



NZ AUDITING
AND ASSURANCE
STANDARDS BOARD

CONFORMING AMENDMENTS TO ISAs (NZ) AND OTHER PRONOUNCEMENTS

This Standard was issued on 1 October 2015 by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board pursuant to section 12(b) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 28 October 2015.

An auditor that is required to apply this Standard is required to apply it for audits of financial statements for periods ending on or after 15 December 2016. However, early adoption is permitted.

In finalising this Standard, the New Zealand Auditing and Assurance Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard has been issued as a result of the Auditor Reporting project resulting in the issue of one new and seven revised standards as well as the issue of ISA 720 (Revised).

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C: EFFECTIVE DATE

Note: The footnote numbers within these amendments do not align with the actual footnote numbers of the standards that will be amended, and reference should be made to those compiled standards.

A: INTRODUCTION

This standard outlines conforming amendments to the ISAs (NZ) and other pronouncements as a result of:

- the new and revised auditor reporting standards;
- ISA (NZ) 720 (Revised); and
- Terminology changes including amending references to “FMC reporting entities” to refer to “FMC reporting entities considered to have a higher level of public accountability”.

The combination of these conforming amendments affect the following ISAs (NZ) and other pronouncements and are arranged in the following manner:

- *ISA (NZ) 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)*
- *ISA (NZ) 210, Agreeing the Terms of Audit Engagements*
- *ISA (NZ) 220, Quality Control for an Audit of Financial Statements*
- *ISA (NZ) 230, Audit Documentation*
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CONFORMING AMENDMENTS TO ISAs (NZ) AND OTHER PRONOUNCEMENTS

- ISA (NZ) 810, *Engagements to Report on Summary Financial Statements**
- *Professional and Ethical Standard 1 (Revised), Code of Ethics for Assurance Practitioners*
- *Professional and Ethical Standard 3 (Amended), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*
- *XRB Au1 Application of Auditing and Assurance Standards*

* The conforming amendments to ISA (NZ) 810 only include the conforming amendments as a result of ISA (NZ) 720 (Revised). Amendments as a result of the Auditor Reporting requirements are being considered separately by the IAASB.

B: CONFORMING AMENDMENTS TO ISAs (NZ) AND OTHER PRONOUNCEMENTS

Amendments to extant ISAs (NZ) as shown. New text is underlined and deleted text is struck through.

Note: The footnote numbers within these amendments do not align with the ISAs (NZ) that are amended, and reference should be made to those ISAs (NZ).

ISA (NZ) 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)

NZ A7.1 Examples of financial reporting ~~frameworks~~ requirements that are designed to achieve fair presentation in New Zealand include:

- New Zealand ~~E~~quivalents to International Financial Reporting Standards (NZ IFRSs);
- New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRSs RDR);
- Public Benefit Entity Standards (PBE Standards);
- Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR);
- Public Benefit Entity Simple Format Reporting ~~Standard~~ – Accrual (Public Sector) (PBE SFR – A (PS));
- Public Benefit Entity Simple Format Reporting ~~Standard~~ – Accrual (Not-For-Profit) (PBE SFR – A (NFP)).

NZ A7.2 Examples of ~~compliance frameworks~~ financial reporting requirements that only require compliance with the requirements (compliance frameworks) in New Zealand include:

- Public Benefit Entity Simple Format Reporting ~~Standard~~ – Cash (Public Sector);
- Public Benefit Entity Simple Format Reporting ~~Standard~~ – Cash (Not-For-Profit).

...

A65. The considerations specific to smaller entities included in the ISAs (NZ) have been developed primarily with entities that are not non-FMC reporting entities considered to have a higher level of public accountability in mind. Some of the considerations, however, may be helpful in audits of smaller FMC reporting entities considered to have a higher level of public accountability.

ISA (NZ) 210, Agreeing the Terms of Audit Engagements

Requirements

Agreement on Audit Engagement Terms

- NZ10.1 Subject to paragraph 11, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include: (Ref: Para. A22–A25)
- (a) The objective and scope of the audit of the financial statements;
 - (b) The responsibilities of the auditor;
 - (c) The responsibilities of those charged with governance;
 - (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and
 - (e) Reference to the expected form and content of any reports to be issued by the auditor; and (Ref: Para. A23a)
 - (f) ~~A~~ statement that there may be circumstances in which a report may differ from its expected form and content.

Application and Other Explanatory Material

- NZ A8.1 Examples of applicable financial reporting requirements ~~financial reporting standards issued by the New Zealand Accounting Standards Board~~ that apply in New Zealand include:
- New Zealand eEquivalents to International Financial Reporting Standards (NZ IFRSs);
 - New Zealand eEquivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRSs RDR);
 - Public Benefit Entity Standards (PBE Standards);
 - Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR);
- ...

Additional Information (Ref: Para. 6(b)(iii)(b))

- A19a. Additional information that the auditor may request from management for the purpose of the audit may include when applicable, matters related to other information in accordance with ISA (NZ) 720 (Revised). When the auditor expects to obtain other information after the date of the auditor's report, the terms of the audit engagement may also acknowledge the auditor's responsibilities relating to such other information including, if applicable, the actions that may be appropriate or

necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.*

Audit Engagement Letter or Other Form of Written Agreement (Ref: Para. 10–11)

Form and Content of the Audit Engagement Letter

NZA23.1 The form and content of the audit engagement letter may vary for each entity. Information included in the audit engagement letter on the auditor's responsibilities may be based on ISA (NZ) 200. Paragraphs 6(b) and 12 of this ISA (NZ) deal with the description of the responsibilities of management. In addition to including the matters required by paragraph 10, an audit engagement letter may make reference to, for example:

- Elaboration of the scope of the audit, including reference to applicable legislation, regulations, ISAs (NZ), and Professional and Ethical Standards, and other pronouncements of professional bodies to which the auditor adheres.
- The form of any other communication of results of the audit engagement.
- The requirement for the auditor to communicate key audit matters in the auditor's report in accordance with ISA (NZ) 701.¹
- The fact that because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (NZ).
- Arrangements regarding the planning and performance of the audit, including the composition of the audit engagement team.
- The expectation that those charged with governance will provide written representations (see also paragraph A13).
- The agreement of management to make available to the auditor draft financial statements and any accompanying other information in time to allow the auditor to complete the audit in accordance with the proposed timetable.
- The agreement of management to inform the auditor of facts that may affect the financial statements, of which management may become aware during the period from the date of the auditor's report to the date the financial statements are issued.
- The basis on which fees are computed and any billing arrangements.
- A request for management to acknowledge receipt of the audit engagement letter and to agree to the terms of the engagement outlined therein.

* When the conforming amendment becomes effective, this paragraph will become paragraph A11 and all subsequent paragraphs will be renumbered accordingly.

¹ ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

A23a. When the auditor is not required to communicate key audit matters, it may be helpful for the auditor to make reference in the terms of the audit engagement to the possibility of communicating key audit matters in the auditor's report and, it may be necessary for the auditor to include a reference to such possibility in order to retain the ability to do so.

A24. When relevant, the following points could also be made in the audit engagement letter:

- Arrangements concerning the involvement of other auditors and experts in some aspects of the audit.
- Arrangements concerning the involvement of internal auditors and other staff of the entity.
- Arrangements to be made with the predecessor auditor, if any, in the case of an initial audit.
- Any restriction of the auditor's liability when such possibility exists.
- A reference to any further agreements between the auditor and the entity.
- Any obligations to provide audit working papers to other parties.

