

Auditor's Reports on Revised Accounts and Reports, in the United Kingdom

2008

April

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BULLETIN

This Bulletin applies when reporting on revised accounts and revised reports in respect of financial years beginning on or after 6 April 2008.

The Auditing Practices
Board

THE AUDITING PRACTICES BOARD

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- Standards and guidance for auditing;
- Standards and guidance for reviews of interim financial information performed by the auditor of the entity;
- Standards and guidance for the work of reporting accountants in connection with investment circulars; and
- Standards and guidance for auditor's and reporting accountant's integrity, objectivity and independence

with the objective of enhancing public confidence in the audit process and the quality and relevance of audit services in the public interest.

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This Bulletin applies to financial years beginning on or after 6 April 2008 and supersedes paragraphs 11 to 20 (and the related appendices) of Practice Note 8 and Examples 1 to 3 of Bulletin 2007/1.

THE AUDITING PRACTICES BOARD

AUDITOR'S REPORTS ON REVISED ACCOUNTS AND REPORTS, IN THE UNITED KINGDOM

Contents	Paragraphs
Introduction	1 – 10
<i>Voluntary revision of accounts or reports</i>	1 – 3
<i>Application to court in respect of defective accounts or reports</i>	4 – 6
<i>Avenues available to an auditor on becoming aware that accounts or reports are defective</i>	7 – 8
<i>Limitation as to extent of revisions permitted by law</i>	9
<i>Applicable requirements and guidance of ISAs (UK and Ireland)</i>	10
Revision by replacement or by supplementary note	11 – 13
Dating the auditor's revised report	14
Auditor's procedures when reporting on revised accounts, directors' reports and directors' remuneration reports	15 – 16
Requirements of the SI 373 Regulations that establish requirements with respect to auditor's reports	17 – 32
<i>Revised annual accounts</i>	18 – 24
<i>Auditor's report where company ceases to be exempt from audit</i>	25
<i>Revised reports</i>	26 – 30
<i>Abbreviated accounts</i>	31
<i>Summary financial statement</i>	32
Appendices	
1. <i>Summarisation of requirements of the Companies (Revision of Defective Accounts and Reports) Regulations 2008 (the SI 373 Regulations)</i>	
2. <i>Illustrative example of an auditor's report on revised annual accounts: revision by replacement</i>	
3. <i>Illustrative example of an auditor's report on revised annual accounts: revision by supplementary note</i>	
4. <i>Illustrative auditor's report on revised directors' report: revision by replacement</i>	
5. <i>Illustrative auditor's report on revised directors' remuneration report: revision by replacement</i>	
6. <i>Illustrative example of a special report on the revised abbreviated accounts of a small company when full financial statements are revised</i>	
7. <i>Illustrative auditor's statement on a revised summary financial statement of a quoted company: revision by replacement</i>	

INTRODUCTION

Voluntary revision of accounts or reports

1. Section 454 of the Companies Act 2006 (CA 2006) grants company directors the authority to revise annual accounts¹, directors' remuneration reports, directors' reports and summary financial statements which do not comply with CA 2006 (or, where applicable, Article 4 of the IAS Regulation).
2. Section 454(3) of CA 2006 enables the Secretary of State to make provision by regulations as to the application of the provisions of CA 2006 in relation to:
 - (a) revised annual accounts;
 - (b) revised directors' remuneration reports;
 - (c) revised directors' reports; and
 - (d) revised summary financial statements.
3. Section 454(4) of CA 2006 states that, the regulations may in particular "make provision with respect to the functions of the company's auditor in relation to the revised accounts, report or statement". The regulations referred to in section 454 of CA 2006 are set out in the "Companies (Revision of Defective Accounts and Reports) Regulations 2008"² (the SI 373 Regulations).

Application to court in respect of defective accounts or reports

4. Sections 455 and 456 of CA 2006 give the Secretary of State, or a person authorised by him, power to apply to the court for a declaration that the annual accounts of a company do not comply, or a directors' report does not comply, with the requirements of CA 2006 (or, where applicable, Article 4 of the IAS Regulation) and for an order requiring the directors to prepare revised accounts or a revised report.
5. If the court orders the preparation of revised accounts it may give directions as to:
 - (a) the auditing of the accounts;
 - (b) the revision of any directors' remuneration report, directors' report or summary financial statement;
 - (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous accounts; and
 - (d) such other matters as the court thinks fit.

