

Compiled Auditing Standard

ASA 710
(December 2015)

Auditing Standard ASA 710

Comparative Information-Corresponding Figures and Comparative Financial Reports

This compilation was prepared on 1 December 2015 taking into account amendments made by ASA 2011-1, ASA 2015-1 and ASA 2015-2

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

Draft

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Contact Details

Auditing and Assurance Standards Board
Podium Level
Level 14, 530 Collins Street
Melbourne Victoria 3000
AUSTRALIA

Phone: (03) 8080 7400
E-mail: enquiries@auasb.gov.au

Postal Address:
PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA

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COMPILATION DETAILS

Auditing Standard ASA 710 Comparative Information-Corresponding Figures and Comparative Financial Reports (as Amended)

This compilation takes into account amendments made up to and including 1 December 2015 and was prepared on 1 December 2015 by the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 710 (October 2009) as amended by other Auditing Standards which are listed in the Table below.

Table of Standards

Standard	Date made	Operative Date
ASA 710 [A]	27 October 2009	financial reporting periods commencing on or after 1 January 2010
ASA 2011-1 [B]	27 June 2011	financial reporting periods commencing on or after 1 July 2011
ASA 2015-1 [C]	1 December 2015	financial reporting periods ending on or after 15 December 2016
ASA 2015-2 [D]	1 December 2015	financial reporting periods ending on or after 15 December 2016

[A] Federal Register of Legislative Instruments – registration number F2009L04103, 10 November 2009

[B] Federal Register of Legislative Instruments – registration number F2011L01379, 30 June 2011

[C] Federal Register of Legislative Instruments – registration number [insert], [date]

[D] Federal Register of Legislative Instruments – registration number [insert], [date]

Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
Appendix 1: Illustrations 1A and 2A	Amended	ASA 2011-1 [70]
Appendix 1: [Aus] Illustration 1A	Amended	ASA 2011-1 [71]
Appendix 1: [Aus] Illustration 2A	Amended	ASA 2011-1 [72]
Appendix 1: [Aus] Illustration 2A	Amended	ASA 2011-1 [73]
Appendix 1: Illustration 1,2,3 and 4	Amended	ASA 2011-1 [74]
Appendix 1:	Amended	ASA 2011-1 [75]

Auditing Standard ASA 710
Comparative Information-Corresponding Figures and Comparative Financial Reports

Paragraph affected	How affected	By ... [paragraph]
Illustrations 1,2,3, 4 and [Aus] Illustrations 1A and 2A		
14	Amended	ASA 2015-1 [43]
18	Amended	ASA 2015-1 [44]
19	Amended	ASA 2015-1 [45]
New A8 and heading	Addition	ASA 2015-1 [46]
Aus A7.1	Deletion	ASA 2015-1 [47]
New A12 and heading	Addition	ASA 2015-1 [48]
Appendix 1	Amended	ASA 2015-1 [49]
Appendix 1	Amended	ASA 2015-2 [53]

Draft

AUTHORITY STATEMENT

Auditing Standard ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports* (as amended to 1 December 2015) is set out in paragraphs Aus 0.1 to A13 and Appendix 1.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to Australian Auditing Standards*, which sets out the intentions of the AUASB on how the Australian Auditing Standards, operative for financial reporting periods commencing on or after 1 January 2010, are to be understood, interpreted and applied. This Auditing Standard is to be read also in conjunction with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

Dated: 1 December 2015

Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 710 *Comparative Information-Corresponding Figures and Comparative Financial Statements* issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

Compliance with this Auditing Standard enables compliance with ISA 710.

Draft

AUDITING STANDARD ASA 710

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 27 October 2009.

This compiled version of ASA 710 incorporates subsequent amendments contained in other Auditing Standards made by the AUASB up to and including 1 December 2015 (see Compilation Details).

AUDITING STANDARD ASA 710

Comparative Information-Corresponding Figures and Comparative Financial Reports

Application

- Aus 0.1 This Auditing Standard applies to:
- (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
 - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010. [Note: For operative dates of paragraphs changed or added by an Amending Standard, see Compilation Details.]

