

ASA 810
(September 2016)

Auditing Standard ASA 810

Engagements to Report on Summary Financial Statements

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



Australian Government

Auditing and Assurance Standards Board

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PREFACE

Reasons for Issuing ASA 810

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

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

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

Main Features

This Auditing Standard represents the Australian equivalent of revised ISA 810 *Engagements to Report on Summary Financial Statements* and will replace the current ASA 810 issued by the AUASB in December 2015.

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

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements* 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, operative for financial reporting periods commencing on or after 1 January 2010, are to be understood, interpreted and applied. This Auditing Standard is to be read also in conjunction with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

Dated: 13 September 2016

M H Kelsall
Chairman - AUASB

Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 810 *Engagements to Report on Summary Financial Statements* issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

This Auditing Standard incorporates terminology and definitions used in Australia.

Compliance with this Auditing Standard enables compliance with ISA 810.

AUDITING STANDARD ASA 810

Engagements to Report on Summary Financial Statements

Application

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

Operative Date

Aus 0.2 This Auditing Standard is operative for financial reporting periods ending on or after 15 December 2016.

Introduction

Scope of this Auditing Standard

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

Aus 1.1 Auditors that are required to issue an auditor's report on a concise financial report prepared under the *Corporations Act 2001* and Accounting Standard AASB 1039 *Concise Financial Reports* should refer to guidance contained in GS 001 *Concise Financial Reports*.

Effective Date

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

Objectives

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

Definitions

4. For purposes of this Auditing Standard, the following terms have the meanings attributed below:

- (a) Applied criteria – The criteria applied by management in the preparation of the summary financial statements.
- (b) Audited financial report – Financial report¹ audited by the auditor in accordance with Australian Auditing Standards, and from which the summary financial statements are derived.
- (c) Summary financial statements – Historical financial information that is derived from a financial report, or complete set of financial statements, but that contains less detail than the financial report, while still providing a structured representation consistent with that provided by the financial report of the entity’s economic resources or obligations at a point in time or the changes therein for a period of time.² Different jurisdictions may use different terminology to describe such historical financial information.

Requirements

Engagement Acceptance

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

¹ ASA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, paragraph Aus 13.2, defines the term “financial report.”

² See ASA 200, paragraph 13(f).

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

Nature of Procedures

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

Form of Opinion

9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases: (Ref: Para. A9)
- (a) The accompanying summary financial statements are consistent, in all material respects, with the audited financial report, in accordance with [*the applied criteria*]; or
 - (b) The accompanying summary financial statements are a fair summary of the audited financial report, in accordance with [*the applied criteria*].
10. If law or regulation prescribes the wording of the opinion on summary financial statements in terms that are different from those described in paragraph 9, the auditor shall:
- (a) Apply the procedures described in paragraph 8 and any further procedures necessary to enable the auditor to express the prescribed opinion; and

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

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

12. The auditor's report on the summary financial statements may be dated later than the date of the auditor's report on the audited financial report. In such cases, the auditor's report on the summary financial statements shall state that the summary financial statements and audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial report. (Ref: Para. A10)
13. The auditor may become aware of facts that existed at the date of the auditor's report on the audited financial report, but of which the auditor previously was unaware. In such cases, the auditor shall not issue the auditor's report on the summary financial statements until the auditor's consideration of such facts in relation to the audited financial report in accordance with ASA 560³ has been completed.

Information in Documents Containing Summary Financial Statements

14. The auditor shall read the information included in a document containing the summary financial statements and the auditor's report thereon and consider whether there is a material inconsistency, between that information and the summary financial statements.
15. If the auditor identifies a material inconsistency, the auditor shall discuss the matter with management and determine whether the summary financial statements or the information included in the document containing the summary financial statements and the auditor's report thereon needs to be revised. If the auditor determines that the information needs to be revised and management refuses to revise the information as necessary, the auditor shall take appropriate action in the circumstances, including considering the implications for the auditor's report on the summary financial statements. (Ref: Para. A11–A16)

Auditor's Report on Summary Financial Statements

Elements of the Auditor's Report

16. The auditor's report on summary financial statements shall include the following elements:⁴ (Ref: Para. A23)
- (a) A title clearly indicating it as the report of an independent auditor. (Ref: Para. A17)
 - (b) An addressee. (Ref: Para. A18)

³ ASA 560 *Subsequent Events*.

