

PROPOSED INTERNATIONAL STANDARD ON AUDITING 720 (REVISED)

THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION

[MARKED FROM SEPTEMBER 2013]

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

CONTENTS

	Paragraph
Introduction	
Scope of this ISA	1–6
Effective Date	7
Objectives	8–8A9
Definitions	910
Requirements	
Obtaining the Other Information	1011
Reading and [Evaluating/Considering] the Other Information	12–13
Responding to a Possible Inconsistency Between an Apparent Material Misstatement of the Other Information and the Audited	14–16
Responding When There May Be a Material Misstatement in the Financial Statements	11B17
Responding to a Possible Material Misstatement of Fact in the Other Information	12–14
Reporting	16–18–20
Documentation	1921
Application and Other Explanatory Material	
Definitions	A1A–A21A1–A10
Obtaining the Other Information	A22–A27AA11–A19
Reading and [Evaluating/Considering] the Other Information	A28–A33A20–A29
Responding to a Possible an Apparent Material Misstatement of Fact in the Other Information	A44–A56A30–A41
Reporting	A57–A64A42–A52
Documentation	A653
Appendix 1: Examples of Quantitative and Qualitative Financial Other Information	

Appendix 2: Examples of Procedures that May be Undertaken on Different Types of Other Information

Introduction

Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to other information, whether financial ~~and~~ non-financial information (other than audited financial statements and the auditor's report thereon), included in an entity's annual report (which may be a single document or a combination of documents ~~within that serve the scope of this ISA same purpose~~).
2. Other information that is materially inconsistent with the audited financial statements or ~~the auditor's understanding of the entity~~ relevant audit evidence obtained and ~~its environment acquired~~ conclusions reached during the course of the audit may:
 - (a) Undermine the credibility of the audited financial statements and the auditor's report thereon;
 - (b) Inappropriately influence the economic decisions of the users for whom the auditor's report is prepared ~~taken on the basis of the audited financial statements and the other information as a whole~~; or
 - (c) Indicate that the audited financial statements are materially misstated.
3. Other information may include matters that are unrelated to the financial statements. Nevertheless, such other information included in an annual report is within the scope of this ISA. However, the auditor is not required to obtain audit evidence beyond that required to form an opinion on the financial statements.
4. This ISA does not apply to:
 - (a) Preliminary announcements of financial information; or
 - (b) Securities offering documents, including prospectuses. ~~(Ref: Para. A1)~~
- ~~4. Some documents within the scope of this ISA may include other information that extends beyond the auditor's understanding of the entity and its environment acquired during the course of the audit. Although the auditor is not required to seek to enhance the auditor's understanding of the entity and its environment beyond that required for purposes of the audit, such other information is nevertheless within the scope of this ISA.5. This ISA does not~~
5. The auditor's responsibilities under this ISA do not constitute a separate assurance engagement or impose an obligation on the auditor to express an ~~audit opinion or a review~~ assurance conclusion on the other information. Furthermore, this ISA does not apply to an assurance engagement over other information that may be specifically requested by management, those charged with governance, or others.
6. Law or regulation may impose additional obligations with respect to the auditor in relation to other information that are beyond the scope of this ISA ~~requirements (and are therefore outside the scope) of this ISA. In addition, management or those charged with governance may request the auditor to perform an engagement on documents that are not other information as defined in this ISA.~~

Effective Date

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

Objectives

8. The objectives of the auditor, having read the other information ~~based on the auditor's understanding of the entity and its environment acquired~~ taking into account relevant audit evidence obtained and conclusions reached during the course of the audit, are to:

- ____ (a) Respond appropriately when the auditor identifies ~~that~~:
- (i) An apparent material misstatement of the other information; or
 - (ii) That there may be:
 - (i) A a material misstatement in the audited financial statements; or
 - (ii) A material misstatement of fact in the other information; and
- (b) Report in accordance with this ISA.

- 8A9. 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, ~~a statement~~ statements or information furnished recklessly, or omits or obscures ~~necessary information such that the other information is required to be included where such omission or obscurity would be misleading.~~

Definitions

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

- (aaa) ~~Annual Report~~ A comprehensive report – A document, or combination of documents, prepared typically on an annual basis by management and/or those charged with governance on an entity's developments, financial results, and financial position. Annual reports are intended in accordance with law or regulation or by custom, the purpose of which is to provide owners (or similar stakeholders) with information about these matters, and any other matters required by law or regulation, or included by custom in the entity's jurisdiction. Annual reports comprise various elements, and often include commentary on the entity's operations and finances; 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 chair of the entity's governing body; and reports covering corporate governance matters (for example, executive compensation). 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. A1A–A1CA1–A5)
- (ab) ~~Misstatement of Fact~~ Misstatement of fact ~~the other information~~ – A misstatement of fact ~~the other information~~ exists when the other information is ~~incorrectly stated~~ incorrectly stated, in the auditor's professional judgment, ~~is incorrectly stated~~, inappropriately presented, or otherwise misleading (for example, because it omits or obscures information necessary for a proper understanding of a

¹ See paragraph 110.2 of the International Ethical Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code).