Introduction

Scope of this Auditing Standard

1. This Auditing Standard deals with the auditor's responsibilities relating to comparative information in an audit of a financial report. When the financial report of the prior period has been audited by a predecessor auditor or was not audited, the requirements and guidance in ASA 510¹ regarding opening balances also apply.

The Nature of Comparative Information

2. The nature of the comparative information that is presented in an entity's financial report depends on the requirements of the applicable financial reporting framework. There are two different broad approaches to the auditor's reporting responsibilities in respect of such comparative information: corresponding figures and comparative financial reports. The approach to be adopted is often specified by law or regulation but may also be specified in the terms of engagement.

¹ See ASA 510 *Initial Audit Engagements—Opening Balances*.

3. The essential audit reporting differences between the approaches are:
- (a) For corresponding figures, the auditor's opinion on the financial report refers to the current period only; whereas
 - (b) For comparative financial reports, the auditor's opinion refers to each period for which a financial report is presented.

This Auditing Standard addresses separately the auditor's reporting requirements for each approach.

Effective Date

4. [Deleted by the AUASB. Refer Aus 0.3]

Objectives

5. The objectives of the auditor are:
- (a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial report has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and
 - (b) To report in accordance with the auditor's reporting responsibilities.

Definitions

6. For the purposes of this Auditing Standard, the following terms have the meanings attributed below:
- (a) Comparative information means the amounts and disclosures included in the financial report in respect of one or more prior periods in accordance with the applicable financial reporting framework.
 - (b) Corresponding figures mean comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.
 - (c) Comparative financial reports means comparative information where amounts and other disclosures for the prior period are included for comparison with the financial report of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial reports is comparable with that of the financial report of the current period.

- Aus 6.1 In accordance with the applicable financial reporting framework of the *Corporations Act 2001* and Australian Accounting Standards, comparative information refers to corresponding figures.

For purposes of this Auditing Standard, references to "prior period" should be read as "prior periods" when the comparative information includes amounts and disclosures for more than one period.

Requirements

Audit Procedures

7. The auditor shall determine whether the financial report includes the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:
 - (a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and
 - (b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.
8. If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists. If the auditor had audited the prior period's financial report, the auditor shall also follow the relevant requirements of ASA 560.² If the prior period financial report is amended, the auditor shall determine that the comparative information agrees with the amended financial report.
9. As required by ASA 580,³ the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial report that affects the comparative information. (Ref: Para. A1)

Audit Reporting

Corresponding Figures

10. When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the circumstances described in paragraphs 11, 12, and 14 of this Auditing Standard. (Ref: Para. A2)
11. If the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is unresolved, the auditor shall modify the auditor's opinion on the current period's financial report. In the Basis for Modification paragraph in the auditor's report, the auditor shall either:
 - (a) Refer to both the current period's figures and the corresponding figures in the description of the matter giving rise to the modification when the effects or possible effects of the matter on the current period's figures are material; or
 - (b) In other cases, explain that the audit opinion has been modified because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures. (Ref: Para. A3-A5)
12. If the auditor obtains audit evidence that a material misstatement exists in the prior period financial report on which an unmodified opinion has been previously issued, and the corresponding figures have not been properly restated or appropriate disclosures have not been made, the auditor shall express a qualified opinion or an adverse opinion in the auditor's report

² See ASA 560 *Subsequent Events*, paragraphs 14-17.

³ See ASA 580 *Written Representations*, paragraph 14.

on the current period financial report, modified with respect to the corresponding figures included therein. (Ref: Para. A6)

Prior Period Financial Report Audited by a Predecessor Auditor

13. If the financial report of the prior period was audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so, the auditor shall state in an Other Matter paragraph in the auditor's report:
- (a) That the financial report of the prior period was audited by the predecessor auditor;
 - (b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
 - (c) The date of that report. (Ref: Para. A7)