⁴ Paragraphs 19-20, which deal with circumstances where the auditor's report on the audited financial report has been modified, require additional elements to those listed in this paragraph.

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- (c) Identification of the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements. (Ref: Para. A19)
 - (d) Identification of the audited financial report.
 - (e) Subject to paragraph 20, a clear expression of an opinion (see paragraphs 9–11).
 - (f) A statement indicating that the summary financial statements do not contain all the disclosures required by the financial reporting framework applied in the preparation of the audited financial report, and that reading the summary financial statements and the auditor’s report thereon is not a substitute for reading the audited financial report and the auditor’s report thereon.
 - (g) Where applicable, the statement required by paragraph 12.
 - (h) Reference to the auditor’s report on the audited financial report, the date of that report, and, subject to paragraphs 19–20, the fact that an unmodified opinion is expressed on the audited financial report.
 - (i) A description of management’s⁵ responsibility for the summary financial statements, explaining that management⁶ is responsible for the preparation of the summary financial statements in accordance with the applied criteria.
 - (j) A statement that the auditor is responsible for expressing an opinion, based on the auditor’s procedures conducted in accordance with this Auditing Standard, on whether the summary financial statements are consistent, in all material respects, with [or *are a fair summary of*] the audited financial report.
 - (k) The auditor’s signature.
 - (l) The auditor’s address.
 - (m) The date of the auditor’s report. (Ref: Para. A20)
17. If the addressee of the summary financial statements is not the same as the addressee of the auditor’s report on the audited financial report, the auditor shall evaluate the appropriateness of using a different addressee. (Ref: Para. A18)
18. The auditor shall date the auditor’s report on the summary financial statements no earlier than: (Ref: Para. A20)
- (a) The date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, including evidence that the summary financial statements have been prepared and those with the recognised authority have asserted that they have taken responsibility for them; and
 - (b) The date of the auditor’s report on the audited financial report.

Reference to the Auditor’s Report on the Audited Financial Report (Ref: Para. A23)

19. When the auditor’s report on the audited financial report includes:
- (a) A qualified opinion in accordance with ASA 705;⁷

⁵ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

⁶ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

⁷ ASA 705 *Modifications to the Opinion in the Independent Auditor’s Report*.

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- (b) An Emphasis of Matter paragraph, or an Other Matter paragraph in accordance with ASA 706;⁸
- (c) A *Material Uncertainty Related to Going Concern* section in accordance with ASA 570;⁹
- (d) Communication of key audit matters in accordance with ASA 701;¹⁰ or
- (e) A statement that describes an uncorrected material misstatement of the other information in accordance with ASA 720;¹¹

and the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial report, in accordance with the applied criteria, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 16:

- (i) State that the auditor's report on the audited financial report includes a qualified opinion, an Emphasis of Matter paragraph, an Other Matter paragraph, a *Material Uncertainty Related to Going Concern* section, communication of key audit matters, or a statement that describes an uncorrected material misstatement of the other information; and (Ref: Para. A21)
 - (ii) Describe: (Ref: Para. A22)
 - a. The basis for the qualified opinion on the audited financial report, and the effect thereof, if any, on the summary financial statements;
 - b. The matter referred to in the Emphasis of Matter paragraph, the Other Matter paragraph, or the *Material Uncertainty Related to Going Concern* section in the auditor's report on the audited financial report; and the effect(s) thereof, if any, on the summary financial statements; or
 - c. The uncorrected material misstatement of the other information and the effect(s) thereof, if any, on the information included in a document containing the summary financial statements and the auditor's report thereon. (Ref: Para. A15)
20. When the auditor's report on the audited financial report contains an adverse opinion or a disclaimer of opinion, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 16:
- (a) State that the auditor's report on the audited financial report contains an adverse opinion or disclaimer of opinion;
 - (b) Describe the basis for that adverse opinion or disclaimer of opinion; and
 - (c) State that, as a result of the adverse opinion or disclaimer of opinion on the audited financial report, it is inappropriate to express an opinion on the summary financial statements. (Ref: Para. A23)

Modified Opinion on the Summary Financial Statements

21. If the summary financial statements are not consistent, in all material respects, with or are not a fair summary of the audited financial report, in accordance with the applied criteria, and

⁸ ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

⁹ ASA 570 *Going Concern*, paragraph 22.

