



Mapping of Paragraphs in ISA 800 (Revised), *Special Considerations —Audits of Financial Statements Prepared in Accordance With a Special Purpose Framework*, to Related Paragraphs in AU-C 800 *Special Considerations —Audits of Financial Statements Prepared in Accordance With a Special Purpose Framework*

Yellow highlighted text is included in AU-C 800 but not included in ISA 800

Green highlighted text is included in ISA 800 but not included in AU-C 800.

Pink highlighted text shows differing language.

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Introduction	Introduction	Introduction	Red text identifies matters the ASB is being asked to focus on. Black text represents additional information and prior decisions.
Scope of this ISA 1.The International Standards on Auditing (ISAs) in the 100–700 series apply to an audit of financial statements. This ISA deals with special	Scope of this Section .01 AU-C sections 200—700 apply to an audit of financial statements. This section addresses special considerations in the application of those AU-C	Scope of this Section .01 AU-C sections 200—700 apply to an audit of financial statements. This section addresses special considerations in the application of those AU-C	At its Jan. 2018 meeting, the ASB recommended that the definition of <i>special purpose</i>

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<p>considerations in the application of those ISAs to an audit of financial statements prepared in accordance with a special purpose framework.</p>	<p>sections to an audit of financial statements prepared in accordance with a special purpose framework, which is a cash, a tax, a regulatory, a contractual, or an other basis of accounting. This section does not purport to address all special considerations that may be relevant in the circumstances. (Ref: par. .A1-.A4)</p>	<p>sections to an audit of financial statements prepared in accordance with a special purpose framework, which is a cash, a tax, a regulatory, a contractual, or an other basis of accounting. This section does not purport to address all special considerations that may be relevant in the circumstances.</p>	<p><i>framework</i> in AU-C 800 not designate specific frameworks as it currently does. Rather, the task force should try to identify the attributes of compliance frameworks and fair presentation frameworks so that a given framework may be categorized based on those attributes. This will contribute to consistency in the categorization.</p> <p>See proposed paragraph .A1 of AU-C 800, which provides examples of special purpose frameworks.</p>
<p>2.This ISA is written in the context of a complete set of financial statements</p>	<p>.02 This section is written in the context of a complete set of financial statements</p>	<p>.02 This section is written in the context of a complete set of financial statements</p>	

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<p>prepared in accordance with a special purpose framework. ISA 805 (Revised)¹ deals with special considerations relevant to an audit of a single financial statement or of a specific element, account or item of a financial statement.</p> <p>1. ISA 805 (Revised), <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i></p>	<p>prepared in accordance with a special purpose framework. Section 805, <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement</i>, addresses special considerations relevant to an audit of a single financial statement or of a specific element, account, or item of a financial statement.</p>	<p>prepared in accordance with a special purpose framework. Section 805, <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement</i>, addresses special considerations relevant to an audit of a single financial statement or of a specific element, account, or item of a financial statement.</p>	
<p>3. This ISA does not override the requirements of the other ISAs; nor does it purport to deal with all special considerations that may be relevant in the circumstances of the engagement.</p>			<p>The task force concluded that the words “This ISA does not override the requirements of the other ISAs” are not needed in AU-C 800.</p>
	<p>.03 Section 570, <i>The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern</i>, applies to audits of special purpose financial statements. Such financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant.</p>		<p>Moved part of extant par. A14 to the scope section consistent with ASB discussion in May 2018.</p>

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	<p>Paragraphs .18-.19 of this section address the auditor's responsibility regarding an entity's ability to continue as a going concern, and paragraph .22 addresses the effect on the auditor's report when the going concern basis of accounting is not relevant.</p>		
	<p>.03.04 Section 910, <i>Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country</i>, addresses circumstances in which an auditor practicing in the United States is engaged to report on financial statements that have been prepared in accordance with a financial reporting framework generally accepted in another country not adopted by a body designated by the Council of the AICPA (Council) to promulgate generally accepted accounting principles (GAAP) when such audited financial statements are intended for use outside the United States.</p>	<p>.03 Section 910, <i>Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country</i>, addresses circumstances in which an auditor practicing in the United States is engaged to report on financial statements that have been prepared in accordance with a financial reporting framework generally accepted in another country not adopted by a body designated by the Council of the AICPA (Council) to promulgate generally accepted accounting principles (GAAP) when such audited financial statements are intended for use outside the United States.</p>	<p>Is this paragraph still needed?</p>
	<p>.04.05 Section 806, <i>Reporting on Compliance With Aspects of</i></p>	<p>.04 Section 806, <i>Reporting on Compliance With Aspects of Contractual</i></p>	<p>Is this paragraph still needed?</p>

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	<i>Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements</i> , addresses the auditor's responsibility and the form and content of the report when the auditor is requested to report on the entity's compliance with aspects of contractual agreements or regulatory requirements in connection with the audit of financial statements.	<i>Agreements or Regulatory Requirements in Connection With Audited Financial Statements</i> , addresses the auditor's responsibility and the form and content of the report when the auditor is requested to report on the entity's compliance with aspects of contractual agreements or regulatory requirements in connection with the audit of financial statements.	
Effective Date	Effective Date	Effective Date	
4. This ISA is effective for audits of financial statements for periods beginning ending on or after December 15, 2009 2016.	.05.06 This section is effective for audits of financial statements for periods ending on or after December 15, 201 2 XX.	.05 This section is effective for audits of financial statements for periods ending on or after December 15, 2012.	The effective date will be aligned with the effective date of the other auditor reporting standards in the Auditor Reporting exposure draft (ED).
Objective 5. The objective of the auditor, when applying ISAs in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are relevant to:	Objective .06.07 The objective of the auditor, when applying generally accepted auditing standards (GAAS) in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are	Objective .06 The objective of the auditor, when applying generally accepted auditing standards (GAAS) in an audit of financial statements prepared in accordance with a special purpose framework, is to address appropriately the special considerations that are	

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<p>(a) The acceptance of the engagement;</p> <p>(b) The planning and performance of that engagement; and</p> <p>(c) Forming an opinion and reporting on the financial statements.</p>	<p>relevant to</p> <p style="margin-left: 20px;">a. the acceptance of the engagement,</p> <p style="margin-left: 20px;">b. the planning and performance of that engagement, and</p> <p style="margin-left: 20px;">c. forming an opinion and reporting on the financial statements.</p>	<p>relevant to</p> <p style="margin-left: 20px;">a. the acceptance of the engagement,</p> <p style="margin-left: 20px;">b. the planning and performance of that engagement, and</p> <p style="margin-left: 20px;">c. forming an opinion and reporting on the financial statements.</p>	
<p>Definitions</p> <p>6. For purposes of the ISAs, the following terms have the meanings attributed below:</p> <p style="margin-left: 20px;">(a) Special purpose financial statements – Financial statements prepared in accordance with a special purpose framework. (Ref: Para. A4)</p> <p style="margin-left: 20px;">(b) Special purpose framework – A financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework.² (Ref:</p>	<p>Definitions</p> <p>.07.08 For purposes of GAAS, the following terms have the meanings attributed as follows:</p> <p>Special purpose financial statements. Financial statements prepared in accordance with a special purpose framework. (Ref: par .A1)</p> <p>Special purpose framework. A financial reporting framework other than GAAP <u>designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a</u></p>	<p>Definitions</p> <p>.07 For purposes of GAAS, the following terms have the meanings attributed as follows:</p> <p>Special purpose financial statements. Financial statements prepared in accordance with a special purpose framework. (Ref: par. A1)</p> <p>Special purpose framework. A financial reporting framework other than GAAP that is one of the following bases of accounting:</p>	<p>Revised the definition of <i>special purpose framework</i> to be more general, (similar to the ISA), with application material providing examples of special</p>

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<p style="text-align: center;">Para. A1–A4)</p> <p>2 ISA 200, <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing</i>, paragraph 13(a)</p>	<p><u>compliance framework.¹ that is one of the following bases of accounting: (Ref: par. A2–A5A1–A6)</u></p> <p>a. Cash basis. A basis of accounting that the entity uses to record cash receipts and disbursements and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets).</p> <p>b. Tax basis. A basis of accounting that the entity uses to file its tax return for the period covered by the financial statements.</p> <p>c. Regulatory basis. A basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (for example, a basis of accounting that insurance</p>	<p>a. Cash basis. A basis of accounting that the entity uses to record cash receipts and disbursements and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets).</p> <p>b. Tax basis. A basis of accounting that the entity uses to file its tax return for the period covered by the financial statements.</p> <p>c. Regulatory basis. A basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (for example, a basis of accounting that insurance companies use pursuant to the accounting practices prescribed or permitted by a state insurance commission).</p>	<p>purpose frameworks (par. A1), and an indication that the cash and tax bases are generally fair presentation frameworks. (See proposed par. A2 “Many entities use the cash or tax...”)</p> <p>The task force has not yet discussed the attributes of compliance frameworks and fair presentation frameworks. Factors to consider in making these designations are</p> <ul style="list-style-type: none"> • the nature of the framework (e.g., how and by

¹ Definition of financial reporting framework in paragraph 14 of AU-C 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Generally Accepted Auditing Standards*.

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	<p>companies use pursuant to the accounting practices prescribed or permitted by a state insurance commission).</p> <p>d. Contractual basis. A basis of accounting that the entity uses to comply with an agreement between the entity and one or more third parties other than the auditor.</p> <p>e. Other basis. A basis of accounting that uses a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements.</p> <p>The cash basis, tax basis, regulatory basis, and other basis of accounting are commonly referred to as <i>other comprehensive bases of accounting.</i></p>	<p>d. Contractual basis. A basis of accounting that the entity uses to comply with an agreement between the entity and one or more third parties other than the auditor.</p> <p>e. Other basis. A basis of accounting that uses a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements.</p> <p>The cash basis, tax basis, regulatory basis, and other basis of accounting are commonly referred to as <i>other comprehensive bases of accounting.</i></p>	<p>whom it was developed, and whether and the extent to which it is based on a recognized general purpose framework such as GAAP), and</p> <ul style="list-style-type: none"> the intended use of the financial statements (e.g., the intended users and purpose for which the financial statements are prepared). <p>The task force will also need to consider whether there should be a requirement for the auditor to evaluate such attributes in all</p>

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			<p>cases, or only when the financial statements are prepared in accordance with an "other" basis of accounting."</p> <p>The definition of <i>financial reporting framework</i> in AU-C 200 will need to be revised to include the definition of a compliance framework.</p>
<p>7. Reference to "financial statements" in this ISA means "a complete set of special purpose financial statements, including the related notes." The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial</p>	<p>.09 .08 Reference to <i>financial statements</i> in this section means "a complete set of special purpose financial statements, including the related notes."²⁺ The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The</p>	<p>.08 Reference to <i>financial statements</i> in this section means "a complete set of special purpose financial statements, including the related notes."¹ The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the</p>	<p>The changes to the ISA relate to the IAASB's disclosures project.</p> <p>The definition of <i>financial statements</i></p>

²⁺ Paragraphs .14 and .A9 of section 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*.

