

PROPOSED INTERNATIONAL STANDARD ON AUDITING 720 (REVISED)

THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION

**[MARKED FROM VERSION DISCUSSED BY THE IAASB ON
DECEMBER 13TH, 2014]**

(Effective for audits of financial statements for periods ending on or after [Date])

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Introduction

Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to other information, whether financial or non-financial information (other than ~~audited~~ financial statements and the auditor's report thereon), included in an entity's annual report ~~(which. An entity's annual report~~ may be a single document or a combination of documents that serve the same purpose~~).~~.
- ~~[Relocated from paragraph 9]~~2. This ISA may also assist the auditor in complying with relevant ethical requirements¹ that require the auditor to avoid being knowingly associated with other 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.
23. Other information that is materially inconsistent with the ~~audited~~ financial statements or ~~relevant audit evidence obtained and conclusions reached~~the auditor's knowledge gained during the course of the audit may:
 - (a) Undermine the credibility of the ~~audited~~ financial statements and the auditor's report thereon;
or
 - (b) Inappropriately influence the economic decisions of the users for whom the auditor's report is prepared;~~or.~~
 - ~~(c) Indicate that the audited financial statements are materially misstated.~~
34. Other information may include matters amounts or other items that are unrelated intended to be the same as, to summarize, or to provide greater detail, about amounts or other items in the financial statements. ~~Nevertheless, such other, and other amounts or other items about which the auditor has gained knowledge during the course of the audit. Other information included in an annual report is within the scope of this~~ may also include other matters.

~~This ISA. However, the auditor is~~ does not ~~required~~require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements.
45. This ISA does not apply to:
 - (a) Preliminary announcements of financial information; or
 - (b) Securities offering documents, including prospectuses.
56. The auditor's responsibilities under this ISA do not constitute a separate assurance engagement or impose an obligation on the auditor to express an assurance conclusion on the other information. Furthermore, this ISA does not apply to an assurance engagement over other information that is the subject of a separate assurance engagement that may be ~~specifically~~ requested by management, those charged with governance, or others.

¹ See paragraph 110.2 of the International Ethical Standards Board for Accountants' ~~Code of Ethics for Professional Accountants.~~

- ~~67.~~ Law or regulation may impose additional obligations on the auditor in relation to other information that are beyond the scope of this ISA.

Effective Date

- ~~78.~~ This ISA is effective for audits of financial statements for periods ending on or after [date].

Objectives

[Note to IAASB: the objectives with strikethrough below shows the version of the objective that was presented to the February 2014 IAASB teleconference.]

~~9. The objectives of the auditor are to:~~

- ~~(a) Read the other information and perform certain limited procedures to consider whether there is an apparent material inconsistency between the other information and the financial statements or the auditor's knowledge gained during the course of the audit, because such an inconsistency may undermine the credibility of the financial statements and the auditor's report thereon;~~
- ~~(b) Respond appropriately when the auditor identifies such an apparent material inconsistency or when, in light of the auditor's knowledge gained during the course of the audit, the auditor becomes aware that other information is apparently materially incorrectly stated or is otherwise misleading; and~~
- ~~(c) Report in accordance with this ISA.~~

~~9. The objectives of the auditor, having read the other information, are:~~

- ~~(a) To consider, through performing limited procedures, whether there is an apparent material inconsistency between the other information and the financial statements, because such an inconsistency may undermine the credibility of the financial statements and the auditor's report thereon;~~
- ~~(b) To consider whether there is an apparent material inconsistency between the other information and the auditor's knowledge gained during the course of the audit;~~
- ~~(c) To respond appropriately when the auditor identifies such apparent material inconsistencies, or when the auditor becomes aware that other information is apparently materially incorrectly stated or is otherwise misleading; and~~
- ~~(d) To report in accordance with this ISA.~~

Definitions

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

- (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 ~~or~~, regulation or ~~by~~ 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 ~~audited~~ financial statements. An annual report contains or accompanies the ~~audited~~ financial statements and the auditor's report thereon and typically includes information 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. The content of an annual report, and the name by which it is known, may vary by law, regulation or custom across jurisdictions. (Ref: Para. A1–~~A5~~A4)

- (b) Misstatement of the other information – A misstatement of the other information exists when the other information is incorrectly stated, ~~inappropriately presented~~, or otherwise misleading (for example, because it omits or obscures information necessary for a proper understanding of a matter). ~~A misstatement~~Misstatements of the other information ~~is~~are material if ~~it~~they could reasonably be expected to influence the economic decisions of users. ~~Judgments about materiality are made in light of surrounding circumstances~~, recognizing that the other information is only part of the overall information available to users. (Ref: Para. A5)
- (c) Other information – Financial and non-financial information (other than ~~audited~~ financial statements and the auditor's report thereon) included in an entity's annual report. (Ref: Para. ~~A7–A10~~A6–A9)

Requirements

Obtaining the Other Information

- 11. The auditor shall:
 - (a) Determine, through discussion with management, which document(s) comprises the annual report ~~(and therefore includes the other information within the scope)~~planned timing of this ISA; ~~the entity's issuance of such documents~~; and
 - (b) Make appropriate arrangements with management to obtain ~~such other information~~ in a timely manner and, if possible, prior to the date of the auditor's report, the final version of ~~such~~the other information. (Ref: Para. ~~A11–A19~~A10–A20)

