

Ms Merran Kelsall
Chairman
Australian Auditing and Assurance Standards Board
PO Box 204
Collins Street
Melbourne
VIC 8009

25 November 2015

Dear Ms Kelsall

Re: Exposure Draft ED 03/15 – Amendments to Australian Auditing Standards

Deloitte Touche Tohmatsu (Deloitte) is pleased to respond to the Australian Auditing and Assurance Standards Board's (AUASB) Exposure Draft ED 03/15 – *Amendments to Australian Auditing Standards* (ED 03/15).

We support having one set of international standards on auditing that are used by practitioners worldwide in the audit of a financial report. Accordingly, we support the issuance of the proposed revised and amending standards as part of the harmonisation project and conformity with International Standards on Auditing.


We are concerned that the definition of financial report as set out in paragraph 9 of ED 03/15 is incorrect and believe that ASA 200 should include a definition of financial statements that is consistent with ISA 200 in addition to a separate definition of a financial report. Based on discussions with the AUASB staff, we understand that the definitions in ASA 200 have been revised in the final versions of the standards to be approved by the AUASB at its board meeting on 1 December 2015. As a result we have restricted our comments on ED 03/15 to those that have a consequential impact from our concerns with the definitions in ASA 200.

Please refer to Appendix 1 for our responses to the specific questions posed by the AUASB within ED 03/15.

In addition, we have included specific comments relating to the wording of the proposed standards within ED 03/15 in Appendix 2, including our comments stemming from the definition of a financial report as indicated above.

If you have any queries in relation to this response please do not hesitate to contact me on 02 9322 7288.

Yours sincerely



Caithlin Mc Cabe

Partner

Deloitte Touche Tohmatsu

Appendix 1 – Response to specific questions posed within ED 03/15

1. *Have applicable laws and regulations been appropriately addressed in the proposed standard?*
Refer to our comments relating to the definition and reference to a financial report included within Appendix 2.
2. *Are there any references to relevant laws or regulations that have been omitted?*
Nothing noted.
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?*
Nothing noted.
4. *What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the requirements of this proposed standard? If there are significant costs, do these outweigh the benefits to the users of audit services?*
None noted.
5. *Are there any other significant public interest matters that constituents wish to raise?*
Nothing further of significance noted.

Appendix 2 – Other specific comments relating to proposed changes within ED 03/15

ED 03/15 Paragraph	Comment
Reference to a ‘Financial Report’ versus ‘Financial Statements’	
57 ASA 315	<p>We believe that paragraph A123 of ASA 315 should be updated to include reference to the ‘other statutory reporting requirements’ relating to the assertion statement by those responsible for the financial report (e.g. the <i>Corporations Act 2001</i>) as this requirement is not covered within the requirements of the applicable financial reporting framework. Thus, we recommend that the wording be updated as follows:</p> <p><i>“In representing that the financial report is in accordance with the applicable financial reporting framework and other statutory reporting requirements, management implicitly or explicitly makes assertions regarding the recognition, measurement, and presentation of classes of transactions and events, account balances and disclosures.”</i></p>
122 ASA 700	<p>We believe that the updates made in the compiled version of ASA 200 relating to the definition of financial statements and financial report (for <i>Corporations Act 2001</i> and non-Corporations Act 2001 engagements) will flow through to ASA 700 as applicable. Although we do not believe that it is necessary to include the definitions from ASA 200 within ASA 700, it is important that any definition of a financial report in ASA 700 is consistent with ASA 200.</p> <p>We believe that the specific reference to general purpose financial report is still an important element of ASA 700 and should remain. We recommend that the definition for a ‘general purpose financial report’ included within paragraph 7(a) be updated as follows:</p> <p><i>“General Purpose Financial Report means a financial report as per ASA 700.Aus 8.2 (assuming this is the correct paragraph reference) whereby the complete set of financial statements is prepared in accordance with a general purpose framework.”</i></p> <p>The wording of paragraph Aus 8.1 within ASA 700 should be as follows:</p> <p><i>“Reference to a “financial report” in this Auditing Standard means a “general purpose financial report” – refer to paragraph 7(a).”</i></p>
152 ASA 800	<p>Similar to the comment raised above, we recommend that the definition for a ‘special purpose financial report’ within paragraph Aus 6.1 of ASA 800, as follows:</p> <p><i>“Special Purpose Financial Report means a financial report as defined in ASA 800.Aus xx (assuming that the ASA 200 definitions will be replicated within ASA 800 to follow the same structure as ASA 700) whereby the complete set of financial statements is prepared in accordance with a special purpose framework.”</i></p> <p>In addition, we believe that it may be appropriate for consistency purposes to include similar wording to that recommended above for paragraph Aus 8.1 in ASA 700, so that something similar is included within ASA 800. We recommend the inclusion of the following words:</p> <p><i>“Reference to a “financial report” in this Auditing Standard means a “special purpose financial report” – refer to paragraph Aus 6.1.”</i></p>
154 ASA 805	<p>We recommend that paragraph Aus A2.1 within ASA 805 be updated consistent with the comments and recommendations noted above as it currently makes reference to the definition of a financial report as per ASA 200, which we believe needs to be updated to make reference to financial statements instead.</p>

