

## Supplement A to Agenda Item 3-A

**Note:** This supplement has been prepared for information only. A comprehensive summary of the significant comments received on the August 2015 exposure draft (ED), Proposed ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*, and the Drafting Team’s related analysis of significant issues are presented at the [December 2015 IAASB meeting](#). All comment letters on the ED can be accessed [here](#).

**Please consider the environment before printing this supplement.**

### ED PROPOSED ISA 810 (REVISED) – Compilation of General Comments

#	Source	Comment
1.	AICPA	We support the approach taken by the IAASB to propose limited changes to ISA 810 (Revised) to address the IAASB’s adoption of the new and revised auditor reporting standards rather than substantively change the premise of an ISA 810 engagement.
2.	BDO	We are supportive of the IAASB’s overall approach of proposing amendments of certain International Standards <sup>1</sup> in order to finalize the package of changes brought about by the new Auditor Reporting standards <sup>2</sup> . We believe that the nature and objective of an ISA 810 (Revised) engagement are substantially different from an audit of financial statements. Therefore we supported the decision of the IAASB to consider ISA 810 (Revised) separately from the recent Exposure Draft (ED) on ISA 800 (Revised) and ISA 805 (Revised). In our opinion, and consistent with the views we expressed on ISA 800 (Revised) and ISA 805 (Revised) in our letter dated April 22, 2015, it is not necessary to substantively change the premise of an ISA 810 (Revised) engagement, but rather to make limited changes to take into account the enhancements contained within the revised Auditor Reporting standards.
3.	CAANZ	<p><i>Further changes</i></p> <p>We agree with the principle that any amendments to ISA 810 should be limited and conforming, and should not substantively change the premise of an ISA 810 engagement. We do not propose any further changes.</p> <p><i>Other comments</i></p> <p>We support the approach of aligning the layout of the ISA 810 illustrative auditor’s reports in a manner consistent with those in ISA 700, to demonstrate the IAASB’s preferred ordering, but without mandating the ordering.</p>
4.	CAASB	<p>The AASB supports the IAASB’s efforts to reflect changes resulting from the new and revised Auditor Reporting standards in ISA 810.</p> <p>The AASB agrees, as a matter of principle, the new and revised Auditor Reporting standards should be extended to ISA 810.</p>

<sup>1</sup> The IAASB’s International Standards applies to the focus of this Exposure Draft and comprise the International Standards on Auditing (ISAs), International Standards on Quality Controls (ISQCs), International Standards on Review Engagements (ISREs) and International Standards on Assurance Engagements (ISAEs).

<sup>2</sup> The new Auditor Reporting standards include ISA 700 (Revised), ISA 701, ISA 705 (Revised) and ISA 706 (Revised).

#	Source	Comment
5.	CAI	None.
6.	CNCC	<p>In general, we support the proposals included in the ED. However, as explained in our comments on the previous IAASB Exposure Draft (ED) ISA 800 (Revised)<sup>3</sup> and ISA 805 (Revised)<sup>4</sup> :</p> <ul style="list-style-type: none"> <li>- there is no requirement in France for the auditor to report on summarized financial statements (i.e. summarized financial statements being a summary of full financial statements that have been audited);</li> <li>- There is no requirement for an entity to prepare summarized financial statements. However, it is a very rare practice in some annual reports (for example for standalone financial statements of the mother company, when consolidated financial statements are provided in full) or in documents prepared by entities as part of their answers to commercial tenders I;</li> <li>- ISA 810 is therefore, to the best of our knowledge, very rarely used in France;</li> <li>- In France, there is no framework for summary financial statements. If ISA 810 was to be used, we would require the management developed criteria applied to summarize the financial statements to be described in the notes to those summarized Financial Statements.</li> </ul> <p>This letter also includes our response to the questions set out in the proposed document.</p>
7.	CPAA	<p>CPA Australia considers it appropriate for ISA 810 to be revised to reflect the enhancements in the new and revised Auditor Reporting standards and explain how those enhancements apply to an engagement to report on summary financial statements and CPA Australia supports the revisions to ASA 810 proposed.</p> <p>We also agree that it is not necessary to require a statement about independence and other relevant ethical responsibilities, or disclosure of the name of the engagement partner for listed company auditor’s reports on summary financial statements, which is required in the enhancements to auditor’s report on the audited financial statement.</p>
8.	DJuvenal	None
9.	DTT	<p>DTTL is appreciative that the IAASB recognizes that the essence of an ISA 810 engagement is intrinsically different from that of an audit of financial statements and consequently determined that it was appropriate to issue an Exposure Draft in order to solicit further public comment to address the impact of the new and revised Auditor Reporting standards<sup>5</sup> on these engagements.</p>

<sup>3</sup> ISA 800 (Revised) - *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*

<sup>4</sup> ISA 805 (Revised) - *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*

<sup>5</sup> The Auditor Reporting standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and related conforming amendments.