¹⁰ ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.

¹¹ ASA 720 *The Auditor's Responsibilities Related to Other Information*.

management does not agree to make the necessary changes, the auditor shall express an adverse opinion on the summary financial statements. (Ref: Para. A23)

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

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

Comparatives

23. If the audited financial report contains comparatives, but the summary financial statements do not, the auditor shall determine whether such omission is reasonable in the circumstances of the engagement. The auditor shall determine the effect of an unreasonable omission on the auditor's report on the summary financial statements. (Ref: Para. A24)
24. If the summary financial statements contain comparatives that were reported on by another auditor, the auditor's report on the summary financial statements shall also contain the matters that ASA 710 requires the auditor to include in the auditor's report on the audited financial report.¹² (Ref: Para. A25)

Unaudited Supplementary Information Presented with Summary Financial Statements

25. The auditor shall evaluate whether any unaudited supplementary information presented with the summary financial statements is clearly differentiated from the summary financial statements. If the auditor concludes that the entity's presentation of the unaudited supplementary information is not clearly differentiated from the summary financial statements, the auditor shall ask management to change the presentation of the unaudited supplementary information. If management refuses to do so, the auditor shall explain in the auditor's report on the summary financial statements that such information is not covered by that report. (Ref: Para. A26)

Auditor Association

26. If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor shall request management to include the auditor's report in the document. If management does not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document. (Ref: Para. A27)
27. The auditor may be engaged to report on the financial report of an entity, while not engaged to report on the summary financial statements. If, in this case, the auditor becomes aware that the entity plans to make a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the financial report audited by the auditor, the auditor shall be satisfied that:
- (a) The reference to the auditor is made in the context of the auditor's report on the audited financial report; and
 - (b) The statement does not give the impression that the auditor has reported on the summary financial statements.

¹² ASA 710, *Comparative Information—Corresponding Figures and Comparative Financial Reports*.

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If (a) or (b) are not met, the auditor shall request management to change the statement to meet them, or not to refer to the auditor in the document. Alternatively, the entity may engage the auditor to report on the summary financial statements and include the related auditor's report in the document. If management does not change the statement, delete the reference to the auditor, or include an auditor's report on the summary financial statements in the document containing the summary financial statements, the auditor shall advise management that the auditor disagrees with the reference to the auditor, and the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately referring to the auditor. (Ref: Para. A27)

* * *

Application and Other Explanatory Material

Engagement Acceptance (Ref: Para. 5–6)

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

Criteria (Ref: Para. 6(a))

- A3. The preparation of summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial report. Because summary financial statements by their nature contain aggregated information and limited disclosure, there is an increased risk that they may not contain the information necessary so as not to be misleading in the circumstances. This risk increases when established criteria for the preparation of summary financial statements do not exist.
- A4. Factors that may affect the auditor's determination of the acceptability of the applied criteria include:
- The nature of the entity;
 - The purpose of the summary financial statements;
 - The information needs of the intended users of the summary financial statements; and
 - Whether the applied criteria will result in summary financial statements that are not misleading in the circumstances.
- A5. The criteria for the preparation of summary financial statements may be established by an authorised or recognised standards setting organisation or by law or regulation. Similar to the case of a financial report, as explained in ASA 210,¹³ in many such cases, the auditor may presume that such criteria are acceptable.
- A6. Where established criteria for the preparation of summary financial statements do not exist, criteria may be developed by management, for example, based on practice in a particular industry. Criteria that are acceptable in the circumstances will result in summary financial statements that:
- (a) Adequately disclose their summarised nature and identify the audited financial report;
 - (b) Clearly describe from whom or where the audited financial report is available or, if law or regulation provides that the audited financial report need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, that law or regulation;
 - (c) Adequately disclose the applied criteria;

¹³ ASA 210, *Agreeing the Terms of Audit Engagements*, paragraphs A3 and A8–A9.

- (d) Agree with or can be recalculated from the related information in the audited financial report; and
 - (e) In view of the purpose of the summary financial statements, contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- A7. Adequate disclosure of the summarised nature of the summary financial statements and the identity of the audited financial report, as referred to in paragraph A6(a), may, for example, be provided by a title such as “Summary Financial Statements Prepared from the Audited Financial Report for the Year Ended 31 December 20X1.”