An example of an audit engagement letter is set out in Appendix 1.

Appendix 1

(Ref: Paras. A23-A24)

Example of an Audit Engagement Letter

The following is an example of an audit engagement letter for an audit of general purpose financial statements prepared in accordance with New Zealand equivalents to International Financial Reporting Standards. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this ISA (NZ). It will need to be varied according to individual requirements and circumstances. It is drafted to refer to the audit of financial statements for a single reporting period and would require adaptation if intended or expected to apply to recurring audits (see paragraph 13 of this ISA (NZ)). It may be appropriate to seek legal advice that any proposed letter is suitable.

To the Board of Directors of ABC Company:¹

[The objective and scope of the audit]

¹ The addressees and references in the letter would be those that are appropriate in the circumstances of the engagement, including the relevant jurisdiction. It is important to refer to the appropriate persons – see paragraph A21.

You¹ have requested that we audit the financial statements of ABC Company, which comprise the ~~balance sheet statement of financial position~~ statement of financial position as at December 31, 20X1, and the ~~income statement of comprehensive income~~, statement of changes in equity and statement of cash flows ~~statement~~ for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

~~Our audit will be conducted with the~~ The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our expressing an opinion on the financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) 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 these financial statements.

[The responsibilities of the auditor]

We will conduct our audit in accordance with ~~International Standards on Auditing (New Zealand) (ISAs (NZ))~~. Those standards require that we comply with ethical requirements, ~~and~~ As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also involves We also:

- ~~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~~ Identify and assess the risks of material misstatement of the financial statements, 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.

~~Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (NZ).~~

- ~~In making our risk assessments, we~~ Obtain an understanding of ~~consider~~ internal control relevant to the entity’s preparation of the financial statements 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.² However, we will communicate to you in writing

¹ Throughout this letter, references to “you,” “we,” “us,” “management,” “those charged with governance” and “auditor” would be used or amended as appropriate in the circumstances.

² 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 statements.

concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

- ~~An audit also includes evaluating~~ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management, ~~as well as~~
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance 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 statements 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.
- ~~evaluating~~ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (NZ).

[The responsibilities of the directors and identification of the applicable financial reporting framework (for purposes of this example it is assumed that the auditor has not determined that the law or regulation prescribes those responsibilities in appropriate terms; the descriptions in paragraph 6(b) of this ISA (NZ) are therefore used).]

Our audit will be conducted on the basis that the [~~director~~those charged with governance]¹ acknowledge and understand that they have responsibility on behalf of the entity:

- (a) For the preparation and fair presentation of the financial statements in accordance with New Zealand ~~E~~quivalents to International Financial Reporting Standards;²
- (b) For such internal control as [they] determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; ~~and~~
- (c) To provide us with:
 - (i) Access to all information of which [management and the directors] are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from [management or the directors] for the purpose of the audit; and

¹ Use terminology as appropriate in the circumstances.

² Or, if appropriate, "For the preparation of financial statements that give a true and fair view in accordance with New Zealand ~~E~~quivalents to International Financial Reporting Standards"

- (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from [the directors], written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

[*Other relevant information*]

[*Insert other information, such as fee arrangements, billings and other specific terms, as appropriate.*]

[Reporting]

[*Insert appropriate reference to the expected form and content of the auditor’s report including, if applicable, the reporting on other information in accordance with ISA (NZ) 720 (Revised).*]

The form and content of our report may need to be amended in the light of our audit findings.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

XYZ & Co.

Acknowledged and agreed on behalf of ABC Company by

(signed)

.....

Name and Title

Date

ISA (NZ) 220, Quality Control for an Audit of Financial Statements

Definitions

- 7(b) Engagement quality control review – A process designed to provide an objective evaluation, on or before the date of the auditor’s report, of the significant judgements the engagement team made and the conclusions it reached in formulating the auditor’s report. The engagement quality control review process is only for audits of financial statements of FMC reporting entities considered to have a higher level of public accountability and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.

NZ7.1 FMC Reporting Entity considered to have a higher level of public accountability– A FMC Reporting Entity or a class of FMC reporting entity as defined in section 451 of the Financial

Markets Conduct Act 2013 that is considered to have a higher level of public accountability than other FMC reporting entities:

- under section 461K of the Financial Markets Conduct Act 2013; or
- by notice issued by the Financial Markets Authority (FMA) under section 461L(1)(1) of the Financial Markets Conduct Act 2013.

Requirements

Engagement Performance

Engagement Quality Control Review

19. For audits of financial statements of FMC reporting entities considered to have a higher level of public accountability, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement partner shall:...
 20. The engagement quality control reviewer shall perform an objective evaluation of the significant judgements made by the engagement team, and the conclusions reached in formulating the auditor's report. This evaluation shall involve:
 - (a) Discussion of significant matters with the engagement partner;
 - (b) Review of the financial statements and the proposed auditor's report;
 - (c) Review of selected audit documentation relating to the significant judgements the engagement team made and the conclusions it reached; and
 - (d) Evaluation of the conclusions reached in formulating the auditor's report and consideration of whether the proposed auditor's report is appropriate. (Ref: Para. A26–A27a, A29–A31)
- NZ21.1 For audits of financial statements of FMC reporting entities considered to have a higher level of public accountability, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:
- (a) The engagement team's evaluation of the firm's independence in relation to the audit engagement;
 - (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and
 - (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements and supports the conclusions reached. (Ref: Para. A28–A31)

...

Application and Other Explanatory Material

Engagement Performance

Engagement Quality Control Review

A23. ISA (NZ) 700 (Revised) requires the auditor's report to be dated no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the auditor's opinion on the financial statements.¹ In cases of an audit of financial statements of FMC reporting entities considered to have a higher level of public accountability or when an engagement meets the criteria for an engagement quality control review, such a review assists the auditor in determining whether sufficient appropriate evidence has been obtained.

...

Nature, Timing and Extent of Engagement Quality Control Review (Ref: Para. 20)

A26. Remaining alert for changes in circumstances allows the engagement partner to identify situations in which an engagement quality control review is necessary, even though at the start of the engagement, such a review was not required.

A27. The extent of the engagement quality control review may depend, among other things, on the complexity of the audit engagement, whether the entity is a FMC reporting entity considered to have a higher level of public accountability, and the risk that the auditor's report might not be appropriate in the circumstances. The performance of an engagement quality control review does not reduce the responsibilities of the engagement partner for the audit engagement and its performance.

A27a. When ISA (NZ) 701² applies, the conclusions reached by the engagement team in formulating the auditor's report include determining:

- The key audit matters to be included in the auditor's report;
- The key audit matters that will not be communicated in the auditor's report in accordance with paragraph 14 of ISA (NZ) 701, if any; and
- If applicable, depending on the facts and circumstances of the entity and the audit, that there are no key audit matters to communicate in the auditor's report.

In addition, the review of the proposed auditor's report in accordance with paragraph 20(b) includes consideration of the proposed wording to be included in the Key Audit Matters section.

¹ ISA (NZ) 700, "Forming an Opinion and Reporting on Financial Statements," paragraph 41.

