

Agenda Item 3A



Proposed Revised AU-C section 720 “The Auditor’s Responsibilities Relating to Other Information [in Annual Reports](#)”

In Track changes to show differences from Extant ISA 720 (Revised)

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material	Notes
Introduction		
Scope of this ISASAS	Scope of This Section (Ref: par. .03-.04)	
<p>1. This International Standard on Auditing (ISA)Statement on Auditing Standards (SAS) deals withaddresses the auditor’s responsibilities relating to other information, whether financial or non-financial information (other than financial statements and the auditor’s report thereon), included in an entity’s annual report. An entity’s annual report may be a single document or a</p>		

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<p>combination of documents that serve the same purpose.</p>		
<p><u>2. In the absence of any separate requirement in the particular circumstances of the engagement, the auditor's opinion on the financial statements does not cover other information, and the auditor has no responsibility for determining whether such information is properly stated. This section establishes the requirement for the auditor to read the other information of which the auditor is aware because the credibility of the audited financial statements may be undermined by material inconsistencies between the audited financial statements and other information in the annual report.</u></p>		
<p><u>3. This standard does not apply to supplemental information addressed by AU-C section 725, <i>Supplementary Information in Relation to the Financial Statements as a Whole</i> or required supplementary information addressed by AU-C section 730, <i>Required Supplementary Information</i>. (Ref: par. A1)</u></p>	<p><u>.A1 This SAS also addresses other information for which a designated accounting standard setter⁶ has issued standards or guidance regarding the format to be used and content to be included when such information is voluntarily presented in an annual report. The auditor's responsibility for other information presented in an annual report that is required to be included by a designated accounting standards</u></p>	

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	<p><u>setter is addressed in section 730, Required Supplementary Information.</u></p> <p><u>⁶ Designated accounting standards setter is defined in paragraph .04 of section 730.</u></p>	
<p><u>4. This SAS also may be applied, adapted as necessary in the circumstances, to other documents to which the auditor, at management's request, devotes attention. (Ref: par. A2-A4)</u></p>	<p><u>.A2 Other information may comprise the following:</u></p> <ul style="list-style-type: none"> <u>• A report by management or those charged with governance on operations</u> <u>• Financial summaries or highlights</u> <u>• Employment data</u> <u>• Planned capital expenditures</u> <u>• Financial ratios</u> <u>• Names of officers and directors</u> <u>• Selected quarterly data</u> 	

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.A3 For purposes of GAAS, other information does not encompass, for example, the following:

- A press release or similar memorandum or cover letter accompanying the document containing audited financial statements and the auditor's report thereon.
- Information contained in analyst briefings.
- Information contained on the entity's website. Websites are a means of distributing information and are not, themselves, documents containing audited financial statements.

Considerations Specific to Governmental Entities (Ref: par. .2)

.A4 The term annual reports of governments is intended to include comprehensive annual reports or other annual financial reports that include the government's financial statements and the auditor's report thereon.

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<p>25. This ISA-SAS is written in the context of an audit of financial statements by an independent auditor. Accordingly, the objectives of the auditor in this ISA-SAS are to be understood in the context of the overall objectives of the auditor as stated in paragraph 11-12 of ISA 200AU-C section 200.^{fn+1} The requirements in the ISAs-SASs are designed to enable the auditor to achieve the objectives specified in the ISAsSASs, and thereby the overall objectives of the auditor. The auditor's opinion on the financial statements does not cover the other information, nor does this ISA require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements.</p> <p>^{fn+1} ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing.</p>		<p>The stricken language from the ISA is covered by paragraph 3 of the proposed revised SAS.</p>
<p>3. This ISA requires the auditor to read and consider the other information because other information that is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit may indicate that there is a</p>		<p>Similar statement is made in paragraph 3 of the proposed revised SAS.</p>

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<p>material misstatement of the financial statements or that a material misstatement of the other information exists, either of which may undermine the credibility of the financial statements and the auditor's report thereon. Such material misstatements may also inappropriately influence the economic decisions of the users for whom the auditor's report is prepared.</p>		
<p>4. This ISA may also assist the auditor in complying with relevant ethical requirements^{fn-2} that require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.</p> <p>^{fn-2} See paragraph 110.2 of the International Ethics Standards Board for Accountants, Code of Ethics for Professional Accountants (IESBA Code).</p>		<p>The paragraph is not included as corresponding language is not included in the AICPA Code. AICPA Professional Ethics Team staff stated that the following Code paragraph is considered to incorporate the essence of the IESBA standard (emphasis added);</p> <p>1.100.001 Integrity and Objectivity Rule</p> <p>.01 In the performance of any <i>professional service</i>, a <i>member</i> shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others. [Prior reference: paragraph .01 of ET section 102]</p>

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<p>56. Other information may include amounts or other items that are intended to be the same as, to summarize, or to provide greater detail, about amounts or other items in the financial statements, and other amounts or other items about which the auditor has obtained knowledge in the audit. Other information may also include other matters.</p>		
<p>67. The auditor’s responsibilities relating to other information (other than applicable reporting responsibilities) apply regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor’s report.</p>		
<p>78. This ISA-SAS does not apply to:</p> <p>(a) Preliminary announcements of financial information; or</p>		

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(b) Securities offering documents, including prospectuses.		
89. The auditor's responsibilities under this ISA SAS do not constitute an assurance engagement on other information or impose an obligation on the auditor to obtain assurance about the other information.		
9. Law or regulation may impose additional obligations on the auditor in relation to other information that are beyond the scope of this ISA.		Not considered necessary for the SAS.
Effective Date		
10. This ISA-SAS is effective for audits of financial statements for periods ending on or after December 15, 2016 201X .		To coincide with the effective date of auditor reporting standards.
Objectives		

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<p>11. The objectives of the auditor, having read the other information, are:</p> <p>(a) To consider whether <u>the other information contains (1) there is a material inconsistency with amounts or information, or the manner of their presentation, in the audited financial statements (“material inconsistency”); (2) a material misstatement of fact; or (3) both and, if so to, respond appropriately; between the other information and the financial statements;</u></p> <p>(b) To consider whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit;</p> <p>(c) To respond appropriately when the auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise</p>		<p>Revisions made to retain the concepts of material inconsistency and material misstatement of fact.</p>

