

EXPOSURE DRAFT

ED 4/08
(April 2008)

Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

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 30 May 2008. 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 30 May 2008 by contacting:

Auditing and Assurance Standards Board Phone: (03) 8080 7400
Level 7 Fax: (03) 8080 7450
600 Collins Street E-mail: enquiries@auasb.gov.au
Melbourne Victoria 3000
AUSTRALIA

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

COPYRIGHT

© 2008 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 2008-1
*Proposed Amendments to ASRE 2410 Review of an Interim Financial
Report Performed by the Independent Auditor of the Entity*

CONTENTS

PREFACE

AUTHORITY STATEMENT

	<i>Paragraphs</i>
Objective.....	1
Application.....	2
Operative Date	3
Amendments to ASRE 2410.....	4-11
Conformity with International Standards on Auditing.....	12

PREFACE

Reasons for Issuing ED 4/08

The AUASB issues Auditing Standard ASA 4/08 *Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* pursuant to the requirements of the legislative provisions explained below.

The *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (the CLERP 9 Act) established the AUASB as an independent statutory body under section 227A of the *Australian Securities and Investments Commission Act 2001* (ASIC Act), as from 1 July 2004. Under section 227B of the ASIC Act the AUASB may formulate Assurance Standards for other purposes.

Auditing Standards Amended by ASA 2008-1

This Auditing Standard makes amendments to the following Australian Auditing Standard:

ASRE 2410	Review of an Interim Financial Report Performed by the Independent Auditor of the Entity
-----------	--

These amendments arise from:

- (a) changes made by the International Auditing and Assurance Standards Board (IAASB) to the scope of ISRE 2410, the international standard upon which ASRE 2410 is based. Under the FRC's Strategic Direction to the AUASB, the AUASB is to have regard to any programme initiated by the IAASB for the revision and enhancement of the ISAs and make appropriate consequential amendments to the Australian Auditing Standards.

Main Proposals

This Standard:

- (a) expands the application of the standard to include the review of a financial report other than for an "interim" period;
- (b) provides additional direction on the nature of financial reports; and

Proposed Auditing Standard ASA 2008-1
Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

- (c) amends the required inclusions in the Auditor's report.

Proposed Operative Date

It is intended that this proposed Auditing Standard will be operative from 1 July 2008.

Main changes from existing ASRE (2410)

The main changes from the pre-existing standard ASRE 2410 (as amended by ASA 2007-1) are described in Main Proposals above.

Request for Comments

Comments are invited on this Exposure Draft by no later than 30 May 2008. The AUASB would prefer that respondents express a clear overall opinion on whether the proposed Auditing Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. The AUASB regards both critical and supportive comments as essential to a balanced review of the proposed Auditing Standard.

In addition, the AUASB would particularly welcome comment on the following specific questions:

1. What, if any, are the additional significant costs to/benefits for auditors and the business community for compliance with this proposed Auditing Standard?
2. Are there any significant public interest matters that Constituents wish to raise?

Proposed Auditing Standard ASA 2008-1
Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes Auditing Standard ASA 2008-1 *Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* as set out in paragraphs 1 to 12, 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 the *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Auditing Standards are to be understood, interpreted and applied.

The mandatory requirements of this proposed Auditing Standard are set out in **bold-type** paragraphs.

AUDITING STANDARD ASA 4/08

Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

Objective

- 1 The objective of this Auditing Standard is to make amendments to Auditing Standard ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity.

Application

- 2 In respect of ASRE 2410, this Auditing Standard applies to:
- (a) a review, by the independent auditor of the entity, of a financial report for a half-year in accordance with Part 2M.3 of the Corporations Act 2001; and
 - (b) a review, by the independent auditor of the entity, of an interim or other financial report, comprising historical financial information, for any other purpose.

Operative Date

- 3 This Auditing Standard, which amends the Auditing Standard specified in paragraph 1 of this Standard, is operative for auditor's reports signed and dated on or after 1 July 2008.

Amendments to ASRE 2410

- 4 Paragraph 1(b) is amended to read as follows:
- 1(b) a review, by the independent auditor of the entity, of an interim or other financial report, comprising historical financial information, for any other purpose;
- 5 Paragraph 5 is amended to read as follows:
- 5 The auditor who is engaged to perform a review of a financial report shall perform the review in accordance with this Auditing Standard.

Proposed Auditing Standard ASA 2008-1
Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

6 Paragraph 70(d) is amended to read as follows:

70(d) A statement that those charged with governance are responsible for the preparation and fair presentation of the interim financial report in accordance with the applicable financial reporting framework.

7 Paragraph 70(e) is deleted and the following note added:

70(e) [Deleted by the AUASB]

8 Paragraph 70(g) is amended to read as follows:

70(g) A statement that the review of the interim financial report was conducted in accordance with Auditing Standard on Review Engagements ASRE 2410 Reviews of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, and that that Auditing Standard requires the auditor to comply with ethical requirements relevant to the audit of the annual financial report.

9 The following explanatory guidance is inserted as paragraph 4(b) and paragraph 4(c) respectively:

4(b) a financial report is a complete financial report which ordinarily includes accompanying notes and an assertion by those responsible for the financial report. The requirements of the applicable financial reporting framework determine the form and content of the financial report and what constitutes a complete financial report. For example, a financial report, as defined under section 303 of the Corporations Act 2001 consists of financial statements for the half-year, notes to the financial statements and the directors' declaration about the statements and notes; and

4(c) a financial report is prepared in accordance with a financial reporting framework that is designed to achieve fair presentation.

10 The following explanatory guidance is inserted as paragraph 6(a):

6(a) This ASRE is directed towards a review of an interim financial report by an entity's auditor. It is also to be applied when an entity's auditor undertakes an engagement

Proposed Auditing Standard ASA 2008-1
Proposed Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity

to review a financial report comprising historical financial information.

11 Paragraph 99, sub-paragraph 2, is amended to read:

99

...

2 In order to maintain consistency with the reporting requirements of Auditing Standard ASA 800 The Auditor's Report on Special Purpose Audit Engagements, the following requirements in ISRE 2410, paragraphs 43(e) and 43(j), are not contained in this Auditing Standard:

Paragraph 43(e)

'In other circumstances, a statement that management is responsible for the preparation and presentation of the interim financial information in accordance with the applicable financial reporting framework'.

Paragraph 43(j)

'In other circumstances, a conclusion as to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework (including a reference to the jurisdiction or country of origin of the financial reporting framework when the financial reporting framework used is not International Financial Reporting Standards).'

Conformity with International Standards on Auditing

12 There is no corresponding International Standard on Auditing.