



**INTERNATIONAL STANDARD ON AUDITING (NEW ZEALAND) 810**

**Engagements to Report on Summary Financial Statements (New Zealand) (ISA (NZ) 810)**

**Issued July 2011**

**Effective for audits of historical financial statements for periods beginning on or after 1 September, 2011.**

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INTERNATIONAL STANDARD ON AUDITING (NEW ZEALAND) 810  
 ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

*Issued by the External Reporting Board*

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International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements" should be read in conjunction with ISA (NZ) 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (New Zealand)."

## History of Amendments

### Table of pronouncements – ISA (NZ) 810 *Engagements to Report on Summary Financial Statements*

This table lists the pronouncements establishing and amending ISA (NZ) 810.

Pronouncements	Date approved	Early operative date	Effective date
International Standard on Auditing (New Zealand) 810	July 2011	-	This ISA (NZ) is effective for audits of historical financial statements for periods beginning on or after 1 September, 2011.

## Introduction

### Scope of this ISA (NZ)

1. This International Standard on Auditing (New Zealand) (ISA (NZ)) deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with ISAs (NZ) by that same auditor.

### Effective Date

2. This ISA (NZ) is effective for engagements for periods beginning on or after 1 September, 2011.

## Objectives

3. The objectives of the auditor are:
  - (a) To determine whether it is appropriate to accept the engagement to report on summary financial statements; and
  - (b) If engaged to report on summary financial statements:
    - (i) To form an opinion on the summary financial statements based on an evaluation of the conclusions drawn from the evidence obtained; and
    - (ii) To express clearly that opinion through a written report that also describes the basis for that opinion.

## Definitions

4. For purposes of this ISA (NZ), the following terms have the meanings attributed below:
  - (a) Applied criteria – The criteria applied in the preparation of the summary financial statements.
  - (b) Audited financial statements – Financial statements<sup>1</sup> audited by the auditor in accordance with ISAs (NZ), and from which the summary financial statements are derived.
  - (c) Summary financial statements – Historical financial information that is derived from financial statements but that contains less detail than the financial statements, while still providing a structured representation consistent with that provided by the financial statements of the entity's economic resources or obligations at a point in time or the changes therein for a period of time.<sup>2</sup> Different jurisdictions may use different terminology to describe such historical financial information.

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<sup>1</sup> 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 13(f), defines the term "financial statements."

<sup>2</sup> ISA (NZ) 200, paragraph 13(f).

## Requirements

### Engagement Acceptance

5. The auditor shall accept an engagement to report on summary financial statements in accordance with this ISA (NZ) only when the auditor has been engaged to conduct an audit in accordance with ISAs (NZ) of the financial statements from which the summary financial statements are derived. (Ref: Para. A1)
6. Before accepting an engagement to report on summary financial statements, the auditor shall: (Ref: Para. A2)
  - (a) Determine whether the applied criteria are acceptable<sup>3</sup>; (Ref: Para. A3-A7)
  - (b) Obtain the agreement of those charged with governance that they acknowledge and understand their responsibility:
    - (i) For the preparation of the summary financial statements in accordance with the applied criteria;
    - (ii) To make the audited financial statements available to the intended users of the summary financial statements without undue difficulty (or, if law or regulation provides that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, to describe that law or regulation in the summary financial statements); and
    - (iii) To include the auditor's report on the summary financial statements in any document that contains the summary financial statements and that indicates that the auditor has reported on them.
  - (c) Agree with those charged with governance the form of opinion to be expressed on the summary financial statements (see paragraphs 9-11).
7. If the auditor concludes that the applied criteria are unacceptable or is unable to obtain the agreement of those charged with governance set out in paragraph 6(b), the auditor shall not accept the engagement to report on the summary financial statements, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this ISA (NZ). Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in accordance with this ISA (NZ). The auditor shall include appropriate reference to this fact in the terms of the engagement. The auditor shall also determine the effect that this may have on the engagement to audit the financial statements from which the summary financial statements are derived.

### Nature of Procedures

8. The auditor shall perform the following procedures, and any other procedures that the auditor may consider necessary, as the basis for the auditor's opinion on the summary financial statements:

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<sup>3</sup> In New Zealand summary financial statements would normally be prepared in accordance with FRS-39: *Summary Financial Reports* or FRS-43: *Summary Financial Statements*, as appropriate.

