

CLEAN**PROPOSED INTERNATIONAL STANDARD ON AUDITING 800
THE INDEPENDENT AUDITOR'S REPORT ON
SUMMARIZED AUDITED FINANCIAL STATEMENTS**

(Effective for auditors' reports issued on or after December 31, 2006)

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International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements" should be read in the context of the "Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services," which sets out the application and authority of ISAs.

Introduction

1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance for the independent auditor's report on summarized or condensed financial statements derived from audited financial statements (for purposes of this ISA referred to as "summarized financial statements"). It also contains standards and guidance on the criteria used and procedures performed in an engagement to report on summarized financial statements.
2. According to ISA 200, "Objective and General Principles Governing an Audit of Financial Statements," paragraph 34, the term "financial statements" refers to a complete set of financial statements or a single financial statement. Although the term "financial statements" is used in this ISA, the standards and guidance also apply to a summary of historical financial information derived from audited historical financial information other than a complete set of financial statements or a single financial statement.
3. This ISA does not establish standards and provides guidance for:
 - (a) A report on summarized or condensed financial statements derived from financial statements that are unaudited;
 - (b) A report issued as a result of an audit of condensed financial statements;
 - (c) A report confirming that information is an accurate extraction from the financial statements.
4. The objective of an engagement to report on summarized financial statements is to express an opinion whether the summarized financial statements appropriately summarize, in all material respects, the financial statements from which they have been derived.

Engagement Acceptance

5. **The auditor should accept an engagement to report on summarized audited financial statements only when that auditor has issued a report as a result of an audit of the financial statements from which they have been derived.** The audit of the financial statements from which the summarized financial statements have been derived provides the auditor with the necessary knowledge to discharge the auditor's responsibilities regarding the summarized financial statements.
6. **Before accepting an engagement to report on summarized financial statements, the auditor should request the responsible party to:**
 - (a) **Acknowledge its responsibility for appropriately summarizing the financial statements in accordance with established criteria or, when established criteria do not exist, the criteria in paragraph 11; and**
 - (b) **Confirm that the financial statements from which the summarized financial statements have been derived, including the auditor's report thereon, will be available to the intended users of the summarized financial statements, except in the circumstances described in paragraph 7.**

This could be evidenced by the responsible party's written acceptance of the terms of the engagement.

7. In some circumstances, the responsible party is required or expressly permitted by law or regulation to issue summarized financial statements, but need not (and does not) make the financial statements from which the summarized financial statements have been derived available to the intended users. When such law or regulation establishes the criteria for preparing and presenting the summarized financial statements, the auditor may undertake the engagement to report on the summarized financial statements, even though the financial statements will not be made available to the intended users.

Criteria

8. The responsible party is responsible for determining the information that needs to be reflected in the summarized financial statements, so that they appropriately summarize the financial statements from which they have been derived. The auditor is responsible for evaluating whether the summarized financial statements appropriately summarize, in all material respects, the financial statements from which they have been derived. The auditor needs criteria suitable for such evaluation.
9. **The auditor should determine whether the criteria are acceptable.** The auditor determines the acceptability of the criteria in view of the nature of the entity and its environment, the nature and objective of the summarized financial statements, and the information needs of the intended users.
10. Summarized financial statements, by their nature, are expected to contain only limited disclosure. Consequently there is a risk that summarized financial statements may misrepresent the financial statements from which they have been derived. This risk increases when established criteria for preparing and presenting summarized financial statements do not exist. When established criteria do not exist, the auditor considers whether the criteria in paragraph 11 are acceptable, before accepting an engagement.
11. When established criteria do not exist, the auditor evaluates whether:
 - (a) The summarized financial statements adequately disclose their summarized nature and identify the financial statements from which they have been derived, for example, by using a title such as "Summarized Financial Statements Prepared from the Audited Financial Statements for the Year Ended December 31, 20X1."
 - (b) The summarized financial statements describe clearly from whom or where the financial statements are available when they are not accompanied by the financial statements from which they have been derived.
 - (c) The summarized financial statements agree with or can be recalculated from the related information in the financial statements from which they have been derived; and
 - (d) The summarized financial statements, in all material respects, contain all information necessary to prevent misrepresentation of the financial statements from which they have been derived. For example, whether the summarized financial statements adequately disclose matters that have a pervasive or otherwise material effect on the financial statements from which they have been derived. Such matters

could include contingencies, subsequent events, or conditions that cast doubt on the entity's ability to continue as a going concern.

