than those that are presented or disclosed in the Financial Statements that, in the Practitioner's judgment, is relevant to Users' understanding of the review, the Practitioner's responsibilities or the Practitioner's Report, and this is not prohibited by Law or Regulation.</li> <li><b>Manner of Inclusion:</b> The Practitioner shall do so in a paragraph in the Practitioner's report with the heading "<b>Other Matter</b>" or other appropriate heading.</li> </ol>
<b>Other Reporting Responsibilities</b>	<ol style="list-style-type: none"> <li><b>Situation:</b> A Practitioner may be requested to address Other Reporting Responsibilities in his Report, that are in addition to his responsibilities under this SRE to report on the Financial Statements.</li> <li><b>Manner of Inclusion:</b> In such situations, those Other Reporting Responsibilities shall be addressed by the Practitioner in a <b>separate section</b> in the Practitioner's Report headed "<b>Report on Other Legal and Regulatory Requirements</b>," or otherwise as appropriate to the content of the section, following the section of the report headed "Report on the Financial Statements."</li> </ol>
<b>Date of the Practitioner's Report</b>	<p>The Practitioner shall date the report no earlier than the date on which he has obtained sufficient appropriate evidence as the basis for the Practitioner's conclusion on the Financial Statements, including being satisfied that –</p> <ol style="list-style-type: none"> <li>All the statements that comprise the Financial Statements under the applicable Financial Reporting Framework, including the related notes where applicable, have been prepared, and</li> <li>Those with the Recognized Authority have asserted that they have taken responsibility for those Financial Statements.</li> </ol>

**O. Documentation [Para 93–96]**

Aspect	Description
<b>Matters</b>	<p>The Practitioner shall document the following aspects of the engagement in a timely manner, sufficient to enable an experienced Practitioner, having no previous connection with the engagement, to understand –</p> <ol style="list-style-type: none"> <li>The nature, timing, and extent of the procedures performed to comply with this SRE and applicable legal and regulatory requirements,</li> <li>Results obtained from the procedures, and the Practitioner's conclusions formed on the basis of those results, and</li> </ol>

Aspect	Description
	3. Significant matters arising during the engagement, the Practitioner's conclusions reached thereon, and significant professional judgments made in reaching those conclusions.
<b>Persons and Date</b>	<p>In documenting the nature, timing and extent of procedures performed as required in this SRE, the Practitioner shall record:</p> <ol style="list-style-type: none"> <li>1. Who performed the work and the date such work was completed, and</li> <li>2. Who reviewed the work performed for the purpose of quality control for the engagement, and the date and extent of the review.</li> </ol>
<b>Other Points</b>	<ol style="list-style-type: none"> <li>1. The Practitioner shall also document <b>discussions</b> with Management, Those Charged with Governance, and Others as relevant to the performance of the review of significant matters arising during the engagement, including the nature of those matters.</li> <li>2. If, in the course of the engagement, the Practitioner identified information that is <b>inconsistent</b> with the Practitioner's findings regarding significant matters affecting the Financial Statements, the Practitioner shall document how the inconsistency was addressed.</li> </ol>

**Appendix 1**  
(Ref: Para. A55)

**Illustrative Engagement Letter for an Engagement to Review Historical Financial Statements**

The following is an example of an engagement letter for a review of general purpose Financial Statements (prepared in accordance with the applicable Fair Presentation Financial Reporting Framework), which illustrates the relevant requirements and guidance contained in this SRE. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this SRE. It will need to be varied according to individual requirements and circumstances. It is drafted to refer to the review of Financial Statements for a single reporting period and would require adaptation if intended or expected to apply to recurring reviews. It may be appropriate to seek legal advice that any proposed letter is suitable.

To the Appropriate Representative of Management or Those Charged with Governance of ABC Company

[The objective and scope of the review]

You have requested that we review the general purpose Financial Statements of ABC Company, which comprise the Balance Sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this review engagement by means of this letter. Our review will be conducted with the objective of expressing our conclusion on the Financial Statements. Our conclusion, if unmodified, will be in the form "Based on our review, nothing has come to our attention that causes us to believe that these Financial Statements do not give a true and fair view of (or do not present fairly, in all material respects,) the financial position of the company as at [date] and of its financial performance and cash flows for the year then ended in accordance with [indicate the applicable financial reporting framework]."

