

EXPOSURE DRAFT

ED 17/09

(April 2009)

**Proposed Auditing Standard
ASA 710
*Comparative Information –
Corresponding Figures and
Comparative Financial
Reports (Revised and
Redrafted)*
(Re-issuance of ASA 710)**

Issued for Comment by the Auditing and Assurance Standards
Board



Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by no later than 18 May 2009. Comments should be addressed to:

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA
E-mail: edcomments@auasb.gov.au

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

Obtaining a Copy of this Exposure Draft

This Exposure Draft is available on the AUASB website: www.auasb.gov.au.

Contact Details

The Auditing and Assurance Standards Board
Level 7
600 Bourke Street
Melbourne Victoria 3000
AUSTRALIA

Phone: (03) 8080 7400
Fax: (03) 8080 7450
E-mail: enquiries@auasb.gov.au

Postal Address:

PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA

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PREFACE

Reasons for Issuing ED 17/09

The Auditing and Assurance Standards Board (AUASB) is proposing to re-issue Auditing Standard ASA 710 *Comparatives* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Australian Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC), has undertaken a programme to redraft, in “clarity” format, the entire suite of International Standards on Auditing (ISAs). In some cases, and in accordance with normal practice, the ISAs have been revised in addition to being redrafted. The redrafted ISAs are effective for audits of financial statements for periods beginning on or after 15 December 2009.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the ISAs and to make appropriate consequential amendments to the Australian Auditing Standards. Accordingly, the AUASB has decided to revise and redraft the Australian Auditing Standards using the equivalent redrafted ISAs.

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Main Proposals

This proposed Auditing Standard establishes mandatory Requirements and provides Application and Other Explanatory Material regarding the auditor's responsibilities regarding comparative information in an audit of a financial report.

Proposed Operative Date

It is intended that this proposed Auditing Standard will be operative for financial reporting periods commencing on or after 1 January 2010.

Main changes from existing ASA 710 *Comparatives* (April 2006, as amended)

The main differences between this proposed Auditing Standard and the Auditing Standard that it supersedes, ASA 710 *Comparatives* (April 2006, as amended), are included in the Tables of Differences provided as an attachment to this Exposure Draft.

Request for Comments

Comments are invited on this Exposure Draft of the proposed re-issuance of Auditing Standard ASA 710, *Comparatives* by no later than 18 May 2009. The AUASB is seeking comments on the main changes from the existing ASA 710. In addition, respondents are asked to consider and respond to the following questions:

1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
2. Are there any references to relevant laws or regulations that have been omitted?
3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?
4. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the Requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?

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5. Are there any other significant public interest matters that constituents wish to raise?

The AUASB prefers that respondents express a clear opinion on whether the main changes to the Requirements of this proposed Auditing Standard are supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the Auditing Standard.

AUASB Information Note

The IAASB has announced completion of the “Clarity” project. While all currently known conforming amendments are incorporated into this Exposure Draft, readers are advised that the AUASB may decide to make further conforming amendments, and other editorial changes.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 710 *Comparative Information – Corresponding Figures and Comparative Financial Reports* (Revised and Redrafted) pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to Australian Auditing Standards*, which sets out the intentions of the AUASB on how the Australian Auditing Standards, operative for financial reporting periods commencing on or after 1 January 2010, are to be understood, interpreted and applied.

AUDITING STANDARD ASA 710

Comparative Information – Corresponding Figures and Comparative Financial Reports (Revised and Redrafted)

Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
 - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010.

Introduction

Scope of this ASA

1. This Auditing Standard deals with the auditor's responsibilities relating to comparative information in an audit of a financial report. When the financial report of the prior period has been audited by a predecessor auditor or was not audited, the requirements and guidance in ASA 510 (Revised and Redrafted)¹ regarding opening balances also apply.

The Nature of Comparative Information

2. The nature of the comparative information that is presented in an entity's financial report depends on the requirements of the

¹ See ASA 510 (Revised and Redrafted), *Initial Audit Engagements—Opening Balances*.