~~matter). The materiality of a misstatement of fact is judged in light of its significance, in the context of the audited financial statements and the other information taken as a whole, is material if it could reasonably be expected to influence the economic decisions of the users for whom the auditor's report is prepared. (Ref: Para. A1CA6)~~

- (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)
- (i) ~~An annual report that contains the financial statements and the auditor's report thereon; and~~
- (ii) ~~A document(s) that contains information similar to that typically contained in an annual report, that is issued or made available to owners (or similar stakeholders), and that contains or is intended to be read in conjunction with the financial statements and the auditor's report thereon. (Ref: Para. A7–A9–A21)~~

Requirements

Obtaining the Other Information

~~40~~11. The auditor shall:

- (a) ~~Discuss with management the nature and timing of~~Determine which document(s) comprises the annual report, (and therefore includes the other documents that contain information similar to that typically contained in an annual report, and determine which of these other documents are within the scope of this ISA.); 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 the ~~documents that are within the scope of this ISA.~~such other information. (Ref: Para. ~~A22–A27~~A11–A19)

Reading and [Evaluating/Considering] the Other Information

~~11.~~12. The auditor shall read the other information and [evaluate/consider] whether there is an apparent material misstatement of the other information, taking into account relevant audit evidence obtained and conclusions reached during the course of the audit. The auditor shall use professional judgment in determining the nature and extent of procedures that are necessary to take into account such evidence and conclusions. (Ref: Para. A20–A26, A29, based on the auditor's understanding of the entity and its environment acquired during the course of the audit, read the other information. In reading the other information, the auditor shall consider whether there may be:

- (a) ~~An inconsistency between the other information and the audited financial statements that may indicate the existence of a material misstatement in the audited financial statements; or~~
- (b) ~~A material misstatement of fact in the other information. (Ref: Para. A28–A43, A49)~~

~~11A.~~ In fulfilling the requirement of paragraph 11, the auditor shall determine the nature and extent of procedures that, in the auditor's professional judgment, are necessary in the circumstances and perform those procedures. (Ref: Para. A35A)

13. The procedures performed in fulfilling the requirement in paragraph 12 shall include procedures designed to [evaluate/consider] the consistency of 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. (Ref: Para. A27–A29)

Responding to a Possible Inconsistency between the Other Information and the Audited Financial Statements [Relocated to paragraph 17]

~~11B. If the auditor identifies that there may be an inconsistency between the other information and the audited financial statements (Ref: Para.) that may indicate the existence of a material misstatement in the audited financial statements, the auditor shall perform procedures necessary under the ISAs to determine whether the audited financial statements are materially misstated.~~

Responding to a Possible Apparent Material Misstatement of Fact in the Other Information

- ~~12. 14. If, the auditor identifies that there may be an apparent material misstatement of fact in the other information, the auditor shall discuss the matter with management and, if necessary, perform other procedures to determine whether a material misstatement of fact in the other information does in fact exist. (Ref: Para. A44–A48A30–A34)~~

~~13 15. If the auditor determines that a material misstatement of fact in the other information does exist, 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; or 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)~~
- ~~(b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made.~~

~~14 16. If the other information 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. A49–A54A35)~~
 - ~~(i) Considering the reporting implications for the auditor's report (see paragraph 46 18(c)(ii)); or (Ref: Para. A52A36)~~
 - ~~(ii) Withdrawing from the engagement, where withdrawal is possible under the applicable law or regulation; or (Ref: Para. A53–A54A37–A38)~~
- ~~(b) When the other information was obtained after the date of the auditor's report, take appropriate action in accordance with ISA 560,² taking into account the auditor's legal rights and obligations. (Ref: Para. A55–A56, A59–A59BA39–A44)~~

Responding When There May Be a Material Misstatement in the Financial Statements

17. If, as a result of performing the procedures above, the auditor identifies that there may be a material misstatement in the financial statements, the auditor shall perform the procedures

² ISA 560, *Subsequent Events*, paragraphs 10–17

necessary under the ISAs to determine whether the financial statements are materially misstated.
(Ref: Para. A26, A39)

Reporting

~~15. [Intentionally omitted].~~

~~4618.~~ 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. ~~A57–A58~~A45–A46)