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

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

Form of Opinion (Ref: Para. 9)

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

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

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

Information in Documents Containing Summary Financial Statements (Ref: Para. 14–15)

- A11. ASA 720 deals with the auditor’s responsibilities relating to other information in an audit of a financial report. In the context of ASA 720, other information is financial or non-financial information (other than a financial report and the auditor’s report thereon) included in an entity’s annual report. An annual report contains or accompanies the financial report and the auditor’s report thereon.
- A12. In contrast, paragraphs 14–15 deal with the auditor’s responsibilities relating to information included in a document that also contains the summary financial statements and the auditor’s report thereon. This information may include:

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- Some or all of the same matters as those dealt with in the other information included in the annual report (e.g., when the summary financial statements and the auditor's report thereon are included in a summary annual report); or
- Matters that are not dealt with in the other information included in the annual report.

A13. In reading the information included in a document containing the summary financial statements and the auditor's report thereon, the auditor may become aware that such information is misleading and may need to take appropriate action. Relevant ethical requirements¹⁴ require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.

Information in a Document Containing the Summary Financial Statements that Deals with Some or All of the Same Matters as the Other Information in the Annual Report

A14. When information is included in a document containing the summary financial statements and the auditor's report thereon and that information deals with some or all of the same matters as the other information included in the annual report, the work performed on that other information in accordance with ASA 720 may be adequate for the purposes of paragraphs 14–15 of this Auditing Standard.

A15. When an uncorrected material misstatement of the other information has been identified in the auditor's report on the audited financial report and that uncorrected material misstatement relates to a matter that is dealt with in the information in a document containing the summary financial statements and the auditor's report thereon, a material inconsistency between the summary financial statements and that information may exist or the information may be misleading.

Information in a Document Containing the Summary Financial Statements that Deals with Matters Not Dealt with in the Other Information in the Annual Report

A16. ASA 720, adapted as necessary in the circumstances, may be helpful to the auditor in determining the appropriate action to respond to management's refusal to make necessary revisions to the information, including considering the implications for the auditor's report on the summary financial statements.

Auditor's Report on Summary Financial Statements

Elements of the Auditor's Report

Title (Ref: Para. 16(a))

A17. A title indicating the report is the report of an independent auditor, for example, "Report of the Independent Auditor," affirms that the auditor has met all of the relevant ethical requirements regarding independence. This distinguishes the report of the independent auditor from reports issued by others.

Addressee (Ref: Para. 16(b), 17)

A18. Factors that may affect the auditor's evaluation of the appropriateness of the addressee of the summary financial statements include the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

¹⁴ Accounting Professional & Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*, paragraph 110.2.

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Identification of the Summary Financial Statements (Ref: Para. 16(c))

- A19. When the auditor is aware that the summary financial statements will be included in a document that contains information other than the summary financial statements and the auditor's report thereon, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the summary financial statements are presented. This helps readers to identify the summary financial statements to which the auditor's report relates.

Date of the Auditor's Report (Ref: Para. 16(m), 18)

- A20. The person or persons with recognised authority to conclude that the summary financial statements have been prepared and take responsibility for them depend on the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Reference to the Auditor's Report on the Audited Financial Report (Ref: Para. 19)

- A21. Paragraph 19(i) of this Auditing Standard requires the auditor to include a statement in the auditor's report on the summary financial statements when the auditor's report on the audited financial report includes communication of one or more key audit matters described in accordance with ASA 701.¹⁵ However, the auditor is not required to describe the individual key audit matters in the auditor's report on the summary financial statements.
- A22. The statement(s) and description(s) required by paragraph 19 are intended to draw attention to those matters and are not a substitute for reading the auditor's report on the audited financial report. The required descriptions are intended to convey the nature of the matter(s), and need not repeat the corresponding text in the auditor's report on the audited financial report in its entirety.

Illustrations (Ref: Para. 16, 19–21)

- A23. The Appendix to this Auditing Standard contains illustrations of auditors' reports on summary financial statements that variously:
- (a) Contain unmodified opinions;
 - (b) Are derived from an audited financial report on which the auditor issued modified opinions;
 - (c) Contain a modified opinion;
 - (d) Are derived from an audited financial report where the auditor's report thereon includes a statement describing an uncorrected material misstatement of the other information in accordance with ASA 720; and
 - (e) Are derived from an audited financial report where the auditor's report thereon includes a *Material Uncertainty Related to Going Concern* section and communication of other key audit matters.

