



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

PROUD HOST:



FREQUENTLY ASKED QUESTIONS (FAQs) ON RECOMMENDED PRACTICE GUIDE (RPG) 11, AUDITOR'S REPORT ON FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) FRAMEWORK

The document provides answers to questions that the staff frequently receive from auditors on RPG 11.

The answers have been based on International Standards on Auditing (ISAs) and should be read in conjunction with the relevant ISAs.

The answers to the following questions have been prepared by the staff of the Institute and are not necessarily the views of the Institute.

Auditors are expected to use professional judgement in determining if the questions are both appropriate and relevant to their circumstances.

QUESTIONS AND ANSWERS

Q&A 1

Illustrative Report 4 on Financial Statements Prepared in Accordance with the Malaysian Financial Reporting Standards (MFRS) Framework for the First Time may be applied when the auditor reports on financial statements prepared in accordance with the MFRS framework for the first time.

Is the Other Matter paragraph included in Illustration 4 (item 1) referring to the auditor's responsibilities relating to the restated comparative information necessary if the comparative information has not been restated?

While the auditor may have audited the financial statements prepared in accordance with the pre-changeover accounting framework, the auditor has not audited the financial statements for those periods prepared in accordance with the MFRS framework. Accordingly, the comparative financial information prepared in accordance with the MFRS framework is unaudited.

In such a case, the comparative information is presented in the form of corresponding figures and the auditor complies with paragraph 14 of ISA 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*, that requires the auditor to state in an Other Matter paragraph that the corresponding figures are unaudited.

The description in the Other Matter paragraph included in Illustration 4 (item 1) should be to this circumstance.

Q&A 2

Is the Other Matter paragraph included in Illustration 4 (item 1) necessary if the comparative information prepared in accordance with the MFRS framework has been audited?

The Other Matter paragraph in Illustration 4 (item 1) is not necessary in this circumstance.

Q&A 3

If the entity's auditor is engaged to perform an audit on the comparative information prepared in accordance with the MFRS framework, must an auditor's report be issued in respect of the audit of the comparative information?

The issuance of the auditor's report will depend on how the auditor is being engaged to report. The auditor may be engaged to perform an audit on the comparative information prepared in accordance with the MFRS framework as a separate engagement or as an extended scope to the current period statutory audit. Depending on the contractual term, the auditor may issue a separate audit report or may include the opinion in the current period's statutory audit report.

Q&A 4

Paragraph 1.4 states that the auditor may refer to examples of auditor's report in the Revised RPG 4 *Examples of Independent Auditors' Reports* approved by the Council in February 2011 for audit of entities that apply Financial Reporting Standards (FRSs) and Private Entity Reporting Standards (PERS). May the opinion paragraph in the Revised RPG 4 be adapted to follow the opinion paragraph in the RPG 11?

The opinion paragraph in the Revised RPG 4 may be adapted to follow the opinion paragraph in the RPG 11.

As a guide, the auditor may consider to use the following wordings in the opinion paragraph in the report:

"In our opinion, the financial statements give a true and fair view of the financial position of the Company (or the Group and of the Company) as of 31 December 20XX and of its (or their) financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards (or Private Entity Reporting Standards) and the requirements of the Companies Act 1965 in Malaysia."