**Appendix 3**

(Ref: Para. A17)

## Illustration of an Auditor’s Report that Includes a Key Audit Matters Section, an Emphasis of Matter Paragraph, and an Other Matter Paragraph

**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 a single listed company’s financial report using a fair presentation framework. The audit is not a group audit (i.e., ASA 600[[1]](#footnote-1)\* 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.
* Between the date of the financial report and the date of the auditor’s report, there was a fire in the company’s production facilities, which was disclosed by the company as a subsequent event. In the auditor’s judgement, the matter is of such importance that it is fundamental to users’ understanding of the financial report. The matter did not require significant auditor attention in the audit of the financial report in the current period.
* 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.
* Corresponding figures are presented, and the prior period’s financial report was audited by a predecessor auditor. The auditor is not prohibited by law or regulation from referring to the predecessor auditor’s report on the corresponding figures and has decided to do so.
* 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*.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

**Report on the Audit of the Financial Report[[2]](#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* *a* *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.[[3]](#footnote-3)#

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

**Emphasis of Matter[[4]](#footnote-4)†**

We draw attention to Note X of the financial report, which describes the effects of a fire in the Company’s production facilities. Our opinion is not modified in respect of this matter.

**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*.]

**Other Matter**

The financial report of ABC Company Ltd., for the year ended 30 June 20X0, was audited by another auditor who expressed an unmodified opinion on that report on 31 August 20X1.

**Responsibilities of the Directors for the Financial Report[[5]](#footnote-5)\***

[*Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in ASA 700.*]

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

[*Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in ASA 700.*]

**Report on Other Legal and Regulatory Requirements**

[*Reporting in accordance with ASA 700 – see [Aus] Illustration 1A in ASA 700.*]

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

[*Name of Firm*]

[*Date of the auditor’s report*]

[*Auditor’s address*]

1. \* See ASA 600 *Special Considerations—Audits of Group Financial Reports (Including the Work of Component Auditors).* [↑](#footnote-ref-1)
2. \* 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” is not applicable. [↑](#footnote-ref-2)
3. # 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)
4. † As noted in paragraph A16, an Emphasis of Matter paragraph may be presented either directly before or after the Key Audit Matters section based on the auditor’s judgment as to the relative significance of the information included in the Emphasis of Matter paragraph. [↑](#footnote-ref-4)
5. \* Throughout these illustrative auditor’s reports, the terms management and those charged with governance may need to be replaced by another term that is appropriate in the context of the legal framework in the particular jurisdiction. [↑](#footnote-ref-5)
6. # 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-6)