Comparatives (Ref: Para. 23–24)

- A24. If the audited financial report contains comparatives, there is a presumption that the summary financial statements also would contain comparatives. Comparatives in the audited financial report may be regarded as corresponding figures or as comparative financial information. ASA 710 describes how this difference affects the auditor's report on the financial report, including, in particular, reference to other auditors who audited the financial report for the prior period.

¹⁵ ASA 701, paragraph 13.

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- A25. Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include the nature and objective of the summary financial statements, the applied criteria, and the information needs of the intended users of the summary financial statements.

Unaudited Supplementary Information Presented with Summary Financial Statements

(Ref: Para. 25)

- A26. ASA 700¹⁶ contains requirements and guidance to be applied when unaudited supplementary information is presented with an audited financial report that, adapted as necessary in the circumstances, may be helpful in applying the requirement in paragraph 25.

Auditor Association (Ref: Para. 26–27)

- A27. Other appropriate actions the auditor may take when management does not take the requested action may include informing the intended users and other known third-party users of the inappropriate reference to the auditor. The auditor's course of action depends on the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

¹⁶ ASA 700 *Forming an Opinion and Reporting on a Financial Report*, paragraphs 53–54.

Appendix 1

(Ref: Para. A23)

Illustrations of Independent Auditor's Reports on Summary Financial Statements

- Illustration 1: An auditor's report on summary financial statements prepared in accordance with established criteria. An unmodified opinion is expressed on the audited financial report. The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial report from which summary financial statements are derived. The auditor's report on the audited financial report includes a *Material Uncertainty Related to Going Concern* section and communication of other key audit matters.
- Illustration 2: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An unmodified opinion is expressed on the audited financial report. The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived. The auditor's report on the audited financial report includes a statement that describes an uncorrected material misstatement of the other information. The other information to which this uncorrected material misstatement relates is also information included in a document containing the summary financial statements and the auditor's report thereon.
- Illustration 3: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. A qualified opinion is expressed on the audited financial report. The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived.
- Illustration 4: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An adverse opinion is expressed on the audited financial report. The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived.
- Illustration 5: An auditor's report on summary financial statements prepared in accordance with established criteria. An unmodified opinion is expressed on the audited financial report. The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements. The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived.

Illustration 1:

Circumstances include the following:

- An unmodified opinion is expressed on the audited financial report of a listed entity.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.
- Established criteria for the preparation of summary financial statements exist.

- The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial report from which the summary financial statements are derived.
- The auditor's report on the audited financial report includes a *Material Uncertainty Related to Going Concern* section.
- The auditor's report on the audited financial report includes communication of other key audit matters.¹⁷

Report of the Independent Auditor on the Summary Financial Statements

[Appropriate Addressee]

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial report of ABC Company for the year ended 31 December 20X1.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with (or *a fair summary of*) the audited financial report, in accordance with [describe established criteria].

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial report of ABC Company]. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The summary financial statements and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 15 February 20X2. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 6 in the audited financial report. Note 6 of the audited financial report indicates that ABC Company incurred a net loss of ZZZ during the year ended 31 December 20X1 and, as of that date, ABC Company's current liabilities exceeded its total assets by YYY. These events or conditions, along with other matters as set forth in Note 6 of the audited financial report, indicate that a material uncertainty exists that may cast significant doubt on ABC Company's ability to continue as a going concern. These matters are addressed in Note 5 of the summary financial statements.
- The communication of other¹⁸ key audit matters. [Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.]¹⁹

¹⁷ As explained in paragraph 15 of ASA 701, a material uncertainty related to going concern is, by its nature, a key audit matter but is required to be reported in a separate section of the auditor's report in accordance with paragraph 22 of ASA 570.

¹⁸ In the circumstances where there is no material uncertainty related to going concern, inclusion of the word "other" in the statement for the communication of key audit matters would not be necessary.

Management's²⁰ Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or *are a fair summary of*) the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[Auditor's signature]

[Auditor's address]

[Date of the auditor's report]

Illustration 2:

Circumstances include the following:

- An unmodified opinion is expressed on the audited financial report.
- The summary financial statements are *not* prepared under the *Corporations Act 2001*.
- Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived.
- The auditor's report on the audited financial report includes a statement that describes an uncorrected material misstatement of the other information. The other information to which this uncorrected material misstatement relates is also information included in a document containing the summary financial statements and the auditor's report thereon.

