

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne VIC 8007

25 June 2010

Dear Ms Kelsall,

Re: Exposure Draft ED 02/10

We appreciate the opportunity to comment on Exposure Draft 02/10 Proposed Auditing Standard on Review Engagements ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee* (the “ED”) as developed by the Australian Auditing and Assurance Standards Board (the “AUASB”).

Overall, we are supportive of:

- the AUASB’s approach to take into consideration any amendments arising from the revision of ISRE 2400 by the International Auditing and Assurance Standards Board (the “IAASB”); and
- the ED as a whole supplemented by our detailed comments below.

We have no specific comments on the five questions on which the AUASB is specifically seeking a response however we include the following detailed comments for your consideration:

- ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity* (“ASRE 2410”) is written in “clarity” format in contrast to ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity* (“ASRE 2400”). We recommend that the ED give consideration to some of the amendments made to ASAE 2410 as part of the clarity project, for example the requirements in section 11 which set out the preconditions for a review. We note that there is no equivalent paragraph in ASRE 2400 and suggest that these preconditions are included as an additional paragraph under paragraph 9.
- We note that there is inconsistency in the terminology and format of the example review reports in the ED - Appendix 1, ASRE 2410 - Appendix 4 and ASRE 2400 - Appendix 5. By way of illustration, the example review report in the ED does not include an explicit section under the heading of independence. We note that the example report in ASAE 2410 includes amendments in the management responsibility section for clarity. The example in ED 02 refers to the auditor’s responsibility, whilst the ASAE 2400 refers to the assurance practitioner’s responsibility. Furthermore, we note that those performing these engagements do not have to be a registered company auditor accordingly, we question the use of the word auditor in the example review report. In order to promote consistency in review reports issued for companies limited by guarantee, we recommend that the ED prescribe the format of report to be issued.

- The ED does not appear to recognise that a review may be undertaken by either a registered company auditor, or a member of a professional accounting body that holds a prescribed practising certificate. The ED uses the phrase auditor throughout and defines an auditor as a registered company auditor only. Given the legislative nature of the Australian Auditing Standards this may limit reviews to be performed by registered company auditors only which appears to be in contradiction to the Corporations Amendment (Corporate reporting Reform) Bill 2010.
- We recommend that the definition of a financial report include mention that the period may not be more than 18 months as per the amendment to section 323D (2A) of the Corporations Amendment (Corporate reporting Reform) Bill 2010.

Yours sincerely,



Caithlin Mc Cabe

Partner

Deloitte Touche Tohmatsu