#	Source	Comment
		<p>DTTL also acknowledges the efforts of the Board in gathering initial feedback and views specifically pertinent to the revision of extant ISA 810 from respondents during the request for comment on the Exposure Draft, proposed ISA 800 (Revised), <i>Special Considerations — Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i>; proposed ISA 805 (Revised), <i>Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>; and <i>Proposed Conforming Amendment</i> (the Proposals) issued by the IAASB in January 2015.</p> <p>For the reasons expressed in the DTTL comment letter on the Proposals dated 22 April 2015<sup>6</sup>, DTTL continues to believe that a more comprehensive revision of extant ISA 810 is warranted, contrary to the view expressed by the IAASB in the Explanatory Memorandum (EM) to proposed ISA 810 (Revised) that it will not “initiate a more fulsome project in relation to ISA 810 in the future.” DTTL does, however, acknowledge the position taken by the Board, and appreciates that currently the <u>only</u> amendments to extant ISA 810 are those limited in scope to addressing the enhancements specific to the Auditor Reporting standards.</p>
10.	EYG	<p>In our comment letter to the IAASB in response to the <i>Exposure Draft, Proposed ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and Proposed ISA 805 (Revised) – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> (ISA 800-805 ED), we expressed our view that conforming amendments to ISA 810 should be narrowly focused on the new reporting elements.</p> <p>Specifically, we expressed support for expanding the required reference to the auditor’s report on the audited financial statements to include the new required reporting for a material uncertainty related to going concern and material misstatement of the other information. We are pleased that this expanded reference is included in the three primary changes proposed in this ED, as outlined in paragraph 17 of the Explanatory Memorandum.</p> <p>In regard to the other proposals in the ED, which include a required reference in the auditor’s report on the summary financial statements to the key audit matters in the auditor’s report on the audited financial statements and the alignment of the layout of the ISA 810 illustrative auditor’s reports in a manner consistent with those in ISA 700 (Revised), we have no objections to these enhancements.</p> <p>Importantly, because use of ISA 810 is limited globally, and the jurisdictions in which it is used have further tailored the standard to supplement it with national guidance to reflect the circumstances of these engagements in the particular jurisdiction, we agree that those jurisdictions are best placed to determine whether any further detailed requirements or customization are needed beyond those proposed in the ED. We also agree that such customization should be performed at the jurisdiction level as part of the process of implementing the standard for national use in order to appropriately reflect specific user needs or expectations or any criteria for summary financial statements that may exist in the jurisdiction.</p> <p>Responses to the specific questions and general matters on which the IAASB is seeking feedback are set out in Sections 1 and 2, respectively.</p>

<sup>6</sup> Refer [IAASB ED 800 805 DTTL Comment Letter](#)

#	Source	Comment
11.	FSR	<p>FSR - danske revisorer welcomes this project to ensure more consistency between all the ISAs that include reporting requirements and in this context the suggested limited conforming amendments to ISA 810. In our response letter 16. April 2015 to the suggested revised ISA 800 and ISA 805 we urged the IAASB to do so:</p> <p>“For the benefit of consistency, we believe that enhancements resulting from the new and revised auditor reporting standards are important and ought to be reflected therein. We, therefore, favour consequential amendments to extant ISA 810.”</p>
12.	HC	<ol style="list-style-type: none"> <li data-bbox="338 472 2022 911">1. Prior to the revisions of ISA 570 and ISA 720, material uncertainty of going concern and material misstatements of other information were addressed in an “Emphasis of Matter” paragraph or an “Other Matter” paragraph. The revisions of ISA 570 and ISA 720 eliminate these paragraphs and instead require these circumstances to be addressed in separate sections in the auditor's report on audited financial statements. Since the current version of ISA 810 does not refer to these new sections, an auditor's report on summary financial statements would not be required to highlight any material uncertainties of going concern or material misstatements included in the auditor's report on audited financial statements. The Board expanded ISA 810 to reference a “Material Uncertainty Related to Going Concern” section or a statement that describes an uncorrected material misstatement included in the auditor's report on the audited financial statements. We agree with the Board's decision to expand ISA 810, however, we believe that specifically referencing the newly added “Material Uncertainty Related to Going Concern” section will limit the amendment to this section. Therefore, instead of referencing this section, our suggestion is to change the guideline to something more general, such as “...where the auditor's report on the audited financial statements includes <b>a statement that describes a material uncertainty of going concern...</b>” This will retain consistency among the instructions as well as avoid having to make future amendments if the “Material Uncertainty Related to Going Concern” section is later revised.</li> <li data-bbox="338 911 2022 1179">2. In the Explanatory Memorandum, Paragraph 25 states that the Board “...agreed to retain a degree of symmetry between the layout of the illustrative auditor's reports on summary financial statements and the illustrative auditor's reports on audited financial statements...” We want to commend the Board on making a point of the importance of symmetry between both reports to maintain consistency. On the other hand, Paragraph 26 stipulates that there should not be a requirement of the order and use of specific headings in the Report. We disagree with this change because we think that the Report should have a uniform and user-friendly approach to provide better clarity and avoid confusion. The format of the illustrations provided is clear and concise and we suggest that it should be a requirement rather than a guideline.</li> <li data-bbox="338 1179 2022 1341">3. According to Paragraph 27 of the Explanatory Memorandum, the Board believes the disclosure of auditor independence is unnecessary and should therefore not be included in the auditor's report on summary financial statements. While it may seem redundant to disclose auditor independence, we do not agree with this proposed change. If the disclosure of auditor independence is mandated, the Report will appear more seamless, standardized and professional when read alongside the auditor's report on audited financial statements.</li> <li data-bbox="338 1341 2022 1412">4. Paragraph 29 of the Explanatory Memorandum states that the Board decided not to expand Paragraph 14(f) of ISA 810 to include the underlined portion in the following statement: “...reading the summary of financial statements <u>and the auditor's report thereon</u> is not a</li> </ol>

