

Compiled Auditing Standard

ASA 710
(June 2007)

Auditing Standard ASA 710

Comparatives

This compilation was prepared on 27 June 2007 taking into account amendments made up to and including 27 June 2007

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



Australian Government

Auditing and Assurance Standards Board

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CONTENTS

COMPILATION DETAILS

AUTHORITY STATEMENT

	<i>Paragraphs</i>
Application.....	1-2
Operative Date	3
Introduction.....	4-7
The Auditor's Responsibilities.....	8-12
Reporting	13-19
Incoming Auditor - Additional Requirements	
<i>Prior Period Financial Report Audited by Another Auditor</i>	20-21
<i>Prior Period Financial Report Not Audited</i>	22-26
Conformity with International Standards on Auditing.....	27
Appendix 1: Examples of Modified Auditor's Reports	

COMPILATION DETAILS

Auditing Standard ASA 710 *Comparatives* as Amended

This compilation takes into account amendments up to and including 27 June 2007 and was prepared on 27 June 2007 by the staff of the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 710 (April 2006) as amended by an other Auditing Standard which is listed in the Table below.

Table of Standards

Standard	Date made	Operative date
ASA 710	28 April 2006	1 July 2006
ASA 2007-1	27 June 2007	1 July 2007 (Auditor's reports signed and dated on or after 1 July 2007)

Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
Appendix 1 - Example 1	Amended	ASA 2007-1 [19, 20, 21, 28, 32]
Appendix 1 - Example 2	Amended	ASA 2007-1 [19, 20, 21, 29, 32]
Appendix 1 - Example 3	Amended	ASA 2007-1 [19, 20, 21, 30, 32]

AUTHORITY STATEMENT

Auditing Standard ASA 710 *Comparatives* (as amended at 27 June 2007) is set out in paragraphs 1 to 27 and Appendix 1.

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 Auditing Standard are set out in **bold-type** paragraphs.

AUDITING STANDARD ASA710

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 710 *Comparatives*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 28 April 2006.

This compiled version of ASA 710 incorporates subsequent amendments contained in an other Auditing Standard made by the AUASB up to and including 27 June 2007 (see Compilation Details).

AUDITING STANDARD ASA 710

Comparatives

Application

- 1 **This Auditing Standard applies to:**
 - (a) **an audit of a financial report for a financial year, or an audit of a 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 for any other purpose.**
- 2 This Auditing Standard also applies, as appropriate, to an audit of other financial information.

Operative Date

- 3 **This Auditing Standard is operative for financial reporting periods commencing on or after 1 July 2006.**
[Note: For operative dates of paragraphs changed or added by an amending Standard, see Compilation Details.]

Introduction

- 4 The purpose of this Auditing Standard is to establish mandatory requirements and provide explanatory guidance on the auditor's responsibilities regarding comparatives. It does not deal with situations when a summarised financial report is presented with the audited financial report (for explanatory guidance see ASA 720 *Other Information in Documents Containing Audited Financial Reports*, and ASA 800 *The Auditor's Report on Special Purpose Audit Engagements*).
- 5 **The auditor shall determine whether the comparatives comply in all material respects with the financial reporting framework applicable to the financial report being audited.**
- 6 The existence of differences in financial reporting frameworks between countries results in comparative financial information being presented differently in each framework. Comparatives in the financial report, for example, may present amounts (such as

Compiled Auditing Standard ASA 710 *Comparatives*

financial position, results of operations, cash flows) and appropriate disclosures of an entity for more than one period, depending on the framework. The framework and method of presentation referred to in this Auditing Standard defines:

“comparatives” as corresponding figures, where amounts and other disclosures for the preceding period are included as part of the current period financial report, and are intended to be read in relation to the amounts and other disclosures relating to the current period (referred to as “current period figures” for the purpose of this Auditing Standard). These corresponding figures are not presented as a complete financial report capable of standing alone, but are an integral part of the current period financial report intended to be read only in relationship to the current period figures.