12. Criteria need to be available to the intended users to allow them to understand how the summarized financial statements have been prepared. When established criteria do not exist, the auditor requests the responsible party to include the criteria in paragraph 11 in a clear manner in the summarized financial statements. Alternatively, the criteria could be made available through the auditor's report.

Nature of Procedures and Form of Opinion

13. **The auditor should perform the following procedures as the basis for the auditor's opinion on the summarized financial statements:**
 - (a) **Evaluate whether the summarized financial statements adequately disclose their summarized nature and identify the financial statements from which they have been derived.**
 - (b) **When summarized financial statements are not accompanied by the financial statements from which they have been derived, evaluate whether they describe clearly from who or where the financial statements are available, except in the circumstances described in paragraph 7.**
 - (c) **Compare the summarized financial statements with the related information in the financial statements from which they have been derived to determine whether the summarized financial statements agree with or can be recalculated from the related information in the financial statements.**
 - (d) **When established criteria for preparing and presenting the summarized financial statements exist, evaluate whether the summarized financial statements have been prepared, in all material respects, in accordance with the established criteria.**
 - (e) **Evaluate whether the summarized financial statements, in all material respects, contain the information the auditor considers necessary to prevent misrepresentation of the financial statements from which they have been derived.**
14. The proposed¹ revised Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) states that professional accountants should not be associated with reports, returns, communications or other information where they believe that the information (a) contains a material false or misleading statement, (b) contains statements or information furnished recklessly, or (c) omits or obscures information required to be included where such omission or obscurity would be misleading. The evaluation required in paragraph 13(e) is intended to meet this ethical requirement. The auditor makes this evaluation in view of the nature of the entity and its

¹ The proposed revised Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) will be considered for approval to be issued as a final revised Code at the June 2005 Ethics Committee meeting. If necessary, the text in this paragraph will be revised to be in line with the text of the final revised Code.

environment, the nature and objective of the summarized financial statements, relevant established criteria (if any) and legal or regulatory requirements, and the information needs of the intended users.

15. Based on the above, the auditor expresses an opinion whether the summarized financial statements appropriately summarize, in all material respects, the financial statements from which they have been derived in accordance with the disclosed criteria. Summarized financial statements do not contain all the information required by the financial reporting framework applied in preparing and presenting the financial statements from which they have been derived. Consequently, the auditor cannot report on the summarized financial statements in the same manner as the auditor reported on the financial statements. To do so might lead readers to assume incorrectly that the summarized financial statements include all the disclosures required by the financial reporting framework applied in preparing and presenting the financial statements. Terms such as "give true and fair view" or "are presented fairly, in all material respects," are therefore not used by the auditor in opinions on summarized financial statements.
16. In some jurisdictions, law or regulation governing reporting on summarized financial statements may prescribe wording for the opinion that is different from that described in paragraph 15. Although the auditor may be obliged to use the prescribed wording, the auditor's procedures described in paragraph 13 remain the same, with the addition of any further procedures necessary to enable the auditor to express the prescribed opinion.
17. When wording prescribed by law or regulation differs significantly from that described in paragraph 15, the auditor carefully considers whether there may be a risk that the intended users might misunderstand the procedures performed as a basis for the auditor's opinion. In such circumstances, the auditor considers whether the risk of misunderstanding can be mitigated through appropriate explanation in the auditor's report.

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

18. Ordinarily, the auditor performs the procedures described in paragraph 13 during or immediately after the audit of the financial statements from which the summarized financial statements have been derived. When the auditor is requested to report on the summarized financial statements after the completion of the audit of the financial statements, the auditor does not (a) obtain additional audit evidence on the financial statements; or (b) report on any effects that events that occurred subsequent to the date of the auditor's report on the financial statements may have on those financial statements. To avoid any misunderstanding in those circumstances, the auditor's report on the summarized financial statements states that the summarized financial statements and financial statements from which they have been derived do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the financial statements that may require adjustment of, or disclosure in, the financial statements.