- (a) Evaluate whether the summary financial statements adequately disclose their summarised nature and identify the audited financial statements.
- (b) When summary financial statements are not accompanied by the audited financial statements, evaluate whether they describe clearly:
  - (i) From whom or where the audited financial statements are available; or
  - (ii) The law or regulation that specifies that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements.
- (c) Evaluate whether the summary financial statements adequately disclose the applied criteria.
- (d) Compare the summary financial statements with the related information in the audited financial statements to determine whether the summary financial statements agree with or can be recalculated from the related information in the audited financial statements.
- (e) Evaluate whether the summary financial statements are prepared in accordance with the applied criteria.
- (f) Evaluate, in view of the purpose of the summary financial statements, whether the summary financial statements contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- (g) Evaluate whether the audited financial statements are available to the intended users of the summary financial statements without undue difficulty, unless law or regulation provides that they need not be made available and establishes the criteria for the preparation of the summary financial statements. (Ref: Para. A8)

### **Form of Opinion**

- 9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases: (Ref: Para. A9)
  - (a) The summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with [the applied criteria]; or
  - (b) The summary financial statements are a fair summary of the audited financial statements, in accordance with [the applied criteria].
- 10. If law or regulation prescribes the wording of the opinion on summary financial statements in terms that are different from those described in paragraph 9, the auditor shall:
  - (a) Apply the procedures described in paragraph 8 and any further procedures necessary to enable the auditor to express the prescribed opinion; and
  - (b) Evaluate whether users of the summary financial statements might misunderstand the auditor's opinion on the summary financial statements and, if so, whether additional explanation in the auditor's report on the summary financial statements can mitigate possible misunderstanding.



11. If, in the case of paragraph 10(b), the auditor concludes that additional explanation in the auditor's report on the summary financial statements cannot mitigate possible misunderstanding, the auditor shall not accept the engagement, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this ISA (NZ). Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in accordance with this ISA (NZ).

### **Timing of Work and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Statements**

12. The auditor's report on the summary financial statements may be dated later than the date of the auditor's report on the audited financial statements. In such cases, the auditor's report on the summary financial statements shall state that the summary financial statements and audited financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements that may require adjustment of, or disclosure in, the audited financial statements. (Ref: Para. A10)
13. The auditor may become aware of facts that existed at the date of the auditor's report on the audited financial statements, but of which the auditor previously was unaware. In such cases, the auditor shall not issue the auditor's report on the summary financial statements until the auditor's consideration of such facts in relation to the audited financial statements in accordance with ISA (NZ) 560<sup>4</sup> has been completed.

### **Auditor's Report on Summary Financial Statements**

#### *Elements of the Auditor's Report*

14. The auditor's report on summary financial statements shall include the following elements:<sup>5</sup> (Ref: Para. A15)
  - (a) A title clearly indicating it as the report of an independent auditor. (Ref: Para. A11)
  - (b) An addressee. (Ref: Para. A12)
  - (c) An introductory paragraph that:
    - (i) Identifies the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements; (Ref: Para. A13)
    - (ii) Identifies the audited financial statements;
    - (iii) Refers to the auditor's report on the audited financial statements, the date of that report, and, subject to paragraphs 17-18, the fact that an unmodified opinion is expressed on the audited financial statements;
    - (iv) If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements, states that the summary financial statements and the audited

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<sup>4</sup> ISA (NZ) 560, "Subsequent Events."

<sup>5</sup> Paragraphs 17-18, which deal with circumstances where the auditor's report on the audited financial statements has been modified, require additional elements to those listed in this paragraph.

financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements; and

- (v) A statement indicating that the summary financial statements do not contain all the disclosures required by the financial reporting framework applied in the preparation of the audited financial statements, and that reading the summary financial statements is not a substitute for reading the audited financial statements.
  - (d) A description of the responsibility of those charged with governance for the summary financial statements, explaining that those charged with governance are responsible for the preparation of the summary financial statements in accordance with the applied criteria.
  - (e) A statement that the auditor is responsible for expressing an opinion on the summary financial statements based on the procedures required by this ISA (NZ).
  - (f) A paragraph clearly expressing an opinion (see paragraphs 9-11).
  - (g) The auditor's signature.
  - (h) The date of the auditor's report. (Ref: Para. A14)
  - (i) The auditor's address.
- NZ 14.1 The auditor's report shall include a statement as to the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the entity.
15. If the addressee of the summary financial statements is not the same as the addressee of the auditor's report on the audited financial statements, the auditor shall evaluate the appropriateness of using a different addressee. (Ref: Para. A12)
16. The auditor shall date the auditor's report on the summary financial statements no earlier than: (Ref: Para. A14)
- (a) The date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, including evidence that the summary financial statements have been prepared and those with the recognised authority have asserted that they have taken responsibility for them; and
  - (b) The date of the auditor's report on the audited financial statements.

