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GS 001

(~~November 2016~~ March 2017)

Guidance Statement GS 001

Concise Financial Reports Under the Corporations Act 2001

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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Important Note

Guidance Statements are developed and issued by the AUASB to provide guidance to auditors and assurance practitioners on certain procedural, entity or industry specific matters related to the application of an AUASB Standard(s).

Guidance Statements are designed to provide assistance to auditors and assurance practitioners to assist them in fulfilling the objective(s) of the audit or other assurance engagement. Accordingly, Guidance Statements refer to, and are written in the context of specific AUASB Standard(s); and where relevant, legislation, regulation or other authoritative publication. Guidance Statements are not aimed at providing guidance covering all aspects of the audit or other assurance engagement. Further, Guidance Statements do not establish or extend the requirements under an existing AUASB Standard(s).

Guidance Statement *Concise Financial Reports Under the Corporations Act 2001* is not, and is not intended to be, a substitute for compliance with the relevant AUASB Standard(s) and auditors and assurance practitioners are required to comply with the relevant AUASB Standard(s) when conducting an audit or other assurance engagement.

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Appendix 1: Illustrative Examples of the Auditor's Report on a Concise Financial Report

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates Guidance Statement GS 001 *Concise Financial Reports Under the Corporations Act 2001* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*, for the purposes of providing guidance on auditing and assurance matters.

This Guidance Statement provides guidance to assist the auditor to fulfil the objectives of the audit or assurance engagement. It includes explanatory material on specific matters for the purposes of understanding and complying with AUASB Standards. The auditor exercises professional judgement when using this Guidance Statement.

This Guidance Statement does not prescribe or create new requirements.

Dated: <TypeHere>

M H Kelsall
Chairman - AUASB

GUIDANCE STATEMENT GS 001

Concise Financial Reports Under the Corporations Act 2001

Application

- ~~1. For audits of a concise financial report prepared under the *Corporations Act 2001* (“the Act”) and in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* (as amended April 2015) (AASB 1039), the auditor complies with the requirements ASA 810 *Engagements to Report on Summary Financial Statements*. This Guidance Statement has been formulated by the Auditing and Assurance Standards Board (AUASB) to provide guidance to auditors reporting on such engagements.~~
- ~~1. This Guidance Statement has been formulated by the Auditing and Assurance Standards Board (AUASB) to provide guidance to auditors reporting on a concise financial report prepared under the *Corporations Act 2001* (“the Act”) and in accordance with Accounting Standard AASB 1039 *Concise Financial Reports* (as amended April 2015) (AASB 1039).~~
2. For audits of other **concise summary** financial reports, the auditor complies with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.
- ~~3. This Guidance Statement should be used when an auditor conducts an audit under the *Australian Auditing Standards*.~~

Issuance Date

- ~~4.3.~~ This Guidance Statement is issued on 1 ~~February~~ **March** 2017 by the AUASB and replaces GS 001 *Concise Financial Reports Under the Corporations Act 2001*, issued in March 2010.

Introduction

- ~~5.4.~~ The auditor’s objective in respect of a concise financial report prepared under the Act, is to express an opinion:
 - (a) whether the concise financial report complies with AASB 1039; and
 - (b) when included, whether the discussion and analysis complies with the requirements of AASB 1039.

Regulatory Requirements

- ~~6.5.~~ The annual financial reporting requirements of a company, registered scheme and disclosing entity are found in section 314(1) of the Act.
- ~~7.6.~~ Section 314(2) of the Act states:

A concise report for a financial year consists of:

 - (a) a concise financial report for the year drawn up in accordance with accounting standards made for the purpose of this paragraph; and
 - (b) the directors’ report for the year (see sections 298-300A); and
 - (c) a statement by the auditor:
 - (i) that the financial report has been audited; and

- (ii) whether, in the auditor's opinion, the concise financial report complies with the accounting standards made for the purpose of paragraph (a); and
- (d) a copy of any qualification in, and of any statements included in the emphasis of matter section of, the auditor's report on the financial report ([paragraph 7 of this guidance statement provides clarification regarding the implication of the term "Material Uncertainty Related to Going Concern"](#)); and
- (e) a statement that the report is a concise report and that the full financial report and auditor's report will be sent to the member free of charge if the member asks for them.

[7. The term "Material Uncertainty Related to Going Concern" has been introduced to the Australian Auditing Standards applicable for financial reporting periods commencing on or after 15 December 2016. The term is not used in the Act and accordingly is not captured under paragraph 6\(d\) of this guidance statement; however a concise report includes a copy of any statements included in the Material Uncertainty Related to Going Concern section of the auditor's report on the full financial report.](#)

- 8. Section 314 of the Act does not require a concise report to include the directors' declaration made under section 295(4) of the Act in respect of the ~~(full) financial report~~ [full financial report](#) for the year. Consequently, where the directors of an entity decide to include the directors' declaration as part of the concise report, the auditor, under *ASA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing an Audited Financial Report*, needs to read the declaration, along with other documents comprising the concise report, to identify material inconsistencies with the concise financial report and material misstatements of fact.
- 9. Section 314(3) of the Act requires the auditor to report on whether the discussion and analysis, if required by the Accounting Standard to be included in the concise financial report¹, complies with the requirements laid down by the Accounting Standard. Furthermore, section 314(3)(b) specifies that the auditor need not otherwise audit the statements made in the discussion and analysis.
- 10. The requirements of the Act relating to concise financial reports are based on the view that a concise financial report can provide members with information relevant to evaluating the business, without giving them fully detailed accounting disclosures. The concise report will, in many cases, be the only report that is sent to members². The provision, to some members, of less detailed information is expected to be sufficient to meet their needs for an understanding of the financial performance, financial position and financing and investing activities of the company, registered scheme or disclosing entity.

