April 22, 2015
Ms. Kathleen Healy
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 5th Avenue, 6th Floor
New York, NY 10017 USA

Dear Ms. Healy,

Re: JICPA Response to the Proposed ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and Proposed ISA 805 (Revised), Special Consideration – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

The Japanese Institute of Certified Public Accountants (“we”, “our,” and “JICPA”) is grateful for the opportunity to comment on the Proposed ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and Proposed ISA 805 (Revised), Special Consideration – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement (“Proposed ISAs”). Our comments and suggestions are provided below for your consideration.

Request for Specific Comments

1. Whether respondents agree with how the enhancements resulting from the new and revised Auditor Reporting standards have been addressed in proposed ISA 800 (Revised) and proposed ISA 805 (Revised) as explained in paragraphs 10–32 of this EM. If not, respondents are requested to provide their rationale as to why they do not support the proposals and, where applicable, suggest alternative approaches.

We agree with the overall approach of the proposed ISA 800 (Revised) and proposed ISA 805 (Revised) as explained in paragraphs 6 to 8 in the Explanatory Memorandum. With regard to the particulars, however, we think that the wording of the proposed ISA 800 (Revised) and proposed ISA 805 (Revised) should be reconsidered. Please see our responses to Questions 2 and 3 below.
Whether the proposed standards include sufficient guidance to enable auditors to appropriately apply the new and revised Auditor Reporting standards in the context of ISA 800 and ISA 805 engagements.

For the reasons to follow, we do not agree that the proposed ISA 800 (Revised) and proposed ISA 805 (Revised) include sufficient guidance.

Proposed ISA 800 (Revised) and proposed ISA 805 (Revised)

We believe that guidance is called for in situations where an auditor applies ISA 700 (Revised) and ISA 701 in an audit engagement to which ISA 260 is not relevant. In the case of an ISA 800 engagement or ISA 805 engagement, those charged with governance may not be responsible for overseeing the preparation of the financial information being audited in the engagement (see paragraph A12 of ISA 800). According to paragraph 24 of the Explanatory Memorandum, the IAASB acknowledged that there may be practical challenges for auditors determining and communicating KAM in such ISA 805 engagements. Yet the proposed ISA provides no relevant guidance. Further, these practical challenges may also be relevant for ISA 800 engagements. We believe guidance is necessary, especially for the following areas:

- Decision-making process in determining KAM: We suggest that the proposed standard explains, in such situations, the auditor identifies significant matters that would be communicated to those charged with governance in accordance with ISA 260 if the requirements in ISA 260 were relevant to the engagement, and then determines KAM, although communication with those charged with governance itself is impossible and not required.

- The descriptions of the auditor’s report: Paragraph 39(c) of ISA 700 (Revised) requires “The Auditor’s Responsibilities for the Audit of the Financial Statements” section to state that, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. Guidance on modifying this description in engagements of this type would be helpful.

Proposed ISA 805 (Revised)

- The “Material Uncertainty Related to Going Concern” Section in the Auditor’s Report on the Entity’s Complete Set of Financial Statements

We agree that an auditor should be required to repeat the “Material Uncertainty Related to Going Concern” section in the ISA 805 auditor’s report if the auditor’s report on the entity’s complete set of financial statements includes such a section.

However, this requirement is not clear from the wording of the proposed ISA 805 (Revised). Paragraph 15(a) of the proposed ISA 805 (Revised) asks the auditor to determine the effect that “Material Uncertainty Related to Going Concern” section in the auditor’s report on the complete set of financial statements may have on the auditor’s report on a single financial statement or on a specific element of those financial statements, if the auditor’s report on the complete set of financial statements includes such a section. We see no need to ask the auditor to determine the effect of information on a Material Uncertainty relating to Going Concern in the ISA 805 auditor’s report, given that the auditor is required to repeat this information in the ISA 805 auditor’s report.

In addition, paragraph 15(b) of the proposed ISA 805 (Revised) only requires the auditor to include the “Material Uncertainty Related to Going Concern” section in the ISA 805 auditor’s report. The type of information to be included in accordance with this requirement is not clearly
stated in the proposed ISA 805 (Revised). From paragraph 20 of the Explanatory Memorandum we assume that the auditor is required to repeat, rather than summarize or refer to, the information included in the auditor’s report on the entity’s complete set of financial statements. If this assumption is correct, we believe it should be clearly stipulated in paragraph 15(b) of the proposed ISA 805 (Revised).