² ISA (NZ) 701, *Communicating Key Audit Matters in the Auditor's Report*

Engagement Quality Control Review of FMC Reporting Entities Considered to have a Higher Level of Public Accountability (Ref: Para. 21)

NZA28.1 Other matters relevant to evaluating the significant judgements made by the engagement team that may be considered in an engagement quality control review of a FMC reporting entity considered to have a higher level of public accountability include:

- Significant risks identified during the engagement in accordance with ISA (NZ) 315 (Revised),¹ and the responses to those risks in accordance with ISA (NZ) 330,² including the engagement team’s assessment of, and response to, the risk of fraud in accordance with ISA (NZ) 240.³
- Judgements made, particularly with respect to materiality and significant risks.
- The significance and disposition of corrected and uncorrected misstatements identified during the audit.
- The matters to be communicated to management and those charged with governance and, where applicable, other parties such as regulatory bodies.

These other matters, depending on the circumstances, may also be applicable for engagement quality control reviews for audits of financial statements of other entities.

Considerations Specific to Smaller Entities (Ref: Para. 20–21)

NZA29.1 In addition to the audits of financial statements of FMC reporting entities considered to have a higher level of public accountability, an engagement quality control review is required for audit engagements that meet the criteria established by the firm that subjects engagements to an engagement quality control review. In some cases, none of the firm’s audit engagements may meet the criteria that would subject them to such a review.

Considerations Specific to Public Sector Entities (Ref: Para. 20–21)

A30. In the public sector, a statutorily appointed auditor (for example, an Auditor General, or other suitably qualified person appointed on behalf of the Auditor General), may act in a role equivalent to that of engagement partner with overall responsibility for public sector audits. In such circumstances, where applicable, the selection of the engagement quality control reviewer includes consideration of the need for independence from the audited entity and the ability of the engagement quality control reviewer to provide an objective evaluation.

NZA31.1 FMC reporting entities considered to have a higher level of public accountability as referred to in paragraphs 21 and A28 are not common in the public sector. However, there may be other public sector entities that are significant due to size, complexity or public interest aspects, and which consequently have a wide range of stakeholders. Examples include state owned corporations and

¹ ISA (NZ) 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

² ISA (NZ) 330, *The Auditor’s Responses to Assessed Risks*

³ ISA (NZ) 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

public utilities. Ongoing transformations within the public sector may also give rise to new types of significant entities. There are no fixed objective criteria on which the determination of significance is based. Nonetheless, public sector auditors evaluate which entities may be of sufficient significance to warrant performance of an engagement quality control review.

ISA (NZ) 230, Audit Documentation

Application and Other Explanatory Material

Documentation of the Audit Procedures Performed and Audit Evidence Obtained

Form, Content and Extent of Audit Documentation

Documentation of Significant Matters and Related Significant Professional Judgements (Ref: Para. 8(c))

A10. Some examples of circumstances in which, in accordance with paragraph 8, it is appropriate to prepare audit documentation relating to the use of professional judgement include, where the matters and judgements are significant:

- The rationale for the auditor’s conclusion when a requirement provides that the auditor “shall consider” certain information or factors, and that consideration is significant in the context of the particular engagement.
- The basis for the auditor’s conclusion on the reasonableness of areas of subjective judgements (for example, the reasonableness of significant accounting estimates).
- The basis for the auditor’s conclusions about the authenticity of a document when further investigation (such as making appropriate use of an expert or of confirmation procedures) is undertaken in response to conditions identified during the audit that caused the auditor to believe that the document may not be authentic.
- When ISA (NZ) 701 applies,¹ the auditor’s determination of the key audit matters or the determination that there are no key audit matters to be communicated.

A24. An example of a–circumstances in which the auditor may find it necessary to modify existing audit documentation or add new audit documentation after file assembly has been completed is the need to clarify existing audit documentation arising from comments received during monitoring inspections performed by internal or external parties.

Appendix

(Ref: Para.1)

Specific Audit Documentation Requirements and Guidance in Other ISAs (NZ)

This appendix identifies paragraphs in other ISAs (NZ) ~~in effect for audits of financial statements for periods beginning on or after 1 July 2011~~ that contain specific documentation requirements. The list is

¹ ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

not intended to be exhaustive. Furthermore, it is not a substitute for considering the requirements and related application and other explanatory material in ISAs (NZ).

...

- ISA (NZ) 610 (Revised 2013), “Using the Work of Internal Auditors” – paragraph 36-37~~43~~.
- ISA (NZ) 720 (Revised), “The Auditor’s Responsibilities Relating to Other Information” – paragraph 25.

ISA (NZ) 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements

NZA29.1 The risks of fraud in revenue recognition may be greater in some entities than others. For example, there may be pressures or incentives on management or those charged with governance to commit fraudulent financial reporting through inappropriate revenue recognition in the case of FMC reporting entities considered to have a higher level of public accountability when, for example, performance is measured in terms of year-over-year revenue growth or profit. Similarly, for example, there may be greater risks of fraud in revenue recognition in the case of entities that generate a substantial portion of revenues through cash sales.

ISA (NZ) 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

- A9. Law or regulation in some jurisdictions may establish a requirement (particularly for audits of FMC reporting entities considered to have a higher level of public accountability) for the auditor to communicate to those charged with governance or to other relevant parties (such as regulators) one or more specific types of deficiency in internal control that the auditor has identified during the audit. Where law or regulation has established specific terms and definitions for these types of deficiency and requires the auditor to use these terms and definitions for the purpose of the communication, the auditor uses such terms and definitions when communicating in accordance with the legal or regulatory requirement.
- A13. In determining when to issue the written communication, the auditor may consider whether receipt of such communication would be an important factor in enabling those charged with governance to discharge their oversight responsibilities. In addition, for FMC reporting entities considered to have a higher level of public accountability, those charged with governance may need to receive the auditor’s written communication before the date of approval of the financial statements in order to discharge specific responsibilities in relation to internal control for regulatory or other purposes. For other entities, the auditor may issue the written communication at a later date. Nevertheless, in the latter case, as the auditor’s written communication of

significant deficiencies forms part of the final audit file, the written communication is subject to the overriding requirement¹ for the auditor to complete the assembly of the final audit file on a timely basis. ISA (NZ) 230 states that an appropriate time limit within which to complete the assembly of the final audit file is ordinarily not more than 60 days after the date of the auditor's report.²

ISA (NZ) 450, Evaluation of Misstatements identified during the Audit

A16. The circumstances related to some misstatements may cause the auditor to evaluate them as material, individually or when considered together with other misstatements accumulated during the audit, even if they are lower than materiality for the financial statements as a whole. Circumstances that may affect the evaluation include the extent to which the misstatement:

- ...
- Affects other information ~~that will be communicated to be included in the entity's annual report documents containing the audited financial statements~~ (for example, information to be included in a "Management Discussion and Analysis" or an "Operating and Financial Review") that may reasonably be expected to influence the economic decisions of the users of the financial statements. ISA (NZ) 720 (Revised)³ deals with the auditor's responsibilities relating to consideration of other information, on which the auditor has no obligation to report, in documents containing audited financial statements.

ISA (NZ) 500, Audit Evidence

5. For purposes of the ISAs (NZ), the following terms have the meanings attributed below:

- (c) Audit evidence – Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and ~~other information~~ obtained from other sources.

