

**ASA 810**  
(December 2015)

# **Auditing Standard ASA 810**

## ***Engagements to Report on Summary Financial Statements***

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



**Australian Government**

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**Auditing and Assurance Standards Board**

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## PREFACE

### **Reasons for Issuing ASA 810**

The AUASB issues Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

### **Main Features**

This Auditing Standard represents the Australian equivalent of revised ISA 810 *Engagements to Report on Summary Financial Statements* (January 2015) and replaces ASA 810 issued by the AUASB in October 2009.

This Auditing Standard contains differences from the revised ISA 810, which have been made to accord with the Australian legislative environment and to maintain audit quality where the AUASB has considered there are compelling reasons to do so.

The revision of ASA 810 reflects:

- (a) Recent enhancements to auditor reporting developed by the International Auditing and Assurance Standards Board; and
- (b) Revisions to guidance that seek to focus the auditor's attention more explicitly on financial statement disclosures throughout the audit process.

**AUTHORITY STATEMENT**

Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements* (as amended to 1 December 2015) is set out in paragraphs Aus 0.1 to A20 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

M H Kelsall  
Chairman - AUASB

### **Conformity with International Standards on Auditing**

This Auditing Standard conforms with International Standard on Auditing ISA 810 *Engagements to Report on Summary 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”.

This Auditing Standard incorporates terminology and definitions used in Australia.

The equivalent requirements and related application and other explanatory material included in ISA 810 in respect of “relevant ethical requirements”, have been included in Auditing Standard, ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. There is no international equivalent to ASA 102.

Compliance with this Auditing Standard enables compliance with ISA 810.

# AUDITING STANDARD ASA 810

## *Engagements to Report on Summary Financial Statements*

### **Application**

Aus 0.1 This Auditing Standard applies to an auditor's responsibilities to report on summary financial statements that are derived from a financial report, or a complete set of financial statements, audited in accordance with Australian Auditing Standards, by that same auditor.

### **Operative Date**

Aus 0.2 This Auditing Standard is operative for financial reporting periods ending on or after 15 December 2015.

### **Introduction**

#### **Scope of this Auditing Standard**

1. This Auditing Standard deals with the auditor's responsibilities relating to undertaking an engagement to report on summary financial statements derived from a financial report audited in accordance with Australian Auditing Standards by that same auditor.

#### **Effective Date**

2. [Deleted by the AUASB. Refer Aus 0.2]

### **Objectives**

3. The objectives of the auditor are:
  - (a) To determine whether it is appropriate to accept the engagement to report on summary financial statements;
  - (b) If engaged to report on summary financial statements:
    - (i) To form an opinion on the summary financial statements based on an evaluation of the conclusions drawn from the evidence obtained; and
    - (ii) To express clearly that opinion through a written report that also describes the basis for that opinion.

### **Definitions**

4. For the purposes of this Auditing Standard, the following terms have the meanings attributed below:
  - (a) Applied criteria means the criteria applied by management in the preparation of the summary financial statements.

(b) Audited financial report means a financial report<sup>1</sup> audited by the auditor in accordance with Australian Auditing Standards, and from which the summary financial statements are derived.

(c) [Deleted by the AUASB. Refer Aus 4.1(c)]

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<sup>2</sup>, 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.

## **Requirements**

### **Engagement Acceptance**

5. The auditor shall accept an engagement to report on summary financial statements in accordance with this Auditing Standard only when the auditor has been engaged to conduct an audit in accordance with Australian Auditing Standards of the financial report from which the summary financial statements are derived. (Ref: Para. A1)
6. Before accepting an engagement to report on summary financial statements, the auditor shall: (Ref: Para. A2)
  - (a) Determine whether the applied criteria are acceptable; (Ref: Para. A3-A7)
  - (b) Obtain the agreement of management that it acknowledges and understands its responsibility:
    - (i) For the preparation of the summary financial statements in accordance with the applied criteria;
    - (ii) To make the audited financial report available to the intended users of the summary financial statements without undue difficulty (or, if law or regulation provides that the audited financial report need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, to describe that law or regulation in the summary financial statements); and
    - (iii) To include the auditor's report on the summary financial statements in any document that contains the summary financial statements and that indicates that the auditor has reported on them.
  - (c) Agree with management the form of opinion to be expressed on the summary financial statements (see paragraphs 9-11 of this Auditing Standard).
7. If the auditor concludes that the applied criteria are unacceptable or is unable to obtain the agreement of management set out in paragraph 6(b) of this Auditing Standard, the auditor shall not accept the engagement to report on the summary financial statements, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this Auditing Standard. Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in

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<sup>1</sup> See ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, paragraph Aus 13.2.