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<p>becomes aware that other information appears to be materially misstated; and</p> <p>(b) To report in accordance with this ISASAS.</p>		
Definitions	Definitions	
<p>12. For purposes of the ISAsSASs, the following terms have the meanings attributed below:</p> <p>(a) Annual report. —A document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the entity’s financial results and financial position as set out in the financial statements. An annual report contains or ac- companies or incorporates by reference the financial statements and the auditor’s report thereon and usually includes information</p>	<p><i>Annual Report</i> (Ref: Para. 12(a))</p> <p>A1. Law, regulation or custom may define the content of an annual report, and the name by which it is to</p> <p>be referred, for entities in a particular jurisdiction; however, the content and the name may vary within a jurisdiction and from one jurisdiction to another.</p> <p>A2A5. An annual report is typically prepared on an annual basis. However, when the finan-</p>	<p>The definition of <i>annual report</i> is primarily from ISA 720 (Revised). Differences of note:</p> <ol style="list-style-type: none"> 1) For clarity, the SAS excludes the phrase “in accordance with law, regulation or custom” as such phase is not deemed necessary for American auditors. 2) The proposed SAS definition states that the annual report includes <i>or incorporates by reference</i> the financial statements and auditor’s report thereon. ISA 720 (Revised) does not include the “incorporates by reference” wording

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about the entity’s developments, its future outlook and risks and uncertainties, a statement by the entity’s governing body, and reports covering governance matters. Annual reports include annual reports of governments and organizations for charitable or philanthropic purposes that are available to the public. (Ref: Para. ~~A1A5–A5A9~~)

Inconsistency. Other information that conflicts with information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor’s opinion on the financial statements.

Misstatement of fact. Other information that is unrelated to matters appearing in the audited financial statements that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing audited financial statements.

~~(b) Misstatement of the other information—A misstatement of the other information exists~~

cial statements being audited are prepared for a period less than or more than a year, an annual report may also be prepared that covers the same period as the financial statements.

~~A3A6.~~ In some cases, an entity’s annual report may be a single document and referred to by the title “annual report” or by some other title. In other cases, law, regulation or custom may require the entity to report to owners (or similar stakeholders) information on the entity’s operations and the entity’s financial results and financial position as set out in the financial statements (i.e., an annual report) by way of a single document, or by way of two or more separate documents that in combination serve the same purpose. For example, depending on law, regulation or custom in a particular jurisdiction, one or more of the following documents may form part of the annual report:

- Management report, management commentary, or operating and financial review or similar reports by those charged with governance (for example, a directors’ report).

and instead states that the annual report may *accompany* the financial statements and the auditor’s report thereon. *Incorporates by reference* is consistent with the proposed SAS, *Auditor Involvement with Exempt Offerings*.

- 3) The SAS includes the concept of annual reports of governments and charitable organizations from extant AU-C section 720.

The proposed SAS retains the concepts of *inconsistency* and *misstatement of fact* whereas ISA 720 (Revised) combines the concepts into *misstatement of the other information*.

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~~when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information). (Ref: Para. A6-A7)~~

- Chairman’s statement.
- Corporate governance statement.
- Internal control and risk assessment reports.

~~A4A7.~~ An annual report may be made available to users in printed form, or electronically, including on the entity’s website. A document (or combination of documents) may meet the definition of an annual report, irrespective of the manner in which it is made available to users.

~~A5A8.~~ An annual report is different in nature, purpose and content from other reports, such as a report prepared to meet the information needs of a specific stakeholder group or a report prepared to comply with a specific regulatory reporting objective (even when such a report is required to be publicly available). Examples of reports that, when issued as standalone documents, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and that, therefore, are not other information within the scope of this ISA, in-

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clude:

- Separate industry or regulatory reports (for example, capital adequacy reports), such as may be prepared in the banking, insurance, and pension industries.
- Corporate social responsibility reports.
- Sustainability reports.
- Diversity and equal opportunity reports.
- Product responsibility reports.
- Labor practices and working conditions reports.
- Human rights reports.

[A9. While an entity may refer to a document as an annual report, such document may not meet the definition of annual report for purposes of this SAS.](#)

Other Information (Ref: ~~Parapar.~~ 12~~(e)~~)

~~A8~~A10. Appendix 1 contains examples of amounts or other items that may be included in the other information.

Paragraph A9 added pursuant to an ASB request (August 2016).

~~(e)~~**Other information.** —Financial or non-financial information (other than financial statements and the auditor’s report thereon) included in an entity’s annual report, excluding required supplementary information.¹ (Ref: par. A10-A12)

¹ Required supplementary information is defined in paragraph .04 of section 730, Re-

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<p>quired Supplementary Information.</p> <p>.(Ref: Para. A8–A10)</p>	<p>A9A11. In some cases, the applicable financial reporting framework may require specific disclosures but permit them to be located outside of the financial statements.⁵ As such disclosures are required by the applicable financial reporting framework, they form part of the financial statements. Accordingly, they do not constitute other information for the purpose of this ISASAS.</p> <p>⁵ For example, IFRS 7, <i>Financial Instruments: Disclosures</i>, permits certain disclosures required by the IFRSs to either be given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time.</p> <p>A10A12. eXtensible Business Reporting Language (XBRL) tags do not represent other information as defined in this ISASAS.</p>	<p>Need a GAAP example.</p>

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Requirements		
Obtaining the Other Information	Obtaining the Other Information (Ref: Parapar. 13)	
<p>13. The auditor shallshould: (Ref: Ppara. A11A13–A22A23)</p> <p>(a) Determine, through discussion with management, which document(s) comprises the annual report, and the entity’s planned manner and timing of the issuance of such document(s);</p> <p>(b) Make appropriate arrangements with management to obtain in a timely manner and, if possible, prior to the date of the auditor’s report, the final version of the document(s) comprising the annual report; and</p> <p>(c) When some or all of the document(s) determined in (a) will not be available until after the date of the auditor’s report <u>on the financial statements</u>, request management to provide a written representation that the final</p>	<p>A11A13. Determining the document(s) that is or comprises the annual report is often clear based on law, regulation or custom. In many cases, management or those charged with governance may have customarily issued a package of documents that together comprise the annual report, or may have committed to do so. In some cases, however, it may not be clear which document(s) is or comprises the annual report. In such cases, the timing and purpose of the documents (and for whom they are intended) are matters that may be relevant to the auditor’s determination of which document(s) is the annual report.</p> <p>A12. When the annual report is translated into other languages pursuant to law or regulation (such as may occur when a jurisdiction has more than one official language), or when multiple “annual reports” are prepared under dif-</p>	

