

KAEG-I [INTL VERSION 2024]: ISA 710 Comparative Information - Corresponding Figures and Comparative Financial Statements

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ISA 710 Comparative Information - Corresponding Figures and Comparative Financial Statements

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ISA 710 Comparative Information - Corresponding Figures and Comparative Financial Statements

(Effective for audits of financial statements for periods beginning on or after December 15, 2009)

Introduction, Objectives and Definitions

International Standards on Auditing: ISA 710.01-06

Introduction

Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to comparative information in an audit of financial statements. When the financial statements of the prior period have been audited by a predecessor auditor or were not audited, the requirements and guidance in ISA 510¹ regarding opening balances also apply.

¹ ISA 510, *Initial Audit Engagements - Opening Balances*

The Nature of Comparative Information

2. The nature of the comparative information that is presented in an entity's financial statements depends on the requirements of the applicable financial reporting framework. There are two different broad approaches to the auditor's reporting responsibilities in respect of such comparative information: corresponding figures and comparative financial statements. The approach to be adopted is often specified by law or regulation but may also be specified in the terms of engagement.

3. The essential audit reporting differences between the approaches are:

- (a) For corresponding figures, the auditor's opinion on the financial statements refers to the current period only; whereas
- (b) For comparative financial statements, the auditor's opinion refers to each period for which financial statements are presented.

This ISA addresses separately the auditor's reporting requirements for each approach.

Effective Date

4. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 2009.

Objectives

5. The objectives of the auditor are:

- (a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and
- (b) To report in accordance with the auditor's reporting responsibilities.

Definitions

6. For purposes of the ISAs, the following terms have the meanings attributed below:

- (a) Comparative information - The amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.
- (b) Corresponding figures - Comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial statements, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.
- (c) Comparative financial statements - Comparative information where amounts and other disclosures for the prior period are included for comparison with the financial statements of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial statements is comparable with that of the financial statements of the current period.

For purposes of this ISA, references to "prior period" should be read as "prior periods" when the comparative information includes amounts and disclosures for more than one period.

Audit Procedures

International Standards on Auditing: ISA 710.07-09

Requirements

Audit Procedures

7. The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:

- (a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and

(b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.

8. If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists. If the auditor had audited the prior period's financial statements, the auditor shall also follow the relevant requirements of ISA 560.² If the prior period financial statements are amended, the auditor shall determine that the comparative information agrees with the amended financial statements.

² ISA 560, *Subsequent Events* , paragraphs 14 - 17

9. As required by ISA 580,³ the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any restatement made to correct a material misstatement in prior period financial statements that affect the comparative information. (Ref: Para. A1)

³ ISA 580, *Written Representations* , paragraph 14

ISA Application and Other Explanatory Material: ISA 710.A1

Application and Other Explanatory Material

Audit Procedures

Written Representations (Ref: Para. 9)

A1. In the case of comparative financial statements, the written representations are requested for all periods referred to in the auditor's opinion because management needs to reaffirm that the written representations it previously made with respect to the prior period remain appropriate. In the case of corresponding figures, the written representations are requested for the financial statements of the current period only because the auditor's opinion is on those financial statements, which include the corresponding figures. However, the auditor requests a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial statements that affect the comparative information.

How do we comply with the Standards?

[ISA | KAEGHDWC]

1 Perform audit procedures over comparative information [ISA | 4569]

What do we do?

Perform audit procedures over comparative information.

Why do we do this?

Some financial reporting frameworks require that comparative information be presented in the financial statements to help users better understand the current period financial statements. Consequently, we perform procedures to evaluate whether the financial statements include the required comparative information and whether such information is appropriately classified. Otherwise, we may not identify that the financial statements are not fairly presented and our reputation and the entity's could be damaged and the credibility of our audit could be undermined.

Execute the Audit

What is comparative information? [ISA | 4569.1300]

See [paragraph 6.525 of the ISRM](#) https://alex.kpmg.com/AROWeb/document/lfc/find/UN_IISRM_ISRM2018_6_525.

What are the recognized approaches to presenting comparative information in financial statements? [ISA | 4569.1400]

See [paragraph 6.55 of the ISRM](#) https://alex.kpmg.com/AROWeb/document/lfc/find/UN_IISRM_ISRM2018_6_55.