1 Including abbreviated accounts

2 Statutory Instrument, SI 2008 No.373

6. Similarly, if the court orders the preparation of a revised directors' report it may give directions as to:
 - (a) the review of the report by the auditors;
 - (b) the revision of any summary financial statement;
 - (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous report; and
 - (d) such other matters as the court thinks fit.

Avenues available to an auditor on becoming aware that accounts or reports are defective

7. If the auditor becomes aware of a fact relevant to the audited accounts or reports, of which it was unaware at the date of the auditor's report, which indicates that the annual accounts or reports were defective there are no statutory provisions that require the accounts, or the report, to be revised.
8. Therefore, in such circumstances, the auditor discusses with those charged with governance whether they wish to withdraw the accounts or the report and revise them voluntarily in accordance with the provisions of section 454 of CA 2006. If those charged with governance decide not to do so the auditor may wish to take legal advice. Possible courses of action include the making of a statement by those charged with governance, or the auditor, at the annual general meeting³.

Limitation as to extent of revisions permitted by law

9. When accounts are revised care needs to be taken that the extent of the revisions does not exceed those permitted by CA 2006. In particular section 454 (2) of CA 2006 requires that "the revisions must be confined to:
 - (a) the correction of those respects in which the previous accounts or report did not comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation), and
 - (b) the making of any necessary consequential alterations".

Applicable requirements and guidance of ISAs (UK and Ireland)

10. With respect to revised annual accounts ISA (UK and Ireland) 560 "Subsequent Events" at paragraph 16 requires that "The new auditor's report should include an emphasis of

3 These paragraphs are derived from paragraph 14-1 of ISA (UK and Ireland) 560 "Subsequent events", additional guidance is provided in paragraphs 15 to 18 of that ISA (UK and Ireland).

matter paragraph referring to a note to the financial statements⁴ that more extensively discusses the reason for the revision of the previously issued financial statements and to the earlier report issued by the auditor". Subsequent guidance in that paragraph states "Local regulations of some countries permit the auditor to restrict the audit procedures regarding the revised financial statements to the effects of the subsequent event that necessitated the revision. In such cases, the new auditor's report would contain a statement to that effect". The application of this requirement and guidance is illustrated in the example auditor's reports set out in Appendices 2 and 3.

REVISION BY REPLACEMENT OR BY SUPPLEMENTARY NOTE

11. Under the SI 373 Regulations annual accounts (including abbreviated accounts), directors' reports, directors' remuneration reports and summary financial statements may be revised either:
 - (a) by replacement; or
 - (b) by the issue of a supplementary note.
12. Revision by replacement means revision by the preparation of a replacement set of accounts, directors' report or directors' remuneration report, in substitution for the original defective accounts or reports. Revision by supplementary note means revision by the preparation of a note indicating corrections to be made to the original defective accounts or reports.
13. The SI 373 Regulations contain no conditions which require one form or the other to be used and, therefore, the directors may use whichever approach appears more appropriate to the circumstances. In both instances, the accounts or report are to be prepared as if prepared and approved by the directors as at the date of the original annual accounts or report.

DATING THE AUDITOR'S REVISED REPORT

14. The auditor's report on the revised annual accounts (or report) is dated the actual date on which it is signed. From that date it becomes the date of the auditor's report in place of the auditor's report on the original audited accounts (or report). However, this does not imply that the auditor has undertaken a subsequent events review between that date and the previous date.

4 In this Bulletin, other than where necessary in context, the term "annual accounts", which is used in CA 2006, is used rather than "financial statements".