#	Source	Comment
		<p>substitute for reading the audited financial statements <u>and the auditor's report thereon.</u>" According to Paragraph 30 of the Explanatory Memorandum, the Board concluded that the revisions made to Paragraph 17 of proposed ISA 810 will reference "...specific items included in the auditor's report on the audited financial statements, thereby achieving the same effect." We disagree with the Board's decision and reasoning. As the board stated, Paragraph 17 addresses reference to <i>specific items</i> in the auditor's report on the audited financial statements. These items will not be referenced in the ISA 810 report if they are not included in the auditor's report on the audited financial statements, thereby <i>not</i> achieving the same effect. Also, we believe it should not be assumed that anything is implied or inferred. If the auditor's report on summary financial statements is not a substitute for the auditor's report on audited financial statements, then it should be explicitly stated in the ISA 810 report. We respectfully suggest that the Board expand the statement required in Paragraph 14(f) to include <b>"and the auditor's report thereon."</b></p> <p>5. The auditor whom reported on the financial statements does not always engage in reporting on the summary financial statements. Paragraph 26 of Proposed ISA 810 (Revised) states that if this is the case and if management plans to reference the auditor in a document stating that the summary financial statements are derived from the financial statements audited by the auditor, then the auditor must be satisfied that the reference does not give the impression that (s)he reported on the summary financial statements. If the auditor is not satisfied, then management must revise the statement accordingly. We believe this requirement is inefficient and can lead to misconceptions. We suggest the Board require management to include an explicit and clear statement that the summary financial statements were not reported on by the auditor. Firstly, this would prevent potential misinterpretations from the reader. We believe that without an explicit statement, it can become difficult for users to disassociate the auditor from the summary financial statements. Secondly, including an explicit statement as such prevents any dissatisfaction the auditor may have with management's statements referencing the auditor, which then eliminates the time it would take management to adjust the statements accordingly. A requirement to explicitly state whether or not the summary financial statements were reported on by the auditor would provide clarity for users and save any time spent making adjustments.</p>
13.	HKICPA	<p>Though the proposed ISA 810 does not contain all the enhancements from ISA 700 (Revised) such as the statement about independence and other relevant ethical responsibilities or the disclosure of the name of the engagement partner of listed entities, we agree with the IAASB's approach to revising proposed ISA 810.</p> <p>The form and contents of the summary financial statements are set out in the Companies (Summary Financial Reports) Regulation ("Regulation"). The Regulation requires that the auditor forms an opinion as to whether the summary financial report is consistent with the relevant financial documents/reporting documents from which it is derived and whether it complies with the requirements of relevant legislation. The auditor is required to state whether in his/ her opinion the summary financial report is consistent with the annual financial statements, directors' report and auditor's report, and whether the auditor's report concerned is qualified or otherwise modified.</p> <p>Upon finalization of the proposed ISA 810, we would supplement it with local guidance to reflect the requirements set out in the Regulation.</p>

