

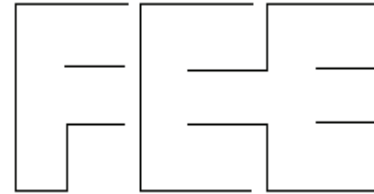
Date  
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Le Président

Fédération  
des Experts  
Comptables  
Européens  
AISBL

Avenue d'Auderghem 22-28  
1040 Bruxelles  
Tél. 32 (0) 2 285 40 85  
Fax: 32 (0) 2 231 11 12  
E-mail: [secretariat@fee.be](mailto:secretariat@fee.be)

Mr. Jim Sylph  
Executive Director Professional Standards  
International Auditing and Assurance Standards Board (IAASB)  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, New York 10017  
USA



[Edcomments@ifac.org](mailto:Edcomments@ifac.org)

Dear Mr. Sylph,

**Re: Exposure Draft – Proposed Redrafted ISA 710 Comparative Information – Corresponding Figures And Comparative Financial Statements**

As the representative organisation of the European accountancy profession, FEE is pleased to comment on the Exposure Draft – Proposed International Standard on Auditing (ISA) 710 (Redrafted) on Comparative Information – Corresponding Figures and Comparative Financial Statements (Proposed ISA 710).

FEE supports Proposed ISA 710 as it is an improvement on the existing ISA 710. However, we believe that our comments which follow would further enhance the standard. This letter also includes our responses to the questions posed in Proposed ISA 710.

## Comments

### Objective

As currently drafted there is a mismatch between the objective and the supporting requirements when the auditor of the current year's financial statements has not audited the previous year's financial statements. This mismatch arises because the objective uses the phrase 'to obtain sufficient appropriate audit evidence', which can be read as requiring the current auditor to audit comparative information. This is clearly not the case, given the requirements of paragraphs 13 and 18. Furthermore, not all comparative information is 'included in the financial statements' such that it is covered by the auditor's report and the relevant financial reporting framework is only that which applies to the current period. Financial reporting frameworks may or may not require the audit of comparative information.

The objective would be better worded as follows:

*“The objective of the auditor is:*

- (a) *When the financial statements of previous year(s) have been audited by the current auditor: to obtain sufficient appropriate audit evidence about whether the comparative information presented with or within the current period financial statements is, in all material respects, in accordance with the financial reporting framework applicable to the financial statements being audited; or*
- (b) *When the financial statements of previous year(s) have not been audited by the current auditor: to consider whether comparative information presented with or within the current period financial statements is, in all material respects, in accordance with the financial reporting framework applicable to the financial statements being audited.”*

In subparagraph (b), we suggest using the verb “consider” rather than “evaluate”, “determine”, “assess” or any other word, because we believe that “consider” represents the appropriate level of professional judgement required to determine the extent of audit work required on comparative information when the financial statements of previous years have not been audited by the current auditor.

## **Definitions**

### *Paragraph 5*

Paragraph 5 (a) should refer to the applicable financial reporting framework as follows:

*“Comparative information - The amounts or disclosures presented with or within the financial statements in respect of one or more previous periods in accordance with the applicable financial reporting framework.”*

This should obviate the need for a reference in paragraphs 5 (b) and (c).

## **Requirements**

### *Paragraph 6*

The term ‘correctly’ is rarely used in ISAs because it implies a level of accuracy that can rarely, if ever, be achieved. Clarification of the meaning of such a term would be helpful in a redrafted standard. The key aspects of ‘correctness’ are however already included in paragraphs 6 (a) and (b) which follow and the term is therefore largely redundant.

‘Appropriate classification’ is similarly redundant to the extent that it is already included within paragraph 6 (b) which refers to adequate presentation and disclosure, which cannot be achieved without appropriate classification. For this reason, most of the paragraph before the two sub-paragraphs can be safely deleted to read:

*“The auditor shall determine whether:*

- (a) *The comparative information ....”*

If a specific reference to classification is considered necessary it would be best achieved by adding to the objective in paragraph 4 the words:

*"...including whether such information is appropriately classified."*

#### *Paragraphs 9 to 18*

We suggest that paragraphs 9 to 18 on audit reporting should refer forward to the relevant examples given in the Appendix in order to facilitate their comprehension.

#### *Paragraph 10 (b)*

In order to facilitate the understanding of the situation envisaged in paragraph 10 (b), we suggest the addition of the word 'even' at the beginning of the sentence and the words 'which are included in the scope of the audit' at the end of the paragraph.

#### *Paragraph 13*

Paragraph 13 should have words added to its second sentence as follows: 'Such a statement does not, however, relieve the auditor, *in addition to the requirements of this ISA*, of the requirement to obtain sufficient appropriate audit evidence...'.

#### *Paragraph 18*

Paragraph 18 should have added to the end of the paragraph the words '*in addition to the requirements of this ISA*'.

### **Application and Other Explanatory Material**

#### *Paragraph A3*

We suggest that paragraph A3 should be reworded as follows in order to aid comprehension:

*"When the auditor's report on the prior period, as previously issued, included a modified opinion and when the matter which gave rise to the modification is resolved and properly dealt with in the financial statements in accordance with the applicable financial reporting framework, then the current auditor's report need not refer to the previous modification."*

### **Editorial comments**

#### *Paragraph 2*

The text commencing 'The auditor's reporting requirements regarding comparative information in an audit of...' would be better placed in a separate paragraph.

## **Responses to IAASB's Request for to Questions**

**1. Do respondents agree that the auditor's procedures are the same for the two approaches to presenting comparative information, except for the responsibility to obtain written representations for more than one period in the case of comparative information presented as comparative financial statements?**

We agree provided that appropriate changes are made to the objective, definitions, requirements and application and other explanatory material as suggested above.

**2. If so, do respondents agree with the structure according to which the proposed ISA has been redrafted to give effect to the auditor's responsibilities in the requirements?**

We agree provided that appropriate changes are made to the requirements as suggested above.

**3. Is the objective to be achieved by the auditor, stated in the proposed redrafted ISA, appropriate?**

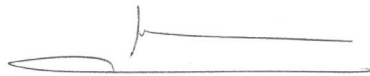
We refer to our comments above on the objective.

**4. Have the criteria identified by the IAASB for determining whether a requirement should be specified been appropriately and consistently, such that the resulting requirements promote consistency in performance and reporting, and the use of professional judgment by auditors?**

We refer to our comments above on paragraphs 6, 9 to 18, 10 (b), 13 and 18.

If you have any further questions about our views on these matters, please do not hesitate to contact us.

Yours sincerely,



Jacques Potdevin  
President