

Narrow Scope Amendments to ISAs (NZ) due to Public Interest Entity Revisions

Commencement and application dates: Refer to Part B of this standard

Issued November 2023



NARROW SCOPE AMENDMENTS TO ISAs (NZ) DUE TO PUBLIC INTEREST ENTITY REVISIONS

Legal status of this Standard

This Standard was issued on 30 November 2023 by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board (XRB) pursuant to section 12(b) of the Financial Reporting Act 2013.

This Standard is secondary legislation for the purposes of the Legislation Act 2019. A firm that is required to apply this Standard, is required to apply the Standard in accordance with the application date which is set out in Part A.

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 to reflect the amendments necessary to ISA (NZ) due to revisions to Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* that require a firm to publicly disclose when it has applied the independence requirements for public interest entities.

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PART A: Introduction

Part B outlines the Commencement and application of this amending standard.

Part C of this Standard contains amendments to ISA (NZ) 700 (Revised) *Forming an Opinion and Reporting on Financial Statements* and ISA (NZ) 260 (Revised) *Communication with Those Charged with Governance*, due to revisions to Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* that require a firm to publicly disclose when it has applied the independence requirements for public interest entities.

Part D of this Standard contains consequential amendments to the illustrative audit reports contained in the following ISAs (NZ):

- ISA (NZ) 570 (Revised) *Going Concern*
- ISA (NZ) 705 (Revised) *Modifications to the Opinion in the Independent Auditor's Report*
- ISA (NZ) 720 (Revised) *The Auditor's Responsibility Relating to Other Information*

Part E contains a minor amendment to Professional and Ethical Standard 1, to reinstate wording which was removed through a previous amendment.

Underline and strikethrough are used to indicate changes.

Note: The application paragraph and footnote numbers within these amendments do not align with the actual application paragraph and footnote numbers of the standards that will be amended, and reference should be made to the compiled Professional and Ethical Standard 1

PART B: Commencement and application

When the standard takes effect (Section 27 Financial Reporting Act 2013)

1. This standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019¹. Early adoption is permitted.

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)

2. The accounting periods in relation to which this standard commences to apply are:
 - (a) for an **early adopter**, those accounting periods, following and including, the **early adoption accounting period**.
 - (b) for any other auditor, those accounting periods following, and including, the first accounting period that begins on or after the **mandatory date**.

early adopter means an auditor that applies this standard for an early adoption accounting period.

early adoption accounting period means the accounting period:

- (a) that begins before the mandatory date but has not ended or does not end before this standard takes effect (and to avoid doubt, that period may have begun before this standard takes effect); and
- (b) for which the early adopter:
 - (i) first applies this standard for any audit engagement; and
 - (ii) discloses in the auditor's report for that accounting period that this standard has been applied for that period.

mandatory date means 15 December 2024.

¹ The standard was published on 30 November 2023.

PART C: Amendments to ISA (NZ) 700 (Revised) and ISA (NZ) 260 (Revised)

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

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Requirements

...

Auditor's Report

...

Auditor's Report for Audits Conducted in Accordance with International Standards on Auditing (New Zealand)

...

Basis for Opinion

28. The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that: (Ref: Para. A32)

...

- (c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.

(i) The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code); (Ref: Para. A34–A35), A36–A37)

(ii) If the relevant ethical requirements² require the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities, the statement shall indicate that the auditor is independent in accordance with the independence requirements applicable to the audits of those entities.; and (Ref: Para. A35A4–A39)

- NZ28(c) In New Zealand, the statement required by paragraph 28(c) shall refer to Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

...

Auditor's Report Prescribed by Law or Regulation

50. If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout, or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing (New Zealand) only if the auditor's report includes, at a minimum, each of the following elements: (Ref: Para. A70–A71)

² Professional and Ethical Standard 1, R400.20–R400.21

(a) ...

(e) A statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.

(i) The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the IESBA Code.

(ii) If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to the audits of those entities.

NZ50(e)(1) In New Zealand, the independence statement shall refer to Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

(f) ...

Application and Other Explanatory Material

...