AUDITOR'S PROCEDURES WHEN REPORTING ON REVISED ACCOUNTS, DIRECTORS' REPORTS AND DIRECTORS' REMUNERATION REPORTS

15. The basis of the auditor's opinion on revised annual accounts states: "The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made".
16. Therefore, before issuing a report on revised annual accounts, directors' reports or directors' remuneration reports the auditor:
 - (a) through discussion with those charged with governance, determines the reasons for the revision and forms a view from available evidence as to whether the reasons are legitimate;
 - (b) reviews those working papers relating to the audit of the original accounts or report that will enable the auditor to ascertain whether the issue giving rise to the revision had been considered during the audit and if so how they were resolved. The purpose of this review is to enable the auditor to properly assess the context in which the revision is being made;
 - (c) considers the integrity of management and those charged with governance. In particular, the auditor re-assesses earlier representations made by management and those charged with governance;
 - (d) obtains sufficient appropriate audit evidence to support the changes being made to the original accounts or report; and
 - (e) considers whether the auditor has become aware of events that have occurred since it signed the original auditor's report which are of such significance that the auditor may be unwilling to sign a report on the revised accounts or report.

REQUIREMENTS OF THE SI 373 REGULATIONS THAT ESTABLISH REQUIREMENTS WITH RESPECT TO AUDITOR'S REPORTS

17. The following paragraphs provide a summary of certain of the requirements of the SI 373 Regulations insofar as they establish requirements with respect to the various auditor's reports set out in Appendices 2 to 7. Appendix 1 provides a summary of those requirements of the SI 373 Regulations that establish requirements with respect to various statements that the directors are required to make with respect to revised accounts and reports. This Bulletin is not intended to be an authoritative guide to all of the requirements of CA 2006 and the SI 373 Regulations with respect to revising annual accounts and reports. For complete and authoritative guidance reference should always be made to CA 2006 and the SI 373 Regulations themselves.

Revised annual accounts

18. A company's current auditor is required to make a report to the company's members on any revised annual accounts prepared under section 454 of CA 2006. However, where

the auditor's report on the original defective accounts was not made by the company's current auditor, the directors of the company may resolve that the report is to be made by the auditor that made the original report provided that, that auditor agrees to do so and remains qualified for appointment as auditor of the company.

19. Where the company requests the current auditor to report to the company's members on revised annual accounts, on which the current auditor has not previously reported, the responsibility of the current auditor is to express its opinion on the revised accounts as a whole. Consequently it informs the company of the need for it to both:
 - (a) audit the proposed revisions; and
 - (b) obtain sufficient appropriate audit evidence as to the truth and fairness of the annual accounts in question. Such evidence is likely to be obtained from performing a review of the audit working papers of the auditor that made the original report.
20. An auditor's report on revised annual accounts is required to state whether in the auditor's opinion the revised annual accounts have been properly prepared in accordance with the requirements of CA 2006 and, where applicable, Article 4 of the IAS Regulation, as they have effect under the Regulations. In particular the auditor is required to state whether a true and fair view, seen as at the date the original defective annual accounts were approved, is given by the revised annual accounts with respect to the matters set out in section 495(3)(a) to (c) of CA 2006.
21. The report is also required to state whether in the auditor's opinion the original defective annual accounts failed to comply with the requirements of CA 2006 and, where applicable, Article 4 of the IAS Regulation in the respects identified by the directors:
 - (a) (in the case of revision by replacement) in the statement required by Regulation 4(2)(a)(iv);
 - (b) or (in the case of revision by supplementary note) in the supplementary note.
22. The auditor is also required to state whether the information contained in the directors' report for the financial year for which the annual accounts are prepared (or the revised report if the directors' report has been revised under the Regulations) is consistent with those financial statements.
23. Sections 503 (signature of auditor's report)⁵ and 505 (names to be stated in published copies of auditor's reports) of CA 2006 apply to an auditor's report made under the SI 373 Regulations as they apply to an auditor's report under section 495(1) of CA 2006, with any necessary modifications.

⁵ See Bulletin 2008/6 "The Senior Statutory Auditor" under the United Kingdom Companies Act 2006.

24. Appendix 2 is an illustrative example of an auditor's report on annual accounts that have been revised by replacement showing changes from a standard auditor's report as shaded text. Appendix 3 is an illustrative example of an auditor's report on annual accounts that have been revised by supplementary note.⁶

Auditor's report where company ceases to be exempt from audit

25. Where, as a result of revisions to the accounts, the company is no longer entitled to exemption from audit, Regulation 8 of the SI 373 Regulations requires the company to cause an auditor's report on the revised accounts to be prepared. The auditor's report is required to be delivered to the Registrar within 28 days after the date of revision of the accounts.

