

This ED is presented to the Board for the first time for consideration to approve for issue.

Agenda Item 12(d).3
AUASB Meeting 23-24 February 2009
Marked Up Version

EXPOSURE DRAFT

ED 6/09

(February 2009)

**Proposed Auditing Standard
ASA 800
*Special Considerations –
Audits of Financial Reports
Prepared in Accordance with
Special Purpose Frameworks
(Revised and Redrafted)
(Re-issuance of ASA 800)***

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

DISCLAIMER

This document contains draft proposals to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions and/or proposals to be contained in a published Exposure Draft or Auditing Standard. No responsibility is taken by the AUASB for the results of reliance, actions or omissions to act on the basis of any information contained in this document (including appendices), or for any errors or omissions in it.



Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by no later than 31 March 2009. Comments should be addressed to:

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA
E-mail: edcomments@auasb.gov.au

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

Obtaining a Copy of this Exposure Draft

This Exposure Draft is available on the AUASB website: www.auasb.gov.au. Alternatively, any individual or organisation may obtain one printed copy of this Exposure Draft without charge until no later than 31 March 2009 by contacting:

The Auditing and Assurance Standards
Board
Level 7
600 Bourke Street
Melbourne Victoria 3000
AUSTRALIA

Phone: (03) 8080 7400
Fax: (03) 8080 7450
E-mail: enquiries@auasb.gov.au

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

COPYRIGHT

© 2009 Auditing and Assurance Standards Board (AUASB). The text, graphics and layout of this Exposure Draft are protected by Australian copyright law and the comparable law of other countries. The Exposure Draft may be reproduced in print for the sole purpose of preparing a written submission to the AUASB in respect of the Exposure Draft. Otherwise, no part of the Exposure Draft may be reproduced, stored or transmitted in any form or by any means without the prior written permission of the AUASB except as permitted by law.

ISSN 1030-603X

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

CONTENTS

PREFACE

AUTHORITY STATEMENT

	<i>Paragraphs</i>
Application	Aus 0.1–Aus 0.2
Operative Date	Aus 0.3
Introduction	
Scope of this ASA	1-3
Effective Date	4
Objective	5
Definitions	6-7
Requirements	
Considerations When Accepting the Engagement	8
Considerations When Planning and Performing the Audit ...	9-10
Forming an Opinion and Reporting Considerations	11-14
Application and Other Explanatory Material	
Considerations When Accepting the Engagement	A1-A4
Considerations When Planning and Performing the Audit ...	A9-A12
Forming an Opinion and Reporting Considerations	A13-A15
Conformity with International Standards on Auditing	
Appendix: Illustrations of Auditor’s Reports on Special Purpose Financial Reports	

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Preface
Reasons for Issuing ED 6/09

The Auditing and Assurance Standards Board (AUASB) is proposing to re-issue Auditing Standard ASA 800 *The Auditor's Report on Special Purpose Audit Engagements* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory board 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 Australian Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC), has undertaken a programme to redraft, in “clarity” format, the entire suite of International Standards on Auditing (ISAs). In some cases, and in accordance with normal practice, the ISAs have been revised in addition to being redrafted. The redrafted ISAs are effective for audits of financial statements for periods beginning on or after 15 December 2009.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the ISAs and to make appropriate consequential amendments to the Australian Auditing Standards. Accordingly, the AUASB has decided to revise and redraft the Australian Auditing Standards using the equivalent redrafted ISAs.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Main Proposals

This proposed Auditing Standard establishes mandatory Requirements and provides Application and Other Explanatory Material regarding [the auditor's responsibility to consider the application of the Australian Auditing Standards when performing an audit of a financial report prepared in accordance with a special purpose framework.](#)

Proposed Operative Date

It is intended that this proposed Auditing Standard will be operative for financial reporting periods commencing on or after 1 January 2010.

Main changes from existing ASA 800 *The Auditor's Report on Special Purpose Audit Engagements* (April 2006, as amended)

The main differences between this proposed Auditing Standard and the Auditing Standard that it supersedes, ASA 800 *The Auditor's Report on Special Purpose Audit Engagements* (April 2006, as amended), are included in the Tables of Differences provided as an attachment to this Exposure Draft.

Request for Comments

Comments are invited on this Exposure Draft of the proposed re-issuance of Auditing Standard ASA 800, *The Auditor's Report on Special Purpose Audit Engagements* by no later than 31 March 2009. The AUASB is seeking comments on the main changes from the existing ASA 800. In addition, respondents are asked to consider and respond to the following questions:

1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
2. Are there any references to relevant laws or regulations that have been omitted?
3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?
4. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

the main changes to the Requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?

5. Are there any other significant public interest matters that constituents wish to raise?

The AUASB prefers that respondents express a clear opinion on whether the main changes to the Requirements of this proposed Auditing Standard are supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the Auditing Standard.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks (Revised and Redrafted)* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

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 are to be understood, interpreted and applied.

AUDITING STANDARD ASA 800

Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks (Revised and Redrafted)

Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a [special purpose](#) financial report for a financial year, or an audit of a [special purpose](#) financial report for a half-year, in accordance with [Part 2M.3 of the Corporations Act 2001](#); and
 - (b) an audit of a financial report [or a complete set of financial statements prepared](#) for any other [special purpose](#).
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information [prepared in accordance with a special purpose framework](#).

Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010.

Introduction

Scope of this ASA

1. ~~This Auditing Standard deals with the auditor's responsibility (ies) to The International Standards on Auditing~~ [The Australian Auditing Standards \(ISAs\)](#) in the 100-700 series apply to an audit of a financial ~~report~~ [statements](#). This ~~ISA Auditing Standard~~ deals with special considerations in the application of those ~~ISA Auditing Standards~~ to an audit of a financial ~~statements-report or a complete set of financial statements~~ prepared in accordance with a special purpose framework.
2. ~~This ISA~~ [This Auditing Standard](#) is written in the context of a ~~complete set of financial report, or a complete set of financial statements, statements~~ prepared in accordance with a special purpose

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

framework. [ISA-ASA 805](#) (Revised and Redrafted)¹ deals with special considerations relevant to an audit of a single financial statement or of a specific element, account or item of a [single](#) financial statement.