*Modifications to the Opinion, Emphasis of Matter Paragraph or Other Matter Paragraph in the Auditor's Report on the Audited Financial Statements* (Ref: Para. A15)

17. When the auditor's report on the audited financial statements contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph, but the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial statements, in accordance with the applied criteria, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:

- (a) State that the auditor's report on the audited financial statements contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph; and
  - (b) Describe:
    - (i) The basis for the qualified opinion on the audited financial statements, and that qualified opinion; or the Emphasis of Matter or the Other Matter paragraph in the auditor's report on the audited financial statements; and
    - (ii) The effect thereof on the summary financial statements, if any.
18. When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:
- (a) State that the auditor's report on the audited financial statements contains an adverse opinion or disclaimer of opinion;
  - (b) Describe the basis for that adverse opinion or disclaimer of opinion; and
  - (c) State that, as a result of the adverse opinion or disclaimer of opinion, it is inappropriate to express an opinion on the summary financial statements.

#### *Modified Opinion on the Summary Financial Statements*

19. If the summary financial statements are not consistent, in all material respects, with or are not a fair summary of the audited financial statements, in accordance with the applied criteria, and those charged with governance do not agree to make the necessary changes, the auditor shall express an adverse opinion on the summary financial statements. (Ref: Para. A15)

#### **Restriction on Distribution or Use or Alerting Readers to the Basis of Accounting**

20. When distribution or use of the auditor's report on the audited financial statements is restricted, or the auditor's report on the audited financial statements alerts readers that the audited financial statements are prepared in accordance with a special purpose framework, the auditor shall include a similar restriction or alert in the auditor's report on the summary financial statements.

#### **Comparatives**

21. If the audited financial statements contain comparatives, but the summary financial statements do not, the auditor shall determine whether such omission is reasonable in the circumstances of the engagement. The auditor shall determine the effect of an unreasonable omission on the auditor's report on the summary financial statements. (Ref: Para. A16)
22. If the summary financial statements contain comparatives that were reported on by another auditor, the auditor's report on the summary financial statements shall also contain the matters that ISA (NZ) 710 requires the auditor to include in the auditor's report on the audited financial statements.<sup>6</sup> (Ref: Para. A17)

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<sup>6</sup> ISA (NZ) 710, "Comparative Information – Corresponding Figures and Comparative Financial Statements."

### **Unaudited Supplementary Information Presented with Summary Financial Statements**

23. The auditor shall evaluate whether any unaudited supplementary information presented with the summary financial statements is clearly differentiated from the summary financial statements. If the auditor concludes that the entity's presentation of the unaudited supplementary information is not clearly differentiated from the summary financial statements, the auditor shall ask those charged with governance to change the presentation of the unaudited supplementary information. If those charged with governance refuse to do so, the auditor shall explain in the auditor's report on the summary financial statements that such information is not covered by that report. (Ref: Para. A18)

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

24. The auditor shall read other information included in a document containing the summary financial statements and related auditor's report to identify material inconsistencies, if any, with 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 of an apparent material misstatement of fact, the auditor shall discuss the matter with management and, if necessary those charged with governance. (Ref: Para. A19)

### **Auditor Association**

25. If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor shall request those charged with governance to include the auditor's report in the document. If those charged with governance do not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management and/or those charged with governance from inappropriately associating the auditor with the summary financial statements in that document. (Ref: Para. A20)
26. The auditor may be engaged to report on the financial statements of an entity, while not engaged to report on the summary financial statements. If, in this case, the auditor becomes aware that the entity plans to make a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the financial statements audited by the auditor, the auditor shall be satisfied that:
- (a) The reference to the auditor is made in the context of the auditor's report on the audited financial statements; and
  - (b) The statement does not give the impression that the auditor has reported on the summary financial statements.