Revised reports

26. A company's current auditor is required to make a report (or further report) to the company's members on any revised directors' report or directors' remuneration report prepared under section 454 of CA 2006 if the relevant annual financial statements have not been revised at the same time. However, where the auditor's report on the annual accounts for the financial year covered by the revised report was not made by the company's current auditor, the directors of the company may resolve that the report is to be made by the auditor that made the original report provided that auditor remains qualified for appointment as auditor of the company.
27. Where the company requests the current auditor to report to the company's members on a revised directors' remuneration report on which the current auditor has not previously reported, the responsibility of the current auditor is to express its opinion on the whole of the auditable part of the directors' remuneration report. Consequently it informs the company of the need for it to both:
 - (a) audit the proposed revisions; and
 - (b) obtain sufficient appropriate audit evidence as to the proper preparation of the Directors Remuneration Report. Such evidence is likely to be obtained from performing a review of the audit working papers of the auditor that made the original report.
28. Where a revised directors' report is prepared the auditor's report is required to state whether in the auditor's opinion the information given in that revised report is consistent with the annual financial statements for the relevant year.

⁶ The illustrative reports are based on the examples provided in Bulletin 2006/6 "Auditor's reports on financial statements in the United Kingdom". Certain aspects of the illustrative reports will likely need to be revised when Bulletin 2006/6 is revised to reflect the requirements of the Companies Act 2006, and any other changes that may arise from the APB's December 2007 Discussion Paper "The Auditor's Report: A Time for Change?"

29. Where a revised directors' remuneration report is prepared the auditor's report is required to state whether in the auditor's opinion any auditable part⁷ of that revised report has been properly prepared⁸.
30. Appendix 4 is an illustrative example of an auditor's report on a directors' report revised by replacement. Appendix 5 is an illustrative auditor's report on a directors' remuneration report revised by replacement.

Abbreviated accounts

31. The SI 373 Regulations require revised abbreviated accounts to be drawn up in accordance with various sections of CA 2006 including sections 444(4) and 445(4) which are the sections that require the directors to deliver a copy of the special auditor's report required by section 449 of CA 2006. An illustrative example of a special report on the revised abbreviated accounts of a small company is provided in Appendix 6.

Summary financial statement

32. Regulation 17(2) of the SI 373 Regulations requires a revised summary financial statement to contain the statement from the auditor required by sections 427(d) and 428(d) of CA 2006. (This arises from the fact that the directors are required to prepare a further summary financial statement under section 426 and it in turn requires a summary financial statement to comply with either section 427 or 428). An illustrative example of an auditor's statement on a revised summary financial statement of a quoted company is provided in Appendix 7.

7 The "auditable part" is defined in Part 3 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the SI 410 Regulations).

8 The SI 373 Regulations require the auditor always to report when the directors' remuneration report has been revised. There is no derogation from this requirement for the auditor in those circumstances where the revision affects only the part of the report that is not required to be audited.

APPENDIX 1

**SUMMARISATION OF REQUIREMENTS OF THE COMPANIES
(REVISION OF DEFECTIVE ACCOUNTS AND REPORTS)
REGULATIONS 2008 (THE SI 373 REGULATIONS)**

1. This Appendix summarises certain of the requirements of the SI 373 Regulations. Neither this Appendix nor the Bulletin is intended to be an authoritative guide to all of the requirements of CA 2006 and the SI 373 Regulations with respect to revising annual accounts and reports. For complete and authoritative guidance reference should always be made to CA 2006 and the SI 373 Regulations themselves.

Directors' statement relating to revised annual accounts: revision by replacement

2. The directors must include a statement concerning the revision in a prominent position in the revised financial statements. In the case of a revision by replacement, Regulation 4(2)(a) requires this to state:
 - (a) "that the revised accounts replace the original annual accounts for the financial year (specifying it);
 - (b) that they are now the statutory accounts of the company for that financial year;
 - (c) that they have been prepared as at the date of the original annual accounts and not as at the date of revision and accordingly do not deal with events between those dates;
 - (d) the respects in which the original annual accounts did not comply with the requirements of CA 2006; and
 - (e) any significant amendments made consequential upon the remedying of those defects."

