



## AUDIT GUIDANCE STATEMENT No. 1003

### Audit Issues Relating to the Electronic Presentation of Financial Statements and Related Auditor's Reports (AGS-1003)

Issued July 2011

This Audit Guidance Statement provides guidance on interpreting and applying auditing standards.

This Audit Guidance Statement is an explanatory and guidance document and has no legal status.

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## AUDIT GUIDANCE STATEMENT No. 1003

AUDIT ISSUES RELATING TO THE ELECTRONIC PRESENTATION OF FINANCIAL STATEMENTS  
AND RELATED AUDITOR'S REPORTS*Issued by the External Reporting Board***CONTENTS**


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## **Introduction**

### **Purpose**

1. The purpose of this Audit Guidance Statement (AGS) is to provide guidance to an auditor where an entity uses information technology (IT) for the presentation of audited financial information on a public network such as the internet.

### **Applicability**

2. This Audit Guidance Statement applies to all audits of financial statements.
3. Audit Guidance Statements are issued to provide guidance on procedural matters, accepted practice or when an underlying principle in an Auditing Standard requires clarification, explanation or elaboration.

### **Background**

4. With the development of the internet, many entities have constructed websites which serve as a means of communication with customers, suppliers, investors, shareholders and the public at large. An entity's website may contain a wide range of information about the entity's business, including financial information. An entity's annual financial statements are often included on its website.
5. An entity may decide to present its audited financial statements on its website to provide interested parties with access to that information at minimum cost. For example, a reporting entity producing concise financial statements for distribution to shareholders may use the entity's website as a cost-effective means of providing public access to the full audited financial statements.
6. The responsibilities of those charged with governance and the auditor do not change when the financial statements are presented electronically. The preparation and presentation of the financial statements remain the responsibility of those charged with governance, whether that financial information is presented in hard copy or electronically on a website. However, the practices surrounding the electronic presentation of information on a website may require the auditor to consider the approach taken to presenting the auditor's report electronically (refer to Appendix 2).
7. This Statement identifies specific matters which may be addressed by the auditor with those charged with governance to reduce the risk that the auditor's report on an entity's financial statements is inappropriately associated with unaudited information on the entity's website.
8. Engagements to provide assurance in respect of matters relating to the entity's website do not form part of the audit of financial statements, but may be agreed with those charged with governance as a separate engagement.

## **Audit Guidance**

### **Objectives and General Principles Governing an Audit of Financial Statements**

9. The objectives and requirements governing an audit of financial statements do not change when the financial statements and auditor's report are presented electronically. The principle that those charged with governance of the entity have responsibility for

the preparation and presentation of the financial statements applies whether the financial statements are produced in hard copy or electronically on a website.

10. When those charged with governance present the audited financial statements and auditor's report in an electronic reporting medium, new issues arise in the publication process. This Statement considers how these issues affect the auditor's professional responsibilities under International Standards on Auditing (New Zealand).

### **Consideration of Audit Engagement Terms**

11. ISA (NZ) 210<sup>1</sup> requires the auditor to obtain the agreement of those charged with governance that they acknowledge and understand their responsibility for the preparation of the financial statements. This responsibility includes the distribution and publication, regardless of method, of the audited financial statements and the auditor's report.
12. The practices surrounding electronic reporting may require the auditor to consider the approach taken to the presentation of the auditor's report electronically (refer Appendix 2). Certain characteristics in the presentation of electronic documents may increase the risk of inappropriate association of unaudited information with the auditor's report. Therefore the auditor should clarify matters affecting the electronic presentation of the financial statements and the auditor's report in the terms of the audit engagement.
13. The auditor should clarify the entity's responsibility for control issues relevant to electronic information. This may be achieved by clear statements in the engagement letter that:
  - (a) the electronic presentation of the audited financial statements and auditor's report is the responsibility of those charged with governance;
  - (b) security and controls over information on the entity's website are the responsibility of the entity; and
  - (c) the examination of the controls over the electronic presentation of audited financial information on the entity's website is beyond the scope of the audit of the financial statements.

Appendix 3 provides an example of a paragraph for inclusion in an engagement letter or other suitable form of engagement contract, regarding the electronic presentation of audited financial information.