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applicable financial reporting framework. There are two different broad approaches to the auditor's reporting responsibilities in respect of such comparative information: corresponding figures and comparative financial reports. The approach to be adopted is often specified by law or regulation but may also be specified in the terms of engagement.

3. The essential audit reporting differences between the approaches are:
 - (a) For corresponding figures, the auditor's opinion on the financial report refers to the current period only; whereas
 - (b) For comparative financial reports, the auditor's opinion refers to each period for which a financial report is presented.

This Auditing Standard addresses separately the auditor's reporting requirements for each approach.

Effective Date

4. [Deleted by the AUASB. Refer Aus 0.3]

Objectives

5. The objectives of the auditor are:
 - (a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial report has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and
 - (b) To report in accordance with the auditors reporting responsibilities.

Definitions

6. For the purposes of the Australian Auditing Standards, the following terms have the meanings attributed below:
 - (a) Comparative information means the amounts and disclosures included in the financial report in respect of one

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or more prior periods in accordance with the applicable financial reporting framework.

- (b) Corresponding figures mean comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as “current period figures”). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.

Aus 6.1 (b) Corresponding figures are not presented as a financial report capable of standing alone.

- (c) Comparative financial reports mean comparative information where amounts and other disclosures for the prior period are included for comparison with the financial report of the current period but, if audited, are referred to in the auditor’s opinion. The level of information included in that comparative financial report is comparable with that of the financial report of the current period.

For purposes of this Auditing Standard, references to “prior period” should be read as “prior periods” when the comparative information includes amounts and disclosures for more than one period.

Requirements

Audit Procedures

- 7. The auditor shall determine whether the financial report includes the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:
 - (a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and
 - (b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies,

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whether those changes have been properly accounted for and adequately presented and disclosed.

8. If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists. If the auditor had audited the prior period's financial report, the auditor shall also follow the relevant requirements of ASA 560 (Revised and Redrafted).² If the prior period financial report is amended, the auditor shall determine that the comparative information agrees with the amended financial report.
9. As required by ASA 580 (Revised and Redrafted),³ the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial report that affect the comparative information. (Ref: Para. A1)

Audit Reporting

Corresponding Figures

10. When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the circumstances described in paragraphs 11, 12, and 14 of this Auditing Standard. (Ref: Para. A2)
11. 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, the auditor shall modify the auditor's opinion on the current period's financial report. In the Basis for Modification paragraph in the auditor's report, the auditor shall either:
- (a) Refer to both the current period's figures and the corresponding figures in the description of the matter giving rise to the modification when the effects or possible effects of the matter on the current period's figures are material; or

² See ASA 560 (Revised and Redrafted), *Subsequent Events*, paragraphs 14-17.

³ See ASA 580 (Revised and Redrafted), *Written Representations*, paragraph 14.

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- (b) In other cases, explain that the audit opinion has been modified because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.
(Ref: Para. A3-A5)
12. If the auditor obtains audit evidence that a material misstatement exists in the prior period financial report on which an unmodified opinion has been previously issued, and the corresponding figures have not been properly restated or appropriate disclosures have not been made, the auditor shall express a qualified opinion or an adverse opinion in the auditor's report on the current period financial report, modified with respect to the corresponding figures included therein. (Ref: Para. A6)

Prior Period Financial Report Audited by a Predecessor Auditor

13. If the financial report of the prior period was audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so, the auditor shall state in an Other Matter paragraph in the auditor's report (Ref: Para. A7-Aus A7.1):
- (a) That the financial report of the prior period were audited by the predecessor auditor;
 - (b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
 - (c) The date of that report.

Prior Period Financial Report Not Audited

14. If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited. 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 report.⁴

⁴ See ASA 510 (Revised and Redrafted), paragraph 6.