Directors' statement relating to revised annual accounts: revision by supplementary note

3. When revision is effected by supplementary note, the note itself should provide adequate information concerning the defect in the original financial statements and any consequential amendments, and is required by Regulation 4(2)(b) to include a statement:
 - (a) "that the note revises in certain respects the original annual accounts of the company and is to be treated as forming part of those accounts; and
 - (b) that the annual accounts have been revised as at the date of the original annual accounts and not as at the date of revision and accordingly do not deal with events between those dates."

Directors' statement relating to a revised directors' report or a revised directors' remuneration report: revision by replacement

4. Where a directors' report or a directors' remuneration report is to be revised by replacement the directors are required, before approving the revised report, to cause statements as to the following matters to be made in a prominent position in the revised directors' report [or directors' remuneration report]:
- (a) that the revised directors' report [or directors' remuneration report] replaces the original directors' report [or directors' remuneration report] for the financial year (specifying it);
 - (b) that it has been prepared as at the date of the original directors' report [or directors' remuneration report] and not as at the date of revision and accordingly does not deal with any events between those dates;
 - (c) the respects in which the original directors' report [or directors' remuneration report] did not comply with CA 2006; and
 - (d) any significant amendments made consequential upon the remedying of those defects.

Directors' statement relating to a revised directors' report or a revised directors' remuneration report: revision by supplementary note

5. Where a directors' report or a directors' remuneration report is to be revised by supplementary note the directors are required, before approving the supplementary note, to cause statements as to the following matters to be made in a prominent position in the supplementary note:
- (a) that the note revises in certain respects the original directors' report [or directors' remuneration report] and is to be treated as forming part of that report; and
 - (b) that the directors' report [or directors' remuneration report] has been revised as at the date of the original report and not as at the date of the revision and accordingly does not deal with events between those dates.

Abbreviated accounts

6. Regulations 15 and 16 of the SI 373 Regulations apply to abbreviated accounts filed by small and medium sized companies (See Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom"). Regulation 15 addresses the implications for the abbreviated accounts where revised annual financial statements are required to be prepared and the company has, prior to the date of revision, delivered abbreviated accounts to the Registrar. Regulation 16 addresses the revision of abbreviated accounts that may arise in other circumstances.
7. Regulation 15(2) addresses circumstances where the abbreviated accounts delivered to the registrar would, if they had been prepared by reference to the revised financial

statements, not comply with the requirements of CA 2006. This may be because the company would not have qualified as a small or medium-sized company in the light of the revised financial statements or because the financial statements have been revised in a manner which affects the content of the abbreviated accounts.

8. In such cases the directors of the company are required to cause the company either:
 - (a) to deliver to the registrar a copy of the revised annual accounts, together with a copy of the directors' report and the auditor's report on the revised annual accounts; or
 - (b) if on the basis of the revised annual accounts they are entitled to do so to prepare further abbreviated accounts and to deliver them to the registrar together with a statement as to the effect of the revisions made.
9. Where the abbreviated accounts would, if they had been prepared by reference to the revised annual accounts, remain the same as those originally filed the company is required to deliver to the registrar
 - (a) a note stating that the annual accounts of the company have been revised in a respect which has no bearing on the abbreviated accounts delivered for that year, together with;
 - (b) a copy of the auditor's report on the revised annual accounts.
10. Where the directors have delivered to the registrar abbreviated accounts which do not comply with the requirements of CA 2006 for reasons other than those specified in Regulation 15(2) the directors of the company shall cause the company:
 - (a) to prepare revised abbreviated accounts; and
 - (b) to deliver those accounts to the registrar within 28 days after the date of the revision together with a statement as to the effect of the revisions made.