Reading and Considering the Other Information

- 12. The auditor shall read the other information and ~~considers~~shall: (Ref: Para. A21–A22)
 - (a) Consider whether there ~~may be~~is an apparent material ~~misstatement of~~inconsistency between the other information ~~or a material misstatement of~~and the financial statements.; (Ref: Para. ~~A20–A24~~A23–A27)
 - (b) Consider whether there is an apparent material inconsistency between the other information and the auditor's knowledge gained during the course of the audit; and (Ref: Para. A28–A33)
 - (c) Remain alert for other indications that the other information is apparently materially incorrectly stated or is otherwise misleading. (Ref: Para. A34–A35)
- 13. In fulfilling the requirement in paragraph 12: ~~(a), the~~ (Ref: Para. ~~A25, A29~~)
 - ~~(a) Amounts or other items in the other information that are closely related to the audited financial statements—~~The auditor shall perform limited procedures to evaluate the consistency ~~of~~between the 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 ~~audited~~ financial statements. ~~The auditor shall use professional judgment in selecting the, with such~~ amounts or other items in the ~~other information for evaluation of the consistency of the other information with the audited~~ financial statements. (Ref: Para. ~~A26A–A28~~)

- ~~(b) Amounts or other items that are related to the auditor's knowledge gained during the course of the audit other than those in (a)–The auditor shall consider whether such amounts or other items are inconsistent with the auditor's knowledge gained during the course of the audit. (Ref: Para. A28A-A28CA)~~
- ~~(c) Other information unrelated to the auditor's knowledge gained during the course of the audit–While reading other information not addressed by paragraphs 13(a)–(b), the auditor shall remain alert to the possibility that there may be a material misstatement in the other information. (Ref: Para. A28D-A28E)~~

Responding to an Apparent Material Misstatement of the Inconsistency or Other Information that is Apparently Materially Incorrectly Stated or Otherwise Misleading

14. If the auditor ~~believes that there may be a~~ identifies an apparent material ~~misstatement~~ inconsistency ~~(or becomes aware of the other information, that is apparently materially incorrectly stated or otherwise misleading),~~ the auditor shall discuss ~~the matter~~ with management and, if necessary, perform other procedures to determine whether ~~a material misstatement of the other information does in fact exist.~~ (Ref: Para. ~~A30–A34~~A36–A40, A48)
- ~~(a) A material misstatement of other information exists;~~
- ~~(b) A material misstatement in the financial statements exists; or~~
- ~~(c) The auditor's understanding of the entity and its environment needs to be updated.~~

Responding When the Auditor Determines That a Material Misstatement of Other Information Exists

15. If the auditor determines that a material misstatement of the other information ~~does exist~~exists, the auditor shall request management to correct the other information. If management:
- (a) Agrees to make the correction, the auditor shall determine that the correction has been made ~~and, if the other information was received after the date of the auditor's report, the auditor shall carry out the procedures necessary under the circumstances; or (Ref: Para. A40); or~~
- (b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made.
16. If the other information was obtained prior to the date of the auditor's report and is not corrected after communicating with those charged with governance, the auditor shall: ~~(a)–When the other information was obtained prior to the date of the auditor's report,~~ take appropriate action, including: (Ref: Para. ~~A35~~A41)
- (~~ia~~) Considering the implications for the auditor's report (see paragraph ~~48~~19(c)(ii)); or (Ref: Para. ~~A36~~A42)
- (~~ib~~) Withdrawing from the engagement, where withdrawal is possible under the applicable law or regulation; ~~or.~~ (Ref: Para. ~~A37–A38~~A43–A44)
- ~~(b)–When~~17. If the other information was obtained after the date of the auditor's report, ~~take~~the auditor shall: (Ref: Para. A45)
- ~~(a) Carry out the procedures necessary under the circumstances if management agrees to correct the other information; or (Ref: Para. A45)~~

- (b) Take appropriate action ~~in accordance with ISA 560,~~² taking into account the auditor's legal rights and obligations, if the other information is not corrected after communicating with management and those charged with governance. (Ref: Para. ~~(Ref: Para. A39–A44)~~A46–A47)

Responding When ~~There May Be~~ a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to be Updated

18. If, as a result of performing the procedures ~~above~~ in paragraphs 12–14, the auditor identifies that there ~~may be~~ a material misstatement in the financial statements, ~~the auditor shall perform the procedures necessary under the~~ or the auditor's understanding of the entity and its environment needs to be updated, the auditor shall respond appropriately in accordance with the other ISAs to determine whether the financial statements are materially misstated. (Ref: Para. ~~A26, A39~~A48)

Reporting

- ~~4819.~~ When the auditor has obtained all or part of the other information prior to the date of the auditor's report, the auditor shall include a statement in the auditor's report comprising the following elements: (Ref: Para. ~~A45–A46~~A49)

- (a) Identification of the other information ~~read~~obtained by the auditor before the date of the auditor's report;
- (b) A description of the auditor's responsibilities with respect to the other information;
- (c) A statement:
 - (i) If the auditor has not identified a material misstatement in the other information, that the auditor has nothing to report; or (Ref: Para. A49)
 - (ii) If the auditor has identified a material misstatement in the other information, that describes the material misstatement. (Ref: Para. A50)
- (d) A statement that the auditor has not audited or reviewed the other information and accordingly does not express ~~an audit opinion or a review~~any form of assurance conclusion on it.

- ~~4920.~~ When the auditor's opinion on the financial statements is modified, the auditor shall consider the implications of the modification for the statement required in paragraph ~~4819(c)(ii)~~. (Ref: Para. ~~A47–A51~~A55)

21. When the auditor has identified an uncorrected material misstatement of the other information and the auditor expects to modify the statement in the auditor's report (see paragraph 19(c)(ii)), the auditor shall communicate with those charged with governance the proposed wording of the statement.

