

¶2-000 Approved standards on auditing

The Council of the Malaysian Institute of Accountants (MIA) has determined that Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (MSA) for members of the MIA comprise:

- (a) International Standards on Auditing (ISA) (as adopted)
- (b) International Standards on Review Engagements (ISRE) (as adopted)
- (c) International Standards on Assurance Engagements (ISAE) (as adopted)
- (d) International Standards on Related Services (ISRS) (as adopted)
- (e) International Standards on Quality Control (ISQC) (as adopted).

In addition to these promulgated standards, all statements issued by the MIA Council relating to recommended practices, including guidelines on auditing are to be regarded as opinions on best current practice and thus form part of Generally Accepted Auditing Principles (GAAP).

The Council may inquire into apparent failure by members to observe Approved Standards on Auditing and Generally Accepted Auditing Principles recommended by MIA or to disclose departures therefrom.

Guidance on the application and the compliance procedures in respect of the Approved Standards on Auditing is set out in the following sections:

- ¶2-100 — International Standards on Auditing;
- ¶2-110 — Malaysian Standards on Auditing;
- ¶2-130 — Compliance with Approved Standards on Auditing; and
- ¶2-150 — Dates from which Approved Standards on Auditing are Effective.

¶2-100 International Standards on Auditing (ISA)

MIA as a member body of the International Federation of Accountants (IFAC) is committed to the Federation's broad mission for the development and enhancement of an accountancy profession, able to provide services of consistently high quality in the public interest. In working toward this mission, IFAC has established the International Auditing and Assurance Standards Board (IAASB) to develop and issue, on behalf of IFAC Council, standards and statements on auditing and related services. IAASB believes that the issue of such standards and statements will help to improve the degree of uniformity of auditing practices and related services throughout the world.

As a condition of its membership, MIA is obliged to support the work of IFAC by informing its members of every pronouncement developed by IFAC, to work towards implementation, when and to the extent possible under local circumstances, of those pronouncements and specifically to incorporate IFAC's International Standards on Auditing (ISAs) in national auditing pronouncements.

MIA has determined to adopt the ISAs as the basis for approved standards on auditing and related services in Malaysia. Its Council will prepare an explanatory foreword on the status on each approved ISA that is adopted.

In the event that an ISA contains guidance which is significantly different from Malaysian law or practice, the explanatory foreword to an approved ISA will provide guidance on such differences.

Members of MIA are expected to comply with the standards on auditing and related services issued by MIA. Apparent failure to do so may lead to an investigation into member's or members' conduct by MIA.

It is impractical to establish standards on auditing and related services which universally apply to all situations and circumstances an auditor may encounter. Therefore, an auditor should consider the adopted standards as the basic principles which he should follow in performing his work. The precise procedures required to apply these standards are left to the professional judgement of the individual auditor and will depend on the circumstances of each case.

¶2-110 Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (MSA)

MSA are produced and issued by MIA as part of its efforts to define standards of auditing and harmonise auditing practices in Malaysia.

MSA are issued to augment ISA approved by MIA.

¶2-120 Clarified International Standards on Auditing

The Clarity Project started in 2004 when the IAASB embarked on a comprehensive programme to enhance the clarity of the existing ISAs. This programme involved the application of new drafting conventions to all ISAs, either as part of a substantive revision or through a limited redrafting, to reflect the new conventions and matters of clarity generally. The IAASB believed that there was a need for a coherent link between the objective of an audit and the ISA objectives as well as requirements for the auditor. Hence a single overall objective of the auditor, derived from the objective of an audit and supported by objectives in individual ISAs, would be specified in each of the ISAs. There was a corresponding obligation on auditors to aim to achieve the objectives. These objectives reflect the outcome to be achieved by the auditor and when the auditor's overall objective has not been or cannot be achieved, the auditor must modify his opinion or withdraw from the engagement.

On 27 February 2009, the Clarity Project reached its completion when the Public Interest Oversight Board of the IAASB approved the due process for the last several clarified ISAs. Auditors worldwide now have access to 36 newly updated and clarified ISAs and a clarified ISQC. The final set of Clarified Standards consisting of 36 ISAs and ISQC 1, comprises:

- One new standard addressing communication of deficiencies in internal control;
- 16 standards containing new and revised requirements (these have been referred to as "revised and redrafted ISAs"); and
- 20 standards that have been redrafted to apply the new conventions and reflect matters of general clarity only (these have been referred to as "redrafted ISAs and redrafted ISQC 1").

In Malaysia, these Clarified ISAs are effective for audit of financial statements for periods beginning on or after 1 Jan 2010.

¶2-130 Compliance with approved standards on auditing

Members who assume responsibilities as independent auditors are expected to observe Approved Standards on Auditing in the conduct of their audits under all reporting frameworks. Reporting frameworks are determined by legislation, regulation and promulgations of MIA; and where appropriate, mutually agreed upon terms of reporting.

The onus will be on members to use their best endeavours to ensure that such standards are also observed by those persons who assist them in their work.

An audit report should contain a positive statement to the effect that the audit has been conducted in accordance with Approved Standards on Auditing issued by the Malaysian Institute of Accountants.

The Council has determined that the principles and spirit of the standards must be observed and the application of the standards including the attached appendices in totality is recommended.

Approved Standards on Auditing apply to material matters. However, an applicable reporting framework may require that materiality be disregarded. Under such circumstances, any non-compliance should be reported when observed during the course of the audit.

The Council may inquire into apparent failures by members and those persons under their supervision to observe Approved Standards on Auditing and generally accepted auditing principles. Any failure to observe Approved Standards on Auditing could be regarded as conduct discreditable to the profession of an accountant and might lead to disciplinary action being taken against the member or members concerned.

Members are also advised that a court of law may, when considering the adequacy of the work of an auditor, take into account any pronouncements or publications which it thinks may be indicative of good auditing practice. Approved Standards on Auditing are likely to be so regarded.

¶2-140 Enhanced Auditors' Report (EAR)

In 2015, the IAASB issued its new and revised enhanced auditor reporting standards which were adopted by MIA in the same year (Malaysian Approved Standards/Conforming Amendments). These standards became effective for audits of financial statements with financial periods ending on or after 15 December 2016 in Malaysia. Foremost in the EAR is that auditors of listed companies must report the Key Audit Matters (KAMs), these being the most significant matters in the audit of the financial statements, and how they are addressed during the audit.

