

INTOSAI



*Ligne directrice
d'audit financier –
Missions visant la
délivrance d'un
rapport sur des états
financiers résumés*

INTOSAI PROFESSIONAL STANDARDS COMMITTEE

PSC-SECRETARIAT

RIGSREVISIONEN • LANDGREVEN 4 • P.O. BOX 9009 • 1022 COPENHAGEN K • DENMARK
TEL.: +45 3392 8400 • FAX: +45 3311 0415 • E-MAIL: INFO@RIGSREVISIONEN.DK

INTOSAI



INTOSAI General Secretariat - RECHNUNGSHOF
(Austrian Court of Audit)
DAMPFSCHIFFSTRASSE 2
A-1033 VIENNA
AUSTRIA
Tel.: ++43 (1) 711 71 • Fax: ++43 (1) 718 09 69

E-MAIL: intosai@rechnungshof.gv.at;
WORLD WIDE WEB: <http://www.intosai.org>

Note de pratique¹ relative à la Norme internationale d'audit [International Standard on Auditing] (ISA) 805 (révisée) – Missions visant la délivrance d'un rapport sur des états financiers résumés²

Contexte

La présente note de pratique fournit aux auditeurs du secteur public des directives supplémentaires sur la Norme internationale d'audit (ISA) 805 (révisée), relative aux missions visant la délivrance d'un rapport sur des états financiers résumés. Elle doit être lue conjointement avec la norme ISA. La présente note de pratique prend effet à la même date que la norme ISA.

Description de la norme ISA

La norme ISA 805 (révisée) a pour objet d'établir des normes et de fournir des indications à l'auditeur qui a pour mission de délivrer un rapport sur des états financiers résumés tirés d'états financiers ayant été audités par ce même auditeur conformément aux normes ISA.

La norme ISA 805 (révisée) a été approuvée en décembre 2006 pour servir de base à la mise au point de la norme ISA 805 (révisée et remaniée). La norme ISA 805 (révisée et remaniée) n'entrera pas en vigueur avant le 15 décembre 2008.

Contenu de la présente note de pratique

- P1. La présente note de pratique suit les rubriques de la norme ISA et fournit des indications supplémentaires aux auditeurs du secteur public en ce qui concerne :
- a. le rapport d'audit des états financiers résumés,
 - b. les modifications apportées à l'opinion ou au paragraphe intitulé « Observations » ou « Autre(s) question(s) » figurant dans le rapport de l'auditeur des états financiers audités,
 - c. la restriction de la diffusion ou de l'utilisation et
 - d. l'association de l'auditeur.

¹ Toutes les notes pratiques doivent être considérées conjointement avec les considérations générales contenues dans les Lignes directrices sur l'audit financier.

² La présente note de pratique s'inspire du document final du [projet de] norme ISA 805 (révisée), qui a été approuvée par l'*International Auditing and Assurance Standards Board* (IAASB) en décembre 2006 pour servir de base à la mise au point de la norme ISA 805 (révisée et remaniée). Elle sera mise à jour lorsque l'IAASB approuvera et publiera le texte final de la norme ISA 805 (révisée et remaniée).

Applicabilité de la norme ISA à l'audit dans le secteur public

- P2. Les principes contenus dans la norme ISA 805 (révisée) s'appliquent aux auditeurs du secteur public en leur qualité d'auditeurs d'états financiers.

Indications supplémentaires sur les questions relatives au secteur public

Rapport d'audit sur des états financiers résumés

- P3. En rendant compte des états financiers dont sont extraits les états financiers résumés, les auditeurs du secteur public pourraient avoir exprimé une opinion en plus de celle qu'ils ont émise sur la question de savoir si les états financiers, dans tous leurs aspects significatifs, ont été élaborés conformément au référentiel comptable applicable. À titre d'exemple, les auditeurs du secteur public pourraient avoir exprimé une opinion sur le point de savoir s'ils ont trouvé des cas de non conformité aux autorisations, y compris en matière de budget et de responsabilité ou sur l'efficacité du contrôle interne. Dans ces cas-là, outre les exigences énoncées à l'alinéa 19 de la norme ISA 805 (révisée), les auditeurs du secteur public ajoutent la mention de cette opinion supplémentaire dans le rapport de l'auditeur des états financiers résumés.
- P4. Dans le secteur public, les éléments du rapport de l'auditeur, y compris la présentation et le libellé de l'opinion, peuvent être prescrits par le mandat de l'audit, par la législation ou la réglementation. Dans ces conditions, les auditeurs du secteur public appliquent le libellé prescrit, tout en tenant compte des indications données aux alinéas 20 et 21 de la norme ISA 805 (révisée).