If (a) or (b) are not met, the auditor shall request management and, if necessary those charged with governance to change the statement to meet them, or not to refer to the auditor in the document. Alternatively, the entity may engage the auditor to report on the summary financial statements and include the related auditor's report in the document. If those charged with governance do not change the statement, delete the reference to the auditor, or include an auditor's report on the summary financial statements in the document containing the summary financial statements, the auditor

shall advise those charged with governance that the auditor disagrees with the reference to the auditor, and the auditor shall determine and carry out other appropriate actions designed to prevent management and/or those charged with governance from inappropriately referring to the auditor. (Ref: Para. A20)

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## Application and Other Explanatory Material

### Engagement Acceptance (Ref: Para. 5-6)

- A1. The audit of the financial statements from which the summary financial statements are derived provides the auditor with the necessary knowledge to discharge the auditor's responsibilities in relation to the summary financial statements in accordance with this ISA (NZ). Application of this ISA (NZ) will not provide sufficient appropriate evidence on which to base the opinion on the summary financial statements if the auditor has not also audited the financial statements from which the summary financial statements are derived.
- A2. The agreement of those charged with governance with the matters described in paragraph 6 may be evidenced by their written acceptance of the terms of the engagement.

### Criteria (Ref: Para. 6(a))

- A3. The preparation of summary financial statements requires those charged with governance to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial statements. Because summary financial statements by their nature contain aggregated information and limited disclosure, there is an increased risk that they may not contain the information necessary so as not to be misleading in the circumstances. This risk increases when established criteria for the preparation of summary financial statements do not exist.
- A4. Factors that may affect the auditor's determination of the acceptability of the applied criteria include:
- The nature of the entity;
  - The purpose of the summary financial statements;
  - The information needs of the intended users of the summary financial statements; and
  - Whether the applied criteria will result in summary financial statements that are not misleading in the circumstances.
- A5. The criteria for the preparation of summary financial statements may be established by an authorised or recognised standards setting organisation or by law or regulation. Similar to the case of financial statements, as explained in ISA (NZ) 210,<sup>7</sup> in many such cases, the auditor may presume that such criteria are acceptable.

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<sup>7</sup> ISA (NZ) 210, "Agreeing the Terms of Audit Engagements," paragraphs A3 and A8-A9.

- A6. Where established criteria for the preparation of summary financial statements do not exist, criteria may be developed, for example, based on practice in a particular industry. Criteria that are acceptable in the circumstances will result in summary financial statements that:
- (a) Adequately disclose their summarised nature and identify the audited financial statements;
  - (b) Clearly describe from whom or where the audited financial statements are available or, if law or regulation provides that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, that law or regulation;
  - (c) Adequately disclose the applied criteria;
  - (d) Agree with or can be recalculated from the related information in the audited financial statements; and
  - (e) In view of the purpose of the summary financial statements, contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- A7. Adequate disclosure of the summarised nature of the summary financial statements and the identity of the audited financial statements, as referred to in paragraph A6(a), may, for example, be provided by a title such as “Summary Financial Statements Prepared from the Audited Financial Statements for the Year Ended December 31, 20X1.”

**Evaluating the Availability of the Audited Financial Statements** (Ref: Para. 8(g))

- A8. The auditor’s evaluation whether the audited financial statements are available to the intended users of the summary financial statements without undue difficulty is affected by factors such as whether:
- The summary financial statements describe clearly from whom or where the audited financial statements are available;
  - The audited financial statements are on public record; or
  - Management has established a process by which the intended users of the summary financial statements can obtain ready access to the audited financial statements.

**Form of Opinion** (Ref: Para. 9)

- A9. A conclusion, based on an evaluation of the evidence obtained by performing the procedures in paragraph 8, that an unmodified opinion on the summary financial statements is appropriate enables the auditor to express an opinion containing one of the phrases in paragraph 9. The auditor’s decision as to which of the phrases to use may be affected by generally accepted practice in the particular jurisdiction.

## **Timing of Work and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Statements** (Ref: Para. 12)

A10. The procedures described in paragraph 8 are often performed during or immediately after the audit of the financial statements. When the auditor reports on the summary financial statements after the completion of the audit of the financial statements, the auditor is not required to obtain additional audit evidence on the audited financial statements, or report on the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements since the summary financial statements are derived from the audited financial statements and do not update them.

## **Auditor's Report on Summary Financial Statements**

### *Elements of the Auditor's Report*

#### Title (Ref: Para. 14(a))

A11. A title indicating the report is the report of an independent auditor, for example, "Report of the Independent Auditor," affirms that the auditor has met all of the relevant ethical requirements regarding independence. This distinguishes the report of the independent auditor from reports issued by others.