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reporting framework determine the form <u>presentation structure</u> , and content of the financial statements, and what constitutes a complete set of financial statements. <u>Reference to "special purpose financial statements" includes the related disclosures.</u>	requirements of the applicable financial reporting framework determine the <u>presentation, structure, form</u> and content of the financial statements and what constitutes a complete set of financial statements. <u>Reference to "special purpose financial statements" includes the related disclosures.</u>	applicable financial reporting framework determine the form and content of the financial statements and what constitutes a complete set of financial statements. 1 Paragraphs .14 and .A9 of section 200, <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards</i> .	in AU-C 200 will need to be revised.
	.10 09 Reference to GAAP in GAAS means generally accepted accounting principles promulgated by bodies designated by Council pursuant to the "Compliance With Standards Rule" (ET sec. 1.310.001) and the "Accounting Principles Rule" (ET sec. 1.320.001) of the AICPA Code of Professional Conduct.	.09 Reference to GAAP in GAAS means generally accepted accounting principles promulgated by bodies designated by Council pursuant to the "Compliance With Standards Rule" (ET sec. 1.310.001) and the "Accounting Principles Rule" (ET sec. 1.320.001) of the AICPA Code of Professional Conduct.	
Requirements	Requirements	Requirements	
Considerations When Accepting the Engagement	Considerations When Accepting the Engagement	Considerations When Accepting the Engagement	
<i>Acceptability of the Financial Reporting Framework</i>	<i>Acceptability of the Financial Reporting Framework (Ref: .A6— .A9.A7-.A10)</i>	<i>Acceptability of the Financial Reporting Framework (Ref: .A6—.A9)</i>	

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<p>8. ISA 210 requires the auditor to determine the acceptability of the financial reporting framework applied in the preparation of the financial statements.³ In an audit of special purpose financial statements, the auditor shall obtain an understanding of: (Ref: Para. A5–A8)</p> <ul style="list-style-type: none"> (a) The purpose for which the financial statements are prepared; (b) The intended users; and (c) The steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances. <p>3. ISA 210, Agreeing the Terms of Audit Engagements, paragraph 6(a)</p>	<p>.11 10 Section 210, <i>Terms of Engagement</i>, requires the auditor to determine the acceptability of the financial reporting framework applied in the preparation of the financial statements.³² In an audit of special purpose financial statements, the auditor should obtain an understanding of</p> <ul style="list-style-type: none"> a. the purpose for which the financial statements are prepared, b. the intended users, and c. the steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances. 	<p>.10 Section 210, <i>Terms of Engagement</i>, requires the auditor to determine the acceptability of the financial reporting framework applied in the preparation of the financial statements.² In an audit of special purpose financial statements, the auditor should obtain an understanding of</p> <ul style="list-style-type: none"> a. the purpose for which the financial statements are prepared, b. the intended users, and c. the steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances. <p>2. Paragraph .06a of section 210, <i>Terms of Engagement</i></p>	
	<p>Preconditions for an Audit (Ref: par. .A11)</p> <p>.12 .11 Section 210 requires the auditor to establish whether the preconditions for an audit are present, including</p>	<p>Preconditions for an Audit (Ref: par. .A10)</p> <p>.11 Section 210 requires the auditor to establish whether the preconditions for an audit are present, including</p>	<p>ASB to determine whether par. 11 of extant AU-C 800 is still needed. Par. .10 acknowledges the requirement in AU-C</p>

³². Paragraph .06a of section 210, *Terms of Engagement*.

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	<p>determining whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable.⁴³ In an audit of special purpose financial statements, the auditor should obtain the agreement of management that it acknowledges and understands its responsibility to include all informative disclosures that are appropriate for the special purpose framework used to prepare the entity's for the preparation (and, in the case of a fair presentation framework, the fair presentation) of the special purpose financial statements, including</p> <p><i>a.</i> a description of the special purpose framework, including a summary of significant accounting policies, and how the framework differs from GAAP, the effects of which need not be quantified.</p> <p><i>b.</i> informative disclosures similar to those required by GAAP, in the case of special purpose financial statements prepared in accordance</p>	<p>determining whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable.³ In an audit of special purpose financial statements, the auditor should obtain the agreement of management that it acknowledges and understands its responsibility to include all informative disclosures that are appropriate for the special purpose framework used to prepare the entity's financial statements, including</p> <p><i>a.</i> a description of the special purpose framework, including a summary of significant accounting policies, and how the framework differs from GAAP, the effects of which need not be quantified.</p> <p><i>b.</i> informative disclosures similar to those required by GAAP, in the case of special purpose financial statements that contain items that</p>	<p>210 for the auditor to determine the acceptability of the framework. If a fair presentation framework, AU-C 700 requires an evaluation and “stand back” re disclosures needed for a fair presentation. Application material could expand on this as needed.</p> <p>Conforming amendments may be needed in AU-C 210 to acknowledge fair presentation and compliance frameworks for special purpose financial statements.</p>

⁴³ Paragraph .06a of section 210.

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	<p><u>with a fair presentation special purpose framework</u> that contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP.</p> <p>c. a description of any significant interpretations of the contract on which the special purpose financial statements are based, in the case of special purpose financial statements prepared in accordance with a contractual basis of accounting.</p> <p>d. <u>for a fair presentation special purpose framework</u>, additional disclosures beyond those specifically required by the framework that may be necessary for the special purpose financial statements to achieve fair presentation. (Ref: par. .A11<u>A11</u>)</p>	<p>are the same as, or similar to, those in financial statements prepared in accordance with GAAP.</p> <p>c. a description of any significant interpretations of the contract on which the special purpose financial statements are based, in the case of special purpose financial statements prepared in accordance with a contractual basis of accounting.</p> <p>d. additional disclosures beyond those specifically required by the framework that may be necessary for the special purpose financial statements to achieve fair presentation. (Ref: par. .A11)</p> <p>³ Paragraph .06a of section 210</p>	
Considerations When Planning and Performing the Audit	Considerations When Planning and Performing the Audit (Ref: par. .A12-.A15 <u>A12</u>—<u>A16</u>)	Considerations When Planning and Performing the Audit (Ref: par. .A12—.A15)	
9. ISA 200 requires the auditor to comply with all ISAs relevant to the	.12,13 <u>.12</u> Section 200, <i>Overall Objectives of the Independent Auditor</i>	<u>.12</u> Section 200, <i>Overall Objectives of the Independent Auditor and the</i>	The wording of par. <u>.12</u> of extant AU-C

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<p>audit.⁴ In planning and performing an audit of special purpose financial statements, the auditor shall determine whether application of the ISAs requires special consideration in the circumstances of the engagement. (Ref: Para. A9–A12)</p>	<p><i>and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards</i>, requires the auditor to comply with all AU-C sections relevant to the audit.^{5,4} In planning and performing an audit of special purpose financial statements, the auditor should adapt and apply all AU-C sections relevant to the audit as necessary in the circumstances of the engagement.</p>	<p><i>Conduct of an Audit in Accordance With Generally Accepted Auditing Standards</i>, requires the auditor to comply with all AU-C sections relevant to the audit.⁴ In planning and performing an audit of special purpose financial statements, the auditor should adapt and apply all AU-C sections relevant to the audit as necessary in the circumstances of the engagement.</p> <p>⁴ Paragraph .20 of section 200.</p>	<p>800 is a bit different from the wording of ISA 800. Does the ASB believe they are comparable?</p>
<p>10. ISA 315 (Revised) requires the auditor to obtain an understanding of the entity's selection and application of accounting policies.⁵ In the case of financial statements prepared in accordance with the provisions of a contract, the auditor shall obtain an understanding of any significant interpretations of the contract that management made in the preparation of those financial statements. An</p>	<p>.13, .14 .13 Section 315, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>, requires the auditor to obtain an understanding of the entity's selection and application of accounting policies.^{6, 5} In the case of special purpose financial statements prepared in accordance with a contractual basis of accounting, the auditor should obtain an understanding of any significant</p>	<p>.13 Section 315, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>, requires the auditor to obtain an understanding of the entity's selection and application of accounting policies.⁵ In the case of special purpose financial statements prepared in accordance with a contractual basis of accounting, the auditor should obtain an understanding of any significant</p>	

⁴ Paragraph .20 of section 200.

^{6, 5} Paragraph .12c of section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*.

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<p>interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial statements.</p> <p>5. ISA 315 (Revised), <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>, paragraph 11(c)</p>	<p>interpretations of the contract that management made in the preparation of those financial statements. An interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial statements.</p>	<p>interpretations of the contract that management made in the preparation of those financial statements. An interpretation is significant when adoption of another reasonable interpretation would have produced a material difference in the information presented in the financial statements.</p> <p>5. Paragraph .12c of section 315, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>.</p>	
<p>Forming an Opinion and Reporting Considerations</p>	<p>Forming an Opinion and Reporting Considerations</p>	<p>Forming an Opinion and Reporting Considerations</p>	
<p>11. When forming an opinion and reporting on special purpose financial statements, the auditor shall apply the requirements in ISA 700 (Revised).⁶ (Ref: Para. A13–A19)</p>	<p>.14, .15.14 When forming an opinion and reporting on special purpose financial statements, the auditor should apply the requirements in section 700, <i>Forming an Opinion and Reporting on Financial Statements</i>. When, in forming an opinion, the auditor concludes that a modification to the auditor's opinion on the financial statements is necessary, the auditor should apply the requirements in section 705, <i>Modifications to the Opinion in the Independent Auditor's</i></p>	<p>.14 When forming an opinion and reporting on special purpose financial statements, the auditor should apply the requirements in section 700, <i>Forming an Opinion and Reporting on Financial Statements</i>. When, in forming an opinion, the auditor concludes that a modification to the auditor's opinion on the financial statements is necessary, the auditor should apply the requirements in section 705, <i>Modifications to the Opinion in the Independent Auditor's</i></p>	<p>Is the reference to AU-C 705 in par. .14 of extant AU-C 800 needed and helpful? ISA 800 does not include this reference because ISA 700 directs the auditor to ISA 705 regarding modifications to the</p>

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6. ISA 700: (Revised) , Forming an Opinion and Reporting on Financial Statements	<i>Report.</i> (Ref: par. .A15-<u>A17</u>)	<i>Report.</i> (Ref: par. A16)	<i>opinion.</i>
Description of the Applicable Financial Reporting Framework	<i>Description of the Applicable Financial Reporting Framework (Ref: par. .A18–.A19 A18–A19)</i>	<i>Description of the Applicable Financial Reporting Framework (Ref: par. A17-A18)</i>	
12. ISA 700 requires the auditor to evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework. ⁷ In the case of financial statements prepared in accordance with the provisions of a contract, the auditor shall evaluate whether the financial statements adequately describe any significant interpretations of the contract on which the financial statements are based.	.15,16 .15 Section 700 requires the auditor to evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework. ⁷⁶ In an audit of special purpose financial statements, the auditor should evaluate whether the financial statements are suitably titled, include a summary of significant accounting policies, and adequately describe how the special purpose framework differs from GAAP. The effects of these differences need not be quantified. <u>In the case of financial statements prepared in accordance with the provisions of a contract, the auditor should evaluate whether the financial statements adequately describe any</u>	.15 Section 700 requires the auditor to evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework. ⁶ In an audit of special purpose financial statements, the auditor should evaluate whether the financial statements are suitably titled, include a summary of significant accounting policies, and adequately describe how the special purpose framework differs from GAAP. The effects of these differences need not be quantified. 6 Paragraph .18 of section 700, <i>Forming an Opinion and Reporting on Financial Statements.</i>	Extant par. 14 requires the auditor to obtain an understanding of significant interpretations and here, to evaluate whether the financial statements describe such significant interpretations.

^{7 6} Paragraph .18 of section 700, *Forming an Opinion and Reporting on Financial Statements.*

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7. ISA 700 (Revised), paragraph 15.	significant interpretations of the contract on which the financial statements are based.		
	16. In the case of financial statements prepared in accordance with the provisions of a contract, the auditor should evaluate whether the financial statements adequately describe any significant interpretations of the contract on which the financial statements are based. Moved to the end of par. .16.	16. In the case of financial statements prepared in accordance with the provisions of a contract, the auditor should evaluate whether the financial statements adequately describe any significant interpretations of the contract on which the financial statements are based.	
	<u>Special Purpose Financial Statements Prepared in Accordance With a Fair Presentation Framework (Ref: par. .A20-.A24 .20-.24)</u>	<i>Fair Presentation (Ref: par. .A19-.A23)</i>	
	.16.17 .17 Section 700 requires the auditor to evaluate whether the financial statements achieve fair presentation. ^{7 8} In an audit of special purpose financial statements <u>prepared in accordance with a fair presentation framework</u> , when the	.17 Section 700 requires the auditor to evaluate whether the financial statements achieve fair presentation. ⁷ In an audit of special purpose financial statements when the special purpose financial statements contain items that	At its Jan. 2018 meeting, the ASB tentatively concluded that when financial statements are prepared in

⁸⁷. Paragraph 17 of Section 700.