Reporting Prescribed by Law or Regulation

- ~~2022.~~ If the auditor is required by law or regulation of a specific jurisdiction to ~~report with respect~~refer to the other information ~~and to use in the auditor's report using~~ a specific layout or wording ~~in the~~

~~auditor's report for this purpose, the~~, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum: (Ref: Para. A5~~26~~)

- (a) A description of the auditor's responsibilities with respect to the other information;
- (b) An identification of the documents containing the other information ~~that obtained by~~ the auditor ~~has read before the date of the auditor's report~~; and
- (c) An explicit statement addressing the outcome of the auditor's work for this purpose.

Documentation

~~2423~~. The auditor shall retain in the audit documentation the final version of the other information on which the auditor has performed the work required under this ISA. (Ref: Para. A5~~37~~)

Application and Other Explanatory Material

Definitions

Annual Report (Ref: Para. 10(a))

- A1. Law, regulation or custom may define the content of an annual report, and the name by which it is to be referred, for entities in a particular jurisdiction. 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 in the not-for-profit and public sectors) information on the entity's operations and the entity's financial results and financial position as set out in the ~~audited~~ financial statements (i.e., an annual report) by way of a single document ~~-serving the purpose of an annual report~~, or by way of two or more separate documents ~~thethat in~~ combination of which servesserve the same purpose ~~and which contain. An annual report contains~~ or accompanyies the ~~audited~~ financial statements and the auditor's report thereon. 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).
 - Chairman's statement.
 - Corporate governance statement.
 - Internal control and risk assessment reports.
- A2. An annual report may be made available to users in printed form, or electronically, including on the entity's website. A document meets(or combination of documents) may meet the definition of an annual report, irrespective of the manner in which it is made available to users.
- A3. An annual report, ~~or a combination of documents that comprise an annual report~~, is different in nature, purpose and content from ~~a report(s) prepared by the entity for other purposes, for example reports, such as~~ a report prepared to meet the information needs of a specific stakeholder group or ~~for purposes of compliance~~ a report prepared to comply with a specific regulatory reporting objective. Examples of ~~such separate~~ reports that typically are not part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and that are,

therefore, not other information within the scope of this ISA ~~unless they are contained within an annual report~~, include:

- Separate industry or regulatory reports ~~, such as may be prepared for a regulator, that may be required~~ 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.

A4. Documents that are referred to as integrated reports may or may not be the entity's annual report, or part of the combination of documents that comprise the entity's annual report, depending on their nature, purpose and content, and whether such documents contain or accompany the **audited** financial statements and the auditor's report thereon.

~~A5. Not for profit and public sector entities have stakeholders such as donors, legislatures and funding bodies who have information needs similar to owners.~~

Misstatement of the Other Information (Ref: Para. 10(b))

~~A5. Other information is only a part of the set of overall information available to a user of the financial statements. For example, information about a matter may have been extensively addressed in a public communication to users of the financial statements, and, accordingly, the other information may make only limited references to that matter. In this example, the public communication of the matter may be considered part of the overall information available to users for the purpose of determining whether the abbreviated description of the matter in the other information gives rise to a material misstatement of the other information.~~

Other Information (Ref: Para. 10(c))

~~A7A6.~~ Other information may be financial or non-financial in nature. Appendix 1 includes examples of amounts or other items in the other information that is of a financial in nature- that may be included in the other information. Examples of other information that is non-financial other information in nature include discussions of matters or statements pertaining to the entity's developments, its future outlook, risks and uncertainties, and profiles of officers and directors.

~~A8A7.~~ In some cases, the applicable financial reporting framework may require specific disclosures but permit them to be located outside of the ~~audited~~ financial statements.³ As such disclosures are required by the applicable financial reporting framework, they form part of the ~~audited~~ financial statements. Accordingly, they do not constitute other information for the purpose of this ISA.

³ For example, IFRS 7, *Financial Instruments: Disclosures*, 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.

~~A9A8~~.ISA 700⁴ explains that unaudited supplementary information that is presented with, and clearly differentiated from, the ~~audited~~ financial statements falls within the definition of other information and is therefore within the scope of this ISA.

~~A10A9~~. eXtensible Business Reporting Language (XBRL) tags do not represent other information as defined in this ISA.

Obtaining the Other Information (Ref: Para. 11)

~~A11A10~~. ~~Management, or those charged with governance, is responsible for preparing the annual report. Accordingly, the auditor may communicate with management:~~

- ~~• The auditor's expectations in relation to obtaining the other information in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and in any case prior to issuance of such information.~~
- ~~• The possible implications when the other information is obtained after the date of the auditor's report, including actions the auditor may need to take in accordance with ISA 560.⁵~~

~~A12~~. ~~Such communications may be more appropriate for example:~~

- ~~• In an initial audit engagement.~~
- ~~• When there has been a change in management.~~
- ~~• When the other information will be included in the annual report for the first time.~~

~~A13~~. ~~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 website, is the relevant document on which the auditor would perform procedures in accordance with this ISA. The auditor has no responsibility under this ISA to search for other information, including other information that may be on an entity's website, nor to perform any procedures to confirm that other information is appropriately displayed on a website or otherwise has been appropriately transmitted or displayed electronically.~~

A14. 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) comprises the annual report. In such cases, the intended audience and purpose of the documents are matters that may be relevant to the auditor's determination of which document(s) comprises the annual report.