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<p>version of the document(s) will be provided to the auditor when available, and prior to its issuance by the entity, such that the auditor can complete the procedures required by this ISA proposed standard. (Ref: Parapar. A22A23)</p>	<p>ferent legislation (for example, when an entity is listed in more than one jurisdiction), consideration may need to be given as to whether one, or more than one of the “annual reports” form part of the other information. Local law or regulation may provide further guidance in this respect.</p> <p>A13A14. Management, or those charged with governance, is responsible for preparing the annual report. The auditor may communicate with management or those charged with governance:</p> <ul style="list-style-type: none"> • The auditor’s expectations in relation to obtaining the final version of the annual report (including a combination of documents that together comprise the annual report) in a timely manner prior to the date of the auditor’s report such that the auditor can complete the procedures required by this ISA-SAS before the date of the auditor’s report, or if that is not possible, as soon as practicable and in any case prior to the entity’s issuance of such information. 	

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	<ul style="list-style-type: none">• The possible implications when the other information is obtained after the date of the auditor's report.	
	<p>A14A15. The communications referred to in paragraph A13–A14 may be particularly appropriate for example:</p> <ul style="list-style-type: none">• In an initial audit engagement.• When there has been a change in management or those charged with governance.• When other information is expected to be obtained after the date of the auditor's report. <p>A15A16. Where those charged with governance are to approve the other information prior to its issuance by the entity, the final version of such other information is the one that has been approved by those charged with governance for issuance.</p>	

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[A16A17](#). In some cases, the entity's annual report may be a single document to be released, in accordance with law or regulation or the entity's reporting practice, shortly after the entity's financial reporting period such that it is available to the auditor prior to the date of the auditor's report. In other cases, such a document may not be required to be released until a later time, or at a time of the entity's choosing. There may also be circumstances when the entity's annual report is a combination of documents, each subject to different requirements or reporting practice by the entity with respect to the timing of their release.

[A17A18](#). There may be circumstances when, at the date of the auditor's report, the entity is considering the development of a document that may be part of the entity's annual report (for example, a voluntary report to stakeholders) but management is unable to confirm to the auditor the purpose or timing of such a document. If the auditor is unable to ascertain the purpose or timing of such a document, the document is not considered other information for purposes of this [ISASAS](#).

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~~A18~~~~A19~~. Obtaining the other information in a timely manner prior to the date of the auditor's report enables any revisions that are found to be necessary to be made to the financial statements, the auditor's report, or the other information prior to their issuance. The audit engagement letter⁶ may make reference to an agreement with management to make available to the auditor the other information in a timely manner, and if possible prior to the date of the auditor's report.

⁶ ~~ISA Paragraph 23 of AU-C section 210, Agreeing the Terms of Audit Engagements, paragraph A23~~

~~A19~~~~A20~~. When other information is only made available to users via the entity's website, the version of the other information obtained from the entity, rather than directly from the entity's website, is the relevant document on which the auditor would perform procedures in accordance with this ~~ISAS~~~~SAS~~. The auditor has no responsibility ~~under this ISA~~ in accordance with this SAS to search for other information, including other information that may be on the

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entity's website, nor to perform any procedures to confirm that other information is appropriately displayed on the entity's website or otherwise has been appropriately transmitted or displayed electronically.

~~A20~~A21. The auditor is not precluded from dating or issuing the auditor's report if the auditor has not obtained some or all of the other information.

~~A21~~A22. When the other information is obtained after the date of the auditor's report, the auditor is not required to update the procedures performed in accordance with paragraphs ~~6 and 7.09-.11~~ of ~~ISA-AU-C section 560, *Subsequent Events and Subsequently Discovered Facts*~~.⁷

⁷~~ISA 560, *Subsequent Events*~~

~~A22~~A23. ~~ISA-AU-C section 580,~~⁸ *Written Representations* establishes requirements and provides guidance on the use of written representations. The written representation required to be requested by paragraph ~~1311~~(c) regarding other information that will be available on-

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	<p>ly after the date of the auditor’s report is intended to support the auditor’s ability to complete the procedures required by this ISA-SAS with respect to such information. In addition, the auditor may find it useful to request other written representations, for example, that:</p> <ul style="list-style-type: none"> • Management has informed the auditor of all the documents that it expects to issue that may comprise other information; • The financial statements and any other information obtained by the auditor prior to the date of the auditor’s report are consistent with one another, and the other information does not contain any material misstatementsinconsistencies or material misstatements of fact; and • With regard to other information that has not been obtained by the auditor prior to the date of the auditor’s report, that management intends to prepare and issue such other information and the expected timing of such issuance. 	
Reading and Considering the Other Infor-	Reading and Considering the Other Infor-	

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mation	mation (Ref: Para. 14-15 12)	
<p>14. The auditor shall should read the other information <u>of which the auditor is aware in order to identify material inconsistencies, if any</u> and, in doing so shall: (Ref: Parapar. A23A24-A24A26)</p>	<p>A23A24. <u>Obtaining the other information prior to the report release date enables the auditor to resolve possible material inconsistencies and apparent material misstatements of fact with management on a timely basis. An agreement with management regarding when other information will be available may be helpful. The auditor may delay the release of the auditor's report until management provides the other information to the auditor.</u></p> <p>A25. The auditor is required by ISA-AU-C section 200⁹ to plan and perform the audit with professional skepticism. Maintaining professional skepticism when reading and considering the other information includes, for example, recognizing that management may be overly optimistic about the success of its plans, and being alert to information that may be inconsistent with:</p> <ul style="list-style-type: none"> (a) The financial statements; or (b) The auditor's knowledge obtained in 	