- 7 Comparatives are presented in compliance with the applicable financial reporting framework and the auditor’s report only refers to the financial report of the current period.

The Auditor’s Responsibilities

- 8 **The auditor shall evaluate the risk that the comparatives may be materially misstated, and obtain sufficient appropriate audit evidence for that purpose and that the comparatives meet the requirements of the applicable financial reporting framework.**

- 9 The extent of audit procedures performed on the comparatives is significantly less than for the audit of the current period figures and is ordinarily limited to ensuring that the comparatives have been correctly reported and are appropriately classified. For example, this involves the auditor evaluating whether:

- (a) accounting policies used for the comparatives are consistent with those of the current period or whether appropriate adjustments and/or disclosures have been made; and
- (b) comparatives agree with the amounts and other disclosures presented in the prior period or whether appropriate adjustments and/or disclosures have been made.

- 10 When the financial report of the prior period has been audited by another auditor, under paragraph 8 of this Auditing Standard, the incoming auditor needs to evaluate whether the comparatives are materially misstated. The auditor also follows the explanatory guidance in ASA 510 *Initial Engagements - Opening Balances*.

Compiled Auditing Standard ASA 710 *Comparatives*

- 11 Under paragraph 8 of this Auditing Standard, the auditor needs to follow the mandatory requirements and explanatory guidance in ASA 510, when the financial report of the prior period is not audited.
- 12 If the auditor becomes aware of a possible material misstatement in the comparatives when performing the current period audit, the auditor ordinarily performs such additional audit procedures as are appropriate in the circumstances.

Reporting

- 13 **The auditor shall issue an auditor's report in which the comparatives are not specifically identified because the audit opinion is on the current period financial report as a whole, including the comparatives.**
- 14 The auditor's report would make specific reference to the comparatives only in the circumstances described in paragraphs 15, 18(b), 21, 23 and 26 of this Auditing Standard.
- 15 **When the auditor's report on the prior period, as previously issued, included a qualified opinion, disclaimer of opinion, or adverse opinion and the matter which gave rise to the modification is:**
- (a) **unresolved, and results in a modification of the auditor's report regarding the current period figures, the auditor's report shall also be modified regarding the comparatives; or**
 - (b) **unresolved, but does not result in a modification of the auditor's report regarding the current period figures, the auditor's report shall be modified regarding the comparatives.**
- 16 When the auditor's report on the prior period, as previously issued, included a qualified opinion, disclaimer of opinion, or adverse opinion and the matter which gave rise to the modification is resolved and properly dealt with in the financial report, the current report does not ordinarily refer to the previous modification.
- 17 In performing the audit of the current period financial report, the auditor, in certain unusual circumstances, may become aware of a material misstatement that affects the prior period financial report on which an unmodified report has been previously issued.

- 18 **Where the auditor becomes aware of a material misstatement that affects the prior period financial report on which an unmodified report has been previously issued, the auditor shall consider the mandatory requirements in ASA 560 *Subsequent Events* and:**
- (a) **if the prior period financial report has been revised and reissued with a new auditor's report, the auditor shall obtain sufficient appropriate audit evidence that the comparatives agree with the revised financial report; or**
 - (b) **if the prior period financial report has not been revised and reissued, and the comparatives have not been properly restated and/or appropriate disclosures have not been made, the auditor shall issue a modified report on the current period financial report, modified with respect to the comparatives included therein.**
- 19 **Where the auditor becomes aware of a material misstatement that affects the prior period financial report on which an unmodified report has been previously issued, and if the prior period financial report has not been revised and an auditor's report has not been reissued, but the comparatives have been properly restated and/or appropriate disclosures have been made in the current period financial report, the auditor shall express an unmodified opinion and shall consider the mandatory requirements in ASA 560.**

