Appendix 3

(Ref: Para. A44)

## AN AUDITOR’S REVIEW REPORT UNDER THE *CORPORATIONS ACT 2001*

### Financial Report for a Half‑year

##### Introduction

1. This Appendix has been prepared to assist an auditor, engaged to undertake a review engagement, by providing an example of an auditor’s review report on a review of a financial report for a half‑year prepared in accordance with Part 2M.3 of the *Corporations Act 2001* (The Act). The example reflects both requirements of this Auditing Standard and the Act, but is not intended to require standard wording for the circumstances of particular modifications.
2. This Appendix contains limited extracts from the Act and the Australian Accounting Standards in order to provide a context for the example report included in this Appendix. These selected extracts are included in this Appendix only for the purpose stated and accordingly are not intended to be an exhaustive list of an auditor’s obligations and requirements which are found elsewhere in this Auditing Standard, the Act, the Australian Accounting Standards and other relevant mandates.
3. This Appendix:
   1. Includes selected extracts from the Act and Australian Accounting Standards, and references to other relevant information, to provide a contextual framework; and
   2. Provides an example of an auditor’s review report.

##### Contextual Framework

###### *Corporations Act 2001*

The following selected extracts from the Act are included in this Appendix only to point to some of the important requirements of the Act that affect auditors engaged to undertake a review engagement in accordance with the Act.

1. Section 302 states:

“A disclosing entity[[1]](#footnote-2) must:

* 1. prepare a financial report and directors’ report for each half‑year; and
  2. have the financial report audited or reviewed in accordance with Division 3 and obtain an auditor’s report; and
  3. lodge the financial report, the director’s report and the auditor’s report on the financial report with ASIC;

unless the entity is not a disclosing entity when lodgement is due”.

1. Section 303(1) states:

“The financial report for a half‑year consists of:

* 1. the financial statements for the half‑year;
  2. the notes to the financial statements; and
  3. the directors’ declaration about the statements and notes”.

1. Section 304 states:

“The financial report for a half‑year must comply with the accounting standards and any further requirements in the regulations”.

1. Section 305 states:

“The financial statements and notes for a half‑year must give a true and fair view of:

* 1. the financial position and performance of the disclosing entity; or
  2. if consolidated financial statements are required—the financial position and performance of the consolidated entity.

This section does not affect the obligation under section 304 for financial reports to comply with accounting standards.”

**Note:** If the financial statements prepared in compliance with the accounting standards would not give a true and fair view, additional information must be included in the notes to the financial statements under paragraph 303(3)(c)”.

1. Section 309(4) states:

“An auditor who reviews the financial report for a half‑year must report to members on whether the auditor became aware of any matter in the course of the review that makes the auditor believe the financial report does not comply with Division 2”.

1. Section 309(5) states:

“A report under subsection (4) must:

* 1. Describe any matter referred to in subsection (4); and
  2. Say why that matter makes the auditor believe that the financial report does not comply with Division 2”.

1. Section 309(5A) states:

“The auditor’s report must include any statements or disclosures required by the auditing standards”.

1. Section 320 states:

“A disclosing entity that has to prepare or obtain a report for a half‑year under Division 2 must lodge the report with ASIC within 75 days after the end of the half‑year”.

**Other Information – ASIC and ASX**

1. An auditor, in the role of auditor, is required by section 311 of the Act to notify ASIC if the auditor is aware of certain circumstances. ASIC Regulatory Guide 34 *Auditors’ obligations: reporting to ASIC* (May 2013), provides guidance to help auditors comply with their obligations under section 311 of the Act.
2. ASIC and the ASX have agreed that listed entities can satisfy the requirements of the Act by lodging the half‑year financial report, the directors’ report, and the auditor’s review report on the financial report with the ASX. Details are provided in ASIC Regulatory Guide 28 *Relief from dual lodgement of financial reports* (July 2003) and *ASIC Corporations (Electronic Lodgement of Financial Reports) Instrument 2601/181*.