<sup>2</sup> See ASA 200, paragraph Aus 13.2.



accordance with this Auditing Standard. The auditor shall include appropriate reference to this fact in the terms of the engagement. The auditor shall also determine the effect that this may have on the engagement to audit the financial report from which the summary financial statements are derived.

### **Nature of Procedures**

8. The auditor shall perform the following procedures, and any other procedures that the auditor may consider necessary, as the basis for the auditor's opinion on the summary financial statements:
  - (a) Evaluate whether the summary financial statements adequately disclose their summarised nature and identify the audited financial report.
  - (b) When summary financial statements are not accompanied by the audited financial report, evaluate whether they describe clearly:
    - (i) From whom or where the audited financial report is available; or
    - (ii) The law or regulation that specifies that the audited financial report need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements.
  - (c) Evaluate whether the summary financial statements adequately disclose the applied criteria.
  - (d) Compare the summary financial statements with the related information in the audited financial report to determine whether the summary financial statements agree with, or can be recalculated from, the related information in the audited financial report.
  - (e) Evaluate whether the summary financial statements are prepared in accordance with the applied criteria.
  - (f) Evaluate, in view of the purpose of the summary financial statements, whether the summary financial statements contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
  - (g) Evaluate whether the audited financial report is available to the intended users of the summary financial statements without undue difficulty, unless law or regulation provides that they need not be made available and establishes the criteria for the preparation of the summary financial statements. (Ref: Para. A8)

### **Form of Opinion**

9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases: (Ref: Para. A9)
  - (a) The summary financial statements are consistent, in all material respects, with the audited financial report, in accordance with [the applied criteria]; or
  - (b) The summary financial statements are a fair summary of the audited financial report, in accordance with [the applied criteria].
10. If law or regulation prescribes the wording of the opinion on summary financial statements in terms that are different from those described in paragraph 9 of this Auditing Standard, the auditor shall:

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- (a) Apply the procedures described in paragraph 8 of this Auditing Standard and any further procedures necessary to enable the auditor to express the prescribed opinion; and
  - (b) Evaluate whether users of the summary financial statements might misunderstand the auditor's opinion on the summary financial statements and, if so, whether additional explanation in the auditor's report on the summary financial statements can mitigate possible misunderstanding.
11. If, in the case of paragraph 10(b) of this Auditing Standard, the auditor concludes that additional explanation in the auditor's report on the summary financial statements cannot mitigate possible misunderstanding, the auditor shall not accept the engagement, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this Auditing Standard. Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in accordance with this Auditing Standard.

**Timing of Work and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Report**

12. The auditor's report on the summary financial statements may be dated later than the date of the auditor's report on the audited financial report. In such cases, the auditor's report on the summary financial statements shall state that the summary financial statements and audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial report that may require adjustment of, or disclosure in, the audited financial report. (Ref: Para. A10)
13. The auditor may become aware of facts that existed at the date of the auditor's report on the audited financial report, but of which the auditor previously was unaware. In such cases, the auditor shall not issue the auditor's report on the summary financial statements until the auditor's consideration of such facts in relation to the audited financial report in accordance with ASA 560<sup>3</sup> has been completed.

**Auditor's Report on Summary Financial Statements**

*Elements of the Auditor's Report*

14. The auditor's report on summary financial statements shall include the following elements:<sup>4</sup> (Ref: Para. A15)
- (a) A title clearly indicating it as the report of an independent auditor. (Ref: Para. A11)
  - (b) An addressee. (Ref: Para. A12)
  - (c) An introductory paragraph that:
    - (i) Identifies the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements; (Ref: Para. A13)
    - (ii) Identifies the audited financial report;
    - (iii) Refers to the auditor's report on the audited financial report, the date of that report, and, subject to paragraphs Aus 14.1 and 17-18 of this Auditing Standard, the fact that an unmodified opinion is expressed on the audited financial report;

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<sup>3</sup> See ASA 560 *Subsequent Events*.  
<sup>4</sup> [Footnote deleted by the AUASB.]

