

Agenda Item 4-C

Proposed Disposition of the Present Tense and Other Statements in the Draft Redrafted ISA 710

I. Those That Have Been Elevated to a Requirement

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
6	<p>The extent of audit procedures performed on the corresponding figures is significantly less than for the audit of the current period figures and is ordinarily limited to ensuring that the corresponding figures have been correctly reported and are appropriately classified. This involves the auditor evaluating whether:</p> <p>(a) Accounting policies used for the corresponding figures are consistent with those of the current period or whether appropriate adjustments and/or disclosures have been made; and</p> <p>(b) Corresponding figures agree with the amounts and other disclosures presented in the prior period or whether appropriate adjustments and/or disclosures have been made.</p>	<p>A1</p> <p>6.3</p>	<p>Included in A1.</p> <p>The sentence and sub-paragraph (a) and (b) describe the procedures deemed necessary to obtain sufficient appropriate audit evidence in the context of corresponding figures and have been raised as a requirement.</p>
9	If the auditor becomes aware of a possible material misstatement in the corresponding figures when performing the current period audit, the auditor performs such additional audit procedures as are appropriate in the circumstances.	7	Elevated because the auditor has to further investigate possible misstatements to determine if the misstatements do/don't exist.
11	The auditor's report would make specific reference to the corresponding figures only in the circumstances described in paragraphs 12, 13, 15(b), and 16-19.	8.2	Although this is not a present tense statement, the paragraph has been combined with paragraph 10 of the extant ISA to make the context of paragraphs 12, 13, 15(b), and 16-19 clear. It in fact raises a requirement for the mentioned paragraphs by virtue of the use of the word "would".
14	In performing the audit of the current period financial statements, the auditor, in certain unusual circumstances, may become aware of a material misstatement that affects the prior period financial statements on which an unmodified report has been previously issued.	10	The second part of the sentence provides necessary context for the requirement in paragraph 15 of extant ISA 710 (now paragraph 10) and has been incorporated with it. It is a conditional requirement and, therefore, the need to state that it is expected only in certain

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
			unusual circumstances was not considered necessary and that part of the sentence has been deleted.
20.2	This involves the auditor evaluating whether: (a) Accounting policies of the prior period are consistent with those of the current period or whether appropriate adjustments and/or disclosures have been made; and (b) Prior period figures presented agree with the amounts and other disclosures presented in the prior period or whether appropriate adjustments and disclosures have been made.	13.2	The second sentence and sub-paragraph (a) and (b) provide context to achieving sufficient appropriate audit evidence and has been raised as a requirement.
23	If the auditor becomes aware of a possible material misstatement in the prior year figures when performing the current period audit, the auditor performs such additional audit procedures as are appropriate in the circumstances.	14	Elevated because the auditor has to further investigate possible misstatements to determine if the misstatements do/don't exist.
27	In performing the audit on the current period financial statements, the incoming auditor, in certain unusual circumstances, may become aware of a material misstatement that affects the prior period financial statements on which the predecessor auditor had previously reported without modification.	19	The second part of the sentence provides necessary context for the requirement in paragraph 28 of extant ISA 710 (now paragraph 19) and has been incorporated with it. It is a conditional requirement and, therefore, the need to state that it is expected only in certain unusual circumstances was not considered necessary and has been deleted.
30.2	Such a statement does not, however, relieve the auditor of the requirement to carry out appropriate audit procedures regarding opening balances of the current period.	20	The grey type lettering, although not containing a present tense statement, contains a clear requirement that the auditor should still perform appropriate audit procedures regarding opening balances of the current period when the prior period financial statements are not audited and as such has been raised as a requirement.

II. Those That Have Been Treated as Application Material and Redrafted

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
18.1 & 18.2	Such a statement does not, however, relieve the auditor of the requirement to perform appropriate audit procedures regarding opening balances of the current period	12.2 and 20.2	The grey type lettering, although not containing a present tense statement, contains a clear requirement that the auditor should still perform appropriate audit procedures regarding opening balances of the current period when the prior period financial statements are not audited and as such has been raised as a requirement.
21	When the financial statements of the prior period have been audited by another auditor, the incoming auditor evaluates whether the comparative financial statements meet the conditions in paragraph 20 above and also follows the guidance in ISA 510.	A4	As the text of this paragraph directs the auditor to comply with the requirements contained in ISA 510, it has been moved to a cross reference in the introductory scope paragraphs.

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