

TABLES OF DIFFERENCES
ASA 700 [Revised and Redrafted]
FORMING AN OPINION AND REPORTING ON A FINANCIAL REPORT

Extant ASA: ASA 700 *The Auditor’s Report on a General Purpose Financial Report*

ISA: ISA 700 [Redrafted]

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<i>Key Statistics</i>			
Exhibit		No.	
1	New Requirements [Elevation of Guidance]	10	
1	New Requirements [no previous Equivalent in extant ASA]	6	
N/A	Total number of New Requirements	16	
2	Extant ASA Requirements covered in another standard[s]	—	

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Changes to this Table from the Last Board meeting

Item #	Para. #	Change Description	ATG Commentary	Accept in ASA Y/N?
Exhibit X				
		N/A Presented to AUASB for 1 st time in Feb 09		

Draft

Requirements in ISA not in Extant ASA

- *Exhibit 1 identifies Requirements in the redrafted ISA that are not present in the equivalent extant ASA*
- *Exhibit 1 does not identify Requirements that are identical; or similar but for differences in expression/wording*

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
Objectives				
1	6	The objectives of the auditor are to: (a) Form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and (b) Express clearly that opinion through a written report that also describes the basis for the opinion.	New Objectives.	Y
Definitions				
2	7	For purposes of the ISAs, the following terms have the meanings attributed below: (a) General purpose financial statements – Financial statements prepared in accordance with a general purpose framework. (b) General purpose framework – A financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework. The term “fair presentation framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and: (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically	New Definitions [No change in meaning to terms used in the extant]	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>required by the framework; or</p> <p>(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.</p> <p>The term “compliance framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.⁵</p> <p>(c) Unmodified opinion – The opinion expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.⁶</p> <p><u>Footnote 5:</u> ISA 200 (Revised and Redrafted), “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing,” paragraph 13(a).</p> <p><u>Footnote 6:</u> Paragraphs 35-36 deal with the phrases used to express this opinion in the case of a fair presentation framework and a compliance framework respectively.</p>		
3	8	<p>Reference to “financial statements” in this ISA means “a complete set of general purpose financial statements, including the related notes.” The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework determine the form and content of the financial statements, and what</p>	<p>New Definition</p> <p>[No change in meaning to terms used in the extant]</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		constitutes a complete set of financial statements.		
4	9	Reference to “International Financial Reporting Standards” in this ISA means the International Financial Reporting Standards issued by the International Accounting Standards Board, and reference to “International Public Sector Accounting Standards” means the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.	New Definitions [No change in meaning to terms used in the extant]	Y
Forming an Opinion on the Financial Statements				
5	12	The auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework. This evaluation shall include consideration of the qualitative aspects of the entity’s accounting practices, including indicators of possible bias in management’s judgments.	Elevation of extant ASA Explanatory Guidance [Extant ASA 700 para 17—equivalent Explanatory Guidance]	Y
6	13	In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework: (a) The financial statements adequately disclose the significant accounting policies selected and applied; (b) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate; (c) The accounting estimates made by management are reasonable; (d) The information presented in the financial statements is relevant, reliable, comparable and understandable; (e) The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and (f) The terminology used in the financial statements, including the title of	Elevation of extant ASA Explanatory Guidance [Extant ASA 700 para 17—equivalent Explanatory Guidance]	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		each financial statement, is appropriate.		
7	14	<p>When the financial statements are prepared in accordance with a fair presentation framework, the evaluation required by paragraphs 12-13 shall also include whether the financial statements achieve fair presentation. The auditor's evaluation as to whether the financial statements achieve fair presentation shall include consideration of:</p> <p>(a) The overall presentation, structure and content of the financial statements; and</p> <p>(b) Whether the financial statements, including the related notes, represent the underlying transactions and events in a manner that achieves fair presentation.</p>	<p>Elevation of extant ASA Explanatory Guidance</p> <p>[Extant ASA 700 para 18—equivalent Explanatory Guidance]</p>	Y
8	15	The auditor shall evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework.	New Requirement, no extant ASA equivalent	Y
Form an Opinion				
9	17	<p>If the auditor:</p> <p>(a) concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or</p> <p>(b) is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement,</p> <p>the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).</p>	<p>Elevation of extant ASA Explanatory Guidance</p> <p>[Extant ASA 700 para 4—equivalent Explanatory Guidance]</p>	Y
10	18	If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, shall determine whether it is necessary to modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).	<p>Elevation of extant ASA Explanatory Guidance</p> <p>[Extant ASA 700 para 20—equivalent Explanatory Guidance]</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