#	Source	Comment
		<p>Whilst the HKICPA does not keep statistics as to the frequency and types of engagements carried out by its practicing members, the feedback received from our major practitioners indicate that it is not common for companies in Hong Kong to issue summary financial statements.</p>
14.	IBR-IRE	<p>IRE-IBR welcomes the initiative of the IAASB to adapt ISA 810 to ensure consistency with the enhancements resulting from the new and revised Auditor Reporting Standards.</p> <p>We agree with the way paragraph 17 has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements, as well as the additional guidance proposed in paragraph A15 and Illustration 1 of the Appendix to proposed ISA 810 (Revised).</p> <p>However, if, in accordance with par. 17 (ii) b., the ISA 810 report has to describe the material uncertainty related to going concern described in the auditor's report on the audited financial statements, as well as the effect(s) thereof, if any, on the summary financial statements, management's responsibility for the assessment of the entity's ability to continue as a going concern should also be part of the requirements for summary financial statements.</p> <p>As we mentioned in our comment letter to ED ISAs 800 and 805, the use of ISA 810 seems to be rare in Europe. Therefore, we support IAASB's view that no more fulsome project in relation to ISA 810 should be initiated in the future and that withdrawal of the standard is not necessary.</p>
15.	ICAG	None.
16.	ICAP	None.
17.	ICAZ	None.
18.	IDW	<p>We believe that it is important for the credibility of the ISAs that all of the ISAs are consistent with the changes resulting from the auditor reporting project. This is particularly the case with ISAs 800 and 805, but also applies to ISA 810, which admittedly, is a separate engagement inextricably linked to an ISA audit. Furthermore, we also believe that it would be inappropriate to seek to use consequential amendments resulting from the auditor reporting project as a basis for considering fundamental changes to ISA 810. If fundamental changes are desired, these should be part of a separate project after consultation on its priority in relation to the IAASB's strategy and work plan has taken place. This does not mean that ISA 810 is a perfect standard, and that it does not need improvement in certain areas beyond consequential amendments resulting from the auditor's reporting project: it only means that the limited project described in the Explanatory Memorandum is not the appropriate venue for such improvements.</p> <p>We make these comments in the context of the fact that ISA 810 is rarely applied in Germany due to the analogous application of EU requirements to other situations, in which reference is made to the auditor's report on the full set of the financial statements and then the content of the report is repeated. However, due to the considerably increased length of auditors' reports resulting from changes engendered by the</p>

#	Source	Comment
		<p>auditor reporting project, this practice is likely to become untenable in future, which may mean that ISA 810 engagements will become more important and perhaps, more common.</p> <p>Overall, we believe that the IAASB has employed the right approach and has implemented this approach appropriately. We therefore have no critical comments to make. This applies particularly to the treatment, in the auditor's report on the summary financial statements, of the new sections in the auditor's report on the full set of financial statements regarding going concern, other information and key audit matters, which prompted the need to revise ISA 810.</p> <p>We have included our responses to the questions posed in the Explanatory Memorandum in Appendix 1 to this comment letter.</p>
19.	INCP	None.
20.	IPA	None.
21.	IRBA	<ol style="list-style-type: none"> <li data-bbox="342 654 2018 760">1. We agree with the IAASB that the enhancements to the new and revised Auditor Reporting Standards (Reporting Standards) should also apply to engagements performed in accordance with proposed ISA 810 (Revised), <i>Engagements to Report on Summary Financial Statements</i>. We also support the proposed approach.</li> <li data-bbox="342 776 2018 914">2. It is evident that the IAASB has taken cognisance of the work that has already been done in relation to proposed ISA 800 (Revised), <i>Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i> and proposed ISA 805 (Revised), <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>, including the feedback that was received from respondents to those exposure drafts.</li> <li data-bbox="342 930 2018 1068">3. In South Africa, extant ISA 810 is extensively used by auditors of listed entities and therefore the limited and conforming changes being proposed at present are important to ensure that ISA 810 continues to be applied in line with the Reporting Standards, ensuring that a consistent message is being communicated to users of both complete sets of financial statements and related summary financial statements.</li> <li data-bbox="342 1084 2018 1336">4. We believe that proposed ISA 810 (Revised) will continue to provide a proper basis for reporting on summary financial statements. However, there are issues relating to this standalone assurance engagement and these may warrant a more comprehensive review of the standard by the IAASB. In South Africa we supplement the standard with jurisdictional specific guidance on its interpretation and application in accordance with the requirements of our local legislation. The IRBA guide for registered auditors, entitled <i>Reporting on Financial Information Contained in Interim, Preliminary, Provisional and Abridged Reports Required by the JSE Listings Requirements</i>, reflects these interpretations for listed companies in South Africa. As such, withdrawing extant ISA 810 would unduly limit currently acceptable practice in South Africa.</li> <li data-bbox="342 1352 2018 1409">10. Examples of matters that may require revision as part of a possible future project to perform a more comprehensive review and update of ISA 810:</li> </ol>