3. This [ISA Auditing Standard](#) does not override the requirements of the other [Australian ISA Auditing Standards](#); nor does it purport to deal with all special considerations that may be relevant in the circumstances of the engagement.

Effective Date

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

Objective

5. The objective of the auditor, when applying [Australian ISA Auditing Standards](#) in an audit of a financial ~~report, statements~~ prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to:
- (a) The acceptance of the engagement;
 - (b) The planning and performance of that engagement; and
 - (c) Forming an opinion and reporting on the financial ~~statements~~[report](#).

Definitions

6. For the purposes of the Australian Auditing Standards, the following terms [have](#) the meanings [attributed](#) below:
- (a) ~~Special purpose financial statements—Financial statements prepared in accordance with a special purpose framework. [Deleted by AUASB. Refer Aus 6.1 (c)] (Ref: Para. A4)~~
 - (b) Special purpose framework [means](#)—~~A~~[A](#) financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework

¹ [See AISA 805](#) (Revised and Redrafted), “*Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement.*”²

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

may be a fair presentation framework or a compliance framework.² (Ref: Para. A1-A4)

(c) [Aus 6.1 Special purpose financial statements means a complete set of financial statements prepared in accordance with a special purpose framework. \(Ref: Para. A4\)](#)

(d) [Aus 6.1 Special purpose financial report means a financial report prepared in accordance with a special purpose framework. \(Ref: Para. A4\)](#)

7. Reference to “financial statements” in this [ISA Auditing Standard](#) means “a complete set of special 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 constitutes a complete set of financial statements.

[Aus 7.1](#) [Reference to “financial report” in this Auditing Standard means “a complete set of special purpose financial statements, including the related notes, and director’s declaration about the statements and 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 constitutes a complete set of financial statements.](#)

Requirements

Considerations When Accepting the Engagement

Acceptability of the Financial Reporting Framework

8. [ISAASA 210 \(Redrafted\)\(Revised and Redrafted\)](#) requires the auditor to determine the acceptability of the financial reporting framework applied in the preparation of the financial

² See [ISA 200 \(Revised and Redrafted\)](#), “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with [Australian Auditing International Standards on Auditing](#),” paragraph 13(a).

* [For example, the Corporations Act 2001.](#)

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

[statements report](#).³ In an audit of [a](#) special purpose financial [statements report](#), the auditor shall obtain an understanding of: (Ref: Para. A5-A8)

- (a) The purpose for which the financial [statements report is](#) prepared;
- (b) The intended users; and
- (c) The steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances.

Considerations When Planning and Performing the Audit

9. [ISA/ASA 200 \(Revised and Redrafted\)](#) requires the auditor to comply with all [Australian ISA Auditing Standards](#) relevant to the audit.⁴ In planning and performing an audit of [a](#) special purpose financial [statements report](#), the auditor shall determine whether application of the [ISA Auditing Standards](#) requires special consideration in the circumstances of the engagement. (Ref: Para. A9-A12)
10. [ISA/ASA 315 \(Redrafted\)\(Revised and Redrafted\)](#) requires the auditor to obtain an understanding of the entity's selection and application of accounting policies.⁵ In the case of [a](#) financial [statements report](#) prepared in accordance with the provisions of a contract, the auditor shall obtain an understanding of any significant interpretations of the contract that management made in the preparation of that [these](#) financial [report statements](#). An interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial [statements report](#).

Forming an Opinion and Reporting Considerations

11. When forming an opinion and reporting on [a](#) special purpose [financial statements financial report](#), the auditor shall apply the

³ See [ISA 210 \(Redrafted\)\(Revised and Redrafted\)](#), "Agreeing the Terms of Audit Engagements," paragraph [to be inserted].

⁴ See [ISA 200 \(Revised and Redrafted\)](#), paragraph 18.

⁵ See [ISA 315 \(Redrafted\)\(Revised and Redrafted\)](#), "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment," paragraph 11(c).

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

requirements in [ISA/ASA 700 \(Redrafted\)\(Revised and Redrafted\)](#).⁶
(Ref: Para. A13)

Description of the Applicable Financial Reporting Framework

12. [ISA/ASA 700 \(Redrafted\)\(Revised and Redrafted\)](#) requires the auditor to evaluate whether the financial ~~statements report~~ adequately refers to, or describes, the applicable financial reporting framework.⁷ In the case of ~~a~~ financial ~~statements report~~ prepared in accordance with the provisions of a contract, the auditor shall evaluate whether the ~~financial statements~~ ~~financial report~~ adequately describes any significant interpretations of the contract on which the financial ~~statements report~~ ~~is~~ are based.
13. [ISA/ASA 700 \(Redrafted\)\(Revised and Redrafted\)](#) deals with the form and content of the auditor's report. In the case of an auditor's report on ~~a~~ special purpose financial ~~statements report~~:
- (a) The auditor's report shall also describe the purpose for which the financial ~~statements are~~ ~~report is~~ prepared and, if necessary, the intended users, or refer to a note in the special purpose financial ~~statements report~~ that contains that information; and
 - (b) If management has a choice of financial reporting frameworks in the preparation of such ~~a~~ financial ~~statements report~~, the explanation of management's⁸ responsibility for the financial ~~statements report~~ shall also make reference to its responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances.

Alerting Readers that the Financial ~~Statements Are Report is~~ Prepared in Accordance with a Special Purpose Framework

14. The auditor's report on ~~the~~ special purpose financial ~~report~~ ~~statements~~ shall include an Emphasis of Matter paragraph alerting users of the auditor's report that the financial ~~statements are~~

⁶ See ~~ISA~~ [ISA 700 \(Redrafted\)\(Revised and Redrafted\)](#), "Forming an Opinion and Reporting on ~~a~~ Financial ~~Report~~ ~~Statements~~."

⁷ See [ISA 700 \(Redrafted\)\(Revised and Redrafted\)](#), paragraph 15.

⁸ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

[report is](#) prepared in accordance with a special purpose framework and that, as a result, the financial [statements-report](#) may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading. (Ref: Para. A14-A15)

* * *

Draft

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Application and Other Explanatory Material

Special Purpose Frameworks (Ref: Para. 6)

A1. Examples of special purpose frameworks are:

- A tax basis of accounting for a ~~set of~~ financial ~~report statements~~ that accompany an entity's tax return;
- The cash receipts and disbursements basis of accounting for cash flow information that an entity may be requested to prepare for creditors;
- The financial reporting provisions established by a regulator to meet the requirements of that regulator; or
- The financial reporting provisions of a contract, such as a bond indenture, a loan agreement, or a project grant.

