



Subject: Minutes of the 87th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: TEQSA Boardroom, Tower Level 14, 530 Collins Street, Melbourne
Teleconference
Date: 31 January 2017 from 2.00 p.m. to 4.00 p.m.

Attendance

AUASB Members: Ms Merran Kelsall (Chairman)
Ms Robin Low (Deputy Chairman)
Mr Gareth Bird
Mr Robert Buchanan
Mr Colin Murphy
Ms Carolyn Ralph
Mr Justin Reid
Mr Ashley Wood

AUASB Technical Group: Ms Rene Herman
Ms Marina Michaelides
Ms Anne Waters
Mr Mark Dowling

APOLOGIES Ms Jo Cain
Mr Chris George
Prof. Nonna Martinov-Bennie

Welcome and Declarations of Interest

(Agenda Item 1 – Minute 1083)

The AUASB Chairman welcomed Gareth Bird and Justin Reid to their first meeting as members of the AUASB.

(Agenda Item 1 – Minute 1084)

“Declaration of Interests” forms for members were tabled and confirmed. Members have adopted a standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the AUASB.

Minutes

(Agenda Item 1 – Minute 1085)

The Chairman requested minor updates to the minutes of the 86th AUASB meeting, with the final version to be approved at the AUASB meeting to be held on 1 March 2017.



Auditor Reporting – disposition of submissions received on Exposure Draft 07-16

(Agenda Item 2 – Minute 1086)

The AUASB discussed the proposed amendments to ASA 700 *Forming an Opinion on a Financial Report* and ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* included in ED 07-16 and comments received. It was noted that comments were yet to be received from at least stakeholders who had notified us that they were intending to provide comments. The following were discussed:

ASA 700

All respondents were supportive of the proposed amendment to ASA 700.

ASA 701

Parent entity

All respondents were supportive of the proposed amendments to ASA 701 in relation to communicating KAMs on consolidated and parent entity financial reports except one stakeholder. The following views were discussed in relation to the comments:

- ASA 701 uses the term “Financial Report”, consistent with all Australian Auditing Standards, as the *Corporations Act 2001* (the Act) requires the auditor to provide an opinion on the Financial Report which is defined differently to Financial Statements. This is an Australian regulatory matter and it is therefore appropriate for the AUASB to amend ISAs and for ASAs to use the term “Financial Report” for audits conducted under the Act.
- ASA 701 requires KAMs to be communicated for general purpose financial reports of listed entities.
- ISA 701 requires KAMs to be communicated for complete sets of general purpose financial statements of listed entities, as determined by the applicable financial reporting framework.
- The consolidated financial report is a requirement of the Australian Accounting Standards and the Act. However, entities in some circumstances are electing to present the parent entity in a four-column format within the consolidated financial report, rather than by the normal practice of note disclosure.
- The parent entity financial statements when presented within the consolidated financial report, is not a financial report in itself, as defined by the Act and therefore is not within the scope of ASA 701.
- However it is not clear as to whether parent entity financial statements are a complete set of financial statements under the Australian financial reporting framework, and it is therefore a complex question whether it would be inconsistent with ISA 701 to provide that KAMs need not be reported for a parent entity.
- ISA 701 is silent in relation to communicating KAMs in consolidated and parent entity financial statements.

It was agreed that this matter is complex and it is appropriate to receive legal advice and deliberate further at the AUASB meeting on 1 March 2017.

Stapled securities

All respondents were supportive of the proposed amendments to ASA 701 in relation to communicating KAMs on stapled security group financial reports, except two stakeholders. The following views were discussed in relation to the comments:

- Stapled securities are not very common in overseas jurisdictions and therefore are a matter for the AUASB to consider based on Australian regulatory arrangements.



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- It is unclear as to whether the stapled group and the issuer are separate listed entities, or are one listed entity under the definition of listed entity in ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

It was agreed that this matter is complex and it is appropriate to receive legal advice and deliberate further at the AUASB meeting on 1 March 2017.

Condensed interim financial reports

All respondents were supportive of the proposed amendments to ASA 701 in relation to condensed interim financial reports except one stakeholder. The AUASB agreed to reconsider this matter at the meeting on 1 March 2017.

Auditor Reporting - FAQs

(Agenda Item 2 – Minute 1087)

The AUASB discussed the need for additional Auditor Reporting FAQs to be developed by the technical staff.

Auditor Reporting – Auditor’s Responsibilities Statements

(Agenda Item 2 – Minute 1088)

The AUASB requested the preparation of additional Auditor’s Responsibilities Statements by the technical staff for approval at the next meeting to be held on 1 March 2017

Next Meeting

The next regular meeting of the AUASB will be held will be on 1 March 2017 in the TEQSA Boardroom, Level 14, 530 Collins Street, Melbourne at 8.30am.

Close of Meeting

The Chairman closed the meeting at 4.00 p.m.

Approval

Signed as a true and correct record.

M H Kelsall
Chairman

Date: 1 March 2017