11	19	When the financial statements are prepared in accordance with a compliance framework, the auditor is not required to evaluate whether the financial statements achieve fair presentation. However, if in extremely rare circumstances the auditor concludes that such financial statements are misleading, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine whether, and how, to communicate it in the auditor's report.	New Requirement, no extant ASA equivalent	Y
Auditor's Report				
12	24	[Managements' Responsibility for the Financial Statements] This section of the auditor's report describes the responsibilities of those in the organization that are responsible for the preparation of the financial statements. The auditor's report need not refer specifically to "management," but shall use the term that is appropriate in the context of the legal framework in the particular jurisdiction. In some jurisdictions, the appropriate reference may be to those charged with governance.	Elevation of extant ASA Explanatory Guidance [Extant ASA 700 para 36—equivalent Explanatory Guidance]	Y
13	25	The auditor's report shall include a section with the heading "Management's [or other appropriate term] Responsibility for the Financial Statements."	Elevation of extant ASA guidance contained in illustrative auditor's reports. [Extant ASA 700 Appendices—equivalent material]	Y
14	28	The auditor's report shall include a section with the heading "Auditor's Responsibility."	Elevation of extant ASA guidance contained in illustrative auditor's reports. [Extant ASA 700 Appendices—equivalent material]	Y
15	32	Where the financial statements are prepared in accordance with a fair presentation framework, the description of the audit in the auditor's report shall refer to "the entity's preparation and fair presentation of the financial statements" or "the entity's preparation of financial statements that give a true and fair view," as appropriate in the circumstances.	Elevation of extant ASA guidance contained in illustrative auditor's reports. [Extant ASA 700 Appendices—equivalent material]	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
16	36	When expressing an unmodified opinion on financial statements prepared in accordance with a compliance framework, the auditor's opinion shall be that the financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework].	New Requirement, no extant ASA equivalent	Y
17	39	If the auditor's report contains a separate section on other reporting responsibilities, the headings, statements and explanations referred to in paragraphs 23-37 shall be under the sub-title "Report on the Financial Statements." The "Report on Other Legal and Regulatory Requirements" shall follow the "Report on the Financial Statements."	Elevation of extant ASA guidance [see Appendices] Although not stipulated in the extant mandatory requirements, the specific headings were used in the example auditor's reports for both Corps Act audits and other audits.	Y
18	43	<p>If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements:</p> <ul style="list-style-type: none"> (a) A title; (b) An addressee, as required by the circumstances of the engagement; (c) An introductory paragraph that identifies the financial statements audited; (d) A description of the responsibility of management (or other appropriate term, see paragraph 24) for the preparation of the financial statements; (e) A description of the auditor's responsibility to express an opinion on the financial statements and the scope of the audit, that includes: <ul style="list-style-type: none"> • A reference to International Standards on Auditing and the law or regulation; and • A description of an audit in accordance with those standards; (f) An opinion paragraph containing an expression of opinion on the financial statements and a reference to the applicable financial reporting framework used to prepare the financial statements (including identifying the jurisdiction of origin of the financial reporting 	<p>New Requirement, no extant ASA equivalent.</p> <p>NOTE: Although strictly a new requirement, the underlying principles are implied in extant ASA 700 paras 11 and 12</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>framework that is not International Financial Reporting Standards or International Public Sector Accounting Standards, see paragraph 37);</p> <p>(g) The auditor’s signature;</p> <p>(h) The date of the auditor’s report; and</p> <p>(i) The auditor’s address.</p>		
19	44	<p>An auditor may be required to conduct an audit in accordance with the auditing standards of a specific jurisdiction (the “national auditing standards”), but may additionally have complied with the ISAs in the conduct of the audit. If this is the case, the auditor’s report may refer to International Standards on Auditing in addition to the national auditing standards, but the auditor shall do so only if:</p> <p>(a) There is no conflict between the requirements in the national auditing standards and those in ISAs that would lead the auditor (i) to form a different opinion, or (ii) not to include an Emphasis of Matter paragraph that, in the particular circumstances, is required by ISAs; and</p> <p>(b) The auditor’s report includes, at a minimum, each of the elements set out in paragraph 43(a)-(i) when the auditor uses the layout or wording specified by the national auditing standards. Reference to law or regulation in paragraph 43(e) shall be read as reference to the national auditing standards. The auditor’s report shall thereby identify such national auditing standards.</p>	<p>Unshaded text is equivalent in meaning to the extant ASA 700 Requirement at para 63.</p> <p>Shaded text is additional to extant – new Requirement .</p>	Y
20	45	<p>When the auditor’s report refers to both the national auditing standards and International Standards on Auditing, the auditor’s report shall identify the jurisdiction of origin of the national auditing standards.</p>	<p>New Requirement, no extant ASA equivalent.</p>	Y

