INSTITUTE OF CHARTERED ACCOUNTANTS OF BARBADOS

GUIDANCE DOCUMENT 01/2025

Illustrations of Auditor's Reports

Approved by the Council on May 2025

This Guidance Document is effective for engagement periods beginning on or after 15 December 2024.

Appendix A unmodified opinion – Listed Entity - [consolidated] financial statements prepared in accordance with a fair presentation framework

Notes:

Members should refer to the guidance included within the Standard at the below IAASB link for detailed guidance related to audit reports: https://ifacweb.blob.core.windows.net/publicfiles/2024-08/IAASB-2023-2024-Handbook-Volume-1.pdf

Additional Guidance on the use of disclaimer language in the auditors' report is available at the following ICAB link: AUDITING

Further to Guidance Note 02/2024 approved by Council on March 12, 2024, practitioners should note that a further amendment was made by the International Auditing and Assurance Standards Board (IAASB) to the Auditor's Responsibilities for the Audit of the [consolidated] Financial Statements.

Please note that the final paragraph which is applicable to group audits only has been amended for the audit of financial statement years ended December 31, 2024, and onwards.

Sentences in this font are comments to aid drafting and should be removed. Words in normal font in square brackets [like this] are options depending on circumstances and should be included /excluded as appropriate.

Independent Auditor's Report

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Report on the Audit of the [Consolidated] Financial Statements[1]

Opinion[2]

We have audited the [consolidated] financial statements of ABC Company [(the Company)/and its subsidiaries (the Group)], which comprise the [consolidated] statement of financial position as at December 31, 20X1, and the [consolidated] statement of comprehensive income, [consolidated] statement of changes in equity and [consolidated] statement of cash flows for the year then ended, and notes to the [consolidated] financial statements, [including material accounting policy information/including a summary of significant accounting policies[8]].

In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, [or *give a true and fair view of]* the [consolidated] financial position of the [Company/Group] as at December 31, 20X1, and [*of]* its [consolidated] financial performance and its [consolidated] cash flows for the year then ended in accordance with [IFRS Accounting Standards/ the IFRS for SMEs Accounting Standard] [as issued by the International Accounting Standards Board].

This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements.

Basis for Opinion[2]

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the [consolidated] Financial Statements* section of our report. We are independent of the [Company/Group] in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of [consolidated] financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.[3] We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

[Reporting in accordance with the reporting requirements in ISA 720 (Revised) – see Illustration 1 in Appendix 2 of ISA 720 (Revised).]

Responsibilities of Management and Those Charged with Governance for the [Consolidated] Financial Statements[4]

Management is responsible for the preparation and fair presentation of the [consolidated] financial statements in accordance with [IFRS Accounting Standards/ the IFRS for SMEs Accounting Standard][5] [as issued by the International Accounting Standards Board], and for such internal control as management determines is necessary to enable the preparation of [consolidated] financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the [consolidated] financial statements, management is responsible for assessing the [Company's/Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the [Company/Group] or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the [Company's/Group's] financial reporting process.

Auditor's Responsibilities for the Audit of the [consolidated] Financial Statements

Our objectives are to obtain reasonable assurance about whether the [consolidated] financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these [consolidated] financial statements.

Paragraph 41(b) of ISA 700 (Revised) explains that the shaded material below can be located in an Appendix to the auditors' report. Paragraph 41(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditors' responsibilities, rather than including this material in the auditors' report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditors' responsibilities below. For this purpose, reference may be made to ICAB's website reference at AUDITING which contains this narrative.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Company's/ Group's] internal control.[6]
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [Company's /Group's) ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the [consolidated] financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the [Company/Group] to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the [consolidated] financial statements, including the disclosures, and whether the [consolidated] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- [Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.][7]

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the [consolidated] financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

[*The form and content of this section of the auditors' report would vary depending on the nature of the auditors' other reporting responsibilities prescribed by local law, regulation, or national auditing standards. The matters addressed by other law, regulation, or national auditing standards (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics* as those *presented under the reporting responsibilities required by the ISAs as part of the Report on the Audit of the [Consolidated] Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the ISAs may be combined (i.e., included in the Report on the Audit of the [Consolidated] Financial Statements section under the appropriate subheadings) provided that the wording in the auditors' report clearly differentiates the other reporting responsibilities from the reporting that is required by the ISAs where such a difference exists.]*

The engagement partner on the audit resulting in this independent auditor's report is [*name*].