Aus A1.1 In Australia, "non-reporting entities" have the option of preparing a special purpose financial report in compliance with those Australian Accounting Standards necessary to enable the financial report to meet the special purpose needs of users under the *Corporations Act 2001*.[†]

A2. There may be circumstances where a special purpose framework is based on a financial reporting framework established by an authorized or recognized standards setting organization or by law or regulation, but does not comply with all the requirements of that framework. An example is a contract that requires a financial ~~statements report~~ to be prepared in accordance with most, but not all, of the ~~Financial Reporting Standards of Jurisdiction X~~ Australian Accounting Standards. When this is acceptable in the circumstances of the engagement, it is inappropriate for the description of the applicable financial reporting framework in the special purpose ~~financial statements~~ financial report to imply full compliance with the financial reporting framework established by the authorized or recognized standards setting organization or by law or regulation.

^{*} See Division 1 of Part 2M.3 of the *Corporations Act 2001* for relevant sections.

[†] For example, see ASIC Regulatory Guide 85 *Reporting Requirements for non-reporting entities*.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

In the above example of the contract, the description of the applicable financial reporting framework may refer to the financial reporting provisions of the contract, rather than make any reference to the ~~Financial Reporting Standards of Jurisdiction X~~[Australian Accounting Standards](#).

- A3. In the circumstances described in paragraph A2, the special purpose framework may not be a fair presentation framework even if the financial reporting framework on which it is based is a fair presentation framework. This is because the special purpose framework may not comply with all the requirements of the financial reporting framework established by the ~~authorised~~ or ~~recognised~~ standards setting ~~organisation~~ or by law or regulation that are necessary to achieve fair presentation of the financial ~~report statements~~.
- A4. ~~A~~ ~~Financial report statements~~ prepared in accordance with a special purpose framework may be the only ~~financial statements~~[financial report](#) an entity prepares. In such circumstances, ~~that~~ ~~ose~~ ~~financial report statements~~ may be used by users other than those for whom the financial reporting framework is designed. Despite the broad distribution of the ~~financial statements~~[financial report](#) in those circumstances, the financial ~~report is statements~~ are still considered to be ~~a~~ special purpose financial ~~report statements~~ for ~~the~~ purposes of the ~~Australian ISA~~[Auditing Standards](#). The requirements in paragraphs 13-14 are designed to avoid misunderstandings about the purpose for which the financial ~~report statements is~~ ~~are~~ prepared.

Considerations When Accepting the Engagement

Acceptability of the Financial Reporting Framework (Ref: Para. 8)

- A5. In the case of ~~a~~ special purpose financial ~~report statements~~, the financial information needs of the intended users are a key factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial ~~report statements~~.
- A6. The applicable financial reporting framework may encompass the financial reporting standards established by an ~~organisation~~ that is ~~authorised~~ or ~~recognised~~ to promulgate standards for ~~a~~ special purpose financial ~~report statements~~. In that case, those standards will be presumed acceptable for that purpose if the ~~organisation~~ follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. In some jurisdictions, law or regulation may prescribe the financial reporting

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

framework to be used by management in the preparation of a special purpose financial ~~report statements~~ for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for a special purpose financial ~~report statements~~ prepared by such entity.

- A7. Where the financial reporting standards referred to in paragraph A6 are supplemented by legislative or regulatory requirements, ~~ISAASA 210 (Redrafted)(Revised and Redrafted)~~ requires the auditor to determine whether any conflicts between the financial reporting standards and the additional requirements exist, and prescribes actions to be taken by the auditor if such conflicts exist.⁹
- A8. The applicable financial reporting framework may encompass the financial reporting provisions of a contract, or sources other than those described in paragraphs A6 and A7. In that case, the acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks as described in Appendix 2 of ~~ISAASA 210 (Redrafted)(Revised and Redrafted)~~. In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional ~~judgment~~judgement. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the vendor and the purchaser may have agreed that very prudent estimates of allowances for uncollectible accounts receivable are appropriate for their needs, even though such financial information is not neutral when compared with financial information prepared in accordance with a general purpose framework.

Considerations When Planning and Performing the Audit (Ref: Para. 9)

- A9. ~~ISAASA 200 (Revised and Redrafted)~~ requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements, and (b) all ~~ISA Auditing Standards~~ relevant to the audit. It also requires the auditor to comply with each requirement of an ~~ISA Auditing Standard~~ unless, in the circumstances of the audit,

⁹ See ~~ISAASA 210 (Redrafted)(Revised and Redrafted)~~, paragraph [to be inserted].]

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

the entire [ISA Auditing Standard](#) is not relevant or the requirement is not relevant because it is conditional ~~and~~ the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an [ISA Auditing Standard](#) by performing alternative audit procedures to achieve the aim of that requirement.¹⁰

A10. Application of some of the requirements of the [ISA Auditing Standards](#) in an audit of ~~a~~ special purpose financial ~~report~~~~statements~~ may require special consideration by the auditor. For example, in [ISA ASA 320](#) (Revised and Redrafted), ~~judgment~~~~judgements~~ about matters that are material to users of the financial ~~report~~ ~~statements~~ ~~are~~ ~~is~~ based on a consideration of the common financial information needs of users as a group.¹¹ In the case of an audit of ~~a~~ special purpose financial ~~report~~~~statements~~, however, those ~~judgment~~~~judgements~~ are based on a consideration of the financial information needs of the intended users.

A11. In the case of ~~a~~ special purpose financial ~~statements~~~~report~~, such as those prepared in accordance with the requirements of a contract, management may agree with the intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with [ISA ASA 320](#) (Revised and Redrafted) for purposes of planning and performing the audit of the special purpose financial ~~statements~~~~report~~.