~~(a) A description of the auditor's responsibilities with respect to the other information;~~

~~(b)(a)~~ Identification of the other information read by the auditor before the date of the auditor's report; ~~(Ref: Para. A59)~~

~~(b) A description of the auditor's responsibilities with respect to the other information;~~

~~(c) A statement:~~

~~(i) The If the auditor has not identified a material misstatement of fact in the other information that has not been corrected, a statement that, as a result of reading the other information, based on the auditor's understanding of the entity and its environment acquired during the course of the audit, that the auditor has nothing to report; or~~

~~(ii) If the auditor has determined that identified a material misstatement of fact exists in the other information and has not been corrected, and a statement describing, that describes the material misstatement of fact; or~~

~~(ii) The auditor has not identified a material misstatement of fact in the other information that has not been corrected, a statement that the auditor has nothing to report.~~

~~(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 conclusion on it.~~

~~4719.~~ 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 ~~4618~~(c). (Ref: Para. ~~A60–A63~~A47–A51)

Reporting Prescribed by Law or Regulation

~~4820.~~ If the auditor is required by law or regulation of a specific jurisdiction to report with respect to the other information and to use a specific layout or wording in the auditor's report for this purpose, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum: (Ref: Para. ~~A64~~A52)

(a) A description of the auditor's responsibilities with respect to the other information;

(b) ~~Identification~~An identification of the documents containing the other information that the auditor has read; and

(c) An explicit statement addressing the outcome of the auditor's work for this purpose.

Documentation

~~1921.~~ The auditor shall retain in the audit documentation the ~~document(s)~~final version of the other information on which the auditor has performed the work required under this ISA. ~~When applicable, the audit documentation shall include how the auditor has addressed the material misstatement of fact.~~ (Ref: Para. A653).

Application and Other Explanatory Material

Definitions

Annual Reports (Ref: Para. 9~~(aa)~~10(a))

~~A1A. Many jurisdictions require preparation of a comprehensive report to owners (or similar stakeholders) that is intended to be read in conjunction with, or provide context for, the audited financial statements. These are often prepared annually pursuant to law or regulation but may also be prepared for shorter or longer periods. These reports are an important route for management and those charged with governance to report to owners (or similar stakeholders).~~

~~A1BA1.~~ 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) information on the entity's operations and the entity's financial results and financial position as set out in the audited financial statements by way of a document serving the purpose of an annual report, or by way of two or more separate documents the combination of which serves the same purpose and which contain or accompany 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, 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 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 a report prepared to meet the information needs of a specific stakeholder group or for purposes of compliance with a specific regulatory reporting objective. Examples of such 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 not other information within the scope of this ISA unless they are contained within an annual report, include:

- Separate reports 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 ~~Fact~~the Other Information (Ref: ~~Paragraph 9~~Para. 10(b))

~~aA1C. A material misstatement of fact in the other information may cause users to doubt the credibility of the audited financial statements and the audit thereon.~~

A6. Other information is part of the set of information available to a user when reading the audited financial statements. Accordingly, the materiality of a misstatement of the other information may be judged in the context of the overall set of information composed of the audited financial statements and the other information as a whole.

Other Information (Ref: ~~Para. 9~~10(c))

~~A2-A6. [Intentionally omitted].~~

~~A7. A document within the scope of this ISA may either stand alone, or be part of a set of documents. This document may be issued, or other information may be included in it, pursuant to law or regulation, or custom, or voluntarily.~~

~~A8. [Relocated to A13]Documents within the scope of this ISA may be made available in printed form, or electronically, including on the entity's website. A document that meets the criteria in paragraph 9(c) is within the scope of this ISA irrespective of the manner in which it is made available. For example, where a document is only made available on the entity's website, the auditor's procedures under this ISA would be performed on a version of the document obtained from the entity in accordance with paragraph 10(b) of this ISA. The auditor has no responsibility under this ISA regarding the documents within the scope of this ISA posted to a website or for any subsequent changes that may be made to such documents.~~

~~A9. [Relocated to A15]Documents within the scope of this ISA may be translated into other languages. The auditor's responsibilities under this ISA do not extend to such translated documents. However, the auditor may be required by law, regulation or terms of audit engagement to perform work on the translated documents.~~

~~A10. [Intentionally omitted].~~

~~Documents That Are Intended to be Read in Conjunction with the Audited Financial Statements and the Auditor's Report Thereon (Ref: Para. 9(c))~~

~~A11. Whether a document is intended to be read in conjunction with the financial statements and the auditor's report thereon is a matter for the auditor's professional judgment. Factors that may be considered include:~~