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Comparative Financial Reports

15. When comparative financial reports are presented, the auditor's opinion shall refer to each period for which a financial report is presented and on which an audit opinion is expressed.
(Ref: Para. A8-A9)
16. When reporting on a prior period financial report in connection with the current period's audit, if the auditor's opinion on such a prior period financial report differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in an Other Matter paragraph in accordance with ASA 706 (Revised and Redrafted).⁵ (Ref: Para. A10)

Prior Period Financial Report Audited by a Predecessor Auditor

17. If the financial report of the prior period was audited by a predecessor auditor, in addition to expressing an opinion on the current period's financial report, the auditor shall state in an Other Matter paragraph:
- (a) That the financial report of the prior period was audited by a predecessor auditor;
 - (b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and
 - (c) The date of that report,
- unless the predecessor auditor's report on the prior periods' financial report is reissued with the financial report.
18. If the auditor concludes that a material misstatement exists that affects the prior period financial report on which the predecessor auditor had previously reported without modification, the auditor shall communicate the misstatement with the appropriate level of management and, and unless all of those charged with governance are involved in managing the entity⁶, those charged with governance and request that the predecessor auditor be informed. If the prior period financial report is amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial

⁵ See ASA 706 (Revised and Redrafted), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph 8.

⁶ See ASA 260 (Revised and Redrafted), *Communication with Those Charged with Governance*, paragraph 13.

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report of the prior period, the auditor shall report only on the current period. (Ref: Para. A11)

Prior Period Financial Report Not Audited

19. If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph that the comparative financial report is unaudited. 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 report.⁷

* * *

⁷ See ASA 510 (Revised and Redrafted), paragraph 6.

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Application and Other Explanatory Material

Audit Procedures

Written Representations (Ref: Para. 9)

- A1. In the case of comparative financial report, the written representations are requested for all periods referred to in the auditor's opinion because management needs to reaffirm that the written representations it previously made with respect to the prior period remain appropriate. In the case of corresponding figures, the written representations are requested for the financial report of the current period only because the auditor's opinion is on that financial report, which include the corresponding figures. However, the auditor requests a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial report that affect the comparative information.

Audit Reporting

Corresponding Figures

No Reference in Auditor's Opinion (Ref: Para. 10)

- A2. The auditor's opinion does not refer to the corresponding figures because the auditor's opinion is on the current period financial report as a whole, including the corresponding figures.

Modification in Auditor's Report on the Prior Period Unresolved (Ref: Para. 11)

- A3. When 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 modified opinion is resolved and properly accounted for or disclosed in the financial report in accordance with the applicable financial reporting framework, the auditor's opinion on the current period need not refer to the previous modification.
- A4. When the auditor's opinion on the prior period, as previously expressed, was modified, the unresolved matter that gave rise to the modification may not be relevant to the current period figures. Nevertheless, a qualified opinion, a disclaimer of opinion, or an adverse opinion (as applicable) may be required on the current period's financial report because of the effects or possible effects of

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the unresolved matter on the comparability of the current and corresponding figures.

- A5. Illustrative examples of the auditor's report if the auditor's report on the prior period included a modified opinion and the matter giving rise to the modification is unresolved are contained in Examples A and B of Appendix 1.

Misstatement in Prior Period Financial Report (Ref: Para. 12)

- A6. When a prior period financial report that is misstated has not been amended and an auditor's report has not been reissued, but the corresponding figures have been properly restated or appropriate disclosures have been made in the current period financial report, the auditor's report may include an Emphasis of Matter paragraph describing the circumstances and referring to, where relevant, disclosures that fully describe the matter that can be found in the financial report (see ASA 706 (Revised and Redrafted)).

Prior Period Financial Report Audited by a Predecessor Auditor (Ref: Para. 13)

- A7. An illustrative example of the auditor's report if the prior period financial report was audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures is contained in Example C of Appendix 1.