Accounting Standard AASB 1039

- 11. The Australian Accounting Standards Board issued Accounting Standard AASB 1039 *Concise Financial Reports*, the latest revision of which, dated April 2015, is operative for financial reporting periods beginning on or after 1 January 2009.

Discussion and Analysis

- 12. The Accounting Standard, inter alia, specifies the minimum content of a concise financial report, including a requirement that the financial statements forming part of the concise financial report, other than those of a listed company, be accompanied by discussion and analysis to assist the understanding of members.

¹ *Discussion and analysis* are not required for listed companies – see AASB 1039 paragraph 24. This is because, unlike other entities, listed companies are required by section 299A of the Act to provide an operational and financial report in the directors' report (which is included in the concise report).

² Unless members request a copy of the full financial report (annual financial report) – see section 314(2)(e) of the Act.

13. AASB 1039 adopts the view that the information reported in the financial statements forming part of the concise financial report will be enhanced by discussion and analysis of the principal factors which affect the financial performance, financial position and financing and investing activities of an entity. According to AASB 1039, the extent of discussion and analysis which is required to be provided in concise financial reports will vary from entity to entity, and from year to year, as is necessary in the circumstances to compensate for the brevity of the concise financial report, compared with the ~~(full) financial report~~ full financial report for the year.
14. AASB 1039 does not require the financial statements, forming part of the concise financial report of listed companies, to be accompanied by discussion and analysis. This is so as to avoid repetition of information required to be included in the directors' report by section 299A of the Act.
15. Whilst AASB 1039 does not mandate specific discussion and analysis disclosures, paragraph 27 of the Standard provides examples of the types of disclosures that may, at least, be expected to accompany the financial statements.

Audit Activities

Engagement Acceptance

16. Given that the concise financial report is an alternative form of reporting to members under the Act, and that the Act prescribes the auditor's reporting requirements, the AUASB takes the view that the audit of the concise financial report is treated, by auditors, as a separate engagement from the audit of the ~~(full) financial report~~ full financial report for the year. This view has been taken also because procedures, additional to those performed on the ~~(full) financial report~~ full financial report for the year, will be necessary when undertaking the audit of the concise financial report, particularly given that AASB 1039 requires, in certain circumstances, the inclusion of other information not found in the ~~(full) financial report~~ full financial report for the year, such as discussion and analysis.
17. In order to avoid any misunderstandings in relation to the audit of the concise financial report, the auditor complies with the engagement acceptance requirements in *ASA 810 Engagements to Report on Summary Financial Statements*. The auditor agrees the terms of the audit engagement with the appropriate person(s) within the entity's governance structure. The ~~prudent~~ auditor records the terms of engagement in writing and obtains written acceptance from the appropriate person representing the entity. These terms may be included in the written terms of the audit engagement for the ~~(full) financial report~~ full financial report. On recurring audits, the terms of the engagement are revised and re-confirmed as appropriate.
18. In addition to the specific requirements in ASA 810, the terms of engagement ordinarily include the objective and scope of the audit of the concise financial report (including the audit of discussion and analysis disclosures in that report). Such inclusions differentiate the engagement to audit the concise report from the engagement to audit the ~~(full) financial report~~ full financial report.

Audit Procedures

Auditing Standards

19. AASB 1039 requires the concise financial report to be derived from the ~~(full) financial report~~ full financial report for the year ~~and each financial statement to be presented as it is in the (full) financial report for the year~~. Consequently, the audit procedures performed under the Auditing Standards by the auditor when auditing the ~~(full) financial report~~ full financial report for the year are effectively performed on that information in the concise financial report that has been derived from the ~~(full) financial report~~ full financial report for the year. Accordingly, there is no expectation that such audit procedures need be repeated on the relevant information in the concise financial report.

20. Reference to “audit” and “audit procedures” in the illustrative examples of an auditor’s report on the concise financial report (see Appendix 1) relate to all procedures that have been performed by the auditor (i.e. regarding both the ~~(full) financial report~~ full financial report and the concise financial report).
21. When selecting and applying procedures in addition to those performed in relation to the ~~(full) financial report~~ full financial report for the year, the auditor complies with ASA 810.
22. Under ASA 810, paragraph 8, the auditor is required to perform specified procedures. Furthermore, the auditor is required to perform additional procedures that the auditor considers necessary as the basis for the auditor’s opinion (on the concise financial report), for example, procedures addressing discussion and analysis.

