



## Attachment to AUASB Board Meeting Summary Paper

**AGENDA ITEM NO.**           **5.1**  
**Meeting Date:**               1 December 2015  
**Subject:**                       Auditor Reporting  
**Date Prepared:**               16 November 2015

### Matters to Consider

The AUASB is asked to consider, and conclude on, the two following technical points raised by one of the AUASB members:

Section	Comment
<b>ASA 701</b>	
Application paragraphs	<p><i>"The application paragraphs are as follows:</i></p> <p><i>Aus 0.1           This Auditing Standard applies to:</i></p> <p><i>(a)           an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the Corporations Act 2001; and</i></p> <p><i>(b)           an audit of a financial report, or a complete set of financial statements, for any other purpose.</i></p> <p><i>Aus 0.2           This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.</i></p> <p><i>These paragraphs are in all ASAs that are made under the Corporations Act (i.e., all except for ASA805 and ASA810). However, the scope of ASA 701 is more specific than this.</i></p> <p><i>Paragraph 5 of ASA 701 states:</i></p> <p><i>This Auditing Standard applies to audits of general purpose financial reports of listed entities and circumstances when the auditor otherwise decides to communicate key audit matters in the auditor's report. This Auditing Standard also applies when the auditor is required by law or regulation to communicate key audit matters in the auditor's report.</i></p> <p><i>Although this standard does apply to Corporations Act entities, KAM are currently only intended to be communicated for listed entities, and therefore it does not apply to all situations stated in the Aus paragraphs above.</i></p> <p><i>The point has been raised that paragraph 5 is sufficient in defining the applicability of the standard and that Aus 0.1 and 0.2 should be removed, as they have potential to create confusion."</i></p>

*This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.*

Section	Comment
Definition of listed entity	<p><i>“ASQC1 and ASA 220 define a “listed entity” as an entity whose shares, stock or debt are quoted or listed on a recognised exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.</i></p> <p><i>The Corporations Act defines listed as follows “ a company, managed investment scheme or other body is listed if it is included in the official list of a prescribed financial market operated in this jurisdiction”.</i></p> <p><i>In looking at the applicability of ASA 701, a question has been raised as to whether or not investment products listed on ASX under the AQUA Rules are listed entities for the purposes of the auditing standards and therefore ASA 701 is applicable, as indeed are the other ASA requirements for listed entities.</i></p> <p><i>It is my understanding that whilst these are included in the ASX’s official list they are not required to disclose half yearly and annual financial information or annual reports under the Rules. However, Responsible Entities of AQUA Products that are ETFs and Managed Funds are still required to lodge with ASIC financial reports required under Chapter 2M of the Corporations Act.</i></p> <p><i>I believe that the board needs to give consideration as to whether guidance should be issued on the entities in this market that are deemed to be listed entities for the purpose of the auditing standards.”</i></p>

**AUASB Technical Group’s Views and Recommendation:**

The AUASB Technical Group is of the view that there is no need to further amend the proposed standard. However, the AUASB is asked to consider the above comments.