Modifications apportées à l'opinion ou au paragraphe intitulé « Observations » ou « Autre(s) question(s) » figurant dans le rapport de l'auditeur des états financiers audités

- P5. L'alinéa 24 de la norme ISA 805 (révisée) s'applique également au cas où le rapport de l'auditeur du secteur public concernant les états financiers dont sont extraits les états financiers abrégés contient une opinion avec réserve ou un paragraphe intitulé « Observations » ou « Autre(s) question(s) » relatif à un objectif supplémentaire.

Restriction de la diffusion ou de l'utilisation

- P6. La possibilité de limiter la diffusion ou l'utilisation d'un rapport de l'auditeur du secteur public n'existe pas normalement, car il est d'usage que le rapport soit un document public. Toutefois, conformément à l'alinéa 28 de la norme ISA 805 (révisée), en cas de restriction de la diffusion ou de l'utilisation du rapport de l'auditeur du secteur public concernant les états financiers dont sont extraits les états financiers résumés, les auditeurs du secteur public limitent la diffusion ou l'utilisation de leur rapport sur les états financiers résumés.

Association de l'auditeur

- P7. Les alinéas 33 à 35 de la norme ISA 805 (révisée) exigent que l'auditeur prenne des dispositions pour éviter d'être associé aux états financiers résumés

sur lesquels il n'a pas présenté de rapport. Les auditeurs du secteur public peuvent également prendre d'autres dispositions selon la législation pertinente et le mandat de l'audit. Ces dispositions peuvent inclure la présentation de rapports officiels aux législateurs.

**Close Off Document: ISA 805
(Revised), Engagements to
Report on Summary Financial
Statements**

*Approved by the International Auditing and Assurance
Standards Board as the Basis for Preparing Proposed
ISA 805 (Revised and Redrafted)*

International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting body within the International Federation of Accountants (IFAC), approved the close off document of International Standard on Auditing (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements” **as the basis for preparing proposed ISA 805 (Revised and Redrafted)**.

The objective of the IAASB is to serve the public interest by setting high-quality auditing and assurance standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The mission of IFAC is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession’s expertise is most relevant.

Copyright © December 2006 by the International Federation of Accountants (IFAC). All rights reserved. Permission is granted to make copies of this work provided that such copies are for use in academic classrooms or for personal use and are not sold or disseminated and provided that each copy bears the following credit line: “Copyright © December 2006 by the International Federation of Accountants. All rights reserved. Used with permission.” Otherwise, written permission from IFAC is required to reproduce, store or transmit this document, except as permitted by law. Contact Permissions@ifac.org.

CLOSE OFF DOCUMENT
INTERNATIONAL STANDARD ON AUDITING 805
(REVISED)
ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

CONTENTS

	Paragraph
Introduction.....	1-3
Engagement Acceptance	4-7
Criteria	8-14
Nature of Procedures and Form of Opinion.....	15-16
Timing of Work and Events Subsequent to the Date of the Auditor’s Report on the Audited Financial Statements.....	17-18
Auditor’s Report on Summary Financial Statements	
Elements of the Auditor’s Report	19-23
Modifications to the Opinion, Emphasis of Matter Paragraph or Other Matter(s) Paragraph in the Auditor’s Report on the Audited Financial Statements	24-25
Modified Opinion on the Summary Financial Statements.....	26-27
Restriction on Distribution or Use	28
Comparatives	29-30
Unaudited Supplementary Information Presented with Summary Financial Statements	31-32
Auditor Association	33-35
Appendix: Illustrations of Reports on Summary Financial Statements	

Introduction

1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance when an auditor is engaged to report on summary financial statements derived from financial statements audited in accordance with the ISAs by that auditor. The requirements and guidance in this ISA do not apply when reporting on summary financial statements that are included in documents relating to securities offered to the public.
2. The objective of an engagement to report on summary financial statements is to express an opinion whether the summary financial statements are a fair summary of the audited financial statements in accordance with the criteria applied by management in preparing and presenting the summary financial statements (for purposes of this ISA referred to as “applied criteria”).
3. Although different jurisdictions may use different terminology to describe such summary financial statements, for purposes of this ISA they are referred to as “summary financial statements.” The financial statements audited by the auditor in accordance with the ISAs and from which the summary financial statements are derived are referred to as “audited financial statements.”