Discussion and Analysis

23. As the inclusion of discussion and analysis is not required in the ~~(full) financial report~~ full financial report for the year of some entities reporting under the Act, the audit of a concise financial report will include procedures to enable the auditor to reach a conclusion on the discussion and analysis, as part of forming an opinion on the concise financial report.
24. These procedures may include, a recalculation of ratios and/or trend analyses which have been included in the discussion and analysis; and ensuring that these disclosures are consistent with the information in the ~~(full) financial report~~ full financial report for the year.
25. Whilst AASB 1039 requires that the financial statements and the specific disclosures in a concise financial report be consistent with the ~~(full) financial report~~ full financial report for the year of the entity, it is recognised that because of the nature of discussion and analysis, such information (for example, a discussion and analysis of the main influences on the costs of the operations of the entity) goes beyond the type of disclosure which is included normally in the audited ~~(full) financial report~~ full financial report for the year.
26. In such circumstances, the auditor selects and applies appropriate procedures to be able to reach a conclusion on the discussion and analysis and evaluates the results of such procedures when forming an opinion on whether the discussion and analysis complies with the requirements of AASB 1039. In selecting and applying procedures and evaluating results, the auditor exercises professional judgement in accordance with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.
27. Where information of a subjective and/or prospective nature is included in the discussion and analysis, either to comment on, or to augment the entity’s financial statements forming part of the concise financial report (for example, a discussion of the impact of significant economic or other events on the operations of the entity), the auditor assesses whether the inclusion of such information in the audited concise financial report has the potential to mislead users.
28. Under ASA 200, the auditor exercises professional judgement in assessing the inclusion of such information in the discussion and analysis. If the auditor considers that this information is overly subjective and/or prospective in nature, and/or that it is information which cannot be quantified or verified, then the auditor refers to Auditing Standard ASA 705 *Modifications to the Opinion in the Independent Auditor’s Report*, for requirements and guidance on modifying the auditor’s report. Depending on the circumstances, the modification to the auditor’s report may be as a result of a disagreement with the directors (those charged with governance) on the adequacy or appropriateness of disclosures in the concise financial report, or may be as a result of a limitation in scope.
29. In view of the matters discussed above, it is generally important that the auditor ascertains from the directors (those charged with governance), at an early stage in the audit, the extent and nature of the discussion and analysis that they intend to include in the concise financial report.

30. In ascertaining the extent and nature of the discussion and analysis at an early stage the auditor seeks to avert any difficulties which might otherwise arise with regard to the inclusion of such information. The directors (those charged with governance) are thus informed at that stage if, in the auditor's opinion, there is any possibility that users of the concise financial report might be misled by the inclusion of overly subjective and/or prospective terminology and information in the discussion and analysis which forms part of the concise financial report.

Representations

31. Given that the Act does not require a directors' declaration to be included in the concise report, prior to issuing the auditor's report, ~~it would be prudent for the auditor,~~ under ASA 580 *Written Representations*, ~~to obtain~~ the auditor obtains a written representation from the entity's directors which attests that the concise financial report (including, when applicable, discussion and analysis disclosures) complies with the requirements of AASB 1039 and the Act.

The Auditor's Report

32. When reporting on a concise financial report, the auditor complies with the Act and ASA 810. As section 314 of the Act prescribes the auditor's reporting obligations, the auditor adheres to the requirements in ASA 810, paragraph 10 in respect of the prescribed reporting obligations.

33. Under ASA 810, paragraph 10(b), the auditor evaluates whether the users of a concise financial report might misunderstand the auditor's opinion. Due to the precision of wording recommended in this Guidance Statement, and the requirements of the Act, an auditor ordinarily concludes that users will not misunderstand the auditor's opinion.

34. When expressing an unmodified opinion on a concise financial report prepared in accordance with the requirements of the Act, the auditor's opinion uses one of the following phrases:

(a) In our opinion, the accompanying concise financial report, including the discussion and analysis of ABC Company, complies with Accounting Standard AASB 1039 Concise Financial Reports (other than a listed entity); or

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~~33.~~(b) In our opinion, the accompanying concise financial report, complies with Accounting Standard AASB 1039 Concise Financial Reports (for a listed entity).

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- ~~34.~~35. ASA 810, paragraph 16 lists the elements required to be included in an auditor's report.

Modifications to the Opinion, Emphasis of Matter Paragraph, Other Matter Paragraph and Material Uncertainty Related to Going Concern Section

- ~~35.~~36. Under ASA 810, paragraph 19, where the auditor's report on the ~~(full) financial report~~ full financial report includes a qualified opinion, an emphasis of matter or other matter paragraph, or a material uncertainty related to going concern section, the auditor's report on the concise financial report states ~~that this~~. In addition, the auditor's report on the concise financial report describes:

- (a) the basis for the qualified opinion on the ~~(full) financial report~~ full financial report, and the effect thereof on the concise financial report;
- (b) the matter referred to in the emphasis of matter or other matter paragraph or the material uncertainty related to going concern section in the ~~(full) financial report~~ full financial report, and the effect thereof on the concise financial report.