- (iv) If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial report, states that the summary financial statements and the audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial report; and
  - (v) A statement indicating that the summary financial statements do not contain all the disclosures required by the financial reporting framework applied in the preparation of the audited financial report, and that reading the summary financial statements is not a substitute for reading the audited financial report.
- (d) A description of management's<sup>5</sup> responsibility for the financial statements, explaining that management<sup>6</sup> is responsible for the preparation of the summary financial statements in accordance with the applied criteria.
  - (e) A statement that the auditor is responsible for expressing an opinion on the summary financial statements based on procedures required by this Auditing Standard.
  - (f) A paragraph clearly expressing an opinion (see paragraphs 9-11 of this Auditing Standard).
  - (g) The auditor's signature.
  - (h) The date of the auditor's report. (Ref: Para. A14)
  - (i) The auditor's address.
15. If the addressee of the summary financial statements is not the same as the addressee of the auditor's report on the audited financial report, the auditor shall evaluate the appropriateness of using a different addressee. (Ref: Para. A12)
16. The auditor shall date the auditor's report on the summary financial statements no earlier than: (Ref: Para. A14)
- (a) The date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, including evidence that the summary financial statements have been prepared and those with the recognised authority have asserted that they have taken responsibility for them; and
  - (b) The date of the auditor's report on the audited financial report.

*Modifications to the Opinion, Emphasis of Matter Paragraph or Other Matter Paragraph in the Auditor's Report on the Audited Financial Report* (Ref: Para. A15)

17. When the auditor's report on the audited financial report contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph, but the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial report, in accordance with the applied criteria, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14 of this Auditing Standard:
- (a) State that the auditor's report on the audited financial report contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph; and
  - (b) Describe:

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<sup>5</sup> Or other term that is appropriate in the context of the legal framework in the jurisdiction.

<sup>6</sup> Or other term that is appropriate in the context of the legal framework in the jurisdiction.

- (i) The basis for the qualified opinion on the audited financial report, and that qualified opinion; or the Emphasis of Matter or the Other Matter paragraph in the auditor's report on the audited financial report; and
  - (ii) The effect thereof on the summary financial statements, if any.
18. When the auditor's report on the audited financial report contains an adverse opinion or a disclaimer of opinion, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14 of this Auditing Standard:
- (a) State that the auditor's report on the audited 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 summary financial statements.

*Modified Opinion on the Summary Financial Statements*

19. If the summary financial statements are not consistent, in all material respects with, or are not a fair summary of, the audited financial report, in accordance with the applied criteria, and management does not agree to make the necessary changes, the auditor shall express an adverse opinion on the summary financial statements. (Ref: Para. A15)

**Restriction on Distribution or Use or Alerting Readers to the Basis of Accounting**

20. When distribution or use of the auditor's report on the audited financial report is restricted, or the auditor's report on the audited financial report alerts readers that the audited financial report is prepared in accordance with a special purpose framework, the auditor shall include a similar restriction or alert in the auditor's report on the summary financial statements.

**Comparatives**

21. If the audited financial report contains comparatives, but the summary financial statements do not, the auditor shall determine whether such omission is reasonable in the circumstances of the engagement. The auditor shall determine the effect of an unreasonable omission on the auditor's report on the summary financial statements. (Ref: Para. A16)
22. If the summary financial statements contain comparatives that were reported on by another auditor, the auditor's report on the summary financial statements shall also contain the matters that ASA 710 requires the auditor to include in the auditor's report on the audited financial report.<sup>7</sup> (Ref: Para. A17)

**Unaudited Supplementary Information Presented with Summary Financial Statements**

23. The auditor shall evaluate whether any unaudited supplementary information presented with the summary financial statements is clearly differentiated from the summary financial statements. If the auditor concludes that the entity's presentation of the unaudited supplementary information is not clearly differentiated from the summary financial statements, the auditor shall ask management to change the presentation of the unaudited supplementary information. If management refuses to do so, the auditor shall explain in the auditor's report on the summary financial statements that such information is not covered by that report. (Ref: Para. A18)

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<sup>7</sup> See ASA 710 *Comparative Information—Corresponding Figures and Comparative Financial Reports*.

