

November 2, 2015

## **Small and Medium Practices (SMP) Committee Response to the Exposure Draft: *Proposed International Standard on Auditing (ISA) 810 (Revised) — Engagements to Report on Summary Financial Statements***

### **Introduction**

The SMP Committee (SMPC) is pleased to respond to the IAASB (the Board) on this Exposure Draft (ED).

The SMPC is charged with identifying and representing the needs of its constituents and, where applicable, to give consideration to relevant issues pertaining to small-and medium-sized entities (SMEs). The constituents of the SMP Committee are small-and medium-sized practices (SMPs) who provide accounting, assurance and business advisory services principally, but not exclusively, to clients who are SMEs. Members and Technical Advisers serving the SMPC are drawn from IFAC member bodies representing 22 countries from all regions of the world<sup>1</sup>.

### **Specific Comments**

In our [comment letter](#) in response to the IAASB Exposure Draft which proposed changes to ISA 800<sup>2</sup> and ISA 805<sup>3</sup>, we agreed that it would be a sensible approach to also propose changes to ISA 810, *Engagements to Report on Summary Financial Statements*. We support the IAASB's view that it is not necessary to substantively change the premise of an ISA 810 engagement, but rather to make limited and conforming changes to take into account the enhancements resulting from the new and revised Auditor Reporting standards.

We agree that it is in the public interest to address the information gap that would result from changes made during the Auditor Reporting project in circumstances where a material uncertainty related to going concern or a material misstatement of other information exists. In addition, we support the proposals to provide users of summary financial statements with greater transparency in circumstances when key audit matters are communicated in the auditor's report on the audited financial statements. We concur with the application material (A15), which explicitly notes that a description of key audit matters in the ISA 810 report is not required for the reasons identified in the Explanatory Memorandum.

We agree with the proposals to retain a degree of symmetry between the layout of the illustrative auditor's reports on summary financial statements and the illustrative auditor's reports on auditing financial statements included in proposed ISA 810 (Revised) and ISA 700 (Revised)<sup>4</sup> respectively. We also support the view that it is not necessary to mandate the ordering of certain elements in the ISA 810 report or require the use of specific headings.

<sup>1</sup> Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Kenya, Malawi, Malta, Nigeria, South Africa, Spain, Sweden, Turkey, Tunisia, Uganda, United Kingdom, United States.

<sup>2</sup> ISA 800, Special Considerations—*Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*

<sup>3</sup> ISA 805, Special Considerations—*Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*

<sup>4</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*



Overall, we agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements, as well as the additional guidance proposed in paragraph A15 and Illustration 1 of the Appendix to proposed ISA 810 (Revised).

In our opinion, no further changes to ISA 810 are necessary as a result of the new and revised Auditor Reporting standards. We also agree that a more fulsome project in relation to ISA 810 is not required and support the intention of the IAASB to not initiate one in the near future, especially when considered with the existing projects and priorities for the Board.

### **Concluding Comments**

We hope the IAASB finds this letter helpful. We are committed to helping the Board in whatever way we can to build upon the results of this ED.

Please do not hesitate to contact me should you wish to discuss matters raised in this submission.

Sincerely,

A handwritten signature in black ink, appearing to read 'Giancarlo Attolini', written over a horizontal line.

Giancarlo Attolini  
Chair, SMP Committee