



I.S.A. REQUIREMENTS – PRESS STATEMENTS

19 FEBRUARY 2013

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AGENDA

- ▶ **INTERNATIONAL STANDARD ON AUDITING (ISA) 810 : ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS**
 - ▶ **AUDITORS NOT ENGAGED TO REPORT ON SUMMARY FINANCIAL STATEMENTS**
 - ▶ **AUDITORS ENGAGED TO REPORT ON SUMMARY FINANCIAL STATEMENTS**
- ▶ **THE WAY FORWARD**
- ▶ **QUESTIONS**

ISA 810 EXTRACTS

26. The auditor may be engaged to report on the finstats of an entity, while not engaged to report on the summary finstats. If, in this case, the auditor becomes aware that the entity plans to make a statement ... that refers to the auditor and the fact that summary finstats are derived from the finstats audited by the auditor, the auditor shall be satisfied that:

(a) The reference to the auditor is made in the **context of the auditor's report on the audited financial statements; and**

(b) The statement does not **give the impression that the auditor has reported on the summary financial statements.**

ISA 810 EXTRACTS

26. If (a) or (b) are not met, the auditor shall request management to **change the statement to meet them, **or not to refer to the auditor** in the document.**

Alternatively, the entity may **engage the auditor to report on the summary financial statements and include the related auditor's report in the document.**

If management does not change the statement, delete the reference to the auditor, or include an auditor's report on the summary financial statements in the document containing the summary financial statements....

ISA 810 : PRACTICAL QUESTION

Many of the press statements we see are headed “AUDITED” or “REVIEWED”.

WHAT IS AUDITED OR REVIEWED ???

- ▶ THE SUMMARY FINANCIAL STATEMENTS, OR
- ▶ THE UNDERLYING FINANCIAL STATEMENTS FROM WHICH THE SUMMARY HAS BEEN EXTRACTED ?

IS IT VERY CLEAR TO THE READER?

ISA 810 REQUIREMENTS

**THE REST OF THIS
PRESENTATION RELATES
TO AUDITORS ENGAGED
TO AUDIT THE SUMMARY
FINANCIAL STATEMENT**

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Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to an engagement to report on **summary** financial statements **derived from** financial statements audited in accordance with ISAs by that same auditor.

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Definitions

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

(b) Audited financial statements – Financial statements¹ audited by the auditor in accordance with ISAs, and from which the summary financial statements are derived.

ISA 810 EXTRACTS

Definitions

4. (c) Summary financial statements – Historical financial information that is derived from financial statements but that contains less detail than the financial statements,

ISA 810 EXTRACTS

Definitions

4. (c) while still providing a structured representation consistent with that provided by the financial statements of the entity's economic resources or obligations at a point in time or the changes therein for a period of time.

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Definitions

4. (c) Different jurisdictions may use **different terminology to describe such historical financial information.**

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- 5. The auditor shall accept an engagement to report on summary financial statements in accordance with this ISA only when the auditor has been engaged to conduct an audit in accordance with ISAs of the financial statements from which the summary financial statements are derived. (Ref: Para. A1)**

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6. Before accepting an engagement to report on summary financial statements, the auditor shall:

(b) Obtain the agreement of management that it acknowledges and understands its responsibility:

(ii) To make the audited financial statements available to the intended users of the summary financial statements without undue difficulty ...and

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6. Before accepting an engagement to report on summary financial statements, the auditor shall:

(b) Obtain the agreement of management that it acknowledges and understands its responsibility:

(iii) To include the auditor's report on the summary financial statements in any document that contains the summary financial statements and that indicates that the auditor has reported on them.

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Form of Opinion

9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases:

(a) The summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with [the applied criteria]; or

ISA 810 EXTRACTS

Form of Opinion

9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases:

(b) The summary financial statements are a fair summary of the audited financial statements, in accordance with [the applied criteria].

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Elements of the Auditor's Report

14. The auditor's report on summary financial statements shall include the following elements:

- (c) An introductory paragraph that:**
- (iii) Refers to the auditor's report on the audited financial statements, the date of that report, and, subject to paragraphs 17-18, the fact that an unmodified opinion is expressed on the audited financial statements...;**

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16. The auditor shall date the auditor's report on the summary financial statements no earlier than:

(a) The date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, ...; and

(b) The date of the auditor's report on the audited financial statements.

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17. When the auditor's report on the audited financial statements contains a qualified opinion,but the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial statements, ... the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:

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(a) State that the auditor's report on the audited financial statements contains a qualified opinion ...; and

(b) Describe:

(i) The basis for the qualified opinion on the audited financial statements, and that qualified opinion....; and

(ii) The effect thereof on the summary financial statements, if any.

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18. When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:

(a) State that the auditor's report on the audited financial statements contains an adverse opinion or disclaimer of opinion;

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18.

(b) Describe the basis for that adverse opinion or disclaimer of opinion; and

(c) State that, as a result of the adverse opinion or disclaimer of opinion, it is inappropriate to express an opinion on the summary financial statements.

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25. If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor shall **request management to include the auditor's report in the document.**

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25. If management does not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document.

THE WAY FORWARD

- ▶ **PRESS STATEMENT SHOULD BE VERY CLEAR AS TO WHETHER THE UNDERLYING FINANCIAL STATEMENTS HAVE BEEN AUDITED, OR THE SUMMARY, OR BOTH.**
- ▶ **THE NATURE OF THE AUDIT OPINION IN EACH RESPECTIVE CASE SHOULD BE GIVEN, WITH ADDITIONAL DETAILS FOR MODIFIED OPINIONS**

THE WAY FORWARD

- ▶ **“AUDITED” TO BE USED WHERE THE AUDIT OPINION ON THE FULL FINANCIAL STATEMENTS IS ON HAND**
- ▶ **“REVIEWED” TO BE USED WHERE A REVIEW REPORT ON THE FULL FINANCIAL STATEMENTS IS AVAILABLE**
- ▶ **“UNAUDITED” SHOULD BE USED IF THE AUDIT REPORT ON THE FULL FINANCIAL STATEMENTS IS NOT YET SIGNED**

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Questions

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Thank you