

**ASA 2008-1**  
(August 2008)

**Auditing Standard**  
**ASA 2008-1**  
*Amendments to Australian*  
*Auditing Standards*

Issued by the **Auditing and Assurance Standards Board**



**Australian Government**

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**Auditing and Assurance Standards Board**

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**ASA 2008-1**

- 2 -

**AUDITING STANDARD**

## CONTENTS

### PREFACE

### AUTHORITY STATEMENT

	<i>Paragraphs</i>
Objective.....	1
Application.....	2
Operative Date .....	3
Amendments to ASRE 2410 .....	4-17
Conformity with International Standards on Auditing.....	18

## PREFACE

### **Reasons for Issuing Auditing Standard ASA 2008-1 Amendments to Australian Auditing Standards**

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard ASA 2008-1 *Amendments to Australian Auditing Standards* pursuant to the requirements of the legislative provisions explained below.

The *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (the CLERP 9 Act) established the AUASB as an independent statutory body under section 227A of the *Australian Securities and Investments Commission Act 2001*, as from 1 July 2004. Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing standards are legislative instruments under the *Legislative Instruments Act 2003*.

### **Auditing Standards Amended by ASA 2008-1**

This Auditing Standard makes amendments to the following Auditing Standard on Review Engagements:

ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*.

The amendments arise from changes made by the International Auditing and Assurance Standards Board (IAASB) to the scope of ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the equivalent international standard of ASRE 2410. Under the Financial Reporting Council (FRC) Strategic Direction to the AUASB, the AUASB is to have regard to any programme initiated by the IAASB for the revision and enhancement of the International Standards on Auditing (ISAs) and make appropriate consequential amendments to the Australian Auditing Standards.

### **Main Features**

This Standard:

- (a) Expands the application of ASRE 2410 to include the review of a financial report other than for an *interim* period;

**Auditing Standard ASA 2008-1 *Amendments to Australian Auditing Standards***

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- (b) Provides Explanatory Guidance on the nature of financial reports;
- (c) Amends the required contents of the Auditor's Report; and
- (d) Amends the conformity paragraphs.

**Operative Date**

This Auditing Standard is operative for engagements commencing on or after 1 October 2008.

## **AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) makes Auditing Standard ASA 2008-1 *Amendments to Australian Auditing Standards* as set out in paragraphs 1 to 18, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with the *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Auditing Standards are to be understood, interpreted and applied.

The mandatory Requirements of this Auditing Standard are set out in **bold-type** paragraphs.

Dated 21 August 2008

M H Kelsall  
Chairman - AUASB

# AUDITING STANDARD ASA 2008-1

## *Amendments to Australian Auditing Standards*

### Objective

- 1 The objective of this Auditing Standard is to make amendments to Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*.

### Application

- 2 In respect of ASRE 2410, this Auditing Standard applies to:
- (a) a review, by the independent auditor of the entity, of a financial report for a half-year in accordance with Part 2M.3 of the *Corporations Act 2001*; and
  - (b) a review, by the independent auditor of the entity, of an interim or other financial report, comprising historical financial information, for any other purpose.

### Operative Date

- 3 This Auditing Standard is operative for engagements commencing on or after 1 October 2008.

### Amendments to ASRE 2410

- 4 The title of ASRE 2410 is amended to read as follows:
- ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*
- 5 As a consequence of the change in title, references to ASRE 2410, included in the following Appendices:
- (i) Appendix 1: Example of an Engagement Letter for a Review of an Interim Financial Report;
  - (ii) Appendix 3: Example of an Unmodified Auditor's Review Report on a Half-Year Financial Report – Single Disclosing Entity;

**Auditing Standard ASA 2008-1 Amendments to Australian Auditing Standards**

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- (iii) Appendix 4: Example of an Unmodified Auditor's Review Report on an Interim Financial Report;
- (iv) Appendix 4: Example of an Auditor's Review Report with a Qualified Conclusion for a Departure from the Applicable Financial Reporting Framework;
- (v) Appendix 4: Example of an Auditor's Review Report with a Qualified Conclusion for a Limitation On Scope Not Imposed By Management;
- (vi) Appendix 4: Example Of An Auditor's Review Report With An Adverse Conclusion For A Departure From The Applicable Financial Reporting Framework; and
- (vii) Appendix 4: Example Of An Auditor's Review Report with a Qualified Conclusion on the Basis that Comparatives have not been Reviewed or Audited,

are amended to read:

*ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity.*

- 6 Paragraph 1(b) is amended to read as follows:

**1(b) a review, by the independent auditor of the entity, of an interim or other financial report, comprising historical financial information, for any other purpose.**

- 7 The following explanatory guidance is inserted as paragraph 4(a) and paragraph 4(b) respectively:

4

...