¹ ISA (NZ) 230, "Audit Documentation," paragraph 14.

² ISA (NZ) 230, paragraph A21.

³ ISA (NZ) 720 (Revised), "The Auditor's Responsibilities Relating to Other Information ~~in Documents Containing Audited Financial Statements.~~"

ISA (NZ) 510, Initial Audit Engagements—Opening Balances**Appendix**

(Ref: Para. A8)

Illustrations of Auditors’s Reports with Modified Opinions

Note: Throughout these illustrative auditor’s reports, the Opinion section has been positioned first in accordance with ISA (NZ) 700 (Revised), and the Basis for Opinion section is positioned immediately after the Opinion section. Also, the first and last sentence that was included in the extant auditor’s responsibilities section is now subsumed as part of the new Basis for Opinion section.

Illustration 1:

For purposes of this illustrative auditor’s report, the following ~~C~~circumstances ~~described in paragraph 8(a) include the following~~ are assumed:

- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600¹ does not apply).
- The financial statements are prepared by management of the entity in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibilities of those charged with governance for the financial statements in ISA (NZ) 210.²
- The auditor did not observe the counting of the physical inventory at the beginning of the current period and was unable to obtain sufficient appropriate audit evidence regarding the opening balances of inventory.
- The possible effects of the inability to obtain sufficient appropriate audit evidence regarding opening balances of inventory are deemed to be material but not pervasive to the entity’s financial performance and cash flows.³
- The financial position at year end is fairly presented.
- In this particular jurisdiction, law and regulation prohibit the auditor from giving an opinion which is qualified regarding the financial performance and cash flows and unmodified regarding financial position.
- Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* comprises all of the relevant ethical requirements that apply to the audit.

¹ ISA (NZ) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

² ISA (NZ) 210, *Agreeing the Terms of Audit Engagements*

³ If the possible effects, in the auditor’s judgement, are considered to be material and pervasive to the entity’s financial performance and cash flows, the auditor would disclaim an opinion on the financial performance and cash flows.

- 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 ISA (NZ) 570 (Revised).¹
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (NZ) 701.²
- 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 statements were 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.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

This example has not been included in ISA (NZ) 510 as there is no law or regulation in New Zealand that prohibits the auditor from giving an opinion which is qualified regarding the financial performance and cash flows and unmodified regarding financial position.

Illustration 2:

For purposes of this illustrative auditor’s report, the following ~~C~~circumstances described in paragraph A8(b) include the following are assumed:

- ~~The company is a FMC Reporting Entity as defined by the Financial Markets Conduct Act 2013.~~
- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600 does not apply).
- The financial statements are prepared by management of the entity in accordance with NZ IFRS (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibilities of those charged with governance for the financial statements in ISA (NZ) 210.
- The auditor did not observe the counting of the physical inventory at the beginning of the current period and was unable to obtain sufficient appropriate audit evidence regarding the opening balances of inventory.

¹ ISA (NZ) 570 (Revised), *Going Concern*

² ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

- The possible effects of the inability to obtain sufficient appropriate audit evidence regarding opening balances of inventory are deemed to be material but not pervasive to the entity’s financial performance and cash flows.¹
- The financial position at year end is fairly presented.
- An opinion that is qualified regarding the financial performance and cash flows and unmodified regarding financial position is considered appropriate in the circumstances.
- Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (NZ) 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 statements were 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.
- ~~Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.~~
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

¹ If the possible effects, in the auditor’s judgement, are considered to be material and pervasive to the entity’s financial performance and cash flows, the auditor would disclaim the opinion on the financial performance and cash flows.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements¹

Opinions

We have audited the ~~accompanying~~ financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and 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, ~~and including~~ a summary of significant accounting policies ~~and other explanatory information~~.

Qualified Opinion on the Financial Performance and Cash Flows

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report ~~paragraph~~, the accompanying ~~S~~statement of Comprehensive Income and Statement of Cash Flows present fairly, in all material respects (or *give a true and fair view of*), the financial performance and cash flows of the ABC Company for the year ended December 31, 20X1 in accordance with New Zealand ~~E~~quivalents to International Financial Reporting Standards (NZ IFRS).

Opinion on the Financial Position

In our opinion, the accompanying statement of financial position presents fairly, in all material respects (or *gives a true and fair view of*), the financial position of the ABC Company as at December 31, 20X1 in accordance with ~~New Zealand Equivalents to International Financial Reporting Standards~~ NZ IFRS.

Basis for Opinions, Including Basis for Qualified Opinion on the Financial Performance and Cash Flows

We were appointed as auditors of the ~~e~~Company on June 30, 20X1 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at December 31, 20X0. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows ~~statement~~.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and

¹ The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

appropriate to provide a basis for our unmodified opinion on the financial position and our qualified audit opinion on the financial performance and cash flows.

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

Other Matters

The financial statements of the ABC Company for the year ended December 31, 20X0 were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 20X1.

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

[Reporting in accordance with the reporting requirements in ISA (NZ) 720 (Revised)-see Illustration 1 in Appendix 2 of ISA (NZ) 720 (Revised)]

Directors’ Responsibilities¹ for the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,² 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 Responsibility Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~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, 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.~~

⁴—Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

¹—Or other terms that ~~is~~ are appropriate in the context of the legal framework ~~for the entity in the particular jurisdiction~~

²—Where the directors’ responsibility is to prepare financial statements that give a true and fair view, this may read: “The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such ...”

~~In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation¹ of the financial statements 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.² An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and our qualified audit opinion on the financial performance and cash flows.~~

Report on Other Legal and Regulatory Requirements

~~[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]~~

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

~~[Auditor's sSignature *in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction*]~~

~~[Auditor's aAddress]~~

~~[Date of the auditor's report]~~

¹ ~~In the case of footnote 4, this may read: "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 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."² In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 4, this may read: "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 in order to design audit procedures that are appropriate in the circumstances."~~

² ~~In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 4, this may read: "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 in order to design audit procedures that are appropriate in the circumstances."~~

³ ~~ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor's Report*~~

ISA (NZ) 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

Application and Other Explanatory Material

Further Substantive Procedures to Respond to Significant Risks (Ref: Para. 15)

Recognition and Measurement Criteria

Recognition of the Accounting Estimates in the Financial Statements (Ref: Para. 17(a))

...

- A114. With respect to accounting estimates that have not been recognised, the focus of the auditor's evaluation is on whether the recognition criteria of the applicable financial reporting framework have in fact been met. Even where an accounting estimate has not been recognised, and the auditor concludes that this treatment is appropriate, there may be a need for disclosure of the circumstances in the notes to the financial statements. Where applicable, the auditor may also determine that there is a need to draw the reader's attention to that an accounting estimate that has been identified as having a high significant estimation uncertainty by adding an Emphasis of Matter paragraph to the auditor's report is a key audit matter to be communicated in the auditor's report in accordance with ISA (NZ) 701,¹ or may consider it necessary to include an Emphasis of Matter paragraph in the auditor's report (see ISA (NZ) 706 (Revised).² ISA 706³ establishes requirements and provides guidance concerning such paragraphs. If the matter is determined to be a key audit matter, ISA (NZ) 706 (Revised) prohibits the auditor from including an Emphasis of Matter paragraph in the auditor's report.⁴

Appendix

Prevalence of Fair Value Measurements

8. Measurements and disclosures based on fair value are becoming increasingly prevalent in financial reporting frameworks. Fair values may occur in, and affect the determination of, financial statements in a number of ways, including the measurement at fair value of the following:
- Specific assets ...
 - Specific components of equity, for example when accounting for the recognition, measurement and presentation of certain financial instruments with equity features, such as

¹ ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

² ISA (NZ) 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

³ ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

⁴ ISA (NZ) 706 (Revised), paragraph 8(b)

a bond convertible by the holder into common shares of the FMC reporting entity considered to have a higher level of public accountability.