Auditor's Report on Summarized Financial Statements

Elements of the Auditor's Report

19. **At a minimum, the auditor's report on summarized financial statements should include the following elements:**
- (a) **A title clearly indicating it as the report of an independent auditor.²**
 - (b) **An addressee.**
 - (c) **An introductory paragraph that:**
 - (i) **Identifies the summarized financial statements on which the auditor is reporting;**
 - (ii) **Identifies the financial statements from which the summarized financial statements have been derived, and the date on which they were issued;**
 - (iii) **Refers to the auditor's report on the financial statements, the date of that report, and, when an unmodified opinion was expressed on the financial statements, that fact; and**
 - (iv) **When the date of the auditor's report on the summarized financial statements is later than the date of the auditor's report on the financial statements, states that the summarized financial statements and financial statements from which they have been derived do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the financial statements.**
 - (d) **Identification of the responsible party, and a description of that party's responsibility for appropriately summarizing the financial statements in accordance with the disclosed criteria.**
 - (e) **A statement that the auditor is responsible for expressing an opinion on the summarized financial statements based on the procedures required by this ISA.**
 - (f) **A paragraph clearly expressing an opinion whether the summarized financial statements appropriately summarize, in all material respects, the financial statements from which they have been derived in accordance with the disclosed criteria.**
 - (g) **A statement, or reference to a note in the summarized financial statements, indicating that they do not contain all the disclosures required by the financial reporting framework applied in preparing and presenting the financial statements from which the summarized financial statements have been derived.**
 - (h) **The auditor's signature.**

² A title indicating the report is the report of an independent auditor, for example, "Independent Auditor's Report," affirms that the auditor has met all of the relevant ethical requirements regarding independence, and therefore, distinguishes the independent auditor's report from reports issued by others.

- (i) **The date of the auditor's report.**
- (j) **The auditor's address.**

The Appendix to this ISA contains examples of auditors' reports that contain unmodified opinions on summarized financial statements.

- 20. Ordinarily the addressee is the same as the addressee of the auditor's report on the financial statements. If this is not the case, the auditor considers the appropriateness thereof in view of the terms of the engagement, the nature of the entity and its environment, and the nature and objective of the summarized financial statements.
- 21. **The auditor should date the report on the summarized financial statements no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion. Sufficient appropriate evidence should include evidence that the preparation of those summarized financial statements has been completed, and that the responsible party has asserted its responsibility for them.** Evidence of the responsible party's assertion of its responsibility for preparing and presenting the summarized financial statements may include a statement in a management representation letter or an appropriately signed statement on the summarized financial statements. The person or persons with recognized authority to provide such a statement or other form of assertion depend on the terms of the engagement, the nature of the entity and its environment, and the nature and objective of the summarized financial statements.

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

- 22. **When the auditor's report on the financial statements from which the summarized financial statements have been derived contains a qualified opinion, an emphasis of matter paragraph, or an other matters paragraph, but the auditor is satisfied that the summarized financial statements appropriately summarize, in all material respects, the financial statements, the opinion section of the auditor's report on the summarized financial statements should:**
 - (a) **State that the auditor's report on the financial statements contains a qualified opinion, an emphasis of matter paragraph, or an other matters paragraph;**
 - (b) **Describe the basis for the qualified opinion, and the qualified opinion; the emphasis of matter paragraph; or the other matters paragraph; and**
 - (c) **If the summarized financial statements are affected by the basis for the qualified opinion, emphasis of matter paragraph, or other matters paragraph, describe the effect thereof on the summarized financial statements.**
- 23. **When the auditor's report on the financial statements from which the summarized financial statements have been derived contains an adverse opinion or a disclaimer of opinion, the opinion section of the auditor's report on the summarized financial statements should:**
 - (a) **State that the auditor's report on the financial statements contains an adverse opinion or disclaimer of opinion;**

- (b) **Describe the basis for the adverse opinion, or disclaimer of opinion; and**
- (c) **State that, as a result of the adverse opinion or disclaimer of opinion, it would be inappropriate to express an opinion on the summarized financial statements.**

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

Modified Opinion on the Summarized Financial Statements

24. The auditor requests the responsible party to make appropriate changes to the summarized financial statements when:
- The summarized financial statements do not adequately disclose their summarized nature, identify the financial statements from which they have been derived or, except in the circumstances described in paragraph 7, clearly describe from whom or where the financial statements are available;
 - The summarized financial statements do not agree with or cannot be recalculated from the related information in the financial statements from which they have been derived;
 - The summarized financial statements have not been prepared or presented, in all material respects, in accordance with the established criteria; or
 - The summarized financial statements do not contain, in all material respects, all information the auditor considers necessary to prevent misrepresentation of the financial statements from which they have been derived.

If the responsible party does not agree to make the appropriate changes, the auditor should modify the opinion in the auditor's report on the summarized financial statements. The Appendix to this ISA contains an example of such a report.

