Appendix 1

(Ref: Para.A19)

##### Illustrations of Independent Auditor’s Reports on Financial Reports

* Illustration 1: [Deleted by the AUASB.] Refer [Aus] Illustration 1A.
* [Aus] Illustration 1A: An auditor’s report on a financial report of a single listed company prepared in accordance with the *Corporations Act 2001* (a fair presentation framework).
* Illustration 2: [Deleted by the AUASB.] Refer [Aus] Illustration 2A.
* [Aus] Illustration 2A: An auditor’s report on a financial report of a listed company and its subsidiaries (Group) prepared in accordance with the *Corporations Act 2001* (a fair presentation framework).
* Illustration 3: An auditor’s report on a financial report of an entity other than a listed entity prepared in accordance with a fair presentation framework.
* Illustration 4: An auditor’s report on a financial report of an entity other than a listed entity prepared in accordance with a general purpose compliance framework.

**Example Auditor’s Report
Single Company—*Corporations Act 2001*
(Fair Presentation Framework)**

[Aus] Illustration 1A:

For purposes of this illustrative auditor’s report, the following circumstances are assumed:

* Audit of the financial report of a single listed company. The audit is not a group audit (i.e. ASA 600 does not apply).
* The financial report is prepared by the directors of the company in accordance with Australian Accounting Standards (a general purpose framework) and under the *Corporations Act 2001*.
* The terms of the audit engagement reflect the description of the directors’ responsibility for the financial report in ASA 210.
* The auditor has concluded an unmodified (i.e. “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit are the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
* Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern in accordance with ASA 570.
* Key audit matters have been communicated in accordance with ASA 701.
* The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
* In addition to the audit of the financial report, the auditor has other reporting responsibilities required under section 308(3C) of the *Corporations Act 2001*. (Ref: Para. 43‑45)

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

###### Report on the Audit of the Financial Report[[1]](#footnote-2)#

###### Opinion

We have audited the financial report of ABC Company Ltd. (the Company), which comprises the statement of financial position as at 30 June 20X1, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors’ declaration.

In our opinion, the accompanying financial report of ABC Company Ltd., is in accordance with the *Corporations Act 2001*, including:

* 1. giving a true and fair view of the company’s financial position as at 30 June 20X1 and of its financial performance for the year then ended; and
	2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

###### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit 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 & 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 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 report.[[2]](#footnote-3)\*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

###### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[*Description of each key audit matter in accordance with ASA 701.*]

###### Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

*[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]*

The directors are responsible for the other information. The other information comprises the information included in the Company’s annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

###### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

###### Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor’s report.]

Paragraph 41(b) explains that the shaded material below can be located in an Appendix to the auditor’s report.

Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor’s responsibilities, rather than including this material in the auditor’s report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor’s responsibilities below. When the auditor refers to a description of the auditor’s responsibilities on a website, the appropriate authority is the Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

###### Report on the Remuneration Report[[3]](#footnote-4)§

Opinion on the Remuneration Report

We have audited the Remuneration Report included in [paragraphs a to b or pages x to y] of the directors’ report for the year ended 30 June 20X1.

In our opinion, the Remuneration Report of ABC Company Ltd., for the year [period] ended 30 June 20X1, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

[*Auditor’s name and signature*][[4]](#footnote-5)\*

[*Name of Firm*]

[*Date of the auditor’s report*][[5]](#footnote-6)#

[*Auditor’s address*]

**Example Auditor’s Report
Group Entity—*Corporations Act 2001*
(Fair Presentation Framework)**

[Aus] Illustration 2A:

For purposes of this illustrative auditor’s report, the following circumstances are assumed:

* Audit of the financial report of a listed company and its subsidiaries (the Group). The audit is a group audit (i.e. ASA 600 applies).
* The financial report is prepared by the directors of the company in accordance with Australian Accounting Standards (a general purpose framework) and under the *Corporations Act 2001*. The directors have elected to report only the consolidated financial position and financial results in the primary financial statements.
* The terms of the audit engagement reflect the description of the directors’ responsibility for the financial report in ASA 210.
* The auditor has concluded an unmodified (i.e. “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit are the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
* Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern in accordance with ASA 570.
* Key audit matters have been communicated in accordance with ASA 701.
* The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
* In addition to the audit of the financial report, the auditor has other reporting responsibilities required under section 308(3C) of the *Corporations Act 2001*. (Ref: Para. 43‑45)

