

Standard on Auditing (SA) 720 (Revised)

The Auditor's Responsibilities Relating to Other Information

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Standard on Auditing (SA) 720 (Revised), “The Auditor’s Responsibilities Relating to Other Information” should be read in the context of the “Preface to the Standards on Quality Control, Auditing, Review, Other Assurance and Related Services,” which sets out the authority of SAs and SA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing”.

Introduction

Scope of this SA

1. This Standard on Auditing (SA) deals with the auditor's responsibilities relating to other information, whether financial or non-financial information (other than financial statements and the auditor's report thereon), included in an entity's annual report. An entity's annual report may be a single document or a combination of documents that serve the same purpose.
2. This SA is written in the context of an audit of financial statements by an independent auditor. Accordingly, the objectives of the auditor in this SA are to be understood in the context of the overall objectives of the auditor as stated in paragraph 11 of SA 200¹. The requirements in the SAs are designed to enable the auditor to achieve the objectives specified in the SAs, and thereby the overall objectives of the auditor. The auditor's opinion on the financial statements does not cover the other information, nor does this SA require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements.
3. This SA requires the auditor to read and consider the other information because other information that is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit may indicate that there is a material misstatement of the financial statements or that a material misstatement of the other information exists, either of which may undermine the credibility of the financial statements and the auditor's report thereon. Such material misstatements may also inappropriately influence the economic decisions of the users for whom the auditor's report is prepared.
4. This SA may also assist the auditor in complying with relevant ethical requirements² that require the auditor to avoid being associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished negligently, or omits or obscures any information required to be included where such omission or obscurity would be misleading.
5. Other information may include amounts or other items that are intended to be the same as, to summarize, or to provide greater detail, about amounts or other items in the financial statements, and other amounts or other items about which the auditor has obtained knowledge in the audit. Other information may also include other matters.
6. The auditor's responsibilities relating to other information (other than applicable reporting responsibilities) apply regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor's report.
7. This SA does not apply to:
 - (a) Preliminary announcements of financial information; or
 - (b) Securities offering documents, including prospectuses.

¹ SA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing".

² The Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI's Code of Ethics), paragraph 110.2.

8. The auditor's responsibilities under this SA do not constitute an assurance engagement on other information or impose an obligation on the auditor to obtain assurance about the other information.

9. Law or regulation may impose additional obligations on the auditor in relation to other information that are beyond the scope of this SA.

Effective Date

10. This SA is effective for audits of financial statements for periods beginning on or after April 1, 2018.

Objectives

11. The objectives of the auditor, having read the other information, are:

- (a) To consider whether there is a material inconsistency between the other information and the financial statements;
- (b) To consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit;
- (c) To respond appropriately when the auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise becomes aware that other information appears to be materially misstated; and
- (d) To report in accordance with this SA.

Definitions

12. For purposes of the SAs, the following terms have the meanings attributed below:

- (a) **Annual report** – A document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements. An annual report contains or accompanies the financial statements and the auditor's report thereon and usually includes information about the entity's developments, its future outlook and risks and uncertainties, a statement by the entity's governing body, and reports covering governance matters. (Ref: Para. A1–A5)
- (b) **Misstatement of the other information** – A misstatement of the other information exists when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information). (Ref: Para. A6–A7)
- (c) **Other information** – Financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. (Ref: Para. A8–A10)

Requirements

Obtaining the Other Information

13. The auditor shall: (Ref: Para. A11–A22)

- (a) Determine, through discussion with management, which document(s) comprises the annual report, and the entity's planned manner and timing of the issuance of such document(s);
- (b) Make appropriate arrangements with management to obtain in a timely manner and, if possible, prior to the date of the auditor's report, the final version of the document(s) comprising the annual report; and
- (c) When some or all of the document(s) determined in (a) will not be available until after the date of the auditor's report, request management to provide a written representation that the final version of the document(s) will be provided to the auditor when available, and prior to its issuance by the entity, such that the auditor can complete the procedures required by this SA. (Ref: Para. A22)

Reading and Considering the Other Information

14. The auditor shall read the other information and, in doing so shall: (Ref: Para. A23–A24)

- (a) Consider whether there is a material inconsistency between the other information and the financial statements. As the basis for this consideration, the auditor shall, to evaluate their consistency, compare selected amounts or other items in the other information (that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements) with such amounts or other items in the financial statements; and (Ref: Para. A25–A29)
- (b) Consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit, in the context of audit evidence obtained and conclusions reached in the audit. (Ref: Para. A30–A36)

15. While reading the other information in accordance with paragraph 14, the auditor shall remain alert for indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated. (Ref: Para. A24, A37–A38)

Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated

16. If the auditor identifies that a material inconsistency appears to exist (or becomes aware that the other information appears to be materially misstated), the auditor shall discuss the matter with management and, if necessary, perform other procedures to conclude whether: (Ref: Para. A39–A43)

- (a) A material misstatement of the other information exists;
- (b) A material misstatement of the financial statements exists; or

- (c) The auditor's understanding of the entity and its environment needs to be updated.

Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists

17. If the auditor concludes that a material misstatement of the other information exists, the auditor shall request management to correct the other information. If management:

- (a) Agrees to make the correction, the auditor shall determine that the correction has been made; or
- (b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made.

18. If the auditor concludes that a material misstatement exists in other information obtained prior to the date of the auditor's report, and the other information is not corrected after communicating with those charged with governance, the auditor shall take appropriate action, including: (Ref: Para. A44)

- (a) Considering the implications for the auditor's report and communicating with those charged with governance about how the auditor plans to address the material misstatement in the auditor's report (see paragraph 22(e)(ii)); or (Ref: Para. A45)
- (b) Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. (Ref: Para. A46–A47)

19. If the auditor concludes that a material misstatement exists in other information obtained after the date of the auditor's report, the auditor shall:

- (a) If the other information is corrected, perform the procedures necessary in the circumstances; or (Ref: Para. A48)
- (b) If the other information is not corrected after communicating with those charged with governance, take appropriate action considering the auditor's legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the auditor's report is prepared. (Ref: Para. A49–A50)

Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to Be Updated

20. If, as a result of performing the procedures in paragraphs 14–15, the auditor concludes that a material misstatement in the financial statements exists or the auditor's understanding of the entity and its environment needs to be updated, the auditor shall respond appropriately in accordance with the other SAs. (Ref: Para. A51)

Reporting

21. The auditor's report shall include a separate section with a heading "Other Information", or other appropriate heading, when, at the date of the auditor's report:

- (a) For an audit of financial statements of a listed entity, the auditor has obtained, or expects to obtain, the other information; or

- (b) For an audit of financial statements of an unlisted corporate entity, the auditor has obtained some or all of the other information. (Ref: Para. A52)

22. When the auditor's report is required to include an Other Information section in accordance with paragraph 21, this section shall include: (Ref: Para. A53)

- (a) A statement that management is responsible for the other information;
- (b) An identification of:
 - (i) Other information, if any, obtained by the auditor prior to the date of the auditor's report; and
 - (ii) For an audit of financial statements of a listed entity, other information, if any, expected to be obtained after the date of the auditor's report;
- (c) A statement that the auditor's opinion does not cover the other information and, accordingly, that the auditor does not express (or will not express) an audit opinion or any form of assurance conclusion thereon;
- (d) A description of the auditor's responsibilities relating to reading, considering and reporting on other information as required by this SA; and
- (e) When other information has been obtained prior to the date of the auditor's report, either:
 - (i) A statement that the auditor has nothing to report; or
 - (ii) If the auditor has concluded that there is an uncorrected material misstatement of the other information, a statement that describes the uncorrected material misstatement of the other information.

23. When the auditor expresses a qualified or adverse opinion in accordance with SA 705 (Revised),³ the auditor shall consider the implications of the matter giving rise to the modification of opinion for the statement required in paragraph 22(e). (Ref: Para. A54–A58)

Reporting Prescribed by Law or Regulation

24. If the auditor is required by a relevant law or regulation to refer to the other information in the auditor's report using a specific layout or wording, the auditor's report shall refer to Standards on Auditing only if the auditor's report includes, at a minimum: (Ref: Para. A59)

- (a) Identification of the other information obtained by the auditor prior to the date of the auditor's report;
- (b) A description of the auditor's responsibilities with respect to the other information; and
- (c) An explicit statement addressing the outcome of the auditor's work for this purpose.