- ~~☐ How closely the content of the other information is related to the financial statements;~~
- ~~☐ The number and significance of references between the document and the document containing the audited financial statements and auditors report thereon;~~
- ~~☐ The degree to which elements of the financial statements (such as account balances and disclosures) are reproduced, summarized or expanded upon within the other document; and~~
- ~~☐ Whether the document was issued at the same or similar time to the document containing the audited financial statements or issued as part of a package of documents.~~

~~A12. [Relocated to definition of "Annual Reports"]~~

~~A13. [Relocated to A3] Examples of documents that are unlikely to be intended to be read in conjunction with the financial statements and the auditor's report thereon include:~~

- ~~☐ Corporate social responsibility report.~~
- ~~☐ Sustainability report.~~
- ~~☐ Diversity and equal opportunity report.~~
- ~~☐ Product responsibility report.~~
- ~~☐ Labor practices and working conditions report.~~
- ~~☐ Human rights report.~~

~~However, if any information of this nature is contained in an annual report, or other document that is within the scope of this ISA, that information would nevertheless be read as required by paragraph 11 of this ISA.~~

Integrated Reports

~~A14. [Relocated to A4] Documents that are referred to as integrated reports may or may not be within the scope of this ISA depending on their purpose and the circumstances of their issuance. For example, an integrated report may be other information that is within the scope of this ISA if it contains information similar to that typically contained in an annual report, is provided to owners (or similar stakeholders) and is intended to be read in conjunction with the financial statements and the auditor's report thereon.~~

Types of Other Information

~~A15-A7. Other information may be financial or non-financial in nature and may be historical or prospective. Appendix 1 includes examples of other information that is financial in nature. Examples of non-financial other information include Examples of non-financial other information~~

include discussions of matters or statements pertaining to the entity's developments, its future outlook, risks and uncertainties, and profiles of officers and directors.~~the following:~~

Financial

- ☐ ~~Financial summaries or highlights.~~
- ☐ ~~Planned expenditures.~~
- ☐ ~~Segment information.³~~
- ☐ ~~Financial ratios.~~
- ☐ ~~Selected quarterly financial data.~~
- ☐ ~~Financial "key performance indicators."~~

Non-Financial

- ☐ ~~Operating data such as production in units, quantities of raw materials used, or energy consumption by quarter.~~
- ☐ ~~Names and profiles of officers and directors.~~
 - ☐ ~~Employment data.~~
 - ☐ ~~Governance statements.~~
 - ☐ ~~Sustainability and corporate social responsibility information (such as environmental, labor practices and working conditions, and product responsibility information).~~
 - ☐ ~~Statements of internal control.~~
 - ☐ ~~Non-financial "key performance indicators" (or, in the public sector, details about the entity's outputs and outcomes – see paragraph A21).~~

A16. ~~Management commentary may also be included in the other information and typically comprises both financial and non-financial information. The International Financial Reporting Standard (IFRS) Practice Statement on Management Commentary⁴ explains that management commentary provides users with historical explanations of the amounts presented in the financial statements, specifically the entity's financial position, financial performance and cash flows. Management commentary also includes commentary on an entity's prospects and other information not presented in the financial statements. Management commentary also serves as a basis for understanding management's objectives and its strategies for achieving those objectives.~~

A17. ~~Financial information in the other information may be quantitative or qualitative in nature, and may be the same as specific elements, accounts or items in the financial statements. Alternatively, it may be intended to provide:~~

³ — ISA 501, *Audit Evidence—Specific Considerations for Selected Items*, deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence with respect to segment information in an audit of financial statements when, under the applicable financial reporting framework, the entity is required or permitted to disclose such information in the audited financial statements.

⁴ — IFRS Practice Statement, *Management Commentary*, as at December 2010

☐ ~~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.~~

~~Examples of quantitative and qualitative financial information are included in the Appendix to this ISA.~~

A18A8. In some cases, the applicable financial reporting framework may require specific disclosures but permit them to be located outside of the audited financial statements.⁵ 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.

A19. ~~Unaudited~~A9. ISA 700⁶ explains that unaudited supplementary information that is presented with, and clearly differentiated from, the audited financial statements ~~is dealt with in ISA 700.~~⁷ ~~As explained in ISA 700,~~⁸ ~~such information falls within the definition of other information and is therefore within the scope of this ISA.~~

A210. eXtensible Business Reporting Language (XBRL) tags do not represent other information as defined in this ISA.