A12. Communication with those charged with governance in accordance with [Australian ISA Auditing Standards](#) is based on the relationship between those charged with governance and the financial ~~statements~~ ~~report~~ subject to audit, in particular, whether those charged with governance are responsible for overseeing the preparation of ~~that~~~~ose~~ financial ~~statements~~ ~~reports~~. In the case of ~~a~~ special purpose financial ~~statements~~ ~~report~~, those charged with governance may not have such a responsibility; for example, when the financial information is prepared solely for management's use. In such cases, the requirements of [ISA ASA 260](#) (Revised and Redrafted)¹² may not be

¹⁰ See [ISA 200](#) (Revised and Redrafted), paragraphs 14, 18 and 22-23.

¹¹ See [ISA 320](#) (Revised and Redrafted), “*Materiality in Planning and Performing an Audit*,” paragraph 2.

¹² See [ISA 260](#) (Revised and Redrafted), “*Communication with Those Charged with Governance*.”

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

relevant to the audit of the special purpose financial ~~statementsreport~~, except when the auditor is also responsible for the audit of the entity's general purpose financial ~~statements-report~~ or, for example, has agreed with those charged with governance of the entity to communicate to them relevant matters identified during the audit of the special purpose financial ~~statementreports~~.

Forming an Opinion and Reporting Considerations (Ref: Para. 11)

- A13. The Appendix to this ~~ISA Auditing Standard~~ contains illustrations of auditors' reports on ~~the~~ special purpose financial ~~statementsreport~~.

Alerting Readers that the Financial ~~Statements Are Report is~~ Prepared in Accordance with a Special Purpose Framework (Ref: Para. 14)

- A14. The special purpose financial ~~statements-report~~ may be used for purposes other than ~~those at~~ for which ~~it was they were~~ intended. For example, a regulator may require certain entities to place the special purpose financial ~~statements-report~~ on public record. To avoid misunderstandings, the auditor alerts users of the auditor's report that the financial ~~statements are report is~~-prepared in accordance with a special purpose framework and, therefore, may not be suitable for another purpose.

Restriction on Distribution or Use (Ref: Para. 14)

- A15. In addition to the alert required by paragraph 14, the auditor may consider it appropriate to indicate that the auditor's report is intended solely for the specific users. Depending on the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the auditor's report. In these circumstances, the paragraph referred to in paragraph 14 may be expanded to include these other matters, and the heading modified accordingly.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 800 *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks (Revised and Redrafted)*, 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 800.

Appendix 1

(Ref: Para. A13)

Illustrations of Auditors' Reports on a Special Purpose Financial Statements Report

- Illustration 1: An auditor's report on a complete ~~set of~~ financial ~~report statements~~ prepared in accordance with the financial reporting provisions of a contract (for purposes of this illustration, a compliance framework).
- Illustration 2: An auditor's report on a complete ~~set of~~ financial ~~report statements~~ prepared in accordance with the tax basis of accounting ~~in Jurisdiction X~~ (for purposes of this illustration, a compliance framework).
- Illustration 3: An auditor's report on a complete ~~set of~~ financial ~~report statements~~ prepared in accordance with the financial reporting provisions established by a regulatory authority (for purposes of this illustration, a fair presentation framework).
- Aus Illustration 4: An auditor's report on special purpose financial report prepared by a non-reporting entity under the Corporations Act 2001.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Illustration 1:

Circumstances include the following:

- The financial ~~statements~~ report has been prepared by management of the entity in accordance with the financial reporting provisions of a contract (i.e., a special purpose framework) to comply with the provisions of that contract. ~~Management~~ Those Charged with Governance does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework.
- The terms of the audit engagement reflect the description of ~~management’s responsibility~~ those charged with governance’s Responsibility for the financial ~~statements report~~ in ISA/ASA 210 (Redrafted) ~~(Revised and Redrafted)~~.
- Distribution and use of the auditor’s report are restricted.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

We have audited the accompanying ~~financial statements~~ financial report of ABC Company, which comprise the balance sheet as at ~~December 31~~ 30 June, 20X1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The ~~financial statements~~ financial report ~~have has~~ been prepared by ~~those charged with governance~~ management of ABC Company based on the financial reporting provisions of Section Z of the contract dated January 1, 20X1 between ABC Company and DEF Company (“the contract”).

Management’s/Those Charged with Governance’s¹³ Responsibility for the Financial Statements/Financial Report

¹³ ~~Or other term that is appropriate in the context of the legal framework~~ Insert appropriate title of those charged with governance – e.g. directors, trustees, committees throughout the auditor’s report, in the particular jurisdiction.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

~~Management Those Charged with Governance is~~are responsible for the preparation of this~~ese~~ financial ~~report~~statements in accordance with the financial reporting provisions of Section Z of the contract; this includes the design, implementation and maintenance of internal control relevant to the preparation of ~~financial statements~~financial report that ~~is are~~ free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this~~ese~~ financial ~~report~~statements based on our audit. We conducted our audit in accordance with ~~International Standards on Auditing~~Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial ~~statements are~~report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial ~~statements~~report. The procedures selected depend on the auditor's ~~judgment~~judgement, including the assessment of the risks of material misstatement of the financial ~~statements~~report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial ~~statements~~report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial ~~statements~~report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial ~~statements~~report of ABC Company for the year ended ~~December 31~~30 June, 20X1 ~~are is~~ prepared, in all material respects, in accordance with the financial reporting provisions of Section Z of the contract.

Basis of Accounting and Restriction on Distribution and Use

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Without modifying our opinion, we draw attention to Note X to the financial ~~statements~~report, which describes the basis of accounting. The financial ~~statements are~~report is prepared to assist ABC Company to comply with the financial reporting provisions of the contract referred to above. As a result, the financial ~~statements~~report may not be suitable for another purpose. Our report is intended solely for ABC Company and DEF Company and should not be distributed to or used by parties other than ABC Company or DEF Company.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Illustration 2:

Circumstances include the following:

- The financial ~~statements have~~report has been prepared by ~~management~~those charged with governance of a partnership in accordance with the tax basis of accounting ~~in Jurisdiction X~~ (i.e., a special purpose framework) to assist the partners in preparing their individual income tax returns. Those charged with governance~~Management~~ does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a compliance framework.
- The terms of the audit engagement reflect the description of ~~management's responsibility~~those charged with governance's Responsibility for the financial ~~report~~statements in ~~ISA~~ASA 210 ~~(Redrafted)~~(Revised and Redrafted).
- **Distribution of the auditor's report is restricted.**
- _____

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

We have audited the accompanying financial ~~report statements~~ of ABC Partnership, which comprise the balance sheet as at ~~December 31~~30 June, 20X1 and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial ~~statements~~ report has been prepared by management using the tax basis of accounting ~~in Jurisdiction X~~.