### **Separate Website Assurance Engagements**

14. The auditor may agree to provide additional assurance in respect of information or issues relating to the entity's website. For example, those charged with governance may request that the auditor provide assurance in respect of:
  - (a) selected financial data to be included on the entity's website;
  - (b) the effectiveness of controls and security over audited financial information on the entity's website; or
  - (c) other information presented on the website.

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<sup>1</sup> ISA (NZ) 210, "Agreeing the Terms of Audit Engagements."

These services do not form part of the audit of the financial statements and therefore the terms are agreed with those charged with governance as a separate engagement.

15. When the auditor is requested to provide additional website assurance, the auditor considers the technical training and proficiency of the personnel to be assigned to the engagement. The auditor should refer to ISA (NZ) 620<sup>2</sup> (for an auditor's expert) and ISA (NZ) 500<sup>3</sup> (for a management's expert).
16. Similarly, where the entity uses a service provider to access the internet and/or maintain the entity's website, the auditor should refer to ISA (NZ) 402<sup>4</sup> for guidance.

### **Factors in Electronic Reporting Impacting on the Auditor's Report**

17. The auditor's report provides assurance that the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework. The association of the auditor's report with the applicable financial statements is clearly recognised in the traditional reporting medium of hard copy financial statements. The presentation of information on a website raises a number of different presentation issues which impact on the way the auditor's report is associated with the financial statements. These issues are discussed further in Appendix 2.
18. In the traditional reporting medium of hard copy reporting, information remains "static", in that once published it can only be updated by replacing the printed copy with freshly published material. In contrast, electronic reporting occurs in a "dynamic" environment which allows all or part of a report, once published, to be updated or replaced without it becoming apparent that a revision has occurred. Therefore, the electronic format of the financial statements and auditor's report may be a matter of concern for the auditor.
19. Fundamental differences between the use of paper and the use of the internet to communicate information, raise concerns regarding the suitability of the traditional characteristics of an auditor's report when transferred to an electronic medium. For example, the use of page numbers may not be an appropriate means of identifying the audited information when presented in electronic format. Similarly the date when the auditor's report is signed and the auditor's signature itself may not hold the same significance in an electronic medium as it does in the hard copy format. The nature of concerns relating to these characteristics is discussed further in Appendix 4.
20. ISA (NZ) 720<sup>5</sup> recognises that while the objective and scope of an audit of financial statements are formulated on the premise that the auditor's responsibility is restricted to information identified in the auditor's report, the credibility of the audited financial statements may be undermined by inconsistencies which may exist between the audited financial statements and other information published with them. In an electronic reporting medium, the way in which other information is associated with the audited financial statements may also impact on the credibility of the audited financial statements.

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<sup>2</sup> ISA (NZ) 620, "Using the Work of an Auditor's Expert."

<sup>3</sup> ISA (NZ) 500, "Audit Evidence."

<sup>4</sup> ISA (NZ) 402, "Audit Considerations Relating to an Entity Using a Service Organisation."

<sup>5</sup> ISA (NZ) 720, "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements."

## Audit Procedures

21. During the planning stage of the audit, the auditor should establish whether the entity intends to publish its audited financial statements and related auditor's report on their website and/or any other website.
22. If the entity intends to publish the audited financial statements and related auditor's report on a website, the auditor should discuss matters relating to the publication with those charged with governance or the audit committee. The purpose of this discussion is to identify the general and specific risks relating to the electronic publication.
23. When the financial statements are produced in hard copy format, the auditor ordinarily examines the final drafts that will be provided to the printer for publication, to ensure that the financial statements which have been audited are the same as the financial statements presented for printing. Similarly when the financial statements are produced in electronic format, the auditor should:
  - (a) examine the final electronic file version, prior to its inclusion on the entity's website and/or any other website on which the auditor is aware that the financial statements are included;
  - (b) examine the financial statements and the auditor's report as soon as possible after its inclusion on each website that the auditor is aware that the financial statements are included to ensure that:
    - (i) the audited information is clearly distinguished from other financial information and that any other information presented is done so in accordance with ISA (NZ) 720;
    - (ii) the audited financial statements are the same as the financial statements included on the website; and
  - (c) retain a copy (hardcopy or electronic) of the final electronic version for future reference.
24. The electronic presentation of the financial statements is the responsibility of those charged with governance. Therefore, during the course of the audit, the auditor should communicate with those charged with governance or the audit committee regarding matters relating to the electronic presentation of the audited financial statements and auditor's report on the entity's website (refer to Appendix 2). The auditor should first establish the context for discussion by advising those charged with governance that the electronic presentation of the financial statements is the responsibility of those charged with governance. Matters arising include:
  - (a) the nature and extent of financial information provided on the entity's website and the way in which financial information is associated with the auditor's report;
  - (b) the electronic format of the audited financial statements;
  - (c) the website construction, including methods used to differentiate between audited and unaudited information;
  - (d) the use of hyperlinks in the audited financial statements and the auditor's report;