- ~~36.~~37. Examples:

- (a) AASB 1039 requires the concise financial report to be derived from, and consistent with, the ~~(full) financial report~~ full financial report for the year. Accordingly, modifications to the auditor's opinion on the ~~(full) financial report~~ full financial report

for the year will commonly be applicable to the auditor's opinion on the concise financial report. Certain modifications to the auditor's opinion on the ~~(full) financial report~~ full financial report for the year, however, may not be applicable to the auditor's opinion on the concise financial report, such as those relating solely to disclosures in the notes to the ~~(full) financial report~~ full financial report for the year.

- (b) The auditor may modify the auditor's report relating to the concise financial report only. An example is when an auditor is of the opinion that the discussion and analysis does not comply with the requirements of AASB 1039.

37-38. Where the auditor's report on the ~~(full) financial report~~ full financial report contains an adverse or disclaimer of opinion, the auditor's report on the concise financial report must, under ASA 810, paragraph 20:

- (a) state that the auditor's report on the ~~(full) financial report~~ full financial report contains an adverse opinion or disclaimer of opinion;
- (b) describe the basis for that adverse opinion or disclaimer of opinion; and
- (c) state that, as a result of the adverse opinion or disclaimer of opinion, it is inappropriate to express an opinion on the concise financial report.

Key Audit Matters

38-39. Where an auditor's report on the ~~(full) financial report~~ full financial report includes communication of key audit matters in accordance with ASA 701³ and the auditor is satisfied that the concise financial report is ~~materially derived from and is~~ consistent with the ~~(full) financial report~~ full financial report, the auditor's report on the concise financial report states that the auditor's report on the ~~(full) financial report~~ full financial report includes communication of key audit matters.

40. The auditor is not required to describe the individual key audit matters in the auditor's report on the concise financial report. However, the auditor, using professional judgement, may ~~determine whether or not to~~ include more detailed reference to key audit matters, either generically or specifically (ie by providing subheadings or descriptions). In making this determination, the auditor considers whether such inclusions are beneficial to the users understanding of the audit of the concise financial report, or whether such inclusions could be misleading if the underlying issues are not relevant to or disclosed in a similar manner in the concise financial report.

39-41. Illustration 2 of Appendix 1, demonstrates the wording used where the auditor states that the auditor's report on the full financial report includes communication of key audit matters.
Illustration 3 of Appendix 1, demonstrates the wording that may be used where the auditor includes the key audit matters, that were included in the full financial report's auditor's report, in the concise financial report's auditor's report.

Other Information

Uncorrected Material Misstatement of Other Information included in Full Financial Report

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40-42. Where an auditor's report on the ~~(full) financial report~~ full financial report includes a statement that describes an uncorrected material misstatement of the other information in accordance with ASA 720⁴ ~~and the auditor is satisfied that the concise financial report is materially consistent with the (full) financial report, and the uncorrected material misstatement does not relate to matters dealt with in the information included in a document containing the concise financial report,~~ the auditor's report on the concise financial report states that the auditor's

³ See ASA 701 Key Audit Matters

⁴ See ASA 720 The Auditor's Responsibilities Relating to Other Information

report on the ~~(full) financial report~~full financial report includes a statement that describes an uncorrected material misstatement of other information; and describes the uncorrected material misstatement of other information and the effect thereof, if any, on the information included in a document containing the concise financial report.

43. When an uncorrected material misstatement of the other information has been identified in the auditor's report on the full financial report and that uncorrected material misstatement relates to a matter that is included in the information in a document containing the concise financial report, a material inconsistency between the concise financial report and that information may exist or the information may be misleading. The auditor discusses the inconsistency with management and determines what revisions are required and considers the implications, if any, on the auditor's report on the concise financial report.

Information included in a document containing a concise financial report

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~~41.44.~~ A document that includes a concise financial report may contain some or all of the same matters ~~dealt with~~included in the other information included in the audited annual report or may include matters that are not dealt with in the other information included in the annual report.

Where Information contains matters already dealt with in other information included in the audited annual report,

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~~45. Where information is included in a document that includes a concise financial report and that information deals with some or all of the matters as the other information in the annual report, the work already performed on that other information in accordance with ASA 720 may be sufficient.~~

~~42.46.~~ The auditor reads the information included in a document containing the concise financial report, and considers whether there is a material inconsistency between that information and the concise financial report. Where a material inconsistency is identified, the auditor discusses the inconsistency with management and determines what revisions are required and considers the implications, if any, on the auditor's report on the concise financial report.

~~43. Where information is included in a document that includes a concise financial report and that information deals with some or all of the matters as the other information in the annual report, the work already performed on that other information in accordance with ASA 720 may be sufficient.~~

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~~44. When an uncorrected material misstatement of the other information has been identified in the auditor's report on the (full) financial report and that uncorrected material misstatement relates to a matter that is dealt with in the information in a document containing the concise financial report, a material inconsistency between the concise financial report and that information may exist or the information may be misleading. The auditor discusses the inconsistency with management and determines what revisions are required and considers the implications, if any, on the auditor's report on the concise financial report.~~

Where Information contains matters not already dealt with in other information included in the audited annual report

~~45.47.~~ Where information is included in a document that includes a concise financial report and that information deals with matters not dealt with in other information in the annual report, the auditor may still find ASA 720 helpful and follows the guidance contained in paragraph ~~42.46~~ of this guidance statement.