ISA (NZ) 560, Subsequent Events

1. This International Standard on Auditing (New Zealand) (ISA (NZ)) deals with the auditor’s responsibilities relating to subsequent events in an audit of financial statements. It does not deal with matters relating to the auditor’s responsibilities for other information obtained after the date of the auditor’s report, which are addressed in ISA (NZ) 720 (Revised)¹. However, such other information may bring to light a subsequent event that is within the scope of this ISA (NZ). (Ref: Para. A1)
10. The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor’s report. However, if, after the date of the auditor’s report but before the date the financial statements are issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report, the auditor shall: (Ref: Para. A10A-A11)
- A1. When the audited financial statements are included in other documents subsequent to the issuance of the financial statements (other than annual reports that would be within the scope of ISA (NZ) 720 (Revised)), the auditor may have additional responsibilities relating to subsequent events that the auditor may need to consider, such as legal or regulatory requirements involving the offering of securities to the public in jurisdictions in which the securities are being offered. For example, the auditor may be required to perform additional audit procedures to the date of the final offering document. These procedures may include those referred to in paragraphs 6 and 7 performed up to a date at or near the effective date of the final offering document, and reading the offering document to assess whether the other information in the offering document is consistent with the financial information with which the auditor is associated.²

Facts Which Become Known to the Auditor after the Date of the Auditor’s Report but before the Date the Financial Statements Are Issued

Implications of Other Information Obtained after the Date of the Auditor’s Report (Ref: Para. 10)

A10a. While the auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor’s report but before the date the financial statements are issued, ISA (NZ) 720 (Revised) contains requirements and guidance with respect to other information obtained after the date of the auditor’s report, which might include other information

¹ ISA (NZ) 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*.

² See ISA (NZ) 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand),” paragraph 2.

obtained after the date of the auditor's report, but before the date the financial statements are issued. *

Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued

Implications of Other Information Received after the Financial Statements Have Been Issued (Ref: Para. 14)

A16a. The auditor's obligations regarding other information received after the date of the auditor's report are addressed in ISA (NZ) 720 (Revised). While the auditor has no obligation to perform any audit procedures regarding the financial statements after the financial statements have been issued, ISA (NZ) 720 (Revised) contains requirements and guidance with respect to other information obtained after the date of the auditor's report. *

ISA (NZ) 580, Written Representations

Appendix 1

(Ref: Para. 2)

List of ISAs (NZ) Containing Requirements for Written Representations

This appendix identifies paragraphs in other ISAs (NZ) ~~in effect for audits of financial statements for periods beginning on or after 1 July 2011~~ that require subject-matter specific written representations. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs (NZ).

...

- ISA (NZ) 720 (Revised), *The Auditor's Responsibilities Relating to Other Information* – paragraph 13(c)

[NZ] Appendix 2

(Ref: Para. A21)

Illustrative Representation Letter

....

- * When the conforming amendment becomes effective, this paragraph will become paragraph A11 and all subsequent paragraphs will be renumbered accordingly.
- * When the conforming amendment becomes effective, this paragraph will become paragraph A17 and all subsequent paragraphs will be renumbered accordingly.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (ISA (NZ) 240)
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements. (ISA (NZ) 240)
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. (ISA (NZ) 240)
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. (ISA (NZ) 250)
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. (ISA (NZ) 550)
- We will provide the final version of the documents determined to comprise the annual report to the auditor when available, and prior to its issuance by the entity.¹ (ISA (NZ) 720 (Revised))
- [Any other matters that the auditor may consider necessary (see paragraph A11 of this ISA (NZ)).]

¹ This is only required when the other information is not available until after the date of the auditor's report.

ISA (NZ) 600, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)

Appendix 1
(Ref: Para. A19)

Illustration of Auditor’s Report Where the Group Engagement Team Is Not Able to Obtain Sufficient Appropriate Audit Evidence on Which to Base the Group Audit Opinion

Note: Throughout this illustrative auditor’s report, the Opinion section has been positioned first in accordance with ISA (NZ) 700 (Revised), and the Basis for Opinion section is positioned immediately after the Opinion section. Also, the first and last sentence that was included in the extant auditor’s responsibilities section is now subsumed as part of the new Basis for Opinion section.

Illustration - Example of a Qualified Opinion Where the Group Engagement Team Is Not Able to Obtain Sufficient Appropriate Audit Evidence on Which to Base the Group Audit Opinion

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

- Audit of a complete set of consolidated financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is a group audit (i.e., ISA (NZ) 600 applies).
- The consolidated financial statements are prepared by management of the entity in accordance with NZ IFRS (a general purpose framework).
- The terms of the audit engagement reflect the description of responsibility of those charged with governance for the consolidated financial statements in ISA (NZ) 210.
- ~~In this example,~~ The group engagement team is unable to obtain sufficient appropriate audit evidence relating to a significant component accounted for by the equity method (recognised at \$15 million in the statement of financial position, which reflects total assets of \$60 million) because the group engagement team did not have access to the accounting records, management, or auditor of the component.
- The group engagement team has read the audited financial statements of the component as at December 31, 20X1, including the auditor’s report thereon, and considered related financial information kept by group management in relation to the component.
- In the group engagement partner’s judgement, the effect on the group financial statements of this inability to obtain sufficient appropriate audit evidence is material but not pervasive.¹
- Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (NZ) 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and the qualified opinion on the consolidated financial statements also affects the other information.
- In addition to the audit of the consolidated financial statements, the auditor has other reporting responsibilities required under local law.

¹ If, in the group engagement partner’s judgement, the effect on the group financial statements of the inability to obtain sufficient appropriate audit evidence is material and pervasive, the group engagement partner would disclaim an opinion in accordance with ISA (NZ) 705 (Revised).

~~Example of a Qualified Opinion Where the Group Engagement Team Is Not Able to Obtain Appropriate Audit Evidence on Which to Base the Group Audit Opinion~~

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Consolidated Financial Statements³⁵

Qualified Opinion

We have audited the ~~accompanying~~ consolidated financial statements of ABC Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 20X1, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report ~~paragraph~~, the accompanying consolidated financial statements present fairly, in all material respects (or *give a true and fair view of*), the financial position of the Group ABC Company and its subsidiaries as at December 31, 20X1, and (*of*) their financial performance and cash flows for the year then ended in accordance with New Zealand eEquivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Qualified Opinion

ABC Company's investment in XYZ Company, a foreign associate acquired during the year and accounted for by the equity method, is carried at \$15 million on the consolidated statement of financial position as at December 31, 20X1, and ABC's share of XYZ's net income of \$1 million is included in the consolidated statement of comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of ABC's investment in XYZ as at December 31, 20X1 and ABC's share of XYZ's net income for the year because we were denied access to the financial information, management, and the auditors of XYZ. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, ABC Company or any of its subsidiaries.