A15~~1~~. 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 multiple "annual reports" are prepared under different legislation, ~~such as may occur (e.g. 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. Translated "annual reports" do not constitute other information as defined in this ISA if they have been prepared solely for the convenience of users, rather than pursuant to law or regulation.

⁴ ISA 700, *Forming an Opinion and Reporting on Financial Statements*, paragraph A51

⁵ ~~ISA 560, *Subsequent Events*, paragraphs 10–17~~

- A12. Management, or those charged with governance, is responsible for preparing the annual report. The auditor may communicate with management or those charged with governance:
- The auditor's expectations in relation to obtaining 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, or if that is not possible, as soon as practicable and in any case prior to issuance of such information.
 - The possible implications when the other information is obtained after the date of the auditor's report.
- A13. Such communications may be more appropriate for example:
- In an initial audit engagement.
 - When there has been a change in management.
 - When other information is expected to be obtained after the date of the auditor's report.
- A14. 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 where 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. This ISA requires the auditor to identify the other information within the scope of this ISA in the auditor's report.
- A15. There may be circumstances where, 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 and timing of such a document. If the auditor is unable to ascertain the purpose and timing of such a document, the document is not considered other information for purposes of this ISA.
- A16. The auditor's responsibilities relating to other information applies regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor's report. 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 ~~audited~~ 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, ~~to allow the auditor to complete the procedures required under this ISA.~~
- A17. 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 website, is the relevant document on which the auditor would perform procedures in accordance with this ISA. The auditor has no responsibility under this ISA to search for other information, including other information that may be on an entity's website, nor to perform any procedures to confirm that other information is appropriately displayed on a website or otherwise has been appropriately transmitted or displayed electronically.

⁶ ISA 210, *Agreeing the Terms of Audit Engagements*, paragraph A23

A18. The auditor is not precluded from dating or issuing the auditor's report if the auditor has not obtained the other information.

A189. 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 6–7 of ISA 560. However, the auditor's responsibilities when facts become known to the auditor after the date of the auditor's report are addressed in paragraphs 10–17 of ISA 560 (see paragraph A39).~~ ISA 560.⁷

A19A20. ISA 580⁸ establishes requirements and provides guidance on the use of written representations. The auditor may find representations covering the following matters useful:

- That management will inform the auditor of all other information that it expects to issue;
- That management has provided the auditor with the final version of all other information; and
- That the financial statements and other information isare consistent with ~~the audited financial statements~~one another, and the other information does not contain any material misstatements ~~of the other information.~~

Reading and Considering the Other Information (Ref: Para. 12, 13)

~~Considering Whether there May Be a Material Misstatement of the Other Information~~A21 (Ref: Para. 12)

~~A20. A material misstatement of the other information may be identified when reading and considering the other information due to an inconsistency between the other information and the audited financial statements or an inconsistency with the between the other information and the auditor's knowledge gained during the course of the audit.~~

~~[Paragraph A21 relocated below]~~

A22. The auditor is required by ISA 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 ~~their~~its plans, and being alert to information that may be inconsistent with:

- (a) The ~~audited~~ financial statements; or
- (b) The auditor's knowledge gained ~~during the course of the audit.~~

A24A22. In accordance with ISA 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 ISA, factors ~~the engagement partner that~~ may ~~take be taken~~ into account when determining the appropriate individuals to ~~perform~~read the other information to address the requirements of paragraph 12 and 13, include:

- The relative experience of engagement team members.

⁷ ISA 560, Subsequent Events, paragraphs 6–7

⁸ ISA 580, *Written Representations*

⁹ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 15

¹⁰ ISA 220, *Quality Control for an Audit of Financial Statements*, paragraph 15(a)

- Whether the individuals to be assigned the tasks have the relevant knowledge gained during the course of the audit to identify inconsistencies between the other information and that knowledge.
- The degree of judgment involved in performing the requirements of paragraph 12 and 13. For example, ~~when performing procedures on the other information involves a lower degree of judgment, such as evaluating to evaluate~~ the consistency of amount in the other information that are intended to be the same as amounts in the ~~audited~~ financial statements, ~~such a task~~ may be carried out by less experienced members of the engagement team.
- Whether, in the case of a group audit, it is necessary to engage the assistance of a component auditor in addressing the other information related to that component.

Implications of New Information

~~A24A. In reading and considering the other information, the auditor may become aware of a matter that has implications for the auditor's understanding of the entity and its environment and, accordingly, may indicate the need to revise the auditor's risk assessment.~~⁴⁴

~~The Auditor's Work on Different Types of Considering Whether There is an Apparent Material Inconsistency Between the Other Information (Ref: Para. 13)~~

~~A25. The auditor may choose to focus the auditor's work under paragraph 13 based on the nature of the other information, including the following factors:~~

- ~~The significance of the other information in the context in which it is presented, for example:~~
 - ~~The importance that users would attach to the other information for their economic decisions, having regard to the nature of the entity and its business, and the extent to which the other information supports explanations of key aspects of the entity's financial position, financial performance and cash flows.~~
 - ~~If quantitative, the relative size of the amount compared with accounts or items in the audited financial statements or the other information to which they relate.~~
- ~~The sensitivity of the other information, for example, stock option compensation for senior management.~~
- ~~How closely related the other information is to:~~
 - ~~The audited financial statements, for example, analyses of movements in specific provisions included in the financial statements, or more detailed breakdowns of items in the financial statements such as derivative financial instruments or guarantees; or~~
 - ~~The auditor's knowledge gained during the course of the audit. For example, other information about the entity's business model and strategy and related business risks may be more closely related; by contrast, operating data not obtained from the entity's accounting system, such as the volume of recycled materials or customer satisfaction feedback, may be less closely related.~~