What procedures do we perform over comparative information? [ISA | 4569.1500]

We perform the following procedures over comparative information:

- We determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified (see activity '[Evaluate the comparative financial statements and corresponding figures](#)' for further information);
- If we become aware of a possible material misstatement in the comparative information, we perform additional audit procedures to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists (see activity '[Evaluate the comparative financial statements and corresponding figures](#)' for further information); and
- We request written representations for all periods referred to in the auditor's opinion (see activity '[Obtain written representations for all financial statement periods](#)' for further information).

1.1 Evaluate the comparative financial statements and corresponding figures [ISA | 4480]

What do we do?

Determine whether the comparative financial statements or corresponding figures have been presented in accordance with the financial reporting framework, if applicable, by performing specific procedures.

Why do we do this?

Because investors and other stakeholders rely on the financial statements, including the disclosures, all of our audit work is directed toward the primary objective of determining whether the financial statements are fairly presented. In addition, those financial statements are accompanied by our audit opinion, which is the ultimate product of our audit. Those facts underscore the importance of performing procedures to evaluate whether the financial statements, including disclosures, are fairly presented, including determining whether the comparative financial statements or corresponding figures have been presented in accordance with the financial reporting framework, if applicable.

Execute the Audit

What are comparative financial statements and corresponding figures? [ISA | 4480.1300]

There are financial reporting frameworks that require the presentation of either comparative financial statements or corresponding figures.

	What are they?
Comparative financial statements	Comparative financial statements are a complete set of financial statements for one or more periods included for comparison with the financial statements of the current period.
Corresponding figures	Corresponding figures are prior-period amounts and other disclosures included as an integral part of the current-period financial statements, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current-period figures").

What are the differences between comparative financial statements and corresponding figures? [ISA | 4480.1400]

	Comparative financial statements	Corresponding figures
Level of information	The level of information included in the comparative financial statements is comparable with that of the financial statements of the current period.	The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current-period figures.
Covered by our	Our current-period report covers both the current-period financial	Our current-period report covers the current-period financial statements only.

current-period report?	statements and the prior-period comparative financial statements.	Usually, we do not opine on corresponding figures because they do not comply with all the requirements of the financial reporting framework.
Example	Entities filing their financial statements with the US SEC present the two most recent comparative financial statements, in addition to the financial statements of the current period.	Financial statements prepared in accordance with IFRS are presented with corresponding figures, unless local laws or regulations require comparative financial statements to be presented instead.

How do we determine whether the comparative financial statements or corresponding figures have been presented in accordance with the financial reporting framework? [ISA | 4480.1500]

We determine whether the comparative financial statements or corresponding figures have been presented in accordance with the relevant requirements, if any, of the applicable financial reporting framework by evaluating whether:

- the comparative financial statements or corresponding figures agree with the information presented in the prior period or, when appropriate, have been restated or adjusted, and
- the accounting policies reflected in the comparative financial statements or corresponding figures are consistent with those applied in the current period. If there have been changes in accounting policies, we evaluate whether those changes have been properly accounted for and adequately presented and disclosed.

What do we do when we identify a possible misstatement in the comparative financial statements and corresponding figures? [ISA | 4480.1600]

When we become aware of a possible misstatement in the comparative financial statements or corresponding figures while performing the current-period audit, we perform the necessary audit procedures to confirm whether a misstatement exists - i.e. a prior-period uncorrected misstatement identified in the current period.

Not US GAAP | What do we do when we identify prior-period uncorrected misstatements in the current period - i.e. they were previously unknown? [ISA | 4480.1700]

When we identify prior-period uncorrected misstatements in the current period, we evaluate their effect by following the requirements of the applicable financial reporting framework.

In addition, we follow the relevant procedures for when we have a subsequent discovery of facts that had they been known to us at the date of the auditor's report, may have caused us to amend our opinion. See chapter on subsequent events ([AU-C 560](#)) for information on these procedures.

As indicated in that chapter, if we are considering a restatement of prior-period financial statements, we consult. See activity '[Consult with the appropriate parties in certain circumstances](#)' for further information on consultation requirements.