Requirements in Extant ASA not in ISA

- *Exhibit 2 identifies Requirements in the extant ASA that are not present in the equivalent redrafted ISA*
- *Exhibit 2 does not identify Requirements that are identical; or similar but for differences in expression [wording]*

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary	Accept in ASA Y/N?
Not Retained in ASA [Revised & Redrafted]				
<Insert Standard section heading here>				
1	33	<p>The auditor’s report shall state that those charged with governance are responsible for the preparation and the fair presentation of the financial report in accordance with the applicable financial reporting framework and that this responsibility includes:</p> <p>(a) establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error;</p> <p>(b) selecting and applying appropriate accounting policies; and</p> <p>(c) making accounting estimates that are reasonable in the circumstances.</p>	<p>Shaded text not carried forward as specific Requirements in the ISA clarify standards.</p> <p>However, the revised Requirement at para 26 directs the auditor to include in the auditor’s report, management’s responsibilities as “...described in the terms of the audit engagement”.</p> <p>[Revised ASA/ISA 200 (Overall Objectives of the Auditor...) does refer to management being responsible for selecting appropriate accounting policies and making estimates that are reasonable, but this reference is in the Application and Other Explanatory Material – para A3.]</p> <p>No apparent significant diminution in the standard due to Requirement at para 26.</p>	N

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary	Accept in ASA Y/N?
			Unshaded text – carried forward to revised standard – equivalent at paras 26 & 27.	

Retained in ASA [Revised & Redrafted]				
Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]				
<Insert Standard section heading here>				
		N/A		
Retained in ASA [Revised & Redrafted]				
Reason 2: [Only when requirement necessary for legislative instrument reasons]				
<Insert Standard section heading here>				
		N/A		
Retained in ASA [Revised & Redrafted]				
Reason 3: [Only when requirement necessary for public interest reasons and no inconsistency with the ISA]				
<Insert Standard section heading here>				
2	49A	Requirement: When an entity, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, has included in the notes to the financial statements, an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRSs), and the auditor agrees with the entity’s statement of compliance, the auditor shall state that in the auditor’s opinion, the financial report complies with IFRSs.	Retained in ASA [Revised & Redrafted]. Suggest extant ASA Requirement retained as it contributes to the quality of the standard by alerting the auditor to a relevant matter.	Y

EXHIBIT 3

Significant Differences in Guidance — ISA and Extant ASA

- *Exhibit 3 identifies significant differences between the Application and Other Explanatory Material (guidance) in the redrafted ISA and the Explanatory Guidance in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 3 does not identify guidance that is identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Guidance	Commentary	Accept in ASA Y/N?
PART A – ISA				
<Insert Standard section heading here>				
		N/A		

PART B – ASA				
Retained in ASA [Revised & Redrafted]				
Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]				
<Insert Standard section heading here>				
		N/A		
Retained in ASA [Revised & Redrafted]				
Reason 2: [Only when requirement necessary for legislative instrument reasons]				
<Insert Standard section heading here>				
		N/A		

Retained in ASA [Revised & Redrafted]				
Reason 3: [Only when Requirement is deemed necessary for public interest reasons and is not inconsistent with the ISA]				
<Insert Standard section heading here>				
3	49B	With respect to the requirement in paragraph 49A, Appendix 2 to this Auditing Standard provides illustrations of an auditor's opinions—see Example 1: Unmodified Auditor's Report Prepared under the <i>Corporations Act 2001</i> —Single Corporate Entity; and Example 2: Unmodified Auditor's Report Prepared under the <i>Corporations Act 2001</i> – Consolidated Entity.	See commentary above. [Exhibit 2, Item 2, page 13]	Y
4	49C	Auditing Standard ASA 701 <i>Modifications to the Auditor's Report</i> provides mandatory requirements and explanatory guidance when the auditor disagrees with those charged with governance in relation to compliance with the requirements of accounting standards, and this applies to, and includes, AASB 101 requirements.	See commentary above. [Exhibit 2, Item 2, page 13]	Y

Draft ***

Significant Differences in Appendices — ISA and Extant ASA

- *Exhibit 4 identifies significant differences between the Appendices in the redrafted ISA and the Appendices in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 4 does not identify Appendices that are identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Appendix	Commentary	Accept in ASA? Y/N
Part A – ISA				
<Insert Standard section heading here>				
		N/A		
Part B – ASA				
Summary of Audit Reporting Requirements under the Corporations Act 2001				
1	Appendix 2	Summary of Audit Reporting Requirements under the <i>Corporations Act 2001</i> .	No longer considered necessary to summarise or quote selections from the Act.	N