Management's Those Charged with Governance's¹⁴ Responsibility for the Financial Statements Report

¹⁴ Insert appropriate title of those charged with governance – e.g. directors, trustees, committees throughout the auditor's report. Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

~~Management Those Charged with Governance is~~are responsible for the preparation of ~~these the~~ financial ~~report~~statements in accordance with the tax basis of accounting ~~in Jurisdiction X~~; this includes the design, implementation and maintenance of internal control relevant to the preparation of ~~a~~ financial ~~statements-report~~ that ~~is are~~ free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on ~~these~~ financial ~~report~~statements based on our audit. We conducted our audit in accordance with ~~International Standards on Auditing~~Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial ~~statements are~~report ~~is~~ free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial ~~statements~~report. The procedures selected depend on the auditor’s ~~judgment~~judgement, including the assessment of the risks of material misstatement of the financial ~~statements~~report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the partnership’s preparation of the financial ~~statements-report~~ in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial ~~report~~statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial ~~statements-report~~ of ABC Partnership for the year ended ~~December 31~~30 June, 20X1 ~~is are~~ prepared, in all material respects, in accordance with [describe the applicable income tax law]-of ~~Jurisdiction X~~.

Basis of Accounting and Restriction on Distribution

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Without modifying our opinion, we draw attention to Note X to the financial ~~statements~~report, which describes the basis of accounting. The financial ~~report is~~statements are prepared to assist the partners of ABC Partnership in preparing their individual income tax returns. As a result, the financial ~~statements~~report may not be suitable for another purpose. Our report is intended solely for ABC Partnership and its partners and should not be distributed to parties other than ABC Partnership or its partners.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Draft

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Illustration 3:

Circumstances include the following:

- The financial ~~statements have~~~~report has~~ been prepared by ~~those charged with governance~~~~management~~ of the entity in accordance with the financial reporting provisions established by a regulatory ~~authority~~ (i.e., a special purpose framework) to meet the requirements of that ~~regulator~~~~authority~~. ~~Those charged with governance~~~~Management~~ does not have a choice of financial reporting frameworks.
- The applicable financial reporting framework is a fair presentation framework.
- The terms of the audit engagement reflect the description of ~~management's responsibility~~ ~~Those Charged with Governance's Responsibility~~ for the financial ~~statements~~ ~~report in ISA~~ ~~ASA 210 (Redrafted)~~ ~~(Revised and Redrafted)~~.
- Distribution or use of the auditor's report is not restricted.
- The Other Matter paragraph refers to the fact that the auditor has also issued an auditor's report on ~~the financial~~ ~~report~~ ~~statements~~ prepared by ABC Company for the same period in accordance with a general purpose framework.

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

We have audited the accompanying financial ~~report~~ ~~statements~~ of ABC Company, which comprise the balance sheet as at ~~December 31~~ ~~30 June~~, 20X1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial ~~statements~~ report has been prepared by ~~those charged with governance~~ ~~management~~ based on the financial reporting provisions of Section Y of Regulation Z.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Those Charged with Governance's Management's¹⁵ Responsibility for the Financial Statements Report

Those Charged with Governance Management is are responsible for the preparation and fair presentation¹⁶ of these financial statements-report in accordance with the financial reporting provisions of Section Y of Regulation Z; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements-report that is are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial reportstatements based on our audit. We conducted our audit in accordance with International Standards on Auditing-Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements-are-report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements-report. The procedures selected depend on the auditor's judgmentjudgement, including the assessment of the risks of material misstatement of the financial statements-report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation¹⁷ of the financial -statements-report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

¹⁵ Insert appropriate title of those charged with governance – e.g. directors, trustees, committees throughout the auditor's report.Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

¹⁶ Depending on the circumstances, this sentence may read: "Those Charged with Governance Management is are responsible for the preparation of financial statementsthe financial report that give a true and fair view in accordance with the financial reporting provisions of section Y of Regulation Z ..."

¹⁷ Depending on the circumstances, this sentence may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statementsthe financial report that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control."

Proposed Auditing Standard ASA 800
*Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)*
(Re-issuance of ASA 800)

internal control.¹⁸ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial ~~statements~~report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial ~~report~~statements present fairly, in all material respects, (or give a true and fair view of) the financial position of ABC Company as at ~~December 31~~June, 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of Section Y of Regulation Z.

Basis of Accounting

Without modifying our opinion, we draw attention to Note X to the financial ~~report~~statements, which describes the basis of accounting. The financial ~~statements report is~~are prepared to assist ABC Company to meet the requirements of Regulatory Authority DEF. As a result, the financial ~~report statements~~ may not be suitable for another purpose.

¹⁸ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the ~~financial statements~~financial report, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the ~~financial statements~~financial report in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 18, this sentence may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of ~~financial statements~~the financial report that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Other Matter

ABC Company has prepared a separate ~~set of~~ financial ~~statements report~~ for the year ended ~~December 31~~ June, 20X1 in accordance with International Financial Reporting Standards on which we issued a separate auditor's report to the shareholders of ABC Company dated March 31, 20X2.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Draft

Proposed Auditing Standard ASA 800
*Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)*
(Re-issuance of ASA 800)

Aus Illustration 4:

Circumstances include the following:

- **The financial report has been prepared by Those Charged with Governance of the entity in accordance with the financial reporting provisions set by the entity. The entity has no financial reporting requirements under the Corporations Act 2001.**
- **The applicable financial reporting framework is a fair presentation framework.**
- **The terms of the audit engagement reflect the description of those charged with governance’s responsibility for the financial report in ASA 210 (Revised and Redrafted).**
- **Distribution or use of the auditor’s report is not restricted.**

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]~~To the members of [name of entity]~~

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of [name of entity], which comprises the balance sheet as at 30 June 20X~~X~~1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the [those charged with governance]¹⁹ declaration.²⁰

¹⁹ – Insert title of those charged with governance – e.g. directors/trustees/committees. Insert appropriate title, ~~when prompted,~~ throughout the auditor’s report.