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	<p>special purpose financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, the auditor should evaluate whether the financial statements include informative disclosures similar to those required by GAAP. The auditor should also evaluate whether additional disclosures, beyond those specifically required by the framework, related to matters that are not specifically identified on the face of the financial statements or other disclosures are necessary for the financial statements to achieve fair presentation.</p>	<p>are the same as, or similar to, those in financial statements prepared in accordance with GAAP, the auditor should evaluate whether the financial statements include informative disclosures similar to those required by GAAP. The auditor should also evaluate whether additional disclosures, beyond those specifically required by the framework, related to matters that are not specifically identified on the face of the financial statements or other disclosures are necessary for the financial statements to achieve fair presentation.</p> <p>7. Paragraph 17 of Section 700</p>	<p>accordance with a compliance framework, the auditor should not be required to perform the evaluation required by par. 17. Accordingly, par 17 has been revised to focus only on fair presentation frameworks, which would include cash and tax basis financial statements.</p> <p>The Task Force noted that it is not always clear what is meant by “items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP.” ASB to consider whether</p>

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			<p>any revisions to the wording of the requirement or related application material are needed for clarity.</p> <p>Is a similar concept also needed for compliance frameworks, e.g., to prevent financial statements from being misleading?</p>
	<p>Auditor's Responsibilities Regarding the Entity's Ability to Continue as a Going Concern</p>		
	<p><u>.18 Irrespective of whether the going concern basis of accounting is relevant to the preparation of the special purpose financial statements, the requirements in section 570 relating to the auditor's responsibilities to conclude, based on the audit evidence obtained, whether substantial doubt exists about an entity's ability to continue as a going concern for a reasonable period of time, and to evaluate the possible financial statement</u></p>		<p>This is the last part of paragraph .A14 of extant AU-C 800 (added through a conforming amendment when SAS 132 was issued).</p>

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	effects, including the adequacy of disclosure regarding the entity's ability to continue as a going concern for a reasonable period of time, apply to audits of special purpose financial statements.		
	.17.19 When the going concern basis of accounting is not relevant to the preparation of the special purpose financial statements, the requirement in paragraph .18 applies, but the auditor is not required to obtain evidence about and conclude on whether management's use of the going concern basis of accounting is appropriate.		New paragraph
	<i>Auditor's Report</i>		
13. ISA 700 (Revised) deals with the form and content of the auditor's report, including the specific ordering for certain elements. In the case of an auditor's report on special purpose financial statements:	.18.20 18. Section 700 addresses the form and content of the auditor's report, including the specific ordering for certain elements. In the case of an auditor's report on special purpose financial statements, the a. with respect to the auditor's opinion: i. when expressing an unmodified opinion on special purpose financial statements prepared in	.18 Section 700 addresses the form and content of the auditor's report. In the case of an auditor's report on special purpose financial statements, the	The language added to ISA 800 is meant to remind the auditor that certain elements of the report are now required to be presented in a specific order. The report element related to the

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<p>(a) The auditor's report shall also describe the purpose for which the financial statements are prepared and, if necessary, the intended users, or refer to a note in the special purpose financial</p>	<p>accordance with a fair presentation framework, the auditor's opinion should state that, in the auditor's opinion, the accompanying special purpose financial statements present fairly, in all material respects, [...] in accordance with [the special purpose framework]; or</p> <p>ii. when expressing an unmodified opinion on special purpose financial statements prepared in accordance with a compliance framework, the auditor's opinion should state that, in the auditor's opinion, the accompanying special purpose financial statements are prepared, in all material respects, in accordance with [the special purpose framework];</p> <p>b. The auditor's report should also describe the purpose for which the financial statements are prepared or refer to a note in the special purpose financial statements that contains that information, and</p>	<p>b. auditor's report should also describe the purpose for which the financial statements are prepared or refer to a note in the special purpose financial statements that contains that information, when the financial</p>	<p>wording of the opinion (proposed par. 20a) is needed in AU-C 800 because AU-C 700 deals only with fair presentation frameworks.</p> <p>Are we introducing a requirement that may be difficult to fulfill? For example, for cash and tax basis special purpose</p>

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<p>statements that contains that information; and</p> <p>(b) If management has a choice of financial reporting frameworks in the preparation of such financial statements, the explanation of management's⁸ responsibility for the financial statements shall also make reference to its responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances.</p> <p>8. Or other term that is appropriate in the</p>	<p>when the financial statements are prepared in accordance with</p> <p>i. a regulatory or contractual basis of accounting or</p> <p>ii. an other basis of accounting, and the auditor is required to restrict use of the auditor's report pursuant to paragraph .06a-b of section 905, Alert That Restricts the Use of the Auditor's Written Communication.</p> <p>(Ref: par. A25)</p> <p>c# <u>If management has a choice of financial reporting frameworks in the preparation of the special purpose financial statements, the explanation of management's responsibility for the financial statements should also make reference to its responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances., when management has a choice of financial reporting frameworks in the preparation of such financial</u></p>	<p>statements are prepared in accordance with</p> <p>i. a regulatory or contractual basis of accounting or</p> <p>ii. an other basis of accounting, and the auditor is required to restrict use of the auditor's report pursuant to paragraph .06a-b of section 905, <i>Alert That Restricts the Use of the Auditor's Written Communication</i>. (Ref: par. A24)</p> <p>a. explanation of management's responsibility for the financial statements should also make reference to its responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances, when management has a choice of financial reporting frameworks in the preparation of such financial statements.</p>	<p>financial statements, the purpose for which the financial statements are prepared may be the same as it is for financial statements prepared in accordance with GAAP. For cash and tax basis financial statements, consider retaining the language in item b of extant AU-C 800.</p>

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context of the legal framework in the particular jurisdiction	statements.		
	<p><u><i>Going Concern Basis of Accounting</i></u></p> <p><u>.21 If the financial statements are prepared in accordance with a special purpose framework for which the going concern basis of accounting is not relevant, the description of the auditor's responsibilities in the auditor's report relating to going concern should be revised to state that the auditor has not evaluated or concluded on whether management's use of the going concern basis of accounting is appropriate.</u></p> <p>This requirement was discussed by the Task Force to provide transparency when the going concern basis of accounting is not relevant in the circumstances of the engagement. It is subject to further discussion by the Task Force in view of the comments received on the Auditor Reporting ED.</p>		
<i>Alerting Readers that the Financial Statements Are Prepared in Accordance with a Special Purpose Framework</i>	<i>Alerting Readers in an Emphasis-of-Matter Paragraph That the Financial Statements Are Prepared in Accordance With a Special Purpose Framework (Ref: par. 0.A24 .A26)</i>	<i>Alerting Readers in an Emphasis-of-Matter Paragraph That the Financial Statements Are Prepared in Accordance With a Special Purpose Framework (Ref: par. .A25)</i>	

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<p>14. The auditor's report on special purpose financial statements shall include an Emphasis of Matter paragraph alerting users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading. (Ref: Para. A14–A15(Ref: Para. A20–A21))</p>	<p>.19, .22, .19 Except for the circumstances described in paragraph .21, the auditor's report on special purpose financial statements should include an <i>emphasis-of-matter</i> paragraph,^{9, 8} under an appropriate heading, that indicates that the financial statements are prepared in accordance with the applicable special purpose framework, refers to the note to the financial statements that describes that framework, and states that the special purpose framework is a basis of accounting other than GAAP. For special purpose financial statements prepared in accordance with a contractual basis of accounting, the emphasis-of-matter paragraph also should state that, as a result, the financial statements may not be suitable for another purpose.</p>	<p>.19 Except for the circumstances described in paragraph .21, the auditor's report on special purpose financial statements should include an <i>emphasis-of-matter</i> paragraph,⁸ under an appropriate heading, that indicates that the financial statements are prepared in accordance with the applicable special purpose framework, refers to the note to the financial statements that describes that framework, and states that the special purpose framework is a basis of accounting other than GAAP.</p> <p>⁸. Paragraphs .06—.07 of section 706, <i>Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report</i>.</p>	<p>At its Jan. 2018 meeting, the ASB agreed that the auditor's report on financial statements prepared in accordance with a special purpose framework, whether a compliance or fair presentation framework, should include an emphasis-of-matter (EOM) paragraph stating that the financial statements are prepared in accordance with a special purpose framework that is a basis of accounting other than GAAP.</p> <p>The ASB also recommended that</p>

⁹⁸. Paragraphs .06—.07 of section 706, *Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report*.

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			<p>the task force further discuss whether, in certain circumstances, the EOM paragraph should also state that the financial statements may not be suitable for another purpose. The task force concluded that this additional statement should be included for compliance frameworks. The task force rationale was that, because special purpose financial statements are designed to meet the needs of specific users, it is appropriate for the auditor's report to state that the financial statements may not be suitable</p>

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	<p><i>Restricting the Use of the Auditor's Report in an Other-Matter Paragraph (Ref: par. .A27–.A28)</i></p> <p><u>.23 If the special purpose financial statements are prepared in accordance with the contractual basis of accounting, the auditor's report should include an other-matter paragraph¹⁰ under an appropriate heading, that restricts the use of the auditor's report pursuant to paragraph .06a–b of section 905, Alert That Restricts the Use of the Auditor's Written Communication.</u>¹¹</p> <p>.20 Except for the circumstances described in paragraph .21, the auditor's report on special purpose financial statements should include an other-matter paragraph,⁹ under an appropriate heading, that restricts¹⁰ the use of the auditor's report when the special purpose financial statements are prepared in accordance with a. a contractual basis of accounting,</p>	<p><i>Restricting the Use of the Auditor's Report in an Other-Matter Paragraph (Ref: par. .A26–.A27)</i></p> <p>.20 Except for the circumstances described in paragraph .21, the auditor's report on special purpose financial statements should include an other-matter paragraph,⁹ under an appropriate heading, that restricts¹⁰ the use of the auditor's report when the special purpose financial statements are prepared in accordance with</p>	<p>for another purpose.</p> <p>At its Jan. 2018 meeting, the ASB agreed that, because the auditor's report on financial statements prepared in accordance with a special purpose framework would be required to include the EOM paragraph, it may not be necessary to require the auditor to include an other-matter paragraph restricting the use of the report in all cases. However, the ASB discussed whether the restricted use wording should be included for a</p>

¹⁰. Paragraph .08 of section 706.