¹⁹ The auditor may include additional explanation about key audit matters considered helpful to users of the auditor's report on the summary financial statements.

²⁰ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Report of the Independent Auditor on the Summary Financial Statements

[Appropriate Addressee]

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial report of ABC Company for the year ended 31 December 20X1.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with (or *a fair summary of*) the audited financial report, on the basis described in Note X.

Summary Financial Statements

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

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 15 February 20X2. The audited financial report is included in the 20X1 Annual Report. The auditor's report on the audited financial report includes a statement that describes an uncorrected material misstatement of other information within Management's Discussion and Analysis of the 20X1 Annual Report. Management's Discussion and Analysis, and the uncorrected material misstatement of the other information therein, are also contained in the 20X1 Summary Annual Report. [*Describe the uncorrected material misstatement of the other information*].

Management's²¹ Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or *are a fair summary of*) the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[Auditor's signature]

[Auditor's address]

[Date of the auditor's report]

Illustration 3:

Circumstances include the following:

- A qualified opinion is expressed on the audited financial report.

²¹ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

- The summary financial statements are *not* prepared under the *Corporations Act 2001*.
- Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- The auditor's report on the summary financial statements is dated the same as the date of the auditor's report on the financial report from which the summary financial statements are derived.

Report of the Independent Auditor on the Summary Financial Statements

[Appropriate Addressee]

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial report of ABC Company (the Company) for the year ended 31 December 20X1. We expressed a qualified audit opinion on this financial report in our report dated 15 February 20X2.²²

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with (or *a fair summary of*) the audited financial report, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial report of ABC Company for the year ended 31 December 20X1.

Summary Financial Statements

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

The Audited Financial Report and Our Report Thereon

We expressed a qualified audit opinion on the audited financial report in our report dated 15 February 20X2. The basis for our qualified audit opinion was that management has not stated the inventories at the lower of cost and net realisable value but has stated them solely at cost, which constitutes a departure from Australian Accounting Standards. The Company's records indicate that had management stated the inventories at the lower of cost and net realisable value, an amount of xxx would have been required to write the inventories down to their net realisable value. Accordingly, cost of sales would have been increased by xxx, and income tax, net income and shareholders' equity would have been reduced by xxx, xxx and xxx, respectively.

Management's²³ Responsibility for the Summary Financial Statements

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

²² The positioning of this reference to the qualified opinion in the auditor's report on the audited financial report in the Opinion paragraph on the summary financial statements assists users in understanding that although the auditor has expressed an unmodified opinion on the summary financial statements, the summary financial statements reflect the audited financial report that is materially misstated.

²³ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or *are a fair summary of*) the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA)810 *Engagements to Report on Summary Financial Statements*.

[Auditor's signature]

[Auditor's address]

[Date of the auditor's report]

Illustration 4:

Circumstances include the following:

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

Report of the Independent Auditor on the Summary Financial Statements

[Appropriate Addressee]

Denial of Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial report of ABC Company for the year ended 31 December 20X1.

As a result of the adverse opinion on the audited financial report discussed in *The Audited Financial Report and our Report Thereon* section of our report, it is inappropriate to express an opinion on the accompanying summary financial statements.

Summary Financial Statements

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

The Audited Financial Report and Our Report Thereon

In our report dated 15 February 20X2, we expressed an adverse opinion on the audited financial report of ABC Company for the year ended 31 December 31 20X1. The basis for our adverse opinion was [describe basis for adverse audit opinion].

Management's²⁴ Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or *are a fair summary of*) the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[Auditor's signature]

[Auditor's address]

[Date of the auditor's report]

Illustration 5:

Circumstances include the following:

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

Report of the Independent Auditor on the Summary Financial Statements

[Appropriate Addressee]

Adverse Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial report of ABC Company for the year ended 31 December 20X1.

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion* section, the accompanying summary financial statements are not consistent with (or *a fair summary of*) the audited financial report of ABC Company for the year ended 31 December 20X1, in accordance with [describe established criteria].

²⁴ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

Basis for Adverse Opinion

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

Summary Financial Statements

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

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 15 February 20X2.

Management's²⁵ Responsibility for the Summary Audited Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or *are a fair summary of*) the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

[Auditor's signature]

[Auditor's address]

[Date of the auditor's report]

²⁵ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.