²⁰ – When the auditor is aware that the financial report 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 audited financial report is presented.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Those Charged with Governance’s Responsibility¹⁹ ~~The Responsibility of~~
~~[Those Charged with Governance]~~ for the Financial Report

~~[Those charged with governance]~~ Those Charged with Governance are of the entity are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial ~~statements report~~ which form part of the financial report are appropriate to meet the financial reporting requirements of the ~~[constitution Corporations Act 2001]~~,²¹ and are appropriate to meet the needs of the members. The ~~the~~ ~~[those charged with governance]~~’s responsibility also includes 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. ~~[In Note XX, those charged with governance also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with the International Financial Reporting Standards.]~~^{*}

²¹ Insert reference to appropriate mandate.

^{*} Insert only where the entity has included in the notes to the financial statements, a statement of compliance with International Financial Reporting Standards in accordance with AASB 101.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.²² An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by [those charged with governance], as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the [those charged with governance] financial reporting under the ~~the~~ [Corporations Act 2001](#). We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

²² In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, this sentence would be worded as follows: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances”.

Proposed Auditing Standard ASA 800
*Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)*
(Re-issuance of ASA 800)

In conducting our audit, we have complied with the independence requirements of the [Corporations Act 2001 and of the](#) Australian professional accounting bodies.²³

Draft

²³ Include where appropriate.

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Auditor’s Opinion

~~In our opinion, the financial report presents fairly, in all material respects, (or “gives a true and fair view of”) the financial position of [name of entity] as of 30 June 20XX and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.~~ In our opinion, the financial report of [name of entity] is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the [entity]’s²⁴ financial position as at 30 June 20X1 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

OR

[In our opinion:

- (a) the financial report of [name of entity] is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of ~~the~~ [name of entity]’s financial position as ~~of~~ 30 June 20XX~~1~~ and of its financial performance and its cashflows for the year then ended ~~on that date~~ in accordance with the accounting policies described in Note 1 to the financial report; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial reporting, and complying with the *Corporations Regulations Act 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note XX.†]

²⁴ State entity type e.g. ‘company.’

Proposed Auditing Standard ASA 800
Special Considerations – Audits of Financial Reports Prepared in
Accordance with Special Purpose Frameworks (Revised and Redrafted)
(Re-issuance of ASA 800)

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor’s report will vary depending on the nature of the auditor’s other reporting responsibilities.]

[Auditor’s signature]

[Date of the auditor’s report]

[Auditor’s address]

Draft

[†] Insert only where the entity has included in the notes to the financial statements, an ~~explicit and unreserved~~ statement of compliance with International Financial Reporting Standards in accordance with AASB 101, and the auditor agrees with the entity’s statement. If the auditor does not agree with the statement, the auditor ~~should refer~~ to [ASA 705 \(Revised and Redrafted\) Modifications to the Opinion in the Independent Auditor’s Report](#).

Tables of Differences — ASA 800 (Revised and Redrafted) and Extant ASA 800

Underlying Standard

ISA 800 *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* (Revised and Redrafted) is used as the underlying Auditing Standard for the purpose of re-drafting this proposed Auditing Standard. The underlying Auditing Standard will be amended for the following matters:

- Australian Laws and Regulations (including the *Corporations Act 2001*);
- Changes considered necessary because this Auditing Standard is a legislative instrument; and
- Changes considered necessary in the public interest.

Summary of Main Differences — ASA 800 (Revised and Redrafted) and Extant ASA 800

The table below details the main differences (excluding editorial amendments) between this proposed Auditing Standard and extant ASA 800.

Requirements in ASA 800 (Revised and Redrafted) not in Extant ASA

Item #	ASA (Revised & Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
Scope			
1	1-3	1. The Australian Auditing Standards in the 100-700 series apply to an audit of a financial report. This Auditing Standard deals with special considerations in the application of those Auditing Standard to an audit of a financial report prepared in accordance with a special purpose framework.	New Scope section included.

Item #	ASA (Revised & Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
		2. This Auditing Standard is written in the context of a financial report prepared in accordance with a special purpose framework. ASA 805 (Revised and Redrafted) deals with special considerations relevant to an audit of a single financial statement or of a specific element, account or item of a financial statement. 3. This Auditing Standard does not override the requirements of the other Australian Auditing Standards; nor does it purport to deal with all special considerations that may be relevant in the circumstances of the engagement.	
Objectives			
2	5	The objective of the auditor, when applying Australian Auditing Standards in an audit of a financial report prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to: (a) The acceptance of the engagement; (b) The planning and performance of that engagement; and (c) Forming an opinion and reporting on the financial report.	New Objectives included. Not inconsistent with extant ASA 800.
Definitions			
3	6-7	6. For purposes of the Australian Auditing Standards, the following terms have the meanings attributed below: (a) [Deleted by AUASB. Refer Aus 6.1 (c)] (b) Special purpose framework – A financial reporting framework designed to meet the financial information	New Definitions included. [Extant ASA 800 para 18—equivalent Explanatory Guidance]

Item #	ASA (Revised & Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
		<p>needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework. (Ref: Para. A1-A4)</p> <p>(c) Aus 6.1 Special purpose financial statements means a complete set of financial statements prepared in accordance with a special purpose framework. (Ref: Para. A4)</p> <p>(d) Aus 6.1 Special purpose financial report means a financial report prepared in accordance with a special purpose framework. (Ref: Para. A4)</p> <p>7. Reference to “financial statements” in this Auditing Standard means “a complete set of special 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 constitutes a complete set of financial statements.</p> <p>Aus 7.1 Reference to “financial report” in this Auditing Standard means “a complete set of special purpose financial statements, including the related notes, and director’s declaration about the statements and 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 report, and what constitutes a complete set of financial statements.”</p>	