[The Practitioner's responsibilities]

We will conduct our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. SRE 2400 also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400(Revised) is a limited assurance engagement. We will perform procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. We will also perform additional procedures if we become aware of matters that cause us to believe the Financial Statements as a whole may be materially misstated. These procedures are performed to enable us to express our conclusion on the Financial Statements in accordance with SRE 2400(Revised). The procedures selected will depend on what we consider necessary applying our professional judgment, based on our understanding of ABC Company and its environment, and our understanding of the applicable financial reporting framework and its application in the industry context.

**A review is not an audit of the Financial Statements, therefore:**

- (a) There is a commensurate higher risk than there would be in an audit, that any material misstatements that exist in the Financial Statements reviewed may not be revealed by the review, even though the review is properly performed in accordance with SRE 2400 (Revised).
- (b) In expressing our conclusion from the review of the Financial Statements, our report on the Financial Statements will expressly disclaim any audit opinion on the Financial Statements.

[The responsibilities of management and identification of the applicable financial reporting framework (for purposes of this example, it is assumed that the Practitioner has not determined that the law or regulation prescribes those responsibilities in appropriate terms, the descriptions in paragraph 30(b) of this SRE are therefore used).]

Our review will be conducted on the basis that [management and, where appropriate, those charged with governance]<sup>17</sup> acknowledge and understand that they have the responsibility:

- (a) For the preparation of Financial Statements that give a true and fair view in accordance with [indicate the applicable financial reporting framework]

- (b) For such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and
- (c) To provide us with:
- (i) Access to all information of which management is aware that is
  - (ii) relevant to the preparation and fair presentation of the Financial Statements, such as records, documentation and other matters,
  - (iii) Additional information that we may request from management for the purpose of the review, and
  - (iv) Unrestricted access to persons within ABC Company from whom we determine it necessary to obtain evidence.

As part of our review, we will request from [management and, where appropriate, those charged with governance], written confirmation concerning representations made to us in connection with the review. We look forward to full cooperation from your staff during our review.

[Other relevant information]

[Insert other information, such as fee arrangements, billings and other specific terms, as appropriate.]  
[Reporting]

[Insert appropriate reference to the expected form and content of the Practitioner's report.]

The form and content of our report may need to be amended in the light of our findings obtained from the review. Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our review of the Financial Statements including our respective responsibilities.

Place of Signature:

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

Date:

Signature  
(Name of Member signing the Review Report)  
(Designation)  
Membership Number

Acknowledged on behalf of ABC Company by  
(Signature)  
Name and Designation  
Date

**Appendix 2**  
(Ref: Para. A143)

**Illustrative Practitioners' Review Reports Review Reports on General Purpose Financial Statements Illustrative Review Reports with Unmodified Conclusions**

Illustration 1: A Practitioner's report on Financial Statements prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users (for example, Accounting Standards referred to in the Companies Act, 2013).

**Illustrative Review Reports with Modified Conclusions**

Illustration 2: A Practitioner's report containing a qualified conclusion due to an apparent material misstatement of the Financial Statements. Financial Statements prepared in accordance with a compliance framework designed to meet the common information needs of a wide range of users. (Financial Statements prepared using a compliance framework)

Illustration 3: A Practitioner's report containing a qualified conclusion due to the Practitioner's inability to obtain sufficient appropriate evidence. (Financial Statements prepared using a fair presentation framework)

Illustration 4: A Practitioner's report containing an adverse conclusion due to material misstatement of the Financial Statements. (Financial Statements prepared using a fair presentation framework)

Illustration 5: A Practitioner's report containing a disclaimer of conclusion due to the Practitioner's inability to obtain sufficient appropriate evidence about multiple elements of the Financial Statements resulting in inability to complete the review. (Financial Statements prepared using a fair presentation framework)

**Review Reports on Special Purpose Financial Statements**

Illustration 6: A Practitioner's report on Financial Statements prepared in accordance with the financial reporting provisions of a contract (for purposes of this illustration, a compliance framework).