Considerations specific to public sector entities

A21. ~~In the public sector, examples of other information include details about the entity's outputs and outcomes in the form of performance indicators, statements of service performance, program review and other reports by management about the entity's achievements over the reporting period, such as:~~

- ☐ ~~Number of supervisions performed.~~
- ☐ ~~Number of complaints handled.~~
- ☐ ~~Number of students who have graduated.~~

Obtaining the Other Information (Ref: Para. ~~40~~11)

A22. ~~The~~A11. 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 ~~it~~that is not possible, as soon as practicable and in any case prior to issuance of such information; ~~and.~~

⁵ 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.

⁶ ISA 700, *Forming an Opinion and Reporting on Financial Statements*, paragraph A51

⁷ ISA 700, *Forming an Opinion and Reporting on Financial Statements*, paragraphs 46–47 and A45–A51

⁸ ISA 700, paragraph A51

- 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 560.⁹

A123. 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 ~~a document that is intended to be read in conjunction with the audited financial statements and the auditor's report thereon~~ 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 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. 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 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.

A24. ~~[Relocated to A53]Where those charged with governance are to approve the document, the final version is the one that has been approved by those charged with governance for issuance.~~

A16. A25. ~~This ISA~~ 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 letter¹⁰ 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.¹¹

⁹ ISA 560, Subsequent Events, paragraphs 10–17

¹⁰ ISA 210, Agreeing the Terms of Audit Engagements, paragraph A23

¹¹ ISA 210, Agreeing the Terms of Audit Engagements, paragraph A23

~~A26~~A17. The auditor is not precluded from dating or issuing the auditor's report if the auditor has not obtained the other information.

A27A18. 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 ~~A55~~A39).

A27AA19. ISA 580¹² 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 other information is consistent with the audited financial statements and does not contain any material misstatements of ~~fact~~the other information.

Reading and [Evaluating/Considering] the Other Information (Ref: Para. 44, 44A12, 13)

[Evaluating/Considering] Whether the Other Information Contains an Apparent Material Misstatement of the Other Information (Ref: Para. 12)

~~A20. A28.~~ TheA material misstatement of the other information may be identified by reading and [evaluating/considering] the other information, taking into account the relevant audit evidence obtained and the conclusions reached during the course of the audit or by an inconsistency between the other information and the audited financial statements,. Relevant audit evidence includes the auditor's understanding of the entity and its environment-acquired during the course of the audit forms the basis for the auditor's reading of the other information as required in this ISA. ISA 315¹³ sets out matters relating to the entity and its environment, including the entity's internal control, for whichobtained in accordance with ISA 315.-¹⁴ ISA 315 sets out the auditor isauditor's required to obtain an understanding for the purpose of the audit. Such, which includes such matters include the followingas 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.

~~A29. The auditor's understanding of the entity and its environment acquired during the course of the~~A21. Relevant audit evidence may also encompasses understanding-ofinclude matters that may be prospective in nature. TheseSuch matters may include, for example, business prospects and future

¹² ISA 580, Written Representations

¹³ ISA 315, paragraphs 11–12

¹⁴ ISA 315, *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment*, paragraphs 11–12

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.

~~A30A22.~~ The auditor is required by ISA 200¹⁵ to plan and perform the audit with professional skepticism. Maintaining professional skepticism when reading and [evaluating/considering] the other information includes, for example, recognizing that management may be overly optimistic about the success of their plans ~~or may be overly focused on seeking to convince readers of the merits of their point of view rather than providing a balanced analysis.~~ Therefore, circumstances may exist that raise doubt about the audited financial statements or the other information, and possibly about management's competence or ethical values, or about their commitment to such values.

~~A31.~~ ~~Reading the other information based on the auditor's understanding of the entity and its environment acquired during the course of the audit involves, and~~ being alert to information that may be inconsistent with:

- (a) The audited financial statements; and
- (b) Relevant audit evidence obtained and conclusions reached during the course of the audit. ~~The auditor's understanding of the entity and its environment based on the audit.~~

~~A31A.~~ ~~[Relocated to paragraph A25]~~ ~~Factors that assist the auditor in exercising professional judgment in reading the other information based on the understanding of the entity and its environment acquired during the course of our audit and performing procedures necessary in the circumstances include:~~

- ~~The significance¹⁶ 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 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 the elements, accounts or items in the audited financial statements or the other information to which they relate.~~
 - ~~The sensitivity of the information, for example, stock option compensation for senior management.~~
 - ~~The auditor's understanding of the entity and its environment acquired during the course of the audit – for example, 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.~~
- ~~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.~~

~~[Relocated to Appendix 2]~~

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

¹⁶ As defined in the Glossary of Terms

~~A31B. The nature of the work that the auditor may perform in reading other information, based on the understanding of the entity and its environment acquired during the course of our audit, will vary depending on the nature of the other information, for example, whether it is:~~

