

MAPPING DOCUMENT

This mapping document demonstrates how the material in the extant ISA 710 has been reflected in the proposed redrafted ISA. Highlight material identifies material that is proposed to be eliminated as a result of redrafting. An explanation of the proposed deletion and other comments are provided, where appropriate. The mark up text reflects the approved conforming amendments arising from the revision of ISA 705 and ISA 706.

Mapping Document - Extant ISA 710

[illegible]

Note: Highlighting indicates material that has been deleted, unless otherwise noted.

<p>purpose of this ISA). These corresponding figures are not presented as <i>complete financial statements</i> capable of standing alone, but are an integral part of the current period financial statements intended to be read only in relationship to the current period figures.</p> <p>(b) Comparative financial statements where amounts and other disclosures for the preceding period are included for comparison with the financial statements of the current period, but do not form part of the current period financial statements.</p> <p>(Refer to Appendix 1 to this ISA for discussion of these different reporting frameworks.)</p>	Deleted	<p>The text in italics has been reworded to be consistent with terminology used in ISA 700(R).</p> <p>Appendix 1 has been deleted as it is covered in the definition section.</p>
<p>4. Comparatives are presented in compliance with the applicable financial reporting framework. The essential audit reporting differences are that:</p> <p>(a) For corresponding figures, the auditor's report only refers to the financial statements of the current period; whereas</p> <p>(b) For comparative financial statements, the auditor's report refers to each period that financial statements are presented.</p>	<p>2.1 and 2.4 2.4(a) 2.4(b)</p>	
<p>5. This ISA provides guidance on the auditor's responsibilities for comparatives and for reporting on them under the two frameworks in separate sections.</p>	2.5	
<p>Corresponding Figures</p>		
<p>The Auditor's Responsibilities</p>		
<p>6. The auditor should obtain sufficient appropriate audit evidence that the corresponding figures meet the requirements of the applicable financial reporting framework.</p>	Objective	<p>The need for sufficient appropriate audit evidence has been incorporated into the objective. The extent of work expected was described more explicitly in the following sentences, which have been elevated to become requirements.</p>

<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> <ul style="list-style-type: none"> (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 (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>A1 6.2 & 6.3 6.3 (b) 6.3 (a)</p>	<p>Order reversed to be consistent with the ordering in ISA 510.</p>
<p>7. When the financial statements of the prior period have been audited by another auditor, the incoming auditor evaluates whether the corresponding figures meet the conditions specified in paragraph 6 above and also follows the guidance in ISA 510, “Initial Engagements—Opening Balances.”</p>	<p>1</p>	<p>Cross reference to ISA 510 now reflected in the introductory paragraph describing the scope of the ISA.</p>
<p>8. When the financial statements of the prior period were not audited, the incoming auditor nonetheless assesses whether the corresponding figures meet the conditions specified in paragraph 6 above and also follows the guidance in ISA 510.</p>	<p>1</p>	<p>Combined with the cross reference to ISA 510 in the introductory paragraph.</p>
<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.</p>	<p>7</p>	<p>Present tense statement raised to a requirement as it is regarded as essential.</p>
<p>Reporting</p>		
<p>10. When the comparatives are presented as corresponding figures, the auditor should issue an auditor’s report in which the comparatives are not specifically identified because the audit opinion is on the current period financial statements as a whole, including the corresponding figures.</p>	<p>8.1 A2</p>	<p>Explanation has been moved to the application material related to the requirement.</p>

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".
12. When the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or <u>an</u> adverse opinion and the matter which gave rise to the modification is: <ul style="list-style-type: none"> Unresolved, and results in a modification of the <u>modified</u> opinion in the auditor's report regarding the current period figures, the <u>opinion in the</u> auditor's report should also be modified regarding the corresponding figures; or Unresolved, but does not result in a modification of the <u>opinion in the</u> auditor's report regarding the current period figures, the <u>opinion in the</u> auditor's report should be modified regarding the corresponding figures. 	9	
13. When the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or <u>an</u> adverse opinion and the matter which gave rise to the modification <u>modified opinion</u> is resolved and properly dealt with in the financial statements, the current report does not ordinarily refer to the previous modification. However, if the matter is material to the current period, the auditor may include an emphasis of matter paragraph dealing with the situation.	A3	Present tense statement treated as application material as it provides guidance to the requirement in extant paragraph 12.
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	This paragraph provides the context of the bold type lettering requirement in paragraph 15 of the extant