Auditor's Report (Ref: Para 20)

...

Basis for Opinion (Ref: Para 28)

...

Relevant ethical requirements (Ref: Para 28 (c))

A34. The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA (NZ) 200 explains that relevant ethical requirements ordinarily comprise Professional and Ethical Standard 1.³ When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code.

A35. In some cases, relevant ethical requirements may exist in several different sources, such as the ethical code(s) and additional rules and requirements within law and regulation. When the independence and other relevant ethical requirements are contained in a limited number of sources, the auditor may choose to name the relevant source(s) (e.g., the name of the code, rule or regulation applicable), or may refer to a term that is commonly understood and that appropriately summarises those sources (e.g., independence requirements for audits of private entities in Jurisdiction X).

A35A. Relevant ethical requirements may:

- Establish independence requirements that are specific to audits of financial statements of certain entities specified in the relevant ethical requirements,

³ ISA (NZ) 200, paragraph A17

such as the independence requirements for audits of financial statements of public interest entities in Professional and Ethical Standard 1. Relevant ethical requirements may also require or encourage the auditor to determine whether it is appropriate to apply such independence requirements to audits of financial statements of entities other than those entities specified in the relevant ethical requirements.

- Require the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities. For example, Professional and Ethical Standard 1 requires that when a firm has applied the independence requirements for public interest entities in performing an audit of the financial statements of an entity, the firm publicly disclose that fact, unless making such disclosure would result in disclosing confidential future plans of the entity.⁴

ISA (NZ) 260 (Revised) sets out requirements and guidance about the auditor’s communication with those charged with governance, which includes communications for these cases.⁵

A36. Law or regulation, or the terms of an audit engagement may also require the auditor to provide in the auditor’s report more specific information about the sources of the relevant ethical requirements, including those related to independence, that applied to the audit of the financial statements.

A37. In determining the appropriate amount of information to include in the auditor’s report when there are multiple sources of relevant ethical requirements relating to the audit of the financial statements, an important consideration is balancing transparency against the risk of obscuring other useful information in the auditor’s report.

...

Appendix
(Ref: Para. A19)

...

[NZ] Illustration 1 – Auditor’s Report on Financial Statements of a FMC Reporting Entity Considered to have a Higher Level of Public Accountability Prepared in Accordance with a Fair Presentation Framework (for example NZ IFRS)

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

- Audit of a complete set of financial statements of 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 (Revised) 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 has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.

⁴ Professional and Ethical Standard 1, paragraphs R400.20-R400.21

⁵ ISA (NZ) 260 (Revised) paragraph 16A and A29

- The relevant ethical requirements that apply to the audit comprise Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*. The auditor has also chosen to refer to the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*. Professional and Ethical Standard 1 and the IESBA Code include independence requirements that are applicable to audits of financial statements of public interest entities. They also require the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements⁶

...

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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of financial statements of public interest entities. ~~and w~~We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~Professional and Ethical Standard 1 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

[NZ] Illustration 2 – Auditor’s Report on Consolidated Financial Statements of a FMC Reporting Entity Considered to have a Higher Level of Public Accountability Prepared in Accordance with a Fair Presentation Framework (for example, NZ IFRS)

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

- Audit of a complete set of consolidated financial statements of a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA (NZ) 600 (Revised) 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 the responsibilities of those charged with governance for the consolidated financial statements in ISA (NZ) 210.

⁶ 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.

- The auditor has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Consolidated Financial Statements⁷

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of the financial statements of public interest entities. ~~and~~ We have fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

⁷ 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.

ISA (NZ) 260 (Revised) Communication with Those Charged with Governance Requirements

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Matters to Be Communicated

...

Auditor Independence

16A. The auditor shall communicate with those charged with governance the relevant ethical requirements, including those related to independence, that the auditor applies for the audit engagement, including if applicable in the circumstances, any independence requirements specific to audits of financial statements of certain entities. (Ref. Para. A29)

17. [Amended by the NZAuASB].