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	<p>the audit.</p> <p>⁹ ISA-AU-C section 200, paragraph 1517</p> <p>A24A26. In accordance with ISA-AU-C section 220,¹⁰ the engagement partner is required to take responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements. In the context of this ISASAS, factors that may be taken into account when determining the appropriate engagement team members to address the requirements of paragraphs 14–15, include:</p> <ul style="list-style-type: none"> • The relative experience of engagement team members. • Whether the engagement team members to be assigned the tasks have the relevant knowledge obtained in the audit to identify inconsistencies between the other information and that knowledge. • The degree of judgment involved in addressing the requirements of paragraph 14–15. For example, performing 	

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<p>(a) Consider whether there is a material inconsistency between the other information and the financial statements. As the basis for this consideration, the auditor shall<u>should</u>, to evaluate their consistency, compare selected amounts or other items in the other information (that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements) with such amounts or other items in the financial statements; and (Ref: Parapar. A25A27–A29A31)</p>	<p>procedures to evaluate the consistency of amounts in the other information that are intended to be the same as amounts in the financial statements may be carried out by less experienced engagement team members.</p> <ul style="list-style-type: none"> • Whether, in the case of a group audit, it is necessary to make inquiries of a component auditor in addressing the other information related to that component. <p><i>Considering Whether There is a Material Inconsistency between the Other Information and the Financial Statements</i> (Ref: Parapar. 14(a))</p> <p>A25A27. Other information may include amounts or other items that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements. Examples of such amounts or other items may include:</p> <ul style="list-style-type: none"> • Tables, charts or graphs containing extracts of the financial statements. 	

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- A disclosure providing greater detail about a balance or account shown in the financial statements, such as “Revenue for 20X1 comprised XXX million from product X and YYY million from product Y.”
- Descriptions of the financial results, such as “Total research and development expense was XXX in 20X1.”

[A26A28](#). In evaluating the consistency of selected amounts or other items in the other information with the financial statements, the auditor is not required to compare all amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements.

[A27A29](#). Selecting the amounts or other items to compare is a matter of professional judgment. Factors relevant to this judgment in-

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clude:

- The significance of the amount or other item in the context in which it is presented, which may affect the importance that users would attach to the amount or other item (for example, a key ratio or amount).
- If quantitative, the relative size of the amount compared with accounts or items in the financial statements or the other information to which they relate.
- The sensitivity of the particular amount or other item in the other information, for example, share based payments for senior management.

[A28A30](#). Determining the nature and extent of procedures to address the requirement in paragraph 14(a) is a matter of professional judgment, recognizing that the auditor's responsibilities under this [ISA-SAS](#) do not constitute an assurance engagement on the other information or impose an obligation to obtain assurance about the other information. Examples

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	<p>of such procedures include:</p> <ul style="list-style-type: none"> • For information that is intended to be the same as information in the financial statements, comparing the information to the financial statements. • For information intended to convey the same meaning as disclosures in the financial statements, comparing the words used and considering the significance of differences in wording used and whether such differences imply different meanings. • Obtaining a reconciliation between an amount within the other information and the financial statements from management and: <ul style="list-style-type: none"> ○ Comparing items in the reconciliation to the financial statements and the other information; and ○ Checking whether the calculations within the reconciliation are arithmetically accurate. <p>A29A31. Evaluating the consistency of selected amounts or other items in the other information with the financial statements includes,</p>	

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<p>(b) Consider whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit, in the context of audit evidence obtained and conclusions reached in the audit. (Ref: Parapar. A30A32–A36A38)</p>	<p>when relevant given the nature of the other information, the manner of their presentation compared to the financial statements.</p> <p><i>Considering Whether There Is a Material Inconsistency between the Other Information and the Auditor’s Knowledge Obtained in the Audit</i> (Ref: Parapar. 14(b))</p> <p>A30A32. Other information may include amounts or items that are related to the auditor’s knowledge obtained in the audit (other than those in paragraph 14(a)). Examples of such amounts or items may include:</p> <ul style="list-style-type: none"> • A disclosure of the units produced, or a table summarizing such production by geographical region. • A statement that “The company introduced product X and product Y during the year.” • A summary of the locations of the entity’s major operations, such as “the entity’s major center of operation is in country X, and there are also operations 	

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in countries Y and Z.”

~~A31A33~~. The auditor’s knowledge obtained in the audit includes the auditor’s understanding of the entity and its environment, including the entity’s internal control, obtained in accordance with ~~ISA-AU-C section 315 (Revised)~~.¹¹ ~~ISA-AU-C section 315 (Revised)~~ sets out the auditor’s required understanding, which includes such matters as obtaining an understanding of:

- (a) The relevant industry, regulatory, and other external factors;
- (b) The nature of the entity;
- (c) The entity’s selection and application of accounting policies;
- (d) The entity’s objectives and strategies;
- (e) The measurement and review of the entity’s financial performance; and
- (f) The entity’s internal control.

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¹¹ ~~ISA-AU-C section 315~~ (Revised), *Understanding Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, paragraphs ~~1112-1225~~.

~~A32~~A34. The auditor's knowledge obtained in the audit may also include matters that are prospective in nature. Such matters may include, for example, business prospects and future cash flows that the auditor considered when evaluating the assumptions used by management in performing impairment tests on intangible assets such as goodwill, or when evaluating management's assessment of the entity's ability to continue as a going concern.

~~A33~~A35. In considering whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit, the auditor may focus on those matters in the other information that are of sufficient importance that a misstatement of the other information in relation to that matter could be material.

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[A34A36](#). In relation to many matters in the other information, the auditor's recollection of the audit evidence obtained and conclusions reached in the audit may be sufficient to enable the auditor to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit. The more experienced and the more familiar with the key aspects of the audit the auditor is, the more likely it is that the auditor's recollection of relevant matters will be sufficient. For example, the auditor may be able to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit in light of the auditor's recollection of discussions held with management or those charged with governance or findings from procedures carried out during the audit such as the reading of board minutes, without the need to take further action.

[A35A37](#). The auditor may determine that referring to relevant audit documentation or making inquiries of relevant members of the engagement team or relevant component audi-

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tors is appropriate as a basis for the auditor's consideration of whether a material inconsistency exists. For example:

- When the other information describes the planned cessation of a major product line and, although the auditor is aware of the planned cessation, the auditor may make inquiries of the relevant engagement team member who performed the audit procedures in this area to support the auditor's consideration of whether the description is materially inconsistent with the auditor's knowledge obtained during the audit.
- When the other information describes important details of a lawsuit addressed in the audit, but the auditor cannot recall them adequately, it may be necessary to refer to the audit documentation where such details are summarized to support the auditor's recollection.

