

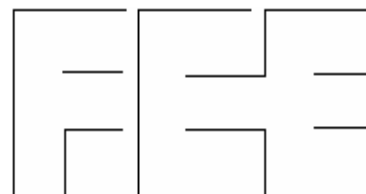
Date
21 November 2007

Le Président

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



Edcomments@ifac.org

Dear Mr. Sylph,

Re: Exposure Draft – Proposed Redrafted International Standard on Auditing (ISA) 800 (Revised) on Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

As the representative organisation of the European accountancy profession, FEE is pleased to comment on the Exposure Draft – Proposed Redrafted International Standard on Auditing (ISA) 800 (Revised) on Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement (Proposed ISA 800).

FEE considers that Proposed ISA 800 has improved the clarity of the existing standard. Our suggested comments which follow would further improve Proposed ISA 800. This letter also includes our responses to the questions set out in the proposed document.

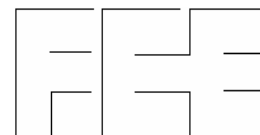
1. Main Comment

FEE refers to its letter dated 21 October 2005 in respect of the Proposed International Standard on Auditing (ISA) 701 – The Independent Auditor's Report on Other Historical Financial Information and Proposed ISA 800 – The Independent Auditor's Report on Summary Audited Financial Statements.

FEE continues to have the following concerns:

In a number of European jurisdictions, 'true and fair view' or 'present fairly, in all material respects' is considered to be equivalent for reporting on a complete set of financial statements as acknowledged in paragraph 31 of Proposed ISA 700. However, we regret that Proposed ISA 800 in paragraph A23 does not acknowledge that under some financial reporting frameworks, including International Financial Reporting Standards and certain European financial reporting frameworks, presenting a balance sheet, a cash-flow statement or another single item in isolation may often be inadequate for the purposes of claiming compliance with that specific financial reporting framework.

IAASB could also address the situation arising in various European jurisdictions, where a 'true and fair view' has historically been associated, in law or practice, with a complete set of financial statements, whereas the use of the words 'present fairly, in all material respects' have more often been associated with single financial statements or elements of financial statements. Paragraph 31 of Proposed ISA 700 could be moved to ISA 200, so that it applies to both ISA 700 and ISA 800, and the phrase "for complete sets of financial statements" could be added to the end of that paragraph. This would provide a basis for suggesting limitations on the use of "true and fair view" in relation to historical financial information other



than complete sets of financial statements without unduly extending this limitation to the use of “present fairly, in all material respects”. We suggest the IAASB include further guidance at the beginning of paragraph A23 of Proposed ISA 800 suggesting that, in the context of many financial reporting frameworks, the use of ‘true and fair view’ may be limited to complete sets of financial statements and prohibited for other than complete sets of financial statements, whereas ‘fairly presents, in all material respects’ may not necessarily be so limited, depending on the context of the applicable financial reporting framework.

2. Other Comments

2.1 Comments on Objective

The objective does not need to make specific reference to acceptance, planning, performance and reporting on an audit, as these items are covered by the requirements and other ISAs. The objective would be better expressed as follows:

‘The objective of the auditor is to take account of the special considerations in the application of ISAs to the audits of special purposes financial statements and specific elements, accounts or items of a financial statement’.

Reference is also made to our comments on paragraph 11, A8 and A11 in 2.2 Comments on Requirements, below.

2.2 Comments on Requirements

Paragraphs 11 and A8 to A11

Paragraph 11 is too vague to be a requirement and its main purpose appears to be to allow for a cross reference to the application and other explanatory material in paragraphs A8 to A11. These paragraphs should therefore be rationalised.

Paragraph 12

The cross references included in paragraph 12 should be aligned with those in paragraph 4. Paragraph 12 should not only refer to Proposed ISA 700 but also to Proposed ISA 705 and 706, as these other ISAs may be relevant depending on the circumstances.

Reference is also made to our comments on paragraph 4 under 2.4 Comments on Introduction, below.

Paragraph 14

We suggest the subheading preceding paragraphs 14 and A13 be worded ‘Restriction on Use or Distribution’, because in many jurisdictions auditors can only restrict distribution but not use.

2.3 Comments on Application and Other Explanatory Material

Paragraph A23

Reference is made to our comments on paragraph A23 under our main comments in Section 1, above.

Paragraph A25

This paragraph as currently drafted appears to state that auditors may avoid the prohibition on piecemeal opinions by engaging in two separate audit engagements and writing the two opinions on different pieces of paper - one on the full financial statements one on the element(s). If this is the case, it should be made clearer.

2.4 Comment on Introduction

Paragraph 4

We see no useful purpose in referring to Proposed ISAs 705 and 706 in the introductory section without further comment. Paragraph 4 should therefore be deleted. However, if such reference is maintained in the introductory section, a reference to proposed ISA 700 should be added.

Reference is also made to our comments on paragraph 12 under 2.2 Comments on Requirements, above.

2.5 Editorial comment

Paragraph 8

The phrase 'should be understood to' in the second sentence of paragraph 8 is not necessary and should be deleted.

3. Responses to IAASB's Request for Responses to Questions

3.1 Are the objectives to be achieved by the auditor, stated in the proposed redrafted ISA, appropriate?

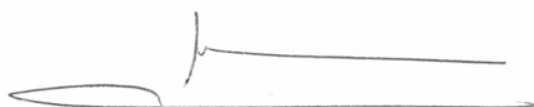
No. Reference is made to our comments above on the objective under 2.1.

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

Not entirely. Reference is made to our main comment above in relation to the form of opinion and to our comments above on requirements in paragraphs 11, 12 and 14.

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

Yours sincerely,



Jacques Potdevin
President