*Remuneration Report*⁵

46-48. Where a company includes a Remuneration Report in the annual directors' report, the auditor reports thereon to members. The auditor, exercising professional judgement, may include a copy of the auditor's report on the remuneration report with the auditor's report on the concise financial report. Whilst there is no legal requirement to do so, it is in the public interest that a copy of the auditor's report on the Remuneration Report is included with the auditor's report on the concise financial report. Illustration 2 of Appendix 1 demonstrates the wording that may be used where the auditor's report on the remuneration report is included in the auditor's report of the concise financial report.

Illustrative Examples

47-49. The illustrative reports in Appendix 1 provide examples of an auditor's report on a concise financial report.

Conformity with International Pronouncements

48-50. As this Guidance Statement relates to Australian legislative requirements under the Act, there is no equivalent International Standard on Auditing or International Auditing Practice Statement to this Guidance Statement.

⁵ See Guidance Statement GS 008 *The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001*.

Appendix 1

(Ref: Para.45)

ILLUSTRATIVE EXAMPLES OF THE AUDITOR'S REPORT ON A CONCISE FINANCIAL REPORT

Introduction

A. *Examples Provided in this Appendix*

- (a) Illustration 1: Concise financial report derived from a ~~(full) financial report~~ financial report of an *unlisted entity* where the auditor's report thereon includes a *material uncertainty related to going concern*.
- (b) Illustration 2: Concise financial report derived from a ~~(full) financial report~~ financial report of a *listed entity* where the auditor's report thereon includes a *material uncertainty related to going concern and key audit matters*.
- (c) Illustration 3: Concise financial report derived from a ~~(full) financial report~~ financial report of a *listed entity* where the *auditor's report is qualified* but the *qualification does not affect the auditor's opinion on the concise financial report*.
- (d) Illustration 4: Concise financial report derived from a ~~(full) financial report~~ financial report of an *unlisted entity* where the *auditor's report thereon includes a material uncertainty related to going concern and the auditor's opinion on the concise financial report is qualified*.

B. Form of Reporting

AASB 1039 does not specify whether a concise financial report prepared under section 314 of the Act is a “general purpose financial report” within the meaning described in Accounting Standard AASB 101 *Presentation of Financial Statements*. The auditor’s reporting obligations, under section 314, require an opinion on compliance (with AASB 1039), not an expression of opinion on the fair presentation of the financial information. Accordingly, the illustrative example auditor’s reports, contained within this Appendix, are not developed from a classification (general purpose or special purpose) of the concise financial report and are not based on the expression of an opinion on fair presentation.

Instead, the illustrative example auditor’s reports contained within this Appendix are discrete and have been developed from:

- (a) the auditor’s reporting obligations specified in the Act;
- (b) the reporting requirements under ASA 810;
- (c) the principles of auditor’s reporting found in Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* in relation to a compliance financial reporting framework;
- (d) consideration of the nature of concise reports, including concise financial reports, prepared under the Act and AASB 1039; and
- (e) recognition of the relationship, prescribed in AASB 1039, of a concise financial report to the audited ~~(full) financial report~~ **full financial report** for the year.

It should be noted that as AASB 1039 does not require parent entity information to be separately disclosed when consolidated financial information is presented in concise financial reports, separate references to the parent entity and consolidated entity are therefore not required in the auditor’s report on a concise financial report.

C. Qualifications

Section 314(2)(d) of the Act specifies that — “a copy of any qualification in, and of any statements included in the emphasis of matter section of, the auditor’s report on the financial report”—is to be included in a concise report.

At the time section 314 was introduced into the Act, the word “qualification” was a generic term and had the same meaning and expression as used in the then Auditing Standards (AUSs) issued by the former Auditing and Assurance Standards Board (AuASB) of the Australian Accounting Research Foundation. Specifically, AUS 702.25(b) stated that a “qualified” opinion should be expressed as:

- (a) an “except for” opinion;
- (b) an adverse opinion; or
- (c) an inability to form an opinion.

However, under the current Auditing Standard (ASA 705), the term “qualified” has a specific and different meaning—it refers only to an “except for” type modification to the auditor’s opinion. The terminology used in this Guidance Statement is consistent with ASA 705.

The meaning of the term Emphasis of Matter Paragraph does not differ between the Act, the AUSs, the ASAs and this Guidance Statement.

The term “Other Matter Paragraph” has been introduced to the Australian Auditing Standards applicable for financial reporting periods commencing on or after 1 January 2010. Accordingly, the term is not used in the Act but its use has no consequence under the Act.

The term “Material Uncertainty Related to Going Concern” has been introduced to the Australian Auditing Standards applicable for financial reporting periods commencing on or after 15 December 2016. ~~Accordingly, the term is not used in the Act. Refer paragraph 7 of this guidance statement for details. but its use has no consequence under the Act as it does not result in a qualification to the auditor’s report.~~

The use of differing terminology between the Act and this Guidance Statement, as described above, does not mean that the requirements of section 314 of the Act have changed in so far that only “except for” type modifications are included in a concise report. The requirements of the Act remain unchanged and the term “qualification” in the Act covers all three types of modification to the auditor’s opinion listed above, regardless of how they may be described in this Guidance Statement (or the Auditing Standards).