³⁵ The sub-title, "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title, "Report on Other Legal and Regulatory Requirements" is not applicable.

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

[Reporting in accordance with the reporting requirements in ISA (NZ) 720 (Revised)-see Illustration 6 in Appendix 2 of ISA (NZ) 720 (Revised). The last paragraph of the other information section in Illustration 6 would be customised to describe the specific matter giving rise to the qualified opinion that also affects the other information.]

Directors’ Responsibilities³⁶ for the Consolidated Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised)³⁷ – see Illustration 2 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,³⁸ and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.~~

Auditor’s Responsibility Responsibilities for the Audit of the Consolidated Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 2 in ISA (NZ) 700 (Revised). The last paragraph which is applicable for audits of a FMC reporting entity considered to have a higher level of public accountability only would not be included.]

~~Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.~~

~~An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control~~

³⁶—Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

³⁶ Throughout these illustrative auditor’s reports, the ~~Or other~~ term directors may need to be replaced by another term that is appropriate in the context of the legal framework of the entity in the particular jurisdiction.

³⁷ ISA (NZ) 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

³⁸—Where management’s responsibility is to prepare consolidated financial statements that give a true and fair view, this may read: “Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such...”³⁹ In the case of footnote 3, this may read: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of consolidated financial statements that give a true and fair view 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.”

~~relevant to the entity's preparation and fair presentation³⁹ of the consolidated financial statements 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.⁴⁰ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.~~

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

Report on Other Legal and Regulatory Requirements

~~[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 2 in ISA (NZ) 700 (Revised).]~~

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

~~[Auditor's sSignature *in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction*]~~

~~[Auditor's aAddress]~~

~~[Date of the auditor's report]~~

ISA (NZ) 710, Comparative Information—Corresponding Figures and Comparative Financial Statements

Requirements

Auditor Reporting

Corresponding Figures

Prior Period Financial Statements Not Audited

14. If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit

³⁹—~~In the case of footnote 3, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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."~~

⁴⁰—~~In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 3, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances."⁴¹ ISA (NZ) 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report~~

evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements. (Ref: Para. A7a)

...

Comparative Financial Statements

...

16. When reporting on prior period financial statements in connection with the current period's audit, if the auditor's opinion on such prior period financial statements differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in an Other Matter paragraph in accordance with ISA (NZ) 706 (Revised).

...

Prior Period Financial Statements Not Audited

19. If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements. (Ref: Para. A12)

Application and Other Explanatory Material

Auditor Reporting

Corresponding Figures

Prior Period Financial Statements Not Audited (Ref: Para. 14)

A7a. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ISA (NZ) 705 (Revised)⁴¹ to express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA (NZ) 705 (Revised). If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements, the auditor may determine this to be a key audit matter in accordance with ISA (NZ) 701.⁴²

...

Comparative Financial Statements

...

⁴¹ ISA (NZ) 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

⁴² ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

Prior Period Financial Statements Not Audited (Ref: Para. 19)

A12. If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor is required by ISA (NZ) 705 (Revised) to express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA (NZ) 705 (Revised). If the auditor encountered significant difficulty in obtaining sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements, the auditor may determine this to be a key audit matter in accordance with ISA (NZ) 701.

Appendix

Illustrations of Auditors' Reports

Note: Throughout these illustrative auditor's reports, the Opinion section has been positioned first in accordance with ISA (NZ) 700 (Revised), and the Basis for Opinion section is positioned immediately after the Opinion section. Also, the first and last sentence that was included in the extant auditor's responsibilities section is now subsumed as part of the new Basis for Opinion section.

Illustration 1 – Corresponding Figures (Ref: Para. A5)

For purposes of this ~~Report~~ illustrative auditor’s report, the following ~~of the~~ circumstances described in paragraph 11(a), as follows are assumed:

- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600⁴³ does not apply).
- The financial statements are prepared by management of the entity in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibility of those charged with governance for the financial statements in ISA (NZ) 210.⁴⁴
- The auditor’s report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period’s figures are material and require a modification to the auditor’s opinion regarding the current period figures.
- Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).⁴⁵
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (NZ) 701.⁴⁶
- The auditor has not obtained any other information prior to the date of the auditor’s report.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements⁴⁷

⁴³ ISA (NZ) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁴⁴ ISA (NZ) 210, *Agreeing the Terms of Audit Engagements*

⁴⁵ ISA (NZ) 570 (Revised), *Going Concern*

⁴⁶ ISA (NZ) 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

⁴⁷ The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

Qualified Opinion

We have audited the ~~accompanying~~ financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and 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 a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report ~~paragraph~~, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the ABC Company as at December 31, 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with New Zealand eEquivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Qualified Opinion

As discussed in Note X to the financial statements, no depreciation has been provided in the financial statements, which constitutes a departure from ~~New Zealand Equivalents to International Financial Reporting Standards~~ NZ IFRS. This is the result of a decision taken by management at the start of the preceding financial year and caused us to qualify our audit opinion on the financial statements relating to that year. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by xxx in 20X1 and xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Directors' Responsibilities for the Consolidated Financial Statements⁴⁸

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,⁴⁹ and for such~~

⁴⁸ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

⁴⁸ Throughout these illustrative auditor's reports, ~~the~~ Or other terms directors may need to be replaced by another term that is appropriate in the context of the legal framework of the entity in the particular jurisdiction.

⁴⁹ Where management's responsibility is to prepare financial statements that give a true and fair view, this may read: "The directors is responsible for the preparation of financial statements that give a true and fair view in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such ..." ⁵⁰ In the case of footnote 4, this may read: "In making those risk

~~internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.~~

Auditor's Responsibility Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~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, 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.~~

~~In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation⁵⁰ of the financial statements 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.⁵⁴ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.~~

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see illustration 1 in ISA (NZ) 700 (Revised).]

~~assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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."~~

⁵⁰ ~~In the case of footnote 4, this may read: "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 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."~~

⁵⁴ ~~In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 4, this may read: "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 in order to design audit procedures that are appropriate in the circumstances."⁵² The sub-title "Report on the Audit of the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.~~

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

~~[Auditor's *Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction*]~~

~~[Auditor's *Address*]~~

~~[Date of the auditor's report]~~

Illustration 2 – Corresponding Figures (Ref: Para. A5)

For purposes of this ~~Report~~ illustrative auditor's report the following ~~of the~~ circumstances described in paragraph 11(b) as follows are assumed:

- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600 does not apply).
- The financial statements are prepared by management of the entity in accordance with NZ IFRS (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibility of those charged with governance for the financial statements in ISA (NZ) 210.
- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are immaterial but require a modification to the auditor's opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.
- Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).
- The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA (NZ) 701.
- The auditor has not obtained any other information prior to the date of the auditor's report.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements⁵²

Qualified Opinion

We have audited the ~~accompanying~~ financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and 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 a summary of significant accounting policies ~~and other explanatory information~~.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the *Basis for Qualified Opinion* ~~section of our report paragraph~~, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the ABC Company as at December 31, 20X1, and (*of*) its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Qualified Opinion

Because we were appointed auditors of the ABC Company during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 20X0. Our audit opinion on the financial statements for the period ended December 31, 20X0 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Directors' Responsibilities ~~Responsibility~~ for the Financial Statements⁵³

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,⁵⁴ and for such~~

⁵² The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

⁵³ Or other terms that ~~is~~ are appropriate in the context of the legal framework of the entity ~~in the particular jurisdiction~~

~~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 Responsibility Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~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. 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, 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.~~

~~In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation⁵⁵ of the financial statements 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.⁵⁶ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.~~

Report on Other Legal and Regulatory Requirements

⁵⁴—Where management’s responsibility is to prepare financial statements that give a true and fair view, this may read: “The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such...”⁵⁵ In the case of footnote 4, this may read: “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 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.”