- (e) the security and controls over information provided on the entity's website to maintain the integrity of the information being presented electronically; and
  - (f) the controls and security over updating information on the website.
- 25. These matters may need to be discussed by a specialist with the appropriate IT/web background to explain to those charged with governance the implication and the reasons for the discussions and questions. The auditor should therefore consider the specialised knowledge and IT skills of the personnel conducting the discussions.
- 26. The auditor should consider matters affecting the electronic presentation of the audited financial statements and the intended use of the auditor's report to determine whether:
  - (a) the matters arising impact on the auditor's report to be presented with the full financial statements on the entity's website;
  - (b) the electronic auditor's report provided on the entity's website needs to be expanded to include additional information regarding the electronic presentation of the financial statements (refer paragraph 41); or
  - (c) in extreme circumstances, permission for the electronic presentation of the auditor's report is to be denied.
- 27. The auditor should document communications with those charged with governance regarding the use of the auditor's report on an entity's website to record the auditor's reasoning on matters relating to the security and completeness of audited financial information provided on a website.
- 28. If the auditor is not satisfied that those charged with governance have addressed matters relating to the electronic presentation of the audited financial statements and auditor's report on the entity's website, the auditor should notify those charged with governance in writing that inclusion of the auditor's report on the website is not appropriate, and that information presented on the website is not to be referred to as audited information.
- 29. After the financial statements have been issued, the auditor has no obligation to make any enquiry regarding the financial statements. However, if the auditor becomes aware that the auditor's report is being used inappropriately on the entity's website, the auditor should notify the entity that the auditor's report is to be withdrawn immediately.
- 30. In those circumstances where the auditor has expressed concerns about the electronic presentation of the audited financial statements or the auditor's report and appropriate action is not taken by those charged with governance, the auditor should seek legal advice as necessary.

#### **Other Information in Documents Containing Audited Financial Statements**

- 31. ISA (NZ) 720 requires the auditor to read the other information to identify material inconsistencies with the audited financial statements. Although ISA (NZ) 720 acknowledges that the auditor has no specific responsibility to determine that other information is properly stated, it does specify the action required if the auditor identifies a material inconsistency or material misstatement of fact.
- 32. When the financial statements are produced in hard copy format, the auditor reads the other reports and commentaries which are to be included with the audited financial



statements, to identify whether any material inconsistencies or misstatements of fact exist.

33. The requirements identified in ISA (NZ) 720 also apply when the audited financial statements are included in an electronic format on a website. Ordinarily, the audited financial statements are separately identified by an icon or hyperlink placed in the investor information or financial results section of the website. The way in which the website is constructed to segregate financial information from other information, and the way in which the audited financial statements are placed in the investor information section, influences the extent to which other information is considered to be presented with the audited financial statements (refer to Appendix 2). During the course of the audit, the auditor should discuss with those charged with governance or, where appropriate, the audit committee, how the financial statements and the related auditor's report will be presented on the entity's website with a view to minimising the possibility that the auditor's report is inappropriately associated with other information.
34. Steps need to be taken to ensure that audited information is clearly distinguished from other information in a manner appropriate to the electronic format used. For example:
  - (a) audited information may be segregated from other financial information on the website by a separate icon or hyperlink;
  - (b) audited information may be identified by a particular colour border/margin on the screen or watermark on each page;
  - (c) unaudited information may be clearly labelled "unaudited"; or
  - (d) a warning page could appear each time a visitor enters or leaves the "audited" part of the website.

The appropriate mode of differentiation will depend on the electronic format selected, and the nature and extent of other information presented on the website.