#### Addressee (Ref: Para. 14(b), 15)

A12. Factors that may affect the auditor's evaluation of the appropriateness of the addressee of the summary financial statements include the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

#### Introductory Paragraph (Ref: Para. 14(c)(i))

A13. When the auditor is aware that the summary financial statements will be included in a document that contains other information, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the summary financial statements are presented. This helps readers to identify the summary financial statements to which the auditor's report relates.

#### Date of the Auditor's Report (Ref: Para. 14(h), 16)

A14. The person or persons with recognised authority to conclude that the summary financial statements have been prepared and take responsibility for them depend on the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

#### Illustrations (Ref: Para. 14. 17-18,19)

A15. The Appendix to this ISA (NZ) contains illustrations of auditors' reports on summary financial statements that:

- (a) Contain unmodified opinions;
- (b) Are derived from audited financial statements on which the auditor issued modified opinions; and
- (c) Contain a modified opinion.

**Comparatives** (Ref: Para. 21-22)

- A16. If the audited financial statements contain comparatives, there is a presumption that the summary financial statements also would contain comparatives. Comparatives in the audited financial statements may be regarded as corresponding figures or as comparative financial information. ISA (NZ) 710 describes how this difference affects the auditor's report on the financial statements, including, in particular, reference to other auditors who audited the financial statements for the prior period.
- A17. Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include the nature and objective of the summary financial statements, the applied criteria, and the information needs of the intended users of the summary financial statements.

**Unaudited Supplementary Information Presented with Summary Financial Statements**

(Ref: Para. 23)

- A18. ISA (NZ) 700<sup>8</sup> contains requirements and guidance to be applied when unaudited supplementary information is presented with audited financial statements that, adapted as necessary in the circumstances, may be helpful in applying the requirement in paragraph 23.

**Other Information in Documents Containing Summary Financial Statements** (Ref: Para.

24)

- A19. ISA (NZ) 720<sup>9</sup> contains requirements and guidance relating to reading other information 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.

**Auditor Association** (Ref: Para. 25-26)

- A20. Other appropriate actions the auditor may take when management and those charged with governance do not take the requested action may include informing the intended users and other known third-party users of the inappropriate reference to the auditor. The auditor's course of action depends on the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

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<sup>8</sup> ISA (NZ) 700, "Forming an Opinion and Reporting on Financial Statements," paragraphs 46-47.

<sup>9</sup> ISA (NZ) 720, "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements."



**Illustrations of Reports on Summary Financial Statements**

- Illustration 1: An auditor's report on summary financial statements prepared in accordance with FRS-43: *Summary Financial Statements*. An unmodified opinion is expressed on the audited financial statements. The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial statements from which summary financial statements are derived.
- Illustration 2: An auditor's report on summary financial statements prepared in accordance with criteria developed by those charged with governance and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An unmodified opinion is expressed on the audited financial statements.
- Illustration 3: An auditor's report on summary financial statements prepared in accordance with criteria developed by those charged with governance and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. A qualified opinion is expressed on the audited financial statements.
- Illustration 4: An auditor's report on summary financial statements prepared in accordance with criteria developed by those charged with governance and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An adverse opinion is expressed on the audited financial statements.
- Illustration 5: An auditor's report on summary financial statements prepared in accordance with FRS-43: *Summary Financial Statements*. An unmodified opinion is expressed on the audited financial statements. The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements.

**Illustration 1:****Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **The summary financial statements are prepared in accordance with FRS-43.**
- **The auditor’s report on the summary financial statements is dated later than the date of the auditor’s report on the financial statements from which the summary financial statements are derived.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X1, the summary income statement, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X2. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Limited.

**Directors’ Responsibility for the Summary Financial Statements**

The directors are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: *Summary Financial Statements*.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, “Engagements to Report on Summary Financial Statements.”

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

**Opinion**

In our opinion, the summary financial statements derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1 are consistent, in all material respects, with (or *a fair summary of*) those financial statements, in accordance with FRS-43.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

**Illustration 2:****Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **Criteria are developed by the directors and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X1, the summary income statement, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X2.<sup>10</sup>

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Limited.

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

The directors are responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements."

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

**Opinion**

In our opinion, the summary financial statements derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1 are consistent, in all material respects, with (or *a fair summary of*) those financial statements, on the basis described in Note X.