- ~~• Quantitative or qualitative;~~
- ~~• Financial or non-financial; or~~
- ~~• Objective or subjective.~~

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

~~A23.A32. Other information may include discussion of matters that extends beyond the relevant audit evidence obtained and conclusions reached during the course of the audit, for example as may occur when a matter is unrelated to the financial statements. A document that is within the scope of this ISA may include other information that extends beyond the auditor's understanding of the entity and its environment acquired during the course of the audit. In meeting complying with the requirements of this ISA, the auditor is not required to seek to enhance the auditor's understanding of the entity and its environment obtain audit evidence beyond that required for purposes of the audit to form an opinion on the financial statements.~~

~~A33.A24.~~ In accordance with ISA 220,¹⁷ 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 may take into account when determining the appropriate individuals to read the other information, include:

- The relative experience of engagement team members.
- Whether the individuals to be assigned the tasks have the relevant understanding involvement in the audit to read the other information based on the auditor's understanding of the entity, taking into account relevant audit evidence obtained and its environment acquired the conclusions reached during the course of the audit.
- The degree of judgment involved in reading and [evaluating/considering] the other information. For example, when performing procedures on the other information involves a lower degree of judgment, such as agreeing quantitative information to corresponding information 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 reading and [evaluating/considering] the other information related to that component.

A25. The auditor may choose to focus the [evaluation/consideration] of whether there is an apparent material misstatement of the other information 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

¹⁷ ISA 220, *Quality Control for an Audit of Financial Statements*, paragraph 15(a)

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 elements, 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.
- Whether the other information is closely related 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
 - Relevant audit evidence obtained and conclusions reached during the course of the audit including the auditor's understanding of the entity and its environment acquired 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.

When the other information is not closely related to either the audited financial statements, relevant audit evidence obtained and conclusions reached during the audit, or the auditor's understanding of the entity and its environment acquired during the course of the audit, there are not likely to be procedures available to the auditor other than reading the other information and, as necessary, discussing it with management.

- 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).

Implications of New Information A34-A43. [Intentionally omitted].

A26. In reading and [evaluating/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.¹⁸

[Evaluating/Considering] the Consistency of Amounts or Other Items With the Audited Financial Statements (Ref: Para. 13)

A27. It is not necessary to [evaluate/consider] the consistency of every amount or other item in the other information with the audited financial statements. Professional judgment aids in determining the extent of procedures necessary in the circumstances to fulfill the requirement in paragraph 13. [evaluating/considering] 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.

A28. The auditor may find it useful to obtain a reconciliation from management between amounts in the other information and the audited financial statements.

¹⁸ ISA 315, paragraph 31

Examples of Procedures

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

Responding to a Possible Apparent Material Misstatement of ~~Fact~~ in the Other Information

Determining Whether a Material Misstatement of ~~Fact~~ in the Other Information Exists (Ref: Para. 4214)

A30A44. The auditor's discussion with management 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 that there is no material misstatement of ~~fact~~ in the other information. For example, management explanations may indicate reasonable and sufficient grounds for valid differences of judgment.

A45A31. Conversely, the discussion with management may provide further information that reinforces the auditor's belief that a material misstatement of ~~fact~~ in the other information may exist.

A32A46. 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 during the course of the audit. These circumstances may raise doubt about the other information or the audited financial statements.

A47A33. As there are a wide range of possible material misstatements of the other information, the ~~The~~ nature and extent of other procedures the auditor may perform to determine whether a material misstatement of ~~fact~~ in the other information exists are a matter of the auditor's professional judgment in the circumstances.

A348. 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 with a qualified third party such as a management's expert or legal counsel.

Other Information Obtained Prior to the Date of the Auditor's Report (Ref: Para. 4416(a))

~~Implications of New Information~~ (Ref: Para. 11B)

A49. ~~[Relocated to A26] In reading 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.~~¹⁹

Responding When a Material Misstatement of ~~Fact~~ in the Other Information Is Not Corrected

A350. The actions the auditor takes if the other information is not corrected after communicating with those charged with governance ~~depend on~~ is a number matter of professional judgment and factors, including:

- ☐ ~~The extent to which the material misstatement of fact in the other information could reasonably be expected to influence the economic decisions of the users for whom the~~

¹⁹ ISA 315, paragraph 34

~~auditor's report is prepared taken on the basis of the audited financial statements and the other information as a whole; and~~

- ~~□ The auditor's understanding of~~may take into account whether the rationale given by management and those charged with governance for not making the correction. ~~Such rationale may, for example, raise~~raises doubt about the integrity or honesty of management or those charged with governance, such as when the auditor suspects an intention to mislead.~~A51.~~ 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. 4416(a)(i))

A52A36. In rare circumstances, a disclaimer of opinion on the financial statements may be appropriate when the refusal to correct the material misstatement of ~~fact in~~ 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. 4416(a)(ii))

A537. 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 ~~fact in~~ 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

A54A38. 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.