**Australian Accounting Standards**

1. Minimum Components of an Interim Financial Report – AASB 134 *Interim Financial Reporting*, paragraph 8:

An interim financial report shall include, at a minimum, the following components:

* 1. a condensed statement of financial position;
  2. a condensed statement or condensed statements of profit or loss and other comprehensive income;
  3. a condensed statement of changes in equity;
  4. a condensed cash flow statement; and
  5. selected explanatory notes.

1. Form and Content of Interim Financial Reports – AASB 134 paragraph 9 states:

“If an entity publishes a complete set of financial statements in its interim financial report, the form and content of those statements shall conform to the requirements of AASB 101 for a complete set of financial statements”.

1. Form and Content of Interim Financial Reports – AASB 134 paragraph 10 states:

“If an entity publishes a set of condensed financial statements in its interim financial report, those condensed statements shall include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial report and the selected explanatory notes as required by this Standard. Additional line items or notes shall be included if their omission would make the condensed interim financial report misleading”.

1. Materiality – AASB 134 paragraph 23 states:

“In deciding how to recognise, measure, classify, or disclose an item for interim financial reporting purposes, materiality shall be assessed in relation to the interim period financial data. In making assessments of materiality, it shall be recognised that interim measurements may rely on estimates to a greater extent than measurements of annual financial data”.

## EXAMPLE UNMODIFIED AUDITOR’S REVIEW REPORT ON A HALF‑YEAR FINANCIAL REPORT – SINGLE listed company – *Corporations Act 2001*

INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of [name of entity]

**Report on the Half‑Year Financial Report[[2]](#footnote-3)**

*Conclusion*

We have reviewed the half‑year financial report of [name of entity], which comprises the statement of financial position as at 31 December 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half‑year ended on that date, a summary of significant accounting policies[[3]](#footnote-4) and other explanatory information, and the directors’ declaration.[[4]](#footnote-5)

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half‑year financial report of [name of company/registered scheme/disclosing entity] does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the [name of entity’s] financial position as at 31 December 20XX and of its performance for the half‑year ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim* *Financial* *Reporting* and the *Corporations* *Regulations* *2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review* *of* *a Financial* *Report* *Performed* *by* *the Independent* *Auditor* *of* *the* *Entity*. Our responsibilities are further described in the *Auditor’s* *Responsibilities* *for* *the* *Review* *of* *the* *Financial* *Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code* *of* *Ethics* *for* *Professional* *Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s review report.[[5]](#footnote-6)

*Responsibility of the Directors for the Financial Report*

The directors of the [company/registered scheme/disclosing entity] are responsible for the preparation of the half‑year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half‑year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor’s Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half‑year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half‑year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company’s financial position as at 31 December 20XX and its performance for the half‑year ended on that date, and complying with Accounting Standard AASB 134 *Interim* *Financial* *Reporting* and the *Corporations* *Regulations* *2001*.

A review of a half‑year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Report on Other Legal and Regulatory Requirements**

[Form and content of this section of the auditor’s review report will vary depending on the nature of the auditor’s other reporting responsibilities].

[Auditor’s name and signature][[6]](#footnote-7)

[Name of firm]27

[Date of the auditor’s review report][[7]](#footnote-8)

[Auditor’s address]

1. The definition of a “disclosing entity” is found in Part 1.2A, Division 2, section 111AC of the *Corporations Act 2001*. [↑](#footnote-ref-2)
2. The sub-title “Report on the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and

   Regulatory Requirements”, or other appropriate sub-title, is not applicable. [↑](#footnote-ref-3)
3. If a condensed set of financial statements insert relevant titles for each statement and description of accounting policies as required by AASB 134. [↑](#footnote-ref-4)
4. When the auditor is aware that the half-year financial report will be included in a document that contains other information, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the audited half-year financial report is presented. [↑](#footnote-ref-5)
5. Or, alternatively, include statements (a) to the effect that circumstances have changed since the declaration was given to the relevant directors; and (b) setting out how the declaration would differ if it had been given to the relevant directors at the time the auditor’s review report was made. [↑](#footnote-ref-6)
6. Consistent with ASA 700 Paragraph 46, under the *Corporations Act 2001* the auditor of a company or registered scheme is required to sign the auditors’ review report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable. [↑](#footnote-ref-7)
7. The date of the auditor’s report is the date the auditor signs the report. [↑](#footnote-ref-8)