### **Written Representations**

35. ISA (NZ) 580<sup>6</sup> requires the auditor to request those charged with governance to provide a written representation that they have fulfilled their responsibility for the preparation of the financial statements. This responsibility covers the distribution and publication of the audited financial statements and the auditor's report regardless of whether it is in hard copy or electronic form.
36. Representations from those charged with governance regarding acknowledgment of their responsibility for the presentation of the financial statements, may need to be expanded when the audited financial statements and auditor's report are presented on a website. Therefore in respect of the electronic presentation of audited financial information, the auditor may consider obtaining specific representations from those charged with governance that:
  - (a) the electronic presentation of the financial statements is their responsibility;

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<sup>6</sup> ISA (NZ) 580, "Written Representations."

- (b) the electronic version of the audited financial statements and auditor's report presented on the website are the same as the final signed version of the audited financial statements and auditor's report;
- (c) those charged with governance have clearly differentiated between audited and unaudited information in the construction of the entity's website and understand the risk of potential misrepresentation in the absence of appropriate controls;
- (d) those charged with governance have assessed the security controls over audited financial information and the auditor's report and is satisfied that procedures in place are adequate to ensure the integrity of the information provided;
- (e) where the auditor's report on the full financial statements is provided on the website, the financial statements are also provided in full (refer paragraphs 37 to 43); and
- (f) where applicable, those charged with governance have complied with the requirements of the Companies Act 1993<sup>7</sup> with respect to the electronic presentation of the audited financial statements.

Auditors should refer to ISA (NZ) 580 for further guidance on written representations.

### **The Electronic Auditor's Report**

- 37. ISA (NZ) 700<sup>8</sup> deals with the form and content of the auditor's report issued as a result of an audit of financial statements. The requirements in ISA (NZ) 700 do not change in an electronic reporting medium. Matters arising regarding the electronic presentation of the auditor's report should be discussed with those charged with governance during the course of the audit (refer paragraph 24).
- 38. The auditor's report relates to the financial statements presented as a whole. Therefore the report is not associated with the components of that information (refer paragraph 36(e)).
- 39. In some circumstances it will not be appropriate to refer to page numbers because of the nature of the electronic format used. Apart from this, the electronic auditor's report is identical to the published hard copy report.
- 40. The electronic version of the auditor's report does not constitute a new audit opinion and does not require a new date or consideration of subsequent events after the date of the manually signed financial statements. The electronic version of the auditor's report is dated using the same date as the auditor's report on the published hard copy auditor's report. (Appendix 4 considers factors impacting on the electronic presentation of the auditor's report.)
- 41. In response to the matters noted in this Statement the following additional information should be included as a note following the auditor's report for electronic presentation on the entity's website:

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<sup>7</sup> See sections 209 to 209B.

<sup>8</sup> ISA (NZ) 700, "Forming an Opinion and Reporting on Financial Statements."

- (a) advice to readers that the report refers only to the statements named in the auditor's report and does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements;
- (b) advice to readers, who may be concerned with the inherent risks arising from electronic data communications, to consider reference to the hard copy of the entity's financial statements to confirm the information included in the audited financial statements presented on the entity's website;
- (c) a note that the maintenance and integrity of the website is the responsibility of those charged with governance that own the website and that the auditors do not report on the integrity of the website;
- (d) a note that the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website;
- (e) a note that legislation in New Zealand may differ from legislation in other jurisdictions; and
- (f) the specific website on which the related financial statements and auditor's report are included where the financial statements and related auditor's report are presented on a website other than that of the reporting entity.

Appendix 5 provides an example of an auditor's report which includes reference to matters relating to the electronic presentation of the audited financial statements, provided for presentation on an entity's website.

42. When extracts from the audited information are presented on the website, or summarised financial statements (derived from the audited financial statements) are presented on the website, it is the responsibility of those charged with governance to have regard to the legal provisions relating to the distribution of financial statements. Most reporting frameworks require the entity to include a statement regarding the status of the information provided on the website and the availability of the full financial statements (refer Appendix 6).
43. Alternatively, the auditor may be engaged to provide a report in accordance with ISA (NZ) 810<sup>9</sup> on the summarised financial statements.

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<sup>9</sup> ISA (NZ) 810, "Engagements to Report on Summary Financial Statements."