- Aus A7.1 When the prior period's financial report was audited by a predecessor auditor, and the audit opinion was unmodified, the auditor would not ordinarily include a reference to that predecessor auditor's opinion in the auditor's report. If the predecessor auditor's report was modified, the auditor considers the appropriateness of including a reference to that predecessor auditor's opinion in the auditor's report.

Comparative Financial Report

Reference in Auditor's Opinion (Ref: Para. 15)

- A8. Because the auditor's report on comparative financial report applies to the financial report for each of the periods presented, the auditor may express a qualified opinion or an adverse opinion, disclaim an opinion, or include an Emphasis of Matter paragraph with respect to one or more periods, while expressing a different auditor's opinion on the financial report of the other period.

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- A9. An illustrative example of the auditor's report if the auditor is required to report on both the current and the prior period financial report in connection with the current year's audit and the prior period included a modified opinion and the matter giving rise to the modification is unresolved, is contained in Example D of Appendix 1.

Opinion on Prior Period Financial Report Different from Previous Opinion
(Ref: Para. 16)

- A10. When reporting on the prior period financial report in connection with the current period's audit, the opinion expressed on the prior period financial report may be different from the opinion previously expressed if the auditor becomes aware of circumstances or events that materially affect the financial report of a prior period during the course of the audit of the current period. In some jurisdictions, the auditor may have additional reporting responsibilities designed to prevent future reliance on the auditor's previously issued report on the prior period financial report.

Prior Period Financial Report Audited by a Predecessor Auditor (Ref: Para. 18)

- A11. The predecessor auditor may be unable or unwilling to reissue the auditor's report on the prior period financial report. An Other Matter paragraph of the auditor's report may indicate that the predecessor auditor reported on the financial report of the prior period before amendment. In addition, if the auditor is engaged to audit and obtains sufficient appropriate audit evidence to be satisfied as to the appropriateness of the amendment, the auditor's report may also include the following paragraph:

As part of our audit of the 20X2 financial report, we also audited the adjustments described in Note X that were applied to amend the 20X1 financial report. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 20X1 financial report of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 20X1 financial report taken as a whole.

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Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 710 *Comparative Information – Corresponding Figures and Comparative Financial Statements* (Revised and Redrafted), issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

Compliance with this Auditing Standard enables compliance with ISA 710.

Appendix 1

Example Auditors' Reports

Example A - Corresponding Figures (Ref: Para. A5)

Qualified prior period auditor's report on a matter that affects the current period financial report, and requires a modified auditor's report.

Report illustrative of the circumstances described in paragraph 11(a) of this Auditing Standard, as follows:

- The auditor's report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period's figures are material and require a modification to the auditor's opinion regarding the current period figures.

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Financial Report⁸

We have audited the accompanying financial report of ABC Company, which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

⁸ The sub-title "Report on the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

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Management's⁹ Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation¹⁰ of this financial report in accordance with Australian Accounting Standards; and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation¹¹ of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹² An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

⁹ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

¹⁰ Where management's responsibility is to prepare a financial report that gives a true and fair view, this may read: "Management is responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such....."

¹¹ In the case of footnote 10, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control."

¹² In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 10, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances."

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which constitutes a departure from Australian Accounting Standards. This is the result of a decision taken by management at the start of the preceding financial year and caused us to qualify our audit opinion on the financial report relating to that year. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by xxx in 20X1 and xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, (or give a true and fair view of) the financial position of ABC Company as at December 31, 20X1, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

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Example B - Corresponding Figures (Ref: Para. A5)

Qualified prior period auditor’s report on a matter that affects the comparability of the current period financial report, and requires a modified auditor’s report.

Report illustrative of the circumstances described in paragraph 11(b) of this Auditing Standard, as follows:

- The auditor’s report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period’s figures are immaterial but require a modification to the auditor’s opinion because of the effects or possible effects of the unresolved matter on the comparability of the current period’s figures and the corresponding figures.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

Report on the Financial Report¹³

We have audited the accompanying financial report of ABC Company, which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

*Management’s*¹⁴ *Responsibility for the Financial Report*

Management is responsible for the preparation and fair presentation of this financial report in accordance with Australian Accounting Standards¹⁵; and for such internal control as management determines is necessary to enable the

¹³ The sub-title “Report on the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

¹⁴ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

¹⁵ Where management’s responsibility is to prepare a financial report that gives a true and fair view, this may read: “Management is responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such.....”