#	Source	Comment
		<p>a) The objectives of the auditor should be updated to represent more fully the objectives of an assurance engagement, consistent with revisions, in 2013, to the International Framework for Assurance Engagements and ISAE 3000 (Revised). For example, it should be clear that one of the auditor's objectives is to obtain reasonable assurance about whether the summary financial statements are free from material misstatement, whether due to fraud or error.</p> <p>b) The principles around applied criteria being either established by an authorised/recognised standards setting organisation, by law/regulation, or by management are already addressed in ISA 810 (par. A3- to A7) and are consistent with other assurance standards (and with the Framework). However, it may be appropriate to review and update these in the context of the concept of suitable criteria for an assurance engagement (and the characteristics of suitable criteria), as well as the condition that the criteria must be adequately made available to the intended users.</p> <p>c) Similar to the approach taken in updating ISRE 2400 (Revised) and ISAE 3000 (Revised), as ISA 810 is seen as a standalone standard that is designed to address an engagement to report on summary financial statements, the following matters, among others, should be clearly addressed by such a standalone standard:</p> <ul style="list-style-type: none"> <li>i. Ethical responsibilities.</li> <li>ii. Quality control.</li> <li>iii. Engagement acceptance, continuance considerations and agreeing to the terms of engagement.</li> <li>iv. Determining and applying materiality.</li> <li>v. A risk-based evidence gathering process (i.e. risk assessment and risk response).</li> <li>vi. Evaluation of misstatements identified during the audit.</li> <li>vii. Forming an opinion on the summary financial statements.</li> <li>viii. Written representations.</li> </ul> <p><b>Annexure – data collection and summary</b></p> <p><b>ISA 810 IN THE SOUTH AFRICAN CONTEXT</b></p> <p>An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.</p> <p>In terms of the guidance letter issued by the Johannesburg Stock Exchange (JSE) on 27 June 2013: <i>"The JSE's general approach to corporate governance in relation to the King Code on Corporate Governance for South Africa (the "King Code") is that certain principles are mandatory with the balance being adopted on an "apply and explain" basis. Chapter 9 of the King Code which deals with Integrated Reporting and disclosure is not mandatory ... and can therefore be applied on an "apply or explain basis".</i></p>

#	Source	Comment
		<p>In addition, the JSE issued a guidance letter on 25 July 2011, requiring that any summary of financial statements must:</p> <ul style="list-style-type: none"> <li>a. Be prepared in accordance with the framework concepts and measurement and recognition requirements of IFRS and the AC 500 standards as issued by the Accounting Practices Board or its successor, and</li> <li>b. Must also as a minimum contain                             <ul style="list-style-type: none"> <li>i. The information required by IAS 34: Interim Financial Reporting (in other words the disclosure requirements, and</li> <li>ii. A statement confirming that it has so been prepared.</li> </ul> </li> </ul> <p>References to ISA 34 below are in this context.</p> <p>EY has conducted annual surveys<sup>7</sup> of Integrated Reports of the Top 100 Johannesburg Stock Exchange (JSE) listed companies by market capitalisation for the past three (3) years. Our interest in their survey in relation to the proposed International Standard on Auditing (ISA) 810, <i>Engagements to Report on Summary Financial Statements</i>, is connected directly to the trend that was noted in the latest 2015 EY Integrated Report Survey in comparison to the previous two years, 2013 and 2014.</p>

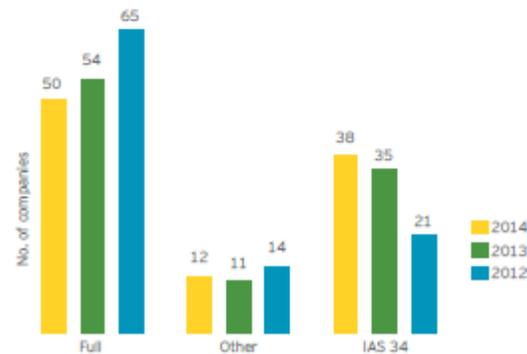
<sup>7</sup> [http://www.ey.com/Publication/vwLUAssets/ey-excellence-in-integrated-reporting-awards-2015/\\$FILE/ey-excellence-in-integrated-reporting-awards-2015.pdf](http://www.ey.com/Publication/vwLUAssets/ey-excellence-in-integrated-reporting-awards-2015/$FILE/ey-excellence-in-integrated-reporting-awards-2015.pdf)

**Extract from Page 21 of EY’s Excellence in Integrated Reporting Awards**

**How are companies dealing with the presentation of financial information in their integrated report?**

There is a steady increase in the number of companies that are including only summarized financial statements in their integrated reports. We found that 50 companies included summarized financial statements in 2014, compared with 46 in 2013. Thirty-eight of the companies that presented summarized financial statements opted to present these in a format that complies with IAS 34. The remaining 12 chose a different presentation format. For example, by not presenting any financial statements but only highlighting key financial information in the financial review.