**Appendix 1****Comparison of AGS-1003 with International and Australian Statements**

This appendix, which was prepared as at July 2011 and deals only with significant differences, is produced for information purposes only.

There is no corresponding International Standard or Statement on Auditing.

AGS-1003 is consistent in all material respects with Australian GS 006 *Electronic Publication of the Auditor's Report* (2010), except for the following matter.

GS 006 provides guidance that auditors may consider including an "Other Matter Paragraph" in the auditor's report which advises readers that the report refers only to the statements named in the auditor's report and does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements. AGS-1003 provides guidance that auditors include a note attached to the auditor's report to inform readers of the inherent risks arising from electronic data communications. This note does not form part of the auditor's report but is included only for the information of readers.

**Appendix 2**

(Ref: Para. 6, 12, 17, 24, 33)

**The Electronic Presentation of Information on Websites****Background Information**

1. The nature and extent of financial information provided by an entity on a website is determined by those charged with governance and management and may include both audited and unaudited information. Financial information is often provided as a separate section such as “Investor Information” or “Financial Results”, and in addition to financial statements may, depending on the nature of the entity, include items such as:
  - Key dates
  - Entity profile
  - Dividend information (if relevant)
  - Owner or shareholder privileges
  - Annual meeting (if relevant)
  - Share Registrars (if relevant)
  - Share prices (if relevant)
  - Credit ratings
  - Review of operations
  - Media releases
  - Analyst presentations
  - Frequently asked questions.
2. “Financial results” may also include information such as:
  - Interim results
  - Financial highlights
  - Full audited financial statements
  - Selected financial data.
3. The nature of information presented on a website is inherently transient, as one of the advantages of using a website for communication is that information can be updated frequently to provide the latest information available.

**The Electronic Presentation of Audited Financial Statements**

4. When an entity uses a public network, such as the internet, for the presentation of financial information, those charged with governance need to consider the legal provisions relating to the distribution of financial statements.
5. It is the responsibility of those charged with governance to ensure that the information provided to users on the entity's website is not misleading.

6. When the financial information presented on a website includes an auditor's report, or when information includes financial information that has the appearance of being audited, there is the potential for audit association to be implied. It is the responsibility of those charged with governance to implement controls:
  - (a) to clearly differentiate and/or segregate audited and unaudited information;
  - (b) to limit or prohibit the association of audited with unaudited information through the use of hyperlinks; and
  - (c) to protect the security of audited financial information.

### **The Structure of the Website**

7. Ordinarily, the annual financial statements are included as a separate icon or hyperlink on the entity's website under a category such as "Financial Information" or "Investor Relations". The inclusion of audited information as part of a composite icon increases the difficulty for users to identify and differentiate between audited and unaudited information.
8. Electronic documents presented on a website frequently contain hyperlinks to other information for ease of access. Therefore hyperlinks may be established in documents on the entity's website to other documents on the entity's website or to a source of information external to the entity, which in turn includes hyperlinks. The information provided in hyperlinked documents or external sites may also be subject to frequent changes.
9. When audited financial information contains hyperlinks to web pages containing unaudited financial information, the auditor's report may be associated with the unaudited information. Therefore the way in which hyperlinks to/from the electronic audited financial statements are used may impact on the way information on the website is associated with the auditor's report.

### **Security and Integrity of the Electronic Financial Statements**

10. The entity is responsible for the electronic presentation of financial information on its website. Therefore security and control issues addressed by those charged with governance and management should include:
  - (a) the public release of financial information;
  - (b) the frequency of changes to financial information provided on a website;
  - (c) the security controls to prevent and detect unauthorised changes over financial information on the entity's website; and
  - (d) the planning, construction and maintenance of the entity's website, to reduce the risk of inappropriate association of unaudited information with the auditor's report.
11. In the absence of appropriate security measures, information on the internet might be changed or manipulated without the knowledge of the entity. Therefore the entity is responsible for implementing an appropriate security infrastructure and control procedures to ensure that changes are not only properly authorised, but that all changes can be detected and monitored.

**Appendix 3**

(Ref: Para. 13)

**Example of a Paragraph for Inclusion in an Engagement Letter Providing Reference to the Electronic Presentation of Audited Financial Statements and Auditor's Report**

The following paragraph provides an example of matters for inclusion in an engagement letter or other suitable form of engagement contract, regarding the electronic presentation of audited financial information.