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preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation¹⁶ of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹⁷ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Because we were appointed auditors of ABC Company during 20X0, we were not able to observe the counting of the physical inventories at the beginning of that period or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the

¹⁶ In the case of Footnote 14, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control."

¹⁷ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 15, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances."

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determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 20X0. Our audit opinion on the financial report for the period ended December 31, 20X0 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, (or give a true and fair view of) the financial position of ABC Company as at December 31, 20X1, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

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Example C - Corresponding Figures (Ref: Para. A7)

Prior period financial report was audited by a predecessor auditor, and the current period auditor decides to include a reference to the predecessor auditor's report.

Report illustrative of the circumstances described in paragraph 13 of this Auditing Standard, as follows:

- The prior period's financial report was audited by a predecessor auditor.
- The auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so.

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Financial Report¹⁸

We have audited the accompanying financial report of ABC Company, which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's¹⁹ Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation²⁰ of this financial report in accordance with Australian Accounting Standards; and of such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

¹⁸ The sub-title "Report on the Financial Report" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

¹⁹ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

²⁰ Where management's responsibility is to prepare a financial report that gives a true and fair view, this may read: "Management is responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such....."

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Auditor’s Responsibility

Our responsibility is to express an opinion on this financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation²¹ of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.²² An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report presents fairly, in all material respects, (or “give a true and fair view of”) the financial position of the Company as at December 31, 20X1, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

²¹ In the case of footnote 20, this may read: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.”

²² In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, this sentence would be worded as follows: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances.” In the case of footnote 20, this sentence may read: “In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and presentation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances.”

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Other Matters

The financial report of the Company for the year ended December 31, 20X0, were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 20X1.

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

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Example D - Comparative Financial Reports (Ref: Para. A9)

The auditor is required to report on the prior period financial report (auditor’s report was qualified) and the current period financial report, and the matter giving rising to the previous qualification necessitates a modified auditor’s report on the current period financial report.

Report illustrative of the circumstances described in paragraph 15 of this Auditing Standard, as follows:

- Auditor is required to report on both the current period financial report and the prior period financial report in connection with the current year’s audit.
- The auditor’s report on the prior period, as previously issued, included a qualified opinion.
- The matter giving rise to the modification is unresolved.
- The effects or possible effects of the matter on the current period’s figures are material to both the current period financial report and prior period financial report requires a modification to the auditor’s opinion.

INDEPENDENT AUDITOR’S REPORT

[Appropriate Addressee]

Report on the Financial Report²³

We have audited the accompanying financial report of ABC Company, which comprise the statement of financial position as at December 31, 20X1 and 20X0, and the statement of comprehensive income, statements of changes in equity and statement of cash flow for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management’s²⁴ Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation²⁵ of this financial report in accordance with Australian Accounting Standards; this

²³ The sub-title “Report on the Financial Report” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

²⁴ Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

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includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial report based on our audits. We conducted our audits in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation²⁶ of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.²⁷ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

²⁵ Where management's responsibility is to prepare a financial report that gives a true and fair view, this may read: "Management is responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such"

²⁶ In the case of footnote 25, this may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control."

²⁷ In circumstances when the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, this sentence would be worded as follows: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances." In the case of footnote 25, this sentence may read: "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of a financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances."