**Format of financial statements**



The trend that we highlight is the decrease in the presentation and publication of full or complete statutory financial statements and an increase in the use of summarised financial statements in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The consequence of this trend on the public interest and on the work of auditors is that the demand for the audit of a summary of financial information in relation to ISA 810 will increase.

We analysed data of the 38 companies that made the decision to present a summary of financial information in their <IR> reports in accordance with IAS 34. (The other 12 companies making up the 50 did not apply IAS 34).

The key questions that were considered to determine the level of compliance with ISA 810 were the following:

- 1. Was the summarised financial information audited and was it audited in terms of ISA 810?**

#	Source	Comment										
		<p>The choice to have the summarised financial statements (SFS) audited lies with the JSE-listed company as there is no obligation to obtain a separate audit report on these statements in terms of paragraph 3.21(c) of the JSE listing requirements.</p> <p>If an audit report is presented, the applicable audit standard that is required to be applied is ISA 810, <i>Engagements to Report on Summary Financial Statements</i>.<sup>8</sup></p> <table border="1" data-bbox="436 410 1562 1036"> <thead> <tr> <th colspan="2" data-bbox="436 410 1562 464">24 % of companies presented summarised financial statements (SFS) in their &lt;IR&gt; reports</th> </tr> </thead> <tbody> <tr> <td data-bbox="436 464 961 631">Three companies</td> <td data-bbox="961 464 1562 631">Specifically stated SFS were not audited</td> </tr> <tr> <td data-bbox="436 631 961 850">Four companies</td> <td data-bbox="961 631 1562 850">Indicated that SFS were “derived” or “extracted” from AFS</td> </tr> <tr> <td data-bbox="436 850 961 943">One company</td> <td data-bbox="961 850 1562 943">Indicated that SFS were reviewed – outcome of review was not mentioned</td> </tr> <tr> <td data-bbox="436 943 961 1036">One company</td> <td data-bbox="961 943 1562 1036">Indicated that AFS were the “basis” for the condensed financial statements</td> </tr> </tbody> </table> <p>Where summarised financial statements are not audited, the following statement must be included in the summary financial statement in terms of the JSE listing requirements, paragraph 3.21(c): “<i>This abridged report is extracted from audited information, but is not itself audited.</i>”</p> <p><b>2. If the summarised information was audited, was the audit report included in the &lt;IR&gt; report?</b></p> <p>Twenty nine (29) of the 38 companies presented audited SFS in their &lt;IR&gt; reports. Six (6) of these listed companies did not include the auditor’s audit report with the audited SFS. In terms of paragraph 8.6 of the JSE listings requirements, “... <i>the report of the auditor need not be included in the published report ... If the report of the auditor is not included in the published report, the published report shall state that the report of the auditor is available for inspection at the company’s registered office</i>”.</p>	24 % of companies presented summarised financial statements (SFS) in their <IR> reports		Three companies	Specifically stated SFS were not audited	Four companies	Indicated that SFS were “derived” or “extracted” from AFS	One company	Indicated that SFS were reviewed – outcome of review was not mentioned	One company	Indicated that AFS were the “basis” for the condensed financial statements
24 % of companies presented summarised financial statements (SFS) in their <IR> reports												
Three companies	Specifically stated SFS were not audited											
Four companies	Indicated that SFS were “derived” or “extracted” from AFS											
One company	Indicated that SFS were reviewed – outcome of review was not mentioned											
One company	Indicated that AFS were the “basis” for the condensed financial statements											

<sup>8</sup> Guide for Registered Auditors Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports required by the JSE Listings Requirements, p67.