**Other Information in Documents Containing Summary Financial Statements**

24. The auditor shall read other information included in a document containing the summary financial statements and related auditor's report to consider whether there is a material inconsistency between the other information and with the summary financial statements. If the auditor identifies a material inconsistency, the auditor shall determine whether the summary financial statements or the other information needs to be revised. If the auditor becomes aware that the other information needs to be revised, the auditor shall discuss the matter with management. (Ref: Para. A19)

**Auditor Association**

25. If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor shall request management to include the auditor's report in the document. If management does not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document. (Ref: Para. A20)
26. The auditor may be engaged to report on the financial report of an entity, while not engaged to report on the summary financial statements. If, in this case, the auditor becomes aware that the entity plans to make a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the financial report audited by the auditor, the auditor shall be satisfied that:
- (a) The reference to the auditor is made in the context of the auditor's report on the audited financial report; and
  - (b) The statement does not give the impression that the auditor has reported on the summary financial statements.

If (a) or (b) are not met, the auditor shall request management to change the statement to meet them, or not to refer to the auditor in the document. Alternatively, the entity may engage the auditor to report on the summary financial statements and include the related auditor's report in the document. If management, and where appropriate those charged with governance, does not change the statement, delete the reference to the auditor, or include an auditor's report on the summary financial statements in the document containing the summary financial statements, the auditor shall advise management, and where appropriate those charged with governance, that the auditor disagrees with the reference to the auditor, and the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately referring to the auditor. (Ref: Para. A20)

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## **Application and Other Explanatory Material**

### **Engagement Acceptance** (Ref. Para. 5-6)

- A1. The audit of the financial report from which the summary financial statements are derived provides the auditor with the necessary knowledge to discharge the auditor's responsibilities in relation to the summary financial statements in accordance with this Auditing Standard. Application of this Auditing Standard will not provide sufficient appropriate evidence on which to base the opinion on the summary financial statements if the auditor has not also audited the financial report from which the summary financial statements are derived.
- A2. Management's agreement with the matters described in paragraph 6 may be evidenced by its written acceptance of the terms of the engagement.

### *Criteria* (Ref. Para. 6(a))

- A3. The preparation of summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial report. Because summary financial statements by their nature contain aggregated information and limited disclosure, there is an increased risk that they may not contain the information necessary so as not to be misleading in the circumstances. This risk increases when established criteria for the preparation of summary financial statements do not exist.
- A4. Factors that may affect the auditor's determination of the acceptability of the applied criteria include:
- The nature of the entity;
  - The purpose of the summary financial statements;
  - The information needs of the intended users of the summary financial statements; and
  - Whether the applied criteria will result in summary financial statements that are not misleading in the circumstances.
- A5. The criteria for the preparation of summary financial statements may be established by an authorised or recognised standards-setting organisation or by law or regulation. Similar to the case of a financial report, as explained in ASA 210,<sup>8</sup> in many such cases, the auditor may presume that such criteria are acceptable.
- A6. Where established criteria for the preparation of summary financial statements do not exist, criteria may be developed by management, for example, based on practice in a particular industry. Criteria that are acceptable in the circumstances will result in summary financial statements that:
- (a) Adequately disclose their summarised nature and identify the audited financial report;
  - (b) Clearly describe from whom or where the audited financial report is available or, if law or regulation provides that the audited financial report need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, that law or regulation;
  - (c) Adequately disclose the applied criteria;

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<sup>8</sup> See ASA 210 *Agreeing the Terms of Audit Engagements*, paragraphs A3 and A8-A9.

- (d) Agree with or can be recalculated from the related information in the audited financial report; and
  - (e) In view of the purpose of the summary financial statements, contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- A7. Adequate disclosure of the summarised nature of the summary financial statements and the identity of the audited financial report, as referred to in paragraph A6(a), may, for example, be provided by a title such as “Summary Financial Statements Prepared from the Audited Financial Report for the Year Ended 30 June 20X1.”

**Evaluating the Availability of the Audited Financial Report** (Ref: Para. 8(g))

- A8. The auditor’s evaluation whether the audited financial report is available to the intended users of the summary financial statements without undue difficulty is affected by factors such as whether:
- The summary financial statements describe clearly from whom or where the audited financial report is available;
  - The audited financial report is on public record; or
  - Management has established a process by which the intended users of the summary financial statements can obtain ready access to the audited financial report.