Engagement Acceptance

4. **The auditor should accept an engagement to report on summary financial statements in accordance with this ISA only when the summary financial statements are derived from financial statements on which the auditor has issued an auditor’s report in accordance with the ISAs.** 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. Application of the standards and guidance in this ISA 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.
5. **Before accepting an engagement to report on summary financial statements, the auditor should request management to:**
 - (a) **Acknowledge its responsibility for preparing and presenting the summary financial statements in accordance with the applied criteria.**
 - (b) **Confirm that, where any document containing the summary financial statements indicates that the auditor has reported on the summary financial statements, the report on the summary financial statements will also be included in the document.** (See paragraphs 34.)

This could be evidenced by management’s written acceptance of the terms of the engagement.

6. **If management refuses to provide the acknowledgement or confirmation in paragraph 5, the auditor should not accept the engagement, unless law or regulation prohibits the auditor from refusing an engagement to report on summary financial statements.** Where law or regulation prohibits the auditor from refusing such an engagement, the auditor disclaims an opinion on the summary financial statements in the

case of paragraph 5(a), or considers seeking legal advice to assist in determining the appropriate course of action if the circumstances envisaged in paragraph 5(b) arise.

7. When the engagement to report on summary financial statements is agreed at the same time as the engagement to report on the audit of the financial statements, the auditor also considers the effect that the refusal in paragraph 6 may have on the auditor's acceptance of the engagement to audit the financial statements.

Criteria

8. Management is responsible for determining the information that needs to be reflected in the summary financial statements so that they 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 preparing and presenting summary financial statements do not exist.
9. **The auditor should accept an engagement to report on summary financial statements only when the auditor concludes that the applied criteria are acceptable in the circumstances, unless law or regulation prohibits the auditor from refusing an engagement to report on summary financial statements.** Factors that may affect the auditor's determination 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.
10. Where law or regulation prohibits the auditor from refusing an engagement to report on summary financial statements and management does not apply criteria that are acceptable in the circumstances, the auditor modifies the report on the summary financial statements appropriately.
11. The criteria for preparing and presenting summary financial statements may be established by an authorized or recognized standards setting organization or by law or regulation. As explained in ISA 210, "Terms of Audit Engagements," in many cases the auditor may presume that such criteria are acceptable.
12. Where established criteria for preparing and presenting summary financial statements do not exist, criteria may be developed by management, for example, based on practice in a particular industry. The auditor determines whether such criteria are acceptable in the circumstances. Criteria that are acceptable will result in summary financial statements that:
 - (a) Adequately disclose their summarized nature and identify the audited financial statements. For example, a title such as "Summary Financial Statements Prepared from the Audited Financial Statements for the Year Ended December 31, 20X1" could be used.
 - (b) Clearly describe from whom or where the audited financial statements are available or, in the circumstances addressed in paragraph 13, 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.
 - (c) Adequately discloses the applied criteria.

- (d) Agree with or can be recalculated from the related information in the audited financial statements.
 - (e) In view of the purpose of the summary financial statements, contain the information necessary, and are at a level of aggregation, so as not to be misleading in the circumstances.
13. In some jurisdictions, law or regulation may explicitly provide that the audited financial statements need not be made available to the intended users of the summary financial statements. **Where this is the case, the auditor should not accept the engagement unless the law or regulation establishes the criteria for preparing and presenting the summary financial statements.**
14. Unless the circumstances in paragraph 13 apply, the auditor evaluates whether the audited financial statements are available to the intended users of the summary financial statements without undue difficulty. The auditor's evaluation is affected by factors such as whether (a) the summary financial statements describe clearly from whom or where the audited financial statements are available, (b) the audited financial statements are on public record, or (c) management has an established process by which intended users of the summary financial statements can obtain ready access to the audited financial statements.