ED 03/15 Paragraph	Comment
Typographical and grammatical points noted	
Amendments to ASA 240	
24	ASA 240.A4 – notwithstanding the comments raised above in relation to the definition of financial report, this paragraph refers to ‘financial statements’ which is inconsistent with reference to ‘financial report’ elsewhere.
Amendments to ASA 315	
73	Reference is made to inserting a new heading after existing paragraph A129, however this doesn’t seem appropriate as this is within a sub-section entitled ‘Relating Controls to Assertions’.
Amendments to ASA 330	
90	The proposed change to the existing heading doesn’t seem to make sense as it appears to indicate that the word ‘and’ between ‘Presentation’ and ‘Disclosure’ will be deleted.
98	ASA 300.A59 – Based on the proposed amendments, the comma and word ‘the’ after “provided” also need to be deleted.
Amendments to ASA 450	
102	ASA 450.A2 – It appears that one of the main objectives of the amendments to this paragraph is to replace reference to ‘matters’ with ‘misstatements’ however the updated wording now reads as follows: “...that would be determined to be material, and will be matters and will be misstatements...”. We recommend that the words ‘and will be matters’ be deleted.
Amendments to ASA 700	
140	ASA 700.A8 – within the first bullet point it currently reads as follows: “...the amounts in the financial report <u>is</u> aggregated...”. We recommend that ‘is’ be changed to ‘are’.
142-144	ASA 700.A62, A63 & A64 – they currently read as follows: “...all the statements and disclosures that <u>comprises</u> the financial report...”. We recommend that ‘comprises’ be changed to ‘comprise’.
144	ASA 700.A64 – it currently reads as follows: “...that comprises the financial report, <u>has</u> been prepared...”. We recommend that ‘has’ be updated to ‘have’.

ED 03/15 Paragraph	Comment
Referencing points noted within the ED	
25	ASA 240.A11 – changes have been made to the ISA paragraph however this paragraph (or the amendments) is not identified as an ‘Aus’ paragraph.
28	ASA 260.A14 – it is noted that the marked up changes will be amending paragraph Aus A14.1 (rather than A14 as indicated in the ED).
51	ASA 315.A91 – we assume that this new paragraph will be inserted after the new paragraph A90, rather than the existing paragraph A90.
66	ASA 315 – We assume that this new footnote will be referenced to paragraph 65 of the ED, rather than 63 as indicated.
69	ASA 315 – We assume that this new footnote will be referenced to paragraph 68 of the ED, rather than 61 as indicated.
81	ASA 320 – We assume that this new footnote will be referenced to paragraph 80 of the ED, rather than 69 as indicated.
101	ASA 450 – We assume that this new footnote will be referenced to paragraph 100 of the ED, rather than 85 as indicated.
126	ASA 700 – We assume that the reference of this amendment should refer to paragraph 49, rather than paragraph 48.
135	ASA 700 – We assume that the new paragraph will be A7, rather than A6 as indicated and will be inserted after existing paragraph A4 rather than after new paragraph A5.
138	ASA 700 – We assume that the new paragraph will be A8, rather than A7 as indicated and will be inserted after new paragraph A7 rather than after new paragraph A6.
140	ASA 700 – We assume that the new paragraph will be A9, rather than A8 as indicated.
142	ASA 700 – We assume that the amendment will be made to existing paragraph A67, rather than existing paragraph A62.
143	ASA 700 – We assume that the amendment will be made to existing paragraph A68, rather than existing paragraph A63.
144	ASA 700 – We assume that the amendment will be made to existing paragraph A69, rather than existing paragraph A64.
145	ASA 540 – We assume that the amendment will be made to paragraph A19, rather than paragraph 19.