

A CLEAN REPORT

Read and do the tasks on a typical UK company audit report. It is a report on Vodafone Group PLC, a UK company, prepared by Deloitte & Touche LLP.

BEFORE YOU READ ANSWER THE QUESTION

In contrast with many English written texts, a typical audit report contains very few reference words such as 'it' and 'them'. Instead, full names are repeated throughout the report. Why do you think this is?

Audit Report on the Company Financial Statements

1

A We have audited the parent Company Financial Statements of Vodafone Group Plc for the year ended 31 March 2008, which comprise the balance sheet and the related notes 1 to 10. These parent Company Financial Statements have been prepared under the accounting policies set out therein.

B We have reported separately on the Consolidated Financial Statements of Vodafone Group Plc for the year ended 31 March 2008 and on the information in the directors' remuneration report that is described as having been audited.

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C The directors' responsibilities for preparing the Annual Report and the parent Company Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

D Our responsibility is to audit the parent Company Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

E We report to you our opinion as to whether the parent Company Financial Statements give a true and fair view and whether the parent Company Financial Statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent Company Financial Statements.

F In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

G We read the information contained in the Annual Report for the above year as described in the contents section and

consider whether it is consistent with the audited parent Company Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent Company Financial Statements. Our responsibility does not extend to any further information outside the annual report.

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H We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent Company Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent Company Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent Company Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the parent Company Financial Statements.

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J In our opinion:

- the parent Company Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008;
- the parent Company Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent Company Financial Statements.

A. UNDERSTANDING THE MAIN POINTS

Read the audit report and choose the correct option: TRUE or FALSE.

1. TRUE FALSE The profit and loss statement for the year ended 31 March 2009 of the parent Company of Vodafone Plc has been audited.
2. TRUE FALSE The auditors have used their own set of rules.
3. TRUE FALSE The auditors give their opinion as to whether the parent Company Financial Statements give a 'true and fair' view.
4. TRUE FALSE The auditors also report as to whether the parent Company Financial Statements have been properly prepared in accordance with the Companies Act 1975.
5. TRUE FALSE In addition, the audit report states whether the auditors believe that the Directors' Report reflects the true state of the company's situation.
6. TRUE FALSE The auditors only need to consider and report on information published in the annual report.

B. UNDERSTANDING DETAILS

Read the audit report and answer these questions. Give as short answers as possible, e.g. just the name of an organization, etc.

1. Which two financial statements have been reported on separately?

2. In which part of the annual report are the specific accounting policies, followed by the company in preparing this report, explained?

3. In which three ways could a company's financial statements seriously misrepresent its true financial situation?

4. Which three specific issues does the audit firm state it would report on if it were not satisfied with them, according to this report?

5. Which organization issued the International Standards on Auditing?

6. In the auditors' opinion, do these financial statements give a true and fair view of the company's finances? Choose one answer: YES / NO
7. Do they comply with the Companies Act 1985? Choose one answer: YES / NO
8. Are the auditors happy with the information contained in the Directors' Report? Choose one answer: YES / NO

C. HOW THE TEXT IS ORGANIZED

Read the report again and decide which section (1-4) each of these headings should go with. Write numbers 1-4 in front of the relevant headings.

- A. Opinion
- B. Respective responsibilities of directors and auditors
- C. Independent auditor's report to the members of Vodafone Group plc
- D. Basis of audit opinion

D. VOCABULARY

Word search

Find words or phrases in the report which fit these definitions.

1. _____ - phrase which describes exactly which year's accounts have been audited (4 words)
2. _____ - adjective which describes the financial statements which have been prepared for the entire group of companies, rather than just the parent company (1 word)
3. _____ - document in which the directors explain how they pay themselves (3 words)
4. _____ - statement which explains the duties that the directors of a company have to prepare legal and accurate financial statements (4 words)
5. _____ - when the law requires or states something (3 words)
6. _____ - false statements by the directors in the audit report (1 word)
7. _____ - significant differences between what the auditors believe to be the company's true financial state and the information given by the directors in the annual report (2 words)
8. _____ - what the auditors have to do to get the general picture because they cannot examine every single transaction or calculation behind the figures in a company's financial statements (5 words)
9. _____ - description of the auditors' view on the accuracy of important forecasts made and decisions taken by the directors on the company's behalf (3 words)
10. _____ - what the auditors provide because they can't state with absolute certainty that the company's accounts are totally accurate and fair (2 words)

E. DEFINITIONS

Match these phrases from paragraph H of the report (1-3) with their meaning (A-C). Write letters A, B, or C in front of the relevant phrases.

- 1. ... policies are *appropriate to the Company's circumstances* ...
- 2. ... the Company's circumstances, *consistently applied* and ...
- 3. ... and *adequately disclosed*.

- A. The company *hasn't switched* from one accounting policy to another.
- B. The company has followed policies which *fit its trading and financial situation*.
- C. The company's accounting policies have been *explained clearly enough* for investors.

F. SYNONYMS

Match each word or phrase from the article (1-6) with one which has a similar meaning (A-F).

_____ 1. comprise	A. in force or in effect
_____ 2. set out therein	B. consist of
_____ 3. in accordance with	C. in agreement with
_____ 4. applicable	D. written out in them
_____ 5. consistent with	E. conforming to
_____ 6. so as to	F. in order to

G. TEXT COMPLETION

Use words and phrases from Exercises D - F to complete this extract from an audit report for ABC Group Plc.
NOTE: some of the phrases can be repeated more than once!

We have audited the parent Company Financial Statements of ABC Group Plc. _____ the _____
31 March 20XX which _____ the balance sheet and the related notes 1 to 15. These parent Company
Financial Statement have been prepared under the accounting policies _____ therein.

We report to you our opinion as to whether the parent Company Financial Statements give a true and fair view and
whether the parent Company Financial Statements have been prepared _____ the
Companies Act 1985. We also report to you whether in our opinion the Directors' Report is _____ the
parent Company Financial Statements.

We conducted our audit _____ International Standards on Auditing (UK and Ireland)
issued by the Auditing Practices Board. An audit includes examination, on a _____, of evidence relevant
to the amounts and disclosures in the parent Company Financial Statements. It also includes an assessment of the
significant _____ and _____ made by the directors in the preparation of the parent Company
Financial Statements, and of whether the accounting policies are _____ to the Company's circumstances,
consistently applied and adequately disclosed.

We planned and performed our audit _____ obtain all the information and explanations
which we considered necessary in order to provide us with sufficient evidence to give _____
that the parent Company Financial Statements are free from material _____ or _____ whether
caused by fraud or other irregularity or error.