⁵⁵—In the case of footnote 4, this may read: “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 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.”

⁵⁶—In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.” In the case of footnote 4, this may read: “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 in order to design audit procedures that are appropriate in the circumstances.”⁵⁷ The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

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

~~[Auditor’s *s*Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]~~

~~[Auditor’s *s*Address]~~

~~[Date of the auditor’s report]~~

Illustration 3 – Corresponding Figures (Ref: Para. A7)

~~For purposes of this Report illustrative auditor's report the following of the circumstances described in paragraph 13, as follows are assumed:~~

- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600 does not apply).
- The financial statements are prepared by management of the entity in accordance with NZ IFRS (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibility of those charged with governance for the financial statements in ISA (NZ) 210.
- The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).
- The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA (NZ) 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 ~~t~~he prior period’s financial statements were 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 statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements⁵⁷

Opinion

We have audited the ~~accompanying~~ financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and 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 a summary of significant accounting and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the ABC Company as at December 31, 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 ABC~~ Company.

Other Matter

The financial statements of the ABC Company for the year ended December 31, 20X0, were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 20X1.

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

[Reporting in accordance with the reporting requirements in ISA (NZ) 720 (Revised)-see Illustration 1 in Appendix 2 of ISA (NZ) 720 (Revised)]

Directors’ Responsibilities ~~Responsibility~~ for the Financial Statements⁵⁸

⁵⁷ The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

⁵⁶ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

⁵⁶ Or other terms that are appropriate in the context of the legal framework in the particular jurisdiction

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,⁵⁹ 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 Responsibility Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~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, 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.~~

~~In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation⁶⁰ of the financial statements 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.⁶¹ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well~~

⁶⁰—~~Where the directors responsibility is to prepare financial statements that give a true and fair view, this may read: “Management is responsible for the preparation of financial statements that give a true and fair view in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such...”~~⁶⁰ In the case of footnote 4, this may read: “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 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.”

⁶⁰—~~In the case of footnote 4, this may read: “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 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.”~~

⁶¹—~~In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.”~~ In the case of footnote 4, this may read: “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 in order to design audit procedures that are appropriate in the circumstances.”⁶² The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

~~as evaluating the overall 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.~~

Report on Other Legal and Regulatory Requirements

~~[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]~~

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

~~[Auditor's Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]~~

~~[Auditor's Address]~~

~~[Date of the auditor's report]~~

Illustration 4 – Comparative Financial Statements (Ref: Para. A9)

For purposes of this Report illustrative auditor’s report of the following circumstances described in paragraph 15, as follows are assumed:

- Audit of a complete set of financial statements of an entity other than a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is not a group audit (i.e., ISA (NZ) 600 does not apply).
- The financial statements are prepared by management of the entity in accordance with NZ IFRS (a general purpose framework).
- The terms of the audit engagement reflect the description of the responsibility of those charged with governance for the financial statements in ISA (NZ) 210.
- The Auditor is required to report on both the current period financial statements and the prior period financial statements in connection with the current year’s audit.
- The auditor’s report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period’s figures are material to both the current period financial statements and prior period financial statements and require a modification to the auditor’s opinion.
- Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* comprises all of the relevant ethical requirements that apply to the audit.
- 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 ISA (NZ) 570 (Revised).
- The auditor is not required, and has otherwise has not decided, to communicate key audit matters in accordance with ISA (NZ) 701.
- The auditor has not obtained any other information prior to the date of the auditor’s report.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the Financial Statements⁶²**Qualified Opinion**

⁶² The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

We have audited the ~~accompanying~~ financial statements of ABC Company (the Company), which comprise the statements of financial position as at December 31, 20X1 and 20X0, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at December 31, 20X1 and 20X0 and (of) its financial performance and its cash flows for the years then ended in accordance with New Zealand eEquivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Qualified Opinion

As discussed in Note X to the financial statements, no depreciation has been provided in the financial statements, which constitutes a departure from ~~New Zealand Equivalents to International Financial Reporting Standards~~ NZ IFRS. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by xxx in 20X1 and xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Directors' Responsibilities ~~Responsibility~~ for the Financial Statements⁶³

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards,⁶⁴ and for such~~

⁶³ — Or other term that is appropriate in the context of the legal framework in the particular jurisdiction

⁶³ — Or other terms that ~~is~~ are appropriate in the context of the legal framework of the entity in the particular jurisdiction

⁶⁴ — ~~Where the directors' responsibility is to prepare financial statements that give a true and fair view, this may read: "Management is responsible for the preparation of financial statements that give a true and fair view in accordance with New Zealand Equivalents to International Financial Reporting Standards, and for such ..." ⁶⁵ In the case of footnote 4, this may read: "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 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."~~

~~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 Responsibility Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

~~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. 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, 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.~~

~~In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation⁶⁵ of the financial statements 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.⁶⁶ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.~~

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with ISA (NZ) 700 (Revised) – see Illustration 1 in ISA (NZ) 700 (Revised).]

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

~~*[Auditor’s sSignature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]*~~

~~*[Auditor’s sAddress]*~~

⁶⁵—In the case of footnote 4, this may read: “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 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.”

⁶⁶—In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, this sentence would be worded as follows: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.” In the case of footnote 4, this may read: “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 in order to design audit procedures that are appropriate in the circumstances.”

[Date of the auditor's report]

ISA (NZ) 810, Engagements to Report on Summary Financial Statements

Requirements

Other Information in Documents Containing Summary Financial Statements

24. The auditor shall read the other information included in a document containing the summary financial statements and related auditor's report to consider whether there is a~~identify~~ material inconsistency~~ies, if any, with~~ between the other information and the summary financial statements. ~~If, on reading the other information,~~ the auditor identifies a material inconsistency, the auditor shall determine whether the summary financial statements or the other information needs to be revised. ~~If, on reading the other information,~~ the auditor becomes aware that the other information needs to be revised~~of an apparent material misstatement of fact~~, the auditor shall discuss the matter with management. (Ref: Para. A19)

Application and Other Explanatory Material

- A19. ISA (NZ) 720 (Revised)¹ contains requirements and guidance ~~relating regarding the auditor's responsibilities relating to reading other information in a financial statement audit engagement included in a document containing the audited financial statements and related auditor's report, and responding to material inconsistencies and material misstatements of fact~~. Adapted as necessary in the circumstances, they may be helpful in applying the requirement in paragraph 24.