¹¹. See paragraphs .06a–b and .07 of section 905, *Alert That Restricts the Use of the Auditor's Written Communication*

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	<p><i>b. a regulatory basis of accounting, or</i> <i>c. an other basis of accounting when required pursuant to paragraph .06a-b of section 905.</i></p> <p><i>9. Paragraph .08 of section 706.</i> <i>10. See paragraphs .06a-b and .07 of section 905, Alert That Restricts the Use of the Auditor's Written Communication</i></p>	<p><i>a. a contractual basis of accounting,</i> <i>b. a regulatory basis of accounting, or</i> <i>c. an other basis of accounting when required pursuant to paragraph .06a-b of section 905.</i></p> <p>9. Paragraph .08 of section 706. 10. See paragraphs .06a-b and .07 of section 905, <i>Alert That Restricts the Use of the Auditor's Written Communication</i></p>	<p>contractual basis of accounting. In addition, the auditor would have the option of including such a paragraph in other circumstances if deemed necessary in the circumstances. The ASB agreed that addressing this in application material, as done in ISA 800, would be sufficient. See the new proposed application paragraph (.A25) under <i>Restricting the Use of the Auditor's Report</i>.</p>
	<p><i>Regulatory Basis Financial Statements Intended for General Use (Ref: par. .A29)</i> <i>.21 If the special purpose financial statements are prepared in accordance with a regulatory basis of accounting, and the special purpose financial</i></p>	<p><i>Regulatory Basis Financial Statements Intended for General Use (Ref: par. .A28)</i> <i>.21 If the special purpose financial statements are prepared in accordance with a regulatory basis of accounting, and the special purpose financial</i></p>	<p>Initial outreach with regulators was performed to obtain reactions to the possibility of moving away from the dual opinion</p>

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	<p>statements together with the auditor's report are intended for general use, the auditor should not include the <i>emphasis-of-matter</i> or <i>other-matter</i> paragraphs required by paragraphs .19-.20. Instead, the auditor should express an opinion about whether the special purpose financial statements are presented fairly, in all material respects, in accordance with GAAP. The auditor should also, in a separate paragraph, express an opinion about whether the financial statements are prepared in accordance with the special purpose framework.</p>	<p>statements together with the auditor's report are intended for general use, the auditor should not include the <i>emphasis-of-matter</i> or <i>other-matter</i> paragraphs required by paragraphs .19-.20. Instead, the auditor should express an opinion about whether the special purpose financial statements are presented fairly, in all material respects, in accordance with GAAP. The auditor should also, in a separate paragraph, express an opinion about whether the financial statements are prepared in accordance with the special purpose framework.</p>	<p>approach, and to a single compliance-type opinion.</p> <p>Is par. 21 of extant AU-C 800 still needed?</p>
	<p>Auditor's Report Prescribed by Law or Regulation (Ref: par. .A27-.A30-.A30-.A33)</p> <p>.20, .24 .22 If the auditor is required by law or regulation to use a specific layout, form, or wording of the auditor's report, the auditor's report should refer to GAAS only if the auditor's report includes, at a minimum, each of the following elements</p> <ul style="list-style-type: none"> a. A title b. An addressee 	<p>Auditor's Report Prescribed by Law or Regulation (Ref: par. .A29-.A32)</p> <p>.22 If the auditor is required by law or regulation to use a specific layout, form, or wording of the auditor's report, the auditor's report should refer to GAAS only if the auditor's report includes, at a minimum, each of the following elements</p> <ul style="list-style-type: none"> a. A title b. An addressee 	<p>Paragraphs .22-.23 of extant AU-C 800 are important because the ASB decided that these situations would be confined to special purpose reports. Accordingly, the related requirements in ISA 700 were not included in the auditor reporting</p>

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	<p>e. An introductory paragraph that identifies the special purpose financial statements audited</p> <p>c. An opinion section that</p> <p style="padding-left: 20px;">i. identifies the special purpose financial statements that have been audited, and</p> <p style="padding-left: 20px;">ii. contains an expression of opinion on the special purpose financial statements and a reference to the special purpose framework used to prepare the financial statements</p> <p>d. A description of the responsibility of management for the preparation and fair presentation of the special purpose financial statements</p> <p>f. A description of the purpose for which the financial statements are prepared when required by paragraph 18b</p>	<p>c. An introductory paragraph that identifies the special purpose financial statements audited</p> <p>h. An opinion paragraph containing an expression of opinion on the special purpose financial statements and a reference to the special purpose framework used to prepare the financial statements (including identifying the origin of the framework) and, if applicable, an opinion on whether the special purpose financial statements are presented fairly, in all material respects, in accordance with GAAP when required by paragraph 21</p> <p>d. A description of the responsibility of management for the preparation and fair presentation of the special purpose financial statements</p> <p>f. A description of the purpose for which the financial statements are prepared when required by paragraph 18b</p>	<p>ED₂ which only addresses revisions to the AU-C 700 series.</p> <p>The individual report elements have been updated to be consistent with ISA 700 (Revised) and the auditor reporting ED.</p>

<p style="text-align: center;">1 ISA 800 (Revised), Marked to Show Changes Resulting from IAASB's Auditor Reporting Project</p>	<p style="text-align: center;">2 Extant AU-C 800 Marked to Show Proposed AU-C 800 Revised</p>	<p style="text-align: center;">3 Extant AU-C 800</p>	<p style="text-align: center;">4 Comments and Questions for the ASB</p>
	<p><u>d. A statement that the auditor is independent of the entity, and has fulfilled the auditor's other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit</u></p> <p><u>e. When applicable, a section that addresses the reporting requirements in paragraphs .22-.24 of proposed SAS, <i>The Auditor's Responsibilities Relating to Other Information Included in Annual Reports</i></u></p> <p><u>f. A description of management's responsibilities for the preparation of the special purpose 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 31-33 of proposed SAS, <i>Forming an Opinion and Reporting on Financial Statements</i></u></p>		<p>Does the ASB have any initial thoughts about the applicability of other information to special purpose financial statements?</p>

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	<p>ge. A reference to management's responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances when required by paragraph .18a</p> <p>g. A description of the auditor's responsibility to express an opinion on the special purpose financial statements and the scope of the audit, that includes</p> <p>i. A reference to GAAS and, if applicable, the law or regulation</p> <p>ii. A description of an audit in accordance with those standards</p> <p>h. A reference to GAAS and, if applicable, 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 .35-.37 of proposed SAS, <i>Forming an Opinion and Reporting on Financial Statements</i></p>	<p>e. A reference to management's responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances when required by paragraph .18a</p> <p>g. A description of the auditor's responsibility to express an opinion on the special purpose financial statements and the scope of the audit, that includes</p> <p>i. A reference to GAAS and, if applicable, the law or regulation</p> <p>ii. A description of an audit in accordance with those standards</p>	

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	<p><i>i.</i> An <i>emphasis-of-matter</i> paragraph that indicates that the financial statements are prepared in accordance with a special purpose framework when required by paragraph .19, and states that the special purpose framework is a basis of accounting other than GAAP</p> <p><i>j.</i> An <i>other-matter</i> paragraph that restricts the use of the auditor's report when required by paragraph .20</p> <p><i>jk.</i> The auditor's signature</p> <p><i>kl.</i> The auditor's <u>city and state</u> address</p> <p><i>lm.</i> The date of the auditor's report</p>	<p><i>i.</i> An <i>emphasis-of-matter</i> paragraph that indicates that the financial statements are prepared in accordance with a special purpose framework when required by paragraph .19</p> <p><i>j.</i> An <i>other-matter</i> paragraph that restricts the use of the auditor's report when required by paragraph .20</p> <p><i>k.</i> The auditor's signature</p> <p><i>l.</i> The auditor's city and state</p> <p><i>m.</i> The date of the auditor's report</p>	
	<p>.21, .25, .23 If the prescribed specific layout, form, or wording of the auditor's report is not acceptable or would cause an auditor to make a statement that the auditor has no basis to make, the auditor should reword the prescribed form of report or attach an appropriately worded separate report.</p>	<p>.23 If the prescribed specific layout, form, or wording of the auditor's report is not acceptable or would cause an auditor to make a statement that the auditor has no basis to make, the auditor should reword the prescribed form of report or attach an appropriately worded separate report.</p>	

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Application and Other Explanatory Material	Application and Other Explanatory Material		
	Scope of this Section (Ref: par. .01)		
<p>A1. Examples of special purpose frameworks are:</p> <ul style="list-style-type: none"> • The cash receipts and disbursements basis of accounting for cash flow information that an entity may be requested to prepare for creditors; • A tax basis of accounting for a set of financial statements that accompany an entity's tax return; • The financial reporting provisions established by a regulator to meet the requirements of that regulator; or 	<p>.A1 The following are examples of special purpose frameworks (Ref: par. .01)</p> <p><i>a. Cash basis.</i> A basis of accounting that the entity uses to record cash receipts and disbursements and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets).</p> <p><i>b. Tax basis.</i> A basis of accounting that the entity uses to file its tax return for the period covered by the financial statements.</p> <p><i>c. Regulatory basis.</i> A basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (for example, a basis of accounting that insurance companies use</p>		<p>The task force concluded that the various types of frameworks should be included as examples in the application material, with additional explanation as needed, rather than as part of the definition of special purpose framework.</p>

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<ul style="list-style-type: none"> The financial reporting provisions of a contract, such as a bond indenture, a loan agreement, or a project grant. 	<p>pursuant to the accounting practices prescribed or permitted by a state insurance commission).</p> <p><i>d. Contractual basis.</i> A basis of accounting that the entity uses to comply with an agreement between the entity and one or more third parties other than the auditor.</p> <p><i>e. Other basis.</i> A basis of accounting that uses a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements.</p> <p>The cash basis, tax basis, regulatory basis, and other basis of accounting are commonly referred to as <i>other comprehensive bases of accounting</i>.</p>		
	<p><u>.A2 Many entities use the cash or tax basis of accounting in preparing their financial statements. Such financial statements are widely recognized and accepted by banks and other stakeholders. In addition, guidance on the preparation of such financial</u></p>		<p>At its Jan. 2018 meeting, the ASB noted that many entities use the cash or tax basis of accounting in preparing their</p>

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	<p>statements has been available and prevalent for many years. For these reasons, the cash and tax bases of accounting are considered fair presentation frameworks.</p>		<p>financial statements, and that such financial statements are widely understood and commonly accepted by banks and other stakeholders, and due to the availability of non-authoritative guidance on this subject. For these reasons, the ASB concluded that the cash and tax basis of accounting should be considered fair presentation frameworks subject to the requirements in paragraph 17 of AU-C 800.</p>
	<p>Special Purpose Financial Statements and Special Purpose Frameworks (Ref: par. .07)</p>	<p>Special Purpose Financial Statements and Special Purpose Frameworks (Ref: par. .07)</p>	
	<p>.A1 Special purpose financial statements</p>	<p>.A1 Special purpose financial statements</p>	

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	<p>may be prepared for use by regulatory bodies, the parties to a contract or agreement, or other specified parties. For example, a loan agreement may require the borrower to prepare consolidated financial statements for the lender presented on a contractual basis of accounting, which is not in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards promulgated by the International Accounting Standards Board</p>	<p>may be prepared for use by regulatory bodies, the parties to a contract or agreement, or other specified parties. For example, a loan agreement may require the borrower to prepare consolidated financial statements for the lender presented on a contractual basis of accounting, which is not in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards promulgated by the International Accounting Standards Board</p>	
<p>A2. There may be circumstances where a special purpose framework is based on a financial reporting framework established by an authorized or recognized standards setting organization or by law or regulation, but does not comply with all the requirements of that framework. An example is a contract that requires financial statements to be prepared in accordance with most, but not all, of the Financial Reporting Standards of Jurisdiction X. When this is acceptable</p>	<p>.A2 <u>.A3</u> There may be circumstances where a <u>special purpose framework</u> regulatory or contractual basis of accounting is based on a <u>general purpose framework</u> financial reporting framework established by an authorized or recognized standards setting organization -such as U.S. GAAP, <u>or by law or regulation</u>, but does not comply with all the requirements of that framework.⁴⁴ An example is a contract that requires financial statements to be prepared in accordance with most, but</p>	<p>.A2 There may be circumstances when a regulatory or contractual basis of accounting is based on a general purpose framework, such as U.S. GAAP, but does not comply with all the requirements of that framework.⁴⁴ An example is a contract that requires financial statements to be prepared in accordance with most, but not all, of U.S. GAAP. If the financial statements purport to be prepared in accordance with a general purpose framework and such financial statements are materially</p>	