“It is our understanding that [the entity] intends to publish a hard copy of the audited financial statements and auditor's report, and to electronically present the audited financial statements and auditor's report on its website. When information is presented electronically on a website, the security and controls over information on the website should be addressed by [the entity] to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on [the entity's] website is beyond the scope of the audit of the financial statements. Responsibility for the electronic presentation of the financial statements on the entity's website is that of [those charged with governance] of [the entity].”

**Appendix 4**

(Ref: Para. 19, 40)

**Factors Impacting on the Electronic Presentation of the Auditor's Report**

1. This appendix considers how the electronic presentation of the auditor's report impacts on certain traditional characteristics of that report.

**Use of Page Numbers to Identify Audited Information.**

2. When the annual report is produced in a hard copy format the auditor's report often identifies the financial statements which have been audited by reference to page numbers. Page numbers are not ordinarily a suitable method of identifying particular financial information presented on a website.
3. Page numbers may be appropriate to identify audited financial information when the annual report has been included as a PDF on the website. However, PDF files are often very large and may take a considerable time to download, therefore a move away from the use of PDF is anticipated as web technology continues to develop. While PDF allows a reasonably secure electronic medium to communicate information, other web languages may not be as secure, and without appropriate controls in place may be subject to deliberate and accidental manipulation.
4. Audited information is clearly identified on the entity's website in a manner appropriate to the electronic format used by the entity. For example, audited information may be segregated from other financial information on the website by a separate icon or hyperlink, or may be identified by a particular colour border/margin on the screen, or unaudited information may be clearly labelled "unaudited". The appropriate mode of differentiation between audited and unaudited information will be dependent on the electronic format selected, and the nature and extent of other information presented on the website.

**Use of an Auditor's Signature as Authentic Identification of the Auditor**

5. The auditor's signature traditionally provides authentic identification of the auditor. However, the context for its use changes in an electronic medium where the information presented may not be adequately protected from modification. Hence, depending on the format in which that information is presented, a signature copied into an electronic medium may have limited value as an indicator of both the authenticity of the signatory and the message (the auditor's report) to which it is attached.
6. In certain circumstances authentication of the auditor's report may be achieved through the use of cryptography, for example to record a digital signature, to ensure that messages and other documents have not been tampered with.

**Date of the Auditor's Report**

7. The date on the auditor's report indicates the date up to which subsequent events have been reviewed. If audited and unaudited financial information is not clearly segregated on the entity's website, a user may not be able to recognise that there is a distinction between the two sets of information. The auditor's report may then



become associated with information which has been updated subsequent to the issue of the auditor's report.

## **Example of an Auditor's Report Provided for Presentation on an Entity's Website**

The auditor's report below is an example of an auditor's report provided for presentation on a corporate entity's website. The entity is a reporting entity as defined by the Financial Reporting Act 1993. This report would need to be adapted to reflect the audit mandate.

### **Example: Unmodified Opinion**

#### **Auditor's Report**

To the Shareholders of XYZ Limited

We have audited the financial statements of XYZ Limited on pages ... to ... which comprise the balance sheet as at December 31, 20X1, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibilities*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

#### *Opinion*

In our opinion, the financial statements on pages ... to ...:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of XYZ Limited as at December 31, 20X1 and its financial performance and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations we have required.
- In our opinion proper accounting records have been kept by XYZ Limited as far as appears from our examination of those records.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

#### **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This auditor's report relates to the financial statements of XYZ Limited for the year ended December 31, 20X1 included on XYZ Limited's website. The directors are responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related auditor's report dated [date] to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Appendix 6**

(Ref: Para. 42)

**Example of Information Provided to Users when Extracts from the Audited Financial Statements are Included on an Entity's Website**

Where extracts or summarised financial statements derived from the audited financial statements are presented on the website, those charged with governance should include a statement regarding the status of that information and the availability of the full financial statements.

**For example:**

The financial information presented on this website represents extracts from the audited financial statements of [the entity] for the financial year ended [date] issued on [date]. These extracts cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as a reading of the complete financial statements.

The complete financial statements, and the auditor's report thereon, can be obtained, free of charge, on request to the entity.