Incoming Auditor - Additional Requirements

Prior Period Financial Report Audited by Another Auditor

- 20 In some jurisdictions, (other than Australia), the incoming auditor is permitted to refer to the predecessor auditor's report on the comparatives in the incoming auditor's report for the current period.
- 21 **Where the financial report of the prior period was audited by another auditor, and the incoming auditor is unable to obtain sufficient appropriate audit evidence regarding the comparatives, the current auditor's report shall be qualified on the basis of a scope limitation. The qualification section shall also refer to the predecessor auditor's report and shall indicate:**
- (a) **that the financial report of the prior period was audited by another auditor and the name of that auditor;**

Compiled Auditing Standard ASA 710 *Comparatives*

- (b) **the type of report issued by the predecessor auditor and, if the report was modified, the reasons therefore; and**
- (c) **the date of that report.**

Prior Period Financial Report Not Audited

- 22 When the financial report of the prior period has not been audited, the auditor would nonetheless consider whether the comparatives are materially misstated. In rare and exceptional circumstances, the audit procedures performed may enable the auditor to obtain sufficient appropriate audit evidence so as to not qualify the audit opinion regarding the comparatives. Ordinarily, these procedures will not provide sufficient appropriate audit evidence as to whether the comparatives are free of material misstatement, and therefore the auditor could not provide the same level of assurance on the comparatives as for the amounts and other disclosures relating to the current period.
- 23 **When the prior period financial report was not audited, and the incoming auditor is unable to obtain sufficient appropriate audit evidence regarding the comparatives, the incoming auditor shall qualify the auditor's report on the basis that the comparatives are unaudited and that no opinion on them is expressed.**
- 24 Under ASA 510, the auditor needs to perform appropriate audit procedures regarding opening balances of the current period.
- 25 **The auditor shall encourage clear disclosure in the financial report that the comparatives are unaudited.**
- 26 **In situations where the incoming auditor identifies that the comparatives are materially misstated, the auditor shall request management and those charged with governance to revise the comparatives and if management and those charged with governance refuse to do so, appropriately modify the auditor's report.**

Conformity with International Standards on Auditing

- 27 Except as noted below, this Auditing Standard conforms with International Standard on Auditing ISA 710 *Comparatives*, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. The main difference(s) between this Auditing Standard and ISA 710 are:

Compiled Auditing Standard ASA 710 *Comparatives*

- Paragraphs 3(b), 4(b), 5, 20 to 31, Appendix 1, Appendix 2 Examples C and E from ISA 710 are not included in this Auditing Standard as they refer to an alternative framework for comparatives.
- This Auditing Standard includes the following specific mandatory requirements which is included only as guidance in the explanatory paragraphs of ISA 710:
 - ◆ where the comparatives have not been audited, the auditor shall encourage clear disclosure in the financial report that the comparatives are unaudited (paragraph 25).
- Both this Auditing Standard and ISA 710 identify criteria to be assessed when considering whether the comparatives are appropriately presented. However, this Auditing Standard also requires that the auditor shall evaluate the risk that comparatives may be materially misstated (paragraph 8).
- ISA 710 provides flexibility for an auditor to include an emphasis of matter paragraph in the current period's audit report on a matter (that is material to the current period) that gave rise to an audit qualification in the previous period, but is resolved and properly dealt with in the current period. This Auditing Standard does not provide the option for an emphasis of matter in this circumstance (paragraph 16).
- This Auditing Standard prescribes as a mandatory requirement, where the auditor becomes aware of a material misstatement that affects the prior period financial report on which an unmodified report has been previously issued, and if the prior period financial report has not been revised and an auditor's report has not been reissued, but the comparatives have been properly restated and/or appropriate disclosures have been made in the current period financial report, the auditor shall express an unmodified opinion and shall consider the mandatory requirements in ASA 560 (paragraph 19). The ISA 710 equivalent is explanatory guidance and allows the auditor to include an emphasis of matter paragraph.
- This Auditing Standard prescribes as a mandatory requirement, the circumstances where reference to a predecessor's auditor's report shall be made (paragraph 21). ISA 710 does not provide specific guidance on this matter.