Documentation

25. In addressing the requirements of SA 230⁴ as it applies to this SA, the auditor shall include in the audit documentation:

- (a) Documentation of the procedures performed under this SA; and

³ SA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*.

⁴ SA 230, *Audit Documentation*, paragraphs 8–11.

- (b) The final version of the other information on which the auditor has performed the work required under this SA.

Application and Other Explanatory Material

Definitions

Annual Report (Ref: Para. 12(a))

A1. Law, regulation or custom may define the content of an annual report, and the name by which it is to be referred, for entities operating under the relevant law or regulation; however, the content and the name may vary from one law or regulation to another.

A2. An annual report is typically prepared on an annual basis. However, when the financial statements being audited are prepared for a period less than or more than a year, an annual report may also be prepared that covers the same period as the financial statements.

A3. In some cases, an entity's annual report may be a single document and referred to by the title "annual report" or by some other title. In other cases, law, regulation or custom may require the entity to report to owners (or similar stakeholders) information on the entity's operations and the entity's financial results and financial position as set out in the financial statements (i.e., an annual report) by way of a single document, or by way of two or more separate documents that in combination serve the same purpose. For example, depending on the applicable law, regulation or custom, one or more of the following documents may form part of the annual report:

- Management report, management commentary, or operating and financial review or similar reports by those charged with governance (for example, a directors' report).
- Chairman's statement.
- Corporate governance statement/reports.

A4. An annual report may be made available to users in printed form, or electronically, including on the entity's website. A document (or combination of documents) may meet the definition of an annual report, irrespective of the manner in which it is made available to users.

A5. An annual report is different in nature, purpose and content from other reports, such as a report prepared to meet the information needs of a specific stakeholder group or a report prepared to comply with a specific regulatory reporting objective (even when such a report is required to be publicly available). Examples of reports that, when issued as standalone documents, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and that, therefore, are not other information within the scope of this SA, include:

- Separate industry or regulatory reports (for example, capital adequacy reports), such as may be prepared in the banking, insurance, and pension industries.
- Corporate social responsibility reports.
- Sustainability reports.
- Diversity and equal opportunity reports.

- Product responsibility reports.
- Labour practices and working conditions reports.
- Human rights reports.
- Other regulatory filings with the Government agencies such as the Registrar of Companies.

Misstatement of the Other Information (Ref: Para. 12(b))

A6. When a particular matter is disclosed in the other information, the other information may omit or obscure information that is necessary for a proper understanding of that matter. For example, if the other information purports to address the key performance indicators used by management, then omission of a key performance indicator used by management could indicate that the other information is misleading.

A7. The concept of materiality may be discussed in a framework applicable to the other information and, if so, such a framework may provide a frame of reference for the auditor in making judgments about materiality under this SA. In many cases, however, there may be no applicable framework that includes a discussion of the concept of materiality as it applies to the other information. In such circumstances, the following characteristics provide the auditor with a frame of reference in determining if a misstatement of the other information is material:

- Materiality is considered in the context of the common information needs of users as a group. The users of the other information are expected to be the same as the users of the financial statements as such users may be expected to read the other information to provide context to the financial statements.
- Judgments about materiality take into account the specific circumstances of the misstatement, considering whether users would be influenced by the effect of the uncorrected misstatement. Not all misstatements will influence the economic decisions of users.
- Judgments about materiality involve both qualitative and quantitative considerations. Accordingly, such judgments may take into account the nature or magnitude of the items that the other information addresses in the context of the entity's annual report.

Other Information (Ref: Para. 12(c))

A8. **Appendix 1** contains examples of amounts or other items that may be included in the other information.

A9. In some cases, the applicable financial reporting framework may require specific disclosures but permit them to be located outside of the financial statements.⁵ As such disclosures are required by the applicable financial reporting framework, they form part of the financial statements. Accordingly, they do not constitute other information for the purpose of this SA.

⁵ For example, Ind AS 107, *Financial Instruments: Disclosures*, permits certain disclosures required by the Ind AS to either be given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or business review report, that is available to users of the financial statements on the same terms as the financial statements and at the same time.

A10. eXtensible Business Reporting Language (XBRL) tags do not represent other information as defined in this SA.

Obtaining the Other Information (Ref: Para. 13)

A11. Determining the document(s) that is or comprises the annual report is often clear based on law, regulation or custom. In many cases, management or those charged with governance may have customarily issued a package of documents that together comprise the annual report, or may have committed to do so. In some cases, however, it may not be clear which document(s) is or comprises the annual report. In such cases, the timing and purpose of the documents (and for whom they are intended) are matters that may be relevant to the auditor's determination of which document(s) is or comprises the annual report.

A12. When the annual report is translated into other languages pursuant to law or regulation (such as may occur when an entity voluntarily or is required by the relevant law or regulation to translate the annual report into another language), or when multiple "annual reports" are prepared under different legislation (for example, when an entity is listed in more than one jurisdictions), consideration may need to be given as to whether one, or more than one of the "annual reports" form part of the other information. Local law or regulation may provide further guidance in this respect.

A13. Management, or those charged with governance, is responsible for preparing the annual report. The auditor may communicate with management or those charged with governance:

- The auditor's expectations in relation to obtaining the final version of the annual report (including a combination of documents that together comprise the annual report) in a timely manner prior to the date of the auditor's report such that the auditor can complete the procedures required by this SA before the date of the auditor's report, or if that is not possible, as soon as practicable and in any case prior to the entity's issuance of such information.
- The possible implications when the other information is obtained after the date of the auditor's report.

A14. The communications referred to in paragraph A13 may be particularly appropriate for example:

- In an initial audit engagement.
- When there has been a change in management or those charged with governance.
- When other information is expected to be obtained after the date of the auditor's report.

A15. Where those charged with governance are to approve the other information prior to its issuance by the entity, the final version of such other information is the one that has been approved by those charged with governance for issuance.⁶

⁶ The auditor needs to be aware about the applicable provisions of the Companies Act, 2013 in relation to the availability of the other information (mainly the directors' report and other report as approved by those charged with Governance) and obtain sufficient and appropriate audit evidence.

A16. In some cases, the entity's annual report may be a single document to be released, in accordance with law or regulation or the entity's reporting practice, shortly after the entity's financial reporting period such that it is available to the auditor prior to the date of the auditor's report. In other cases, such a document may not be required to be released until a later time, or at a time of the entity's choosing. There may also be circumstances when the entity's annual report is a combination of documents, each subject to different requirements or reporting practice by the entity with respect to the timing of their release.

A17. There may be circumstances when, at the date of the auditor's report, the entity is considering the development of a document that may be part of the entity's annual report (for example, a voluntary report to stakeholders) but management is unable to confirm to the auditor the purpose or timing of such a document. If the auditor is unable to ascertain the purpose or timing of such a document, the document is not considered other information for purposes of this SA.

A18. Obtaining the other information in a timely manner prior to the date of the auditor's report enables any revisions that are found to be necessary to be made to the financial statements, the auditor's report, or the other information prior to their issuance. The audit engagement letter⁷ may make reference to an agreement with management to make available to the auditor the other information in a timely manner, and if possible prior to the date of the auditor's report.

A19. When other information is only made available to users *via* the entity's website, the version of the other information obtained from the entity, rather than directly from the entity's website, is the relevant document on which the auditor would perform procedures in accordance with this SA. The auditor has no responsibility under this SA to search for other information, including other information that may be on the entity's website, nor to perform any procedures to confirm that other information is appropriately displayed on the entity's website or otherwise has been appropriately transmitted or displayed electronically.

A20. The auditor is not precluded from dating or issuing the auditor's report if the auditor has not obtained some or all of the other information.

A21. When the other information is obtained after the date of the auditor's report, the auditor is not required to update the procedures performed in accordance with paragraphs 6 and 7 of SA 560.⁸

A22. SA 580⁹ establishes requirements and provides guidance on the use of written representations. The written representation required to be requested by paragraph 13(c) regarding other information that will be available only after the date of the auditor's report is intended to support the auditor's ability to complete the procedures required by this SA with respect to such information. In addition, the auditor may find it useful to request other written representations, for example, that:

- Management has informed the auditor of all the documents that it expects to issue that may comprise other information;

⁷ SA 210, Agreeing the Terms of Audit Engagements, paragraph A22.

⁸ SA 560, Subsequent Events.