Comparatives

25. There is a presumption that if the financial statements from which the summarized financial statements have been derived contain comparatives, the summarized financial statements will also contain comparatives. If the financial statements contain comparatives, but the summarized financial statements do not, the auditor considers whether such omission is reasonable in view of the nature and objective of the summarized financial statements, the established criteria (if any), and the information needs of the intended users. The auditor considers the effect of an unreasonable omission on the auditor's report on the summarized financial statements.
26. Comparatives in the financial statements from which the summarized financial statements have been derived may be regarded as corresponding figures or as comparative financial information. ISA 710, "Comparatives" describes how this difference affects the auditor's report, including, in particular, reference to other auditors who audited the financial statements for the prior period. If the summarized financial statements contain comparatives, which were reported on by another auditor, the auditor's report on the

summarized financial statements also contains the matters included in the auditor's report on the financial statements in compliance with ISA 710, paragraphs 17 and 26.

Unaudited Supplementary Information Presented with Summarized Financial Statements

27. ISA 700 (Revised), "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements," paragraphs 67-70, and proposed ISA 701, "The Independent Auditor's Report on Other Historical Financial Information," paragraph 33, establish standards and provide guidance to be applied when unaudited supplementary information is presented with audited historical financial information. **When unaudited supplementary information is presented with the summarized financial statements, the auditor should be satisfied that the unaudited supplementary information is clearly differentiated from the summarized financial statements. If the auditor concludes that the entity's presentation of the unaudited supplementary information does not differentiate it sufficiently from the summarized financial statements, the auditor should explain in the auditor's report that the supplementary information has not been audited.**
28. The fact that supplementary information is unaudited does not relieve the auditor of the responsibility to read that information to identify material inconsistencies with the summarized financial statements. The auditor's responsibilities with respect to unaudited supplementary information are consistent with those described in ISA 720, "Other Information in Documents Containing Audited Financial Statements."

Auditor Association

29. An entity might make a statement in a document that names the auditor and also refers to the fact that summarized financial statements have been derived from the audited financial statements. Such a statement does not, in itself, require the auditor to report on the summarized financial statements, if:
 - (a) The reference to the auditor is in the context of the auditor's report on the financial statements from which the summarized financial statements have been derived; and
 - (b) The statement does not give the impression that the auditor has reported on the summarized financial statements.

If these provisions are not met, the auditor requests that the entity change the statement to meet provisions in paragraph 29(a)-(b); or not include the auditor's name in the document. Alternatively, the entity may engage the auditor to report on the summarized financial statements and include the auditor's report in the document.

30. **If the entity does not change the statement, delete the reference to the auditor, or allow the auditor's report on the summarized financial statements to be included, the auditor should advise the entity that the auditor does not consent to either the use of the auditor's name or the reference to the auditor, and the auditor should consider what other actions might be appropriate.** Other actions may include informing the intended users and other known third party users of the inappropriate use of the auditor's name or seeking legal advice.

Effective Date

31. This ISA is effective for auditor's reports dated on or after December 31, 2006.

Appendix

Examples of Reports on Summarized Financial Statements

Example 1:

Circumstances include the following:

- **An unmodified opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements do not exist.**
- **The criteria in paragraph 11 of this ISA are described in a note in the summarized financial statements.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

The accompanying summarized financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.³

Management's Responsibility for the Summarized Financial Statements

Management is responsible for appropriately summarizing the financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements."

Opinion

In our opinion, the summarized financial statements appropriately summarize, in all material respects, the financial statements of ABC Company for the year ended December 31, 20X4 on the basis described in Note 1.

Notice to Reader

The summarized financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the financial statements of

³ When the auditor's report on the summarized financial statements is not dated after the date of the auditor's report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: "Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor's report on the complete set of financial statements."

ABC Company]. Reading these summarized financial statements, therefore, is not a substitute for reading the financial statements of ABC Company.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Example 2:

Circumstances include the following:

- **An unmodified opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements do not exist.**
- **The criteria in paragraph 11 of this ISA are not described in a note in the summarized financial statements.**

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

The accompanying summarized financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁴

Management’s Responsibility for the Summarized Financial Statements

Management is responsible for the appropriate summarization of the financial statements. An appropriate summarization of the financial statements is achieved when the summarized financial statements are in agreement with or can be recalculated from the related information in the financial statements from which they have been derived; and the summarized financial statements contain, in all material respects, the information necessary in the circumstances to prevent misrepresentation of the financial statements from which they have been derived.

Auditor’s Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, “The Independent Auditor’s Report on Summarized Audited Financial Statements.”

Opinion

In our opinion, the summarized financial statements appropriately summarize, in all material respects, the financial statements of ABC Company for the year ended December 31, 20X4 on the basis described under Management’s Responsibility for the Summarized Financial Statements.