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Basis for Qualified Opinion

As discussed in Note X to the financial report, no depreciation has been provided in the financial report which constitutes a departure from Australian Accounting Standards. Based on the straight-line method of depreciation and annual rates of 5% for the building and 20% for the equipment, the loss for the year should be increased by xxx in 20X1 and xxx in 20X0, property, plant and equipment should be reduced by accumulated depreciation of xxx in 20X1 and xxx in 20X0, and the accumulated loss should be increased by xxx in 20X1 and xxx in 20X0.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, (or give a true and fair view of) the financial position of ABC Company as at December 31, 20X1 and 20X0 and of its financial performance and its cash flows for the years then ended in accordance with Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities.]

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

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|---|
| Tables of Differences — ASA 710 (Revised and Redrafted) and Extant ASA 710 |
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Underlying Standard

ISA 710 *Comparative Information – Corresponding Figures and Comparative Financial Statements* (Redrafted) is used as the underlying Auditing Standard for the purpose of re-drafting this proposed Auditing Standard. The underlying Auditing Standard will be amended for the following matters:

- Australian Laws and Regulations (including the *Corporations Act 2001*);
- Changes considered necessary because this Auditing Standard is a legislative instrument; and
- Changes considered necessary in the public interest.

Summary of Main Differences — ASA 710 (Revised and Redrafted) and Extant ASA 710

The table below details the main differences (excluding editorial amendments) between this proposed Auditing Standard and extant ASA 710.