⁹ SA 580, Written Representations.

- The financial statements and any other information obtained by the auditor prior to the date of the auditor's report are consistent with one another, and the other information does not contain any material misstatements; and
- With regard to other information that has not been obtained by the auditor prior to the date of the auditor's report, that management intends to prepare and issue such other information and the expected timing of such issuance.

Reading and Considering the Other Information (Ref: Para. 14–15)

A23. The auditor is required by SA 200¹⁰ to plan and perform the audit with professional skepticism. Maintaining professional skepticism when reading and considering the other information includes, for example, recognizing that management may be overly optimistic about the success of its plans, and being alert to information that may be inconsistent with:

- (a) The financial statements; or
- (b) The auditor's knowledge obtained in the audit.

A24. In accordance with SA 220,¹¹ the engagement partner is required to take responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements. In the context of this SA, factors that may be taken into account when determining the appropriate engagement team members to address the requirements of paragraphs 14–15, include:

- The relative experience of engagement team members.
- Whether the engagement team members to be assigned the tasks have the relevant knowledge obtained in the audit to identify inconsistencies between the other information and that knowledge.
- The degree of judgment involved in addressing the requirements of paragraph 14–15. For example, performing procedures to evaluate the consistency of amounts in the other information that are intended to be the same as amounts in the financial statements may be carried out by less experienced engagement team members.
- Whether, in the case of a group audit, it is necessary to make inquiries of a component auditor in addressing the other information related to that component.

Considering Whether There is a Material Inconsistency between the Other Information and the Financial Statements (Ref: Para. 14(a))

A25. Other information may include amounts or other items that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements. Examples of such amounts or other items may include:

- Tables, charts or graphs containing extracts of the financial statements.
- A disclosure providing greater detail about a balance or account shown in the financial statements, such as "Revenue for 20X1 comprised Rs. XXX million from product X and Rs. YYY million from product Y."

¹⁰ SA 200, paragraph 15.

¹¹ SA 220, Quality Control for an Audit of Financial Statements, paragraph 15(a).

- Descriptions of the financial results, such as “Total research and development expense was Rs. XXX in 20X1.”

A26. In evaluating the consistency of selected amounts or other items in the other information with the financial statements, the auditor is not required to compare all amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements.

A27. Selecting the amounts or other items to compare is a matter of professional judgment. Factors relevant to this judgment include:

- The significance of the amount or other item in the context in which it is presented, which may affect the importance that users would attach to the amount or other item (for example, a key ratio or amount).
- If quantitative, the relative size of the amount compared with accounts or items in the financial statements or the other information to which they relate.
- The sensitivity of the particular amount or other item in the other information, for example, share based payments for senior management.

A28. Determining the nature and extent of procedures to address the requirement in paragraph 14(a) is a matter of professional judgment, recognizing that the auditor’s responsibilities under this SA do not constitute an assurance engagement on the other information or impose an obligation to obtain assurance about the other information. Examples of such procedures include:

- For information that is intended to be the same as information in the financial statements, comparing the information to the financial statements.
- For information intended to convey the same meaning as disclosures in the financial statements, comparing the words used and considering the significance of differences in wording used and whether such differences imply different meanings.
- Obtaining a reconciliation between an amount within the other information and the financial statements from management and:
 - Comparing items in the reconciliation to the financial statements and the other information; and
 - Checking whether the calculations within the reconciliation are arithmetically accurate.

A29. Evaluating the consistency of selected amounts or other items in the other information with the financial statements includes, when relevant given the nature of the other information, the manner of their presentation compared to the financial statements.

Considering Whether There is a Material Inconsistency between the Other Information and the Auditor’s Knowledge Obtained in the Audit (Ref: Para. 14(b))

A30. Other information may include amounts or items that are related to the auditor’s knowledge obtained in the audit (other than those in paragraph 14(a)). Examples of such amounts or items may include:

- A disclosure of the units produced, or a table summarizing such production by geographical region.
- A statement that “The company introduced product X and product Y during the year.”
- A summary of the locations of the entity’s major operations, such as “the entity’s major centre of operation is in country X, and there are also operations in countries Y and Z.”

A31. The auditor’s knowledge obtained in the audit includes the auditor’s understanding of the entity and its environment, including the entity’s internal control, obtained in accordance with SA 315.¹² SA 315 sets out the auditor’s required understanding, which includes such matters as obtaining an understanding of:

- (a) The relevant industry, regulatory, and other external factors;
- (b) The nature of the entity;
- (c) The entity’s selection and application of accounting policies;
- (d) The entity’s objectives and strategies;
- (e) The measurement and review of the entity’s financial performance; and
- (f) The entity’s internal control.

A32. The auditor’s knowledge obtained in the audit may also include matters that are prospective in nature. Such matters may include, for example, business prospects and future cash flows that the auditor considered when evaluating the assumptions used by management in performing impairment tests on intangible assets such as goodwill, or when evaluating management’s assessment of the entity’s ability to continue as a going concern.

A33. In considering whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit, the auditor may focus on those matters in the other information that are of sufficient importance that a misstatement of the other information in relation to that matter could be material.

A34. In relation to many matters in the other information, the auditor’s recollection of the audit evidence obtained and conclusions reached in the audit may be sufficient to enable the auditor to consider whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit. The more experienced and the more familiar with the key aspects of the audit the auditor is, the more likely it is that the auditor’s recollection of relevant matters will be sufficient. For example, the auditor may be able to consider whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit in light of the auditor’s recollection of discussions held with management or those charged with governance or findings from procedures carried out during the audit such as the reading of board minutes, without the need to take further action.

A35. The auditor may determine that referring to relevant audit documentation or making inquiries of relevant members of the engagement team or relevant component auditors is appropriate as a basis for the auditor’s consideration of whether a material inconsistency exists. For example:

¹² SA 315, Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment, paragraphs 11–12.

- When the other information describes the planned cessation of a major product line and, although the auditor is aware of the planned cessation, the auditor may make inquiries of the relevant engagement team member who performed the audit procedures in this area to support the auditor's consideration of whether the description is materially inconsistent with the auditor's knowledge obtained during the audit.
- When the other information describes important details of a lawsuit addressed in the audit, but the auditor cannot recall them adequately, it may be necessary to refer to the audit documentation where such details are summarized to support the auditor's recollection.

A36. Whether, and if so the extent to which, the auditor refers to relevant audit documentation, or makes inquiries of relevant members of the engagement team or relevant component auditors is a matter of professional judgment. However, it may not be necessary for the auditor to refer to relevant audit documentation, or to make inquiries of relevant members of the engagement team or relevant component auditors about any matter included in the other information. The group auditor may request the management of the group to require the concerned component auditor to validate that part of the other information included in the annual report of the group that relates to the respective component.

Remaining Alert for Other Indications that the Other Information Appears to Be Materially Misstated (Ref: Para. 15)

A37. Other information may include discussion of matters that are not related to the financial statements and may also extend beyond the auditor's knowledge obtained in the audit. For example, the other information may include statements about the entity's greenhouse gas emissions.

A38. Remaining alert for other indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements that require the auditor to avoid being associated with other information that the auditor believes contains a materially false or misleading statement, a statement furnished negligently, or omits or obscures any necessary information such that the other information is misleading¹³. Remaining alert for other indications that the other information appears to be materially misstated could potentially result in the auditor identifying such matters as:

- Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that lead the auditor to believe that the other information appears to be materially misstated; or
- An internal inconsistency in the other information that leads the auditor to believe that the other information appears to be materially misstated.

¹³ ICAI's Code of Ethics, paragraph 110.2.

Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated (Ref: Para. 16)

A39. The auditor's discussion with management about a material inconsistency (or other information that appears to be materially misstated) may include requesting management to provide support for the basis of management's statements in the other information. Based on management's further information or explanations, the auditor may be satisfied that the other information is not materially misstated. For example, management explanations may indicate reasonable and sufficient grounds for valid differences of judgment.

A40. Conversely, the discussion with management may provide further information that supports the auditor's conclusion that a material misstatement of the other information exists.

A41. It may be more difficult for the auditor to challenge management on matters of judgment than on those of a more factual nature. However, there may be circumstances where the auditor concludes that the other information contains a statement that is not consistent with the financial statements or the auditor's knowledge obtained in the audit. These circumstances may raise doubt about the other information, the financial statements, or the auditor's knowledge obtained in the audit.