⁴⁴—ISA 315, paragraph 34

~~Whether the other information contains information of which the auditor was not previously aware but that the auditor would have expected to have known about during the audit (see also paragraph A26).~~

~~*Evaluating the Consistency of Amounts or Other Items With the Audited and the Financial Statements*~~

(Ref: Para. ~~1312~~(a))

~~A26A3.~~ Other information may include amounts or other items that are ~~closely related~~intended to be the audited same as, to summarize, or to provide great detail about, the amounts or other items in the financial statements. Examples of such amounts or other items may include:

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

~~A24. Paragraph 13(a) requires the auditor to perform procedures to evaluate the consistency of such~~ The determination of which amounts or other items in the other information to select for the purposes of evaluating the consistency with the ~~amounts or items in the audited~~ financial statements.

~~A27. It is not necessary to evaluate the consistency of every amount or other item in the other information with the audited financial statements.~~ a matter of professional judgment. Professional judgment aids in determining the extent of procedures necessary in the circumstances and may be influenced by the significance of the other information in the context in which it is presented, for example:

- The importance that users would attach to the other information for their economic decisions, having regard to the nature of the entity and its business.
- 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 other information, for example, stock option compensation for senior management.

~~A25. to fulfill the requirement in paragraph 13(a).~~ Evaluating the consistency of amounts and other items in the other information includes, when relevant given the nature of the other information, the manner of its presentation compared to the ~~audited~~ financial statements.

~~A286.~~ The auditor may find it useful to obtain a reconciliation from management between amounts in the other information and the ~~audited~~ financial statements.

Examples of Procedures

~~A27. Appendix 2 contains examples of procedures that may be undertaken to evaluate the consistency of the other information with the financial statements.~~

Considering Whether There is an Apparent Material Inconsistency Between the Other Information and the Amounts and Items are Inconsistent with the Auditor's Knowledge Gained During the Course of the Audit (Ref: Para. ~~4312~~(b))

A28A. Other information may include amounts or items that are related to the auditor's knowledge gained during the course of the audit (other than those in ~~4312~~(a)). Examples of such amounts or items may include:

- 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 in countries Y and Z."

Paragraph ~~4312~~(b) requires the auditor to consider whether such amounts and items are apparently materially inconsistent with the auditor's knowledge gained during the course of the audit.

~~A28B-A29.~~ The auditor's knowledge gained during the course of the audit includes the auditor's understanding of the entity and its environment, including the entity's internal control, obtained in accordance with ISA 315- (Revised).¹² ISA 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.

~~A28CA30.~~ The auditor's knowledge gained during the course of the audit may also include matters that may be 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.

~~A28CA.~~ The A31. When considering whether there is an apparent material inconsistency between the other information and the auditor's knowledge gained during the course of the audit, professional judgment is needed in deciding whether, and the extent to which, the auditor makes reference to auditor documentation, directs inquiries to members of the engagement team or a component auditor, or decides to base the consideration on the auditor's recollection alone.

A32. For example, the auditor may find it useful to be able to conclude whether there is an apparent material inconsistency in light of, for example, the auditor's recollection of discussions held with

¹² ISA 315- (Revised), *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment*, paragraphs 11–12

management or those charged with governance or findings from procedures carried out during audit, for example the reading of minutes, without the need to take further action.

~~A33. In other cases, the auditor may decide to refer to audit documentation in some cases. For example, if the other information includes a disclosure of the units of production, the auditor's work on revenue recognition may include, for example, the documentation of the key elements of the auditor's understanding obtained regarding aspects of the entity and its environment in accordance with ISA 315 (Revised), in order to facilitate the auditor's consideration of whether a material inconsistency exists. However, it is neither necessary nor practicable for the auditor to reference every matter in the other information relevant to the disclosure if units of production are a key driver of revenue. to audit documentation.~~

~~*Remaining Alert for Other Indications that the Other Information Unrelated to the Auditor's Knowledge Gained During the Course of the Audit is Apparently Materially Incorrectly Stated or is Otherwise Misleading* (Ref: Para. 4312(c))~~

~~A28DA34. Other information may include discussion of matters that extends beyond the auditor's knowledge gained during the course of the audit. For example, the other information may include statements about the entity's greenhouse gas emissions when that information is unrelated to the audited financial statements. In complying with the requirements of this ISA, the auditor is not required to obtain audit evidence beyond that required to form an opinion on the financial statements. A28E. When the other information not covered by paragraph 13(a) or (b), (that is, when it is not closely related to the audited financial statements or to the auditor's knowledge gained during the course of the audit), there are not likely to be procedures available to the auditor other than reading the other information and considering whether a material misstatement may exist in the other information or the financial statements.~~

~~A35. This is because the auditor is not expected to have knowledge of matters unrelated to the financial statement audit, and this ISA does not require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements. Accordingly, when the other information is not covered by paragraph 12(a) or (b), the auditor is not expected to perform procedures other than reading the other information and remaining alert for other indications that the other information is apparently materially incorrectly stated or is otherwise misleading.~~

~~Examples of Procedures~~

~~A29. Appendix 2 contains examples of procedures that may be useful for different types of other information.~~

Responding to an Apparent Material Misstatement of the Inconsistency or Other Information

~~Determining Whether a Material Misstatement of the Other Information Exists that is Apparently Materially Incorrectly Stated or Otherwise Misleading~~ (Ref: Para. 14)

~~A306. The auditor's discussion with management about an apparent material inconsistency (or other information that is apparently materially incorrectly stated or otherwise misleading) 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 judge be satisfied that ~~there is no material misstatement of~~ the other information is not materially misstated.~~

For example, management explanations may indicate reasonable and sufficient grounds for valid differences of judgment.