D. *Directors’ Obligations under the Act*

This Guidance Statement, including the illustrative auditor’s reports, is prepared to provide guidance to the auditor reporting on a concise financial report prepared under the *Corporations Act 2001*. It is not prepared to provide guidance to directors on their obligations under the Act, especially regarding section 314(2)(d) that requires a copy of any qualification and/or emphasis of matter [from the auditor’s report on the ~~(full) financial report~~ full financial report] to be included in the “concise report”.

E. *Illustrative Auditor's Report*

Illustration 1:

Circumstances include the following:

- An unmodified opinion is expressed on the ~~(full) financial report~~ full financial report of an entity other than a listed entity.
- The ~~Concise-concise Financial-financial Report-report~~ is prepared under the *Corporations Act 2001*.
- Established criteria for the preparation of the concise financial report exist.
- The auditor's report on the concise financial report is dated later than the date of the auditor's report on the financial report from which the concise financial report is derived.
- The auditor's report on the ~~(full) financial report~~ full financial report includes a *Material Uncertainty Related to Going Concern* section.
- The auditor's report on the ~~(full) financial report~~ full financial report was not required to communicate key audit matters in accordance with ASA 701.

Report of the Independent Auditor on the Concise Financial Report

[Appropriate Addressee]

Opinion

We have audited the concise financial report of ABC Company (the Company), which comprises the statement of financial position as at 31 December 20X1, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows[#] for the year then ended, and related notes, derived from the ~~audited financial report~~ full financial report of ABC Company for the year ended 31 December 20X1 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of ABC Company, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

[#] The titles used for financial statements in this example are consistent with those used in AASB 101 *Presentation of Financial Statements* and AASB 1039 *Concise Financial Reports*. AASB 101 permits the use of other appropriate titles, and consequently, auditors should ensure consistency of terms used in the auditor's report with those used in the concise financial report.

~~We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report[§].~~

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the full financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report full financial report and the auditor's report thereon. [The concise financial report and the audited financial report full financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report full financial report.]

The ~~Audited Financial Report~~Full Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report full financial report in our report dated 15 February 20X2. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 6 in the audited financial report full financial report. Note 6 of the audited financial report full financial report indicates that ABC Company incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, ABC Company's current liabilities exceeded its total assets by YYY. These events or conditions, along with other matters as set forth in Note 6 of the audited financial report full financial report, indicate that a material uncertainty exists that may cast significant doubt on ABC Company's ability to continue as a going concern. These matters are addressed in Note 5 of the concise financial report.

Responsibilities of the Directors for the Concise Financial Report

The ~~Directors~~ directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's ~~Responsibility~~Responsibilities for the Audit of the Concise Financial Report

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with ~~the requirements laid down in~~ AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Report on Other Legal and Regulatory Requirements[†]

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's name and signature[§]]

[§] — Or, alternatively, include statements (a) to the effect that circumstances have changed since the declaration was given to the relevant directors; and (b) setting out how the declaration would differ if it had been given to the relevant directors at the time the auditor's report was made. [Section 307C (5A)(d) of the *Corporations Act 2001*.]

[†] Include when applicable, such as when a matter has been reported under this heading in the auditor's report on the audited financial report full financial report for the year.

[§] The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Guidance Statement GS 001 *Concise Financial Reports Under the Corporations Act 2001*

[Auditor's address]

[Date of the auditor's report]

Illustration 2:

Circumstances include the following:

- An unmodified opinion is expressed on the ~~audited financial report~~full financial report of a listed entity.
- The ~~Concise concise Financial-financial Report-report~~ is prepared under the *Corporations Act 2001*.
- Established criteria for the preparation of the concise financial report exist.
- The auditor's report on the concise financial report is dated later than the date of the auditor's report on the financial report from which the concise financial report is derived.
- The auditor's report on the ~~audited financial report~~full financial report includes a *Material Uncertainty Related to Going Concern* section.
- The auditor's report on the ~~audited financial report~~full financial report includes key audit matters in accordance with ASA 701.
- The auditor has elected to include a copy of the auditor's report on the remuneration report.

Report of the Independent Auditor on the Concise Financial Report

[Appropriate Addressee]

Opinion

We have audited the concise financial report of ABC Company (the Company), which comprises the statement of financial position as at 31 December 20X1, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows[#] for the year then ended, and related notes, derived from the ~~audited financial report~~full financial report of ABC Company for the year ended 31 December 20X1[§].

In our opinion, the accompanying concise financial report of ABC Company, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

[#] The titles used for financial statements in this example are consistent with those used in AASB 101 *Presentation of Financial Statements* and AASB 1039 *Concise Financial Reports*. AASB 101 permits the use of other appropriate titles, and consequently, auditors should ensure consistency of terms used in the auditor's report with those used in the concise financial report.