A42. As there is a wide range of possible material misstatements of the other information, the nature and extent of other procedures the auditor may perform to conclude whether a material misstatement of the other information exists are matters of the auditor's professional judgment in the circumstances.

A43. When a matter is unrelated to the financial statements or the auditor's knowledge obtained in the audit, the auditor may not be able to fully assess management's responses to the auditor's inquiries. Nevertheless, based on management's further information or explanations, or following changes made by management to the other information, the auditor may be satisfied that a material inconsistency no longer appears to exist or that the other information no longer appears to be materially misstated. When the auditor is unable to conclude that a material inconsistency no longer appears to exist or that the other information no longer appears to be materially misstated, the auditor may request management to consult with a qualified third party (for example, a management's expert or legal counsel). In certain cases, after considering the responses from management's consultation, the auditor may not be able to conclude whether or not a material misstatement of the other information exists. Actions the auditor may then take include one or more of the following:

- Obtaining advice from the auditor's legal counsel;
- Considering the implications for the auditor's report for example, whether to describe the circumstances when there is a limitation imposed by management; or
- Withdrawing from the audit, where withdrawal is possible under applicable law or regulation.

Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists

Responding When the Auditor Concludes That a Material Misstatement Exists in Other Information Obtained prior to the Date of the Auditor's Report (Ref: Para. 18)

A44. The actions the auditor takes if the other information is not corrected after communicating with those charged with governance are a matter of the auditor's professional judgment. The auditor may take into account whether the rationale given by management and those charged with governance for not making the correction raises doubt about the integrity or honesty of management or those charged with governance, such as when the auditor suspects an intention to mislead. The auditor may also consider it appropriate to seek legal advice. In some cases, the auditor may be required by law, regulation or the professional standards to communicate the matter to a regulator.

Reporting Implications (Ref: Para. 18(a))

A45. In rare circumstances, a disclaimer of opinion on the financial statements may be appropriate when the refusal to correct the material misstatement of the other information casts such doubt on the integrity of management and those charged with governance as to call into question the reliability of audit evidence in general.

Withdrawal from the Engagement (Ref: Para. 18(b))

A46. Withdrawal from the engagement, where withdrawal is possible under applicable law or regulation, may be appropriate when the circumstances surrounding the refusal to correct the material misstatement of the other information cast such doubt on the integrity of management and those charged with governance as to call into question the reliability of representations obtained from them during the audit.

Considerations specific to certain entities (Ref: Para. 18(b))

A47. In case of certain entities, such as Central/State government and related government entities (for example agencies, board, commissions), withdrawal from the engagement may not be possible. In such cases, the auditor may issue a report to the legislature providing details of the matter or may take other appropriate actions.

Responding When the Auditor Concludes That a Material Misstatement Exists in Other Information Obtained after the Date of the Auditor's Report (Ref: Para. 19)

A48. If the auditor concludes that a material misstatement exists in other information obtained after the date of the auditor's report, and such a material misstatement has been corrected, the auditor's procedures necessary in the circumstances include determining that the correction has been made (in accordance with paragraph 17(a)) and may include reviewing the steps taken by management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision.

A49. If those charged with governance do not agree to revise the other information, taking appropriate action to seek to have the uncorrected misstatement appropriately brought to the attention of users for whom the auditor's report is prepared requires the exercise of professional judgment, and may be affected by relevant law or regulation. Accordingly, the auditor may consider it appropriate to seek legal advice about the auditor's legal rights and obligations.

A50. When a material misstatement of the other information remains uncorrected, appropriate actions that the auditor may take to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the auditor's report is prepared, when permitted by law or regulation, include, for example:

- Providing a new or amended auditor's report to management including a modified section in accordance with paragraph 22, and requesting management to provide this new or amended auditor's report to users for whom the auditor's report is prepared. In doing so, the auditor may need to consider the effect, if any, on the date of the new or amended auditor's report, in view of the requirements of the SAs or applicable law or regulation. The auditor may also review the steps taken by management to provide the new or amended auditor's report to such users;
- Bringing the material misstatement of the other information to the attention of the appointing authority (for example, by addressing the matter in a general meeting of shareholders);
- Communicating with the regulator where required by applicable law or regulation about the uncorrected material misstatement; or
- Considering the implications for engagement continuance (see also paragraph A46).

Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to Be Updated (Ref: Para. 20)

A51. In reading the other information, the auditor may become aware of new information that has implications for:

- The auditor's understanding of the entity and its environment and, accordingly, may indicate the need to revise the auditor's risk assessment.¹⁴
- The auditor's responsibility to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements.¹⁵
- The auditor's responsibilities relating to subsequent events.¹⁶

Reporting (Ref: Para. 21–24)

A52. For an audit of financial statements of an unlisted corporate entity, the auditor may consider that the identification in the auditor's report of other information that the auditor expects to obtain after the date of the auditor's report would be appropriate in order to provide additional transparency about the other information that is subject to the auditor's responsibilities under this SA. The auditor may consider it appropriate to do so, for example, when management is able to represent to the auditor that such other information will be issued after the date of the auditor's report.

Illustrative Statements (Ref: Para. 21–22)

A53. Illustrative examples of the "Other Information" section of the auditor's report are included in **Appendix 2**.

¹⁴ SA 315, paragraphs 11, 31 and A1.

¹⁵ SA 450, Evaluation of Misstatements Identified during the Audit.

¹⁶ SA 560, paragraphs 10 and 14.

Reporting Implications When the Auditor's Opinion on the Financial Statements is Qualified or Adverse (Ref: Para. 23)

A54. A qualified or adverse auditor's opinion on the financial statements may not have an impact on the statement required by paragraph 22(e) if the matter in respect of which the auditor's opinion has been modified is not included or otherwise addressed in the other information and the matter does not affect any part of the other information. For example, a qualified opinion on the financial statements because of non-disclosure of directors' remuneration as required by the applicable financial reporting framework may have no implications for the reporting required under this SA. In other circumstances, there may be implications for such reporting as described in paragraphs A55–A58.

Qualified Opinion Due to a Material Misstatement in the Financial Statements

A55. In circumstances when the auditor's opinion is qualified, consideration may be given as to whether the other information is also materially misstated for the same matter as, or a related matter to, the matter giving rise to the qualified opinion on the financial statements.

Qualified Opinion Due to Limitation of Scope

A56. When there is a limitation of scope with respect to a material item in the financial statements, the auditor will not have obtained sufficient appropriate audit evidence about that matter. In these circumstances, the auditor may be unable to conclude whether or not the amounts or other items in the other information related to this matter result in a material misstatement of the other information. Accordingly, the auditor may need to modify the statement required by paragraph 22(e) to refer to the auditor's inability to consider management's description of the matter in the other information in respect of which the auditor's opinion on the financial statements has been qualified as explained in the Basis for Qualified Opinion paragraph. The auditor is nevertheless required to report any other uncorrected material misstatements of the other information that have been identified.

Adverse Opinion

A57. An adverse opinion on the financial statements relating to a specific matter(s) described in the Basis for Adverse Opinion paragraph does not justify the omission of reporting of material misstatements of the other information that the auditor has identified in the auditor's report in accordance with paragraph 22(e)(ii). When an adverse opinion has been expressed on the financial statements, the auditor may need to appropriately modify the statement required by paragraph 22(e) for example, to indicate that amounts or items in the other information is materially misstated for the same matter as, or a related matter to, the matter giving rise to the adverse opinion on the financial statements.

Disclaimer of Opinion

A58. When the auditor disclaims an opinion on the financial statements, providing further details about the audit, including a section to address other information may overshadow the disclaimer of opinion on the financial statements as a whole. Accordingly, in those circumstances, as required by SA 705 (Revised), the auditor's report does not include a section addressing the reporting requirements under this SA.

Reporting Prescribed by Law or Regulation (Ref: Para. 24)

A59. SA 200¹⁷ explains that the auditor may be required to comply with legal or regulatory requirements in addition to the SAs. Where this is the case, the auditor may be obliged to use a specific layout or wording in the auditor's report that differs from that described in this SA. Consistency in the auditor's report, when the audit has been conducted in accordance with SAs, promotes credibility in the global marketplace by making more readily identifiable those audits that have been conducted in accordance with globally recognized standards. When the differences between the legal or regulatory requirements to report with respect to the other information and this SA relate only to the layout and wording in the auditor's report and, at a minimum, each of the elements identified in paragraph 24 is included in the auditor's report, the auditor's report may refer to Standards on Auditing. Accordingly, in such circumstances the auditor is considered to have complied with the requirements of this SA, even when the layout and wording used in the auditor's report are specified by legal or regulatory reporting requirements.