Professional and Ethical Standard 1 (Revised), Code of Ethics for Assurance Practitioners

NZ290.1.1 This section also addresses the independence requirements for assurance engagements where assurance is provided in relation to an offer document of a FMC reporting entity considered to have a higher level of public accountability in respect of historical financial information, prospective or pro-forma financial information, or a combination of these.

290.27 In the case of an audit or review client that is a FMC reporting entity considered to have a higher level of public accountability, references to an audit or review client in this section include related entities of the client (unless otherwise stated). For all other audit or review clients, references to an audit or review client in this section include related entities over which the client has direct or indirect control. When the audit or review team knows or has reason to believe that a relationship or circumstance involving another related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit or review team shall include that related entity when identifying and evaluating threats to independence and applying appropriate safeguards.

¹ ISA (NZ) 720 (Revised), "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements."

NZ291.1.1 Section 290 also addresses the independence requirements for assurance engagements where assurance is provided in relation to an offer document of a FMC reporting entity considered to have a higher level of public accountability in respect of historical financial information, prospective or pro-forma financial information, or a combination of these.

Definitions

Audit client An entity in respect of which a firm conducts an audit engagement. When the client is a FMC reporting entity considered to have a higher level of public accountability, audit client will always include its related entities. When the audit client is not a FMC reporting entity considered to have a higher level of public accountability, audit client includes those related entities over which the client has direct or indirect control.

[NZ] FMC reporting entity considered to have a higher level of public accountability A FMC reporting entity or a class of FMC reporting entity as defined in section 451 of the Financial Markets Conduct Act 2013 that is considered to have a higher level of public accountability than other FMC reporting entities:

- under section 461K of the Financial Markets Conduct Act 2013; or
- by notice issued by the Financial Markets Authority (FMA) under section 461L(1)(1) of the Financial Markets Conduct Act 2013.

Professional and Ethical Standard 3 (Amended), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements

NZ12.4 Engagement quality control review – A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgements the engagement team made and the conclusions it reached in formulating the report. The engagement quality control review process is for audits of financial statements of FMC reporting entities considered to have a higher level of public accountability, and those other assurance engagements, if any, for which the firm has determined an engagement quality control review is required.

NZ12.5 FMC reporting entity considered to have a higher level of public accountability – A FMC Reporting Entity or a class of FMC reporting entity as defined in section 451 of the Financial Markets Conduct Act 2013 that is considered to have a higher level of public accountability than other FMC reporting entities:

- under section 461K of the Financial Markets Conduct Act 2013; or
- by notice issued by the Financial Markets Authority (FMA) under section 461L(1)(1) of the Financial Markets Conduct Act 2013.

NZ35.1 The firm shall establish policies and procedures requiring, for appropriate engagements, an engagement quality control review that provides an objective evaluation of the significant judgements made by the engagement team and the conclusions reached in formulating the report. Such policies and procedures shall:

- (a) Require an engagement quality control review for all audits of financial statements of FMC reporting entities considered to have a higher level of public accountability;

NZ38.1 For audits of financial statements of FMC reporting entities considered to have a higher level of public accountability, the firm shall establish policies and procedures to require the engagement quality control review to also include consideration of the following:

NZA41.1 Criteria for determining which engagements other than audits of financial statements of FMC reporting entities considered to have a higher level of public accountability are to be subject to an engagement quality control review may include, for example:...

NZA44.1 The extent of the engagement quality control review may depend, among other things, on the complexity of the engagement, whether the entity is a FMC reporting entity considered to have a higher level of public accountability, and the risk that the report might not be appropriate in the circumstances. The performance of an engagement quality control review does not reduce the responsibilities of the engagement partner.

Engagement Quality Control Review of a FMC Reporting Entity Considered to have a Higher Level of Public Accountability (Ref: Para. 38)

NZA45.1 Other matters relevant to evaluating the significant judgements made by the engagement team that may be considered in an engagement quality control review of an audit of financial statements of a FMC reporting entity considered to have a higher level of public accountability include:

NZA46.1 Although not referred to as FMC reporting entities considered to have a higher level of public accountability, as described in paragraph A16, certain public entities may be of sufficient significance to warrant performance of an engagement quality control review.

NZA47.1 What constitutes sufficient and appropriate technical expertise, experience and authority depends on the circumstances of the engagement. For example, the engagement quality control reviewer for an audit of the financial statements of a FMC reporting entity is likely to be an individual with sufficient and appropriate experience and authority to act as an audit engagement partner on audits of financial statements of FMC reporting entities considered to have a higher level of public accountability.

XRB Au1 Application of Auditing and Assurance Standards

Appendix 2

International Standards on Auditing (New Zealand)

This appendix is an integral part of the Standard.

This appendix lists the International Standards on Auditing (New Zealand) to be applied in conducting audits of historical financial information.

ISA (NZ) 200	Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)
ISA (NZ) 210	Agreeing the Terms of Audit Engagements
ISA (NZ) 220	Quality Control for an Audit of Financial Statements
ISA (NZ) 230	Audit Documentation
ISA (NZ) 240	The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements
ISA (NZ) 250	Consideration of Laws and Regulations in an Audit of Financial Statements
ISA (NZ) 260 <u>(Revised)</u>	Communication with Those Charged with Governance
ISA (NZ) 265	Communicating Deficiencies in Internal Control to those Charged with Governance and Management
ISA (NZ) 300	Planning an Audit of Financial Statements
ISA (NZ) 315 (Revised)	Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment
ISA (NZ) 320	Materiality in Planning and Performing an Audit
ISA (NZ) 330	The Auditor’s Responses to Assessed Risks
ISA (NZ) 402	Audit Considerations Relating to an Entity Using a Service Organisation
ISA (NZ) 450	Evaluation of Misstatements Identified During the Audit
ISA (NZ) 500	Audit Evidence
ISA (NZ) 501	Audit Evidence – Specific Considerations for Selected Items
ISA (NZ) 505	External Confirmations
ISA (NZ) 510	Initial Audit Engagements – Opening Balances
ISA (NZ) 520	Analytical Procedures
ISA (NZ) 530	Audit Sampling
ISA (NZ) 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

ISA (NZ) 550	Related Parties
ISA (NZ) 560	Subsequent events
ISA (NZ) 570 <u>(Revised)</u>	Going Concern
ISA (NZ) 580	Written Representations
ISA (NZ) 600	Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)
ISA (NZ) 610 (Revised 2013)	Using the Work of Internal Auditors
ISA (NZ) 620	Using the Work of an Auditor’s Expert
ISA (NZ) 700 <u>(Revised)</u>	Forming an Opinion and Reporting on Financial Statements
<u>ISA (NZ) 701</u>	<u>Communicating Key Audit Matters in the Independent Auditor’s Report</u>
ISA (NZ) 705 <u>(Revised)</u>	Modifications to the Opinion in the Independent Auditor’s Report
ISA (NZ) 706 <u>(Revised)</u>	Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor’s Report
ISA (NZ) 710	Comparative Information – Corresponding Figures and Comparative Financial Statements
ISA (NZ) 720 <u>(Revised)</u>	The Auditor’s Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements
ISA (NZ) 800	Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
ISA (NZ) 805	Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
ISA (NZ) 810	Engagements to Report on Summary Financial Statements

C: EFFECTIVE DATE

An auditor that is required to apply the amendments in this Standard is required to apply it for audits of financial statements for periods ending on or after 15 December 2016. However, early adoption is permitted.