Requirements in ASA (Revised and Redrafted) not in Extant ASA

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|--------------------------|-------------------------------------|---|--|
| Scope of this ASA | | | |
| 1. | 1-3 | <p>1 This Australian Auditing Standard deals with the auditor’s responsibilities relating to comparative information in an audit of a financial report. When the financial report of the prior period has been audited by a predecessor auditor or was not audited, the requirements and guidance in ASA 510 (Revised and Redrafted) regarding opening balances also apply.</p> <p><i>The Nature of Comparative Information</i></p> <p>2 The nature of the comparative information that is presented in an entity’s financial report depends on the requirements of the applicable financial reporting framework. There are</p> | <p>New scope section included.</p> <p>(1) Shaded text contains a scope matter that was not in the extant ASA.</p> <p>The extant ASA did not include a section on ‘Comparative financial statements’ (an ‘alternative framework for comparatives’) and only contained requirements and explanatory guidance relating to corresponding/comparative figures.</p> |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|-------------------|-------------------------------------|---|---|
| | | <p>two different broad approaches to the auditor’s reporting responsibilities in respect of such comparative information: corresponding figures and comparative financial reports. The approach to be adopted is often specified by law or regulation but may also be specified in the terms of engagement.</p> <p>3 The essential audit reporting differences between the approaches are:</p> <p>(a) For corresponding figures, the auditor’s opinion on the financial report refers to the current period only; whereas</p> <p>(b) For comparative financial reports, the auditor’s opinion refers to each period for which a financial report is presented.</p> <p>This Auditing Standard addresses separately the auditor’s reporting requirements for each approach.</p> | <p>(2) Unshaded text is equivalent in meaning to scope of extant ASA. [Extant ASA 710 para’s 4-7—equivalent Explanatory Guidance]</p> |
| Objectives | | | |
| 2 | 5 | <p>The objectives of the auditor are:</p> <p>(a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial report has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and</p> <p>(b) To report in accordance with the auditors reporting responsibilities.</p> | New Objectives included. |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|--------------------|-------------------------------------|--|--|
| Definitions | | | |
| 3 | 6 | <p>For purposes of the Australian Auditing Standards the following terms have the meanings attributed below:</p> <p>(a) Comparative information means the amounts and disclosures included in the financial report in respect of one or more prior periods in accordance with the applicable financial reporting framework.</p> <p>(b) Corresponding figures mean comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as “current period figures”). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.</p> <p>Aus 6.1 (b) Corresponding figures are not presented as a financial report capable of standing alone.</p> <p>(c) Comparative financial reports mean comparative information where amounts and other disclosures for the prior period are included for comparison with the financial report of the current period but, if audited, are referred to in the auditor’s opinion. The level of information included in that comparative financial report is comparable with that of the financial report of the current period.</p> | <p>New Definitions section included.</p> <p>(1) Shaded text contains a definition not in extant ASA.</p> <p>(2) Unshaded text is equivalent in meaning to extant ASA definitions.</p> <p>[Extant ASA 710 para 6—equivalent Explanatory Guidance]</p> |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|-------------------------|-------------------------------------|--|--|
| | | For purposes of this Auditing Standard, references to “prior period” should be read as “prior periods” when the comparative information includes amounts and disclosures for more than one period. | |
| Audit Procedures | | | |
| 4 | 7 | <p>The auditor shall determine whether the financial report includes the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:</p> <p>(a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and</p> <p>(b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.</p> | <p>(1) Shaded text is elevation of extant ASA Explanatory Guidance. [Extant ASA 710 para 9—equivalent Explanatory Guidance]</p> <p>(2) Unshaded text is equivalent in meaning extant ASA Requirement. [Extant ASA 710 para 5—equivalent Requirement]</p> |
| 5 | 8 | If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists. If the auditor had audited the prior period’s financial report, the auditor shall also follow the relevant requirements of ASA 560 (Revised and Redrafted). If the prior period financial report is amended, the auditor shall determine that the comparative information agrees with the amended financial report. | <p>(1) Shaded text is an elevation of extant ASA Explanatory Guidance. [Extant ASA 710 para 12—equivalent Explanatory Guidance]</p> <p>(2) Unshaded text is equivalent in meaning to extant ASA Requirement. [Extant ASA 710 paragraph 8—equivalent Requirement]</p> |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|------------------------------|-------------------------------------|--|--|
| 6 | 9 | As required by ASA 580 (Revised and Redrafted), the auditor shall request written representations for all periods referred to in the auditor’s opinion. The auditor shall also obtain a specific written representation regarding any restatement made to correct a material misstatement in the prior period financial report that affect the comparative information. (Ref: Para. A1) | No extant ASA equivalent. |
| Audit Reporting | | | |
| <i>Corresponding Figures</i> | | | |
| 7 | 11 | <p>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, the auditor shall modify the auditor’s opinion on the current period’s financial report. In the Basis for Modification paragraph in the auditor’s report, the auditor shall either:</p> <p>(a) Refer to both the current period’s figures and the corresponding figures in the description of the matter giving rise to the modification when the effects or possible effects of the matter on the current period’s figures are material; or</p> <p>(b) In other cases, explain that the audit opinion has been modified because of the effects or possible effects of the unresolved matter on the comparability of the current period’s figures and the corresponding figures. (Ref: Para. A3-A5)</p> | <p>(1) Shaded text is elevation of extant ASA Explanatory Guidance. [Extant ASA 710 para 16—equivalent Explanatory Guidance]</p> <p>(2) Unshaded text has no extant ASA equivalent</p> |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|--------------------------------------|-------------------------------------|---|--|
| 8 | 13 | <p>If the financial report of the prior period was audited by a predecessor auditor and the auditor is permitted by law or regulation to refer to the predecessor auditor’s report on the corresponding figures and decides to do so, the auditor shall state in an Other Matter paragraph in the auditor’s report:</p> <p>(a) That the financial report of the prior period was audited by the predecessor auditor;</p> <p>(b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and</p> <p>(c) The date of that report. (Ref: Para. A7)</p> | <p>(1) Shaded text has no extant ASA Requirement.</p> <p>(2) Unshaded text is elevation of extant ASA explanatory guidance.</p> <p>[Extant ASA 710 para 20—equivalent explanatory guidance]</p> |
| 9 | 14 | <p>If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph in the auditor’s report that the corresponding figures are unaudited. 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 report.</p> | <p>No extant ASA equivalent.</p> <p>However, refer to extant ASA para’s 22 and 23 relating to the need for an auditor to obtain sufficient appropriate audit evidence.</p> |
| <i>Comparative Financial Reports</i> | | | |
| 10 | 15 | <p>When comparative financial reports are presented, the auditor’s opinion shall refer to each period for which a financial report is presented and on which an audit opinion is expressed. (Ref: Para. A8-A9)</p> | <p>No extant ASA equivalent.</p> <p>Note: The extant ASA did not include a section on ‘Comparative financial statements’ as it represented an ‘alternative framework for comparatives’ per Conformity paragraph.</p> |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|--------|-------------------------------------|--|---|
| 11 | 16 | When reporting on a prior period financial report in connection with the current period’s audit, if the auditor’s opinion on such a prior period financial report differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in an Other Matter paragraph in accordance with ASA 706 (Revised and Redrafted). (Ref: Para. A10) | No extant ASA equivalent. Note: The extant ASA did not include a section on ‘Comparative financial statements’ as it represented an ‘alternative framework for comparatives’ per Conformity paragraph. |
| 12 | 17 | <p>If the financial report of the prior period was audited by a predecessor auditor, in addition to expressing an opinion on the current period’s financial report, the auditor shall state in an Other Matter paragraph:</p> <ul style="list-style-type: none"> (a) That the financial report of the prior period was audited by a predecessor auditor; (b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and (c) The date of that report, <p>unless the predecessor auditor’s report on the prior periods financial report is reissued with the financial report.</p> | No extant ASA equivalent. Note: The extant ASA did not include a section on ‘Comparative financial statements’ as it represented an ‘alternative framework for comparatives’ per Conformity paragraph. |