[Auditor's signature]

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<sup>10</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

[Date of the auditor's report]

[Auditor's address]

**Illustration 3:****Circumstances include the following:**

- **A qualified opinion is expressed on the audited financial statements.**
- **Criteria are developed by the directors and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X1, the summary income statement, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1.<sup>11</sup> We expressed a qualified audit opinion on those financial statements in our report dated February 15, 20X2 (see below).

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Limited.

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

The directors are responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements."

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

**Opinion**

In our opinion, the summary financial statements derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1 are consistent, in all material respects, with (or *a fair summary of*) those financial statements, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial statements of ABC Limited for the year ended December 31, 20X1.

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<sup>11</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

The misstatement of the audited financial statements is described in our qualified audit opinion in our report dated February 15, 20X2. Our qualified audit opinion is based on the fact that the company's inventories are carried in the balance sheet in those financial statements at xxx. The directors have not stated the inventories at the lower of cost and net realisable value but have stated them solely at cost, which constitutes a departure from New Zealand Equivalents to International Financial Reporting Standards. The company's records indicate that had the directors stated the inventories at the lower of cost and net realisable value, an amount of xxx would have been required to write the inventories down to their net realisable value. Accordingly, cost of sales would have been increased by xxx, and income tax, net income and shareholders' equity would have been reduced by xxx, xxx and xxx, respectively. Our qualified audit opinion states that, except for the effects of the described matter, those financial statements comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of ABC Limited as at December 31, 20X1, and its financial performance for the year then ended. In our opinion the financial statements give a true and fair view of the cash flows for the year ended December 31, 20X1.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

**Illustration 4:****Circumstances include the following:**

- **An adverse opinion is expressed on the audited financial statements.**
- **Criteria are developed by the directors and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X1, the summary income statement, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1.<sup>12</sup>

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Limited.

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

The directors are responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements."

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

**Denial of Opinion**

In our report dated February 15, 20X2, we expressed an adverse audit opinion on the financial statements of ABC Limited for the year ended December 31, 20X1. The basis for our adverse audit opinion was [describe basis for adverse audit opinion]. Our adverse audit opinion stated that [describe adverse audit opinion].

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<sup>12</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."



Because of the significance of the matter discussed above, it is inappropriate to express an opinion on the summary financial statements of ABC Limited for the year ended December 31, 20X1.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

**Illustration 5:**

**Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **The summary financial statements are prepared in accordance with FRS-43.**
- **The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements.**

## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X1, the summary income statement, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Limited for the year ended December 31, 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.<sup>13</sup>

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Limited.

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

The directors are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: *Summary Financial Statements*.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements."

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

### **Basis for Adverse Opinion**

[Describe matter that caused the summary financial statements not to be consistent, in all material respects, with (or a *fair summary of*) the audited financial statements, in accordance with the applied criteria.]

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<sup>13</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the summary financial statements referred to above are not consistent with (or *a fair summary of*) the audited financial statements of ABC Limited for the year ended December 31, 20X1, and do not comply with FRS-43: *Summary Financial Statements*

[Auditor's signature]

[Date of the auditor's report]

[Auditor's

address]

**ACCOMPANYING ATTACHMENT: SIMILARITY TO THE INTERNATIONAL STANDARDS ON AUDITING**

This conformity statement accompanies but is not part of ISA (NZ) 810.

**Conformity with International Standards on Auditing**

This International Standard on Auditing (New Zealand) (ISA (NZ)) conforms to International Standard on Auditing ISA (NZ) 810 *Engagements to Report on Summary Financial Statements*, issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this ISA (NZ) (and do not appear in the text of the equivalent ISA) are identified with the prefix “NZ”.

The following requirement is additional to ISA 810 and ASA 810:

- The auditor’s report shall include a statement as to the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, the entity. [Ref. Para. NZ14.1]

This ISA (NZ) incorporates terminology and definitions used in New Zealand. References to “management” and “those charged with governance” have been amended in the ISAs (NZ) because the statutory responsibility for the preparation of the financial statements rests with those charged with governance.

Compliance with this ISA (NZ) enables compliance with ISA 810.

**Comparison with Australian Auditing Standards**

In Australia the Australian Auditing and Assurance Standards Board (AUASB) has issued Australian Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

The following requirement is additional to ISA 810 and ISA (NZ) 810:

- In circumstances where the auditor’s report on the audited financial report has been modified, paragraphs 17-18 of this Auditing Standard require additional elements to be included in the auditor’s report on the summary financial statements. [Ref: Para. Aus 14.1]

ASA 810 conforms to ISA 810.