Illustration 7: A Practitioner's report on a single financial statement prepared in accordance with the cash receipts and disbursements basis of accounting (for purposes of this illustration, a fair presentation framework).

**Illustration 1**

Circumstances include the following:

- Review of a complete set of Financial Statements.
- The Financial Statements are prepared for a general purpose by management of the Entity under the Companies Act, 2013 financial reporting framework, designed to achieve fair presentation
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- In addition to the review of the Financial Statements, the Practitioner has other reporting responsibilities under the law.

**INDEPENDENT PRACTITIONER'S REVIEW REPORT**

[Appropriate Addressee]

**Report on the Financial Statements<sup>20</sup>**

We have reviewed the accompanying Financial Statements of ABC Company, which comprise the Balance Sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's<sup>21</sup> Responsibility for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Accounting Standards referred to in the Companies Act, 2013 (the Act) and other accounting principles generally accepted in India<sup>22</sup>, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying Financial Statements. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on these Financial Statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these Financial Statements do not give a true and fair view of (or present fairly, in all material respects,) the financial position of ABC Company as at March 31, 20XX, and of its financial performance and cash flows for the year then ended, in accordance with the Accounting Standards referred to in the Companies Act, 2013 and other accounting principles generally accepted in India.

### Report on Other Legal and Regulatory Requirements

[Form and content of this section of the Practitioner's report will vary depending on the nature of the Practitioner's other reporting responsibilities.]

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

Signature

(Name of Member signing the Review Report)  
(Designation23)  
Membership Number

Place of Signature

Date

### Illustration 2

Circumstances include the following:

- Review of a complete set of Financial Statements required by law or regulation.
- The Financial Statements are prepared for a general purpose by management of the Entity in accordance with the Financial Reporting Framework (DEF Law) (that is, a financial reporting framework, encompassing law or regulation, designed to meet the common financial information needs of a wide range of users, but which is not a fair presentation framework).
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- Based on the review, inventories are misstated. The misstatement is material but not pervasive to the Financial Statements.
- In addition to the review of the Financial Statements, the Practitioner has other reporting responsibilities under the law.

## INDEPENDENT PRACTITIONER'S REVIEW REPORT

[Appropriate Addressee]

### Report on the Financial Statements<sup>24</sup>

We have reviewed the accompanying Financial Statements of ABC Company, which comprise the Balance Sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's<sup>25</sup> Responsibility for the Financial Statements** Management is responsible for the preparation of these Financial Statements in accordance with DEF Law, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Financial Statements. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on these Financial Statements.

**Basis for Qualified Conclusion**

The company's inventories are carried in the Balance Sheet at Rs. XXX. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from the requirements of the Financial Reporting Framework (DEF Law). The company's records indicate that, had management stated the inventories at the lower of cost and net realizable value, an amount of Rs. XXX would have been required to write the inventories down to their net realizable value. Accordingly, cost of sales would have been increased by Rs. XXX, and income tax, net income and shareholders' equity would have been reduced by Rs. XXX, XXX and XXX, respectively.

**Qualified Conclusion**

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Financial Statements of ABC Company are not prepared, in all material respects, in accordance with the Financial Reporting Framework (DEF Law).

**Report on Other Legal and Regulatory Requirements**

[Form and content of this section of the Practitioner's report will vary depending on the nature of the Practitioner's other reporting responsibilities.]

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

Signature

(Name of Member signing the Review Report)  
(Designation)  
Membership Number

Place of Signature  
Date

**Illustration 3**

Circumstances include the following:

- Review of a complete set of general purpose Financial Statements prepared by management of the Entity under the Companies Act, 2013 financial reporting framework, designed to achieve fair presentation.
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- The Practitioner was unable to obtain sufficient appropriate evidence regarding an investment in a foreign affiliate. The possible effects of the inability to obtain sufficient appropriate evidence are deemed to be material but not pervasive to the Financial Statements.
- The Practitioner does not have other reporting responsibilities under the law in addition to the review of the consolidated Financial Statements.

**INDEPENDENT PRACTITIONER'S REVIEW REPORT**

[Appropriate Addressee]

We have reviewed the accompanying Financial Statements of ABC Company, which comprise the Balance Sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements** Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Accounting Standards referred to in the Companies Act, 2013 (the Act) and other accounting principles generally accepted in India, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying Financial Statements. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on these Financial Statements.

**Basis for Qualified Conclusion**

ABC Company's investment in DEF Company, a foreign associate acquired during the year and accounted for by the equity method, is carried at Rs. XXX on the Balance Sheet as at March 31, 20XX, and ABC's share of DEF 's net income of Rs. XXX is included in ABC's income for the year then ended. We were unable to obtain access to the relevant financial information of DEF concerning the carrying amount of ABC's investment in DEF as at March 31, 20XX and ABC's share of DEF's net income for the year. Consequently, we were unable to perform the procedures we considered necessary.

**Qualified Conclusion**

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying Financial Statements do not give a true and fair view of (or do not present fairly, in all material respects ) the financial position of ABC Company as at March 31, 20XX, and of its financial performance and cash flows for the year then ended in accordance with the Accounting Standards referred to in Companies Act, 2013 and other accounting principles generally accepted in India.

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

Signature

(Name of Member signing the Review Report)  
(Designation)  
Membership Number

Place of Signature  
Date

**Illustration 4**

Circumstances include the following:

- Review of consolidated general purpose Financial Statements prepared by management of the parent under the accounting principles generally accepted in India (as required for compliance with SEBI's regulatory requirements), designed to achieve fair presentation .
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- The Financial Statements are materially misstated due to the nonconsolidation of a subsidiary. The material misstatement is deemed to be pervasive to the Financial Statements. The effects of the misstatement on the Financial Statements have not been determined because it was not practicable to do so.
- The Practitioner does not have other reporting responsibilities under the law in addition to the review of the consolidated Financial Statements.

**INDEPENDENT PRACTITIONER'S REVIEW REPORT**

[Appropriate Addressee]

We have reviewed the accompanying consolidated Financial Statements of ABC Company, which comprise the consolidated Balance Sheet as at March 31, 20XX, and the consolidated Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated Financial Statements that give a true and fair view in accordance with the accounting principles generally accepted in India,<sup>31</sup> and for such internal control as management determines is necessary to enable the preparation of consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying consolidated Financial Statements. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of consolidated Financial Statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated Financial Statements.

### **Basis for Adverse Conclusion**

As explained in Note X to the Financial Statements, the company has not consolidated the Financial Statements of subsidiary DEF Company it acquired during 20XX because the Financial Statements of this subsidiary company have not been prepared by its management. This investment is therefore accounted for on a cost basis. Under the accounting principles generally accepted in India, the subsidiary should have been consolidated because it is controlled by the company. Had DEF been consolidated, many elements in the accompanying Financial Statements would have been materially affected.

### **Adverse Conclusion**

Based on our review, due to the significance of the matter discussed in the Basis for Adverse Conclusion paragraph, the consolidated Financial Statements do not give a true and fair view of (or do not present fairly) the financial position of ABC Company and its subsidiaries as at March 31, 20XX, and of their financial performance and cash flows for the year then ended in accordance with the accounting principles generally accepted in India.

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

Signature

(Name of Member signing the Review Report)  
(Designation)<sup>32</sup>  
Membership Number

Place of Signature  
Date

### **Illustration 5**

Circumstances include the following:

- Review of a complete set of general purpose Financial Statements prepared by management of the Entity under the Companies Act, 2013 financial reporting framework, designed to achieve fair presentation.
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- The Practitioner was unable to form a conclusion on the Financial Statements, due to inability to obtain sufficient appropriate evidence about multiple elements of the Financial Statements, and the Practitioner believes the effect is material and pervasive to the Financial Statements. Specifically, the Practitioner was unable to obtain evidence about the Entity's physical inventory and accounts receivable.

## INDEPENDENT PRACTITIONER'S REVIEW REPORT

[Appropriate Addressee]

We were engaged to review the accompanying Financial Statements of ABC Company, which comprise the Balance Sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Accounting Standards referred to in the Companies Act, 2013 (the Act) and other accounting principles generally accepted in India,<sup>34</sup> and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Financial Statements. Because of the matter(s) described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the Financial Statements.

### Basis for Disclaimer of Conclusion

Management did not conduct a count of physical inventory on hand at the end of the year. We were unable to perform the procedures we considered necessary concerning the inventory quantities held at March 31, 20XX, which are stated at Rs. XXX in the Balance Sheet at March 31, 20XX.

In addition, the introduction of a new computerized accounts receivable system in January 20XX resulted in numerous errors in accounts receivable and inventory. As of the date of our report, management was still in the process of rectifying the system deficiencies and correcting the errors.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and accounts receivable, and the elements making up the Statement of Profit and Loss and Cash Flow Statement.

### Disclaimer of Conclusion

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying Financial Statements. Accordingly, we do not express a conclusion on these Financial Statements.

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

Signature

(Name of Member signing the Review Report)  
(Designation<sup>35</sup>)  
Membership Number

Place of Signature

Date

### Illustration 6

Circumstances include the following:

- The Financial Statements have been prepared by management of the Entity in accordance with the financial reporting provisions of a contract (that is, a special purpose framework), to comply with the provisions of the contract. Management does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework.
- The terms of the review engagement reflect the description of management's responsibility for the Financial Statements in paragraph 30(b) of this SRE.
- Distribution or use of the Practitioner's report is restricted.

## INDEPENDENT PRACTITIONER'S REVIEW REPORT

[Appropriate Addressee]

We have reviewed the accompanying Financial Statements of ABC Company, which comprise the balance sheet as at March 31, 20XX, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The Financial Statements have been prepared by management of ABC Company based on the financial reporting provisions of Section Z of the contract dated January 1, 20XX between ABC Company and DEF Company ("the contract").

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements in accordance with the financial reporting provisions of Section Z of the contract, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Financial Statements. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400(Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400(Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on these Financial Statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these Financial Statements are not prepared, in all material respects, in accordance with the financial reporting provisions of Section Z of the contract.

### Basis of Accounting, and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note X to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist ABC Company to comply 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 ABC Company and DEF Company and should not be distributed to or used by parties other than ABC Company or DEF Company.

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

(Name of Member signing the Review Report)  
(Designation)  
Membership Number

Place of Signature

Date

### Illustration 7

Circumstances include the following:

- Review of a statement of cash receipts and disbursements.
- The financial statement has been prepared by management of the Entity in accordance with the cash receipts and disbursements basis of accounting to respond to a request for cash flow information received from a creditor. The basis of accounting applied to prepare the financial statement has been agreed between the Entity and the creditor.
- The applicable financial reporting framework is a fair presentation framework designed to meet the financial information needs of specific users.
- The Practitioner has determined that it is appropriate to use the phrase "presents fairly, in all material respects," in the Practitioner's conclusion.
- The terms of the review engagement reflect the description of management's responsibility for the financial statement in paragraph 30(b) of this SRE.
- Distribution or use of the Practitioner's report is not restricted.

**INDEPENDENT PRACTITIONER'S REVIEW REPORT**

[Appropriate Addressee]

We have reviewed the accompanying statement of cash receipts and disbursements of ABC Company for the year ended March 31, 20XX, and a summary of significant accounting policies and other explanatory information (together "the financial statement"). The financial statement has been prepared by management of ABC Company using the cash receipts and disbursements basis of accounting described in Note X to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note X, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statement. We conducted our review in accordance with Standard on Review Engagements (SRE) 2400 (Revised), Engagements to Review Historical Financial Statements. SRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statement is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with SRE 2400 (Revised) is a limited assurance engagement. The Practitioner performs procedures, primarily consisting of making inquiries of management and others within the Entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Standards on Auditing. Accordingly, we do not express an audit opinion on this financial statement.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statement does not present fairly, in all material respects, (or does not give a true and fair view of) the cash receipts and disbursements of ABC Company for the year ended March 31, 20XX in accordance with the cash receipts and disbursements basis of accounting described in Note X.

**Basis of Accounting**

Without modifying our conclusion, we draw attention to Note X to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to DEF Creditor. As a result, the financial statement may not be suitable for another purpose.

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

Signature

(Name of Member signing the Review Report)  
(Designation)  
Membership Number

Place of Signature

Date