#	Source	Comment												
		<p>This is in contravention of ISA 810 paragraph 25, which requires the auditor to include the related auditor’s report where audited summarised financial statements are included in a report.</p> <table border="1" data-bbox="436 329 1633 654"> <tr> <th colspan="3" data-bbox="436 329 1633 384">76 % of companies that presented summarised financial statements (SFS) in their &lt;IR&gt; reports</th> </tr> <tr> <td colspan="3" data-bbox="436 384 1633 440">Independent audit was done in terms of ISA 810</td> </tr> <tr> <td data-bbox="436 440 506 529">29</td> <td data-bbox="506 440 1207 529">Twenty three companies</td> <td data-bbox="1207 440 1633 529">Audit report was included with SFS</td> </tr> <tr> <td></td> <td data-bbox="506 529 1207 654">Six companies</td> <td data-bbox="1207 529 1633 654">Audit report was not included with SFS</td> </tr> </table> <p>ISA 810, paragraph 25, states that “<i>the auditor shall request management to include the auditor’s report in the document</i>” when the auditor becomes aware that the entity plans to state that the auditor has reported on the summarised financial statements in a document containing the summary of financial statements.</p> <p>Paragraph A21 in ISA 810 also states that the auditor’s action “<i>may include informing the intended users and other known third-party users of the inappropriate reference to the auditor</i>”.</p> <p><b>There is therefore a need to address the possible missing or contradictory requirements between ISA 810 and the JSE listings requirements.</b></p> <p><b>3. If the audit report was not included in the &lt;IR&gt; report, was it easily available to view?</b></p> <p>The six companies that did not include the auditor’s audit report on the summary of financial statements in the &lt;IR&gt; report of the entity indicated that the audit report was available for review at the respective companies’ registered offices, which is in compliance with paragraph 8.6 in the JSE listings requirements.</p> <p><b>Requirement in terms of ISA 810</b></p> <p>This option (of availability at the companies’ registered office) is not an alternative option in terms of the requirements detailed in ISA 810.</p> <p><b>Addressing shortfalls</b></p> <p>The gap in meeting requirements of extant ISA810 suggests that a shortfall exists, which would need to be addressed by the role players. They should take into consideration the local regulatory requirements and the auditor’s risk of association with the audited summary financial statement</p>	76 % of companies that presented summarised financial statements (SFS) in their <IR> reports			Independent audit was done in terms of ISA 810			29	Twenty three companies	Audit report was included with SFS		Six companies	Audit report was not included with SFS
76 % of companies that presented summarised financial statements (SFS) in their <IR> reports														
Independent audit was done in terms of ISA 810														
29	Twenty three companies	Audit report was included with SFS												
	Six companies	Audit report was not included with SFS												

#	Source	Comment
		being included in a document without the accompanying auditor's report.
22.	ISCA	<p>In preparation of this comment letter, the Institute of Singapore Chartered Accountants (ISCA) has sought views from its members through a one-month public consultation process and discussed the ED with members of the ISCA Auditing and Assurance Standards Committee.</p> <p>We support the IAASB's approach to only make limited and conforming changes to ISA 810 arising from the enhancements to auditor reporting. We agree with the proposed amendments made to the standard as well as the proposed effective date which is to be in line with the effective date of the new and revised auditor reporting standards.</p>
23.	JICPA	None.
24.	KICPA	None.
25.	KPMG	<p>We appreciate the opportunity to respond to the International Auditing and Assurance Board's ("IAASB" or "Board") Exposure Draft: <i>Proposed International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements</i>, dated August 2015 (the "Exposure Draft" or "ED"). We have consulted with, and this letter represents the views of the KPMG network. Our overarching comments are set out below. The appendix to this letter provides our responses to the specific questions posed in the Exposure Draft.</p> <p>We are supportive of the proposed changes to ISA 810, <i>Engagements to Report on Summary Financial Statements</i>. Although this is a stand-alone standard, the scope of which does not require the application of the ISA 100-700 series (adapted as necessary) to an engagement to report on summary financial statements in accordance with ISA 810, we concur with the Board's proposal to make amendments to the standard that conform with certain of the enhancements to the Auditor Reporting standards that may be relevant to users of an ISA 810 auditor's report.</p> <p>We agree with this limited scope of proposed amendments. We do not consider that the amendments need to be broader in order to fully align with the new and revised Auditor Reporting standards, given the particular scope and purpose of an audit engagement performed in accordance with ISA 810, as well as the fact that ISA 810 is a stand-alone auditing standard. For example, we agree with the approach not to apply the concept of a key audit matter (KAM) as described in ISA 701 to an engagement performed in accordance with ISA 810.</p> <p>In particular, we are supportive of the proposed changes to paragraph 17, as we believe that the IAASB has achieved an appropriate balance between providing users of summary financial statements with greater transparency in respect of drawing their attention to important information set out in the auditor's report on the complete set of financial statements from which the summary financial statements are derived, that may be of particular relevance to such users, which is clearly in the public interest, without potentially misleading such users as to the scope and purpose of an ISA 810 engagement. Instead, the standard retains its premise that the summary financial statements and the auditor's report thereon are intended to be read in conjunction with the complete set of financial statements from which the summary financial statements are derived, and the auditor's report on those financial statements, which provides any additional context necessary.</p>

