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| Audit Report Activity  There are several errors in the report below and some missing information (18 items in total). Correct and complete the report given the additional information on page 2.  AUDITOR'S REPORT |
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| We have audited the accompanying financial statements of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which comprise the balance sheet as at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and the income statement, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. |
| Responsibility for the Financial Statements |
| Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted 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. |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing principles. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain the facts about whether the financial statements are free from mistakes. |
| An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the truth of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. |
| We believe that the audit evidence we have obtained is good enough to provide a basis for our audit opinion. |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| In our opinion, the financial statements present fairly, in all material respects, the financial position of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles. |
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**Additional Information:**

Last day of field work: February 19, 2011

First day of field work: January 26, 2011

Final review of file by partner in charge (Cynthia Dallard) completed: March 3, 2011

Farrell Limited’s year end: December 31, 2010

Damon & Associates, Chartered Accountants, LLP, Kitchener, Ontario yearend: June 30, 2010