[§] As the concise financial report will be included in a document that contains other information (the concise report), the auditor may consider, if the form of presentation allows, identifying the page numbers on which the audited concise financial report is presented.

~~We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report[‡].~~

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards ~~in the preparation of the full financial report~~. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the ~~audited financial report~~ ~~full financial report~~ and the auditor's report thereon. ~~[The concise financial report and the audited financial report~~ ~~full financial report~~ do not reflect the effects of events that occurred subsequent to the date of our report on the ~~audited financial report~~ ~~full financial report~~.]

The ~~Audited Financial Report~~ ~~Full Financial Report~~ and Our Report Thereon

We expressed an unmodified audit opinion on the ~~audited financial report~~ ~~full financial report~~ in our report dated 15 February 20X2. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 6 in the ~~audited financial report~~ ~~full financial report~~. Note 6 of the ~~audited financial report~~ ~~full financial report~~ indicates that ABC Company incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, ABC Company's current liabilities exceeded its total assets by YYY. These events or conditions, along with other matters as set forth in Note 6 of the ~~audited financial report~~ ~~full financial report~~, indicate that a material uncertainty exists that may cast significant doubt on ABC Company's ability to continue as a going concern. These matters are addressed in Note 5 of the concise financial report.
- The communication of other^{*} key audit matters. [Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the ~~full~~ financial report of the current period.][#]

Responsibilities of the Directors for the Concise Financial Report

The ~~Directors~~ ~~directors~~ are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

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Auditor's ~~Responsibilities for the Audit of the Concise Financial Report~~ ~~Responsibility~~

Our responsibility is to express an opinion on whether the concise financial report, complies in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[‡] —Or, alternatively, include statements (a) to the effect that circumstances have changed since the declaration was given to the relevant directors; and (b) setting out how the declaration would differ if it had been given to the relevant directors at the time the auditor's report was made. [Section 307C (5A)(d) of the *Corporations Act 2001*.]

* In the circumstances where there is no material uncertainty related to going concern, inclusion of the word "other" in the statement for the communication of key audit matters would not be necessary.

The auditor may include additional explanation about key audit matters considered helpful to users of the auditor's report on the concise financial report.

Report on Other Legal and Regulatory Requirements[†]

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

Report on the Remuneration Report

The following paragraphs are copies from our Report on the Remuneration Report of ABC Company for the [periodyear] ended 31 December 20X1.

[Insert the exact wording, including headings, of the Report on the Remuneration Report for the [periodyear] ended 31 December 20X1.]

[Auditor's name and signature[§]]

[Auditor's address]

[Date of the auditor's report]

[†] Include when applicable, such as when a matter has been reported under this heading in the auditor's report on the (full) financial report for the year.

[§] The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Illustration 3:

Circumstances include the following:

- A modified opinion is expressed on the ~~audited financial report~~ full financial report of a listed entity that does not affect the auditor's opinion on the concise financial report.
- The ~~Concise concise Financial financial Report report~~ is prepared under the *Corporations Act 2001*.
- Established criteria for the preparation of the concise financial report exist.
- The auditor's report on the concise financial report is dated later than the date of the auditor's report on the financial report from which the concise financial report is derived.
- The auditor's report on the ~~audited financial report~~ full financial report includes key audit matters in accordance with ASA 701.
- The auditor has elected not to include a copy of the auditor's report on the remuneration report.

Report of the Independent Auditor on the Concise Financial Report

[Appropriate Addressee]

Opinion

We have audited the concise financial report of ABC Company (the Company), which comprises the statement of financial position as at 31 December 20X1, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows[#] for the year then ended, and related notes, derived from the ~~audited financial report~~ full financial report of ABC Company for the year ended 31 December 20X1[§]. We expressed a qualified opinion on the ~~audited financial report~~ full financial report. The modification, included below does not qualify our opinion on the concise financial report[‡] because [insert reason(s)].

In our opinion, the accompanying concise financial report of ABC Company complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

[#] The titles used for financial statements in this example are consistent with those used in AASB 101 *Presentation of Financial Statements* and AASB 1039 *Concise Financial Reports*. AASB 101 permits the use of other appropriate titles, and consequently, auditors should ensure consistency of terms used in the auditor's report with those used in the concise financial report.

[§] As the concise financial report will be included in a document that contains other information (the concise report), the auditor may consider, if the form of presentation allows, identifying the page numbers on which the audited concise financial report is presented.

[‡] An example of a modification to the ~~(full) financial report~~ full financial report for the year that does not affect the concise financial report is a qualification ("except for") on disclosures in the notes to the financial statements where no such notes are included in the concise financial report. A copy of the modification paragraphs are included in a section of this auditor's report and is clearly identified as not affecting the auditor's opinion on the concise financial report.

~~We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report[⌘].~~

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the full financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report full financial report and the auditor's report thereon. [The concise financial report and the audited financial report full financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report full financial report.]

The ~~Audited Financial Report~~Full Financial Report and Our Report Thereon

We expressed a qualified audit opinion on the audited financial report full financial report in our report dated 15 February 20X2. The following paragraphs are copied from our report on the full financial report for the year. The modification to the opinion in that report does not apply to our opinion on the concise financial report for the reason(s) stated above. [Insert the exact wording, including headings, of the basis of modification paragraph(s) and the modified opinion paragraph from the auditor's report on the full financial report for the year.]