#	Source	Comment
		<p>Furthermore, we consider that the proposed conforming amendments do not alter the underlying nature and objective of an ISA 810 engagement. In particular, we believe the IAASB has maintained the flexibility of the extant standard, which is important in order to support the adaptation/modification of ISA 810 by national standard setters to take account of applicable jurisdictional requirements and practices.</p> <p>Please refer to our comments in the appendix for additional detail as to why we support the IAASB's approach, as well as recommendations for further enhancements to help achieve the objectives of the proposed changes.</p> <p>We do not consider that there is merit in exploring more extensive revision of the standard at this time. We do not believe it would be appropriate to delay the proposed conforming amendments whilst such considerations take place. Additionally, in light of the limited circumstances in which ISA 810 is used, and in the absence of fundamental issues in general that may affect its use, we do not consider that such a project would be the most appropriate use of IAASB resources at this time.</p>
26.	LCA	<p>Although ISA 810 is not very often applied by Lithuania auditing companies, the LCA's Audit Committee agrees with the IAASB's opinion that it is in the public interest to provide users of summary financial statements with greater transparency. Furthermore, we believe that the principles introduced by the recently updated/issued new ISAs, in particular those related to changes in the audit report concerning key audit matters and going concern, should be reflected in ISA 810. However, the IAASB should take into account the benefits of any changes to ISA 810 that may outweigh the likely unnecessary costs (related to translation process) incurred by non-English speaking countries like Lithuania.</p>
27.	MAOB	<p>The Audit Oversight Board, Malaysia, (AOB) supports the efforts of the International Auditing and Assurance Standards Board (IAASB) in enhancing auditor reporting on summary financial statements in alignment with the enhanced requirements of the new and revised Auditing Reporting standards.</p> <p>In this regard, the AOB has no objection to the proposals outlined in the exposure draft and wishes to share that the financial services industry in Malaysia is required to publish abridged financial statements in the approved local daily newspapers in accordance with the Bank Negara Malaysia (Central Bank of Malaysia) Guidelines on Financial Reporting (BNM/RH/STD 032-5).</p>
28.	MIA	None.
29.	MICPA	None.
30.	NBA	<p>We support the IAASB in his efforts to align ISA 810 with the other ISAs in the reporting suite. Although we made some different suggestions for ISA 810 in our response to the ED of ISA 800 and ISA 805 we support the current draft. In the remainder of this letter we will respond to the specific questions set out in the Exposure draft.</p>
31.	NZAuASB	<p>The NZAuASB is supportive of the limited conforming amendments to ISA 810.</p> <p>In New Zealand, the NZAuASB has issued ISA (NZ) 810, which conforms with extant ISA 810. In New Zealand, summary financial statements are required to be prepared and audited in limited circumstances. There is a domestic financial reporting standard that has been issued by the</p>

#	Source	Comment
		<p>New Zealand Accounting Standards Board that establishes criteria to be used to prepare summary financial statements, that is FRS 43 <i>Summary Financial Statements</i>. There are also instances where entities voluntarily prepare summary financial statements and may also voluntarily have these audited.</p> <p>There are limited legislative requirements that require summary financial statements to be audited in New Zealand:</p> <ul style="list-style-type: none"> <li>• In the public sector, every local authority is required to prepare summary financial statements and have those summary financial statements audited. (required by the Local Government Act 2002) Other public entities may elect to prepare summary financial statements and have them audited. The audit of the summary financial statements is carried out under ISA (NZ) 810 and the accompanying Auditor-General's statement.</li> <li>• Auditors may be engaged to audit summary financial statements even where there is no legislative requirement to do so.</li> </ul> <p>In New Zealand, ISA (NZ) 810 is not used extensively. There is a domestic financial reporting standard that establishes criteria for the preparation of summary financial statements. The NZAuASB is aware that in other jurisdictions, ISA 810 is used more extensively, but that the audit opinion on the summary financial statements will be impacted by local jurisdictions laws and regulations and financial reporting requirements. Therefore any project to further revise ISA 810, would need to provide flexibility for local jurisdictions. The NZAuASB do not consider that a project to further revise ISA 810 is a priority at this time for the IAASB.</p>
32.	PWC	<p>We agree with limiting the extent of changes to the ISA to those areas described in the exposure draft - we do not believe there is a need for wholesale revision of the ISA at this time.</p> <p>We concur with the need to make the changes, as a result of the revisions to ISA 700, and are therefore supportive of the majority of the proposed amendments, with the exception of how the exposure draft addresses other information.</p>
33.	SAICA	<p>For purposes of considering and commenting on the proposed limited amendments to ISA 810 as a result of the IAASB's new and revised Auditor Reporting standards, we took the decision to participate in the Task Group that was set up by the Committee for Auditing Standards (CFAS) of the Independent Regulatory Board for Auditors (IRBA) (i.e. the regulator of registered auditors, and the audit and assurance standards setter in South Africa).</p> <p>Our comments are encapsulated in the IRBA comment letter as submitted to the IAASB, and we will not submit a separate comment letter.</p>
34.	SMP	<p>In our <a href="#">comment letter</a> in response to the IAASB Exposure Draft which proposed changes to ISA 800 and ISA 805, we agreed that it would be a sensible approach to also propose changes to ISA 810, <i>Engagements to Report on Summary Financial Statements</i>. We support the IAASB's view that it is not necessary to substantively change the premise of an ISA 810 engagement, but rather to make limited and conforming changes to take into account the enhancements resulting from the new and revised Auditor Reporting standards.</p>