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<p>in the circumstances of the engagement, it is inappropriate for the description of the applicable financial reporting framework in the special purpose financial statements to imply full compliance with the financial reporting framework established by the authorized or recognized standards setting organization or by law or regulation. In the above example of the contract, the description of the applicable financial reporting framework may refer to the financial reporting provisions of the contract, rather than make any reference to the Financial Reporting Standards of Jurisdiction X.</p>	<p>not all, of U.S. GAAP. <u>When this is acceptable in the circumstances of the engagement, it is inappropriate for the description of the applicable financial reporting framework in the special purpose financial statements to imply full compliance with the financial reporting framework established by the authorized or recognized standards setting organization or by law or regulation. In the above example of the contract, the description of the applicable financial reporting framework may refer to the financial reporting provisions of the contract, rather than make any reference to U.S. GAAP. If the financial statements purport to be prepared in accordance with a general purpose framework and such financial statements are materially misstated due to a departure from that framework, section 705 applies.</u></p> <p>11 The term general purpose framework is defined in paragraph .11 of section 700.</p>	<p>misstated due to a departure from that framework, section 705 applies.</p> <p>11 The term general purpose framework is defined in paragraph .11 of section 700.</p>	
	<p>A3 When it is acceptable in the circumstances of the engagement to report, in accordance with this section,</p>	<p>A3 When it is acceptable in the circumstances of the engagement to report, in accordance with this section,</p>	

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	<p>on special purpose financial statements that purport to be prepared in accordance with a regulatory or contractual basis of accounting that is based on a general purpose framework, it is inappropriate for the description of the applicable financial reporting framework in the special purpose financial statements to imply full compliance with the general purpose framework. In the example of the contract in paragraph .A2, the description of the applicable financial reporting framework would refer to the financial reporting provisions of the contract, rather than make reference to U.S. GAAP. The requirements in paragraphs . 19—.21 are designed to avoid misunderstandings about compliance with the general purpose framework.</p>	<p>on special purpose financial statements that purport to be prepared in accordance with a regulatory or contractual basis of accounting that is based on a general purpose framework, it is inappropriate for the description of the applicable financial reporting framework in the special purpose financial statements to imply full compliance with the general purpose framework. In the example of the contract in paragraph .A2, the description of the applicable financial reporting framework would refer to the financial reporting provisions of the contract, rather than make reference to U.S. GAAP. The requirements in paragraphs . 19—.21 are designed to avoid misunderstandings about compliance with the general purpose framework.</p>	
<p>A3. In the circumstances described in paragraph A2, the special purpose framework may not be a fair presentation framework even if the financial reporting framework on which it is based is a fair presentation</p>			

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<p>framework. This is because the special purpose framework may not comply with all the requirements of the financial reporting framework established by the authorized or recognized standards setting organization or by law or regulation that are necessary to achieve fair presentation of the financial statements.</p>			
<p>A4. Financial statements prepared in accordance with a special purpose framework may be the only financial statements an entity prepares. In such circumstances, those financial statements may be used by users other than those for whom the financial reporting framework is designed. Despite the broad distribution of the financial statements in those circumstances, the financial statements are still considered to be special purpose financial statements for purposes of the ISAs. The requirements in paragraphs 13–14 are designed to avoid misunderstandings about the purpose for which the financial statements are prepared. Disclosures</p>	<p>.A2.A4 .A4 Financial statements prepared in accordance with a <u>special purpose framework</u> cash basis, tax basis, or an other basis of accounting may be the only financial statements an entity prepares. Such special purpose financial statements may be used by users other than those for whom the financial reporting framework is designed. Despite the broad distribution of the financial statements, the financial statements are still considered to be special purpose financial statements for purposes of GAAS. The requirement in paragraph 19.22 to include an emphasis of matter paragraph, indicating that the financial statements are prepared in accordance with a</p>	<p>.A4 Financial statements prepared in accordance with a cash basis, tax basis, or an other basis of accounting may be the only financial statements an entity prepares. Such special purpose financial statements may be used by users other than those for whom the financial reporting framework is designed. Despite the broad distribution of the financial statements, the financial statements are still considered to be special purpose financial statements for purposes of GAAS. The requirement in paragraph [to include an <i>emphasis-of-matter</i> paragraph, indicating that the financial statements are prepared in accordance with a special purpose framework, refers to the note to the</p>	

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<p>comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of financial statements, or in the notes, or incorporated therein by cross-reference.⁹</p> <p>⁹ ISA 200, paragraph 13(f)</p>	<p>special purpose framework, refers to the note to the financial statements that describes that framework, and states that the is designed to avoid misunderstandings about the framework used to prepare the financial statements.</p>	<p>financial statements that describes that framework, and states that the is designed to avoid misunderstandings about the framework used to prepare the financial statements.</p>	<p>The language added at the end of par. A4 of ISA 800 comes from the IAASB's disclosures project. Should it be included in AU-C 800?</p>
	<p>.A3.A5 A5 Certain regulators, including state and local government legislators, regulatory agencies, or departments, require financial statements to be prepared in accordance with a financial reporting framework that is based on U.S. GAAP but does not comply with all of the requirements of U.S. GAAP. Such frameworks are regulatory bases of accounting, as described defined in paragraph .A1.07. In some circumstances, however, the cash or tax basis of accounting may be permitted by a regulator. For purposes of this section, the cash and tax bases of accounting are not regulatory bases of accounting.</p>	<p>.A5 Certain regulators, including state and local government legislators, regulatory agencies, or departments, require financial statements to be prepared in accordance with a financial reporting framework that is based on U.S. GAAP but does not comply with all of the requirements of U.S. GAAP. Such frameworks are regulatory bases of accounting, as defined in paragraph .07. In some circumstances, however, the cash or tax basis of accounting may be permitted by a regulator. For purposes of this section, the cash and tax bases of accounting are not regulatory bases of accounting.</p>	

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Considerations When Accepting the Engagement	Considerations When Accepting the Engagement	Considerations When Accepting the Engagement	
<i>Acceptability of the Financial Reporting Framework</i> (Ref: Para. 8)	Acceptability of the Financial Reporting Framework (Ref: par. .11.10)	Acceptability of the Financial Reporting Framework (Ref: par. .10)	
A5. In the case of special purpose financial statements, the financial information needs of the intended users are a key factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial statements.	A4.A6 A6 . In the case of special purpose financial statements, the financial information needs of the intended users are a factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial statements.	A6 . In the case of special purpose financial statements, the financial information needs of the intended users are a factor in determining the acceptability of the financial reporting framework applied in the preparation of the financial statements.	
A6. The applicable financial reporting framework may encompass the financial reporting standards established by an organization that is authorized or recognized to promulgate standards for special purpose financial statements. In that case, those standards will be presumed acceptable for that purpose if the organization follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. In	A5.A7 A7 The applicable financial reporting framework may encompass the financial reporting standards established by an organization that is authorized or recognized to promulgate standards for special purpose financial statements. In that case, those standards will be presumed acceptable for that purpose if the organization follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. In some circumstances, law or regulation	A7 The applicable financial reporting framework may encompass the financial reporting standards established by an organization that is authorized or recognized to promulgate standards for special purpose financial statements. In that case, those standards will be presumed acceptable for that purpose if the organization follows an established and transparent process involving deliberation and consideration of the views of relevant stakeholders. In some circumstances, law or regulation may	

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<p style="text-align: center;">1 ISA 800 (Revised), Marked to Show Changes Resulting from IAASB's Auditor Reporting Project</p>	<p style="text-align: center;">2 Extant AU-C 800 Marked to Show Proposed AU-C 800 Revised</p>	<p style="text-align: center;">3 Extant AU-C 800</p>	<p style="text-align: center;">4 Comments and Questions for the ASB</p>
<p>some jurisdictions, law or regulation may prescribe the financial reporting framework to be used by management in the preparation of special purpose financial statements for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for special purpose financial statements prepared by such entity.</p>	<p>may prescribe the financial reporting framework to be used by management in the preparation of special purpose financial statements for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for special purpose financial statements prepared by such an entity.</p>	<p>prescribe the financial reporting framework to be used by management in the preparation of special purpose financial statements for a certain type of entity. For example, a regulator may establish financial reporting provisions to meet the requirements of that regulator. In the absence of indications to the contrary, such a financial reporting framework is presumed acceptable for special purpose financial statements prepared by such an entity.</p>	
<p>A7. Where the financial reporting standards referred to in paragraph A6 are supplemented by legislative or regulatory requirements, ISA 210 requires the auditor to determine whether any conflicts between the financial reporting standards and the additional requirements exist, and prescribes actions to be taken by the auditor if such conflicts exist.¹⁰</p> <p>10. ISA 210, paragraph 18</p>			<p>During the clarity project, the ASB decided not to include par. A7 of ISA 800 in AU-C 800 because it was deemed not relevant in the US. Does the ASB agree that this is still the case?</p>

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<p>A8. The applicable financial reporting framework may encompass the financial reporting provisions of a contract, or sources other than those described in paragraphs A6 and A7. In that case, the acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks as described in Appendix 2 of ISA 210. In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional judgment. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the vendor and the purchaser may have agreed that very prudent estimates of allowances for uncollectible accounts receivable are appropriate for their needs, even though such financial</p>	<p>.A8 A8 The acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks. Section 210 discusses the attributes of acceptable financial reporting frameworks, which provide management with an appropriate basis for preparing the financial statements and the auditor with suitable criteria for auditing the financial statements.¹² ¹² In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional judgment. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the seller and purchaser may have agreed that conservative estimates of allowances for uncollectible accounts receivable are appropriate for their</p>	<p>.A8 The acceptability of the financial reporting framework in the circumstances of the engagement is determined by considering whether the framework exhibits attributes normally exhibited by acceptable financial reporting frameworks. Section 210 discusses the attributes of acceptable financial reporting frameworks, which provide management with an appropriate basis for preparing the financial statements and the auditor with suitable criteria for auditing the financial statements.¹² In the case of a special purpose framework, the relative importance to a particular engagement of each of the attributes normally exhibited by acceptable financial reporting frameworks is a matter of professional judgment. For example, for purposes of establishing the value of net assets of an entity at the date of its sale, the seller and purchaser may have agreed that conservative estimates of allowances for uncollectible accounts receivable are appropriate for their</p>	

¹² ¹² Paragraphs .A2-.A3 of section 210, *Terms of Engagement*.

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information is not neutral when compared with financial information prepared in accordance with a general purpose framework.	needs, even though such financial information may be biased when compared with financial information prepared in accordance with a general purpose framework	needs, even though such financial information may be biased when compared with financial information prepared in accordance with a general purpose framework 12 Paragraphs .A2-.A3 of section 210, <i>Terms of Engagement</i>	
	A6.A9 A9 In the case of financial statements prepared in accordance with a contractual basis of accounting, the parties to the contract or agreement may need to agree on the significant interpretations of the contract on which the special purpose financial statements are based. If agreement cannot be reached, the auditor may determine that the framework is not acceptable.	.A9 In the case of financial statements prepared in accordance with a contractual basis of accounting, the parties to the contract or agreement may need to agree on the significant interpretations of the contract on which the special purpose financial statements are based. If agreement cannot be reached, the auditor may determine that the framework is not acceptable.	
	<i>Preconditions for an Audit (Ref: par. .12.H)</i> A7.A10 A10 Section 210 also requires the agreed-upon terms of the audit engagement to include references to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may	<i>Preconditions for an Audit (Ref: par. .11)</i> .A10 Section 210 also requires the agreed-upon terms of the audit engagement to include references to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may	Task Force and ASB to consider whether extant par. .A10 is needed given the proposed amendments to AU-C 260, which would add a requirement for the auditor to

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	<p>differ from its expected form and content.¹³13 The auditor may discuss with management and, when appropriate, those charged with governance how an audit report on financial statements prepared in accordance with a special purpose framework differs from an audit report on financial statements prepared in accordance with a general purpose framework. Discussing the expected form and content of the auditor's report may assist management in understanding its responsibilities related to the audit engagement.</p>	<p>differ from its expected form and content.¹³ The auditor may discuss with management and, when appropriate, those charged with governance how an audit report on financial statements prepared in accordance with a special purpose framework differs from an audit report on financial statements prepared in accordance with a general purpose framework. Discussing the expected form and content of the auditor's report may assist management in understanding its responsibilities related to the audit engagement. 13 Paragraph .10f of section 210.</p>	<p>communicate with those charged with governance about circumstances that affect the form and content of the auditor's report, if any (paragraph 12d). This change is consistent with paragraph .10f of AU-C 210 which requires the documented agreed-upon terms of the audit engagement to include a reference to the expected form and content of any reports to be issued by the auditor.</p>
	<p><i>Achieving Fair Presentation (Ref: par. .12d-11d)</i> AS.A11 A11 In accordance with section 700, the auditor's evaluation of whether the financial statements achieve</p>	<p><i>Achieving Fair Presentation (Ref: par. .11d)</i> .A11 In accordance with section 700, the auditor's evaluation of whether the financial statements achieve fair</p>	<p>Is this paragraph needed given that it is addressed in AU-C 700 and is not included in ISA</p>

¹³ ~~13~~ Paragraph .10f of section 210.