[A36A38](#). Whether, and if so the extent to which, the auditor refers to relevant audit documentation, or makes inquiries of relevant members of the engagement team or relevant

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	<p>component auditors is a matter of professional judgment. However, it may not be necessary for the auditor to refer to relevant audit documentation, or to make inquiries of relevant members of the engagement team or relevant component auditors about any matter included in the other information.</p>	
<p>15. The auditor should communicate with those charged with governance the auditor's responsibility with respect to the other information, any procedures performed relating to the other information, and the results.</p>		<p>From paragraph 8 of extant AU-C section 720.</p>
<p>1516. While reading the other information in accordance with paragraph 14, the auditor shall <u>should</u> remain alert for indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated <u>include a material misstatement of fact</u>. (Ref: Parapar. 1516 <u>A37A39–A38A40</u>)</p>	<p><i>Remaining Alert for Other Indications that the Other Information Appears to Be Materially Misstated</i> (Ref: Parapar. 1516)</p> <p><u>A37A39.</u> Other information may include discussion of matters that are not related to the financial statements and may also extend beyond the auditor's knowledge obtained in the audit. For example, the other information may include statements about the entity's greenhouse gas emissions.</p> <p><u>A38A40.</u> Remaining alert for other indications</p>	

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	<p>that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements that require the auditor to avoid being knowingly associated with other information that the auditor believes contains a materially false or misleading statement, a statement furnished recklessly, or omits or obscures necessary information such that the other information is misleading.¹² Remaining alert for other indications that the other information appears to be materially misstated <u>may include a material misstatement of fact</u> could potentially result in the auditor identifying such matters as:</p> <ul style="list-style-type: none"> • Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that lead the auditor to believe that the other information appears to be materially misstated <u>include a material misstatement of fact</u>; or • An internal inconsistency in the other 	

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	<p>information that leads the auditor to believe that the other information appears to be materially misstated<u>include a material misstatement of fact.</u></p> <p>¹²International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants, paragraph 110.2</p>	
<p>Responding When a Material Inconsistency Appears to Exist or Other Information Appears to be Materially Misstated<u>Include a Material Misstatement of Fact</u></p>	<p>Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated<u>Include a Material Misstatement of Fact</u> (Ref: Parapar. 1617)</p>	
<p>1617. If the auditor identifies that a material inconsistency <u>or a material misstatement of fact</u> appears to exist (or becomes aware that the other information appears to be materially misstated), the auditor shall <u>should</u> discuss the matter with management and, if necessary, perform other procedures to conclude whether: (Ref: Parapar. A39A41–A43A45)</p> <p>(a) A material misstatement of the other information exists;</p>	<p>A39A41. The auditor's discussion with management about a material inconsistency <u>or a material misstatement of fact</u> (or other information that appears to be materially misstated) may include requesting management to provide support for the basis of management's statements in the other information. Based on management's further information or explanations, the auditor may be satisfied that the other information is not materially misstated <u>a material inconsistency or a material misstatement</u></p>	

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<p>(b) A material misstatement of the financial statements exists; or</p> <p>(c) The auditor’s understanding of the entity and its environment needs to be updated.</p>	<p><u>of fact does not exist</u>. For example, management explanations may indicate reasonable and sufficient grounds for valid differences of judgment.</p> <p><u>A40A42</u>. Conversely, the discussion with management may provide further information that supports the auditor’s conclusion that a material misstatement of the other information inconsistency or a material misstatement of fact exists.</p> <p><u>A41A43</u>. It may be more difficult for the auditor to challenge management on matters of judgment than on those of a more factual nature. However, there may be circumstances where the auditor concludes that the other information contains a statement that is not consistent with the financial statements or the auditor’s knowledge obtained in the audit. These circumstances may raise doubt about the other information, the financial statements, or the auditor’s knowledge obtained in the audit.</p> <p><u>A42A44</u>. As there is a wide range of possible material misstatements of the other information inconsistencies and material misstatements of fact, the nature and extent of other</p>	

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procedures the auditor may perform to conclude whether a material ~~misstatement of the other information~~ inconsistency or a material misstatement of fact exists are matters of the auditor's professional judgment in the circumstances.

~~A43A45~~. When a matter is unrelated to the financial statements or the auditor's knowledge obtained in the audit, the auditor may not be able to fully assess management's responses to the auditor's inquiries. Nevertheless, based on management's further information or explanations, or following changes made by management to the other information, the auditor may be satisfied that a material inconsistency or a material misstatement of fact no longer appears to exist ~~or that the other information no longer appears to be materially misstated~~. When the auditor is unable to conclude that a material inconsistency or a material misstatement of fact no longer appears to exist ~~or that the other information no longer appears to be materially misstated~~, the auditor may request management to consult with a qualified third party (for example, a management's expert or legal counsel). In certain cases, after consider-

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	<p>ing the responses from management’s consultation, the auditor may not be able to conclude whether or not a material misstatement of the other information inconsistency or a material misstatement of fact exists. Actions the auditor may then take include one or more of the following:</p> <ul style="list-style-type: none"> • Obtaining advice from the auditor’s legal counsel; • Considering the implications for the auditor’s report for example, whether to describe the circumstances when there is a limitation imposed by management; or • Withdrawing from the audit, where withdrawal is possible under applicable law or regulation. 	
<p>Responding When the Auditor Concludes That a Material Misstatement of the Other Information Inconsistency or a Material Misstatement of Fact Exists</p>	<p>Responding When the Auditor Concludes That a Material Misstatement of the Other Information Inconsistency or a Material Misstatement of Fact Exists</p>	
<p>4718. If the auditor concludes that a material</p>		