Compiled Auditing Standard ASA 710 *Comparatives*

Furthermore, paragraph 21(a) requires the name of the predecessor auditor to be included when reference to the predecessor auditor's report is made in the current period auditor's report. ISA 710 does not have such a requirement.

- This Auditing Standard requires that where the prior period's financial report has not been audited, and the incoming auditor is unable to obtain sufficient appropriate audit evidence regarding the comparatives, the incoming auditor shall qualify the auditor's report on the basis that the comparatives are unaudited and that no opinion on them is expressed (paragraph 23). There is no similar requirement in the ISA 710.

Compliance with this Auditing Standard enables compliance with ISA 710.

APPENDIX 1

EXAMPLES OF MODIFIED AUDITOR'S REPORTS

EXAMPLE 1: QUALIFIED OPINION WHERE THE PRIOR PERIOD AUDITOR'S REPORT WAS QUALIFIED AND THE MATTER WHICH GAVE RISE TO THE QUALIFICATION IS REPEATED IN THE CURRENT PERIOD (PARAGRAPH 15(A))

INDEPENDENT AUDITOR'S REPORT

To the members of [name of entity]

Report on the Financial Report¹

We have audited the accompanying financial report of [name of entity], which comprises the balance sheet as at 30 June 20X1, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the [company/registered scheme/disclosing entity] are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility 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, the directors also state, in accordance with 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 International Financial Reporting Standards.*]

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing

¹ The subheading "Report on the Financial Report" is unnecessary in circumstances when the second subheading "Report on Other Legal and Regulatory Requirements" is not applicable.

* 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.

Compiled Auditing Standard ASA 710 *Comparatives*

Standards. Those 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 [company/registered scheme/disclosing entity] 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 [company/registered scheme/disclosing entity]'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence²

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of [name of entity] on [date], would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis for Qualified Auditor's Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which, in our opinion, is not in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This is the result of a decision taken by management and those charged with governance at the start of the preceding financial year and caused us to qualify our audit opinion on the financial report relating to the year ended 30 June 20X0. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by \$xxx in 20X1 and \$xxx in 20X0, the fixed assets should be reduced by accumulated depreciation of \$xxx in 20X1 and \$xxx in 20X0, and the accumulated deficit should be increased by \$xxx

² Refer ASIC Class Order 05/83 and ASA 700 *The Auditor's Report on a General Purpose Financial Report* for details of when an independence paragraph is required in an auditor's report.

Compiled Auditing Standard ASA 710 *Comparatives*

in 20X1 and \$xxx in 20X0.

Qualified Auditor's Opinion

In our opinion, *except for the effect on the financial report of the matter referred to in the preceding paragraph*, 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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

OR

[In our opinion, *except for the effect on the financial report of the matter referred to in the preceding paragraph*:

- (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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note XX.†]

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.]

† 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 refers to ASA 701.

Compiled Auditing Standard ASA 710 *Comparatives*

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

SUPERSEDED

Compiled Auditing Standard ASA 710 *Comparatives*

EXAMPLE 2: QUALIFIED OPINION WHERE THE PRIOR PERIOD AUDITOR'S REPORT WAS QUALIFIED AND THE MATTER WHICH GAVE RISE TO THE QUALIFICATION REMAINS UNRESOLVED, BUT DOES NOT RESULT IN A QUALIFICATION IN RELATION TO THE CURRENT PERIOD FIGURES (PARAGRAPH 15(B))

INDEPENDENT AUDITOR'S REPORT

To the members of [name of entity]³

Report on the Financial Report

We have audited the accompanying financial report of [name of entity], which comprises the balance sheet as at 30 June 20X1, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the [company/registered scheme/disclosing entity] are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility 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, the directors also state, in accordance with 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 International Financial Reporting Standards.*]

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to

³ Refer ASIC Class Order 05/83 and ASA 700 *The Auditor's Report on a General Purpose Financial Report* for details of when an independence paragraph is required in an auditor's report.