A317. Conversely, the discussion with management may provide further information that reinforces the auditor's ~~belief~~determination that a material misstatement of the other information ~~may exist~~exists.

A328. 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 determines that the other information contains a statement that is not consistent with the auditor's ~~understanding of the entity and its environment acquired~~knowledge gained during the course of the audit. These circumstances may raise doubt about the other information ~~or~~, the ~~audited~~ financial statements, or the auditor's knowledge gained during the course of the audit.

A339. As there ~~are~~is a wide range of possible material misstatements of the other information, the nature and extent of other procedures the auditor may perform to determine whether a material misstatement of the other information ~~exists~~does exist are a matter of the auditor's professional judgment in the circumstances.

A340. In certain circumstances, the auditor may not be able to assess management's responses to the auditor's inquiries and, accordingly, the validity of management's statements in the other information. In these circumstances, the auditor may consider other procedures such as ~~requesting management to consult~~consulting with a qualified third party ~~such as a management's (e.g. an auditor's~~ expert or legal counsel), or requesting management to do so.

~~Other Information Obtained Prior to the Date of the Auditor's Report (Ref: Para. 16(a))~~

~~Responding When the Auditor Determines That a Material Misstatement of ~~the~~ Other Information ~~Is Not Corrected~~Exists (Ref: Para. 16)~~

A35A41. The actions the auditor takes if the other information is not corrected after communicating with those charged with governance is a matter of the auditor's professional judgment ~~and~~. 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.

Reporting Implications (Ref: Para. 16(a)(i))

A36A42. In rare circumstances, a disclaimer of opinion on the financial statements may be appropriate when the refusal to correct the material misstatement of the other information casts such doubt on the integrity of management and those charged with governance as to call into question the reliability of audit evidence in general.

Withdrawal from the Engagement (Ref: Para. 16(a)(ii))

A437. 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 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 and therefore audit evidence obtained in support of the audit opinion on the financial statements.~~

Considerations specific to public sector entities

~~A38A44.~~ In the public sector, withdrawal from the engagement may not be possible. In such cases, the auditor may issue a report to the legislature providing details of the matter.

~~Responding When Auditor Determines That a Material Misstatement Exists in~~ Other Information Obtained ~~a~~After the Date of the Auditor's Report (Ref: Para. ~~15(a), 16(b), 17~~)

~~A39. A45.~~ ~~Reading the~~ other information ~~and discussions with management is obtained~~ after the date of the auditor's report ~~may reveal a fact that had it been known to,~~ the auditor ~~at the date of the auditor's report,~~ may have caused the auditor to amend the auditor's report. ISA 560 addresses the responsibility of the auditor in such circumstances.¹³ ~~A40.~~ ~~When other information is received after the date of the auditor's report~~ determines that it is materially misstated, and management agrees to revise the other information, the auditor's procedures may include reviewing:

- ~~Determining that management has made the necessary revisions; and~~
- ~~Reviewing~~ the steps taken by management to communicate with individuals in receipt of the other information, if previously issued, to inform those individuals of the revision.

~~A41.~~ ~~The actions the auditor may take, with a view to bringing~~A46. ~~Taking appropriate action when the other information is obtained after the date of the auditor's report and the auditor determines that a material misstatement of the other information exists requires the exercise of professional judgment, and may be affected by 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.~~

~~A47.~~ ~~Appropriate actions that the auditor may consider taking may include:~~

- ~~Reissuing the auditor's report to include a modified statement as per paragraph 19(c)(ii), when permitted to do so by law or regulation;~~
- ~~Bringing~~ the material misstatement of the other information to the attention of the users for whom the auditor's report is prepared ~~or appropriate public authorities, depend upon the auditor's legal rights and obligations. For example, 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, or through other public disclosures. The auditor may consider it appropriate to seek legal advice.;~~
- ~~Communicating with a regulator or relevant professional body; or~~
- ~~Withdrawing from the audit (see also paragraph A43).~~

~~Implications of New Information (Ref: Para. 14)~~

~~A48.~~ ~~In reading the other information, the auditor may become aware that the other information contains information of which the auditor was not previously aware but that the auditor would have expected to have known during the course of the audit. This may have implications for the auditor's~~

¹³—ISA 560, paragraphs 10–17

understanding of the entity and its environment and, accordingly, may indicate the need to update that understanding or revise the auditor’s risk assessment.¹⁴

Reporting

~~Other Information Not Available at the Date of the Auditor’s Report (Ref: Para. 16(b))~~

~~A42. The fact that other information was not available at the date of the auditor’s report does not obviate the need for the auditor to read it taking into account relevant audit evidence obtained and the conclusions reached during the course of the audit if such other information subsequently becomes available and is included in a document that is within the scope of this ISA. However, the other information will not be identified in the auditor’s report as it was not available at the time the auditor’s report was dated (see paragraph 18(a)).~~

~~A43. ISA 560¹⁵ includes requirements and application and other explanatory material regarding actions that the auditor takes when a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report. Accordingly, ISA 560 applies if the auditor determines that there is a material misstatement of the other information that was received after the date of the auditor’s report, which would have required a modified statement according to paragraph 18(c)(ii) if the other information had been received before the date of the auditor’s report. Appropriate actions that the auditor may take if the other information is obtained after the date of the auditor’s report but before the financial statements are issued include those matters discussed in paragraphs 11–15 of ISA 560.~~

