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How do accounting standards interact with the work of an auditor?

Who inspects the work the auditor does to ensure they are doing it correctly?

What are a 'hot' and a 'cold' file review?

Can an auditor prepare the financial statements and then audit them?

What happens when an auditor finds a material error?

How does the auditor plan for an audit of financial statements?

What factors does an auditor take into consideration when performing a risk assessment on their client?

What is the concept of 'materiality' and how is it applied in an audit?

What constitutes audit evidence and how is it gathered?

If a client uses the services of an expert to carry out certain valuations in the financial statements, does the auditor have to carry out any procedures?

Can an auditor appoint their own expert to corroborate certain aspects of the financial statements?

What are the financial statement assertions?

Why does the auditor have to attend the year-end inventory count?

If a client appoints a new auditor, does the incoming auditor have to do any work on the previous year's financial statements?

*What are 'external confirmations'?*

What are analytical procedures?

An auditor uses 'audit sampling' as part of their testing procedures—what exactly is this?

How does an auditor make sure accounting estimates, fair value accounting estimates and the related disclosures are fairly stated in the financial statements?

What are 'related parties' and how does the auditor audit these?

Does the auditor have to do any work beyond the year-end date?

What is meant by 'error projection'?

What are written representations?

If the company is the parent of a group of companies, are there any other issues the auditor should consider?

What is the auditor's report and how is it structured?

What is the difference between 'reasonable assurance' and 'limited assurance'?

What happens if the auditors conclude the financial statements do not give a true and fair view (or do not present fairly in all material respects)?

What is an emphasis of matter paragraph?

In what circumstances must an auditor resign?

Chapter 3: Test Your Knowledge

Chapter 4: Answers

Chapter 5: Additional Recommended Reading

Interpretation and Application of International Standards on Auditing

IFRS For Dummies

Appendix I: Summaries of IFRS and IAS

The Conceptual Framework for Financial Reporting (the Framework)



The objectives

The Elements of the Financial Statements

IFRS 1 *First-Time Adoption of IFRS*

IFRS 2 *Share-based Payment*

IFRS 3 *Business Combinations*

IFRS 4 *Insurance Contracts*

IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

IFRS 7 *Financial Instruments: Disclosures*

IFRS 8 *Operating Segments*

IFRS 9 *Financial Instruments*

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 13 *Fair Value Measurement*

IAS 1 *Presentation of Financial Statements*

IAS 2 *Inventory*

IAS 7 *Statement of Cash Flows*

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

IAS 10 *Events after the Reporting Period*

IAS 11 *Construction Contracts*

IAS 12 *Income Taxes*

IAS 16 *Property, Plant and Equipment*

IAS 17 *Leases*

IAS 18 *Revenue*

IAS 19 *Employee Benefits*

IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*

IAS 21 *The Effects of Changes in Foreign Exchange Rates*

IAS 23 *Borrowing Costs*

IAS 24 *Related Party Disclosures*

IAS 26 *Accounting and Reporting by Retirement Benefit Plans*

IAS 27 *Separate Financial Statements*

IAS 28 *Investments in Associates and Joint Ventures*

IAS 29 *Financial Reporting in Hyperinflationary Economies*

IAS 32 *Financial Instruments: Presentation*

IAS 33 *Earnings per Share*

IAS 34 *Interim Financial Reporting*

IAS 36 *Impairment of Assets*

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

IAS 38 *Intangible Assets*

IAS 39 *Financial Instruments: Recognition and Measurement*

IAS 40 *Investment Property*

IAS 41 *Agriculture*

## Appendix II: Illustrative Audit Tests

Equity

Transactions with directors and related parties

Intangible non-current (fixed) assets

Tangible non-current (fixed) assets

Investments

Inventory

Attendance at Inventory Count

Trade and other receivables

Cash at bank and in hand

Payables

Hire purchase and leasing

Provisions and contingencies

Employee wages and salaries

Taxation

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