US GAAP | What do we do when we identify prior-period uncorrected misstatements in the current period, i.e. they were previously unknown? [ISA | 4480.14013]

We evaluate the effect of prior-period uncorrected misstatements identified in the current period, i.e. they were previously unknown, in accordance with US GAAP by performing the activity '[Evaluate misstatements detected in the current period that relate to prior periods](#)'.

What do we do when we identify prior-period uncorrected misstatements in the current period (i.e. they were previously unknown) and we were not the auditors in the prior period? [ISA | 4480.1800]

When we identify a prior-period uncorrected misstatement in the current period, we were not the auditors in the prior period and the predecessor auditor had previously reported without modification, we communicate the misstatement with the appropriate level of management and, unless all of those charged with governance are involved in managing the entity, those charged with governance.

1.2 Obtain written representations for all financial statement periods [ISA | 3851]

What do we do?

Obtain written representations from management for all financial statement periods covered by the auditor's report

Why do we do this?

While management representations do not provide sufficient appropriate audit evidence on their own, they complement the evidence we obtain from other auditing procedures. Specifically, they serve as a written record of management's acknowledgement that they have fulfilled their responsibilities, their understanding and evaluation of audit differences and their honesty and cooperation with us during the audit. Accordingly, failure of management to provide written representations requested by the auditor can have serious implications on the audit and on our report.

Execute the Audit

Which financial statement period(s) do management's written representations relate to? [ISA | 3851.1300]

The written representations relate to all financial statement periods covered in the audit report, including prior periods that are presented in the financial statements.

Why do we obtain management's written representations about prior periods that have already been reported?

Management reaffirms to us that the written representations from previous period(s) remain appropriate before we sign our audit opinion in the current year, as our audit opinion relates to all periods presented in the financial statements. If a restatement has been made to correct a material misstatement in the prior period that affects the comparative financial statements, then we draft a specific representation for management to review and also reaffirm.

What written representations do we obtain from management if we are issuing more than one audit report?

We obtain representations from management for all audit reports issued, either in one representation letter, listing the applicable set of financial statements, or in separate representation letters for each set of financial statements.

Who prepares the management representation letter? [ISA | 3851.1600]

We prepare the MRL template and provide it to management for their review and signature.

How do we prepare the management representation letter? [ISA | 3851.15774]

We first select the appropriate KPMG [example MLR template](https://alex.kpmg.com/AROWeb/document/ffc/GSC_INTL_AUDDOC_DOCSEAUDIT_TOC/toc/GSC_INTL_AUDDOC_DOCSEAUDIT_TOC?tocref=GSC_INTL_AUDDOC_DOCSEAUDIT_TOC) [https://alex.kpmg.com/AROWeb/document/ffc/](https://alex.kpmg.com/AROWeb/document/ffc/GSC_INTL_AUDDOC_DOCSEAUDIT_TOC/toc/GSC_INTL_AUDDOC_DOCSEAUDIT_TOC?tocref=GSC_INTL_AUDDOC_DOCSEAUDIT_TOC)

GSC_INTL_AUDDOC_DOCSEAUDIT_TOC/toc/GSC_INTL_AUDDOC_DOCSEAUDIT_TOC?tocref=GSC_INTL_AUDDOC_DOCSEAUDIT_TOC, depending on the applicable auditing standards, financial reporting framework used by the entity and legal and regulatory framework in which the entity operates.

We then determine any additional representations to include in the MLR template. Attachment 1 provides additional representations that we may include, depending on the other circumstances that are applicable to the entity. At a minimum, we include all required representations from the auditing standards, which are included in the KPMG example MLR template.

In some circumstances, we use nationally-tailored versions of the base representation letter and/or listing of additional representations.

Once we have compiled all applicable representations into the MRL template, we provide it to management.

How do we determine which additional representations, beyond those which are required, are appropriate in the circumstances of our audit? [ISA | 3851.1800]

We select additional representations based on the specific facts and circumstances of the audit and the entity we audit. This can include additional representations to address a variety of topics, such as:

- specific circumstances related to the engagement and basis of presentation of the financial statements (e.g. US GAAP, IFRS);
- specific types of transactions, balances and disclosures present at the entity;
- the nonexistence of transactions/balances/disclosures or circumstances that commonly exist for entities or entities within a particular industry;
- management's intent (e.g., intention to reinvest undistributed earnings of a foreign subsidiary) or plans (e.g., going concern);
- oral representations made to us by management, explicitly or implicitly, during the course of our audit (e.g., disclosure of unique sales terms);
- information presented with the audited financial statements that is not contemplated by the base letter (e.g., supplemental information, adjustments to a prior period that are audited by us as the successor auditor);
- specialized circumstances or disclosures (e.g., restatement, restructuring); and
- management's selection and application of accounting policies, for example non-GAAP policies.