Summary financial statement: revision by replacement

11. Where a summary financial statement does not comply with the requirements of section 426 of CA 2006 or if it had been prepared by reference to revised annual financial statements or a revised report would not have complied with those requirements the directors are required to cause the company to prepare a revised summary financial statement and to send that statement to:
 - (a) any person who received a copy of the original summary financial statement; and
 - (b) any person to whom the company would be entitled, as at the date the revised summary financial statement is prepared, to send a summary financial statement for the current financial year.

12. Sections 426(1) to (4) (Option to provide summary financial statement), 434(6) (Requirements in connection with publication of statutory accounts) and 435(7) (Requirements in connection with publication of non-statutory accounts) of CA 2006 apply with necessary modifications to a revised summary financial statement.
13. A revised summary financial statement is required to contain a short statement of the revisions made and their effect.

Summary financial statement: revision by supplementary note

14. As an alternative to preparing a revised summary financial statement the company may prepare and send to the persons mentioned in paragraph 11 above a supplementary note indicating the corrections to be made to the original defective summary financial statement. Such a supplementary note is required to contain a statement that it revises the original defective summary financial statement in certain respects and is to be treated as forming part of that statement.

Revision of annual financial statements that has no effect on the summary financial statement

15. Regulation 17(6) of the Regulations contemplates the situation where the directors revise the annual financial statements or reports but that this has no effect on the summary financial statement as issued. In such circumstances the Regulations require the directors to cause the company to send to the persons mentioned in paragraph 11 above a note stating that annual accounts for a specified financial year or the directors' report or directors' remuneration report for that year have or has been revised in a respect which has no bearing on the summary financial statement for that year.
16. If the auditor's report on the revised annual accounts or report is qualified, a copy of that report is required to be attached to the note described in the preceding paragraph.

Companies that are exempt from audit

17. Where a company is exempt from audit:
 - (a) by virtue of section 477(1) (small companies: conditions for exemption from audit) or
 - (b) by virtue of section 480 (dormant companies: conditions for exemption from audit),of CA 2006 the Regulations have effect as if any reference to an auditor's report, or the making of such a report were omitted. In other words the audit exemptions apply to the revised accounts and reports.

Modifications of Companies Act 2006

18. Where the requirements of CA 2006 as to the matters to be included in the annual accounts of a company, abbreviated accounts, a directors' report, a directors' remuneration report or a summary financial statement have been amended after the date

of the original defective accounts, report or statement references in the Regulations to the requirements of CA 2006 shall be construed as references to the provisions of CA 2006 as in force as at the date of the original defective accounts, report or statement.

APPENDIX 2

ILLUSTRATIVE EXAMPLE OF AN AUDITOR'S REPORT ON REVISED ANNUAL ACCOUNTS: REVISION BY REPLACEMENT

This example is based on the following assumptions:

- *Non-publicly traded company that does not prepare group accounts.*
- *UK GAAP used for individual company accounts.*
- *Financial statements contain no surround information other than the directors' report.*

**REPORT OF THE INDEPENDENT AUDITOR TO THE [MEMBERS]
[SHAREHOLDERS] OF XYZ LIMITED**

We have audited the revised financial statements of XYZ Limited for the year ended ... which comprise [state the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses] and the related notes⁹. These revised financial statements have been prepared under the accounting policies set out therein and replace the original financial statements approved by the directors on....

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing revised financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view are set out in the Statement of Directors' Responsibilities.¹⁰

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the revised financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted

9 Auditor's reports of entities that do not publish their financial statements on a web site or publish them using 'PDF' format may continue to refer to the financial statements by reference to page numbers.

10 If the directors' responsibilities with respect to revised financial statements are not set out in a separate statement, the auditors will include a description in their report.

Accounting Practice and are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008. We also report to you whether in our opinion the information given in the [revised]¹¹ Directors' Report is consistent with the revised financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit or if disclosures of directors' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the [revised]⁹ Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

Opinion

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at and of its profit [loss] for the year then ended;

11 The term 'revised' will be needed if the Directors' Report has also been revised.

- the revised financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved;
- the revised financial statements have been properly prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008;
- the original financial statements for the year ended... failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note [x] to these revised financial statements; and
- the information given in the [revised]⁹ Directors' Report is consistent with the revised financial statements.

Emphasis of matter – revision of...