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<p>misstatement of the other information<u>inconsistency or a material misstatement of fact</u> exists, the auditor shall<u>should</u> request management to correct the other information. If management:</p> <p>(a) Agrees to make the correction, the auditor shall<u>should</u> determine that the correction has been made; or</p> <p>(b) Refuses to make the correction, the auditor shall<u>should</u> communicate the matter with those charged with governance and request that the correction be made.</p>		
<p><u><i>Material Inconsistencies Identified Prior to the Date of the Auditor's Report That Require Revision of the Audited Financial Statements</i></u></p>		
<p><u>.19 When the auditor identifies a material inconsistency prior to the date of the auditor's report that requires revision of the audited financial statements and management refuses to make the revision, the auditor should modify the auditor's opinion in accordance with section 705, <i>Modifications to the Opinion in the Independent Audi-</i></u></p>		

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<i>tor's Report.</i>		
<u><i>Material Inconsistencies Identified After the Date of the Auditor's Report But Prior to the Report Release Date That Require Revision of the Audited Financial Statements</i></u>		
<p><u><i>.20 When the auditor identifies a material inconsistency after the date of the auditor's report but prior to the report release date that requires revision of the audited financial statements, the auditor should apply the relevant requirements in section 560, Subsequent Events and Subsequently Discovered Facts.</i></u>³</p> <p>³ Paragraphs .12-.14 of section 560, <i>Subsequent Events and Subsequently Discovered Facts.</i></p>		
<u><i>Responding When the Auditor Concludes That a Material Inconsistency or a Material Misstatement of Fact Exists in Other Information Obtained Prior to the Date of the Auditor's Report</i></u>	<i>Responding When the Auditor Concludes That a Material <u>Inconsistency or a Material Misstatement of Fact</u> Misstatement Exists in Other Information Obtained Prior to the Date of the Auditor's Report (Ref: Ppara. 1821)</i>	

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<p>1821. If the auditor concludes that a material <u>inconsistency or a material misstatement of fact misstatement</u> exists in other information obtained prior to the date of the auditor’s report, and the other information is not corrected after communicating with those charged with governance, the auditor shall take appropriate action, including: (Ref: <u>Parapar. A44A46</u>)</p> <p>(a) Considering the implications for the auditor’s report and communicating with those charged with governance about how the auditor plans to address the material <u>misstatement inconsistency or material misstatement of fact</u> in the auditor’s report (see paragraph <u>2225(e)(ii)</u>); or (Ref: <u>Parapara. A45A47</u>)</p>	<p><u>A46</u>. The actions the auditor takes if the other information is not corrected after communicating with those charged with governance are a matter of the auditor’s professional judgment. The auditor may take into account whether the rationale given by management and those charged with governance for not making the correction raises doubt about the integrity or honesty of management or those charged with governance, such as when the auditor suspects an intention to mislead. The auditor may also consider it appropriate to seek legal advice. In some cases, the auditor may be required by law, regulation or other professional standards to communicate the matter to a regulator or relevant professional body.</p> <p>Reporting Implications (Ref: <u>Parapar. 1821(a)</u>)</p> <p><u>A45A47</u>. In rare circumstances, a disclaimer of opinion on the financial statements may be appropriate when the refusal to correct the material <u>misstatement of the other information inconsistency or material misstatement of fact</u> casts such doubt on the integrity of management and those charged with governance as to call into question the reliability of audit evi-</p>	

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<p>b. withholding the auditor's report; (Ref: par. A49) or</p> <p>(b)-c. Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. (Ref: Parapar. A46A48–A47A49)</p>	<p>dence in general.</p> <p>Withdrawal from the Engagement (Ref: Parapar. 1821(bc))</p> <p>A46A48. Withdrawal from the engagement, where withdrawal is possible under applicable law or regulation, may be appropriate when the circumstances surrounding the refusal to correct the material misstatement of the other information inconsistency or material misstatement of fact cast such doubt on the integrity of management and those charged with governance as to call into question the reliability of representations obtained from them during the audit.</p> <p><i>Considerations Specific to Governmental Entities</i></p> <p>.A49 <u>In audits of governmental entities, withdrawal from the engagement or withholding the auditor's report may not be possible under law or regulation. In such cases, the auditor may issue a report to those charged with governance and the appropriate statutory body, if applicable, giving details of the inconsistency.</u></p>	

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	<p>Considerations specific to public sector entities (Ref: Para. 18(b))</p> <p>A47. In the public sector, withdrawal from the engagement may not be possible. In such cases, the auditor</p> <p>may issue a report to the legislature providing details of the matter or may take other appropriate actions.</p>	
<p><u><i>Responding When the Auditor Concludes That a Material Inconsistency or a Material Misstatement of Fact Exists in Other Information Obtained after the Date of the Auditor's Report</i></u></p>	<p><i>Responding When the Auditor Concludes That a Material Misstatement <u>Inconsistency</u> or a Material Misstatement of Fact Exists in Other Information Obtained after the Date of the Auditor's Report</i> (Ref: Parapar. <u>1922</u>)</p>	
<p>1922. If <u>other information is obtained after the date of the auditor's report and the auditor concludes that a material misstatement-inconsistency or a material misstatement of fact exists in other information obtained after the date of the auditor's report,</u> the auditor shall<u>should</u>:</p>		

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<p>(a) If the other information is corrected, perform the procedures necessary in the circumstances; or (Ref: Parapar. A48A50)</p> <p>(b) If the other information is not corrected after communicating with those charged with governance, take appropriate action considering the auditor's legal rights and obligations, to seek to have the uncorrected material misstatement-inconsistency or material misstatement of fact appropriately brought to the attention of known users for whom of the au-</p>	<p>A48A50. If other information is obtained after the date of the auditor's report and the auditor concludes that a material misstatement exists in other information inconsistency or a material misstatement of fact exists obtained after the date of the auditor's report, and such a material misstatement material inconsistency or material misstatement of fact has been corrected, the auditor's procedures necessary in the circumstances include determining that the correction has been made (in accordance with paragraph 1718(a)) and may include reviewing the steps taken by management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision.</p> <p>A49A51. If those charged with governance do not agree to revise the other information, taking appropriate action to seek to have the uncorrected misstatement-inconsistency or material misstatement of fact appropriately brought to the attention of users for whom the auditor's report is prepared requires the exercise of professional judgment, and may be affected by</p>	