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	<p>fair presentation in accordance with the applicable financial reporting framework requires consideration of¹⁴</p> <ul style="list-style-type: none"> a. the overall presentation, structure and content of the financial statements and b. whether the financial statements, including the related notes, represent the underlying transactions and events in a manner that achieves fair presentation. <p>Also see paragraphs .A20-.A24A19-.A23 of this section.</p>	<p>presentation in accordance with the applicable financial reporting framework requires consideration of¹⁴</p> <ul style="list-style-type: none"> a. the overall presentation, structure and content of the financial statements and b. whether the financial statements, including the related notes, represent the underlying transactions and events in a manner that achieves fair presentation. <p>Also see paragraphs .A19-.A23 of this section. 14 Paragraph .17 of section 700.</p>	800?
<p>Considerations When Planning and Performing the Audit (Ref: Para. 9)</p>	<p>Considerations When Planning and Performing the Audit (Ref: par. .13-.14,12-.13)</p>	<p>Considerations When Planning and Performing the Audit (Ref: par. .12-.13)</p>	
<p>A9. ISA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements, and (b) all ISAs relevant to the audit. It also requires the auditor to comply with each requirement of an ISA</p>	<p>.A9.A12 .A12 Section 200 requires the auditor to comply with (a) relevant ethical requirements relating to financial statement audit engagements and (b) all AU-C sections relevant to the audit. It also requires the auditor to comply with each requirement of an AU-C section unless, in the circumstances of the audit,</p>	<p>.A12 Section 200 requires the auditor to comply with (a) relevant ethical requirements relating to financial statement audit engagements and (b) all AU-C sections relevant to the audit. It also requires the auditor to comply with each requirement of an AU-C section unless, in the circumstances of the audit,</p>	

¹⁴ ¹⁴ Paragraph .17 of section 700.

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<p>unless, in the circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement.¹¹</p> <p>11. ISA 200, paragraphs 14, 18, and 22–23</p>	<p>the entire AU-C section is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In rare circumstances, the auditor may judge it necessary to depart from a relevant presumptively mandatory requirement in an AU-C section by performing alternative audit procedures to achieve the intent of that requirement.¹⁵</p>	<p>the entire AU-C section is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In rare circumstances, the auditor may judge it necessary to depart from a relevant presumptively mandatory requirement in an AU-C section by performing alternative audit procedures to achieve the intent of that requirement.¹⁵</p> <p>^{15.} Paragraphs .16, .20, and .24—.26 of section 200.</p>	
<p>A10. Application of some of the requirements of the ISAs in an audit of special purpose financial statements may require special consideration by the auditor. For example, in ISA 320, judgments about matters that are material to users of the financial statements are based on a consideration</p>	<p>A10.A13 A13 An AU-C section is relevant to the audit when the AU-C section is in effect and the circumstances addressed by the AU-C section exist.¹⁶ In an audit of special purpose financial statements, some of the requirements within the relevant AU-C sections may need to be adapted</p>	<p>.A13 An AU-C section is relevant to the audit when the AU-C section is in effect and the circumstances addressed by the AU-C section exist.¹⁶ In an audit of special purpose financial statements, some of the requirements within the relevant AU-C sections may need to be adapted by the auditor. For example, in</p>	

¹⁵ Paragraphs .16, .20, and .24—.26 of section 200.

¹⁶ Paragraph .20 of section 200

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<p>of the common financial information needs of users as a group.¹² In the case of an audit of special purpose financial statements, however, those judgments are based on a consideration of the financial information needs of the intended users.</p> <p>12 ISA 320, <i>Materiality in Planning and Performing an Audit</i>, paragraph 2</p>	<p>by the auditor. For example, in section 320, <i>Materiality in Planning and Performing an Audit</i>, judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group.^{17/17} In an audit of special purpose financial statements, those judgments may be based on a consideration of the financial information needs of the intended users.</p>	<p>section 320, <i>Materiality in Planning and Performing an Audit</i>, judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group.¹⁷ In an audit of special purpose financial statements, those judgments may be based on a consideration of the financial information needs of the intended users.</p> <p>16 Paragraph .20 of section 200 17 Paragraph .02 of section 320, <i>Materiality in Planning and Performing an Audit</i></p>	
	<p>.A14 Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant.</p>	<p>A14 Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant.</p>	<p>Paragraph A14 was added to AU-C 800 as a result of SAS 132. Also, paragraphs .A14–</p>

^{17/17} Paragraph .02 of section 320, *Materiality in Planning and Performing an Audit*

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	<p>Irrespective of whether the going concern basis of accounting is relevant to the preparation of the special purpose financial statements, the requirements in section 570 relating to the auditor's responsibilities to conclude, based on the audit evidence obtained, whether substantial doubt exists about an entity's ability to continue as a going concern for a reasonable period of time and to evaluate the possible financial statement effects, including the adequacy of disclosure regarding the entity's ability to continue as a going concern for a reasonable period of time apply to audits of special purpose financial statements.</p> <p>This paragraph was added to extant AU-C 800 through a conforming amendment when SAS 132 was issued. The shaded words were moved to par. .03. The remaining words are included in paragraph .18.</p>	<p>Irrespective of whether the going concern basis of accounting is relevant to the preparation of the special purpose financial statements, the requirements in section 570 relating to the auditor's responsibilities to conclude, based on the audit evidence obtained, whether substantial doubt exists about an entity's ability to continue as a going concern for a reasonable period of time and to evaluate the possible financial statement effects, including the adequacy of disclosure regarding the entity's ability to continue as a going concern for a reasonable period of time apply to audits of special purpose financial statements.</p>	<p>.A35 of AU-C 800 were renumbered as paragraphs .A15–.A36, and footnote 18 was renumbered</p>
<p>A11. In the case of special purpose financial statements, such as those prepared in accordance with the requirements of a contract, management may agree with the intended users on a</p>	<p>A11.A14 A15 In the case of special purpose financial statements, such as those prepared in accordance with a contractual basis of accounting, management may agree with the</p>	<p>.A15 In the case of special purpose financial statements, such as those prepared in accordance with a contractual basis of accounting, management may agree with the</p>	

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<p>threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with ISA 320 for purposes of planning and performing the audit of the special purpose financial statements.</p>	<p>intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with section 320 for purposes of planning and performing the audit of the special purpose financial statements. With respect to interpretations of the contract on which the special purpose financial statements are based, the auditor may determine that an interpretation is significant based on qualitative considerations.</p>	<p>intended users on a threshold below which misstatements identified during the audit will not be corrected or otherwise adjusted. The existence of such a threshold does not relieve the auditor from the requirement to determine materiality in accordance with section 320 for purposes of planning and performing the audit of the special purpose financial statements. With respect to interpretations of the contract on which the special purpose financial statements are based, the auditor may determine that an interpretation is significant based on qualitative considerations.</p>	
<p>A12. Communication with those charged with governance in accordance with ISAs is based on the relationship between those charged with governance and the financial statements subject to audit, in particular, whether those charged with governance are responsible for overseeing the preparation of those financial statements. In the case of special</p>	<p>A12.A15.A16 Communication with those charged with governance in accordance with GAAS is based on the relationship between those charged with governance and the financial statements subject to audit, in particular, whether those charged with governance are responsible for overseeing the preparation of those financial</p>	<p>A16 Communication with those charged with governance in accordance with GAAS is based on the relationship between those charged with governance and the financial statements subject to audit, in particular, whether those charged with governance are responsible for overseeing the preparation of those financial statements. In the case of</p>	<p>ASB to discuss changes to this paragraph based on paragraph A12 of ISA 800 (Revised).</p>

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<p>purpose financial statements, those charged with governance may not have such a responsibility; for example, when the financial information is prepared solely for management's use. In such cases, the requirements of ISA 260¹³ may not be relevant to the audit of the special purpose financial statements, except when the auditor is also responsible for the audit of the entity's general purpose financial statements or, for example, has agreed with those charged with governance of the entity to communicate to them relevant matters identified during the audit of the special purpose financial statements.</p> <p>13. ISA 260, Communication with Those Charged with Governance</p>	<p>statements. In the case of special purpose financial statements, those charged with governance may not have such a responsibility; for example, when the financial information is prepared solely for management's use. In such cases, the requirements of section 260, <i>The Auditor's Communication With Those Charged With Governance</i>, may not be relevant to the audit of the special purpose financial statements, except when the auditor is also responsible for the audit of the entity's general purpose financial statements or, for example, has agreed to communicate with those charged with governance of the entity relevant matters identified during the audit of the special purpose financial statements.</p>	<p>special purpose financial statements, those charged with governance may not have such a responsibility; for example, when the financial information is prepared solely for management's use. In such cases, the requirements of section 260, <i>The Auditor's Communication With Those Charged With Governance</i>, may not be relevant to the audit of the special purpose financial statements, except when the auditor is also responsible for the audit of the entity's general purpose financial statements or, for example, has agreed to communicate with those charged with governance of the entity relevant matters identified during the audit of the special purpose financial statements.</p>	
<p><u>A12. ISA 260 (Revised) requires the auditor to determine the appropriate person(s) within the entity's governance structure with whom to communicate. ¹⁴ ISA 260 (Revised) notes that, in some cases, all of those charged governance are involved in managing the entity, and the</u></p>			

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<p><u>application of the communication requirements is modified to recognize this position.¹⁵ When a complete set of general purpose financial statements is also prepared by the entity, those person(s) responsible for the oversight of the preparation of the special purpose financial statements may not be the same as those charged with governance responsible for the oversight of the preparation of those general purpose financial statements.</u></p> <p><u>14. ISA 260 (Revised), Communication with Those Charged with Governance</u> <u>15. ISA 260 (Revised), paragraph A8.</u></p>			
<p>Forming an Opinion and Reporting Considerations (Ref: Para. 11)</p>	<p>Forming an Opinion and Reporting Considerations (Ref: par. .15-14)</p>	<p>Forming an Opinion and Reporting Considerations (Ref: par. .14)</p>	
<p>A13. The Appendix to this ISA contains illustrations of <u>auditors' independent auditor's</u> reports on special purpose financial statements. <u>Other illustrations of auditor's reports may be relevant to reporting on special purpose financial statements (see for example, the Appendices to ISA 700 (Revised), ISA 705 (Revised),¹⁶ ISA</u></p>	<p>A13.A16 .A17 Appendix A, "Overview of Reporting Requirements," provides an overview of the reporting requirements depending on the special purpose framework. The exhibit, "Illustrations of Auditor's Reports on Special Purpose Financial Statements," contains illustrations of auditor's reports on special purpose financial statements.</p>	<p>.A17 Appendix A, "Overview of Reporting Requirements," provides an overview of the reporting requirements depending on the special purpose framework. The exhibit, "Illustrations of Auditor's Reports on Special Purpose Financial Statements," contains illustrations of auditor's reports on special purpose financial statements.</p>	<p>Is Appendix A of AU-C 800 still relevant and, if so, what changes, if any, are needed? Should the reference to other illustrations of auditor's reports that has been added to</p>