Prior Period Financial Report Not Audited

14. If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial report.⁴ (Ref: Para. A8)

Comparative Financial Reports

15. When comparative financial reports are presented, the auditor's opinion shall refer to each period for which a financial report is presented and on which an audit opinion is expressed. (Ref: Para. A9-A10)
16. When reporting on a prior period financial report in connection with the current period's audit, if the auditor's opinion on such a prior period financial report differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in an Other Matter paragraph in accordance with ASA 706.⁵ (Ref: Para. Aus A8.1, A10)

Prior Period Financial Report Audited by a Predecessor Auditor

17. If the financial report of the prior period was audited by a predecessor auditor, in addition to expressing an opinion on the current period's financial report, the auditor shall state in an Other Matter paragraph:
- (a) that the financial report of the prior period was audited by a predecessor auditor;
 - (b) the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
 - (c) the date of that report,
- unless the predecessor auditor's report on the prior period's financial report is reissued with the financial report.
18. If the auditor concludes that a material misstatement exists that affects the prior period financial report on which the predecessor auditor had previously reported without modification, the auditor shall communicate the misstatement with the appropriate level of

⁴ See ASA 510, paragraph 6.

⁵ See ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraphs 8 and Aus 8.1.

management and, and unless all of those charged with governance are involved in managing the entity,⁶ those charged with governance and request that the predecessor auditor be informed. If the prior period financial report is amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial report of the prior period, the auditor shall report only on the current period. (Ref: Para. Aus A8.1, **Aus A12.1, A13**)

Prior Period Financial Report Not Audited

19. If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph that the comparative financial report is unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial report.⁷ (Ref: Para. **A12**)

* * *

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⁶ See ASA 260 *Communication with Those Charged with Governance*, paragraph 13.

⁷ See ASA 510, paragraph 6.

Application and Other Explanatory Material

Audit Procedures

Written Representations (Ref: Para. 9)

- A1. In the case of a comparative financial report, the written representations are requested for all periods referred to in the auditor's opinion because management needs to reaffirm that the written representations it previously made with respect to the prior period remain appropriate. In the case of corresponding figures, the written representations are requested for the financial report of the current period only because the auditor's opinion is on that financial report, which includes the corresponding figures. However, the auditor requests a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial report that affects the comparative information.

Audit Reporting

Corresponding Figures

No Reference in Auditor's Opinion (Ref: Para. 10)

- A2. The auditor's opinion does not refer to the corresponding figures because the auditor's opinion is on the current period financial report as a whole, including the corresponding figures.

Modification in Auditor's Report on the Prior Period Unresolved (Ref: Para. 11)

- A3. When the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modified opinion is resolved and properly accounted for or disclosed in the financial report in accordance with the applicable financial reporting framework, the auditor's opinion on the current period need not refer to the previous modification.
- A4. When the auditor's opinion on the prior period, as previously expressed, was modified, the unresolved matter that gave rise to the modification may not be relevant to the current period figures. Nevertheless, a qualified opinion, a disclaimer of opinion, or an adverse opinion (as applicable) may be required on the current period's financial report because of the effects or possible effects of the unresolved matter on the comparability of the current and corresponding figures.
- A5. Illustrative examples of the auditor's report if the auditor's report on the prior period included a modified opinion and the matter giving rise to the modification is unresolved are contained in Illustrations 1, [Aus] 1A, 2 and [Aus] 2A of Appendix 1.

Misstatement in Prior Period Financial Report (Ref: Para. 12)

- A6. When a prior period financial report that is misstated has not been amended and an auditor's report has not been reissued, but the corresponding figures have been properly restated or appropriate disclosures have been made in the current period financial report, the auditor's report may include an Emphasis of Matter paragraph describing the circumstances and referring to, where relevant, disclosures that fully describe the matter that can be found in the financial report (see ASA 706).

Prior Period Financial Report Audited by a Predecessor Auditor (Ref: Para. 13)

- A7. An illustrative example of the auditor's report if the prior period financial report was audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures is contained in Illustration 3 of Appendix 1.