Nature of Procedures and Form of Opinion

15. **The auditor should perform the following procedures as the basis for the auditor's opinion on the summary financial statements:**
- (a) **Evaluate whether the summary financial statements adequately disclose their summarized 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) **In the circumstances addressed in paragraph 13, 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.**
 - (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 have been prepared and presented in accordance with the applied criteria.**
 - (f) **In view of the applied criteria, evaluate whether the summary financial statements contain the information necessary so as not to be misleading in the circumstances.**

16. Based on the procedures in paragraph 15, and any other procedures that the auditor may consider necessary in the circumstances, the auditor forms an opinion whether the summary financial statements are a fair summary of the audited financial statements in accordance with the applied criteria.

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

17. Ordinarily, the auditor performs the procedures described in paragraph 15 during or immediately after the audit of the financial statements. When the auditor is requested to report on the summary financial statements after the completion of the audit of the financial statements, the auditor does not (a) obtain additional audit evidence on the audited financial statements; or (b) report on the effects of events that occurred subsequent to the date of the auditor’s report on the audited financial statements. To avoid any misunderstanding, the auditor’s report on the summary financial statements states 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.
18. As noted in paragraph 17, the auditor has no obligation to consider whether there may have been events 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. However, prior to issuing the report on the summary financial statements, 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 was previously unaware. The auditor considers such facts in relation to the audited financial statements in accordance with ISA 560, “Subsequent Events.” The auditor does not issue the report on the summary financial statements until such consideration has been completed, since it would be inappropriate to issue summary financial statements if the possibility of adjustment to the audited financial statements was under consideration.

Auditor’s Report on Summary Financial Statements

Elements of the Auditor’s Report

19. **The auditor’s report on summary financial statements, derived from audited financial statements on which an unmodified opinion is expressed,¹ should include the following elements:**
- (a) **A title clearly indicating it as the report of an independent auditor.²**
 - (b) **An addressee.**
 - (c) **An introductory paragraph that:**

¹ Paragraphs 24-25 deal with circumstances where the auditor’s report on the audited financial statements has been modified.

² 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, and therefore, distinguishes the report of the independent auditor from reports issued by others.

- (i) **Identifies the summary financial statements on which the auditor is reporting;**
 - (ii) **Identifies the audited financial statements;**
 - (iii) **Refers to the auditor’s report on the audited financial statements, the date of that report, and the fact that an unmodified opinion is expressed on the audited financial statements; and**
 - (iv) **When 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 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;**
 - (v) **A statement, or reference to a note in the summary financial statements, indicating that they do not contain all the disclosures required by the financial reporting framework applied in preparing and presenting 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 management’s responsibility for preparing and presenting 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.**
 - (f) **A paragraph clearly expressing an opinion whether the summary financial statements are a fair summary of the audited financial statements in accordance with the applied criteria or, in the circumstances described in paragraph 21, a paragraph clearly expressing the opinion prescribed by law or regulation.**
 - (g) **The auditor’s signature.**
 - (h) **The date of the auditor’s report.**
 - (i) **The auditor’s address.**

The Appendix to this ISA contains illustrations of auditors’ reports that contain unmodified opinions on summary financial statements.

- 20. Ordinarily the addressee is the same as the addressee of the auditor’s report on the audited financial statements. If this is not the case, the auditor considers the appropriateness thereof in view of the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.
- 21. In some jurisdictions, law or regulation governing reporting on summary financial statements may prescribe wording for the opinion that is different from that described in this ISA. Where this is the case, the auditor uses the prescribed wording; however, the auditor’s procedures described in paragraph 15 remain the same, with the addition of any further procedures necessary to enable the auditor to express the prescribed opinion.
- 22. When wording prescribed by law or regulation differs significantly from that described in this ISA, the auditor carefully considers whether there may be a risk that the intended

users of the summary financial statements might misunderstand the auditor's opinion. In such circumstances, the auditor considers whether the risk of misunderstanding can be mitigated through appropriate explanation in the auditor's report.

