

LUXEMBOURG SUPPLEMENT TO INTERNATIONAL STANDARD ON AUDITING 720 (REVISED) THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION

Introduction

Scope of this ISA

1-1. For statutory audits of financial statements, this Luxembourg supplement to ISA 720 deals with the obligation imposed by the Luxembourg law on the auditor to report on other statutory information (management report, corporate governance statement...), based on the work undertaken in the course of the audit.

Definitions

12 (d). Other statutory information – For statutory audits of financial statements, those documents or reports that are required to be prepared and issued by the entity in relation to which the auditor is required to report publicly in accordance with law or regulation.

Requirements

Reading and Considering the Other Information

14D-1. For entities that are required to prepare other statutory information, the auditor shall read it, and in doing so shall consider, based on the work undertaken in the course of the audit, whether the other statutory information appears to be materially misstated. (Ref: Para. A36-1-A36-4)

14D-2. For entities that are required to prepare other statutory information, as the basis for the consideration required by paragraphs 14(a), 14(b) and 14D-1, the auditor shall perform such procedures as are necessary in the auditor's professional judgment to identify:

- (a) Any material inconsistencies between the other statutory information and the financial statements;
- (b) Any material inconsistencies between the other statutory information and the auditor's knowledge obtained in the audit, in the context of audit evidence obtained and conclusions reached in the audit; and

- (c) Whether the other statutory information appears to be materially misstated in the context of the auditor's understanding of the legal and regulatory requirements applicable to the other statutory information.

Reporting

Management's report

22D-1. For entities that are required to prepare a management report, the auditor shall in the auditor's report:

- (a) State whether based on the work undertaken in the course of the audit:
- (i) The information given in the management report for the financial year for which the accounts are prepared is consistent with those accounts; and
 - (ii) The management report has been prepared in accordance with applicable legal requirements;
- (b) State whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, the auditor has identified material misstatements in the management report; and
- (c) If applicable, give an indication of the nature of each of the misstatements referred to in paragraph 22D-1(b).

[AL / Article 35(2)e]

Corporate governance statement

22D-2. For entities that are required to prepare a Corporate governance statement in respect of a financial year, the auditor shall in the auditor's report:

- (a) State whether based on the work undertaken in the course of the audit :
- (i) the information required by article 68ter (1) c) and d) of the accounting of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended, given in the corporate governance statement is consistent with those accounts; and
 - (ii) the information required by article 68ter (1) c) and d) of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended, given in the corporate governance statement has been prepared in accordance with applicable legal requirements;

- (b) State whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, the auditor has identified material misstatements in the corporate governance statement referred to in paragraph 22D-2(a); and
- (c) If applicable, give an indication of the nature of each of the misstatements referred to in paragraph 22D-2 (b).

Application and Other Explanatory Material

Reading and Considering the Other Information

Identifying whether the other information has been prepared in accordance with the applicable reporting framework (Ref: Para. 14D-1)

A36-1. As explained in paragraph 12(b), a misstatement of the other information also exists when the other information has not been prepared in accordance with the applicable legal and regulatory requirements.

A36-2. In considering whether the other information has been prepared in accordance with the applicable legal and regulatory requirements, the auditor identifies whether information that is required by law or regulation to be included in the other information has been omitted. This includes situations where the required information is presented separately from the other information without appropriate cross reference.

A36-3. If the auditor concludes that the other information has not been prepared in accordance with the applicable legal and regulatory requirements, the auditor determines whether non-compliance with the applicable legal or regulatory requirement has a material effect on the financial statements.¹

A36-4. For statutory audits of financial statements of public-interest entities, the auditor considers whether to communicate any non-compliance with the applicable legal and regulatory requirement in the additional report to the audit committee.²

¹ ISA250 (Revised), “Consideration of Laws and Regulations in an Audit of Financial Statements.”

² ISA 260, “Communication with Those Charged with Governance”, paragraph 16R-1(k).