Other Information Obtained after the Date of the Auditor's Report (Ref: Para. 4415(a), 16(b), 4517)

A55A39. Reading the other information and discussions with management 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.²⁰

A56A40. When other information is received after the date of the auditor's report and management agrees to revise the other information, the auditor's procedures may include 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 the material misstatement of ~~fact in~~ 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

²⁰ ISA 560, paragraphs 10–17

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.

Reporting

~~Illustrative Statements (Ref: Para. 16)~~

[Relocated to A45]~~Illustrative Statement When the Auditor Has Not Identified Material Inconsistencies in the Other Information~~

A57. ~~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 and has not identified a material misstatement of fact, or has identified a material misstatement of fact which has been corrected, in the other information:~~

Other Information

As part of our audit, we have read the following [document(s)/other information] available at the date of our auditor's report:

- ~~• [Provide an appropriate reference to the other information, for example, specifying the document name and, if necessary, the relevant sections of the document (e.g., Chair's Statement) to make clear to users that the audited financial statements and the auditor's report thereon are excluded]~~

~~We have a responsibility to read this [document(s)/other information]²⁴ based on our understanding of the entity and its environment acquired during the course of the audit. When reading this [document/other information], we consider whether there is an inconsistency between this [document(s) /other information] and the audited financial statements that may indicate the existence of a material misstatement in the audited financial statements, or whether there is a material misstatement of fact in this [document(s)/other information].~~

~~We also have a responsibility to report if we determine that such a material misstatement of fact exists in this [document(s)/other information] and it is not corrected. We have nothing to report in this regard.~~

~~However, we have not audited or reviewed this [document(s)/other information] and accordingly do not express an audit opinion or a review conclusion on it.~~

[Relocated to A46]~~Illustrative Statement When the Auditor Has Identified Material Inconsistencies in the Other Information~~

A58. ~~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 fact which has not been corrected in the other information and withdrawal from the engagement is not necessary or possible in the circumstances:~~

Other Information

²⁴—It may be helpful to use a commonly understood term, such as "annual report" where such a term is appropriate given the composition of the other information.

~~As part of our audit, we have read the following [document(s)/other information] available at the date of our auditor's report:~~

- ~~• [Provide an appropriate reference to the other information, for example, specifying the document name and, if necessary, the relevant sections of the document (e.g., Chair's Statement) to make clear to users that the audited financial statements and the auditor's report thereon are excluded]~~

~~We have a responsibility to read this [document(s)/other information] based on our understanding of the entity and its environment acquired during the course of the audit. When reading this [document(s)/other information], we consider whether there is an inconsistency between this [document(s)/other information] and the audited financial statements that may indicate the existence of a material misstatement in the audited financial statements, or whether there is a material misstatement of fact in this [document(s)/other information].~~

~~We also have a responsibility to report if we determine that such a material misstatement of fact exists in this [document(s)/other information] and it is not corrected. As described below, we have determined that such a material misstatement of fact exists in the [document(s)/other information].~~

~~[Description of material misstatement of fact]~~

~~However, we have not audited or reviewed this [document(s)/other information] and accordingly do not express an audit opinion or a review conclusion on it.~~

Other Information Not Available at the Date of the Auditor's Report (Ref: Para. 4416(b))

~~A59A42.~~ 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 ~~based on the auditor's understanding of the entity and its environment acquired~~ 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)).

~~A59A.A43.~~ ISA 560²² 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 ~~fact in the~~ other information that was received after the date of the auditor's report, which would have required a modified statement according to paragraph ~~4618(c)(iii)~~ 18(c)(iii) 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 ~~40–4311–15~~ 11–15 of ISA 560.

~~A59B.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

²² ISA 560, paragraphs 10 and 14

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 ~~fact~~ the other information include reissuing the auditor's report to include a modified paragraph as per paragraph 4618(c)(iii). 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. 18)

Illustrative Statement When the Auditor Has Not Identified a Material Misstatement of the Other Information

A45. 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 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 report²³ contains the audited financial statements, this auditor's report thereon, and other information.²⁴

Our responsibility is to read the other information and [evaluate/consider] whether, to a 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 the other information with the audited financial statements. If we identify that the other information, to a material degree, is incorrectly stated, inappropriately presented or otherwise misleading, 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 assurance conclusion on it.