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

###### Report on the Audit of the Financial Report[[6]](#footnote-7)#

###### Opinion

We have audited the financial report of ABC Company Ltd. (the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 20X1, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

* + 1. giving a true and fair view of the Group’s financial position as at 30 June 20X1 and of its financial performance for the year then ended; and
		2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

###### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.[[7]](#footnote-8)\*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

###### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[*Description of each key audit matter in accordance with ASA 701.*]

###### Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

*[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

###### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

###### Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor’s report.]

Paragraph 41(b) explains that the shaded material below can be located in an Appendix to the auditor’s report.

Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor’s responsibilities, rather than including this material in the auditor’s report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor’s responsibilities below. When the auditor refers to a description of the auditor’s responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
* Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

###### Report on the Remuneration Report[[8]](#footnote-9)§

Opinion on the Remuneration Report

We have audited the Remuneration Report included in [paragraphs a to b or pages x to y] of the directors’ report for the year ended 30 June 20X1.

In our opinion, the Remuneration Report of ABC Company Ltd., for the year ended 30 June 20X1, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

[*Auditor’s name and signature*][[9]](#footnote-10)\*

[*Name of Firm*]

[*Date of the auditor’s report*][[10]](#footnote-11)#

[*Auditor’s address*]

**Example Auditor’s Report
Single Entity (not listed)
(Fair Presentation Framework)**

|  |
| --- |
| Illustration 3For purposes of this illustrative auditor’s report, the following circumstances are assumed:* Audit of a financial report of an entity other than a listed entity. The audit is not a group audit (i.e., ASA 600 does not apply).
* The financial report is prepared by management of the entity in accordance with Australian Accounting Standards (a general purpose framework). The financial report is *not* prepared under the *Corporations Act 2001*.
* The terms of the audit engagement reflect the description of management’s responsibility for the financial report in ASA 210.
* The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit are the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
* Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with ASA 570.
* The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.
* The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
* Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
* The auditor has no other reporting responsibilities required under local law.
 |

###### INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Entity [or Other Appropriate Addressee]

###### Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the statement of financial position as at 30 June 20X1, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the declaration by those charged with governance.[[11]](#footnote-12)#

In our opinion, the accompanying financial report presents fairly, in all material respects, (or *gives* *a* *true* *and* *fair* *view* *of*) the financial position of the Entity as at 30 June 20X1, and (*of*) its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

###### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s* *Responsibilities* *for* *the* *Audit* *of* *the* *Financial* *Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

###### Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

*[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity’s annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

###### Responsibilities of Management and Those Charged with Governance for the Financial Report[[12]](#footnote-13)

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards,[[13]](#footnote-14) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

###### Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor’s report.]

Paragraph 41(b) explains that the shaded material below can be located in an Appendix to the auditor’s report.

Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor’s responsibilities, rather than including this material in the auditor’s report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor’s responsibilities below. When the auditor refers to a description of the auditor’s responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[*Signature*][[14]](#footnote-15)\*

[*Date of the auditor’s report*][[15]](#footnote-16)#

[*Auditor’s address*]

**Example Auditor’s Report
Single Entity (not listed)
(Compliance Framework)**

|  |
| --- |
| Illustration 4:For purposes of this illustrative auditor’s report, the following circumstances are assumed:* Audit of a financial report of an entity other than a listed entity required by law or regulation. The audit is not a group audit (i.e., ASA 600 does not apply).
* The financial report is prepared by management of the entity in accordance with the Financial Reporting Framework (XYZ Law) of Jurisdiction X (that is, a financial reporting framework, encompassing law or regulation, designed to meet the common financial information needs of a wide range of users, but which is not a fair presentation framework).
* The terms of the audit engagement reflect the description of management’s responsibility for the financial report in ASA 210.
* The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit are the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.
* Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with ASA 570.
* The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ASA 701.
* The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
* Those responsible for oversight of the financial report differ from those responsible for the preparation of the financial report.
* The auditor has no other reporting responsibilities required under local law.
 |

###### INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

###### Opinion

We have audited the financial report of ABC Entity (the Entity), which comprises the balance sheet as at 30 June 20X1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, and the declaration by those charged with governance.[[16]](#footnote-17)#

In our opinion, the accompanying financial report of the Entity is prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

###### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s* *Responsibilities* *for* *the* *Audit* *of* *the* *Financial* *Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

###### Other Information [or another title if appropriate such as “Information Other than the Financial Report and Auditor’s Report Thereon”]

*[Reporting in accordance with the reporting requirements in ASA 720 – see [Aus] Illustration 1A in Appendix 3 of ASA 720.]*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity’s annual report for the year ended 30 June 20X1, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

###### Responsibilities of Management and Those Charged with Governance for the Financial Report[[17]](#footnote-18)

Management is responsible for the preparation of the financial report in accordance with XYZ Law of Jurisdiction X,[[18]](#footnote-19) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

###### Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor’s report.]

Paragraph 41(b) explains that the shaded material below can be located in an Appendix to the auditor’s report.

Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor’s responsibilities, rather than including this material in the auditor’s report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor’s responsibilities below. When the auditor refers to a description of the auditor’s responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <http://www.auasb.gov.au/Home.aspx> (Ref: Para. Aus A57.1)

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.[[19]](#footnote-20)
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[*Signature*][[20]](#footnote-21)\*

[*Date of the auditor’s report*][[21]](#footnote-22)#

[*Auditor’s address*]

1. # 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-2)
2. \* 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 report was made. [Section 307C (5A)(d) of the *Corporations Act 2001.*] [↑](#footnote-ref-3)
3. § The Report on the Remuneration Report is an example of “Other Reporting Responsibilities”—refer paragraphs 43-45. Any additional “Other Reporting Responsibilities” that the auditor needs to address will also be included in a separate section of the auditor’s report. Under paragraph 43, the sub-title “Report on Other Legal and Regulatory Requirements” or other sub-title as appropriate to the section is used. [↑](#footnote-ref-4)
4. \* The auditor is required, under the *Corporations Act 2001*, to sign the auditor’s 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-5)
5. # The date of the auditor’s report is the date the auditor signs the report. [↑](#footnote-ref-6)
6. # The sub-title “Report on the Audit of 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-7)
7. \* 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 report was made. [Section 307C (5A)(d) of the *Corporations Act 2001.*] [↑](#footnote-ref-8)
8. § The Report on the Remuneration Report is an example of “Other Reporting Responsibilities”—refer paragraphs 43-45. Any additional “Other Reporting Responsibilities” that the auditor needs to address will also be included in a separate section of the auditor’s report. Under paragraph 43, the sub-title “Report on Other Legal and Regulatory Requirements” or other sub-title as appropriate to the section is used. [↑](#footnote-ref-9)
9. \* The auditor is required, under the *Corporations Act 2001*, to sign the auditor’s 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-10)
10. # The date of the auditor’s report is the date the auditor signs the report. [↑](#footnote-ref-11)
11. # Or other applicable assertion by management or those charged with governance. [↑](#footnote-ref-12)
12. Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction. [↑](#footnote-ref-13)
13. Where management’s responsibility is to prepare a financial report that gives a true and fair view, this may read: “Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such ...” [↑](#footnote-ref-14)
14. \* The auditor’s signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate. [Ref: A64] [↑](#footnote-ref-15)
15. # The date of the auditor’s report is the date the auditor signs the report. [↑](#footnote-ref-16)
16. # Or other applicable assertion by management or those charged with governance. [↑](#footnote-ref-17)
17. Or other terms that are appropriate in the context of the legal framework of the particular jurisdiction. [↑](#footnote-ref-18)
18. [Deleted by the AUASB – not applicable as the financial reporting framework in this example is a *compliance* framework]. [↑](#footnote-ref-19)
19. This sentence would be modified, as appropriate, in circumstances when the auditor also has responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial report. [↑](#footnote-ref-20)
20. \* The auditor’s signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate. [Ref: A64] [↑](#footnote-ref-21)
21. # The date of the auditor’s report is the date the auditor signs the report. [↑](#footnote-ref-22)