Prior Period Financial Report Not Audited (Ref: Para. 14)

A8. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ASA 705⁸ to express a qualified opinion or disclaim an opinion on the financial report, as appropriate, in accordance with ASA 705. If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial report, the auditor may determine this to be a key audit matter in accordance with ASA 701.⁹

Comparative Financial Reports

Aus A8.1 In respect of audit engagements conducted under the *Corporations Act 2001*, the auditor's opinion refers to a financial report for the current period, which include corresponding figures, and not to comparative financial report(s). Consequently, paragraphs 15, 16, 17, 18 and 19, and related paragraphs A9, A10, A11, and A12 have no application to audit engagements under the *Corporations Act 2001*.

Reference in Auditor's Opinion (Ref: Para. 15)

A9. Because the auditor's report on comparative financial reports applies to the financial report for each of the periods presented, the auditor may express a qualified opinion or an adverse opinion, disclaim an opinion, or include an Emphasis of Matter paragraph with respect to one or more periods, while expressing a different auditor's opinion on the financial report of the other period.

A10. An illustrative example of the auditor's report if the auditor is required to report on both the current and the prior period financial reports in connection with the current year's audit and the prior period included a modified opinion and the matter giving rise to the modification is unresolved, is contained in Illustration 4 of Appendix 1.

Opinion on the Prior Period Financial Report Different from Previous Opinion (Ref: Para. 16)

A11. When reporting on the prior period financial report in connection with the current period's audit, the opinion expressed on the prior period financial report may be different from the opinion previously expressed if the auditor becomes aware of circumstances or events that materially affect the financial report of a prior period during the course of the audit of the current period. In some jurisdictions, the auditor may have additional reporting responsibilities designed to prevent future reliance on the auditor's previously issued report on the prior period financial report.

Prior Period Financial Report not Audited (Ref: Para. 19)

A12. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ASA 705 to express a qualified opinion or disclaim an opinion on the financial report, as appropriate, in accordance with ASA 705. If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial report, the auditor may determine this to be a key audit matter in accordance with ASA 701.

Prior Period Financial Report Audited by a Predecessor Auditor (Ref: Para. 18)

Aus A12.1 In respect of audit engagements conducted under the *Corporations Act 2001*, if the prior period auditor's report on the prior period financial report is amended by a

⁸ See ASA 705, *Modifications to the Opinion in the Independent Auditor's Report*.

⁹ See ASA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

predecessor auditor during the current financial year, the auditor is unable to express an opinion in the current period auditor's report in respect of that amendment.

- A13. The predecessor auditor may be unable or unwilling to reissue the auditor's report on the prior period financial report. An Other Matter paragraph of the auditor's report may indicate that the predecessor auditor reported on the financial report of the prior period before amendment.

In addition, if the auditor is engaged to audit and obtains sufficient appropriate audit evidence to be satisfied as to the appropriateness of the amendment, the auditor's report may also include the following paragraph:

As part of our audit of the 20X2 financial report, we also audited the adjustments described in Note X that were applied to amend the 20X1 financial report. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 20X1 financial report of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 20X1 financial report taken as a whole.

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Appendix 1

(Ref: Para. A5, A7, A9)

Illustrations of Auditors' Reports on a General Purpose Financial Report — Corresponding Figures and Comparative Financial Reports (Fair Presentation Framework)

- Illustration 1: An auditor's report on a financial report, containing a qualified opinion due to a material misstatement of prior period corresponding figures, which impact the current period's financial report.
- [Aus] Illustration 1A: An auditor's report on a financial report, containing a qualified opinion due to a material misstatement of prior period corresponding figures, which impact the current period's financial report. (under the *Corporations Act 2001*).
- Illustration 2: An auditor's report on a current period financial report, containing a qualified opinion due to a material misstatement of the prior period corresponding figures, which impact the comparability of the financial report.
- [Aus] Illustration 2A: An auditor's report on a current period financial report, containing a qualified opinion due to a material misstatement of the prior period corresponding figures, which impact the comparability of the financial report. (under the *Corporations Act 2001*).
- Illustration 3: An auditor's report on a financial report, contains a reference to the predecessor auditor's prior period auditor's report.
- Illustration 4: An auditor's report on the current period and prior period's financial reports, containing a qualified opinion due to a material misstatement of the prior period financial report, which impact the current period's financial report.