Material Modifications *vis-a-vis* Revised ISA 720, "The Auditor's Responsibilities Relating to Other Information"

Paragraphs 21 and 22 of revised ISA 720 deal with reporting requirements on other information for listed entities and unlisted entities. In case of unlisted entities, Paragraph 21(b) of revised ISA 720 requires reporting on other information in situations where the auditor has obtained some or all of the other information at the date of the auditor's report.

In India, there are large number of unlisted entities both corporates and non-corporates. Most of the unlisted non-corporate entities in India may not be required to issue annual reports containing other information under the applicable laws or regulations and some of these may issue annual reports as per custom or practice in relevant industry/sector. In the absence of legal and regulatory requirements regarding annual reports, there are practical difficulties for auditors to get any other information till the date of auditor's report in case of unlisted non-corporates entities. Due to this reason, auditors would not be in a position to report on other information in case of unlisted non-corporate entities. To deal with aforesaid situation, Paragraph 21(b) of revised SA 720 has been modified to require reporting on other information in case of **unlisted corporate entities only**. Necessary change has also been made in paragraph A52 of revised SA 720.

Accordingly, the reporting requirements in revised SA 720 will not be applicable in case of unlisted non-corporate entities. However, it is clarified that all the other requirements in revised SA 720 will be equally applicable to audits of all unlisted entities.

¹⁷ SA 200, paragraph A55.

Appendix 1

(Ref: Para. 14, A8)

Examples of Amounts or Other Items that May Be Included in the Other Information

The following are examples of amounts and other items that may be included in other information. This list is not intended to be exhaustive.

Amounts

- Items in a summary of key financial results, such as net income, earnings per share, dividends, sales and other operating revenues, and purchases and operating expenses.
- Selected operating data, such as income from continuing operations by major operating area, or sales by geographical segment or product line.
- Special items, such as asset dispositions, litigation provisions, asset impairments, tax adjustments, environmental remediation provisions, and restructuring and reorganization expenses.
- Liquidity and capital resource information, such as cash, cash equivalents and marketable securities; dividends; and debt, capital lease and minority interest obligations.
- Capital expenditures by segment or division.
- Amounts involved in, and related financial effects of, off-balance sheet arrangements.
- Amounts involved in guarantees, contractual obligations, legal or environmental claims, and other contingencies.
- Financial measures or ratios, such as gross margin, return on average capital employed, return on average shareholders' equity, current ratio, interest coverage ratio and debt ratio. Some of these may be directly reconcilable to the financial statements.

Other Items

- Explanations of critical accounting estimates and related assumptions.
- Identification of related parties and descriptions of transactions with them.
- Articulation of the entity's policies or approach to manage commodity, foreign exchange or interest rate risks, such as through the use of forward contracts, interest rate swaps, or other financial instruments.
- Descriptions of the nature of off-balance sheet arrangements.
- Descriptions of guarantees, indemnifications, contractual obligations, litigation or environmental liability cases, and other contingencies, including management's qualitative assessments of the entity's related exposures.

- Descriptions of changes in legal or regulatory requirements, such as new tax or environmental regulations, that have materially impacted the entity's operations or fiscal position, or will have a material impact on the entity's future financial prospects.
- Management's qualitative assessments of the impacts of new financial reporting standards that have come into effect during the period, or will come into effect in the following period, on the entity's financial results, financial position and cash flows.
- General descriptions of the business environment and outlook.
- Overview of strategy.
- Descriptions of trends in market prices of key commodities or raw materials.
- Contrasts of supply, demand and regulatory circumstances between geographic regions.
- Explanations of specific factors influencing the entity's profitability in specific segments.

Appendix 2

(Ref: Para. 21-22, A53)

Illustrations of Auditor's Reports Relating to Other Information

- Illustration 1: An auditor's report of a company, whether listed or unlisted, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.
- Illustration 2: An auditor's report of a listed company 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.
- Illustration 3: An auditor's report of an unlisted company 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.
- Illustration 4: An auditor's report of a listed company 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.
- Illustration 5: An auditor's report of a company, whether listed or unlisted, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and has concluded that a material misstatement of the other information exists.
- Illustration 6: An auditor's report of a company, whether listed or unlisted, containing a qualified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and there is a limitation of scope with respect to a material item in the consolidated financial statements which also affects the other information.
- Illustration 7: An auditor's report of a company, whether listed or unlisted, containing an adverse opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and the adverse opinion on the consolidated financial statements also affects the other information.

Illustration 1 – An auditor’s report of a company, whether listed or unlisted, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.

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

- Audit of a complete set of financial statements of a company, whether listed or unlisted (registered under the Companies Act, 2013) using a fair presentation framework. The audit is not a group audit (i.e., SA 600¹⁸ does not apply).
- The financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 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 the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).¹⁹
- Key audit matters have been communicated in accordance with SA 701.²⁰
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Standalone Financial Statements²¹

Opinion

We have audited the standalone financial statements of ABC Company Limited (“the Company”), which comprise the balance sheet as at 31st March 20XX, and the statement of profit and loss, (*statement of changes in equity*)²² and statement of cash flows for the year then

¹⁸ SA 600, Using the Work of Another Auditor.

¹⁹ SA 570 (Revised), Going Concern

²⁰ SA 701, Communicating Key Audit Matters in the Independent Auditor’s Report. The Key Audit Matters section is required for listed entities only.

²¹ The sub-title “Report on the Audit of the Standalone Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

²² Where applicable.

ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns for the year ended on that date audited by the branch auditors of the company's branches located at (location of branches)]²³.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 20XX, and profit/loss, (*changes in equity*)²⁴ and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters²⁵

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with SA 701.]

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information comprises the [information included in the X report,²⁶ but does not include the financial statements and our auditor's report thereon.]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

²³ Where applicable.

²⁴ Where applicable.

²⁵ The Key Audit Matters section is required for listed entities only.

²⁶ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised)²⁷ – see **Illustration 1** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Other Matter²⁸

We did not audit the financial statements/information of _____(number) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)
(Designation²⁹)
(Membership No. XXXXX)

Place of Signature:

Date:

²⁷ SA 700 (Revised), Forming an Opinion and Reporting on Financial Statements.

²⁸ Where applicable.

²⁹ Partner or Proprietor, as the case may be.

Illustration 2 – An auditor’s report of a listed company 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 listed company (registered under the Companies Act, 2013) using a fair presentation framework. The audit is not a group audit (i.e., SA 600 does not apply).
- The financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 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 the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- Key audit matters have been communicated in accordance with SA 701.
- 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.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ABC Company Limited (“the Company”), which comprise the balance sheet as at 31st March 20XX, and the statement of profit and loss, (*statement of changes in equity*)³⁰ and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns for the year ended on that date audited by the branch auditors of the company’s branches located at (location of

³⁰ Where applicable.

branches)]³¹.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 20XX, and profit/loss, (*changes in equity*)³² and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with SA 701.]

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information comprises the X report³³ (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Y report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other

³¹ Where applicable.

³² Where applicable

³³ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information

information, we are required to report that fact. We have nothing to report in this regard.

[When we read the Y report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and *[describe actions applicable under the applicable laws and regulations]*]³⁴

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Other Matter³⁵

We did not audit the financial statements/information of _____(number) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs._____ as at 31st March, 20XX and total revenues of Rs._____ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)
(Designation³⁶)
(Membership No. XXXXX)

Place of Signature:

Date:

³⁴ This additional paragraph may be useful when the auditor has identified an uncorrected material misstatement of the other information obtained after the date of the auditor's report and has a legal obligation to take specific action in response.

³⁵ Where applicable.

³⁶ Partner or Proprietor, as the case may be.

Illustration 3 – An auditor’s report of an unlisted company 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 an unlisted company (registered under the Companies Act, 2013) using a fair presentation framework. The audit is not a group audit (i.e., SA 600 does not apply).
- The financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 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 the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SA 701.
- 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.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ABC Company Limited (“the Company”), which comprise the balance sheet as at 31st March 20XX, and the statement of profit and loss, (*statement of changes in equity*)³⁷ and statement of cash flows for the year then

³⁷ Where applicable.

ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns for the year ended on that date audited by the branch auditors of the company's branches located at (location of branches)]³⁸.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 20XX, and profit/loss, (*changes in equity*)³⁹ and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is [information included in the X report,⁴⁰ but does not include the financial statements and our auditor's report thereon]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

³⁸ Where applicable.

³⁹ Where applicable

⁴⁰ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Other Matter⁴¹

We did not audit the financial statements/information of _____(number) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs._____ as at 31st March, 20XX and total revenues of Rs._____ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)
(Designation⁴²)
(Membership No. XXXXX)

Place of Signature:

Date:

⁴¹ Where applicable.

⁴² Partner or Proprietor, as the case may be.

Illustration 4 – An auditor’s report of a listed company 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 listed company (registered under the Companies Act, 2013) using a fair presentation framework. The audit is not a group audit (i.e., SA 600 does not apply).
- The financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 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 the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- Key audit matters have been communicated in accordance with SA 701.
- 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.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ABC Company Limited (“the Company”), which comprise the balance sheet as at 31st March 20XX, and the statement of profit and loss, (*statement of changes in equity*)⁴³ and statement of cash flows for the year then

⁴³ Where applicable.

ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at (location of branches)]⁴⁴.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 20XX, and profit/loss, (*changes in equity*)⁴⁵ and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with SA 701.]

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information comprises the [information included in the X report⁴⁶, but does not include the financial statements and our auditor's report thereon]. The X report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

⁴⁴ Where applicable.

⁴⁵ Where applicable

⁴⁶ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information

obtained in the audit, or otherwise appears to be materially misstated.

[When we read the X report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and (*describe actions applicable in the applicable laws and regulations*).]⁴⁷

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Other Matter⁴⁸

We did not audit the financial statements/information of _____(number) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)

(Designation⁴⁹)
(Membership No. XXXXX)

Place of Signature:

Date:

⁴⁷ This additional paragraph may be useful when the auditor has identified an uncorrected material misstatement of the other information obtained after the date of the auditor's report and has a legal obligation to take specific action in response.

⁴⁸ Where applicable.

⁴⁹ Partner or Proprietor, as the case may be.

Illustration 5 – An auditor’s report of a company, whether listed or unlisted, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor’s report and has concluded that a material misstatement of the other information exists.

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

- Audit of a complete set of financial statements of a company, whether listed or unlisted (registered under the Companies Act, 2013) using a fair presentation framework. The audit is not a group audit (i.e., SA 600 does not apply).
- The financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in SA 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 the Code of Ethics issued by ICAI together with the other relevant ethical requirements relating to the audit and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- Key audit matters have been communicated in accordance with SA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and has concluded that a material misstatement of the other information exists
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of ABC Company Limited (“the Company”), which comprise the balance sheet as at 31st March 20XX, and the statement of profit and loss, (*statement of changes in equity*)⁵⁰ and statement of cash flows for the year then

⁵⁰ Where applicable.

ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at (location of branches)]⁵¹.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 20XX, and profit/loss, (*changes in equity*)⁵² and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

The Company's Board of Directors is responsible for the other information. The other information comprises the [information included in the X report⁵³, but does not include the financial statements and our auditor's report thereon.]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described below, we have concluded that such a material misstatement of the other information exists.

[*Description of material misstatement of the other information*]

Key Audit Matters⁵⁴

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were

⁵¹ Where applicable.

⁵² Where applicable

⁵³ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

⁵⁴ The Key Audit Matters section is required for listed entities only.

addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with SA 701.]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

Other Matter⁵⁵

We did not audit the financial statements/information of _____(number) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____ for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 1** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)
(Designation⁵⁶)
(Membership No. XXXXX)

Place of Signature:

Date:

⁵⁵ Where applicable.

⁵⁶ Partner or Proprietor, as the case may be.

Illustration 6 – An auditor’s report of a company, whether listed or unlisted, containing a qualified opinion when the auditor has obtained all of the other information prior to the date of the auditor’s report and there is a limitation of scope with respect to a material item in the consolidated financial statements which also affects the other information.

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

- Audit of a complete set of consolidated financial statements of a company, whether listed or unlisted (registered under the Companies Act, 2013) using a fair presentation framework. The audit is a group audit (i.e., SA 600 applies).
- The consolidated financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the consolidated financial statements in SA 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).
- The relevant ethical requirements that apply to the audit are the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- Key audit matters have been communicated in accordance with SA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and the matter giving rise to the qualified opinion on the consolidated financial statements also affects the other information.
- Those responsible for oversight of the consolidated financial statements differ from those responsible for the preparation of the consolidated financial statements.
- In addition to the audit of the consolidated financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of ABC Company Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), its associates and jointly controlled entities, which comprise the consolidated balance sheet as at March 31, 20XX, and the consolidated statement of profit and loss, (*consolidated statement of changes in equity*)⁵⁷ and

⁵⁷ Where applicable.

consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs as at March 31, 2XXX, consolidated profit/loss, (*consolidated changes in equity*)⁵⁸, consolidated cash flows for the year then ended.

Basis for Qualified Opinion

The Group’s investment in XYZ Company, a foreign associate acquired during the year and accounted for by the equity method, is carried at Rs. XXX on the consolidated balance sheet as at March 31, 20XX, and ABC’s share of XYZ’s net income of XXX is included in ABC’s income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of ABC’s investment in XYZ as at March 31, 2XXX and ABC’s share of XYZ’s net income for the year because we were denied access to the financial information, management, and the auditors of XYZ. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Standards on Auditing (SAs) prescribed under section 143(10) of the Companies Act, 2013. 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 and its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

The company’s Board of Directors is responsible for the other information. The other information comprises the [information included in the X report⁵⁹, but does not include the consolidated financial statements and our auditor’s report thereon.]

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

⁵⁸ Where applicable.

⁵⁹ A more specific description of the other information, such as “the management report and chairman’s statement,” may be used to identify the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the carrying amount of ABC's investment in XYZ as at March 31, 20XX and ABC's share of XYZ's net income for the year. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters⁶⁰

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

[Description of each key audit matter in accordance with SA 701.]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

Other Matters

- (a) We did not audit the financial statements / financial information of _____ subsidiaries, and _____ jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____ and net cash flows amounting to Rs. _____ for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial statements, in respect of _____ associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements / financial information of _____ subsidiaries and _____ jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____ and net cash flows amounting to Rs. _____ for the year ended on that date, as considered in the

⁶⁰ The Key Audit Matters section is required for listed entities only.

consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial statements, in respect of _____ associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)

(Designation⁶¹)
(Membership No. XXXXX)

Place of Signature:

Date:

⁶¹ Partner or Proprietor, as the case may be.

Illustration 7 – An auditor’s report of a company, whether listed or unlisted, containing an adverse opinion when the auditor has obtained all of the other information prior to the date of the auditor’s report and the adverse opinion on the consolidated financial statements also affects the other information.

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

- Audit of a complete set of consolidated financial statements of a company, whether listed or unlisted (registered under the Companies Act, 2013) using a fair presentation framework. The audit is a group audit (i.e., SA 600 applies).
- The consolidated financial statements are prepared by management of the company in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- The terms of the audit engagement reflect the description of management’s responsibility for the consolidated financial statements in SA 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).
- The relevant ethical requirements that apply to the audit are the Code of Ethics issued by ICAI and the provisions of the Companies Act, 2013.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with SA 570 (Revised).
- Key audit matters have been communicated in accordance with SA 701.
- The auditor has obtained all of the other information prior to the date of the auditor’s report and the matter giving rise to the adverse opinion on the consolidated financial statements also affects the other information.
- Those responsible for oversight of the consolidated financial statements differ from those responsible for the preparation of the consolidated financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under the Companies Act, 2013.

INDEPENDENT AUDITOR’S REPORT

To the Members of ABC Company Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying consolidated financial statements of ABC Company Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (the Holding Company

and its subsidiaries together referred to as “the Group”), its associates and jointly controlled entities, which comprise the consolidated balance sheet as at March 31, 2XXX, the consolidated statement of profit and loss, (*consolidated statement of changes in equity*)⁶² and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the *Basis for Adverse Opinion* section of our report, the accompanying consolidated financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities, as at March 31, 20XX, of its consolidated profit/loss, (*consolidated position of changes in equity*)⁶³ and the consolidated cash flows for the year then ended.