* 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.

Compiled Auditing Standard ASA 710 *Comparatives*

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence⁴

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of [name of entity] on [date], would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis for Qualified Auditor's Opinion

Because we were appointed auditors of [name of entity] during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that year or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 20X0. Our auditor's report on the financial report for the year ended 30 June 20X0 was modified accordingly.

Qualified Auditor's Opinion

In our opinion, *except for the effect on the comparatives for 20X0 of the adjustments, if any, to the results of operations for the year ended 20X0, which we might have determined to be necessary had we been able to*

⁴ Refer ASIC Class Order 05/83 and ASA 700 *The Auditor's Report on a General Purpose Financial Report* for details of when an independence paragraph is required in an Auditor's Report.

Compiled Auditing Standard ASA 710 *Comparatives*

observe beginning inventory quantities as at ..., 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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

OR

[In our opinion, *except for the effect on the comparatives for 20X0 of the adjustments, if any, to the results of operations for the year ended 20X0, which we might have determined to be necessary had we been able to observe beginning inventory quantities as at ...*

- (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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note XX.†]

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.]

† 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 refers to ASA 701.

Compiled Auditing Standard ASA 710 *Comparatives*

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

SUPERSEDED

Compiled Auditing Standard ASA 710 *Comparatives*

EXAMPLE 3: QUALIFIED OPINION WHERE THE FINANCIAL REPORT OF THE PRIOR PERIOD WAS AUDITED BY ANOTHER AUDITOR AND THE INCOMING AUDITOR IS UNABLE TO OBTAIN SUFFICIENT APPROPRIATE AUDIT EVIDENCE REGARDING THE COMPARATIVES, THE CURRENT AUDITOR'S REPORT IS QUALIFIED ON THE BASIS OF A SCOPE LIMITATION, AND THE QUALIFICATION SECTION REFERS TO THE PREDECESSOR AUDITOR'S REPORT (PARAGRAPH 21)

INDEPENDENT AUDITOR'S REPORT

To the members of [name of entity]

Report on the Financial Report⁵

We have audited the accompanying financial report of [name of entity], which comprises the balance sheet as at 30 June 20X1, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the [company/registered scheme/disclosing entity] are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility 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, the directors also state, in accordance with 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 International Financial Reporting Standards.*]

⁵ Refer ASIC Class Order 05/83 and ASA 700 *The Auditor's Report on a General Purpose Financial Report* for details of when an independence paragraph is required in an auditor's report.

* 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.

Compiled Auditing Standard ASA 710 *Comparatives*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 [company/registered scheme/disclosing entity] 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 [company/registered scheme/disclosing entity]'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence⁶

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of [name of entity] on [date], would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis for Qualified Auditor's Opinion

The financial report of [name of entity] as at 30 June 20X0, was audited by another auditor, [name of auditor] whose report dated [date], expressed [type of audit opinion] on those statements. We were unable to obtain sufficient appropriate audit evidence regarding the comparatives.

⁶ Refer ASIC Class Order 05/83 and ASA 700 *The Auditor's Report on a General Purpose Financial Report* for details of when an independence paragraph is required in an Auditor's Report.

Compiled Auditing Standard ASA 710 *Comparatives*

Qualified Auditor's Opinion

In our opinion, *except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the comparatives*, 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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

OR

[In our opinion, *except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the comparatives*:

- (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 [company/registered scheme/disclosing entity]'s financial position as at 30 June 20X1 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note XX.†]

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.]

† 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 refers to ASA 701.

Compiled Auditing Standard ASA 710 *Comparatives*

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

SUPERSEDED