**Form of Opinion** (Ref: Para. 9)

- A9. A conclusion, based on an evaluation of the evidence obtained by performing the procedures in paragraph 8, that an unmodified opinion on the summary financial statements is appropriate enables the auditor to express an opinion containing one of the phrases in paragraph 9. The auditor’s decision as to which of the phrases to use may be affected by generally accepted practice in the particular jurisdiction.

**Timing of Work and Events Subsequent to the Date of the Auditor’s Report on the Audited Financial Report** (Ref: Para. 12)

- A10. The procedures described in paragraph 8 are often performed during or immediately after the audit of the financial report. When the auditor reports on the summary financial statements after the completion of the audit of the financial report, the auditor is not required to obtain additional audit evidence on the audited financial report, or report on the effects of events that occurred subsequent to the date of the auditor’s report on the audited financial report since the summary financial statements are derived from the audited financial report and does not update them.

**Auditor’s Report on Summary Financial Statements**

*Elements of the Auditor’s Report*

Title (Ref: Para. 14(a))

- A11. A title indicating the report is the report of an independent auditor, for example, “Report of the Independent Auditor”, affirms that the auditor has met all of the relevant ethical requirements regarding independence. This distinguishes the report of the independent auditor from reports issued by others.

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Addressee (Ref: Para. 14(b), 15)

- A12. Factors that may affect the auditor's evaluation of the appropriateness of the addressee of the summary financial statements include the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Introductory Paragraph (Ref: Para. 14(c)(i))

- A13. When the auditor is aware that the summary financial statements will be included in a document that contains other information, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the summary financial statements are presented. This helps readers to identify the summary financial statements to which the auditor's report relates.

Date of the Auditor's Report (Ref: Para. 14(h), 16)

- A14. The person or persons with recognised authority to conclude that the summary financial statements have been prepared and take responsibility for them depends on the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Illustrations (Ref: Para. 14, 17-19)

- A15. Appendix 1 to this Auditing Standard contains illustrations of auditors' reports on summary financial statements that:
- (a) Contain unmodified opinions;
  - (b) Are derived from audited financial reports on which the auditor issued modified opinions; and
  - (c) Contain a modified opinion.

**Comparatives** (Ref: Para. 21-22)

- A16. If the audited financial report contains comparatives, there is a presumption that the summary financial statements also would contain comparatives. Comparatives in the audited financial report may be regarded as corresponding figures or as comparative financial information. ASA 710 describes how this difference affects the auditor's report on the financial report, including, in particular, reference to other auditors who audited the financial report for the prior period.
- A17. Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include the nature and objective of the summary financial statements, the applied criteria, and the information needs of the intended users of the summary financial statements.

**Unaudited Supplementary Information Presented with Summary Financial Statements**

(Ref: Para. 23)

- A18. ASA 700<sup>9</sup> contains requirements and guidance to be applied when unaudited supplementary information is presented with an audited financial report that, applicable as necessary in the circumstances, may be helpful in applying the requirement in paragraph 23.

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<sup>9</sup> See ASA 700 *Forming an Opinion and Reporting on the Financial Report*, paragraphs 46-47.



**Other Information in Documents Containing Summary Financial Statements** (Ref: Para. 24)

- A19. ASA 720<sup>10</sup> contains requirements and guidance regarding the auditor's responsibilities relating to other information in a financial report audit engagement. Applicable as necessary in the circumstances, they may be helpful in applying the requirement in paragraph 24.

**Auditor Association** (Ref: Para. 25-26)

- A20. Other appropriate actions the auditor may take when management, and where appropriate those charged with governance, do not take the requested action may include informing the intended users and other known third-party users of the inappropriate reference to the auditor. The auditor's course of action depends on the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

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<sup>10</sup> See ASA 720 *The Auditor's Responsibility Relating to Other Information*.

## **Appendix 1**

(Ref: Para.A15)

### **Illustrations of Auditors' Reports on Summary Financial Statements**

- Illustration 1: An auditor's report containing an unmodified opinion on the summary financial statements prepared in accordance with established criteria. The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial report from which summary financial statements are derived. An unmodified opinion is expressed on the audited financial report.
- Illustration 2: An auditor's report containing an unmodified opinion on the summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An unmodified opinion is expressed on the audited financial report.
- Illustration 3: An auditor's report containing a qualified opinion on the summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. A qualified opinion is expressed on the audited financial report.
- Illustration 4: An auditor's report containing a disclaimer of opinion on the summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An adverse opinion is expressed on the audited financial report.
- Illustration 5: An auditor's report containing an adverse opinion on the summary financial statements prepared in accordance with established criteria. The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements. An unmodified opinion is expressed on the audited financial report.