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<p>ditor's report is prepared. (Ref: Parapara. A49A51–A50A52)</p>	<p>relevant law or regulation in the jurisdiction. Accordingly, the auditor may consider it appropriate to seek legal advice about the auditor's legal rights and obligations.</p> <p>A50A52. When a material misstatement of the other information inconsistency or material misstatement of fact remains uncorrected, appropriate actions that the auditor may take to seek to have the uncorrected material misstatement inconsistency or material misstatement of fact appropriately brought to the attention of users for whom the auditor's report is prepared, when permitted by law or regulation, include, for example:</p> <ul style="list-style-type: none"> • Providing a new or amended auditor's report to management including a modified section in accordance with paragraph 2224, and requesting management to provide this new or amended auditor's report to known users of the auditor's report for whom the auditor's report is prepared. In doing so, the auditor may need to consider the effect, if any, on the date of the new or amended auditor's report, in view of the re- 	

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	<p>quirements of the ISAs-SASs or applicable law or regulation. The auditor may also review the steps taken by management to provide the new or amended auditor's report to such users;</p> <ul style="list-style-type: none"> • Bringing the material misstatement of the other information inconsistency or material misstatement of fact to the attention of the known users for whom of the auditor's report is prepared (for example, by addressing the matter in a general meeting of shareholders); • Communicating with a regulator or relevant professional body about the uncorrected material misstatement inconsistency or material misstatement of fact; or • Considering the implications for engagement continuance (see also paragraph A46A48). 	
Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to Be Updated	Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to Be Updated (Ref: Parapar. 2023)	

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<p>2023. If, as a result of performing the procedures in paragraphs 14–1617, the auditor concludes that a material misstatement in the financial statements exists or the auditor’s understanding of the entity and its environment needs to be updated, the auditor shallshould respond appropriately in accordance with the other ISAsSASs. (Ref: Parapar. A51A53)</p>	<p>A51A53. In reading the other information, the auditor may become aware of new information that has implications for:</p> <ul style="list-style-type: none"> • The auditor’s understanding of the entity and its environment and, accordingly, may indicate the need to revise the auditor’s risk assessment.¹³ • The auditor’s responsibility to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements.¹⁴ • The auditor’s responsibilities relating to subsequent events.¹⁵ <p>¹³ ISA–AU-C section 315 (Revised), paragraphs 11, 31, and A1</p> <p>¹⁴ ISA–AU-C section 450, <i>Evaluation of Misstatements Identified during the Audit</i></p> <p>¹⁵ ISA–AU-C section 560, paragraphs 10 and 14</p>	<p>Need to check paragraph references</p>

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<u>Written Representations</u>		
<p><u>24. The auditor should obtain written representations from management (i) that it acknowledges its responsibility for the other information and (ii) its understanding as to which document comprises the annual report.</u></p>		
Reporting	Reporting (Ref: Parapar. <u>2425–2426</u>)	
<p>251. The auditor’s report shall should include an other-matter paragraph –separate section with a heading “<u>The Auditor’s Responsibilities Regarding Other Information in the Annual Report</u>”, or other appropriate heading, when, at the date of the auditor’s report: the auditor has obtained some of all of the other information. (Ref: par. A54)</p> <p>(a) For an audit of financial statements of a listed entity, the auditor has obtained, or expects to obtain, the other information; or</p> <p>(b) For an audit of financial statements of an</p>	<p>A52A54. For an audit of financial statements of an entity other than a listed entity, tThe auditor may consider that the identification in the auditor’s report of other information that the auditor expects to obtain after the date of the auditor’s report would be appropriate in order to provide additional transparency about the other information that is subject to the auditor’s responsibilities under this ISASAS. The auditor may consider it appropriate to do so, for example, when management is able to represent to the auditor that such other information will be issued after the date of the audi-</p>	

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<p>entity other than a listed entity, the auditor has obtained some or all of the other information. (Ref: Para. A52)</p>	<p>tor's report.</p>	
<p>2226. When the auditor's report is required to include an <u>other matter paragraph in accordance with 25, Other Information section in accordance with paragraph 21, this section shall the paragraph should</u> include: (Ref: Parapar. A53A55)</p> <ul style="list-style-type: none"> (a) A statement that management is responsible for the other information; (b) An identification of <u>other information, if any, obtained by the auditor prior to the date of the auditor's report:</u> <ul style="list-style-type: none"> (i) Other information, if any, obtained by the auditor prior to the date of the auditor's report; and (ii) For an audit of financial statements of a listed entity, other information, if any, expected to be obtained after the date of the auditor's report; 	<p>A53A55. Illustrative examples of the "Other Information" section of the auditor's report are included in Appendix 2.</p>	<p>Illustrative section to be developed.</p>

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<p>(c) A statement that the auditor’s opinion does not cover the other information and, accordingly, that the auditor does not express (or will not express) an audit opinion or any form of assurance conclusion thereon;</p> <p>(d) A description of the auditor’s responsibilities relating to reading, considering and reporting on other information as required by this ISASAS; and</p> <p>(e) When other information has been obtained prior to the date of the auditor’s report, either:</p> <p>(i) A statement that the auditor has nothing to report; or</p> <p>(ii) If the auditor has concluded that there is an uncorrected material misstatement of the other informationinconsistency or a material misstatement of fact, a statement that describes the uncorrected material misstatement of the other informationinconsistency or material misstatement of fact.</p>		

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2327. When the auditor expresses a qualified or adverse opinion in accordance with ISA-AU-C section 705 (Revised),³ the auditor ~~shall~~ should consider the implications of the matter giving rise to the modification of opinion for the statement required in paragraph 2226(e). (Ref: Parapar. A54A56-A58A60)

³ ISA-AU-C section 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

Reporting Implications When the Auditor's Opinion on the Financial Statements Is Qualified or Adverse (Ref: Parapar. 2327)

A54A56. A qualified or adverse auditor's opinion on the financial statements may not have an impact on the statement required by paragraph 2226(e) if the matter in respect of which the auditor's opinion has been modified is not included or otherwise addressed in the other information and the matter does not affect any part of the other information. For example, a qualified opinion on the financial statements because of non-disclosure of directors' remuneration as required by the applicable financial reporting framework may have no implications for the reporting required under this ISASAS. In other circumstances, there may be implications for such reporting as described in paragraphs A55A57-A58A60.

Qualified Opinion Due to a Material Misstatement in the Financial Statements

A55A57. In circumstances when the auditor's opinion is qualified, consideration may be given as to whether the other information is also

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materially misstated for the same matter as, or a related matter to, the matter giving rise to the qualified opinion on the financial statements.