That report also includes:

- ~~The communication of other[⌘] key audit matters. [Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.]~~The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the full financial report for the year ended 31 December 20X1. We set out below the matters that were key audit matters. All note references below are to the notes in the full financial report (include key audit matters from full financial report).
-

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Responsibilities of the Directors for the Concise Financial Report

The ~~Directors~~directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's ~~Responsibilities for the Audit of the Concise Financial Report~~Responsibility

Our responsibility is to express an opinion on whether the concise financial report, complies in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[⌘] —Or, alternatively, include statements (a) to the effect that circumstances have changed since the declaration was given to the relevant directors; and (b) setting out how the declaration would differ if it had been given to the relevant directors at the time the auditor's report was made. [Section 307C (5A)(d) of the *Corporations Act 2001*.]

[⌘] —In the circumstances where there is no material uncertainty related to going concern, inclusion of the word "other" in the statement for the communication of key audit matters would not be necessary.

—The auditor may include additional explanation about key audit matters considered helpful to users of the auditor's report on the concise financial report.

Report on Other Legal and Regulatory Requirements[†]

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

Report on the Remuneration Report

~~The following paragraphs are copies from our Report on the Remuneration Report for the [period] ended 31 December 20X1.~~

~~[Insert the exact wording, including headings, of the Report on the Remuneration Report for the [period] ended 31 December 20X1.]~~

[Auditor's name and signature[§]]

[Auditor's address]

[Date of the auditor's report]

[†] Include when applicable, such as when a matter has been reported under this heading in the auditor's report on the ~~(full) financial report~~ full financial report for the year.

[§] The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Illustration 4:

Circumstances include the following:

- An unmodified opinion is expressed on the ~~audited financial report~~ full financial report of an entity other than a listed entity however, a qualified opinion is expressed on the concise financial report.
- The ~~Concise-concise Financial-financial Report-report~~ is prepared under the *Corporations Act 2001*.
- Established criteria for the preparation of the concise financial report exist.
- The auditor's report on the concise financial report is dated later than the date of the auditor's report on the financial report from which the concise financial report is derived.
- The auditor's report on the ~~audited financial report~~ full financial report includes a *Material Uncertainty Related to Going Concern* section.
- The auditor's report on the ~~audited financial report~~ full financial report was not required to communicate key audit matters in accordance with ASA 701.

Report of the Independent Auditor on the Concise Financial Report

[Appropriate Addressee]

Qualified Opinion

We have audited the concise financial report of ABC Company (the Company), -which comprises the statement of financial position as at 31 December 20X1, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows[#] for the year then ended, and related notes, derived from the ~~audited financial report~~ full financial report of ABC Company for the year ended 31 December 20X1 and the discussion and analysis.

In our opinion, except for the effect on the concise financial report of the matter(s) referred to in the paragraph below, the accompanying concise financial report, including the discussion and analysis of ABC Company, complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Qualified Opinion

[Include a clear description of all the substantive reasons for the qualification and quantification of the effects.][†]

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

[#] The titles used for financial statements in this example are consistent with those used in AASB 101 *Presentation of Financial Statements* and AASB 1039 *Concise Financial Reports*. AASB 101 permits the use of other appropriate titles, and consequently, auditors should ensure consistency of terms used in the auditor's report with those used in the concise financial report.

[†] The qualification effects the opinion on the concise financial report ONLY – for example, a qualification on the discussion and analysis.

~~We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report[§].~~

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the full financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report full financial report and the auditor's report thereon. [The concise financial report and the audited financial report full financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report full financial report.]

The ~~Audited Financial Report~~Full Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report full financial report in our report dated 15 February 20X2. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 6 in the audited financial report full financial report. Note 6 of the audited financial report full financial report indicates that ABC Company incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, ABC Company's current liabilities exceeded its total assets by YYY. These events or conditions, along with other matters as set forth in Note 6 of the audited financial report full financial report, indicate that a material uncertainty exists that may cast significant doubt on ABC Company's ability to continue as a going concern. These matters are addressed in Note 5 of the concise financial report.

Responsibilities of the Directors for the Concise Financial Report

The Directors ~~directors~~ are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibilities for the Audit of the Concise Financial Report~~Responsibility~~

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with ~~the requirements laid down in~~ AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Report on Other Legal and Regulatory Requirements[†]

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's name and signature[§]]

[§] — Or, alternatively, include statements (a) to the effect that circumstances have changed since the declaration was given to the relevant directors; and (b) setting out how the declaration would differ if it had been given to the relevant directors at the time the auditor's report was made. [Section 307C (5A)(d) of the *Corporations Act 2001*.]

[†] Include when applicable, such as when a matter has been reported under this heading in the auditor's report on the audited financial report full financial report for the year.

[§] The auditor is required, under the *Corporations Act 2001*, to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.

Guidance Statement GS 001 *Concise Financial Reports Under the Corporations Act 2001*

[Auditor's address]

[Date of the auditor's report]