Note: Throughout these illustrative auditor's reports, the *Opinion* section has been positioned first in accordance with ASA 700, and the *Basis for Opinion* section is positioned immediately after the *Opinion* section. Also, the first and last sentence that was included in the extant auditor's responsibilities section is now subsumed as part of the new *Basis for Opinion* section.

**Example Auditor's Report
General Purpose Financial Report
Corresponding Figures
Qualified Opinion on prior year, which materially affects current year financial
report (Fair Presentation Framework)**

Illustration 1 - Corresponding Figures (Ref: Para. A5)

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of the financial report of an entity other than a listed entity. The audit is not a group audit (i.e., ASA 600¹⁰ does not apply).
- The financial report is prepared by management of the entity in accordance with Australian Accounting Standards (a general purpose framework). The financial report is *not* prepared under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of management's responsibility for the financial report in ASA 210.¹¹
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are material and require a modification to the auditor's opinion regarding the current period figures.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ASA 570.¹²
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.¹³
- The auditor has not obtained any other information prior to the date of the auditor's report.
- Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
- In addition to the audit of the financial report, the auditor has other reporting responsibilities required under local law.

¹⁰ See ASA 600, *Special Considerations—Audits of Group Financial Reports (Including the Work of Component Auditors)*.

¹¹ See ASA 210, *Agreeing the Terms of Audit Engagements*.

¹² See ASA 570, *Going Concern*.

¹³ See ASA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Entity [or other Appropriate Addressee]

Report on the Audit of the Financial Report¹⁴

Qualified Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the statement of financial position as at 30 June 20X1, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report presents fairly, in all material respects, (or gives a true and fair view of) the financial position of the Entity as at 30 June 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Qualified Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which constitutes a departure from Australian Accounting Standards. This is the result of a decision taken by management at the start of the preceding financial year and caused us to qualify our audit opinion on the financial report relating to that year. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by \$xxx in 20X1 and \$xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of \$xxx in 20X1 and \$xxx in 20X0, and the accumulated loss should be increased by \$xxx in 20X1 and \$xxx in 20X0.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report¹⁵

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

Auditor's Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

¹⁴ The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* Or other appropriate assertion by management or those charged with governance.

¹⁵ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

[Signature][#]

[Date of the auditor's report]

[Auditor's address]

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[#] The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.

**Example Auditor's Report
General Purpose Financial Report
Corresponding Figures**

Qualified opinion on prior year, which materially affects current year financial report—Corporations Act 2001 (Fair Presentation Framework)

[Aus] Illustration 1A - Corresponding Figures (Ref: Para. A5)

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of the financial report of a single listed company. The audit is not a group audit (i.e., ASA 600¹⁶ does not apply).
- The financial report is prepared by the directors of the company in accordance with Australian Accounting Standards (a general purpose framework) and under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of the directors' responsibility for the financial report in ASA 210.¹⁷
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are material and require a modification to the auditor's opinion regarding the current period figures.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern in accordance with ASA 570.¹⁸
- Key audit matters have been communicated in accordance with ASA 701.¹⁹
- The auditor has obtained no other information prior to the date of the auditor's report but expects to obtain the other information after the date of the auditor's report.
- In addition to the audit of the financial report, the auditor has other reporting responsibilities required under section 308(C) of the *Corporations Act 2001*.

¹⁶ See ASA 600, *Special Considerations—Audits of Group Financial Reports (Including the Work of Component Auditors)*.

¹⁷ See ASA 210, *Agreeing the Terms of Audit Engagements*.

¹⁸ See ASA 570, *Going Concern*.

¹⁹ See ASA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Audit of the Financial Report*

Qualified Opinion

We have audited the financial report of ABC Company Ltd., (the Company) which comprises the statement of financial position as at 30 June 20X1, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of ABC Company Ltd. is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 20X1, and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which constitutes a departure from Australian Accounting Standards. This is the result of a decision taken by the directors at the start of the preceding financial year and caused us to qualify our audit opinion on the financial report relating to that year. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by \$xxx in 20X1 and \$xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of \$xxx in 20X1 and \$xxx in 20X0, and the accumulated loss should be increased by \$xxx in 20X1 and \$xxx in 20X0.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

Key Audit Matters

[Reporting in accordance with ASA 700 – see [Aus] Illustration 2A in the Appendix of ASA 700.]