**Example Auditor's Report**  
**Auditor's opinion on the financial report is unmodified**  
**Auditor's opinion on the summary financial statements is unmodified and dated later**  
**than the financial report opinion**  
**(Compliance Framework)**

Illustration 1:

Circumstances include the following:

- An unmodified opinion is expressed on the audited financial report.
- Established criteria exist for the preparation of summary financial statements.
- The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial report from which the summary financial statements are derived.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprises the summary statement of financial position as at 30 June 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, related notes and management's assertion statement\*, are derived from the audited financial report of ABC Entity for the year ended 30 June 20X1. We expressed an unmodified audit opinion on that financial report in our report dated 15 September 20X1. That financial report, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that financial report.

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Entity]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of ABC Entity.

**Management's<sup>11</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial report in accordance with [describe established criteria].

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

---

\* Or other appropriate term.

<sup>11</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

**Auditing Standard ASA 810**  
***Engagements to Report on Summary Financial Statements***

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**Opinion**

In our opinion, the summary financial statements derived from the audited financial report of ABC Entity for the year ended 30 June 20X1 are consistent, in all material respects, with (or *a fair summary of*) that audited financial report, in accordance with [describe established criteria].

[Auditor's signature]\*

[Date of the auditor's report]#

[Auditor's address]

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\* The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.  
# The date of the auditor's report is the date the auditor signs the report.

**Example Auditor's Report**  
**Auditor's opinion on the financial report is unmodified**  
**Auditor's opinion on the summary financial statements is unmodified**  
**(Compliance Framework)**

Illustration 2:

Circumstances include the following:

- An unmodified opinion is expressed on the audited financial report.
- Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.

**REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS**

[Appropriate Addressee]

The accompanying summary financial statements, which comprises the summary statement of financial position as at 30 June 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, related notes and management's assertion statement\*, are derived from the audited financial report of ABC Entity for the year ended 30 June 20X1. We expressed an unmodified audit opinion on that financial report in our report dated 15 September 20X1.<sup>12</sup>

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Entity]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of ABC Entity.

**Management's<sup>13</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial report on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

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\* Or other appropriate term.

<sup>12</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial report from which they are derived, the following sentence is added to this paragraph: "That audited financial report, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that audited financial report."

<sup>13</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

**Auditing Standard ASA 810**  
***Engagements to Report on Summary Financial Statements***

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**Opinion**

In our opinion, the summary financial statements derived from the audited financial report of ABC Entity for the year ended 30 June 20X1 are consistent, in all material respects, with (or *a fair summary of*) that audited financial report, on the basis described in Note X.

[Auditor's signature]\*

[Date of the auditor's report]#

[Auditor's address]

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\* The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.

# The date of the auditor's report is the date the auditor signs the report.

**Example Auditor's Report**  
**Auditor's opinion on the financial report is qualified**  
**Auditor's opinion on the summary financial statements is qualified**  
**(Compliance Framework)**

Illustration 3:

Circumstances include the following:

- A qualified opinion is expressed on the audited financial report.
- Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.

Note: The layout of the 'Qualified opinion' paragraph is different from that in ASA 705\* due to the nature of the inter-relationship between the auditor's opinion on the audited financial report and the auditor's reporting on the derived summary financial statements.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprises the summary statement of financial position as at 30 June 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, related notes and management's assertion statement<sup>#</sup>, are derived from the audited financial report of ABC Entity for the year ended 30 June 20X1.<sup>14</sup> We expressed a qualified audit opinion on that financial report in our report dated 15 September 20X1 (see below).

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Entity]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of ABC Entity.

**Management's<sup>15</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial report on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

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

# Or other appropriate term.

<sup>14</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial report from which they are derived, the following sentence is added to this paragraph: "The audited financial report, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that audited financial report."