		ISA and has been combined with paragraph 15. The highlighted text is superfluous and has been deleted.
15. In such circumstances, the auditor should consider the guidance in ISA 560, “Subsequent Events” and: (a) If the prior period financial statements have been revised and reissued with a new auditor’s report, the auditor should obtain sufficient appropriate audit evidence that the corresponding figures agree with the revised financial statements; or (b) If the prior period financial statements have not been revised and reissued, and the corresponding figures have not been properly restated and/or appropriate disclosures have not been made, the auditor should issue a modified <u>express a qualified opinion or an adverse opinion in the auditor’s report on the current period financial statements, modified with respect to the corresponding figures included therein.</u>	10	
16. If, in the circumstances described in paragraph 14, the prior period financial statements have not been revised and an auditor’s report has not been reissued, but the corresponding figures have been properly restated and/or appropriate disclosures have been made in the current period financial statements, the auditor may include an emphasis of matter <u>other matters</u> paragraph describing the circumstances and referencing to the appropriate disclosures (see ISA 706). <u>In this regard, the auditor also considers the guidance in ISA 560.</u>	A4	Reference to ISA 560 is a duplication of paragraph 10 of the redrafted ISA and has been deleted. The rest of the paragraph is application material as it allows the auditor to include an “other matters” paragraph..
Incoming Auditor—Additional Requirements		
<i>Prior Period Financial Statements Audited by Another Auditor</i>		
17. In some jurisdictions, the incoming auditor is permitted to refer to the predecessor auditor’s report on the corresponding figures in the incoming auditor’s report for the current period.		Incorporated into the introductory wording of paragraph 11 of the proposed ISA

<p>When the auditor decides to refer to another auditor, the incoming auditor’s report should indicate:</p> <p>(a) That the financial statements of the prior period were audited by another auditor;</p> <p>(b) The type of opinion expressed by the predecessor auditor and, if the report <u>opinion</u> was modified, the reasons therefor; and</p> <p>(c) The date of that report.</p>	11	Bold type lettering retained as a requirement. The requirement has been edited to use the terminology of “predecessor auditor” to provide clarity.
<i>Prior Period Financial Statements Not Audited</i>		
<p>18. When the prior period financial statements are not audited, the incoming auditor should state in the auditor’s report that the corresponding figures are unaudited.</p> <p>Such a statement does not, however, relieve the auditor of the requirement to perform appropriate audit procedures regarding opening balances of the current period.</p> <p>Clear disclosure in the financial statements that the corresponding figures are unaudited is encouraged.</p>	<p>12</p> <p>12</p> <p>Deleted</p>	<p>Although this sentence does not contain a present tense statement, it contains a negative type 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 retained together with the requirement.</p> <p>The sentence is deleted because it is inappropriate for the auditor to require such disclosure as management is responsible for the financial statements.</p>

<p>19. In situations where the incoming auditor identifies that the corresponding figures are materially misstated, the auditor should request management to revise the corresponding figures or if management refuses to do so, appropriately modify the report.</p>		<p>Conforming amendments resulting from ISA 705 and ISA 706 have removed this requirement. Therefore text not included in redrafted ISA.</p>
<p>Comparative Financial Statements</p>		
<p>The Auditor's Responsibilities</p>		
<p>20. The auditor should obtain sufficient appropriate audit evidence that the comparative financial statements meet the requirements of the applicable financial reporting framework.</p> <p>This involves the auditor evaluating whether:</p> <ul style="list-style-type: none"> (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. 	<p>13.1</p> <p>13.2</p>	<p>Also incorporated into the wording of the objective.</p> <p>The second sentence and sub-paragraph (a) and (b) provide context to achieving sufficient appropriate audit evidence and has been raised as a requirement.</p>
<p>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.</p>	<p>1</p>	<p>A cross reference to ISA 510 has been incorporated into the introductory paragraph describing the scope of the ISA.</p>
<p>22. When the financial statements of the prior period were not audited, the incoming auditor nonetheless evaluates whether the comparative financial statements meet the conditions specified in paragraph 20 above and also follows the guidance in ISA 510.</p>	<p>1</p>	<p>A cross reference to ISA 510 has been incorporated into the introductory paragraph describing the scope of the ISA.</p>