Notice to Reader

⁴ When the auditor’s report on the summarized financial statements is not dated after the date of the auditor’s report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: “Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor’s report on the complete set of financial statements.”

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

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Example 3:

Circumstances include the following:

- **An unmodified opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements exist.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

The accompanying summarized audited financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁵

Management's Responsibility for the Summarized Audited Financial Statements

Management is responsible for appropriately summarizing the financial statements in accordance with [describe established criteria].

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized audited financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements."

Opinion

In our opinion, the summarized financial statements appropriately summarize, in all material respects, the financial statements of ABC Company for the year ended December 31, 20X4 in accordance with [describe established criteria].

Notice to Reader

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

[Auditor's signature]

[Date of the auditor's report]

⁵ When the auditor's report on the summarized financial statements is not dated after the date of the auditor's report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: "Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor's report on the complete set of financial statements."

[Auditor's address]

Example 4:

Circumstances include the following:

- **A qualified opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements do not exist.**
- **The criteria in paragraph 11 of this ISA are described in a note in the summarized financial statements.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

The accompanying summarized financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁶

Management's Responsibility for the Summarized Financial Statements

Management is responsible for appropriately summarizing the financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements."

Opinion

In our opinion, the summarized financial statements appropriately summarize, in all material respects, the financial statements of ABC Company for the year ended December 31, 20X4 on the basis described in Note 1.

However, in our report dated February 15, 20X5 we expressed a qualified opinion on the financial statements of ABC Company for the year ended December 31, 20X4. The basis for our qualified opinion was [describe basis for qualified opinion]. Our qualified opinion stated that [describe qualified opinion].⁷

⁶ When the auditor's report on the summarized financial statements is not dated after the date of the auditor's report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: "Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor's report on the complete set of financial statements."

⁷ If the summarized financial statements are affected by the basis for the qualified opinion, this paragraph should also describe the effect thereof on the summarized financial statements.

Notice to Reader

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

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Example 5:

Circumstances include the following:

- **An adverse opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements do not exist.**
- **The criteria in paragraph 11 of this ISA are described in a note in the summarized financial statements.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

The accompanying summarized financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the audited financial statements of ABC Company for the year ended December 31, 20X4.⁸

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the appropriate summarization of the financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements."

Opinion

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

Because of the significance of the matter discussed above, we are not able to express an opinion on the summarized audited financial statements of ABC Company for the year ended December 31, 20X4.

Notice to Reader

The summarized financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the financial statements of

⁸ When the auditor's report on the summarized financial statements is not dated after the date of the auditor's report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: "Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor's report on the complete set of financial statements."

ABC Company]. Reading these summarized financial statements, therefore, is not a substitute for reading the financial statements of ABC Company.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Example 6:

Circumstances include the following:

- **An unmodified opinion was expressed on the financial statements from which the summarized financial statements have been derived.**
- **Established criteria for preparing and presenting summarized financial statements do not exist.**
- **The criteria in paragraph 11 of this ISA are described in a note in the summarized financial statements.**
- **A modified opinion is expressed on the summarized financial statements.**

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

The accompanying summarized financial statements, which comprise the summarized balance sheet as at December 31, 20X4, the summarized income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, were derived from the financial statements of ABC Company for the year ended December 31, 20X4. We expressed an unmodified audit opinion on those financial statements in our report dated February 15, 20X5.⁹

Management's Responsibility for the Summarized Audited Financial Statements

Management is responsible for appropriately summarizing the financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 800, "The Independent Auditor's Report on Summarized Audited Financial Statements."

Opinion

[Describe matter that caused the summarized financial statements not to appropriately summarize, in all material respects, the financial statements of ABC Company.] Therefore, in our opinion, the summarized financial statements do not appropriately summarize, in all material respects, the financial statements of ABC Company for the year ended December 31, 20X4 on the basis described in Note 1.

Notice to Reader

The summarized financial statements do not contain all the disclosures required by [describe financial reporting framework applied in preparing and presenting the financial statements of

⁹ When the auditor's report on the summarized financial statements is not dated after the date of the auditor's report on the financial statements from which the summarized financial statements have been derived, the following sentence is added to this paragraph: "Those financial statements and the summarized financial statements do not reflect the effects, if any, of events that occurred subsequent to the date of the auditor's report on the complete set of financial statements."

ABC Company]. Reading these summarized financial statements, therefore, is not a substitute for reading the financial statements of ABC Company.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]