Item #	ASA (Revised & Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
Considerations when Planning and Performing the Audit			
4	9	ASA 200 (Revised and Redrafted) requires the auditor to comply with all Australian Auditing Standards relevant to the audit. In planning and performing an audit of a special purpose financial report, the auditor shall determine whether application of the Australian Auditing Standards requires special consideration in the circumstances of the engagement. (Ref: Para. A9-A12)	<p>No extant ASA equivalent.</p> <p>The concept of the Requirement is inherent in the extant ASA’s Appendices 1 & 2 Example Auditors Opinion wording. It is also inherent in the Requirement [para 9(d)(i)] - Form of the Opinion.</p> <p>Not inconsistent with Australian practice.</p>
5	10	ASA 315 (Revised and Redrafted) requires the auditor to obtain an understanding of the entity’s selection and application of accounting policies. In the case of a financial report prepared in accordance with the provisions of a contract, the auditor shall obtain an understanding of any significant interpretations of the contract that management made in the preparation of that financial report. An interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial report.	<p>(1) Shaded text is an elevation of extant ASA Explanatory Guidance.</p> <p>[Extant ASA 800 para 16—equivalent Explanatory Guidance]</p> <p>(2) Unshaded text is equivalent in meaning to extant ASA Requirement.</p> <p>[Extant ASA 800 para 15—equivalent Requirement]</p>
Forming an Opinion and Reporting Considerations			
6	11	When forming an opinion and reporting on a special purpose financial report, the auditor shall apply the requirements in ASA 700 (Revised and Redrafted). (Ref: Para. A13)	<p>Elevation of extant ASA Explanatory Guidance.</p> <p>[Extant ASA 800 para 11—equivalent Explanatory Guidance]</p>

Item #	ASA (Revised & Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
Alerting Readers that the Financial Report is Prepared in Accordance with a Special Purpose Framework			
7	14	The auditor’s report on a special purpose financial report shall include an Emphasis of Matter paragraph alerting users of the auditor’s report that the financial report is prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading. (Ref: Para. A14-A15)	Extant ASA did not require an Emphasis of Matter paragraph be included in the Auditor’s Opinion for a special purpose financial report.

Draft

Requirements in Extant ASA not included in ASA 800 (Revised and Redrafted)

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
Introduction			
1	4	<p>The purpose of this Auditing Standard is to establish mandatory requirements and to provide explanatory guidance in connection with special purpose audit engagements including:</p> <ul style="list-style-type: none"> (a) a financial report prepared in accordance with an alternative comprehensive basis of accounting, such as a special purpose financial report prepared for the purpose of fulfilling the directors' financial reporting requirements of the <i>Corporations Act 2001</i>; (b) a component of a general purpose or special purpose financial report, such as a single financial statement, specified accounts, elements of accounts, or items in a financial statement; (c) compliance with contractual agreements; and (d) a summarised financial report. 	<p>(1) Shaded text is incorporated into a separate Auditing Standard. [Proposed] ASA 805 <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> [para 1]</p> <p>(2) Bold text is incorporated into a separate Auditing Standard. [Proposed] ASA 810 <i>Engagements to Report on Summary Financial Statements</i> [para 14]</p> <p>(3) Non-shaded/unbold text is included in the Proposed Auditing Standard.</p>
General Considerations			
2	9	<p>The auditor's report on a special purpose audit engagement, except for a report on a summarised financial report, shall include the following basic elements, ordinarily in the following layout:</p> <ul style="list-style-type: none"> (a) a title clearly identifying it as the report of an independent auditor; (b) an addressee; (c) an introductory paragraph that: 	<p>Requirement not included in ASA 800 (Revised and Redrafted) in this level of detail.</p> <p>ASA 800 (Revised and Redrafted), paragraph 13 refers the auditor to [Proposed] ASA 700, <i>Forming an Opinion and Reporting on a Financial Report</i>. Paragraphs 20-42 of this Standard include Requirements which are equivalent in meaning to the extant ASA</p> <p>[Extant ASA paragraph 9—equivalent Requirement]</p>

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
		<p>(i) identifies the financial information that was audited including the name of the entity whose financial information has been audited and the reporting period covered by the financial information;</p> <p>(ii) identifies the responsible party, and includes a description of that party’s responsibility for preparing and presenting the financial information in accordance with the applicable financial reporting framework; and</p> <p>(iii) includes a statement that the auditor is responsible for expressing an opinion on the financial information based on the audit;</p> <p>(d) a scope paragraph (describing the nature of an audit) that:</p> <p>(i) includes a statement that the audit was conducted in accordance with Australian Auditing Standards and an explanation that these Auditing Standards require the auditor to comply with relevant ethical requirements relating to audit engagements; and</p> <p>(ii) a description of the work the auditor performed;</p> <p>(e) a statement that the auditor believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor’s opinion;</p> <p>(f) an opinion paragraph containing an expression of opinion on the financial information that refers to the applicable financial reporting framework;</p> <p>(g) the date of the auditor’s report;</p> <p>(h) the auditor’s address; and</p> <p>(i) the auditor’s signature.</p>	

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
3	13	When requested to report in a prescribed format, the auditor shall consider the substance and wording of the prescribed report and, when necessary, shall make appropriate changes to conform to the requirements of this Auditing Standard, either by rewording the form or by attaching a separate report.	Requirement not included in ASA 800 (Revised and Redrafted) in this level of detail. [Proposed] ASA 800 paragraph 13 refers the auditor to [Proposed] ASA 700, <i>Forming an Opinion and Reporting on a Financial Report</i> . Paragraphs 20-42 include Requirements that are equivalent in meaning to extant ASA paragraph 13.
4	25	If the financial report prepared on an alternative comprehensive basis is not suitably titled or the basis of accounting is not adequately disclosed, the auditor shall issue an appropriately modified report.	Requirement included in another ASA. [Proposed ASA 700, paragraph 17—equivalent Requirement]
Reports on Components of a Financial Report			
5	27	The auditor may be requested to express an opinion on one or more components of a financial report, for example, a single financial statement such as a balance sheet, accounts receivable, inventory, an employee’s bonus calculation or a provision for income taxes. The component might be prepared to meet the financial information needs of specific users and have limited distribution, or may be intended to meet the information needs of a wide range of users and, therefore, prepared in accordance with the relevant requirements of an applicable financial reporting framework. This type of engagement may be undertaken as a separate engagement or in conjunction with an audit of the entity’s financial report (ASA 700 contains mandatory requirements and explanatory guidance in relation to the auditor’s other reporting responsibilities) . <u>However, this type of engagement does not result in a report on the financial report taken as a whole and, accordingly, an opinion is only expressed on the component.</u>	(1) Shaded text is an elevation of explanatory guidance that is now incorporated into a separate Auditing Standard. [Proposed] ASA 805 <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> [para 7] (2) Bold text is an elevation of explanatory guidance that is now incorporated into a separate Auditing Standard. [Proposed] ASA 805 <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> [para 11] (3) <u>Underlined text</u> is an elevation of explanatory guidance that is now incorporated into a separate Auditing Standard. [Proposed] ASA 805 <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of</i>