When might it be appropriate for management to modify the representations we have requested from them? [ISA | 3851.2100]

We expect that management will not make any major revisions to the letter template we provide. We review the signed letter that is provided back to us to allow us to make sure we agree with final version, including any revisions management may have made or proposed.

In some cases, management may modify a representation to further describe and represent relevant facts and circumstances, but not to change or limit its meaning or contradict the auditing standards.

Base representations (i.e. required representations), are not to be removed or modified by management unless it adds an "except for" clause to highlight a matter already disclosed in the financial statements and/or disclosed to the auditor. If management modifies the base representations, refer to activity '[Consider the effect if management refuses to provide representations](#)' to determine what to do.

Examples of representations modified by management:

	Default Language:	Example Modified Language:
Scenario 1 : <i>An event subsequent to the balance sheet has been disclosed in financial statements</i>	To the best of our knowledge and belief, no events have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.	To the best of our knowledge and belief, except as discussed in Note X to the financial statements, no events have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
Scenario 2: <i>Management plans to dispose of a specific business segment</i>	The company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.	The company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, except for its plans to dispose of segment A, as disclosed in Note X to the financial statements, which are discussed in the minutes of the December 7, 20X1 meeting of the board of directors.
Scenario 3: <i>Management has received a communication of an</i>	We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, analysts,	Except for the allegation discussed in the minutes of the December 7, 20X1 meeting of the board of directors (or disclosed to you

<i>allegation of fraud or suspected fraud</i>	regulators, short sellers, or others.	at our meeting on October 15, 20X1), we have no knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, analysts, regulators, short sellers, or others.
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If we think management may have questions as to the meaning of certain terminology used in the MRL template, we may consider providing those definitions to management or requesting that they include the definitions in the MRL response to confirm their understanding.

How does the management representation letter address materiality? [ISA | 3851.2200]

Management representations may be limited to matters that are considered individually or in the aggregate to be material to the financial statements. In order for management to exclude "immaterial" items from its representations, we first come to a common understanding with management as to what is material. Materiality may be different for different representations, similar to the concept of having different materiality considerations for specific areas of the audit.

A discussion of materiality may be included explicitly in the representation letter, in either qualitative or quantitative terms.

Does the concept of materiality apply to all management representations?

No. Materiality does not apply to:

- representations not directly related to financial statement amounts;
- any representations regarding the possible effects of fraud on other aspects of the audit; or
- items that involve an omission or misstatement of accounting information that, based on the circumstance, would change or influence the judgment of a reasonable person relying on the financial statements if the omission or misstatement were adjusted.

The following table sets out some examples of representations in which materiality would not be applicable.

	Representation
Example 1	We confirm that we are responsible for the fair presentation in the [consolidated] financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles [or other applicable accounting framework].
Example 2	We have made available to you all -

	<p>(a) Financial records and related data, including the names of all related parties and all relationships and transactions with related parties.</p> <p>(b) Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.</p>
Example 3	There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
Example 4	We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

Do we attach any information to the management representation letter? [ISA | 3851.15776]

Yes. We attach a summary of uncorrected misstatements, which includes the nature, amount, and effect of the uncorrected misstatements, excluding those misstatements that are clearly trivial. We also include a listing of omissions of amounts or disclosures in the financial statements.

We use the KPMG template, Summary of Audit Misstatements (SAM) - uncorrected misstatements section for the summary of uncorrected misstatements unless law, regulation or custom specifies a different format.

While not required, we also may choose to attach a summary of corrected misstatements.

How is the management representation letter adjusted when management disagrees with an uncorrected misstatement? [ISA | 3851.15778]

If management does not agree with a misstatement we have included on the SAM - uncorrected misstatements section attached to the MRL, they may modify the representation about uncorrected audit misstatements as follows:

We do not agree that items ... and ... constitute misstatements because [description of reasons].