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<p>570 (Revised),¹⁷ ISA 720 (Revised),¹⁸ and ISA 706 (Revised).¹⁹</p> <p>16. ISA 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report</p> <p>17. ISA 570 (Revised), Going Concern</p> <p>18. ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information</p> <p>19. ISA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</p>	<p>The Task Force has not yet considered revisions to Appendix A in extant AU-C 800. Also, illustrative reports are not being presented at this time, pending finalization of the report format for AU-C 700.</p>		<p>ISA 800 be included in AU-C 800?</p>
<p>Application of ISA 700 (Revised) When Reporting on Special Purpose Financial Statements</p>	<p>Application of ISA 700 (Revised) When Reporting on Special Purpose Financial Statements</p>		
<p>A14. Paragraph 11 of this ISA explains that the auditor is required to apply ISA 700 (Revised) when forming an opinion and reporting on special purpose financial statements. In doing so, the auditor is also required to apply the reporting requirements in other ISAs and may find the special considerations addressed in paragraphs A15–A19 below helpful.</p>	<p>.A17 Paragraph .15 of this section requires the auditor to apply the requirements in section 700 when forming an opinion and reporting on special purpose financial statements. In doing so, the auditor is also required to apply the reporting requirements in other AU-C sections and may find the special considerations addressed in paragraphs XX-XX of this section helpful.</p>		

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	<p>This paragraph has been added as a placeholder, pending further discussion by the Task Force. This wording comes from new paragraph A14 in ISA 800 (Revised). The special considerations refer to new application paragraphs (A15--A19) in ISA 800 that address various matters relating to the new form of report, including going concern, key audit matters, other information, and reference to the auditor's report on a complete set of general purpose FS. The Task Force will determine whether these additional application material paragraphs will be added to AU-C 800 Revised after the report format for AU-C 700 is finalized.</p>		
	<p><i>Description of the Applicable Financial Reporting Framework (Ref: par. .16-.15-.16)</i></p>	<p><i>Description of the Applicable Financial Reporting Framework (Ref: par. .15-.16)</i></p>	
	<p>.A14.A18 .A18 Terms such as balance sheet, statement of financial position, statement of income, statement of operations, and statement of cash flows, or similar unmodified titles, are generally understood to be applicable only to financial statements that are intended to present financial position, results of operations, or cash flows in</p>	<p>.A18 Terms such as balance sheet, statement of financial position, statement of income, statement of operations, and statement of cash flows, or similar unmodified titles, are generally understood to be applicable only to financial statements that are intended to present financial position, results of operations, or cash flows in</p>	

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	<p>accordance with GAAP. Accordingly, the auditor is required by paragraph .16.15 to evaluate whether the financial statements are suitably titled. For example, cash basis financial statements might be titled as a statement of assets and liabilities arising from cash transactions or as a statement of revenue collected and expenses paid; a financial statement prepared on a regulatory basis of accounting might be titled as a statement of income—regulatory basis.</p>	<p>accordance with GAAP. Accordingly, the auditor is required by paragraph .15 to evaluate whether the financial statements are suitably titled. For example, cash basis financial statements might be titled as a statement of assets and liabilities arising from cash transactions or as a statement of revenue collected and expenses paid; a financial statement prepared on a regulatory basis of accounting might be titled as a statement of income—regulatory basis.</p>	
	<p>.A15.A19 .A19 The description of how the special purpose framework differs from GAAP ordinarily only includes the material differences between GAAP and the special purpose framework. For example, if several items are accounted for differently under the special purpose framework than they would be under U.S. GAAP, but only the differences in how depreciation is calculated are material, a brief description of the depreciation differences is all that would be necessary, and the remaining differences need not be described. The differences need not be quantified.</p>	<p>.A19 The description of how the special purpose framework differs from GAAP ordinarily only includes the material differences between GAAP and the special purpose framework. For example, if several items are accounted for differently under the special purpose framework than they would be under U.S. GAAP, but only the differences in how depreciation is calculated are material, a brief description of the depreciation differences is all that would be necessary, and the remaining differences need not be described. The differences need not be quantified.</p>	
	<p><i>Special Purpose Financial Statements</i></p>	<p><i>Fair Presentation (Ref: par. .17)</i></p>	

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	<i>Prepared in Accordance With a Fair Presentation Framework (Ref: par. .17.17)</i>		
	.A16.A20 A20 Financial statements, including the related notes, that achieve a fair presentation include all informative disclosures that are appropriate for the applicable financial reporting framework, including matters that affect their use, understanding, and interpretation. Also refer to paragraph .A11.A11.	A20 Financial statements, including the related notes, that achieve a fair presentation include all informative disclosures that are appropriate for the applicable financial reporting framework, including matters that affect their use, understanding, and interpretation. Also refer to paragraph .A11.	
	.A17.A21 A21 When the special purpose financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, informative disclosures similar to those required by GAAP are necessary to achieve fair presentation. For example, financial statements prepared on a tax basis or on a modified cash basis of accounting usually reflect depreciation, long-term debt, and owners' equity. Thus, the informative disclosures for depreciation, long-term debt, and owners' equity in such financial statements would be comparable to those in financial	.A21 When the special purpose financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, informative disclosures similar to those required by GAAP are necessary to achieve fair presentation. For example, financial statements prepared on a tax basis or on a modified cash basis of accounting usually reflect depreciation, long-term debt, and owners' equity. Thus, the informative disclosures for depreciation, long-term debt, and owners' equity in such financial statements would be comparable to those in financial	

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	statements prepared in accordance with GAAP	statements prepared in accordance with GAAP	
	A18.A22 A22 Disclosures in special purpose financial statements may substitute qualitative information for some of the quantitative information required by GAAP or may provide information that communicates the substance of those requirements. For example, disclosing estimated percentages of revenues, rather than amounts that GAAP presentations would require, may sufficiently convey the significance of sales or leasing to related parties or major customers.	A22 Disclosures in special purpose financial statements may substitute qualitative information for some of the quantitative information required by GAAP or may provide information that communicates the substance of those requirements. For example, disclosing estimated percentages of revenues, rather than amounts that GAAP presentations would require, may sufficiently convey the significance of sales or leasing to related parties or major customers. .	
	A19.A23 A23 The auditor is required by paragraph .17 17 to evaluate whether additional disclosures, beyond those specifically required by the framework, related to matters that are not specifically identified on the face of the financial statements or other disclosures may be necessary for the special purpose financial statements to achieve fair presentation. For example, these disclosures may include matters about related party transactions, restrictions on assets and owners' equity, subsequent	.A23 The auditor is required by paragraph .17 to evaluate whether additional disclosures, beyond those specifically required by the framework, related to matters that are not specifically identified on the face of the financial statements or other disclosures may be necessary for the special purpose financial statements to achieve fair presentation. For example, these disclosures may include matters about related party transactions, restrictions on assets and owners' equity, subsequent	

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	events, and significant uncertainties. In such circumstances, the special purpose financial statements would include the same disclosure required by GAAP or disclosure that communicates the substance of those requirements.	events, and significant uncertainties. In such circumstances, the special purpose financial statements would include the same disclosure required by GAAP or disclosure that communicates the substance of those requirements.	
	<p>A20, A24 A24 Appendix B, "Fair Presentation and Adequate Disclosures," provides additional guidance on evaluating the adequacy of disclosures in financial statements prepared in accordance with a special purpose framework, including matters related to the presentation of financial statements.</p> <p>Appendix B of extant AU-C 800 has not yet been discussed by the Task Force.</p>	.A24 Appendix B, "Fair Presentation and Adequate Disclosures," provides additional guidance on evaluating the adequacy of disclosures in financial statements prepared in accordance with a special purpose framework, including matters related to the presentation of financial statements.	
<p><u>Going Concern</u> <u>A15. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis of accounting is relevant (e.g., the going concern basis of accounting is not relevant for some financial statements prepared on a tax basis in particular jurisdictions).</u>²⁰ Depending</p>			<p>The last two sentences would seem to be relevant for AU-C 800 given the change in the reporting model relating to going concern. Will need to revisit this after the changes to AU-C</p>

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<p><u>on the applicable financial reporting framework used in the preparation of the special purpose financial statements, the description in the auditor's report of management's responsibilities²¹ relating to going concern may need to be adapted as necessary. The description in the auditor's report of the auditor's responsibilities²² may also need to be adapted as necessary depending on how ISA 570 (Revised) applies in the circumstances of the engagement.</u></p> <p><u>20. ISA 570 (Revised), paragraph 2</u> <u>21. See ISA 700 (Revised), paragraphs 34(b) and A48.</u> <u>22. See ISA 700 (Revised), paragraph 39(b)(iv).</u></p>			700 are finalized.
<p><u>Key Audit Matters</u> <u>A16. ISA 700 (Revised) requires the auditor to communicate key audit matters in accordance with ISA 701 ²³ for audits of complete sets of general purpose financial statements of listed entities. For audits of special purpose financial statements, ISA 701 only</u></p>			Will need to decide what reference, if any, should be made to key audit matters (KAM) in the 800 series ED. It might be helpful to look at how this was

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<p><u>applies when communication of key audit matters in the auditor's report on the special purpose financial statements is required by law or regulation or the auditor otherwise decides to communicate key audit matters. When key audit matters are communicated in the auditor's report on special purpose financial statements, ISA 701 applies in its entirety.</u>²⁴</p> <p><u>23. ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report</u> <u>24. ISA 700 (Revised), paragraph 31</u></p>			<p>handled in the IAASB's separate ED on the ISA 800 series.</p>
<p><u>Other Information</u> <u>A17. ISA 720 (Revised) deals with the auditor's responsibilities relating to other information. In the context of this ISA, reports containing or accompanying the special purpose financial statements—the purpose of which is to provide owners (or similar stakeholders) with information on matters presented in the special purpose financial statements—are considered to be annual reports for the purpose of ISA 720 (Revised). In the</u></p>			<p>This will be discussed with the Other Information Task Force.</p>

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<p><u>case of financial statements prepared using a special purpose framework, the term "similar stakeholders" includes the specific users whose financial information needs are met by the design of the special purpose framework used to prepare the special purpose financial statements. When the auditor determines that the entity plans to issue such a report, the requirements in ISA 720 (Revised) apply to the audit of the special purpose financial statements.</u></p>			
<p><u>Name of the Engagement Partner A18. The requirement in ISA 700 (Revised) for the auditor to include the name of the engagement partner in the auditor's report also applies to audits of special purpose financial statements of listed entities.²⁵ The auditor may be required by law or regulation to include the name of the engagement partner in the auditor's report or may otherwise decide to do so when reporting on special purpose financial statements of entities other than listed entities.</u></p>			<p>Par. A18 of ISA 800 will not be included in AU-C 800 because there is no reference to the name of the engagement partner in the exposure draft of AU-C 700.</p>