23. **The auditor should date the report on the summary financial statements no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion. Sufficient appropriate evidence should include evidence that the summary financial statements have been prepared and that management has asserted that it has taken responsibility for them.** Since the summary financial statements are the responsibility of management, the auditor is not in a position to conclude that sufficient appropriate evidence has been obtained until the auditor obtains evidence that the preparation of the summary financial statements has been completed and management has asserted that it has taken responsibility for them. The person or persons with recognized authority to provide such an assertion depend on the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Modifications to the Opinion, Emphasis of Matter Paragraph or Other Matter(s) Paragraph in the Auditor's Report on the Audited Financial Statements

24. **When the auditor's report on the audited financial statements contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter(s) paragraph, but the auditor is satisfied that the summary financial statements are a fair summary of the audited financial statements in accordance with the applied criteria, the auditor's report on the summary financial statements should:**
- (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(s) 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(s) paragraph in the auditor's report on the audited financial statements; and**
 - (ii) **The effect thereof on the summary financial statements, if any.**
25. **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 should:**
- (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 the adverse opinion or disclaimer of opinion on the audited financial statements; and**
 - (c) **State that, as a result of the adverse opinion or disclaimer of opinion on the audited financial statements, it would be inappropriate to express an opinion on the summary financial statements.**

The Appendix to this ISA contains illustrations of auditors' reports on summary financial statements derived from audited financial statements on which the auditor issued modified opinions.

Modified Opinion on the Summary Financial Statements

26. The auditor requests management to make appropriate changes to the summary financial statements when they are not a fair summary of the audited financial statements in accordance with the applied criteria or when the applied criteria do not result in the summary financial statements described in paragraph 12.
27. **If management does not agree to make the appropriate changes, the auditor should express an adverse opinion on the summary financial statements.** The Appendix to this ISA contains an illustration of such a report.

Restriction on Distribution or Use

28. **When the distribution or use of the auditor’s report on the audited financial statements is restricted in accordance with ISA 800 (Revised), “Special Considerations—Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement,” the auditor should restrict distribution or use of the auditor’s report on the summary financial statements accordingly.**

Comparatives

29. There is a presumption that if the audited financial statements contain comparatives, the summary financial statements would also contain comparatives. If the audited financial statements contain comparatives, but the summary financial statements do not, the auditor considers whether such omission is reasonable in view of 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. The auditor considers the effect of an unreasonable omission on the auditor’s report on the summary financial statements.
30. Comparatives in the audited financial statements may be regarded as corresponding figures or as comparative financial information. ISA 710, “Comparatives” describes how this difference affects the auditor’s report, including, in particular, reference to other auditors who audited the financial statements for the prior period. If the summary financial statements contain comparatives that were reported on by another auditor, the auditor’s report on the summary financial statements also contain the matters included in the auditor’s report on the audited financial statements in compliance with ISA 710.

Unaudited Supplementary Information Presented with Summary Financial Statements

31. ISA 700 (Revised), “The Independent Auditor’s Report on General Purpose Financial Statements” contains standards and guidance to be applied when unaudited supplementary information is presented with audited financial statements. **When unaudited supplementary information is presented with the summary financial statements, the auditor should be satisfied that the unaudited supplementary information is clearly differentiated from the summary financial statements. If the auditor concludes that the entity’s presentation of the unaudited supplementary information does not differentiate it sufficiently from the summary financial statements, the auditor should explain in the auditor’s report that the supplementary information is unaudited.**

32. The fact that supplementary information is unaudited does not relieve the auditor of the responsibility to read that information to identify material inconsistencies with the summary financial statements in accordance with ISA 720, “Other Information in Documents Containing Audited Financial Statements.”

Auditor Association

33. **Where the auditor has not reported on summary financial statements and an entity makes a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the audited financial statements, the auditor should be satisfied that:**
- (a) **The reference to the auditor is 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.** This may be achieved by marking the summary financial statements as “unaudited.”

If the provisions in paragraphs 33(a)-(b) are not met, the auditor should request management 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 auditor’s report in the document. **If management does 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 should advise management that the auditor disagrees with the reference to the auditor, and the auditor should consider what other actions might be appropriate.**

34. **Where the auditor has reported on summary financial statements and an entity states that fact in a document containing the summary financial statements, but does not include the related auditor’s report, the auditor should request management to include the auditor’s report on the summary financial statements in the document. If management does not do so, the auditor should consider what other actions might be appropriate.**
35. Other actions that may be appropriate when management does not take the requested action (see paragraphs 33 and 34) may include seeking legal advice and informing the intended users and other known third party users of the inappropriate reference to the auditor.