Audit Reporting

International Standards on Auditing: ISA 710.10-19

Audit Reporting

Corresponding Figures

10. When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the circumstances described in paragraphs 11, 12, and 14. (Ref: Para. A2)

11. If the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is

unresolved, the auditor shall modify the auditor's opinion on the current period's financial statements. In the Basis for Modification paragraph in the auditor's report, the auditor shall either:

- (a) Refer to both the current period's figures and the corresponding figures in the description of the matter giving rise to the modification when the effects or possible effects of the matter on the current period's figures are material; or
- (b) In other cases, explain that the audit opinion has been modified because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures. (Ref: Para. A3 - A5)

12. If the auditor obtains audit evidence that a material misstatement exists in the prior period financial statements on which an unmodified opinion has been previously issued, and the corresponding figures have not been properly restated or appropriate disclosures have not been made, the auditor shall express a qualified opinion or an adverse opinion in the auditor's report on the current period financial statements, modified with respect to the corresponding figures included therein. (Ref: Para. A6)

Prior Period Financial Statements Audited by a Predecessor Auditor

13. If the financial statements of the prior period were audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so, the auditor shall state in an Other Matter paragraph in the auditor's report:

- (a) That the financial statements of the prior period were audited by the predecessor auditor;
- (b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
- (c) The date of that report. (Ref: Para. A7)

Prior Period Financial Statements Not Audited

14. If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements. (Ref: Para. A8)⁴

⁴ ISA 510, paragraph 6

Comparative Financial Statements

15. When comparative financial statements are presented, the auditor's opinion shall refer to each period for which financial statements are presented and on which an audit opinion is expressed. (Ref: Para. A9 - A10)

16. When reporting on prior period financial statements in connection with the current period's audit, if the auditor's opinion on such prior period financial statements differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in an Other Matter paragraph in accordance with ISA 706 (Revised).⁵ (Ref: Para. A11)

5 ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph 8

Prior Period Financial Statements Audited by a Predecessor Auditor

17. If the financial statements of the prior period were audited by a predecessor auditor, in addition to expressing an opinion on the current period's financial statements, the auditor shall state in an Other Matter paragraph:

- (a) that the financial statements of the prior period were audited by a predecessor auditor;
- (b) the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
- (c) the date of that report,

unless the predecessor auditor's report on the prior period's financial statements is reissued with the financial statements.

18. If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification, the auditor shall communicate the misstatement with the appropriate level of management and, unless all of those charged with governance are involved in managing the entity,⁶ those charged with governance and request that the predecessor auditor be informed. If the prior period financial statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period. (Ref: Para. A12)

⁶ ISA 260 (Revised), *Communication with Those Charged with Governance*, paragraph 13

Prior Period Financial Statements Not Audited

19. If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements. (Ref: Para. A13)⁷

⁷ ISA 510, paragraph 6

ISA Application and Other Explanatory Material: ISA 710.A2-A13

Audit Reporting

Corresponding Figures

No Reference in Auditor's Opinion (Ref: Para. 10)

A2. The auditor's opinion does not refer to the corresponding figures because the auditor's opinion is on the current period financial statements as a whole, including the corresponding figures.

Modification in Auditor's Report on the Prior Period Unresolved (Ref: Para. 11)

A3. When the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modified opinion is resolved and properly accounted for or disclosed in the financial statements in accordance with the applicable financial reporting framework, the auditor's opinion on the current period need not refer to the previous modification.

A4. When the auditor's opinion on the prior period, as previously expressed, was modified, the unresolved matter that gave rise to the modification may not be relevant to the current period figures. Nevertheless, a qualified opinion, a disclaimer of opinion, or an adverse opinion (as applicable) may be required on the current period's financial statements because of the effects or possible effects of the unresolved matter on the comparability of the current and corresponding figures.

A5. Illustrative examples of the auditor's report if the auditor's report on the prior period included a modified opinion and the matter giving rise to the modification is unresolved are contained in Illustrations 1 and 2 of the Appendix.

Misstatement in Prior Period Financial Statements (Ref: Para. 12)

A6. When the prior period financial statements that are misstated have not been amended and an auditor's report has not been reissued, but the corresponding figures have been properly restated or appropriate disclosures have been made in the current period financial statements, the auditor's report may include an Emphasis of Matter paragraph describing the circumstances and referring to where relevant disclosures that fully describe the matter that can be found in the financial statements (see ISA 706 (Revised)).

