

Proposed Conforming Amendments to ISA 700 (Revised), “The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements”

3. ISA 800, “The Independent Auditor’s Report on ~~Special Purpose Audit Engagements Other Historical Financial Information~~” establishes standards and provides guidance on the form and content of the auditor’s report issued as a result of an audit of other historical financial information not addressed in this ISA including:
 - (a) A complete set of financial statements prepared in accordance with ~~an other comprehensive basis of accounting~~ a financial reporting framework designed for a special purpose;
 - (b) A ~~component~~ single financial statement, or statements, that would otherwise be part of a complete set of ~~general purpose or special purpose~~ financial statements prepared in accordance with either a financial reporting framework designed for a general purpose or a financial reporting framework designed for a special purpose; such as a single financial statement, specified accounts, elements of accounts, or items in a financial statement; and
 - (c) One or more specific elements, accounts or items of a financial statement prepared in accordance with either a financial reporting framework designed for a general purpose or a financial reporting framework designed for a special purpose.
 - ~~(e) Compliance with contractual agreements; and~~
 - ~~(d) Summarized financial statements.~~

3a. Paragraphs 47-53 of ISA 800 also address additional audit and reporting considerations the auditor needs to take into account when reporting on financial statements that are addressed in this ISA (prepared in accordance with a financial reporting framework that is designed to achieve fair presentation) but which are, nevertheless, intended to be used for a special purpose.

Proposed Conforming Amendments to ISA 200, “Objective and General Principles Governing an Audit of Financial Statements”

34. The term “financial statements” refers to a structured representation of the financial information, which ordinarily includes accompanying notes, derived from accounting records and intended to communicate an entity’s economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term can refer to a complete set of financial statements, but it can also refer to a single financial statement, for example, a balance sheet, ~~or a statement of revenues and expenses~~, and related explanatory notes (for further examples see Appendix 1 to ISA 800, “The Independent Auditor’s Report on Other Historical Financial Information”).
39. In some cases, the objective of the financial statements will be to meet the financial information needs of specific users. The information needs of such users will determine the applicable financial reporting framework in these circumstances. Examples of financial reporting frameworks that address the needs of specific users are: a tax basis of

accounting for ~~a set of~~ financial statements that accompany an entity's tax return; the financial reporting provisions ~~of established by~~ a ~~government~~ regulatory ~~agency for a set of financial statements~~ to meet the ~~information needs requirements~~ of that ~~agency regulator~~; or ~~a the~~ financial reporting ~~framework established by the~~ provisions of ~~an agreement a contract specifying the financial statements to be prepared~~. Financial statements prepared in accordance with such financial reporting frameworks may be the only financial statements prepared by an entity and, in such circumstances, are often used by users in addition to those for whom the financial reporting framework is designed. Despite the broad distribution of the financial statements in those circumstances, the financial statements are still considered to be designed to meet the financial information needs of specific users for purposes of the ISAs. ISA 800, ~~"The Independent Auditor's Report on Special Purpose Audit Engagements"~~ establishes standards and provides guidance on financial statements whose objective is to meet the financial information needs of specific users. Although specific users may not be identified, financial statements that are prepared in accordance with a framework that is not designed to achieve fair presentation are also addressed in ISA 800.

41. At present, there is no objective and authoritative basis that has been generally recognized globally for judging the acceptability of financial reporting frameworks that have been designed for general purpose financial statements. Until such a basis exists, financial reporting frameworks established by organizations that are authorized or recognized to promulgate standards to be used by certain types of entities are presumed to be acceptable for general purpose financial statements prepared by such entities provided the organizations follow an established and transparent process involving deliberation and consideration of the views of a wide range of stakeholders. Examples of such financial reporting frameworks include:

- IFRSs promulgated by the International Accounting Standards Board;
- IPSASs promulgated by the International Federation of Accountants – International Public Sector Accounting Standards Board; and
- Generally accepted accounting principles promulgated by a recognized standards setter in a particular jurisdiction.

These financial reporting frameworks are often identified as the applicable financial reporting framework in legislative and regulatory requirements governing the preparation of general purpose financial statements. Refer to ISA 800 for financial reporting frameworks designed to meet the particular ~~needs requirements~~ of a ~~government regulatory agency~~.

50. The auditor refers to ISA 800 when expressing an opinion on:

- (a) A complete set of financial statements prepared in accordance with ~~an other comprehensive basis of accounting~~ a financial reporting framework designed for a special purpose;
- (b) ~~A component single financial statement, or statements, that would otherwise be part of a complete set of general purpose or special purpose financial statements;~~ prepared in accordance with either a financial reporting framework designed for a general purpose or a financial reporting framework designed for a special purpose

~~such as a single financial statement, specified accounts, elements of accounts, or items in a financial statement; and~~

~~(c) One or more specific elements, accounts or items of a financial statement prepared in accordance with either a financial reporting framework designed for a general purpose or a financial reporting framework designed for a special purpose.~~

~~(e) Compliance with contractual agreements; and~~

~~(d) Summarized financial statements.~~

[NOTE: THE PROPOSED CONFORMING AMENDMENTS TO ISA 701 WILL BE DELETED IF PROPOSED ISA 701 (REVISED) IS EXPOSED BEFORE OR AT THE SAME TIME AS PROPOSED ISA 800 (REVISED)]

Conforming Amendments to ISA 701, “Modifications to the Independent Auditor’s Report”

2. ISA 700, “The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements” establishes standards and provides guidance on the form and content of the independent auditor’s report on a complete set of general purpose financial statements prepared in accordance with a financial reporting framework designed to achieve fair presentation when the auditor is able to express an unqualified opinion and no modification to the auditor’s report is necessary. ISA 800, “The Independent Auditor’s Report on ~~Special Purpose Audit Engagements~~ Other Historical Financial Information” establishes standards and provides guidance on the form and content of the independent auditor’s report in other audit engagements. This ISA describes how the auditor’s report wording is modified in the following situations:

Matters that Do Not Affect the Auditor’s Opinion

- (a) Emphasis of matter

Matters that Do Affect the Auditor’s Opinion

- (a) Qualified opinion,
- (b) Disclaimer of opinion, or
- (c) Adverse opinion.

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