In forming our opinion on the revised financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note [x] to these revised financial statements concerning the need to revise the The original financial statements were approved on ...and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

[Signature]

John Smith (senior statutory auditor)

For and on behalf of ABC LLP, Statutory auditor

Address

Date

Note: Changes from a standard auditor's report are shown as shaded text.

APPENDIX 3

ILLUSTRATIVE EXAMPLE OF AN AUDITOR'S REPORT ON REVISED ANNUAL ACCOUNTS: REVISION BY SUPPLEMENTARY NOTE

This example is based on the following assumptions:

- *Non-publicly traded company that does not prepare group accounts.*
- *UK GAAP used for individual company accounts.*
- *Financial statements contain no surround information other than the directors' report.*

REPORT OF THE INDEPENDENT AUDITOR TO THE [MEMBERS] [SHAREHOLDERS] OF XYZ LIMITED

We have audited the revised financial statements of XYZ Limited for the year ended.... which comprise [state the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses] and the related notes.¹² The revised financial statements replace the original financial statements approved by the directors on... and consist of the attached supplementary note together with the original financial statements which were circulated to [members] [shareholders] on....

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing revised financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view are set out in the Statement of Directors' Responsibilities.¹³

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

12 Auditor's reports of entities that do not publish their financial statements on a web site or publish them using 'PDF' format may continue to refer to the financial statements by reference to page numbers.

13 If the directors' responsibilities with respect to revised financial statements are not set out in a separate statement, the auditors will include a description in their report.

We report to you our opinion as to whether the revised financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008. We also report to you whether in our opinion the information given in the [revised]¹⁴ Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit or if disclosures of directors' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the [revised]¹² Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

14 The term 'revised' will be needed if the Directors' Report has also been revised.

Opinion

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at and of its profit [loss] for the year then ended;
- the revised financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved;
- the revised financial statements have been properly prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008;
- the original financial statements for the year ended failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the supplementary note; and
- the information given in the [revised]¹² Directors' Report is consistent with the revised financial statements.

Emphasis of matter – revision of ...

In forming our opinion on the revised financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the supplementary note concerning the need to revise the The original financial statements were approved on ...and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

[Signature]

John Smith (senior statutory auditor)

For and on behalf of ABC LLP, Statutory auditor

Address

Date

APPENDIX 4

**ILLUSTRATIVE AUDITOR'S REPORT ON REVISED DIRECTORS'
REPORT: REVISION BY REPLACEMENT**

**REPORT OF THE INDEPENDENT AUDITOR TO THE [MEMBERS]
[SHAREHOLDERS] OF XYZ LIMITED**

We have considered the information given in the revised directors' report for the year ended.... The revised directors' report replaces the original directors' report approved by the directors on... [and consists of the attached supplementary note together with the original report which was circulated to [members] [shareholders] on...] ¹⁵. The revised directors' report has been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly does not take account of events which have taken place after the date on which the original directors' report was approved.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the revised directors' report.

Our responsibility is to report to you whether the revised directors' report is consistent with the annual financial statements.

Basis of opinion

Our consideration has been directed towards matters of consistency alone and not to whether the revised directors' report complies with the requirements of the Companies Act 2006.

Opinion

In our opinion the information given in the revised directors' report is consistent with the annual financial statements for the year ended... which were circulated to [members] [shareholders] on....

[Signature]

John Smith (senior statutory auditor)

For and on behalf of ABC LLP, Statutory auditor

Address

Date

¹⁵ Omit the words in brackets when the revision is by way of a full replacement.

APPENDIX 5

ILLUSTRATIVE AUDITOR'S REPORT ON REVISED DIRECTORS' REMUNERATION REPORT: REVISION BY REPLACEMENT

REPORT OF THE INDEPENDENT AUDITOR TO THE [MEMBERS] [SHAREHOLDERS] OF XYZ LIMITED

We have considered the revised directors' remuneration report for the year ended.... The revised directors' remuneration report replaces the original directors' remuneration report approved by the directors on... [and consists of the attached supplementary note together with the original report which was circulated to [members] [shareholders] on...] ¹⁶. The revised directors' remuneration report has been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly does not take account of events which have taken place after the date on which the original directors' remuneration report was approved.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the revised directors' remuneration report.

