



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **6(b)**
Meeting Date: 18 April 2016
Subject: ISA 810
Date Prepared: 5 April 2016

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider identified issues with ISA 810 and their disposition with a review to revising ASA 810.

Background

The IAASB issued the final revised ISA 810 in late March 2016. [Refer Agenda Item 6(b).1] **Note: No AUS changes have been made to the ISAs.**

In summary the changes in ISA 810 relate to:

- Additional requirements and application material to address the information gap related to a material uncertainty related to going concern or an uncorrected material misstatement of other information (now separate sections of an auditor's report and no longer addressed using an EOM or OM paragraph)
- New requirement to *refer* to any KAMs in the auditor's report on the audited financial report (reference only – no description/repetition)
- Updated illustrative auditor's reports – consistent with new ISA 700.

The AUASB is asked to consider the issues paper addressing potential issues that arise from the revised ISA and its adoption as an ASA.

Matters to Consider

Part A – General

The AUASB is requested to consider the matters below:

- (a) Issue arising from AUASB "Aus" additions contained in existing ASA 810 [refer Agenda Item 6(b).3 for a copy of existing ASA 810]

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<i>ASA 810 Para ref</i>	<i>Extract</i>	<i>Suggestion</i>
Aus 4.1(c)	Summary financial statements means historical financial information that is derived from a financial report, but that contains less detail than the financial report, while still providing a structured representation consistent with that provided by the financial report, of the entity's economic resources or obligations at a point in time or the changes therein for a period of time. Summary financial statements may include an assertion by those responsible for the summary financial statements. Different jurisdictions may use different terminology to describe such historical financial information.	Remove. The Aus para includes the following words which are additional to the ISA: <i>Summary financial statements may include an assertion by those responsible for the summary financial statements.</i> Suggest additional wording does not meet the compelling reasons test.

(b) Concise Financial Reports consideration:

The AUASB currently has a Guidance Statement GS 001 *Concise Financial Reports* as a reference point for Auditor's that are required to issue an auditor's report in a concise financial report prepared under the *Corporations Act 2001*.

The AUASB technical group after consulting with ASIC understand that very few companies produce concise financial reports. Most take advantage of the ability of members to elect not to receive any financial report. The companies commit to provide a summary report of their own design to those members who elect not to receive a financial report. Such summary reports are common but the only legislative requirement is that they not be misleading. ASIC who commented that they believed the numbers of concise reports issued were extremely low however their systems cannot confirm numbers.

On this basis, the AUASB technical group recommends that Guidance Statement GS 001 be withdrawn. However to include in ASA 810 some short footnotes pointing to the specific Corporations Act requirements for concise reports (e.g. the content of the audit report and that the framework is determined by legislation and accounting standards rather than by management). Such a footnote is not subject to the compelling reasons test.

Example wording to be included in a footnote to Paragraph 1 of ASA 810:

Where an entity prepares a concise financial report in accordance with paragraph 314(2)(a) in Part 2M.3 of the *Corporations Act 2001*, an auditor's report thereon is required under paragraph 314(2)(c) in Part 2M.3 of the *Corporations Act 2001*. The minimum content of the concise financial report is determined by the Australian Accounting Standards Board and is set out in AASB 1039 *Concise Financial Reports*.

Part B – NZAuASB

The AUASB has liaised with the NZAuASB who have raised no particular issue on this ISA. We understand that the NZAuASB technical group is intending to take a draft ED on ISA 810 to their June 2016 NZAuASB meeting.

Part C – “Compelling Reasons” Assessment

N/A

AUASB Technical Group Recommendations

Approve the proposed amendments to ISA 810, enabling the changes to be incorporated into the Australian exposure draft to be presented at the 14 June 2016 AUASB meeting for consideration to approve and issue.

Material Presented

Agenda Item 6(b)	AUASB Board Meeting Summary Paper
Agenda Item 6(b).1	Final ISA 810 (marked up)
Agenda Item 6(b).2	ISA 810 Basis for Conclusions
Agenda Item 6(b).3	Extant ASA 810 [electronic only]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve the proposed modifications to ISA 810	Approval	AUASB	18 April 2016	o/s