Qualified Opinion Due to Limitation of Scope

~~A56A58~~. When there is a limitation of scope with respect to a material item in the financial statements, the auditor will not have obtained sufficient appropriate audit evidence about that matter. In these circumstances, the auditor may be unable to conclude whether or not the amounts or other items in the other information related to this matter result in a material ~~misstatement of the other information~~ inconsistency. Accordingly, the auditor may need to modify the statement required by paragraph ~~2226~~(e) to refer to the auditor's inability to consider management's description of the matter in the other information in respect of which the auditor's opinion on the financial statements has been qualified as explained in the Basis for Qualified Opinion paragraph. The auditor is nevertheless required to report any other uncorrected material ~~misstatements of the other information~~ inconsistencies or material misstatements of fact that have been identi-

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fied.

Adverse Opinion

~~A57A59~~. An adverse opinion on the financial statements relating to a specific matter(s) described in the Basis for Adverse Opinion paragraph does not justify the omission of reporting of material ~~misstatements of the other information inconsistencies or material misstatements of fact~~ that the auditor has identified in the auditor's report in accordance with paragraph ~~2226~~(e)(ii). When an adverse opinion has been expressed on the financial statements, the auditor may need to appropriately modify the statement required by paragraph ~~2226~~(e) for example, to indicate that amounts or items in the other information is materially misstated for the same matter as, or a related matter to, the matter giving rise to the adverse opinion on the financial statements.

Disclaimer of Opinion

~~A58A60~~. When the auditor disclaims an opinion on the financial statements, providing further details about the audit, including a section to address other information may overshadow

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Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material	Notes
	<p>the disclaimer of opinion on the financial statements as a whole. Accordingly, in those circumstances, as required by ISA-AU-C section 705 (Revised), the auditor's report does not include a section addressing the reporting requirements under this ISASAS.</p>	
<p><i>Reporting Prescribed by Law or Regulation</i></p>	<p><i>Reporting Prescribed by Law or Regulation (Ref: Para. 24)</i></p>	
<p>24. If the auditor is required by law or regulation of a specific jurisdiction to refer to the other information in the auditor's report using a specific layout or wording, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum: (Ref: Para. A59)</p> <ul style="list-style-type: none"> (a) Identification of the other information obtained by the auditor prior to the date of the auditor's report; (b) A description of the auditor's responsibilities with respect to the other information; and 	<p>A59. ISA 200¹⁶ explains that the auditor may be required to comply with legal or regulatory requirements in addition to the ISAs. Where this is the case, the auditor may be obliged to use a specific layout or wording in the auditor's report that differs from that described in this ISA. Consistency in the auditor's report, when the audit has been conducted in accordance with ISAs, promotes credibility in the global marketplace by making more readily identifiable those audits that have been conducted in accordance with globally recognized standards. When the differences between the legal or regulatory requirements to report with respect to the other information and this ISA relate only to the layout and wording in the</p>	

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<p>(c) An explicit statement addressing the outcome of the auditor's work for this purpose.</p>	<p>auditor's report and, at a minimum, each of the elements identified in paragraph 24 is included in the auditor's report, the auditor's report may refer to International Standards on Auditing.</p> <p>Accordingly, in such circumstances the auditor is considered to have complied with the requirements of this ISA, even when the layout and wording used in the auditor's report are specified by legal or regulatory reporting requirements.</p> <p>¹⁶ ISA 200, paragraph A55</p>	
<p>Documentation</p>		
<p>2528. In addressing the requirements of ISA AU-C section 230⁴ as it applies to this ISASAS, the auditor shall<u>should</u> include in the audit documentation:</p> <p>(a) Documentation of the procedures performed under this ISASAS; and</p> <p>(b) The final version of the other information on which the auditor has performed the</p>		

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<p style="text-align: center;">work required under this ISASAS.</p> <p>⁴ ISA-AU-C section 230, <i>Audit Documentation</i>, paragraphs 8-11</p>		

Appendix 1

(Ref: [Parapara. 1410](#), [A&A12](#))

Examples of Amounts or Other Items that May Be Included in the Other Information

The following are examples of amounts and other items that may be included in other information. This list is not intended to be exhaustive.

Amounts

- Items in a summary of key financial results, such as net income, earnings per share, dividends, sales and other operating revenues, and purchases and operating expenses.
- Selected operating data, such as income from continuing operations by major operating area, or sales by geographical segment or product line.
- Special items, such as asset dispositions, litigation provisions, asset impairments, tax adjustments, environmental remediation provisions, and restructuring and reorganization expenses.
- Liquidity and capital resource information, such as cash, cash equivalents and marketable securities; dividends; and debt, capital lease and minority interest obligations.
- Capital expenditures by segment or division.
- Amounts involved in, and related financial effects of, off-balance sheet arrangements.
- Amounts involved in guarantees, contractual obligations, legal or environmental claims, and other contingencies.
- Financial measures or ratios, such as gross margin, return on average capital employed, return on average shareholders' equity, current ratio, interest coverage ratio and debt ratio. Some of these may be directly reconcilable to the financial statements.

Other Items

- Explanations of critical accounting estimates and related assumptions.
- Identification of related parties and descriptions of transactions with them.
- Articulation of the entity's policies or approach to manage commodity, foreign exchange or interest rate risks, such as through the use of forward contracts, interest rate swaps, or other financial instruments.
- Descriptions of the nature of off-balance sheet arrangements.
- Descriptions of guarantees, indemnifications, contractual obligations, litigation or environmental liability cases, and other contingencies, including management's qualitative assessments of the entity's related exposures.
- Descriptions of changes in legal or regulatory requirements, such as new tax or environmental regulations, that have materially impacted the entity's operations or fiscal position, or will have a material impact on the entity's future financial prospects.
- Management's qualitative assessments of the impacts of new financial reporting standards that have come into effect during the period, or will come into effect in the following period, on the entity's financial results, financial position and cash flows.
- General descriptions of the business environment and outlook.
- Overview of strategy.
- Descriptions of trends in market prices of key commodities or raw materials.
- Contrasts of supply, demand and regulatory circumstances between geographic regions.
- Explanations of specific factors influencing the entity's profitability in specific segments.