Illustrative Statement When the Auditor Has Identified a Material Misstatement of the Other Information

A46. 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 [or another title if appropriate such as "Information other than the financial statements and auditor's report thereon"]

The annual report¹⁷ contains the audited financial statements, this auditor's report thereon, and other information.¹⁸

Our responsibility is to read the other information and [evaluate/consider] whether, to a material degree, it is incorrectly stated, inappropriately presented or otherwise

²³ Use another term if appropriate.

²⁴ 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.

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 the other information with the audited financial statements. If we identify that the other information, to a material degree, is incorrectly stated, inappropriately presented or otherwise misleading, we are required to report that fact. As described below, we have determined that such a matter exists.

[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 any assurance conclusion on it.

Reporting Implications When the Auditor's Opinion on the Financial Statements Is Modified (Ref: Para. 4719)

A60A47. A modification of the auditor's opinion on the financial statements may not have an impact on the statement required by paragraph 4618(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 ~~A61–A63~~A50–A52.

Qualified Opinion Due to a Material Misstatement in the Financial Statements

A61A48. While the other information may be consistent with the financial statements, the auditor may conclude that it is materially ~~inconsistent with the auditor's understanding of the entity and its environment acquired during the course of the audit~~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 ~~A58~~A46.

Qualified Opinion Due to Limitation of Scope

A62A49. 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 ~~is materially inconsistent with the auditor's understanding~~contains an apparent material misstatement of the entity and its environment acquired during the course of the auditother information. Accordingly, the auditor may need to modify the statement required by paragraph 4618(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 ~~inconsistencies in~~misstatements of the other information. For example:

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

As part of our audit, we have read the following document(s) available at the date of our auditor's report:

~~[Provide an appropriate reference to the other information, for example, specifying the document name and, if necessary, the relevant sections of the document (e.g., Chair's Statement) to make clear to users that the audited financial statements and the auditor's report thereon are excluded]~~

~~We have a~~The annual report¹⁷ contains the audited financial statements, this auditor's report thereon, and other information.¹⁸

~~Our responsibility is to read this document the other information and [evaluate/consider] whether, to a material degree, it is incorrectly stated, inappropriately presented or otherwise misleading. Our [evaluation/consideration] is based on our understanding of the entity and its environment acquired during the solely on relevant audit evidence we have obtained and conclusions we have reached in the course of the audit. When reading this document, we consider whether there is an inconsistency between this document and the audited financial statements that may indicate the existence and includes consideration of the consistency of a material misstatement in the other information with the audited financial statements, or whether there is. If we identify that the other information, to a material misstatement of fact in this document. We also have a responsibility to report if we determined degree, is incorrectly stated, inappropriately presented or otherwise misleading, we are required to report that such a material misstatement of fact exists in this document and it is not corrected 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 report [evaluate/consider] whether management's description of this matter in this document contains a material misstatement of fact. the annual report is incorrectly stated, inappropriately presented or otherwise misleading. We have nothing to report regarding the remainder of this document the annual report.~~

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

Adverse Opinion

A63A50. 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 ~~inconsistencies in 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 ~~46~~18(c).

Disclaimer of Opinion

A63A51. 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), the auditor's report does not include a section addressing the reporting requirements under this ISA.

Reporting Prescribed by Law or Regulation (Ref: Para. 4820)

A64A52. ISA 200 explains that the auditor may be required to comply with legal or regulatory requirements in addition to the ISAs.²⁵ 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 4820 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.

Documentation (Ref: Para. 2021)

A65. ~~ISA 230²⁶ requires the auditor to record the identifying characteristics of the specific items or matters tested. Retaining a copy of the document on which the auditor has performed work under this ISA serves as a record of the version upon which the auditor has performed work, particularly if the entity subsequently amends the document.~~

A53. 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.

²⁵ ISA 200, paragraph A55

²⁶ ~~ISA 230, *Audit Documentation*, paragraph 9(a)~~

Appendix 1

(Ref: Para. A47)

Examples of ~~Quantitative and Qualitative~~ Financial Other Information

Financial information in the other information may be quantitative or qualitative in nature, and may be the same as specific elements, accounts or items in the financial statements. Alternatively, it 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.

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

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

- 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.
- ~~A summary of significant operating developments by country in which the entity operates.~~

Appendix 2

(Ref: Para. 44A12, 13 A29)

Examples of Procedures that May be Undertaken on Different Types of Other Information

The following are examples of procedures that may be undertaken by the auditor on different types of other information. Determining which, if any, 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.

- ~~Comparing non-financial other information with the auditor's understanding of the entity and its environment 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).~~