| Item # | ASA (Revised and Redrafted) Para. # | ASA (Revised and Redrafted) Requirements | Commentary |
|--------|-------------------------------------|---|---|
| 13 | 18 | If the auditor concludes that a material misstatement exists that affects the prior period financial report on which the predecessor auditor had previously reported without modification, the auditor shall communicate the misstatement with the appropriate level of management, and unless all of those charged with governance are involved in managing the entity, those charged with governance and request that the predecessor auditor be informed. If the prior period financial report is amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial report of the prior period, the auditor shall report only on the current period. (Ref: Para. A11) | No extant ASA equivalent. Note: The extant ASA did not include a section on 'Comparative financial statements' as it represented an 'alternative framework for comparatives' per Conformity paragraph. |
| 14 | 19 | If the prior period financial report was not audited, the auditor shall state in an Other Matter paragraph that the comparative financial report is unaudited. 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 report. | No extant ASA equivalent. Note: The extant ASA did not include a section on 'Comparative financial statements' as it represented an 'alternative framework for comparatives' per Conformity paragraph. |

Requirements in Extant ASA not in ASA (Revised and Redrafted)

| Item # | Extant ASA Para. # | Extant ASA Requirement | Commentary |
|--------|--------------------|---|---|
| 1 | 19 | Where the auditor becomes aware of a material misstatement that affects the prior period financial report on which an unmodified report has been previously issued, and if the prior period financial report has not been revised and an auditor’s report has not been reissued, but the comparatives have been properly restated and/or appropriate disclosures have been made in the current period financial report, the auditor shall express an unmodified opinion and shall consider the mandatory requirements in ASA 560. | Requirement included in guidance in ASA 710 (Revised and Redrafted) [ASA 710 Para A6—equivalent guidance] Requirement included in another ASA (Revised and Redrafted) as a Requirement – [Proposed] ASA 705 <i>Modifications to the Opinion in the Independent Auditor’s Report</i> (Revised and Redrafted) |
| 2 | 23 | When the prior period financial report was not audited, and the incoming auditor is unable to obtain sufficient appropriate audit evidence regarding the comparatives, the incoming auditor shall qualify the auditor’s report on the basis that the comparatives are unaudited and that no opinion on them is expressed. | Requirement included in another ASA (Revised and Redrafted) as a Requirement – [Proposed] ASA 510 <i>Initial Audit Engagements – Opening Balances</i> , paragraph 10. |