



April 15, 2008

Mr. Jim Sylph
Executive Director, Professional Standards
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017

Dear Mr. Sylph:

We appreciate this opportunity to comment on proposed International Standard on Auditing (ISA) 710, Comparative Information--Corresponding Figures and Comparative Financial Statements (the "proposed standard"), as developed by the International Auditing and Assurance Standards Board (IAASB).

Throughout this comment letter, within our recommendations for editorial changes, additions are noted in "bold underline" and deletions in "double strike-through."

RESPONSES TO THE APPLICATION OF THE CLARITY DRAFTING CONVENTIONS:

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

We believe that the wording of the current objective may imply that the auditor's responsibility for the comparative information is very similar to the auditor's responsibility for the current information. We believe that this potential misinterpretation could be resolved with the following revision to paragraph 4:

*4. The objective of the auditor is to obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements complies, in all material respects, with the **requirements for comparative information contained in the** applicable financial reporting framework.*

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 reporting, and the use of professional judgment by auditors?

Yes, we believe the criteria have been applied appropriately and consistently.

RESPONSES TO SPECIFIC 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?

Yes.

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 requirement?

Yes.

COMMENTS BY PARAGRAPH:

• **Paragraph 10:**

For clarification, we suggest the following editorial revision:

10. If the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is unresolved **as of the date of the auditor's report on the current period:**

• **Paragraph 11(b):**

We suggest including a reference in this bullet to ISA 705, so as to address whether a disclaimer of opinion would be appropriate because the effect of a material misstatement cannot be quantified and may be pervasive (e.g., a material fraud has been discovered in the current year which may have affected prior years).

• **Paragraph 12:**

We believe that "permitted by law or regulation" should be revised to "permitted **and/or required** by law or regulation. Additionally, we suggest that the second sentence from paragraph 13 (**Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements**) be added to the end of paragraph 12, as it seems relevant to both

situations where the prior period financial statements were audited by a predecessor auditor and where they were not audited.

- **Paragraph 13:**

Although the guidance that “clear disclosure in the financial statements that the corresponding figures are unaudited is encouraged” was not retained from the extant ISA 710 because auditing standards cannot impose responsibilities on management, we believe that the IAASB should consider adding a requirement that the auditor shall confirm that the numbers in the financial statements have been disclosed as “unaudited.”

- **Paragraph 15:**

Paragraph 15 states that an Other Matters paragraph is required to disclose the substantive reasons for a different opinion on the prior period financial statements from what was previously expressed. We suggest that the IAASB clarify whether, if the substantive reasons are obvious from the Basis of Qualifications paragraph, an Other Matters paragraph is also necessary? Additionally, the IAASB should consider whether it is appropriate to include a reference to ISA 560 in this paragraph, similar to the reference included in paragraph 11.

- **Paragraph 18:**

For clarity purposes, we suggest that this paragraph specifically state where in the auditor’s report it shall be stated that the comparative financial statements are unaudited.

- **Paragraph A1:**

We suggest the following addition to the end of paragraph A1:

A1...The auditor may, however, determine that it is necessary to obtain a written representation regarding any amendments made to resolve a material misstatement in the prior period financial statements, **or regarding an issue identified in the current year that management has represented did not affect prior years.**

- **Example Auditor’s Reports**

In the first example report, delete the word “of” within the phrase “and of its financial performance and its cash flows for the years then ended.” This appears to be a carry over from “presents the true and fair view of.”

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Deloitte Touche Tohmatsu
April 15, 2008

We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please contact Jens Simonsen, Director of Global Audit Services at + 1 212 492 3689 or John Fogarty, Chairman – DTT Assurance Technical Policies and Methodologies Group at + 1 203 761 3227.

Very truly yours,

A handwritten signature in black ink, reading "Jens Simonsen". The signature is written in a cursive style with a large, stylized initial "J".