NZ17.1 In the case of FMC reporting entities considered to have a higher level of public accountability, the auditor shall communicate with those charged with governance:

- (a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and
 - (i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgement, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and
 - (ii) In respect of threats to independence that are not at an acceptable level, the actions taken to address the threats, including actions that were taken to eliminate the circumstances that create the threats or applying safeguards to reduce the threats to an acceptable level. (Ref: Para. ~~A3029~~A32)

...

Application and Other Explanatory Material

...

Matters to Be Communicated

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Auditor Independence (Ref: Para: 16A–17)

A29. The auditor is required to comply with relevant ethical requirements, including those related to independence, relating to financial statement audit engagements-⁸ and to communicate with those charged with governance about the requirements the auditor applies. Relevant ethical requirements may:

- Establish independence requirements that are specific to audits of financial statements of certain entities, specified in the relevant ethical requirements, such as the independence requirements for audits of financial statements of public interest entities in Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*. If applicable in the circumstances of the audit engagement, this ISA (NZ) requires that the auditor also communicates with those charged with governance that the auditor applies such independence requirements.
- Require the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities specified in the relevant ethical requirements.⁹ ISA (NZ) 700 (Revised) addresses the requirements for the auditor's report relating to the auditor's independence and the relevant ethical requirements the auditor applied.¹⁰
- Require or encourage the auditor to determine whether it is appropriate to apply independence requirements that are specific to audits of financial statements of certain entities to audits of financial statements of other entities not specified in the relevant ethical requirements.¹¹ If this is the case and the auditor is required to publicly disclose when the auditor applied such independence requirements, the auditor may discuss with management or those charged with governance whether there is a risk of misunderstanding the nature of the entity and any need for additional disclosure.

A30. The communication about relationships and other matters, and how threats to independence that are not at an acceptable level have been addressed varies with the circumstances of the engagement and generally addresses the threats to independence, safeguards to reduce the threats, and measures to eliminate the circumstances that created the threats.

A31. Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, Professional and Ethical Standard 1 requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.¹²

A32. [Amended by the NZAuASB].

NZA32.1 The communication requirements relating to auditor independence that apply in the case of FMC reporting entities considered to have a higher level of public accountability may also be appropriate in the case of some other entities, including those that may be of significant public interest, for example because they have a large number and wide range of stakeholders and considering the nature and size of the business. Examples of such entities may include

⁸ ISA (NZ) 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 14

⁹ See, for example, the public disclosure requirements in Professional and Ethical Standard 1, paragraphs R400.20-R400.21.

¹⁰ ISA (NZ) 700 (Revised), paragraph 28(c).

¹¹ See, for example, encouragement in the application material in PES 1, paragraph 400.19 A1.

¹² See, for example, paragraphs R400.80-R400.82 of Professional and Ethical Standard 1.

entities such as public sector entities or charities. On the other hand, there may be situations where communications regarding independence may not be relevant, for example, where all of those charged with governance have been informed of relevant facts through their management activities. This is particularly likely where the entity is owner-managed, and the auditor's firm and network firms have little involvement with the entity beyond a financial statement audit.

PART D: Consequential Amendments

ISA (NZ) 570 (Revised) Going Concern

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Illustrations of Auditors' Reports Relating to Going Concern

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[NZ] Illustration 1 – Unmodified Opinion When a Material Uncertainty Exists and Disclosure in the Financial Statements Is Adequate

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

- Audit of a complete set of financial statements of 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 (Revised)¹ 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) 210.2
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR'S REPORT

...

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 Statement section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and we~~ We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

Illustrations of Auditors' Reports with Modifications to the Opinions

...

[NZ] Illustration 2 – Qualified Opinion When a Material Uncertainty Exists and the Financial Statements Are Materially Misstated Due to Inadequate Disclosure

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

- Audit of a complete set of financial statements of 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 (Revised) 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.
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR'S REPORT

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Basis for Qualified 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 Statement section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and w~~We have also fulfilled our other ethical responsibilities in accordance with these requirements Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

...

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

...

Illustrations of Auditors' Reports with Modifications to the Opinions

...