[*Signature in the name of the audit firm*]

[*Auditor Address*]

[*Date*]

Appendix B unmodified opinion – Auditor's Report on Financial Statements of an Entity Other than a Listed Entity Prepared in Accordance with a Fair Presentation Framework

The following appendix is based on illustration 3 included in the Appendix of ISA 700 (revised) *Forming an opinion and reporting on financial statements.*

Notes:

Members should refer to the guidance included within the Standard at the below IAASB link for detailed guidance related to audit reports: https://ifacweb.blob.core.windows.net/publicfiles/2024-08/IAASB-2023-2024-Handbook-Volume-1.pdf

Additional Guidance on the use of disclaimer language in the auditors' report is available at the following ICAB link: AUDITING

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Independent Auditor's Report

To the Shareholders of ABC Company [or Other Appropriate Addressee]

Opinion[2]

We have audited the financial statements of ABC Company (the Company), which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, [including material accounting policy information/including a summary of significant accounting policies[8]].

In our opinion, the accompanying financial statements present fairly, in all material respects, [or *give a true and fair view of*] the financial position of the Company as at December 31, 20X1, and [*of*] its financial performance and its cash flows for the year then ended in accordance with [IFRS Accounting Standards/ the IFRS for SMEs Accounting Standard] [as issued by the International Accounting Standards Board].

Basis for Opinion[2]

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements.[3] We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements[4]

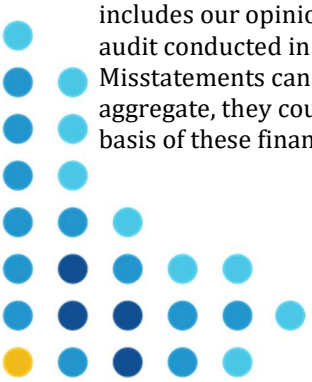
Management is responsible for the preparation and fair presentation of the financial statements in accordance with [IFRS Accounting Standards/ the IFRS for SMEs Accounting Standard] [as issued by the International Accounting Standards Board],[5] and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



A further description of the auditor's responsibilities for the audit of the financial is located at the Institute of Chartered Accountants of Barbados' website at AUDITING: This description forms part of our auditor's report.

[*Signature in the name of the audit firm*]

[*Auditor Address*]

[*Date*]

[1.] The sub-title "Report on the Audit of the [Consolidated] Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

[2.] The Opinion and Basis for Opinion paragraphs may be structured differently but must comply with paragraphs 24 and 28 respectively of ISA 700 (Revised).

[3] The ICAB By-Laws state: "Code of Ethics" means the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants". As such the wording in both Appendix A and Appendix B are acceptable for use in the auditors' report. See IAASB-Listed-Public-Interest-Entity-Standard_0.pdf

[4.] Throughout these illustrative auditors' reports, the terms management and those charged with governance may need to be replaced by another term that is appropriate when considered necessary.

[5] Where management's responsibility is to prepare financial statements that give a true and fair view, this may read: "Management is responsible for the preparation of financial statements that give a true and fair view in accordance with [IFRS Accounting Standards/ the IFRS for SMEs Accounting Standard], and for such…."

[6.] This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements.

[7.] Include this if the audit is a group audit of an entity with subsidiaries.

[8.] Use "which include significant accounting policies" where the financial statements are being prepared in accordance the IFRS for SMEs Accounting Standard.