Basis for Adverse Opinion

As explained in Note X, the Group has not consolidated subsidiary XYZ Company that the Group acquired during 20XX because it has not yet been able to determine the fair values of certain of the subsidiary’s material assets and liabilities at the acquisition date. This investment is therefore accounted for on a cost basis. Under the accounting principles generally accepted in India, the Group should have consolidated this subsidiary and accounted for the acquisition based on provisional amounts. Had XYZ Company been consolidated, many elements in the accompanying consolidated financial statements would have been materially affected. The effects on the consolidated financial statements of the failure to consolidate have not been determined.

We conducted our audit in accordance with Standards on Auditing (SAs) prescribed under section 143(10) of the Companies Act, 2013. 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 and its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

The company’s Board of Directors is responsible for the other information. The other information comprises the [information included in the X report⁶⁴, but does not include the consolidated financial statements and our auditor’s report thereon.]

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

⁶² Where applicable.

⁶³ Where applicable.

⁶⁴ A more specific description of the other information, such as “the management report and chairman’s statement,” may be used to identify the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the Group should have consolidated XYZ Company and accounted for the acquisition based on provisional amounts. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the X report affected by the failure to consolidate XYZ Company.

Key Audit Matters⁶⁵

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Adverse Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

[Description of each key audit matter in accordance with SA 701.]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

Auditor's Responsibilities for the Audit of the Financial Statements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

Other Matters

- (a) We did not audit the financial statements / financial information of _____ subsidiaries, and _____ jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____ and net cash flows amounting to Rs. _____ for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial statements, in respect of _____ associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

⁶⁵ The Key Audit Matters section is required for listed entities only.

(b) We did not audit the financial statements / financial information of _____ subsidiaries and _____ jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____ and net cash flows amounting to Rs. _____ for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial statements, in respect of _____ associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

[Reporting in accordance with SA 700 (Revised) – see **Illustration 2** in SA 700 (Revised).]

For XYZ & Co
Chartered Accountants
(Firm's Registration No.)

Signature
(Name of the Member Signing the Audit Report)
(Designation⁶⁶)
(Membership No. XXXXX)

Place of Signature:

Date:

⁶⁶ Partner or Proprietor, as the case may be.

CONFORMING AMENDMENTS TO OTHER SAs

Note: The following are conforming amendments to other SAs as a result of the issuance of SA 720 (Revised). These amendments will become effective at the same time as SA 720 (Revised), and are shown with marked changes from the latest approved versions of the SAs that are amended. The footnote numbers within these amendments do not align with the SAs that are amended, and reference should be made to those SAs.

SA 210, Agreeing the Terms of Audit Engagements

Application and Other Explanatory Material

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

A18a. Additional information that the auditor may request from management for the purpose of the audit may include when applicable, matters related to other information in accordance with SA 720 (Revised). When the auditor expects to obtain other information after the date of the auditor's report, the terms of the audit engagement may also acknowledge the auditor's responsibilities relating to such other information including, if applicable, the actions that may be appropriate or necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.*

Appendix 1

Examples of an Audit Engagement Letter

[Reporting]

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

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

SA 260 (Revised), Communication with Those Charged with Governance

Application and Other Explanatory Material

Planned Scope and Timing of the Audit (Ref: Para. 15)

...

A14. Other planning matters that it may be appropriate to discuss with those charged with governance include:

- Where the entity has an internal audit function, how the external auditor and internal auditors can work together in a constructive and complementary manner, including any planned use of the work of the internal audit function, and the nature and extent of any

* When the conforming amendment becomes effective, this paragraph will become paragraph A19 and all subsequent paragraphs will be renumbered accordingly.

planned use of internal auditors to provide direct assistance.⁶⁷

- The views of those charged with governance of:
 - o The appropriate person(s) in the entity's governance structure with whom to communicate.
 - o The allocation of responsibilities between those charged with governance and management.
 - o The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - o Matters those charged with governance consider warrant particular attention during the audit, and any areas where they request additional procedures to be undertaken.
 - o Significant communications with regulators.
 - o Other matters those charged with governance consider may influence the audit of the financial statements.
- The attitudes, awareness, and actions of those charged with governance concerning (a) the entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control, and (b) the detection or possibility of fraud.
- The actions of those charged with governance in response to developments in accounting standards, corporate governance practices, exchange listing rules, and related matters.
- The responses of those charged with governance to previous communications with the auditor.
- The documents comprising the other information (as defined in SA 720 (Revised)) and the planned manner and timing of the issuance of such documents. When the auditor expects to obtain other information after the date of the auditor's report, the discussions with those charged with governance may also include the actions that may be appropriate or necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.

Significant Findings from the Audit (Ref: Para. 16)

...

Circumstances that Affect the Form and Content of the Auditor's Report (Ref: Para 16(d))

...

A24. Circumstances in which the auditor is required or may otherwise consider it necessary to include additional information in the auditor's report in accordance with the SAs, and for which communication with those charged with governance is required, include when:

- The auditor expects to modify the opinion in the auditor's report in accordance with SA

⁶⁷ SA 610 (Revised), *Using the Work of Internal Auditors*, paragraph 31.

705(Revised).⁶⁸

- A material uncertainty related to going concern is reported in accordance with SA 570(Revised).⁶⁹
- Key audit matters are communicated in accordance with SA 701.⁷⁰
- The auditor considers it necessary to include an Emphasis of Matter paragraph or Other Matters paragraph in accordance with SA 706 (Revised)⁷¹ or is required to do so by other SAs.
- The auditor has concluded that there is an uncorrected material misstatement of the other information in accordance with SA 720 (Revised).⁷²

In such circumstances, the auditor may consider it useful to provide those charged with governance with a draft of the auditor's report to facilitate a discussion of how such matters will be addressed in the auditor's report.

...

Other Significant Matters Relevant to the Financial Reporting Process (Ref: Para. 16(e))

...

A27. Other significant matters arising ~~from during~~ the audit that are directly relevant to those charged with governance in overseeing the financial reporting process may include such matters as material misstatements of ~~fact or material inconsistencies in information accompanying the audited financial statements~~ the other information that have been corrected.

Appendix 1

(Ref: Para. 3)

Specific Requirements in SQC 1 and Other SAs that Refer to Communications with Those Charged With Governance

This appendix identifies paragraphs in SQC 1⁷³ and other SAs that require communication of specific matters with those charged with governance. The list is not a substitute for considering the requirements and related application and other explanatory material in SAs.

- SA 720 (Revised), "The Auditor's Responsibilities Relating to Other Information"– paragraph 17–19.

SA 450, Evaluation of Misstatements Identified during the Audit

Application and Other Explanatory Material

Evaluating the Effect of Uncorrected Misstatements (Ref: Para. 10–11)

⁶⁸ SA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*, paragraph 30.

⁶⁹ SA 570 (Revised), 'Going Concern', paragraph 25(d).

⁷⁰ SA 701, paragraph 17.

⁷¹ SA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph 12.

⁷² SA 720 (Revised), 'The Auditor's Responsibilities Relating to Other Information', paragraph 18(a).

⁷³ SQC 1, *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*.

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

...

- ~~Affects other information that will be communicated to be included in the entity's annual report documents containing the audited financial statements~~ (for example, information to be included in a "Management Discussion and Analysis" or an "Operating and Financial Review") that may reasonably be expected to influence the economic decisions of the users of the financial statements. SA 720(Revised)⁷⁴ deals with the auditor's responsibilities relating to consideration of other information, on which the auditor has no obligation to report, in documents containing audited financial statements.

SA 500, Audit Evidence

Definitions

5. For purposes of the SAs, the following terms have the meanings attributed below:
- (c) Audit evidence – Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and ~~other information obtained from other sources.~~

SA 510, Initial Audit Engagements—Opening Balances

Note: The Illustrations of Auditor's Report given in the Appendix will require consequential amendments due to issuance of SA 720(Revised).