Other changes include the prominent placement of the auditors' opinion at the beginning of the auditors' report, a new and required section to highlight any material uncertainty related to going concern, if any, and an affirmative statement about the auditors' independence. There is also a description of the directors' and auditors' responsibilities for Other Information (OI) that have been included in the annual report and the status of the auditors' consideration of OI at the date of the auditors' report.

¶2-150 Dates from which Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services are Effective

The effective dates from which MIA members are expected to observe Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services are set out below:

The Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (MASA)

Preface to the Malaysian Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements	Mar 2017
Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services	1 Jan 2010
International Framework for Assurance Engagements	15 Dec 2015
Glossary of Terms	Dec 2016

International Standards on Quality Control (ISQC)

ISQC 1	Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements	1 Jan 2010
--------	---	------------

*International Standards on Auditing (ISA)**General Principles and Responsibilities*

	Conforming Amendments	April 2015
ISA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing	1 Jan 2010
ISA 210	Agreeing the Terms of Audit Engagements	1 Jan 2010
ISA 220	Quality Control for an Audit of Financial Statements	1 Jan 2010
ISA 230	Audit Documentation	1 Jan 2010
ISA 240	The Auditor's Responsibilities Relating to Fraud in the Audit of Financial Statements	1 Jan 2010
ISA 250 (Revised)	Consideration of Laws and Regulations in an Audit of Financial Statements	15 Dec 2017
ISA 260 (Revised)	Communications with Those Charged with Governance	1 Jan 2010
ISA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	1 Jan 2010

Risk Assessment and Response to Assessed Risks

ISA 300	Planning an Audit of Financial Statements	1 Jan 2010
ISA 315 (Revised)	Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment	15 Dec 2013
ISA 320	Materiality in Planning and Performing an Audit	1 Jan 2010
ISA 330	The Auditor's Responses to Assessed Risks	1 Jan 2010
ISA 402	Audit Considerations Relating to an Entity Using a Service Organisation	1 Jan 2010
ISA 450	Evaluation of Misstatements Identified During the Audit	1 Jan 2010
ISA 500	Audit Evidence	1 Jan 2010
ISA 501	Audit Evidence – Specific Considerations for Selected Items	1 Jan 2010
ISA 505	External Confirmations	1 Jan 2010
ISA 510	Initial Audit Engagements – Opening Balances	1 Jan 2010
ISA 520	Analytical Procedures	1 Jan 2010
ISA 530	Audit Sampling	1 Jan 2010
ISA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures	1 Jan 2010
ISA 550	Related Parties	1 Jan 2010
ISA 560	Subsequent Events	1 Jan 2010
ISA 570 (Revised)	Going Concern	15 Dec 2016
ISA 580	Written Representations	1 Jan 2010

ISA 600	Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	1 Jan 2010
ISA 610 (Revised)	Using the Work of Internal Auditors	15 Dec 2016
ISA 620	Using the Work of an Auditor's Expert	1 Jan 2010
ISA 700 (Revised)	Forming an Opinion and Reporting on Financial Statements	15 Dec 2016
ISA 701	Communicating Key Audit Matters in Independent Auditor's Reports	15 Dec 2016
ISA 705 (Revised)	Modifications to the Opinion in the Independent Auditor's Report	15 Dec 2016
ISA 706 (Revised)	Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report	15 Dec 2016
ISA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements	1 Jan 2010
ISA 720 (Revised)	The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements	15 Dec 2016
ISA 800 (Revised)	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks	15 Dec 2016
ISA 805 (Revised)	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	15 Dec 2016
ISA 810 (Revised)	Engagements to Report on Summary Financial Statements	15 Dec 2016
<i>International Standards on Review Engagements (ISREs)</i>		
ISRE 2400 (Revised)	Engagements to Review Financial Statements	31 Dec 2013
<i>International Standards on Assurance Engagements (ISAEs)</i>		
ISAE 3000 (Revised)	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (previously known as ISAE 100)	15 Dec 2013
ISAE 3402	Assurance reports on Controls at Service Organisation	15 Jun 2011
ISAE 3410	Assurance engagement on Greenhouse Gas Statement	30 Sep 2013
ISAE 3420	Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus	31 Mar 2013
<i>International Standards on Related Services (ISRSs)</i>		
ISRS 4410	Engagements to Compile Financial Information	1 Jul 2013
<i>International Auditing Practice Notes (IAPN)</i>		
IAPN 100	Special Considerations in Auditing Financial Instruments	Mar 2012
<i>Audit and Assurance Practice Guides (AAPG)</i>		
AAPG 1	Auditors' report on financial statements prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) framework and Companies Act 2016	15 Dec 2016
AAPG 2	Auditors' report on financial statements prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) and Companies Act 2016	15 Dec 2016

It is essential that there is a clear understanding between the auditor and client as to the extent of the audit, particularly when there is no specific statutory duty involved. Such an understanding should be evidenced in writing. Once an auditor decides to accept an appointment, an engagement letter should be prepared and submitted to the prospective client. The engagement letter should document and confirm the auditor's acceptance of the appointment, the objective and scope of the audit, the extent of the auditor's responsibilities to the client and the form of any reports.

The engagement letter, once signed by both the auditor and the client, becomes a contract governing the terms of the engagement and what is expected of each party. However, the auditor also has various legal duties and responsibilities such as those under the *Companies Act 2016* (in respect of corporate entities) and case law which will have a bearing on the auditor's duties. These legal requirements will apply in addition to, and regardless of, any terms which might be agreed to between the auditor and the client. (Refer International Standards on Auditing *ISA 210: "Agreeing the Terms of Audit Engagements"*).

The auditor must be independent and carry out all audit duties with integrity and an appropriate degree of professional care and skill. The auditor must respect the confidentiality of information acquired in the course of the audit and document matters which are important in providing evidence that the audit was carried out in accordance with approved standards on auditing.

The auditor should obtain sufficient appropriate audit evidence through the performance of compliance and substantive procedures in order to draw reasonable conclusions in forming an opinion on the financial information.

International Standards on Auditing *ISA 200: "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing"* sets out the mandatory basic principles and essential procedures required in the conduct of an audit of financial statements. In summary, the auditor is required to:

- (a) comply with the ethical requirements of MIA;
- (b) conduct an audit in accordance with approved standards on auditing;
- (c) plan and perform the audit with an attitude of professional scepticism recognising that circumstances may exist which could cause the financial statements to be materially misstated;
- (d) determine the procedures required to conduct an audit in accordance with the requirement of the ISAs, relevant professional bodies, legislation, regulations and where appropriate, the terms of the audit engagement and reporting requirements; and
- (e) not accept responsibility for the preparation and presentation of the financial statements.

¶2-180 Responsibilities of the auditor under the *Companies Act 2016*

An auditor of a company is obliged to report to the members of the company on the accounts which are to be circulated to its members. The auditor must also report to the members on the company's accounting records, and on other records relating to those accounts: s 266(1).

If the company is a holding company for which group accounts are required, the auditor must report to the members on the consolidated accounts: s 266(1).

The report must be attached to or endorsed on the accounts or consolidated accounts, and must be read out before the company in general meeting, if so required by a member. The report must be available and open for inspection by members at any reasonable time: s 266(6).

Law: s 266(1), (6).

The principle of exception reporting applies when the auditor tenders his report. The absence of any reservation in the auditor's report amounts to a statement by him that he has satisfied himself in all respects of the matters covered by his audit report.

Law: s 266(3).

Access to records

An auditor of a company is given the right of access at all reasonable times to accounting and other records of the company, including registers. The provision of this right is an attempt to assist the auditor in the proper performance of his duties. The auditor is further entitled to require from any officer of the company such information and explanations as he desires for the purposes of audit: s 266(4).

An auditor of a holding company for which consolidated financial statements are required, has a right of access at all reasonable times to the accounting and other records, including registers, of any subsidiary. The auditor is entitled to require from any officer or auditor of any subsidiary, any information and explanations in relation to the affairs of the subsidiary that he may require for the purposes of reporting on the consolidated financial statements. Any such information is supplied at the expense of the holding company: s 266(5).

Any refusal or failure to allow an auditor access to records and information constitutes an offence. Any officer of the company who hinders, obstructs or delays the auditor in the performance of his duties will also be committing an offence: s 266(12).

Law: s 266(4), (5), (12).

Directors' statement re accounts

Contents of statement

Before the directors present the company's annual financial statements to the shareholders at the general meeting, they must ensure that the financial statements are accompanied by a directors' statement. This statement must be approved by the Board, and signed by two directors or in the case of a single director, by that director, and be attached to the financial statements: s 251(2)(a)&(b).

The directors' statement must be made in accordance with a resolution of the Board stating whether in their opinion the financial statements or consolidated financial statements is or are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and financial performance of the company or of the group of companies: s 251(2).

Accordingly, before the annual financial statements are submitted to the company in general meeting, the directors must pass a resolution that:

- in their opinion, the accounts (including consolidated accounts where applicable) do show the true and fair view required; and
- two of the directors/the director be authorised to sign the statement on behalf of the Board.

Note that any person who wilfully makes or authorises the making of a false or misleading statement will be guilty of an offence: s 591(2). If a director attends a board meeting and votes in favour of the making of the directors' statement which is false or misleading in any way, he is deemed to have authorised the making of that statement and will be guilty of an offence. It must, however, be shown that he knew the statement was false or misleading. If an intention to deceive can be established, the director will also be guilty of furnishing a false and misleading statement to the shareholders: s 591(3).

Law: s 252(2), 249(1), (2), (4), (7), 591(2), (3).

Auditors should carry out their duties with the understanding that fraud and error may exist. An auditor should give consideration to these possibilities by planning and carrying out the audit in such a manner that the auditor has a reasonable expectation of detecting material misstatements in the financial statements. However, the audit, which is directed to the expression of an opinion, cannot be relied upon to disclose all errors or irregularities. If an auditor was required to discover all errors or irregularities, the auditor would have to extend the audit work to a point where the cost would outweigh the benefit to the client. Even then, an auditor cannot give an assurance that all types of errors or irregularities have been detected, due to such things as unrecorded transactions, forgeries and collusive fraud which would not necessarily be uncovered. Thus, it is recognised that a strong system of accounting and internal control is the most economical and effective protection from fraud and error. (For further guidance, refer International Standards on Auditing ISA 240: "The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements").

¶2-200 Audit evidence

"Audit evidence" is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based, and includes the information contained in the accounting records underlying the financial statements and other information. The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion. Sufficiency is the measure of the quantity of audit evidence whereas appropriateness is the measure of the quality of audit evidence. The quantity of audit evidence needed is affected by the risk of misstatement (the greater the risk, the more audit evidence is likely to be required) and also by the quality of such audit evidence (the higher the quality, the less may be required).

In gathering audit evidence, an auditor must determine the most efficient and effective audit approach to be adopted in the particular circumstances.

An entity which employs its own accounting staff and has relatively sophisticated operating procedures and internal controls may be audited by the application of a "systems-based audit" approach. This involves an evaluation and assessment of the entity's operating procedures, compliance testing to determine whether those procedures are observed and substantive tests made according to the level of reliance that can be placed on the effectiveness of those procedures.

Small businesses and organisations in which the operating procedures and internal controls are insufficient to allow reliance upon them should normally be audited by the application of a "substantive audit" approach. This involves a higher degree of analytical review and substantive testing with little or no reliance being placed on internal controls.

Compliance procedures

Compliance procedures are tests designed to obtain reasonable assurance that those internal controls on which audit reliance is to be placed are effective. In obtaining audit evidence from compliance procedures, the auditor is concerned with the following assertions:

<i>Existence</i>	— that control exists.
<i>Effectiveness</i>	— that control is operating effectively.
<i>Continuity</i>	— that control has so operated throughout the period of intended reliance.

4-280 REPRESENTATION LETTERS

¶4-290 Client's representation letters

International Standards on Auditing *ISA 580: "Written Representations"* sets out the mandatory basic principles and essential procedures required when using management representations as audit evidence. In summary, the auditor is required to:

- (a) obtain appropriate representations from management;
- (b) obtain sufficient appropriate evidence that management acknowledges its responsibility for the fair presentation of the financial statements in accordance with an identified financial reporting framework, and has approved the financial statements;
- (c) obtain written representations from management on specific matters, material to the financial statements, when other sufficient appropriate audit evidence cannot reasonably be expected to exist;
- (d) where a representation by management is contradicted by other audit evidence, the auditor should investigate the circumstances and, when necessary, reconsider the reliability of other representations made by management; and
- (e) if management refuses to provide a representation or to confirm in writing an oral representation that the auditor considers necessary, this constitutes a limitation on the scope of the audit and the auditor should express a qualified audit opinion or a disclaimer of opinion.

The following example of a management representation letter is from the Appendix to *ISA 580* and it is not intended to be a standard letter. Representations by management will vary from one entity to another and from one period to the next.

Although seeking representations from management on a variety of matters may serve to focus management's attention on those matters, and thus cause management to specifically address those matters in more detail than would otherwise be the case, the auditor needs to be cognizant of the limitations of management representations as audit evidence as set out in this *ISA*.

EXAMPLE: Representation Letter

(Entity Letterhead)

(To Auditor) (Date)

This representation letter is provided in connection with your audit of the financial statements of ABC Company for the year ended 31 December 20X1 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, (or give a true and fair view) in accordance with (indicate relevant financial reporting framework).

We confirm that (, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the financial statements in accordance with International Financial Reporting Standards; in particular the financial statements are fairly presented (or give a true and fair view) in accordance therewith.

- *Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (ISA 540)*
- *Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. (ISA 550)*

- All events subsequent to the date of the financial statements and for which International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed. (ISA 560)
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. (ISA 450)
- [Any other matters that the auditor may consider appropriate (see paragraph A10 of this ISA).]

Information provided

- We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (b) Additional information that you have requested from us for the purpose of the audit; and
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (ISA 240)
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - (a) Management;
 - (b) Employees who have significant roles in internal control; or
 - (c) Others where the fraud could have a material effect on the financial statements. (ISA 240)
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. (ISA 240)
- We have disclosed to you all known instances of non-compliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. (ISA 250 (Revised))
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. (ISA 550)
- [Any other matters that the auditor may consider necessary (see paragraph A11 of this ISA).]

(Senior Executive Officer)

(Senior Financial Officer)

¶4-300 Solicitors' representation letters

During the course of an audit, an auditor is required to obtain sufficient appropriate audit evidence regarding litigation and claims affecting the entity. In summary, the auditor has to determine:

- (a) from the appropriate audit evidence gathered:
 - (i) whether all material litigation and claims have been identified;
 - (ii) the probability of any material revenue or expense arising from such matters and the estimated amount thereof; and

1. Confirmation that you are acting for the company (controlled entities/divisions) in relation to the respective matters mentioned below and that the directors' description and estimates of the amounts of the financial settlement (including costs and disbursements) which might arise in relation to those matters are in your opinion reasonable.

Name of company (controlled entity or division)	Director's description of matters (including current status)	Director's estimate of financial settlement (inclusive of costs and disbursements)
_____	_____	_____
_____	_____	_____

2. Should you disagree with any of the information included in 1 above, please comment on the nature of your disagreement.

3. In addition to the above, a list of open files that you maintain in relation to the company (and the above mentioned controlled entities and/or divisions).

4. In relation to the matters identified under 2 and 3 above, we authorise you to discuss these matters with our auditor (name and address), if requested, and at our cost.

It is understood that:

- the company (and the abovenamed controlled entities and/or divisions) may have used other solicitors in certain matters;
- the information sought relates only to information relating to litigation and claims referred to your firm (including controlled entities and/or divisions) which were current at any time during the above mentioned reporting period, or have arisen since the end of the reporting period, and up to the date of your response;
- unless separately requested in writing, you are not responsible for keeping the auditors advised of any changes after the date of your reply;
- you are only required to respond on matters referred to you as solicitors for the company (and the above mentioned controlled entities and/or divisions), not on those within your knowledge solely because of the holding of any office as director, secretary, or otherwise of the company (and the above mentioned controlled entities and/or divisions) by a consultant, partner or employee of your firm; and
- your reply is sought solely for the information of, and assistance to, this company in connection with the audit of, and report with respect to, the financial statements of the company (and the above mentioned controlled entities and/or divisions) and will not be quoted or otherwise referred to in any financial statements or related documents of the company (and the above mentioned controlled entities and/or divisions) nor will it be furnished to any governmental agency or other person subject to specific legislative requirements, without the prior written consent of your firm.

Your prompt assistance in this matter will be appreciated.

Would you please forward a signed copy of your reply directly to our auditors, _____
(name) at _____ (address), by _____ (date).

Yours faithfully,

(Signature of client)

of changes in equity)/(statement of income and retained earnings)] and statement of cash flows/of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. We are pleased to confirm our acceptance and the terms of our engagement.

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

1. Responsibilities of Directors

- 1.1 As laid down in the *Companies Act 2016* (Act), the directors are responsible for the maintenance of the Company's accounting records and the preparation of annual financial statements which give a true and fair view in accordance with the Malaysian Financial Reporting Standards and, to comply with the requirements of the Act.
- 1.2 The directors are also responsible for making available to us, as and when required, all the Company's accounting records and all other records and related information, including minutes of all management and shareholders' meetings and any other additional information that we may request from the directors and management for the purpose of the audit. The directors shall also provide us with unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.
- 1.3 Responsibility for the prevention and detection of fraud and error remains with the directors and management of the Company and its subsidiaries mainly through the implementation and continued operation of an adequate system of internal control.
- 1.4 The directors are also responsible for the preparation of other information comprising financial or non-financial information included in the [directors' report]/[annual report]/[description of another public document] containing the financial statements and the auditors' report thereon ("the other information"). The directors agree to provide us the other information in sufficient time for us to read regardless of whether it is given to us before or after the date of the auditors' report.
- 1.5 *Directors of a holding company have an additional responsibility under the Act to prepare consolidated financial statements consisting of the holding company and its subsidiaries.*

2. Responsibilities of Auditors

- 2.1 The objectives of the audit are to examine in accordance with approved standards on auditing in Malaysia as promulgated by the Malaysian Institute of Accountants ("MIA") and International Standards on Auditing and report to the members of the Company on the financial statements produced by the directors. We shall, as required by the Act, report to the members of the Company whether in our opinion the financial statements have been properly drawn up in accordance with [Malaysian Financial Reporting Standards, International Financial Reporting Standards]/[Financial Reporting Standards]/[Malaysian Private Entities Reporting Standard] and the requirements of the Act so as to give a true and fair view of:
 - (a) the financial position of the Group and of the Company as at the end of the financial year; and
 - (b) the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

3. Scope of Audit

- 3.1 Our audit will be conducted in accordance with approved standards on auditing in Malaysia as promulgated by the Malaysian Institute of Accountants ("MIA") and International Standards on Auditing. Those standards require that we comply with ethical requirements. As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- (a) Identify and assess the risks or material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Group's or the Company's effectiveness in the internal control.
 - (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
 - (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
 - (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit.
- 3.2 Approved standards on auditing in Malaysia and International Standards on Auditing require that we determine key audit matters and communicate those matters by describing them in the auditors' report, except in very limited circumstances. Key Audit Matters are those matters that, in our professional judgement, are of most significance in the audit of the financial statements of the Group and of the Company of the current financial year. Our communication of key audit matters in our auditors' report will be in the context of our audit of the financial statements as a whole. We will not provide a separate opinion on these matters. The communication of key audit matters applies to listed entities and in circumstances when we otherwise decide to communicate key audit matters in our auditors' report. We will communicate with you if we decide to do so.
- 3.3 We are required to read the other information. This responsibility applies regardless of whether the other information is obtained by the auditor prior to or after the date of the auditors' report. We will consider whether the other information is materially inconsistent with the financial statements or

4. Confidentiality

- 4.1 The conduct of our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing means that information acquired by us in the course of our audit is subject to strict confidentiality requirements.
- 4.2 Neither of us will disclose to any third party without the prior written consent of the other party any confidential information which is given, for the purposes of providing or receiving the services here in, by the other party. Information shall be deemed to be confidential which if disclosed in writing is marked confidential or if disclosed orally is confirmed in writing as being confidential or otherwise, is manifestly confidential ("Confidential Information"). This restriction will not apply to any information which:
- (a) is or becomes generally available to the public other than as a result of a breach of an obligation under this clause; or
 - (b) is acquired from a third party who owes no obligation of confidence in respect of the information; or
 - (c) is in possession of the receiving party without restriction before the date of receipt from the other party; or
 - (d) is or has been independently developed by the receiving party.
- 4.3 Notwithstanding the above, we may disclose any Confidential Information:
- (a) to our insurers or lawyers provided that the Confidential Information remains confidential; or
[Section 4.3(b): In the case of a network firm, the following paragraph to be inserted]
 - (b) to other [name of firm] entities in relation to the provision of the services herein or to assist in quality reviews or for independence and conflict checks; or
 - (c) if required to do so by law or rule or regulation applicable to us, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than [based on firm's policy] business days notice in writing is first given to you.
- 4.4 You agree that we may disclose, transfer and process Confidential Information as reasonably required for internal business purposes including client relationship management, account management, internal financial reporting, information technology ("IT") support (such as storage, hosting, maintenance, support, etc) including outsourcing of the same.
- 4.5 With respect to personal data:
- (a) that you provide to us, you confirm that processing such data in accordance with the terms of this letter will not place us in breach of any applicable data protection legislation;
 - (b) that we provide to you, you agree to keep such data confidential, secure and in accordance with any applicable data protection legislation.
- 4.6 Subject to Clause 4.2 above and once the services herein and the deliverables herein have been provided, we may cite the performance of our services herein to our clients and prospective clients, or include a reference in other electronic or printed marketing materials or publications as an indication of our experience.
- [Section 4.7: In the case of a network firm, the following paragraph to be inserted]**
- 4.7 "[name of firm] entity(ies)" means any entity (whether or not incorporated) which carries on business under a name which includes all or part of the [name of firm] name or is otherwise within (or associated or connected with an entity within) or is a correspondent firm of the world-wide network of [name of firm] firms.

8. Reporting

8.1 [Insert appropriate reference to the expected form and content of the auditors' report. Example as follows: The expected form and content of our audit report is provided in Appendix A, being specimen of unmodified opinion. We will issue a written report upon completion of our audit of the financial statements of the Group and of the Company. Our report will be addressed to the members of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our report.]

8.2 The form and content of our report may need to be amended in the light of our audit findings.

9. Fees

9.1 Our fees are based upon the degree of responsibility and skill involved and the time spent by the partners and our staff necessarily occupied on the work, and shall be reviewed from time to time. The fees will be billed as work progresses and shall include all disbursements and other out-of-pocket expenses. The invoice will be due on presentation.

10. Agreement of Terms

10.1 Once it has been agreed, this letter will remain effective for subsequent reappointment unless it is terminated, amended or superseded. We shall be grateful if you would confirm your agreement to the terms of this letter by signing and returning the duplicate copy.

10.2 If the contents are not in agreement with your understanding of our term of engagement, we shall be pleased to receive your comments and to give you any further information you require.

Yours faithfully

(Engagement Partner's Signature)

Acknowledged, and in agreement with the terms of engagement as set out above:

(Client Representative's Signature)

(Title)

(Date)

4-340 AUDIT REPORTS

¶4-350 Introduction

The adoption of *ISA 700 (Revised) — "Forming an Opinion and Reporting on Financial Statements"* as an approved standard on auditing, results in amendments to the form and content of the current audit reports.

To reduce confusion among readers of financial statements, it is desirable to ensure uniformity in the form and content of reports given by auditors under whichever capacity they assume. A report should be given upon completion of an assignment.

Date of the report

All reports should be dated. This indicates the completion date of the assignment. This should not be dated earlier than the date on which the financial statements are signed and approved by management and ready for issuance to those entitled to receive them.

¶4-380 Modified report — emphasis of matter

An affirmation of the requirement of each applicable reporting framework will result in an unqualified report. However, in certain instances it may be necessary to draw the readers' attention to important aspects of the financial statements for a better understanding. Under such circumstances it does not affect the auditor's affirmation of the reporting requirement. *ISA 705 (Revised) — "Modifications to the Independent Auditor's Report"* provides guidance on these circumstances.

This is achieved by using separate paragraphs to highlight the material matter after the reporting paragraph. It should be phrased to avoid giving an impression that a qualification is intended. Such an emphasis of matter may be a significant uncertainty the resolution of which is dependent upon future events and which may affect the financial statements. It may also be of a nature that does not affect the financial statements such as significant events occurring subsequent to the statement of financial position date but would help explain inconsistencies or uncertainties of events or transactions to users of the financial statements.

The auditor should not regard an emphasis of matter as a substitute for a qualification.

An auditor whose reporting responsibility is to provide a certificate should not give any affirmation if he is not able to satisfy himself of the requirements.

¶4-390 Qualifications

An auditor may be unable to give an affirmation of his reporting responsibilities. This results when certain circumstances exist or where, in the accountant's judgement, the effect of the matter is or may be material to the financial statements. This will lead to a qualification.

A qualification could arise out of either:

- inherent uncertainties;
- limitation on the scope of the auditor's work; or
- disagreement with management.

Inherent uncertainties

Inherent uncertainties are situations which might affect the financial statements and which, by their nature, mean that their outcome cannot be objectively or reasonably determined. Such situations would include doubts regarding going concern or the outcome of long-term contracts. They would not include reasonable estimates, such as judgements regarding saleability of stock or collectability of debts.

Limitation

Limitations on scope arise on those occasions where the auditor is unable to obtain for any reason, all the information and/or explanations which he deems necessary to carry out his reporting responsibilities. It may be imposed by the entity (for example, under the terms of engagement) or by circumstances (for example, due to the timing of his appointment) or when the entity's accounting records are inadequate. When there is a limitation on the scope of the auditor's work, the auditor's report should describe the limitation. In a qualified opinion, the auditor should indicate the possible adjustments to the financial statements that might have been determined to be necessary had the

The opinion on whether or not the accounting and other records are properly kept in accordance with requirements of the reporting framework, can determine more clearly whether the circumstances warrant an adverse opinion.

The following matrix exhibits the forms of qualified reports arising from the different circumstances:

Circumstances	Not material and pervasive	Material and pervasive
Limitation on the scope	Except for	Disclaimer
Inherent uncertainty		
Disagreement		Adverse

When a qualified report is given, a clear description of the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effects on the financial statements must be disclosed.

¶4-400 Sample reports

Sample of auditors' reports are set out in ¶4-410 to ¶4-550. These reports are under MIA's Audit and Assurance Practice Guides (AAPG) 1 & 2 – Examples of Independent Auditor's Reports Pursuant to ISA 700 (Revised) which is effective for auditor's reports issued on or after 15 December 2016.

These reports represent current best practice and are provided as guidance to members of MIA. Members may adapt them where appropriate to meet the firm's needs and the circumstances of each case. However, members are cautioned that no amendment should be made to the substance of the report and that the content of the report must comply with the reporting responsibility and requirements of each applicable reporting framework.

4-410 Model audit reports

¶4-420 Unqualified Reports

¶4-430 to ¶4-450 are examples of unqualified reports for different companies.

¶4-430 Companies with/without subsidiaries adopting the MFRS framework

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XYZ BERHAD

Report on the Financial Statements

Opinion

We have audited the financial statements of XYZ Berhad, which comprise the statement of financial position as at 31 December 20XX, [of the Group and of the Company,] and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows [of the Group and of the Company] for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages XX to XX.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company [of the Group and of the Company] as at 31 December 20XX, and of its [their] financial performance and its [their] cash flows for the year then ended in accordance with [Malaysian

In preparing the financial statements of the Company [of the Group and of the Company], the directors are responsible for assessing the Company's [the Group's and the Company's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the [group or the] Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company [of the Group and of the Company], whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's [of the Group's and of the Company's] internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's [the Group's or the Company's] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company [of the Groups and of the Company] or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company [of the Group and of the Company], including the disclosures, and whether the financial statements [of the Group and of the Company] represent the underlying transactions and events in a manner that achieves fair presentation.
- [Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.]

¶4-440 Foreign incorporated corporation carrying on a business in Malaysia**INDEPENDENT AUDITORS' REPORT TO THE AGENT OF THE MALAYSIA BRANCH OF XYZ LIMITED¹****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of the Malaysia branch of XYZ Limited, which comprise the statement of financial position as at 31 December 20XX, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages AA to ZZ. These financial statements are prepared based on the accounting and other records maintained by the Malaysia branch of XYZ Limited relating to its operations in Malaysia.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Malaysia branch of XYZ Limited as of 31 December 20XX, and of its financial performance and its cash flows for the year then ended in accordance with [Malaysian Financial Reporting Standards, International Financial Reporting Standards]² and the requirements of the *Companies Act 2016* in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Branch in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Malaysia branch of XYZ Limited for the current year. These matters were addressed in the context of our audit of the financial statements of the Branch as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with ISA 701]

Information Other than the Financial Statements and Auditors' Report Thereon

The directors and managers of the Malaysia branch of XYZ Limited are responsible for the other information. The other information comprises the [information included in the annual report], but does not include the financial statements of the Branch and our auditors' report thereon.

Our opinion on the financial statements of the Branch does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Branch, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Branch or our knowledge obtained in the audit or otherwise appears to be materially misstated.

the date of our auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

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

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

Other Matters

This report is made solely to you in accordance with s 575 of the *Companies Act 2016* in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Audit firm

[AF: 8888]

Chartered Accountants

Partner

[9999/9/99 (J/PH)]

Chartered Accountant

Date

[Location in the country]

- 1 Depending on the engagement contract, the auditors' report may be addressed to other parties (for example, the shareholders).
- 2 Note that a foreign branch does not fulfill the definition of a private company and hence, it will not be able to apply Accounting Standards for Private Entities (or also known Malaysian Private Entity Reporting Standards).

14-450 Co-Operative Societies/Clubs/Non-profit organisations

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CO-OPERATIVE XYZ

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Co-Operative XYZ, which comprise the balance sheet as at 31 December 20XX, and the income statement, statement of changes in net assets attributable to members¹ and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages AA to ZZ.

- 1 Depending on the terms of the membership and depending on the accounting framework adopted, an entity may also use the term "statement of changes equity".

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Co-operative or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Co-operative, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the CSA in Malaysia, we also report that in our opinion:

- (a) the accounting and other records have been properly kept in accordance with s 58 of the Act.
- (b) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Co-Operative during the year ended 31 December 20XX are in accordance with the Act, the Co-Operative Societies Regulations 1995 in Malaysia and the regulations and by-laws of the Co-Operative.
- (c) the assets and liabilities, in all material respects, are fairly stated in accordance with the accounting policies.

Other Matters

This report is made solely to the members of the Co-Operative, as a body, in accordance with s 63 of the CSA in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Audit firm

[AF: 8888]

Chartered Accountants

Partner

[9999/9/99 (J/PH)]

about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.]

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the *Companies Act, 2016* in Malaysia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists.

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

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with s 266 of the *Companies Act 2016* in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Audit firm

[AF: 8888]

Chartered Accountants

Partner

[9999/9/99 (J/PH)]

Chartered Accountant

Date

[Location in the country]

¹ The words should be changed accordingly to reflect the accounting framework adopted by the entity.

¶4-480 Unqualified opinion with emphasis of matter paragraph – Going concern is appropriate but a material uncertainty exists and adequate disclosure is made

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XYZ BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of XYZ Berhad, which comprise the statement of financial position as at 31 December 20XX, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages xx to xx.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 20XX, and of its financial performance and its cash flows for the year then ended in accordance with [Malaysian Financial Reporting Standards/International Financial Reporting Standards]¹ and the requirements of the *Companies Act 2016* in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists.

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

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements for the current year and are therefore the key audit

Basis for Qualified Opinion

We did not observe the counting of the physical inventories as of 31 December 20XX, since that date was prior to the time we were initially engaged as auditors for the Company. Owing to the nature of the Company's records, we were unable to satisfy ourselves as to inventory quantities by other audit procedures.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of XYZ Berhad's inventory balance as at 31 December 20XX and hence any possible impairment losses to be recognised. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.¹

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the *Companies Act 2016* in Malaysia.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with s 266 of the *Companies Act 2016* in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Audit firm

[AF: 8888]

Chartered Accountants

Partner

[9999/9/99 (J/PH)]

Chartered Accountant

Date

[Location in the country]

¹ The words should be changed accordingly to reflect the accounting framework adopted by the entity.

¶4-510 Disagreement – Inappropriate accounting method

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XYZ BERHAD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of XYZ Berhad, which comprise the statement of financial position as at 31 December 20XX, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages XX to XX.

In our opinion, except for the possible effects of the matter described in *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial

¶4-520 Disclaimer of Opinion Report

A disclaimer of opinion should be expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence. See ¶4-530 for a sample report on disclaimer of opinion.

¶4-530 Limitation of Scope – Inadequate Accounting Records

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XYZ BERHAD

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the financial statements of XYZ Berhad, which comprise the statement of financial position as at 31 December 20XX, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages XX to XX.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As discussed in Note GG to the financial statements, a fire at the Company's computer centre destroyed many of the accounting records and related documents. The financial statements consequently include significant amounts based on estimates. We were unable to carry out appropriate audit procedures to obtain sufficient and appropriate audit evidence over these estimates. We could not determine the effect of adjustments, if any, on the financial position of the Company as at 31 December 20XX, or on its financial performance and cash flows for the year then ended.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the *Companies Act 2016* in Malaysia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (Ref: Note (a)), and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the *Companies Act 2016* in Malaysia, we also report that in our opinion the accounting and other records for the matters as described in the Basis for Adverse Opinion section have not been properly kept by the Company in accordance with the provision of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with s 266 of the *Companies Act 2016* in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Audit firm

[AF: 8888]

Chartered Accountants

(Partner)

[9999/9/99 (J/PH)]

Chartered Accountant

Date

[Location in the country]

1 The words should be changed accordingly to reflect the accounting framework adopted by the entity.

14-560 Statement pursuant to s 261 of the Companies Act 2016

Company No

XYZ	
-----	--

XYZ Sdn Bhd

(Incorporated in Malaysia)

STATEMENT BY AUDITORS PURSUANT TO S 261, COMPANIES ACT 2016

In pursuance of s 261 of the *Companies Act 2016* the financial statements made up to xxxx which have been laid before the company in the Annual General Meeting, held on xxxx [circulated to its members under s 258] to which this statement relates to

- (i) have been audited in accordance with the said Act; and
- (ii) have not been qualified and no comments were made in pursuance of s 266(3) of the *Companies Act 2016*;

and in our opinion, the company,

- (i) is and has at all relevant times been an exempt private company;
- (ii) has kept proper accounting records and other books during the period covered by those accounts; and
- (iii) as at the date to which the profit and loss has been made up appeared to have been able to meet its liabilities as and when they fall due.

Dated this

(Audit Firm)

[AF: 8888]

Chartered Accountants

(Partner)

[9999/9/99 (J/PH)]

Chartered Accountant

Address

LODGED IN THE OFFICE OF THE REGISTRAR OF COMPANIES BY:

NAME : ABC MANAGEMENT SERVICES SDN BHD
 ADDRESS : XXXXXXXXXXXXXXXX
 TELEPHONE NO. : XX.XXXXXXX
 FACSIMILE NO. : XX.XXXXXXX

14-570 Report of the auditors to the Controller of Housing

Company No

XYZ	
-----	--

REPORT OF THE AUDITORS TO THE CONTROLLER OF HOUSING

XYZ Sdn Bhd

(Incorporated in Malaysia)

We have audited the financial statements set out on pages xx to xx of XYZ Sdn Bhd.

These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit pursuant to s 9(3) of the *Housing Developers (Control and Licensing) Act, 1966* and of the *Housing Developers (Housing Development Account) Regulations 1991*.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

1. The financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are properly drawn up in accordance with the provisions of the *Housing Developers (Control and Licensing) Act, 1966* and applicable approved accounting standards so as to give a true and fair view of:
 - (a) the state of affairs of the company as at 31 December 20xx and of the results of their operations for the year ended on that date;
 - (b) the accounting and other records required by the *Housing Developers (Control and Licensing) Act, 1966* to be kept by the company, have been properly kept in accordance with the provisions of the said Act; and
 - (c) we have received satisfactory information and explanations from officers and agents of the company as required for the purposes of our audit,

and

2. the account maintained for Lot PTD No: xxxx, Mukim of xxxx, in the District of xxxx, in the state of xxxx, has been opened and maintained pursuant to the *Housing Developers (Housing Development Account) Regulations 1991*.

Based on our work done, nothing has come to our attention that causes us to believe that the monies in the Housing Development Account have not been withdrawn in accordance with the Regulations.

(Audit Firm)

[AF: 8888]

Chartered Accountants

(Partner)

[9999/9/99 (J/PH)]

Chartered Accountant

Address

¶4-580 Report in support of the application of pioneer certificate

REPORT IN SUPPORT OF THE APPLICATION FOR PIONEER CERTIFICATE UNDER THE PROMOTION OF INVESTMENTS ACT 1986

Date

The Directors

XYZ Sdn Bhd

Dear Sirs

In accordance with your instructions, we have examined the annexed application for pioneer certificate under the *Promotion of Investments Act 1986* which we have signed and stamped for the purpose of identification with this report.

The annexed application for pioneer certificate is the responsibility of the company's directors. Our responsibility is to express an opinion as to whether it was prepared in accordance with the records made available to us for our examination.

We conducted our examination in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the examination to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the annexed application is free of material misstatement. Our examination includes on a test basis, evidence relevant to the amounts and disclosures in the annexed application. Our examination includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the application.

We believe our examination, to the extent considered appropriate, provides a reasonable basis for our opinion.

In our opinion, the annexed application for pioneer certificate under the *Promotion of Investments Act 1986* has been properly drawn up in accordance with the records of the company.

Yours faithfully,

Mr X — Partner

No. xxxxx

ABC & Co (AF-xxxx)

Chartered Accountants

Address

¶4-590 ECM 5

Our Ref:

Date

The Directors

XYZ Sdn Bhd

Dear Sirs,

AUDIT CERTIFICATE FOR EXPORT RECEIPTS FOR THE QUARTER ENDED 31 MARCH 20XX

We have examined the annexed report on the exports for the quarter ended 31 March 20XX, which we have stamped for the purpose of identification with this letter, with the records of the company.

The preparation of the quarterly reports is the responsibility of the company's directors. Our responsibility is to express an opinion as to whether it was prepared in accordance with the records made available to us for our examination.

We conducted our examination in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the examination to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the annexed report are free of material misstatement. Our examination includes, on a test basis, evidence relevant to the amounts and disclosures in the annexed report. Our examination includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the annexed report.

We believe our examination, to the extent considered appropriate, provides a reasonable basis for our opinion.

In our opinion, the annexed report on exports for the quarter ended 31 March 20XX has been prepared in accordance with the requirements of ECM 5.

Yours faithfully,

Mr X — Partner

No. xxxxx

ABC & Co (AF-xxxx)
Chartered Accountants
Address

¶4-600 Income tax

AUDITOR'S REPORT PURSUANT TO S 82(5) OF THE INCOME TAX ACT 1967

The Managing Partner/The Management
ABC Partnership

We have audited the financial statements set out on pages xx to xx of ABC Partnership (ABC), comprising the balance sheet **of the partnership** and the notes to the accounts as at 31 December 20xx and of the income statement **of the partnership**, the cash flow statement and the statement of changes in equity **of the partnership** for the year ended on that date.

These financial statements are the responsibility of the partners of ABC Partnership. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs **of the partnership** at 31 December 20xx and of the results of the operations **of the partnership** and cash flows **of the partnership** for the year ended on that date;

and

- (b) the accounting and other records required by the *Income Tax Act 1967* to be kept by the company have been properly kept in accordance with the provisions of the said Act.

ABC & Co (AF-xxxx)
Chartered Accountants
Address
Dated: xx/xx/20xx

Mr X — Partner
No. xxxxx

¶4-610 Report of the auditors for trade union**Report of the Auditors to the members of Kesatuan X**

We have examined the financial statements as set out on pages xx to xx of Kesatuan X (the registered Trade Union) comprising the balance sheet of the registered Trade Union as at 31 December 20xx and the notes to the accounts as at 31 December 20xx and of the revenue and expenditure account of the registered Trade Union, the cash flow statement and the statement of changes in equity of the registered Trade Union for the year ended on 31 December 20xx.

[Responsibility]

[Scope] as in ¶4-450

In our opinion,

- (a) the financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, in accordance with the provisions of the *Trade Union Act 1959* and reg 30 of the *Trade Union Regulations 1959*, and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and of the financial transactions and of the results of the registered Trade Union as at 31 December 20xx; and
- (b) the accounting and other records and the Register of the registered Trade Union examined by us have been kept in accordance with the *Trade Union Act 1959*, *Trade Union Regulations 1959* and the regulations and by-laws of the registered Trade Union.

ABC & Co (AF-xxxx)
Chartered Accountants
Address
Dated: xx/xx/20xx

Mr X — Partner
No. xxxxx
Approval No. J.P.K. xxxx

¶4-620 Auditors' report pursuant to *Building and Common Property (Maintenance and Management) Act 2007***Report of the auditors pursuant to s 17(2)(b) and 21 1(1) of the *Building and Common Property (Maintenance and Management) Act 2007* for XYZ Complex developed by ABC Sdn Bhd**

To the Commissioner of Buildings

We have audited the accompanying statement of receipts and payments on money collected and expended for the purpose of maintenance and management of XYZ Complex developed by ABC Sdn Bhd ("the Company") which we have stamped for the purpose of identification, for the year ended 31 December 200X pursuant to s 17(2)(b), *Building and Common Property (Maintenance and Management) Act 2007* ("the statement").

Directors' Responsibility for the Statement

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the cash receipts and payments basis of accounting, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement presents fairly, in all material respects, the cash receipts and payments of XYZ Complex for the year ended 31 December 200X in accordance with the cash receipts and disbursements basis of accounting.

Other Matter – Restriction on Use and Distribution

The statement has been prepared in accordance with the cash receipts and disbursements basis of accounting pursuant to s 17(2)(b) of the *Building and Common Property (Maintenance and Management) Act 2007*. The statement and related auditors' report may not be suitable for another purpose. [Our report is intended solely for ABC Sdn Bhd and Commissioner of Buildings and should not be distributed to or used by parties other than ABC Sdn Bhd and Commissioner of Buildings]

Mr X – Partner

No. xxxxx

(Audit Firm)

Firm Number: AF

[XXXX]

Chartered Accountants

[Location in the country]

Date:

14-630 Accountant's report for unincorporated bodies

Accountants' Report to the Partners of Syarikat ABC

We have prepared the financial statements, on pages xx to xx of Syarikat ABC comprising of the balance sheet and the notes to the accounts as at 31 December 20xx and of the profit and loss account and the cash flow statement for the year ended on that date from the accounting and other records of Syarikat ABC under the historical cost convention as modified by the revaluation of certain assets and from information and explanations supplied to us by agents and employees of Syarikat ABC and the partners.

These financial statements are the responsibility of the partners. Under the terms of our engagement, the financial statements are prepared at the request of and exclusively for the use and benefit of Syarikat ABC and its partners and we have not audited the accounting and other records of Syarikat ABC or the financial statements.

Accordingly we express no opinion as to whether they present a true and fair view of the state of affairs of Syarikat ABC at 31 December 20xx and of the results of their operations and cash flows of Syarikat ABC for the year ended on that date.

ABC & Co (AF-xxxx)

Public Accountants

Address

Dated: xx/xx/20xx

Mr X — Partner

No. xxxxx

<http://www.pbookshop.com>