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25. See ISA 700 (Revised), paragraphs 45 and A56–A58			
<u><i>Inclusion of a Reference to the Auditor's Report on the Complete Set of General Purpose Financial Statements</i></u>			
<p>A19. The auditor may deem it appropriate to refer, in an Other Matter paragraph in the auditor's report on the special purpose financial statements, to the auditor's report on the complete set of general purpose financial statements or to matter(s) reported therein (see ISA 706 (Revised)).²⁶ For example, the auditor may consider it appropriate to refer in the auditor's report on the special purpose financial statements to a Material Uncertainty Related to Going Concern section included in the auditor's report on the complete set of general purpose financial statements.</p> <p>26. See ISA 706 (Revised), paragraphs 10–11.</p>			<p>Need to consider whether the guidance in A19 of extant ISA 800 should be included in AU-C 800. How common is it for the auditor to report on a set of special purpose financial statements and general purpose financial statements for the same entity? Initial Task Force reaction was that this may be more applicable to AU-C 805.</p>
	<i>Auditor's Report (Ref: par. .18b)</i>	<i>Auditor's Report (Ref: par. .18b)</i>	

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	<p>.A25 When the special purpose financial statements are prepared in accordance with a regulatory or contractual basis of accounting or an other basis of accounting that requires an alert that restricts the use of the auditor's report pursuant to paragraph .06a-b of section 905, the auditor is required by paragraph .18b to describe the purpose for which the financial statements are prepared or refer to a note in the financial statements that contains that information. This is necessary to avoid misunderstandings when the special purpose financial statements are used for purposes other than those for which they were intended. The note to the financial statements may also describe any significant interpretations of the contract on which the financial statements are based</p>	<p>.A25 When the special purpose financial statements are prepared in accordance with a regulatory or contractual basis of accounting or an other basis of accounting that requires an alert that restricts the use of the auditor's report pursuant to paragraph .06a-b of section 905, the auditor is required by paragraph .18b to describe the purpose for which the financial statements are prepared or refer to a note in the financial statements that contains that information. This is necessary to avoid misunderstandings when the special purpose financial statements are used for purposes other than those for which they were intended. The note to the financial statements may also describe any significant interpretations of the contract on which the financial statements are based.</p>	
<p><i>Alerting Readers that the Financial Statements Are Prepared in Accordance with a Special Purpose Framework (Ref: Para. 14)</i></p>	<p><i>Alerting Readers in an Emphasis-of-Matter Paragraph That the Financial Statements Are Prepared in Accordance With a Special Purpose Framework (Ref: par. .22-19)</i></p>	<p><i>Alerting Readers in an Emphasis-of-Matter Paragraph That the Financial Statements Are Prepared in Accordance With a Special Purpose Framework (Ref: par. .19)</i></p>	
<p>A14.A20. The special purpose financial statements may be used for purposes other than those for which they were</p>	<p>A21.A25 A26 Special purpose financial statements may be used for purposes other than those for which they</p>	<p>.A26 Special purpose financial statements may be used for purposes other than those for which they were</p>	

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<p>intended. For example, a regulator may require certain entities to place the special purpose financial statements on public record. To avoid misunderstandings, the auditor alerts users of the auditor's report by <u>including an Emphasis of Matter paragraph explaining</u> that the financial statements are prepared in accordance with a special purpose framework and, therefore, may not be suitable for another purpose. <u>ISA 706 (Revised) requires this paragraph to be included within a separate section of the auditor's report with an appropriate heading that includes the term "Emphasis of Matter".</u>²⁷</p> <p>27. See paragraph 9(a) of ISA 706 (Revised)</p>	<p>were intended. To avoid misunderstandings, paragraph .19.22 requires the auditor to include an <i>emphasis-of-matter</i> paragraph in the auditor's report that alerts users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that the basis of accounting is a basis of accounting other than GAAP.</p>	<p>intended. To avoid misunderstandings, paragraph .19 requires the auditor to include an emphasis-of-matter paragraph in the auditor's report that alerts users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that the basis of accounting is a basis of accounting other than GAAP.</p>	
<p>Restriction on Distribution or Use (Ref: Para. 14)</p> <p>In addition to the alert required by paragraph 14, the auditor may consider it appropriate to indicate that the auditor's report is intended solely for</p>	<p><i>Restricting the Use of the Auditor's Report in an Other-Matter Paragraph</i> (Ref: par. .23.20)</p> <p><u>.A26 Paragraph .23 requires the auditor to include an other-matter paragraph in the auditor's report, under an appropriate heading, that restricts the</u></p>	<p><i>Restricting the Use of the Auditor's Report in an Other-Matter Paragraph</i> (Ref: par. .20)</p> <p>.A27 Special purpose financial statements prepared in accordance with a contractual or regulatory basis of accounting are suitable only for a</p>	

<p style="text-align: center;">1 ISA 800 (Revised), Marked to Show Changes Resulting from IAASB's Auditor Reporting Project</p>	<p style="text-align: center;">2 Extant AU-C 800 Marked to Show Proposed AU-C 800 Revised</p>	<p style="text-align: center;">3 Extant AU-C 800</p>	<p style="text-align: center;">4 Comments and Questions for the ASB</p>
<p>the specific users. Depending on the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the auditor's report. In these circumstances, the paragraph referred to in paragraph 14 may be expanded to include these other matters, and the heading modified accordingly: (see illustrations in the Appendix to this ISA).</p>	<p>use of the auditor's report to specified parties pursuant to AU-C section 905 (see illustration in the Appendix to this ISA). In the case of special purpose financial statements prepared in accordance with a basis of accounting other than a contractual basis, the auditor may consider it necessary in the circumstances of the engagement to include an alert that restricts the use of the auditor's report, but is not required to do so.</p> <p>.A27 Special purpose financial statements prepared in accordance with a contractual or regulatory basis of accounting are suitable only for a limited number of users who can be presumed to have an adequate understanding of such bases of accounting. For example, special purpose financial statements prepared in accordance with a contractual basis of accounting are developed for and directed only to the parties to the contract or agreement. Accordingly, the alert that restricts the use of the auditor's report is required</p>	<p>limited number of users who can be presumed to have an adequate understanding of such bases of accounting. For example, special purpose financial statements prepared in accordance with a contractual basis of accounting are developed for and directed only to the parties to the contract or agreement. Accordingly, the alert that restricts the use of the auditor's report is required due to the nature of the report and the potential for the report to be taken out of the context in which the auditor's report was intended to be used. Section 905, <i>Alert That Restricts the Use of the Auditor's Written Communication</i>, addresses adding other parties as specified parties.</p>	

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	<p>due to the nature of the report and the potential for the report to be taken out of the context in which the auditor's report was intended to be used. Section 905, Alert That Restricts the Use of the Auditor's Written Communication, addresses adding other parties as specified parties.</p>		
	<p>A28 In the case of special purpose financial statements prepared in accordance with a cash or tax basis of accounting, the auditor may consider it necessary in the circumstances of the engagement to include an alert that restricts the use of the auditor's report. Similar wording has been added at the end of paragraph A26 above.</p>	<p>.A28 In the case of special purpose financial statements prepared in accordance with a cash or tax basis of accounting, the auditor may consider it necessary in the circumstances of the engagement to include an alert that restricts the use of the auditor's report.</p>	
	<p><i>Regulatory Basis Financial Statements Intended for General Use (Ref: par. .21)</i></p> <p>.A29 Special purpose financial statements prepared in accordance with a regulatory basis of accounting may be intended for general use. Such special purpose financial statements are intended for general use when the</p>	<p><i>Regulatory Basis Financial Statements Intended for General Use (Ref: par. .21)</i></p> <p>.A29 Special purpose financial statements prepared in accordance with a regulatory basis of accounting may be intended for general use. Such special purpose financial statements are intended for general use when the</p>	

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	<p>financial statements together with the auditor's report are intended for use by parties other than those within the entity and the regulatory agencies to whose jurisdiction the entity is subject or when the financial statements together with the auditor's report are distributed by the entity to parties other than the regulatory agencies to whose jurisdiction the entity is subject, either voluntarily or upon specific request. In such circumstances, the <i>emphasis-of-matter</i> and <i>other-matter</i> paragraphs described in paragraphs .19—.20 are not required because the auditor is required, in accordance with paragraph .21, to express an opinion about whether the special purpose financial statements are prepared in accordance with GAAP and an opinion about whether the financial statements are prepared in accordance with the special purpose framework.</p>	<p>financial statements together with the auditor's report are intended for use by parties other than those within the entity and the regulatory agencies to whose jurisdiction the entity is subject or when the financial statements together with the auditor's report are distributed by the entity to parties other than the regulatory agencies to whose jurisdiction the entity is subject, either voluntarily or upon specific request. In such circumstances, the <i>emphasis-of-matter</i> and <i>other-matter</i> paragraphs described in paragraphs .19—.20 are not required because the auditor is required, in accordance with paragraph .21, to express an opinion about whether the special purpose financial statements are prepared in accordance with GAAP and an opinion about whether the financial statements are prepared in accordance with the special purpose framework.</p>	
	<p><i>Auditor's Report Prescribed by Law or Regulation (Ref: par. .24-.25-.22-.23)</i></p> <p>.A22, A27, A30 The auditor may be required to comply with legal or</p>	<p><i>Auditor's Report Prescribed by Law or Regulation (Ref: par. .22-.23)</i></p> <p>.A30 The auditor may be required to comply with legal or regulatory</p>	<p>See the comment on paragraphs 22-23. This is important application material that should remain in</p>

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	regulatory requirements in addition to GAAS. When this is the case, the auditor may be required to use a layout, form, or wording in the auditor's report that differs from that described in this section, such as when printed forms or schedules designed or adopted by the bodies with which they are to be filed prescribe the wording of the auditor's report.	requirements in addition to GAAS. When this is the case, the auditor may be required to use a layout, form, or wording in the auditor's report that differs from that described in this section, such as when printed forms or schedules designed or adopted by the bodies with which they are to be filed prescribe the wording of the auditor's report.	AU-C 800.
	<u>.A28</u> <u>.A31</u> When the differences between the legal or regulatory requirements and GAAS relate only to the layout, form, and wording of the auditor's report and, at a minimum, each of the elements identified in paragraph <u>.24.22</u> are included in the auditor's report, the auditor's report may refer to GAAS. Accordingly, in such circumstances the auditor is considered to have complied with the requirements of GAAS, even when the layout, form, and wording used in the auditor's report are specified by legal or regulatory reporting requirements. Section 210 addresses circumstances in which law or	<u>.A31</u> When the differences between the legal or regulatory requirements and GAAS relate only to the layout, form, and wording of the auditor's report and, at a minimum, each of the elements identified in paragraph .22 are included in the auditor's report, the auditor's report may refer to GAAS. Accordingly, in such circumstances the auditor is considered to have complied with the requirements of GAAS, even when the layout, form, and wording used in the auditor's report are specified by legal or regulatory reporting requirements. Section 210 addresses circumstances in which law or regulation prescribes the	

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	regulation prescribes the layout, form, or wording of the auditor's report in terms that are significantly different from the requirements of GAAS. ^{18, 48}	layout, form, or wording of the auditor's report in terms that are significantly different from the requirements of GAAS. ¹⁸	
	A23, A29 A32 Some report forms can be made acceptable by inserting additional wording to include the elements identified in paragraph .24. 22 . Other report forms can be made acceptable only by complete revision because the prescribed language of the report calls for statements by the auditor that are not consistent with the auditor's function or responsibility; for example, a report form that requests the auditor to certify the financial statements	.A32 Some report forms can be made acceptable by inserting additional wording to include the elements identified in paragraph .22. Other report forms can be made acceptable only by complete revision because the prescribed language of the report calls for statements by the auditor that are not consistent with the auditor's function or responsibility; for example, a report form that requests the auditor to certify the financial statements	
	A24, A30 A33 This guidance can be applied to other circumstances, for example, reports on financial statements prepared in accordance with a general purpose framework for which a specific layout, form, or wording of the auditor's report is required.	.A33 This guidance can be applied to other circumstances, for example, reports on financial statements prepared in accordance with a general purpose framework for which a specific layout, form, or wording of the auditor's report is required.	

¹⁸ ~~18~~ Paragraph .18 of section 210