[NZ] Illustration 1 – Qualified Opinion due to a Material Misstatement of the Financial Statements

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

- Audit of a complete set of financial statements of 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 (Revised)¹ 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) 210.2
- Inventories are misstated. The misstatement is deemed to be material but not pervasive to the financial statements (i.e., a qualified opinion is appropriate).
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR'S REPORT

...

Basis for Qualified 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 Statement section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and we~~ We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

...

[NZ] Illustration 2 – Adverse Opinion due to a Material Misstatement of the Consolidated Financial Statements

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

- Audit of a complete set of consolidated financial statements of a FMC reporting entity considered to have a higher level of public accountability using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA (NZ) 600 (Revised) 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 the responsibilities of those charged with governance for the consolidated financial statements in ISA (NZ) 210.
- The consolidated financial statements are materially misstated due to the non-consolidation of a subsidiary. The material misstatement is deemed to be pervasive to the consolidated financial statements. The effects of the misstatement on the consolidated financial statements have not been determined because it was not practicable to do so (i.e., an adverse opinion is appropriate).
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR’S REPORT

...

Basis for Adverse 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 Statement section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and we~~ We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

...

[NZ] Illustration 3 – Qualified Opinion due to the Auditor’s Inability to Obtain Sufficient Audit Evidence Regarding a Foreign Associate

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

- Audit of a complete set of consolidated financial statements of a FMC reporting entity considered to have a higher level of public accountability using a fair presentation

framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA (NZ) 600 (Revised) 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 the responsibilities of those charged with governance for the consolidated financial statements in ISA (NZ) 210.
- The auditor was unable to obtain sufficient appropriate audit evidence regarding an investment in a foreign associate. The possible effects of the inability to obtain sufficient appropriate audit evidence are deemed to be material but not pervasive to the consolidated financial statements (i.e., a qualified opinion is appropriate).
- Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* comprises all of the relevant ethical requirements that apply to the audit. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR'S REPORT

...

Basis for Qualified 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 Statement section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and we~~ We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

...

ISA (NZ) 720 (Revised) The Auditor's Responsibility Relating to Other Information

...

Illustrations of Auditor's Reports Relating to Other Information

...

[NZ] Illustration 2 – An auditor's report of a FMC reporting entity considered to have a higher level of public accountability containing an unmodified opinion when the auditor has obtained

part of the other information prior to the date of the auditor’s report, has not identified a material misstatement of the other information, and expects to obtain other information after the date of the auditor’s report.

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

- Audit of a complete set of financial statements of 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 (Revised) 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 has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR’S REPORT

...

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 Statement section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and we~~ We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~ Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

[NZ] Illustration 4 – An auditor’s report of a FMC reporting entity considered to have a higher level of public accountability containing an unmodified opinion when the auditor has obtained no other information prior to the date of the auditor’s report but expects to obtain other information after the date of the auditor’s report.

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

- Audit of a complete set of financial statements of 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 (Revised) 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 has concluded an unmodified (i.e., “clean”) opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*. Professional and Ethical Standard 1 includes independence requirements that are applicable to audits of financial statements of public interest entities and requires the auditor to publicly disclose that the independence requirements applicable to audits of financial statements of public interest entities were applied.

...

INDEPENDENT AUDITOR’S REPORT

...

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 Statement section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of financial statements of public interest entities. ~~and w~~We have also fulfilled our other ethical responsibilities in accordance with ~~these requirements~~Professional and Ethical Standard 1. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

PART E: Additional Amendments to PROFESSIONAL AND ETHICAL STANDARD 1

**AMENDMENT TO PROFESSIONAL AND ETHICAL STANDARD 1
INTERNATIONAL CODE OF ETHICS FOR ASSURANCE
PRACTITIONERS (INCLUDING INTERNATIONAL INDEPENDENCE
STANDARDS) (NEW ZEALAND)**

...

Amendment to Paragraph 300.6 A1 as follows:

...

Identifying Threats

300.6 A1 ...

(d) Familiarity Threats ...

- An individual who is being considered to serve as an appropriate reviewer, as a safeguard to address a threat, having a close relationship with an individual who performed the work.