* The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* 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.

Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 4A in Appendix 3 of ASA 720.]

Responsibilities of the Directors for the Financial Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in the Appendix of ASA 700.]

Auditor’s Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in the Appendix of ASA 700.]

Report on the Remuneration Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in the Appendix of ASA 700.]

[Auditor’s **name and signature**]*

[**Name of Firm**]

[Date of the auditor’s report]

[Auditor’s address]

Draft

* 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.

**Example Auditor's Report
General Purpose Financial Report
Corresponding Figures**

**Qualified opinion on prior year, which affects the comparability of the current
year financial report (Fair Presentation Framework)**

Illustration 2 – Corresponding Figures (Ref: Para. A5)

For purposes of this illustrative auditor's report the following circumstances are assumed:

- Audit of the financial report of an entity other than a listed entity. The audit is not a group audit (i.e., ASA 600 does not apply).
- The financial report is prepared by management of the entity in accordance with Australian Accounting Standards (a general purpose framework). The financial report is *not* prepared under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of management's responsibility for the financial report in ASA 210.
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are immaterial but require a modification to the auditor's opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ASA 570.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.
- The auditor has not obtained any other information prior to the date of the auditor's report.
- Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
- The auditor has no other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Entity [or Other Appropriate Addressee]

Report on the **Audit of the Financial Report**²⁰

Qualified Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the statement of financial position as at 30 June 20X1, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and **notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.***

In our opinion, except for the possible effects on the corresponding figures of the matter described in the *Basis for Qualified Opinion* **section** of our report, the accompanying financial report presents fairly, in all material respects, (or *gives a true and fair view of*) the financial position of the Entity as at 30 June 20X1, and (of) its **financial** performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Qualified Opinion

Because we were appointed auditors of the Entity during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 20X0. Our audit opinion on the financial report for the period ended 30 June 20X0 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

Auditor's Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

²⁰ The sub-title "Report on the **Audit of the Financial Report**" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* **Or other appropriate assertion by management or those charged with governance.**

[Signature]*

[Date of the auditor's report]

[Auditor's address]

Draft

* The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.

**Example Auditor’s Report
General Purpose Financial Report
Corresponding Figures**

Qualified opinion on prior year, which affects the comparability of the current year financial report—Corporations Act 2001 (Fair Presentation Framework)

[Aus] Illustration 2A – Corresponding Figures (Ref: Para. A5)

For purposes of this illustrative auditor’s report, the following circumstances are assumed:

- Audit of the financial report of a single listed company. The audit is not a group audit (i.e., ASA 600²¹ does not apply).
- The financial report is prepared by the directors of the company in accordance with Australian Accounting Standards (a general purpose framework) and under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of the directors’ responsibility for the financial report in ASA 210.²²
- The auditor’s report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period’s figures are immaterial but require a modification to the auditor’s opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period’s figures and the corresponding figures.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants*.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern in accordance with ASA 570.²³
- Key audit matters have been communicated in accordance with ASA 701.²⁴
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
- In addition to the audit of the financial report, the auditor has other reporting responsibilities required under section 308(C) of the *Corporations Act 2001*.

²¹ See ASA 600, *Special Considerations—Audits of Group Financial Reports (Including the Work of Component Auditors)*.

²² See ASA 210, *Agreeing the Terms of Audit Engagements*.

²³ See ASA 570, *Going Concern*.

²⁴ See ASA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Report*

Qualified Opinion

We have audited the financial report of ABC Company Ltd. (the Company), which comprises the statement of financial position as at 30 June 20X1, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of ABC Company Ltd., is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 20X1, and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

Because we were appointed auditors of ABC Company Ltd., during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 20X0. Our audit opinion on the financial report for the period ended 30 June 20X0 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

Key Audit Matters

[Reporting in accordance with ASA 700 – see [Aus] Illustration 2A in the Appendix of ASA 700.]

* The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* 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.

Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration IA in Appendix 3 of ASA 720.]

Responsibilities of the Directors for the Financial Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration IA in the Appendix of ASA 700.]

Auditor’s Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration IA in the Appendix of ASA 700.]

Report on the Remuneration Report

[Reporting in accordance with ASA 700 – see [Aus] Illustration IA in the Appendix of ASA 700.]

[Auditor’s **name and signature**]*

[Name of Firm]

[Date of the auditor’s report]

[Auditor’s address]

Draft

* 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.

**Example Auditor's Report
General Purpose Financial Report
Corresponding Figures
Prior year financial report audited by a predecessor auditor, and is referred to in
the auditor's report on the current year financial report
(Fair Presentation Framework)**

Illustration 3 - Corresponding Figures (Ref: Para. A7)

For purposes of this illustrative auditor's report the following circumstances are assumed:

- Audit of the financial report of an entity other than a listed entity. The audit is not a group audit (i.e., ASA 600 does not apply).
- The financial report is prepared by management of the entity in accordance with Australian Accounting Standards (a general purpose framework). The financial report is *not* prepared under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of management's responsibility for the financial report in ASA 210.
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- The prior period's financial report was audited by a predecessor auditor.
- The auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ASA 570.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.
- The auditor has obtained no other information prior to the date of the auditor's report.
- Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
- The auditor has no other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Entity [or Other Appropriate Addressee]

Report on the Audit of the Financial Report²⁵

Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the statement of financial position as at 30 June 20X1, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.*

In our opinion, the accompanying financial report presents fairly, in all material respects, (or *gives a true and fair view of*) the financial position of the Entity as at 30 June 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information [or another title if appropriate such as "Information Other than the Financial Report and Auditor's Report Thereon"]

[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]

Other Matter

The financial report of the Entity for the year ended 30 June 20X0 was audited by another auditor who expressed an unmodified opinion on that financial report on 31 August 20X0.

Responsibilities of Management and Those Charged with Governance for the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

Auditor's Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

²⁵ The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* Or other appropriate assertion by management or those charged with governance.

[Signature]*

[Date of the auditor's report]

[Auditor's address]

Draft

* The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.

**Example Auditor's Report
General Purpose Financial Report
Comparative Financial Reports**

Qualified opinion on prior year financial report, which materially affects current year financial report (Fair Presentation Framework)

Illustration 4 - Comparative Financial Reports (Ref: Para. A9)

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of the financial report of an entity other than a listed entity. The audit is not a group audit (i.e., ASA 600 does not apply).
- The financial report is prepared by management of the entity in accordance with Australian Accounting Standards (a general purpose framework). The financial report is *not* prepared under the *Corporations Act 2001*.
- The terms of the audit engagement reflect the description of management's responsibility for the financial report in ASA 210.
- The auditor is required to report on both the current period financial report and the prior period financial report in connection with the current year's audit.
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are material to both the current period financial report and prior period financial reports, and require a modification to the auditor's opinion.
- The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.
- The auditor has not obtained any other information prior to the date of the auditor's report.
- Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
- The auditor has no other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

To the Members of ABC Entity [or other Appropriate Addressee]

Report on the Audit of the Financial Report²⁶

Qualified Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the statement of financial position as at 30 June 20X1 and 20X0, statement of comprehensive income, statement of changes in equity, statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report presents fairly, in all material respects, (or gives a true and fair view of) the financial position of the Entity as at 30 June 20X1 and 20X0 and (of) its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Qualified Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which constitutes a departure from Australian Accounting Standards. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by \$xxx in 20X1 and \$xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of \$xxx in 20X1 and \$xxx in 20X0, and the accumulated loss should be increased by \$xxx in 20X1 and \$xxx in 20X0.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

Auditor's Responsibilities for the Audit of the Financial Report

[Reporting in accordance with ASA 700 – see Illustration 3 in the Appendix of ASA 700.]

[Signature]*

[Date of the auditor's report]

[Auditor's address]

²⁶ The sub-title "Report on the Audit of the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements", or other appropriate sub-title, is not applicable.

* Or other appropriate assertion by management or those charged with governance.

* The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate.