

Welcome to GTG's Keynotes!

GTG has designed these keynotes so that they integrate completely with your Study Text. Each chapter, or Study Guide is based on the ACCA Syllabus. All the Learning Outcomes have been shrunk down into bite-size parts to help you remember them easily.

Features of GTG's keynotes:

- Full colour – to make learning more memorable!
- Diagrams – to aid the learning process
- They highlight points, simply and succinctly
- Short sharp sentences – easy to memorise
- Clearly laid out
- Icons used to aid understanding
- Linked directly to Study Text

Icons



Expansion / to show clarification when going from one box to another



Tip or important point to remember

This is used for extra clarification or exam focus

The SG name can be found at the bottom of the page, here. Page No. is here

Intro: this Study Guide discusses objectives & general principles of external audit engagements, concepts of accountability, stewardship & agency, true & fair presentation, reasonable assurance, level of assurance provided by audit & other review assignments.

Objective & general principles of external audit

Assurance engagement : a professional accountant in public practice expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.



General principles of external audit engagement

Compliance with code of ethics: issued by International Federation of Accountants covering independence, integrity, objectivity, confidentiality etc.

Performance of audit in accordance with ISAs: the auditor should consider international standards as well as standards of the particular country (if they exist).

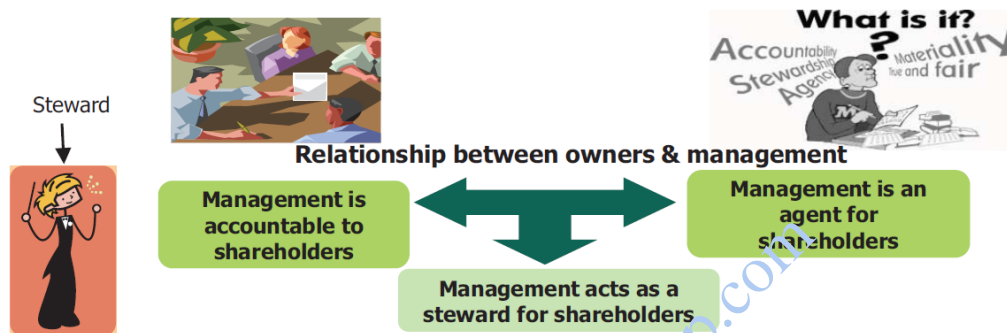
Audit with professional scepticism: if auditor has reason to suspect that fraud has taken place then they should investigate.

Professional judgment: the auditor should exercise professional judgment in planning & performing audit of FS.

According to ISA, my cost should be apportioned over not more than 3 years.

Accountability, stewardship & agency

Accountability	Stewardship	Agency
Some sort of responsibility given by one person to another, which is expected to be carried out according to given instructions	Responsibility to take care of resources & in charge of assets on behalf of someone else.	Relationship where one person is engaged to represent another person in transactions with third party



True & fair presentation

Accounts of an entity are prepared in accordance with facts, correct principles & applicable / accepted standards.



FS
Truck: actual cost is \$1,000,000 & depreciation is \$100,000

Calculation is correct but life of truck has not been estimated correctly .
It can't be more than 5 years so FS are true but not fair.

Reporting as means of communication to stakeholders & level of assurance

- Stakeholders who rely on the information in the FS :**

 - shareholders
 - employees
 - directors / management
 - bankers
 - taxation authorities
 - government
 - customers & suppliers

Audit provides reasonable assurance

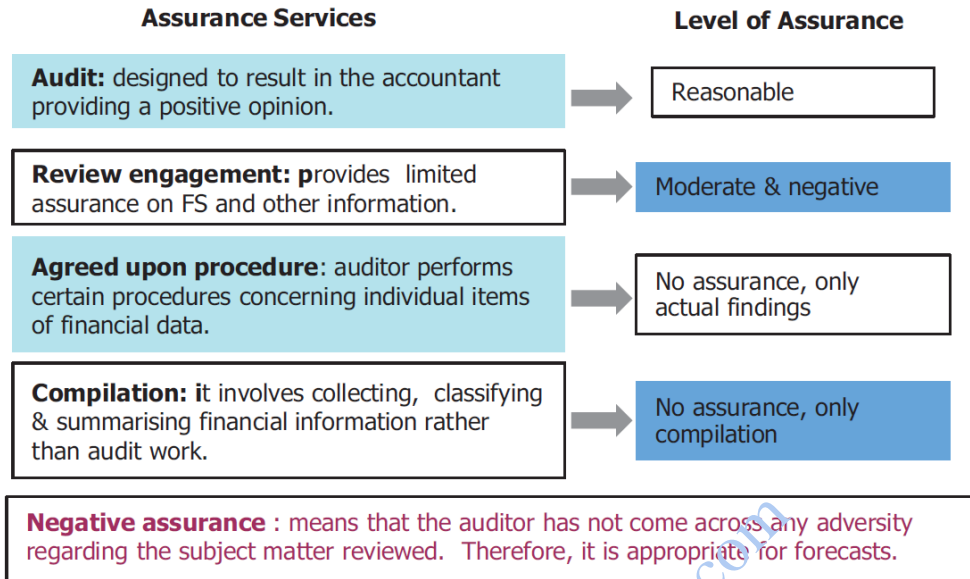
Reasons for not providing absolute assurance:

- inherent limitations of internal control system
- nature of audit evidence
- test checking by auditors

Nature of audit evidence



Hello, Fair Ltd?
I am the auditor of Hi Co.
Can you send me a **written** balance confirmation statement?



Intro: this Study Guide discusses the **regulatory** environment within which statutory audits (SAs) take place, and the statutory regulations governing the appointment, removal & resignation of auditors. It also explains the limitations of statutory audit & assesses its value.

Regulatory environment within which statutory audits take place