~~A44. Taking appropriate action requires the exercise of professional judgment, and may be affected by relevant law or regulation in the jurisdiction. Appropriate actions that the auditor may consider taking if the other information is obtained after the financial statements are issued, and the auditor considers that the other information contains a material misstatement of the other information include reissuing the auditor’s report to include a modified paragraph as per paragraph 18(c)(ii). When reissuing the report is not permitted by law or regulation, the auditor may need to consider withdrawing from the audit or taking advice from the auditor’s legal counsel.~~

Illustrative Statements (Ref: Para. 1819)

Illustrative Statement When the Auditor Has Received All or Part of the Other Information by the Date of the Auditor’s Report and Has Not Identified a Material Misstatement of the Other Information

A459. The following is an example of a statement in the auditor’s report when the auditor has received all or part of the other information by the date of the auditor’s report and has not identified a material misstatement of the other information, or has identified a material misstatement of the other information which has been corrected:

Other Information [or another title if appropriate such as “Information other than the financial statements and auditor’s report thereon”]

The annual report¹⁶ contains the ~~audited~~ financial statements, this auditor’s report thereon, and other information.¹⁷

¹⁴ ISA 315 (Revised), paragraphs 11, 31, and A1

¹⁵ ~~ISA 560, paragraphs 10 and 14~~

¹⁶ Use another term if appropriate.

Our responsibility is to read the other information and ~~[evaluate/to consider], through performing limited procedures, whether, to a~~ there is an apparent material degree, it is incorrectly stated, inappropriately presented or otherwise misleading. Our [evaluation/consideration] takes into account relevant audit evidence we have obtained and conclusions we have reached in the course of the audit and includes [evaluation/consideration] of the consistency of/inconsistency between the other information ~~with~~ and the ~~audited~~ financial statements. ~~If we identify~~ In reading the other information, we also consider whether there is an apparent material inconsistency with our knowledge gained during the course of the audit and remain alert for other indications that the other information, ~~to a material degree,~~ is apparently materially incorrectly stated, ~~inappropriately presented~~ or is otherwise misleading. ~~If we determine that the other information is materially misstated~~ we are required to report that fact. We have nothing to report in this regard.

However, we have not audited or reviewed the other information and accordingly do not express ~~an audit opinion, review conclusion, or any~~ any form of assurance conclusion on it.

Illustrative Statement When the Auditor Has ~~Identified~~ Determined that a Material Misstatement of the Other Information Exists

A46A50. The following is an example of a statement in the auditor's report when the auditor has received other information by the date of the auditor's report, has identified a material misstatement of the other information which has not been corrected, and withdrawal from the engagement is not necessary or possible in the circumstances:

Other Information [for another title if appropriate such as "Information other than the financial statements and auditor's report thereon"]

The annual report¹⁴¹ contains the ~~audited~~ financial statements, this auditor's report thereon, and other information.⁴⁵¹²

Our responsibility is to read the other information and ~~[evaluate/to consider], through performing limited procedures, whether, to a~~ there is an apparent material degree, it is incorrectly stated, inappropriately presented or otherwise misleading. Our [evaluation/consideration] takes into account relevant audit evidence we have obtained and conclusions we have reached in the course of the audit and includes [evaluation/consideration] of the consistency of/inconsistency between the other information ~~with~~ and the ~~audited~~ financial statements. ~~If we identify~~ In reading the other information, we also consider whether there is an apparent material inconsistency with our knowledge gained during the course of the audit and remain alert for other indications that the other information, ~~to a material degree,~~ is apparently materially incorrectly stated, ~~inappropriately presented~~ or is otherwise misleading. ~~If we determine that the other information is materially misstated~~ we are required to report that fact. We have nothing to report in this regard. As described below, we have determined that such a matter exists.

¹⁷ A more specific description of the other information, such as "the management report and chair's statement," may be used to identify the other information.

[Description of material misstatement of the other information]

However, we have not audited or reviewed the other information and accordingly do not express ~~an audit opinion, review conclusion, or anyany form of~~ assurance conclusion on it.

Reporting Implications When the Auditor's Opinion on the Financial Statements Is Modified (Ref: Para. ~~4920~~)

~~A47A51.~~ A modification of the auditor's opinion on the financial statements may not have an impact on the statement required by paragraph ~~4819~~(c) 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 ISA. In other circumstances, there may be implications for such reporting as described in paragraphs ~~A50–A52–A55~~.

Qualified Opinion Due to a Material Misstatement in the Financial Statements

~~A48A52.~~ While the other information may be consistent with the financial statements, the auditor may conclude that it is materially misstated because of the matter for which the auditor has qualified the auditor's opinion. In these circumstances, the auditor may need to report in a similar manner to that set out in paragraph ~~A46A50~~.