Prior Period Financial Statements Audited by a Predecessor Auditor (Ref: Para. 13)

A7. An illustrative example of the auditor's report if the prior period financial statements were audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures is contained in Illustration 3 of the Appendix.

Prior Period Financial Statements Not Audited (Ref: Para. 14)

A8. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ISA 705 (Revised)⁸ to express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA 705 (Revised). If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements, the auditor may determine this to be a key audit matter in accordance with ISA 701.⁹

⁸ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

⁹ ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

Comparative Financial Statements

Reference in Auditor's Opinion (Ref: Para. 15)

A9. Because the auditor's report on comparative financial statements applies to the financial statements for each of the periods presented, the auditor may express a qualified opinion or an adverse opinion, disclaim an opinion, or include an Emphasis of Matter paragraph with respect to one or more periods, while expressing a different auditor's opinion on the financial statements of the other period.

A10. An illustrative example of the auditor's report if the auditor is required to report on both the current and the prior period financial statements in connection with the current year's audit and the prior period included a modified opinion and the matter giving rise to the modification is unresolved, is contained in Illustration 4 of the Appendix.

Opinion on Prior Period Financial Statements Different from Previous Opinion (Ref: Para. 16)

A11. When reporting on the prior period financial statements in connection with the current period's audit, the opinion expressed on the prior period financial statements may be different from the opinion previously expressed if the auditor becomes aware of circumstances or events that materially affect the financial statements of a prior period during the course of the audit of the current period. In some jurisdictions, the auditor may have additional reporting responsibilities designed to prevent future reliance on the auditor's previously issued report on the prior period financial statements.

Prior Period Financial Statements Audited by a Predecessor Auditor (Ref: Para. 18)

A12. The predecessor auditor may be unable or unwilling to reissue the auditor's report on the prior period financial statements. An Other Matter paragraph of the auditor's report may indicate that the predecessor auditor reported on the financial statements of the prior period before amendment. In addition, if the auditor is engaged to audit and obtains sufficient appropriate audit evidence to be satisfied as to the appropriateness of the amendment, the auditor's report may also include the following paragraph:

As part of our audit of the 20X2 financial statements, we also audited the adjustments described in Note X that were applied to amend the 20X1 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 20X1 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 20X1 financial statements taken as a whole.

Prior Period Financial Statements Not Audited (Ref: Para. 19)

A13. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ISA 705 (Revised) to express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA 705 (Revised). If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements, the auditor may determine this to be a key audit matter in accordance with ISA 701.

How do we comply with the Standards? [ISA | KAEGHDWC]

1 Report appropriately on comparative information

[ISA | 4535]

1.1 If corresponding figures are presented then report appropriately [ISA | 4536]

1.2 If comparative financial statements are presented then report appropriately [ISA | 4537]

1.3 If a predecessor auditor audited the prior period then modify our report accordingly [ISA | 4538]

1.4 If the prior period financial statements were not audited then modify our report accordingly [ISA | 4539]

2 Initial Audit | Request the client to communicate items determined to be misstatements to the predecessor auditor [ISA | 759]

What do we do?

When we identified items that are determined to be misstatements we request the client to communicate those misstatements to the predecessor auditor AND determine the effect on our audit

Why do we do this?

When misstatements are identified in the prior period financial statements that were reported on by the predecessor auditor, we meet with the client and predecessor auditor to gather more information on the misstatements. We request management to inform the predecessor auditor so that they can make their own assessment of the impact and consider the need for a revision to either the auditor's report or ICFR report.

Execute the Audit

Why do we meet with the client and predecessor auditor when we become aware of misstatements in prior periods? [ISA | 759.1300]

It can be complicated to determine the appropriate reporting or impact to our audit without discussing the information we are aware of with both the client and predecessor auditor.

In some cases, the client and the predecessor auditor may already be aware of the misstatement and may have further information or may have made certain judgements when they were considering the

impact of the misstatement in the prior period. We gather these facts so that we can assess the impact on the current period financial statements.

In other cases, the client and the predecessor auditor may not be aware of the error and will consider the impact on the financial statements, such as restatement.