SA 560, Subsequent Events

Introduction

Scope of this SA

1. This Standard on Auditing (SA) deals with the auditor's responsibilities relating to subsequent events in an audit of financial statements. It does not deal with matters relating to the auditor's responsibilities for other information obtained after the date of the auditor's report, which are addressed in SA 720(Revised).⁷⁵ However, such other information may bring to light a subsequent event that is within the scope of this SA. (Ref: Para. A1)

Application and Other Explanatory Material

Scope of this SA (Ref: Para. 1)

⁷⁴ SA 720(Revised), The Auditor's Responsibilities In-Relation Relating to Other Information ~~in Documents Containing Audited Financial Statements.~~

⁷⁵ SA 720 (Revised), The Auditor's Responsibilities Relating to Other Information.

A1. When the audited financial statements are included in other documents subsequent to the issuance of the financial statements (other than annual reports that would be within the scope of SA 720(Revised)), the auditor may have additional responsibilities relating to subsequent events that the auditor may need to consider, such as legal or regulatory requirements involving the offering of securities to the public in jurisdictions in which the securities are being offered. For example, the auditor may be required to perform additional audit procedures to the date of the final offering document. These procedures may include those referred to in paragraphs 6 and 7 performed up to a date at or near the effective date of the final offering document, and reading the offering document to assess whether the other information in the offering document is consistent with the financial information with which the auditor is associated.

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

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

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

...

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

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

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

SA 570(Revised), Going Concern

Note: The Illustrations of Auditor's Report given in the Appendix will require consequential amendments due to issuance of SA 720(Revised).

SA 700(Revised), Forming an Opinion and Reporting on Financial Statements

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

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

Requirements

Auditor's Report for Audits Conducted in Accordance with Standards on Auditing

...

Other Information

32. Where applicable, the auditor shall report in accordance with SA 720(Revised).

Responsibilities for the Financial Statements

~~32~~33. The auditor's report shall include a section with a heading "Responsibilities of Management for the Financial Statements." The auditor's report shall use the term that is appropriate in the context of the legal framework applicable to the entity and need not refer specifically to "management". In some entities, the appropriate reference may be to those charged with governance. (Ref: Para. A39)*

...

Auditor's Report Prescribed by Law or Regulation

~~48~~49. If the auditor is required by law or regulation applicable to the entity to use a specific layout, or wording of the auditor's report, the auditor's report shall refer to Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements: (Ref: Para. A62–A63)

- (a) A title.
- (b) An addressee, as required by the circumstances of the engagement.
- (c) An Opinion section containing an expression of opinion on the financial statements and a reference to the applicable financial reporting framework used to prepare the financial statements(see paragraph 27).
- (d) An identification of the entity's financial statements that have been audited.
- (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. The statement shall refer to the Code of Ethics issued by ICAI.
- (f) Where applicable, a section that addresses, and is not inconsistent with, the reporting requirements in paragraph 22 of SA 570 (Revised).
- (g) Where applicable, a Basis for Qualified (or Adverse) Opinion section that addresses, and is not inconsistent with, the reporting requirements in paragraph 23 of SA 570 (Revised).
- (h) Where applicable, a section that includes the information required by SA 701, or additional information about the audit that is prescribed by law or regulation and that

* When the conforming amendment becomes effective, this paragraph will become paragraph 33 and all subsequent paragraphs will be renumbered accordingly.

addresses, and is not inconsistent with, the reporting requirements in that SA.⁷⁶ (Ref: Para. A63–A64)

- (i) Where applicable, a section that addresses the reporting requirements in paragraph 24 of SA 720 (Revised).⁷⁷
- (j) A description of management's responsibilities for the preparation of the financial statements and an identification of those responsible for the oversight of the financial reporting process that addresses, and is not inconsistent with, the requirements in paragraphs 32–35.
- (k) A reference to Standards on Auditing and the law or regulation, and a description of the auditor's responsibilities for an audit of the financial statements that addresses, and is not inconsistent with, the requirements in paragraphs 36–39. (Ref: Para. A49–A50)
- (l) The auditor's signature.
- (m) The place of signature.
- (n) The date of the auditor's report.

Application and Other Explanatory Material

Supplementary Information Presented with the Financial Statements (Ref: Para. 51–52)

...

A76. The fact that supplementary information is unaudited does not relieve the auditor of the responsibilities described in SA 720(Revised).

Note: The Illustrations of Auditor's Report given in the Appendix will also require consequential amendments due to issuance of SA 720(Revised).

SA 701, Communicating Key Audit Matters in the Independent Auditor's Report
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Application and Other Explanatory Material

Communicating Key Audit Matters

...

Descriptions of Individual Key Audit Matters (Ref: Para. 13)

...

A38. SA 720(Revised) defines the term annual report and explains that documents such as a management report, management commentary, or operating and financial review or similar reports by those charged with governance (e.g., a directors' report); a Chairman's

⁷⁶ SA 701, paragraphs 11-16

⁷⁷ SA 720 (Revised), paragraph 24

statement; or corporate governance statement/reports may form part of the annual report.⁷⁸ SA 720(Revised) addresses the auditor's responsibilities relating to other information included in the annual report. Although the auditor's opinion on the financial statements does not cover extend to the other information addressed by SA 720,⁷⁹ the auditor may consider this information, as well as other publicly available communications by the entity or other credible sources, in formulating the description of a key audit matter.

SA 705(Revised), Modifications to the Opinion in the Independent Auditor's Report

Requirements

Considerations When the Auditor Disclaims an Opinion on the Financial Statements

29. Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's report shall not include a Key Audit Matters section in accordance with SA 701⁸⁰ or an Other Information section in accordance with SA 720 (Revised).⁸¹ (Ref: Para. A26)

...

Application and Other Explanatory Material

Considerations When the Auditor Disclaims an Opinion on the Financial Statements (Ref: Para. 29)

A26. Providing the reasons for the auditor's inability to obtain sufficient appropriate audit evidence within the Basis for Disclaimer of Opinion section of the auditor's report provides useful information to users in understanding why the auditor has disclaimed an opinion on the financial statements and may further guard against inappropriate reliance on them. However, communication of any key audit matters other than the matter(s) giving rise to the disclaimer of opinion may suggest that the financial statements as a whole are more credible in relation to those matters than would be appropriate in the circumstances, and would be inconsistent with the disclaimer of opinion on the financial statements as a whole. Similarly, it would not be appropriate to include an Other Information section in accordance with SA 720(Revised) addressing the auditor's consideration of the consistency of the other information with the financial statements. Accordingly, paragraph 29 of this SA prohibits a Key Audit Matters section or an Other Information section from being included in the auditor's report when the auditor disclaims an opinion on the financial statements, unless the auditor is otherwise required by law or regulation to communicate key audit matters or to report on other information.

Note: The Illustrations of Auditor's Report given in the Appendix will also require consequential amendments due to issuance of SA 720(Revised).

⁷⁸ SA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, paragraphs 12(a) and A1–A3.

⁷⁹ SA 720, *The Auditor's Responsibilities in Relation to Other Information in Documents Containing Audited Financial Statements*.

⁸⁰ SA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraphs 11–13.

⁸¹ SA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*, paragraph A58.

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

Introduction

Scope of this SA

...

3. SA 570(Revised)⁸² and SA 720(Revised)⁸³ establishes requirements and provides guidance about communication in the auditor's report relating to going concern and other information, respectively.

Note: The Illustrations of Auditor's Report given in the Appendix will also require consequential amendments due to issuance of SA 720(Revised).

SA 710, Comparative Information—Corresponding Figures and Comparative Financial Statements

Note: The Illustrations of Auditor's Report given in the Appendix will require consequential amendments due to issuance of SA 720(Revised).

SA 810, Engagements to Report on Summary Financial Statements

Requirements

Other Information in Documents Containing Summary Financial Statements

24. The auditor shall read the other information included in a document containing the summary financial statements and related auditor's report to consider whether there is ~~identify a material inconsistency~~ ies between the other information and, 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~~ that the other information needs to be revised, the auditor shall discuss the matter with management. (Ref: Para. A19)

Application and Other Explanatory Material

A19. SA 720(Revised)⁸⁴ contains requirements and guidance ~~relating regarding the~~ auditor's responsibilities relating to reading other information in a financial statement audit engagement ~~included in a document containing the audited financial statements and related auditor's report, and responding to material inconsistencies and material misstatements of fact.~~ Adapted as necessary in the circumstances, they may be helpful in applying the requirement in paragraph 24.

⁸² SA 570 (Revised), *Going Concern*.

⁸³ SA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*.

⁸⁴ SA 720 (Revised), *The Auditor's Responsibilities In Relation Relating to Other Information in Documents Containing Audited Financial Statements*.