- (a) A financial report is a complete financial report which ordinarily includes accompanying notes and an assertion by those responsible for the financial report.

The requirements of the applicable financial reporting framework determine the form and content of the financial report and what constitutes a complete financial report. For example, a financial report, as defined under section 303 of the *Corporations Act 2001* consists of financial statements



**Auditing Standard ASA 2008-1 Amendments to Australian Auditing Standards**

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- for the half-year, notes to the financial statements and the directors' declaration about the statements and notes.
- (b) A financial report is prepared in accordance with a financial reporting framework that is designed to achieve fair presentation.
- 8 Paragraph 5 is amended to read as follows:
- 5 The auditor who is engaged to perform a review of a financial report shall perform the review in accordance with this Auditing Standard.**
- 9 The following Explanatory Guidance is inserted as paragraph 6(a):
- 6(a) This ASRE is directed towards a review of an interim financial report by an entity's auditor. It is also to be applied when an entity's auditor undertakes an engagement to review a financial report comprising historical financial information.
- 10 The footnote attached to paragraph 9 is amended to read as follows:
- Footnote 2
- In Australia, ethical requirements are contained in APES 110 *Code of Ethics for Professional Accountants*, as issued from time to time, by the Accounting Professional and Ethical Standards Board.
- 11 Paragraph 70(d) is amended to read as follows:
- 70(d) A statement that those charged with governance are responsible for the preparation and fair presentation of the interim financial report in accordance with the applicable financial reporting framework.**
- 12 Paragraph 70(e) is deleted and the following note added:
- 70(e)** [Deleted by the AUASB]
- 13 Paragraph 70(g) is amended to read as follows:
- 70(g) A statement that the review of the interim financial report was conducted in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the***

***Independent Auditor of the Entity, and that that Auditing Standard requires the auditor to comply with ethical requirements relevant to the audit of the annual financial report.***

14 The following information is inserted at Paragraph 99:

- 99 ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity is directed towards a review of interim financial information by an entity's auditor. For purposes of ISRE 2410, financial information comprises either a complete or condensed set of financial statements for a period that is shorter than the entity's financial year. ISRE 2410 is directed towards the review of interim financial information. Further to amendments effected by the International Auditing and Assurance Standards Board in December 2007, it is to be applied, adapted as necessary in the circumstances, when an auditor undertakes an engagement to review historical financial information other than interim financial information of an audit client.

Following consultation with constituents in Australia in accordance with normal exposure draft processes, the AUASB has decided that:

- due to the nature of reviews of other historical financial information, a separate Standard is more appropriate than ASRE 2410 being adapted by the auditor for this purpose; and
- *ASRE 2405 Review of Historical Financial Information Other than a Financial Report*, as developed by the AUASB, will more comprehensively deal with reviews of other historical financial information.

Accordingly, ASRE 2410 is intended to conform, with the exceptions listed below, to ISRE 2410 to the extent that ISRE 2410 deals with the review of financial statements by the auditor of the entity.

15 The first and last paragraphs of the conformity section in the existing Standard are to include the following:

- 99 to the extent described above

**Auditing Standard ASA 2008-1 Amendments to Australian Auditing Standards**

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16 Paragraph 99, sub-paragraph 1, is amended to read:

99

...

1 This Auditing Standard contains the following mandatory requirements that are not contained in ISRE 2410:

- This Auditing Standard applies to:
  - (a) A review, by the independent auditor of the entity, of a financial report for a half-year in accordance with Part 2M.3 of the Corporations Act 2001; and
  - (b) A review, by the independent auditor of the entity, of an interim or other financial report, comprising historical financial information, for any other purpose (paragraph 1).

17 Paragraph 99, sub-paragraph 2, is amended to read:

99

...

2 In order to maintain consistency with the reporting requirements of Auditing Standard ASA 800 *The Auditor's Report on Special Purpose Audit Engagements*, the following requirements in ISRE 2410, paragraphs 43(e) and 43(j), are not contained in this Auditing Standard:

Paragraph 43(e)

'In other circumstances, a statement that management is responsible for the preparation and presentation of the interim financial information in accordance with the applicable financial reporting framework'.

Paragraph 43(j)

'In other circumstances, a conclusion as to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with

the applicable financial reporting framework (including a reference to the jurisdiction or country of origin of the financial reporting framework when the financial reporting framework used is not International Financial Reporting Standards).’

**Conformity with International Standards on Auditing**

- 18 This is an amending standard and accordingly, there is no corresponding International Standard on Auditing (ISA) or International Standard on Review Engagements (ISRE). The amendments that expand the application of ASRE 2410 to include the review of a financial report other than for an *interim* period contained in this Auditing Standard, do however, conform with amendments made by the IAASB to ISRE 2410 in December 2007.