

**AUDIT UPDATE**

**Impact of Statutory Audits  
on Stakeholders**



## Impact of Statutory Audits on Stakeholders

Statutory audits, as mandated by the law, have a significant impact on stakeholders. Stakeholders includes shareholders, investors, lenders, customers, suppliers, Government regulators and the public. Some key impacts of statutory audits on stakeholders include:

**Shareholders and Investors:** Shareholders and investors rely on audited financial statements to make informed investment decisions. An unqualified audit report boosts investor confidence in the financial health of the company. Statutory audit provides reasonable assurance regarding the accuracy, reliability, and transparency of financial information, enhancing investor confidence and trust in the company. Statutory audit helps investors to reduce the risk of making decisions based on inaccurate information.

**Lenders and Creditors:** An audited financial statement helps lenders and creditors to assess the creditworthiness and financial health of a company when extending loans or credit facilities. Statutory audits can alert the lenders and creditors about the financial weakness which could lead to defaults and help them to evaluate risks and make informed lending decisions. Lender and creditors can also check about the defaults on repayment of existing loans or borrowings of the company.

**Regulators and Government Authorities:** Regulators and government authorities rely on audit reports to ensure that the company has complied with applicable financial reporting framework and standards and applicable laws or regulations.

**Audit Committees and Boards of Directors:** Audit committees and boards of directors oversee the audit process, review audit findings, and ensure appropriate actions are taken to address audit recommendations. They play a role in governance, risk management, and internal control oversight.

**Public Perception and Trust:** Statutory audits enhance public perception, trust, and credibility in the company's financial reporting practices, governance structures, and accountability mechanisms. They demonstrate a commitment to transparency, ethics, and regulatory compliance.

Overall, statutory audits play a vital role in providing assurance, transparency, and accountability to stakeholders, contributing to financial market integrity, investor confidence.

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