

A variety of reporting requirements and voluntary reporting practices exist in South Africa, which may give rise to the inconsistent application of ISA 720 (Revised). The auditor has certain responsibilities under ISA 720 (Revised) when other information has been identified in an entity's annual report.

To whom does the standard apply?

ISA 720 (Revised) applies to all ISA audits and also affects the audits of non-listed entities. It does not apply to preliminary announcements of financial information or securities offering documents, including prospectuses.

What is considered other information?

ISA 720 (Revised) defines other information as "financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. It identifies the scope of other information as information included in an entity's annual report.

Although the Companies Act, 2008, prescribes the content of a company's annual financial statements it does not require or address the preparation of an annual report. The JSE Limited Listings Requirements prescribe certain disclosures that should be included in a listed entity's annual report, but also do not define the annual report.

An entity's annual report may include information that has been the subject matter of an assurance engagement other than the audit of the financial statements. ISA 720 (Revised) does not contain a scope exemption for such information and it is therefore other information within the scope of ISA 720.

What information is not considered to be other information and excluded from the scope of ISA 720?

Regulatory reports and sustainability reports that are issued as standalone documents, and do not form part of the entity's annual report, are not part of the combination of documents that comprise an entity's annual report.

The following is also not regarded as "other information" in the context of ISA 720 and the South African environment:

- Announcements of information that has been reviewed in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of interim financial information performed by the independent auditor of the entity* (in the context of entities listed on the JSE).
- Announcements on SENS and/or in the press that relate to information that has been audited or reviewed do not form part of the combination of documents that comprise an annual report.
- Information that a listed entity may prepare on a voluntary basis for a specific stakeholder grouping, such as analysts, has a different purpose from that of an annual report. Where such information are presented separately from the annual report, it is not other information within the scope of ISA 720.

Auditing and reporting of other information

Where the other information was obtained at the date of the auditor's report

- Identification of the other information obtained prior to the date of the auditor's report
- In respect of information obtained prior to the date of the auditor's report, either:
 - A statement that the auditor has nothing to report; or
 - If there is an uncorrected material misstatement of the other information, a statement that describes the uncorrected material misstatement of the other information

Where the other information is only expected after the date of the auditor's report

- Listed entities: Identification of the other information expected to be obtained after the date of the auditor's report
- Entities other than listed entities: No reporting required, although the auditor still has responsibilities to perform the necessary procedures on the other information

The reporting on 'Other information' includes the following:

- **A statement that that management is responsible for the other information**
- **A statement that the audit opinion does not cover the other information**
- **A description of the auditor's responsibilities relating to reading, considering and reporting on the other information.**

EXAMPLES OF REPORTS, DOCUMENTS AND INFORMATION THAT COULD BE DETERMINED TO BE OTHER INFORMATION

Example	Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?	What is regarded as the 'other information' in the scenario?
As part of the year-end financial reporting process, a company prepares a document that contains its annual financial statements (the directors' report, audit committee report and company secretary certificate, audited financial statements and the auditor's report thereon) and a detailed income statement as supplemental information. The document is distributed to the company's shareholders for purposes of the company's annual general meeting.	YES	All information in the document, other than the audited financial statements and the auditor's report thereon. Other information includes the directors' report, audit committee report, company secretary certificate and the detailed income statement.
A non-listed entity prepares its annual report as defined in ISA 720 (Revised) 10 months after the auditor's report signing date. This contains the financial statements, the auditor's report thereon and a chairman's report.	YES	All information in the annual report, other than the financial statements and the auditor's report thereon. Other information includes the chairman's report.
The directors of a non-profit company decide to prepare a report that will be used in a presentation to potential donors. It will contain the company's most recent financial statements and the auditor's report thereon. This report will be prepared in addition to the company's annual financial statements.	NO	
Regulatory returns (standalone documents) that are submitted to regulators by entities within regulated industries, for example, banks and medical schemes. The returns do not include the financial statements or the auditor's report thereon.	NO	
A retirement fund submits its "Annual Financial Statements in terms of Section 15 of the Pension Funds Act No 24, 1956 as amended (Pension Funds Act)" after the end of its financial year to the Financial Services Board. The return includes the financial statements and the auditor's report thereon (i.e. not a standalone regulatory return).	YES	All information in the regulatory return, other than the financial statements and the auditor's report thereon.
A company prepares an integrated report that includes the company's annual financial statements and the auditor's report thereon.	YES	All information in the integrated report, other than the financial statements and the auditor's report thereon.
A company prepares an integrated report that does not include the company's annual financial statements, the auditor's report thereon or a summary of the annual financial statements.	YES	All information in the integrated report.
A company prepares an integrated report that does not include the company's annual financial statements or auditor's report thereon but includes a summary of the annual financial statements. The summary financial statements were not audited.	YES	All information in the integrated report, including the summary financial statements.

Example	Does the report/document meet the definition of an annual report in terms of ISA 720 (Revised)?	What is regarded as the 'other information' in the scenario?
A company prepares an integrated report that does not include the company's annual financial statements or auditor's report thereon but includes a summary of the annual financial statements and the auditor's ISA 810 (Revised) report on the summary financial statements.	YES	All information in the integrated report, excluding the auditor's ISA 810 (Revised) audit report.
A listed entity prepares a sustainability report that is published as a standalone document completely separate from the entity's integrated report.	NO	
An entity prepares an integrated report. The index page to the integrated report states that the entity's sustainability report forms part of the entity's integrated report. The sustainability report is presented in a separate document.	YES	All information in the integrated report and the sustainability report, other than the financial statements and the auditor's report thereon.
An analyst presentation is presented by a listed entity at the time of the release of its audited financial results for the year, and gets published on the entity's website.	NO	
A listed entity's annual financial results are communicated through SENS. The summary consolidated financial statements included in the SENS announcement are derived from audited financial statements.	NO	
A listed entity publishes reviewed annual results on SENS.	NO	
An entity prepares an integrated report that includes a website reference to its King IV "apply and explain" disclosures.	YES	All information in the integrated report, including the King IV "apply and explain" disclosures, other than the financial statements and the auditor's report thereon.
An entity prepares an integrated report that contains its consolidated financial statements and the auditor's report thereon. The entity presents its standalone financial statements and the auditor's report thereon in a separate document that includes a detailed income statement.	YES	All information in the integrated report and the document that contains the standalone financial statements document, other than the financial statements and the auditor's reports thereon.