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
			<i>a Financial Statement</i> [para 12]
6	28	In determining the scope of the engagement, the auditor shall consider those financial report items that are inter-related and which could materially affect the information on which the audit opinion is to be expressed.	Requirement included in another ASA. [Proposed ASA 805, paragraph 8—equivalent Requirement
7	30	The auditor shall consider the concept of materiality in relation to the component of a financial report being reported upon.	Requirement included in another ASA. [Proposed] ASA 805, paragraph 8—equivalent Requirement
8	32	The auditor’s report on a component of a financial report shall include a statement that indicates the applicable financial reporting framework in accordance with which the component is presented or refers to an agreement that specifies the basis of accounting used. The opinion shall state whether the component gives a true and fair view or presents fairly, in all material respects, in accordance with the applicable financial reporting framework or identified basis of accounting.	Requirement included in another ASA. [Proposed] ASA 805, paragraph 9—equivalent Requirement.
9	34	When a modified opinion on the entire financial report has been expressed, the auditor shall refer to (a) the modification in the auditor’s report if: the modification has a material effect on the component; or (b) on the date of signing the auditor’s report, the auditor is aware that the auditor’s report on the component is to be presented with the entire financial report or other significant components.	Requirement included in another ASA. [Proposed] ASA 805, paragraph 14—equivalent Requirement.

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
Reports on Summarised Financial Statements			
10	48	<p>The auditor’s report on a summarised financial report shall include the following basic elements ordinarily in the following layout:</p> <ul style="list-style-type: none"> (a) a title clearly identifying it as the report of an independent auditor; (b) an addressee; (c) an identification of the audited financial report from which the summarised financial report was derived, including the name of the entity and the reporting period covered by the financial report; (d) a reference to the date of the auditor’s report on the unabridged financial report and the type of opinion given in that report; (e) a reference to Australian Auditing Standards and relevant ethical requirements relating to audit engagements; (f) an opinion as to whether the information in the summarised financial report is consistent with the audited financial report from which it was derived. When the auditor has issued a modified opinion on the unabridged financial report yet is satisfied with the presentation of the summarised financial report, the auditor’s report should state that, although consistent with the unabridged financial report, the summarised financial report was derived from a financial report on which a modified auditor’s report was issued; (g) a statement, or reference to the note within the summarised financial report, which indicates that for a better understanding of an entity’s financial performance and position and of the scope of the audit performed, the summarised financial report shall be read in conjunction with the unabridged financial report and the auditor’s report thereon; 	<p>(1) Shaded text is equivalent in meaning to Requirements incorporated into a separate Auditing Standard.</p> <p>[Proposed] ASA 810 <i>Engagements to report on Summary Financial Statements</i> [para 14]</p> <p>(2) Unshaded/non-bold text has no ASA equivalent (although the Appendix to [Proposed] ASA 800 (Revised and Redrafted) contains this information.)</p> <p>(3) Bold text is equivalent in meaning to a Requirements incorporated into a separate Auditing Standard, with a conceptual difference.</p> <p>[Proposed] ASA 810 (Revised and Redrafted) equivalent wording at [paragraph 14(e)] is “A statement that the auditor is responsible for expressing an opinion on the summary financial statements based on the procedures required by this Auditing Statement.”</p> <p>No practical implications perceived from amendment to signoff given the auditor is merely reporting on summary financial statements which have been extracted from a financial report that has already been audited by the auditor in compliance with the suite of Australian Auditing Standards.</p>

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary
		(h) the date of the report; (i) the auditor’s address; and (j) the auditor’s signature.	

Draft

Significant Differences in Guidance —ASA 800 (Revised and Redrafted) and Extant ASA

Item #	ASA(Revised & Redrafted) Para. #	Guidance	Commentary
Considerations When Accepting the Engagement			
1	A5-A8	<p>A5 In the case of a special purpose financial report, the financial information needs of the intended users are a key factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial statements.</p> <p>A6 The applicable financial reporting framework may encompass the financial reporting standards established by an organisation that is authorised or recognised to promulgate standards for a special purpose financial report. In that case, those standards will be presumed acceptable for that purpose if the organisation follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. In some jurisdictions, law or regulation may prescribe the financial reporting framework to be used by management in the preparation of a special purpose financial report for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for a special purpose financial report prepared by such entity.</p> <p>A7 Where the financial reporting standards referred to in paragraph A6 are supplemented by legislative or regulatory requirements, ASA 210 (Revised and Redrafted) requires the auditor to determine whether any conflicts between the financial reporting standards and the additional requirements exist, and prescribes actions to be taken by the auditor if such conflicts exist.</p>	<p>New Explanatory Guidance.</p> <p>Quality of standard would be reduced if this guidance were removed.</p> <p>This guidance does not conflict with Australian practice.</p>

Item #	ASA(Revised & Redrafted) Para. #	Guidance	Commentary
		<p>A8 The applicable financial reporting framework may encompass the financial reporting provisions of a contract, or sources other than those described in paragraphs A6 and A7. In that case, the acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks as described in Appendix 2 of ASA 210 (Revised and Redrafted). In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional judgement. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the vendor and the purchaser may have agreed that very prudent estimates of allowances for uncollectible accounts receivable are appropriate for their needs, even though such financial information is not neutral when compared with financial information prepared in accordance with a general purpose framework.</p>	

Draft

Significant Differences in Appendices — ASA 800 (Revised and Redrafted) and Extant ASA

Item #	Extant ASA Para. #	Appendix	Commentary
Appendix 2 – Summary of Audit Reporting Requirements under the Corporations Act 2001			
1	All	All contents of Appendix	Not included in ASA (Revised and Redrafted) Reference to Division 1 of Part 2M.3 <i>Corporations Act 2001</i> covering all paragraphs are effectively referenced via Footnote to Aus A1.1.

Draft