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

### **Qualified Opinion**

In our opinion, the summary financial statements derived from the audited financial report of ABC Entity for the year ended 30 June 20X1 are consistent, in all material respects, with (or *a fair summary of*) that audited financial report, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial report of ABC Entity for the year ended 30 June 20X1.

The misstatement of the audited financial report is described in our qualified audit opinion in our report dated 15 September 20X1. Our qualified audit opinion is based on the fact that the entity's inventories are carried in the balance sheet in that financial report at xxx. Management has not stated the inventories at the lower of cost and net realisable value but has stated them solely at cost, which constitutes a departure from Australian Accounting Standards. The entity's records indicate that had management stated the inventories at the lower of cost and net realisable value, an amount of xxx would have been required to write the inventories down to their net realisable value. Accordingly, cost of sales would have been increased by xxx, and income tax, net income and shareholders' equity would have been reduced by xxx, xxx and xxx, respectively. Our qualified audit opinion states that, except for the effects of the described matter, the financial report presents fairly, in all material respects, (or *gives a true and fair view of*) the financial position of ABC 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.

[Auditor's signature]\*

[Date of the auditor's report]#

[Auditor's address]

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\* The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.  
# The date of the auditor's report is the date the auditor signs the report.



**Example Auditor's Report**  
**Auditor's opinion on the financial report is adverse**  
**Auditor's opinion on the summary financial statements is a disclaimer of opinion**  
**(Compliance Framework)**

Illustration 4:

Circumstances include the following:

- An adverse opinion is expressed on the audited financial report.
- Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprises the summary statement of financial position as at 30 June 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, related notes and management's assertion statement\*, are derived from the audited financial report of ABC Entity for the year ended 30 June 20X1.<sup>16</sup>

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Entity]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of ABC Entity.

**Management's<sup>17</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial report on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

**Disclaimer of Opinion**

In our report dated 15 September 20X1, we expressed an adverse audit opinion on the financial report of ABC Entity for the year ended 30 June 20X1. The basis for our adverse audit opinion was [describe basis for adverse audit opinion]. Our adverse audit opinion stated that [describe adverse audit opinion].

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\* Or other appropriate term.

<sup>16</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial report from which they are derived, the following sentence is added to this paragraph: "The audited financial report, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that audited financial report."

<sup>17</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

**Auditing Standard ASA 810**  
***Engagements to Report on Summary Financial Statements***

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Because of the significance of the matter discussed above, it is inappropriate to express an opinion on the summary financial statements of ABC Entity for the year ended 30 June 20X1.

[Auditor's signature]\*

[Date of the auditor's report]#

[Auditor's address]

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\* The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.  
# The date of the auditor's report is the date the auditor signs the report.

**Example Auditor's Report**  
**Auditor's report on the financial report is unmodified**  
**Auditor's report on the summary financial statements is adverse**  
**(Compliance Framework)**

Illustration 5:

Circumstances include the following:

- An unmodified opinion is expressed on the audited financial report.
- Established criteria exist for the preparation of summary financial statements.
- The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprises the summary statement of financial position as at 30 June 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, related notes and management's assertion statement\*, are derived from the audited financial report of ABC Entity for the year ended 30 June 20X1. We expressed an unmodified audit opinion on that financial report in our report dated 15 September 20X1.<sup>18</sup>

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Entity]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of ABC Entity.

**Management's<sup>19</sup> Responsibility for the Summary Audited Financial Statements**

Management is responsible for the preparation of a summary of the audited financial report in accordance with [describe established criteria].

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

**Basis for Adverse Opinion**

[Describe matter that caused the summary financial statements not to be consistent, in all material respects, with (or *a fair summary of*) the audited financial report, in accordance with the applied criteria.]

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\* Or other appropriate term.

<sup>18</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial report from which they are derived, the following sentence is added to this paragraph: "The audited financial report, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on that audited financial report."

<sup>19</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

**Auditing Standard ASA 810**  
***Engagements to Report on Summary Financial Statements***

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**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the summary financial statements referred to above are not consistent with (or *a fair summary of*) the audited financial report of ABC Entity for the year ended 30 June 20X1, in accordance with [describe established criteria].

[Auditor's signature]\*

[Date of the auditor's report]#

[Auditor's address]

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\* The auditor's report needs to be signed in one or more of the following ways: name of the audit firm, the name of the audit company or the personal name of the auditor as appropriate.

# The date of the auditor's report is the date the auditor signs the report.