SA 200: OVERALL OBJECTIVES OF THE INDEPENDENT AUDITORS AND THE CONDUCT OF THE AUDIT IN ACCORDANCE WITH THE STANDARD ON AUDITING

1) SCOPE OF THIS SA:

A) ESTABLISHES THE RESPONSIBILITY OF THE AUDITOR WHILE CONDUCTING THE AUDIT OF THE FINANCIAL STATEMENT

B) SETS OUT THE OVERALL OBLECTIVES OF THE INDEPENDENT AUDITOR

2) AN AUDIT OF THE FINANCIAL STATEMENTS

A)PURPOSE OF THE AUDIT OF THE FINANCIAL STATEMENT – TO INCREASE THE LEVEL OF CONFIDENCE BY THE INTEDED USERS WHICH IS ACHIEVED BY THE EXPRESSION OF OPINION BY THE AUDITOR.

B)THE AUDIT OF THE FINANCIAL STATEMENT DOES NOT RELIEVE THE MANAGEMENT AND THOSE CHARGE WITH THE GOVERNANCE FROM THEIR RESPONSIBLITIES.

C)THE AUDITOR IS REQUIRED TO GIVE THE REASONABLE ASSUARANCE THAT THE FINANCIAL STATEMENTS ARE GIVING THE TRUE AND FAIR VIEW , AND ARE FREE FROM THE MATERIAL MISSTATEMENTS.REASONABLE ASSURANCE IS THE HIGH LEVEL OF ASSURANCE WHICH IS OBTAINED FROM THE APPROPRIATE SUFFICIENT AUDIT EVIDENCES AND MATERIALITY.

MATHEMETICAL FORM :
AUDITOR'S OPINION=REASONABLE ASSURANCE

AUDITOR'S OPINION IN NOT THE ABSOLUTE ASSURANCE BECAUSE AUDIT IS ALWAYS CONATAIN THE RISK WHICH IS TERMED AS INHERENT RISK OR RESIDUAL RISK WHICH CAN NOT BE ELIMINATED AT ANY COST. IT'S BETTER TO SAY THAT THE OPINION GIVEN BY THE AUDITOR ON THE FINANCIAL STATEMENTS REASONABLE OPINION AND NOT THE ABSOLUTE OPINION.

C) APPLICATION OF THE CONCEPT OF THE MATERIALITY –

1) AT THE TIME OF THE PLANNING OF THE AUDIT
2)AT THE TIME OF PERFORMING OF THE AUDIT

D) I)THE SA CONTAINS OBJECTIVES+REQUIREMENTS+APPLICATION+OTHER EXPLANATORY MATERIAL=> HELPS THE AUDITOR TO OBTAIN THE REASONABLE ASSURANCE.
II)THE AUDITOR IS REQUIRED TO EXERCISE FOLLOWING TWO THINGS AT ANY TIME(i.e from it's initiation to it's end) TIME OF THE AUDITING OF THE FINANCIAL STATEMENTS:
A)PROFESSIONAL JUDGEMENT
B)PROFESSIONAL SKEPTICISM

E) FORM OF OPINION IS DEPENDED UPON :
A)APPLICABLE FINANCIAL REPORTING FRAMEWORK
B)APPLICABLE LAW AND REGULATION

3) EFFECTIVE DATE OF APPLICABLITY OF THIS SA :ON OR AFTER 1ST APRIL,2010

4) OVERALL OBLECTIVES OF THE AUDITOR:

A) TO OBTAIN THE APPROPRIATE SUFFICIENT AUDIT EVIDENCES SO THAT AUDITOR HAS THE REASONABLE ASSURANCE THAT THE FINANCIAL STATEMENTS ARE FREE FROM THE MATERIAL MISSTATEMENT AND GIVE THE EXPRESS THE OPNION WHETHER THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH THE APPLICABLE FINACIAL REPORTING STANDARDS ,LAW AND REGULATION.

B) TO REPORT ON THE FINANCIAL STATEMENTS AND COMMUNICATE AS REQUIRED BY THE SAs AS PER AUDITOR'S FINDINGS.

5) REQUIREMENTS:

A) ETHICAL REQUIREMENTS RELATING TO AUDIT OF THE FINANCIAL STATEMENTS

I)PROFESSIONAL SKEPTICISM
II)PROFESSIONAL JUDGEMENT
III)SUFFICIENT APPROPRIATE AUDIT EVIDENCE AND AUDIT RISK
IV) **CONDUCT OF AUDIT IN ACCORDANCE WITH APPLICABLE SAs**

a)COMPLYING WITH SAs RELEVANT TO THE AUDITS
b)OBJCETIVE STATED IN INDIVIDUAL SAs
c)COMPLYING WITH RELEVANT REQUIREMENTS
d)FAILURE TO ACHIEVE THE OBJECTIVES

6) APPLICATION AND OTHER EXPLANATORY MATERIAL

A)SCOPE OF AUDIT
B)PREPARATION OF FINANCIAL STATEMENTS
C)FORM OF AUDITOR'S OPINION
D)ETHICAL REQUIREMENTS OF AUDIT OF FINANCIAL STATEMENTS
E)PROFESSIONAL SKEPTICISM
F)PROFESSIONAL JUDGEMENT
G)SUFFICIENT APPRORIATE AUDIT EVIDENCE AND AUDIT RISK
H)INHERENT LIMITATION OF AUDIT

I)NATURE OF FINANCIAL REPORTING
II)THE NATURE OF AUDIT PROCEDURE
III)NEED FOR THE AUDIT TO BE CONDUCTED WITHIN THE REASONABLE PERIOD OF TIME AND AT A REASONABLE COST

SUMMARY:
THE SA 200 DEALS WITH MAINLY TWO THINGS FIRST IS RELATED TO INDEPENCE OF THE AUDITOR THAT AUDITOR SHOULD GIVE THE UNBAISED OPNION OR SHOULD GIVE THE OPINION WHICH BASED ON HIS PROFESSIONAL JUGDEMENT AND NOT UNDER ANY PRESSURE AND SECOND RELATES TO THE CONDUCT OF THE AUDITOR FROM THE BEGINNING TO THE END OF TH AUDIT SHOULD BE IN ACCORDANCE WITH THE APPLICABLE SAs.