Why do we first communicate with management prior to them contacting the predecessor auditor when we become aware of misstatements in prior periods? [ISA | 759.1400]

Management may be able to provide additional insights into the error that we are considering for restatement, for example providing their analysis as to why they do not consider the difference to be an error. After we obtain their insights and confirm if there is an issue, we request the client to contact the predecessor auditor to inform them. Because restating financial statements is a sensitive topic and management is responsible for the accuracy of the financial statements, the client informs the predecessor auditor of the issue.

What circumstances might arise where we determine a restatement or modification to prior period auditor's reports might be needed? [ISA | 759.10884]

There are certain circumstances where the misstatement we discovered may result in a restatement of the prior period financial statements and/or modification of predecessor's auditor's reports. Examples include:

- a material misstatement that affects the prior period financial statements on which the predecessor auditor had previously reported without modification; or
- comparative information presented in current period financial statements that is derived from prior period financial statements that were audited by a predecessor auditor, is restated for retrospective adjustments.

What information might we request management to communicate to the predecessor auditor when we become aware of misstatements in prior periods? [ISA | 759.1700]

We inform management and request that they communicate any information that the predecessor auditor may consider in accordance with the subsequent events standards. This includes the significant new information related to the previously issued financial statements or interim financial information, including:

- description of the misstatement and how it was identified
- primary cause of the misstatement, including specific considerations of whether the misstatement was due to fraud
- description of how management has addressed (or is addressing) the primary cause of the misstatement
- identification of any deficiency(ies) in internal control that failed to prevent, or detect and correct, the misstatement and our assessment of their severity

How might a restatement impact our auditor's reports? [ISA | 759.1800]

Our report may be affected by the predecessor auditor's willingness to be involved in auditing any required adjustments to the prior period financial statements, as well as any standards, laws and regulations requiring them to do so. Therefore, to avoid problems later in the audit, we may wish to discuss with the predecessor auditor as early as possible how to address any such reporting issues.

You can find more information about this in [ISRM Section 6.190 - Prior period financial statements audited by a predecessor auditor](https://alex.kpmg.com/AROWeb/document/lfc/find/UN_IISRM_ISRM2018_6_190) https://alex.kpmg.com/AROWeb/document/lfc/find/UN_IISRM_ISRM2018_6_190.

What if we are not satisfied with the resolution of the matter or the client refuses to inform the predecessor auditor of the misstatement? [ISA | 759.1900]

If we are not satisfied with the resolution of the matter or if the client refuses to inform the predecessor auditor, we consult with the appropriate parties to evaluate the possible implications on the current year engagement and in determining the appropriate next course of action. This could include evaluating whether to withdraw from the engagement or when withdrawal is not possible under applicable law or regulation, disclaiming an opinion of the financial statements.

Type of Audit	Who do we consult with?
PCAOB (US)	<ul style="list-style-type: none"> • RPPP; • DPP; and • OGC
AICPA (US) Global Accounts / U.S firm serves as Component/Participating auditor for a Group/Multi-firm engagement	<ul style="list-style-type: none"> • RPPP; and • OGC
AICPA (US) All other engagements	<ul style="list-style-type: none"> • BUPPP; and • OGC
INTL engagements	<ul style="list-style-type: none"> • RMP

Appendix - Illustrations of Independent Auditors' Reports

International Standards on Auditing: ISA 710. Appendix Appendix Illustrations of Independent Auditors' Reports

(Ref: Para. A5, A7, A10)

Illustration 1 - Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600(Revised)¹⁰ does not apply).**

- The financial statements are prepared by management of the entity in accordance with International Financial Reporting Standards (IFRSs) (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in ISA 210.11
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are material and require a modification to the auditor's opinion regarding the current period figures.
- The relevant ethical requirements that apply to the audit are those of the jurisdiction.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).¹²
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA 701.
- The auditor has not obtained any other information prior to the date of the auditor's report.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements¹³

Qualified Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 20X1, and (or) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As discussed in Note X to the financial statements, no depreciation has been provided in the financial statements, which constitutes a departure from IFRSs. This is the result of a decision taken by management at the start of the preceding financial year and caused us to qualify our audit opinion on the financial statements relating to that year. 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, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements¹⁴

[Reporting in accordance with ISA 700 (Revised)¹⁵ - see *Illustration 1 in ISA 700 (Revised)*.]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA 700 (Revised) - see *illustration 1 in ISA 700 (Revised)*.]

[Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]

[Auditor Address]

[Date]

Illustration 2 - Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**
- **The financial statements are prepared by management of the entity in accordance with IFRSs (a general purpose framework).**
- **The terms of the audit engagement reflect the description of management's responsibility for the financial statements in ISA 210.**
- **The auditor's report on the prior period, as previously issued, included a qualified opinion.**
- **The matter giving rise to the modification is unresolved.**
- **The effects or possible effects of the matter on the current period's figures are immaterial but require a modification to the auditor's opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.**
- **The relevant ethical requirements that apply to the audit are those of the jurisdiction.**

- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).**
- **The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA 701.**
- **The auditor has not obtained any other information prior to the date of the auditor's report.**
- **Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.**
- **In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements

16

Qualified Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 20X1, and (or) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Because we were appointed auditors of the Company during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect 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 audit opinion on the financial statements for the period ended December 31, 20X0 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the

audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

17

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

[Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]

[Auditor Address]

[Date]

Illustration 3 - Corresponding Figures

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**
- **The financial statements are prepared by management of the entity in accordance with IFRSs (a general purpose framework).**
- **The terms of the audit engagement reflect the description of management's responsibility for the financial statements in ISA 210.**
- **The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.**
- **The relevant ethical requirements that apply to the audit are those of the jurisdiction.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).**
- **The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA 701.**
- **The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.**
- **Corresponding figures are presented, and prior period's financial statements were audited by a predecessor auditor.**
- **The auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and has decided to do so.**
- **Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.**

- **In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements

18

Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 20X0, were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 20X1.

Other Information [or another title if appropriate such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

[Reporting in accordance with the reporting requirements in ISA 720 (Revised - see Illustration 1 in Appendix 2 of ISA 720 (Revised)).]¹⁹

Responsibilities of Management and Those Charged with Governance for the Financial Statements²⁰

[Reporting in accordance with ISA 700 (Revised) - see Illustration 1 in ISA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA 700 (Revised) - see Illustration 1 in ISA 700 (Revised).]

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA 700 (Revised) - see Illustration 1 in ISA 700 (Revised).]

[Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]

[Auditor Address]

[Date]

Illustration 4 - Comparative Financial Statements

For purposes of this illustrative auditor's report, the following are assumed:

- **Audit of a complete set of financial statements of an entity other than a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 (Revised) does not apply).**
- **The financial statements are prepared by management of the entity in accordance with IFRSs (a general purpose framework).**
- **The terms of the audit engagement reflect the description of management's responsibility for the financial statements in ISA 210.**
- **The auditor is required to report on both the current period financial statements and the prior period financial statements in connection with the current year's audit.**
- **The auditor's report on the prior period, as previously issued, included a qualified opinion.**
- **The matter giving rise to the modification is unresolved.**
- **The effects or possible effects of the matter on the current period's figures are material to both the current period financial statements and prior period financial statements and require a modification to the auditor's opinion.**
- **The relevant ethical requirements that apply to the audit are those of the jurisdiction.**
- **Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).**
- **The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA 701.**
- **The auditor has not obtained any other information prior to the date of the auditor's report.**
- **Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.**
- **In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements

21

Qualified Opinion

We have audited the financial statements of ABC Company (the Company), which comprise the statements of financial position as at December 31, 20X1 and 20X0, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 20X1 and 20X0 and (of) its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As discussed in Note X to the financial statements, no depreciation has been provided in the financial statements, which constitutes a departure from IFRSs. 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, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA 700 (Revised) - see *Illustration 1 in ISA 700 (Revised)*.]

[Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]

[Auditor Address]

[Date]

10 ISA 600 (Revised), *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*

11 ISA 210, *Agreeing the Terms of Audit Engagements*

12 ISA 570 (Revised), *Going Concern*

13 The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

14 Throughout these illustrative auditor's reports, the terms management and those charged with governance may need to be replaced by another term that is appropriate in the context of the legal framework in the particular jurisdiction.

15 ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

16 The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

17 Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction

18 The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

19 ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

20 Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction

21 The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

22 Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction

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