Appendix

Illustrations of Reports on Summary Financial Statements

- Illustration 1: An auditor's report on summary financial statements prepared in accordance with established criteria. An unmodified opinion is expressed on the audited financial statements.
- Illustration 2: An auditor's report on summary financial statements prepared in accordance with criteria developed by management 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 management 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 management 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 established criteria. 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.**
- **Established criteria for preparing and presenting summary financial statements exist.**

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, 20X4, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.³

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the audited financial statements of ABC Company]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for preparing and presenting a summary of the audited financial statements in accordance with [describe established criteria].

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 (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements.”

³ When the auditor’s report on the summary financial statements is dated after 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 the auditor’s report on those financial statements.”

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company for the year ended December 31, 20X4 are a fair summary of those financial statements in accordance with [describe established criteria].

[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 management 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, 20X4, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁴

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the audited financial statements of ABC Company]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for preparing and presenting 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 (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements.”

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company for the year ended December 31, 20X4 are a fair summary of those financial statements on the basis described in Note x.

[Auditor’s signature]

[Date of the auditor’s report]

[Auditor’s address]

⁴ When the auditor’s report on the summary financial statements is dated after 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 the auditor’s report on those financial statements.”

Illustration 3:

Circumstances include the following:

- **A qualified opinion is expressed on the audited financial statements.**
- **Criteria are developed by management 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, 20X4, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company for the year ended December 31, 20X4.⁵

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the audited financial statements of ABC Company]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for preparing and presenting 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 (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements.”

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of ABC Company for the year ended December 31, 20X4 are 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 Company for the year ended December 31, 20X4. The misstatement of the audited financial statements is described in our qualified audit opinion in our report dated February 15, 20X5. Our qualified audit opinion is based on the fact that we do not agree with management regarding the amount at which inventories are stated in those financial statements. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from International Financial Reporting Standards. The company’s records indicate that had management stated the inventories at the lower of cost and net realizable value, an amount of xxx would have been required to write the inventories down to their net realizable value. Accordingly, cost of sales would have been

⁵ When the auditor’s report on the summary financial statements is dated after 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 the auditor’s report on those financial statements.”

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 give a true and fair view of (*or "present fairly, in all material respects"*) the financial position of ABC Company as of December 31, 20X4, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[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 management and adequately disclosed in Note x. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X4, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company for the year ended December 31, 20X4.⁶

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the audited financial statements of ABC Company]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for preparing and presenting 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 (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements.”

Denial of Opinion

In our report dated February 15, 20X5, we expressed an adverse audit opinion on the financial statements of ABC Company for the year ended December 31, 20X4. The basis for our adverse audit opinion was [describe basis for adverse audit opinion]. Our adverse audit opinion stated that [describe adverse audit opinion].

Because of the significance of the matter discussed above, it would be inappropriate to express an opinion on the summary financial statements of ABC Company for the year ended December 31, 20X4.

[Auditor’s signature]

[Date of the auditor’s report]

[Auditor’s address]

⁶ When the auditor’s report on the summary financial statements is dated after 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 the auditor’s report on those financial statements.”

Illustration 5:

Circumstances include the following:

- **An unmodified opinion is expressed on the audited financial statements.**
- **Established criteria for preparing and presenting summary financial statements exist.**
- **The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements.**

REPORT OF THE INDEPENDENT AUDITOR ON SUMMARY FINANCIAL STATEMENTS

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 20X4, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁷

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the audited financial statements of ABC Company]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

Management’s Responsibility for the Summary Audited Financial Statements

Management is responsible for preparing and presenting a summary of the audited financial statements in accordance with [describe established criteria].

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 (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements.”

Basis for Adverse Opinion

[Describe matter that caused the summary financial statements not to be a fair summary of the audited financial statements in accordance with the applied criteria.]

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the summary financial statements are not a fair summary of the audited financial statements of ABC Company for the year ended December 31, 20X4 in accordance with [describe established criteria].

[Auditor’s signature]

[Date of the auditor’s report]

[Auditor’s address]

⁷ When the auditor’s report on the summary financial statements is dated after 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 the auditor’s report on those financial statements.”



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1(212) 286-9570 www.ifac.org