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	Present Tense Statement raised as a requirement.
Reporting		
<p>24. When the comparatives are presented as comparative financial statements, the auditor should issue a report in which the comparatives are specifically identified because the audit opinion is expressed individually on the financial statements of each period presented.</p> <p>Since the auditor's report on comparative financial statements applies to the individual financial statements presented, the auditor may express a qualified <u>opinion</u> or <u>an</u> adverse opinion, disclaim an opinion, or include an emphasis of matter paragraph <u>or other matters paragraph</u> with respect to one or more financial statements for one or more periods, while issuing a different report on the other financial statements.</p>	15 A5	
<p>25. When reporting on the prior period financial statements in connection with the current year's audit, if the opinion on such prior period financial statements is different from the opinion previously expressed, the auditor should disclose the substantive reasons for the different opinion in an emphasis of matter <u>other matters</u> paragraph (see ISA 706). This may arise when the auditor becomes aware of circumstances or events that materially affect the financial statements of a prior period during the course of the audit of the current period.</p>	16 A6	Grey type lettering included in application material as the word "may" suggests, the situation may not always arise. Editing changes were made.
Incoming Auditor—Additional Requirements		
<i>Prior Period Financial Statements Audited by Another Auditor</i>		
<p>26. When the financial statements of the prior period were audited by another auditor:</p> <p>(a) The predecessor auditor may reissue the auditor's report on the prior period with the incoming auditor only reporting on the current period; or</p> <p>(b) The incoming auditor's report should state that the prior period was audited by another auditor and the incoming auditor's report should indicate:</p>	17 18	

<p>(i) That the financial statements of the prior period were audited by another auditor;</p> <p>(ii) The type of report <u>opinion</u> expressed by the predecessor auditor and if the report <u>opinion</u> was modified, the reasons therefor; and</p> <p>(iii) The date of that report.</p>		
<p>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.</p>	19	Guidance closely related to the requirement in paragraph 28 of the extant ISA. Guidance has been combined with requirement in paragraph 28. The highlighted text is superfluous and has been deleted.
<p>28. In these circumstances, the incoming auditor should discuss the matter with management and, after having obtained management's authorization, contact the predecessor auditor and propose that the prior period financial statements be restated. If the predecessor agrees to reissue the auditor's report on the restated financial statements of the prior period, the auditor should follow the guidance in paragraph 26.</p>	19	
<p>29. If, in the circumstances discussed in paragraph 27, the predecessor does not agree with the proposed restatement or refuses to reissue the auditor's report on the prior period financial statements, the introductory paragraph of the auditor's report may indicate that the predecessor auditor reported on the financial statements of the prior period before restatement. In addition, if the incoming auditor is engaged to audit and applies sufficient audit procedures to be satisfied as to the appropriateness of the restatement adjustment, the auditor may also include the following paragraph in the report:</p> <p style="padding-left: 40px;">“We also audited the adjustments described in Note X that were applied to restate the 19X1 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.”</p>	A7	Regarded as guidance on the application of the requirement in paragraph 28 of the extant ISA.
<p><i>Prior Period Financial Statements Not Audited</i></p>		

<p>30. When the prior period financial statements are not audited, the incoming auditor should state in the auditor's report that the comparative financial statements are unaudited.</p> <p>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.</p> <p>Clear disclosure in the financial statements that the comparative financial statements are unaudited is encouraged.</p>	<p>20</p> <p>20</p> <p>Deleted</p>	<p>The grey type lettering, although not containing a present tense statement, contains a negative type requirement that the auditor should still perform and thus has been retained together with the requirement.</p> <p>The sentence is deleted because it is inappropriate for the auditor to require such disclosure as management is responsible for the financial statements.</p>
<p>31. In situations where the incoming auditor identifies that the prior year unaudited figures are materially misstated, the auditor should request management to revise the prior year's figures or if management refuses to do so, appropriately modify the report.</p>		<p>Conforming amendments resulting from ISA 705 and ISA 706 have removed this requirement. Therefore text not included in redrafted ISA.</p>
<p>Effective Date</p>		
<p>32. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 2004.</p>	<p>3</p>	<p>Paragraph worded according to IAASB's implementation plan.</p>