Qualified Opinion Due to Limitation of Scope

~~A49A53.~~ 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 management's description of the matter in the other information contains an apparent material misstatement of the other information. Accordingly, the auditor may need to modify the statement required by paragraph ~~4819~~(c) 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 address whether the auditor has identified material misstatements of the other information. For example:

Other Information [or another title if appropriate such as "Information other than the financial statements and auditor's report thereon"]

The annual report¹⁴¹ contains the ~~audited~~ financial statements, this auditor's report thereon, and other information.¹⁵¹²

Our responsibility is to read the other information and ~~[evaluate/to consider], through performing limited procedures, whether, to a there is an apparent material degree, it is incorrectly stated, inappropriately presented or otherwise misleading. Our [evaluation/consideration] is based solely on relevant audit evidence we have obtained and conclusions we have reached in the course of the audit and includes consideration of the consistency of/inconsistency between~~ the other information ~~withand~~ the ~~audited~~ financial statements. ~~If we identify~~In reading the other information, we also consider

whether there is an apparent material inconsistency with our knowledge gained during the course of the audit and remain alert for other indications that the other information, ~~to a material degree~~, is apparently materially incorrectly stated, ~~inappropriately presented~~ or is otherwise misleading. If we determine that the other information is materially misstated, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about [Description of subject of scope limitation]. Accordingly, we are unable to [evaluate/consider] whether management’s description of this matter in the annual report is incorrectly stated, inappropriately presented or otherwise misleading. We have nothing to report regarding the remainder of the annual report.

However, we have not audited or reviewed the other information and accordingly do not express ~~an audit opinion, review conclusion, or anyany form of~~ assurance conclusion on it.

Adverse Opinion

A504. 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 that the auditor has identified. In these circumstances, the auditor may need to appropriately modify the statement required by paragraph ~~4819~~(c).

Disclaimer of Opinion

A545. When the auditor disclaims an opinion on the financial statement, providing further details about the audit, including other information may overshadow the disclaimer of opinion on the financial statements as a whole. Accordingly, in those circumstances, as required by [proposed] ISA 705 (Revised),¹⁸ the auditor’s report does not include a section addressing the reporting requirements under this ISA.

Reporting Prescribed by Law or Regulation (Ref: Para. ~~2022~~)

A526. ISA 200¹⁹ explains that the auditor may be required to comply with legal or regulatory requirements in addition to the ISAs.²⁰ 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 auditor’s report and, at a minimum, each of the elements identified in paragraph ~~2022~~ is included in the auditor’s report, the auditor’s report may refer to International Standards on Auditing. 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.

¹⁸ [Proposed] ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*

¹⁹ ISA 200, paragraph A55

²⁰ ISA 200, paragraph A55

Documentation (Ref: Para. ~~24~~23)

A537. Where those charged with governance are to approve the other information, the final version is the one that has been approved by those charged with governance for issuance.

Appendix 1

(Ref: Para. [A712, A6](#))

Examples of Amounts or Other Items of a Financial Nature that May be Included in the Other Information

~~Financial information~~ Amounts or other items of a financial nature in the other information may be ~~quantitative or qualitative in nature, and may be the same as specific elements, accounts or related to amounts or other~~ items in the financial statements. ~~(see paragraph 12(a))~~. Alternatively, ~~such amounts or other items~~ may be intended to provide:

- Further analysis or explanation of aspects of the entity's financial position, financial performance, or cash flows through, for example, ratio analysis; or
- Context when describing management's assessment of the entity's future financial prospects.

In such cases, the amount or other item may be related to the auditor's knowledge gained during the course of the audit (see paragraph 12(b)).

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

Amounts Quantitative Financial Information

- 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.
- ~~Tables of interest or foreign exchange rates over the past period, or graphs showing trends in such data over a given period.~~
- ~~Prices of specific commodities at given points in time, or graphs showing trends in such prices over a given period.~~

Qualitative Financial Information

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.

Appendix 2

(Ref: Para. 12, (a), 13, A297)

Examples of Procedures that May be Undertaken ~~on Different Types to Evaluate~~ the Consistency of ~~the~~ Other Information ~~with the Financial Statements~~

The following are examples of procedures that may be undertaken by the auditor ~~on different types to evaluate the consistency of amounts or other information 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.~~ Determining ~~which, if any, the nature and extent of these procedures are appropriate in the circumstances, as well as the extent of the procedures,~~ is a matter of professional judgment. This list is not exhaustive.

~~Procedures that May Support the Auditor's Read and [Evaluate/Consider] (See paragraph 12)~~

- ~~• Comparing non-financial other information with the audit evidence obtained and conclusions reached as reflected in the audit documentation (for example, the audit documentation relating to impairment testing and going concern when considering management's description of future prospects).~~
- ~~• Involving the component auditor in other information that concerns the jurisdiction where a significant component operates (for example, comparing management's subjective descriptions of the potential implications of proposed changes to tax laws in a country where a significant component operates).~~

~~Procedures that May Support the Auditor's [Evaluation/Consideration] of Consistency of the Other Information (See paragraph 13).~~

- For information that is intended to be the same as information in the ~~audited~~ financial statements, agreeing the information to the financial statements.
- For information intended to convey the same meaning as disclosures in the ~~audited~~ financial statements, considering the significance of ~~any~~ differences in wording used and whether such differences imply different meanings.
- Obtaining a reconciliation between an item within the other information and the ~~audited~~ financial statements from management and:
 - Agreeing items in the reconciliation to the ~~audited~~ financial statements; and
 - Determining whether the calculations within the reconciliation are arithmetically accurate.
- ~~• Obtaining from management an analysis of the other information and:
 - Considering significant items within the analysis based on the auditor's understanding of the entity and its environment as reflected in the audit documentation.
 - Determining whether the calculations within the analysis are arithmetically accurate.~~

~~For example, when considering management's description of the currency effect on growth in revenue in an entity in the oil and gas industry, the auditor may obtain management's reconciliation~~

~~of the currency effect to the underlying accounting records and compare significant items within the analysis to the audit documentation.~~