

# Adverse Audit Report

[Entity/Organization Name]

Date: [Insert Date]

Reference No.: [XXXX-YYYY]

To,

The Board of Directors

[Entity/Organization Name]

[Address]

## Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of [Entity/Organization Name] (the Entity), which comprise the Balance Sheet as at [date], the Statement of Income and Expenditure, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

## Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the accompanying financial statements do not present fairly, in all material respects, the financial position of [Entity/Organization Name] as at [date], and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework.

## Basis for Adverse Opinion

- As described in Note [X] to the financial statements, the Entity has not complied with [specific standard/requirement, e.g., recognition of certain assets/liabilities], which constitutes a departure from [applicable standards]. The effects of this non-compliance are material and pervasive to the financial statements.
- Additionally, as noted in Note [Y], [brief description of another significant misstatement or omission]. The impact of these matters is such that, in our judgment, the financial statements taken as a whole are seriously misleading.

## Other Information

The management is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

## Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with applicable accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with [applicable auditing standards]. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

For [Audit Firm Name]

[Signature]

[Name of Auditor/Partner]

[Membership Number]

[Place]

[Date]

### **Important Notes**

- An adverse audit report states that the financial statements do not present a true and fair view.
- This type of opinion is issued when the misstatements are both material and pervasive.
- It can have serious implications for the entity including loss of stakeholder confidence.
- Adverse opinions are rare and often lead to regulatory or legal actions.
- The reasons for the adverse opinion must be clearly documented within the report.