Our responsibility is to report to you whether the part of the revised directors' remuneration report to be audited has been properly prepared.

Basis of opinion

Our consideration has been directed towards forming an opinion as to whether the part of the revised directors' remuneration report to be audited has been properly prepared in accordance with the requirements of Part 3 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Opinion

In our opinion the part of the revised directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

[Signature]

John Smith (senior statutory auditor)

For and on behalf of ABC LLP, Statutory auditor

Address

Date

¹⁶ Omit the words in brackets when the revision is by way of a full replacement.

ILLUSTRATIVE EXAMPLE OF A SPECIAL REPORT ON THE REVISED ABBREVIATED ACCOUNTS OF A SMALL COMPANY WHEN FULL FINANCIAL STATEMENTS ARE REVISED

INDEPENDENT AUDITOR'S REPORT TO XYZ LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the revised abbreviated accounts set out on pages ... to ... , together with the revised financial statements of XYZ Limited for the year ended...prepared under section 396 of the Companies Act 2006.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the revised abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Act to the Registrar of Companies and whether the revised abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the revised financial statements, that the company is entitled to deliver abbreviated accounts and that the revised abbreviated accounts to be delivered are properly prepared¹⁷.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006 and the revised abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

[Other information¹⁸]

[Signature]

John Smith (senior statutory auditor)

For and on behalf of ABC LLP, Statutory Auditor

Address

Date

¹⁷ Add appropriate wording such as "The scope of our work for the purposes of this report does not include examining events occurring after the date of our auditor's report on the full revised financial statements" where special report is dated after the signing of the auditor's report on the full revised financial statements (see paragraph 46 of Bulletin 2008/4).

¹⁸ This section is only included in the circumstances described in paragraphs 41 to 44 of Bulletin 2008/4.

APPENDIX 7

ILLUSTRATIVE AUDITOR'S STATEMENT ON A REVISED SUMMARY FINANCIAL STATEMENT OF A QUOTED COMPANY: REVISION BY REPLACEMENT

INDEPENDENT AUDITOR'S STATEMENT TO THE [MEMBERS] [SHAREHOLDERS] OF XYZ PLC

We have examined the revised summary financial statement [for the year ended....] [set out on pages....].

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the [*revised summarised annual report*] in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the revised summary financial statement within the [*revised summarised annual report*] with the revised full annual financial statements [, the [revised]¹⁹ Directors' Report]²⁰ and the [revised]²¹ Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the [*revised summarised annual report*] and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the revised summary financial statement. The other information comprises only [the Chairman's Statement and the Corporate Governance Statement].

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion[s] on those revised financial statements, the [revised]¹⁹ Directors' Report]²⁰ and the [revised]²¹ Directors' Remuneration Report.

Opinion

In our opinion the revised summary financial statement is consistent with the revised full annual financial statements [, the [revised]¹⁹ Directors' Report]²⁰ and the [revised]²¹ Directors' Remuneration Report of XYZ plc for the year ended ... and complies with the applicable

19 The word "revised" is inserted where the Directors' Report has also been revised

20 There is no requirement for an entity to include a Summary Directors' Report. However, if the directors include information in the summary financial statement that is derived from the Directors' Report the auditor is required to report that such information is consistent with the Directors' Report.

21 The word "revised" is inserted where the Directors' Remuneration Report has also been revised

requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

[We have not considered the effects of any events between the date on which we signed our report on the revised full annual financial statements and the [revised Directors' Remuneration Report] (insert date) and the date of this statement.]²²

Statutory auditor
Date

Address

DIRECTORS' STATEMENT

The auditor has issued unqualified reports on the revised full annual financial statements, the auditable part of the [revised]²¹ directors' remuneration report and on the consistency of the [revised]¹⁹ directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.²³

²² Include this sentence where the date of this statement is after the date of the auditor's report on the revised full annual financial statements and the [revised] Directors' Remuneration Report.

²³ This statement is a requirement of sections 428(4)(e), 428(4)(f) and 428(4)(g) of CA 2006.

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