- The Order and Structure of Paragraphs 14 to 19

We think that the order of paragraphs 14 to 19 should be reconsidered. The New and Revised Auditor’s Reporting Standards require the Opinion section to be presented first and the Basis for Opinion section to come second. The illustrative reports in the Appendices provide an indication of how the IAASB believes it may be useful to structure an auditor’s report, by considering the relative importance of the individual elements to intended users. The proposed ISA 805 (Revised), which places the requirements relating to the modified opinion in the auditor’s report on the entity’s complete set of financial statements last, seems to be inconsistent with this underlying concept in the New and Revised Auditor’s Reporting Standards.

Further, we are also confused by the subheading “Additional Information Contained in the Auditor’s Report on the Entity’s Complete Set of Financial Statements.” The proposed ISA 805 (Revised) uses this subheading to refer to the requirements and application materials related to the various elements in the auditor’s report on the entity’s complete set of financial statements: an Emphasis of Matter paragraph, an Other Matter paragraph, the “Material Uncertainty Related to Going Concern” section, the statement that describes an uncorrected material misstatement of the other information, and the Key Audit Matters section. These elements differ considerably in nature, it seems inappropriate to collectively refer to them as “Additional Information.”

Based on our comments stated above in “The ‘Material Uncertainty Related to Going Concern’ section in the auditor’s report on the entity’s complete set of financial statements” as well, we propose to separate the requirement relating to the “Material Uncertainty Related to Going Concern” section from others.

In the appendix to this comment letter we include specific suggestions for the wording in the proposed ISA 805 (Revised) based on our comments. In relation to KAM in the proposed ISA 805 (Revised), please see our comments on Question 3 below.

3. In relation to KAM:
   (a) Do respondents agree with the IAASB’s decision that the communication of KAM be voluntary for all entities under both proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation?

We strongly support the IAASB’s decision that the communication of KAM be voluntary for all entities under both the proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation.
3. In relation to KAM:
   (b) Specific to proposed ISA 805 (Revised), whether respondents support the IAASB’s proposed direction that reference to KAM that is communicated in the auditor’s report on the complete set of financial statements be permitted in the ISA 805 auditor’s report using an OM paragraph and how this has been illustrated in the ISA (see paragraphs 25–32 above). In particular, the IAASB would also welcome respondents’ views about:
      (i) The usefulness of the guidance in paragraph A23 in proposed ISA 805 (Revised) and the appropriateness of Illustration 3 in Appendix 2 to assist auditors in determining how to make a reference in the ISA 805 auditor’s report to KAM that are communicated in the auditor’s report on the complete set of financial statements; and
      (ii) In light of views on (i) and the Board’s deliberations summarized in paragraphs 25–32 above, whether it is necessary to establish requirements in proposed ISA 805 (Revised) relating to a reference to KAM in the ISA 805 auditor’s report either to promote consistent treatment in practice or expressly prohibit certain approaches (e.g., a reference only to relevant KAM in the auditor’s report on the complete set of financial statements or the possibility of repeating the full description of a KAM).

We believe it is important to provide auditors with flexibility in determining what may be most useful to users of the ISA 805 auditor’s report. As such, we support the IAASB’s proposed direction that reference to KAM communicated in the auditor’s report on the complete set of financial statements be permitted in the ISA 805 auditor’s report using an OM paragraph. We would like to comment however, on several specifics in paragraphs A19 and A23, as well as Illustration 3 in Appendix 2.

- Paragraphs A19 and A23
  Paragraph A23 is difficult for us to understand. The paragraph is lengthy, and the words “may” and “important” both frequently appear in this paragraph.

We also have trouble clearly distinguishing the difference between paragraphs A19 and A23. Paragraph A19 addresses the situation where an auditor applies ISA 701 for an ISA 805 engagement, while paragraph A23 addresses the situation where an ISA 805 auditor’s report refers to the KAM communicated in the auditor’s report on the complete set of financial statements. The texts from these two paragraphs do not seem to clarify the different situations the paragraphs address. Moving to specifics, the last sentences in paragraph A19 (“Paragraph A23 below addresses…”) and A23 (“In addition, it may be important…”) do not seem to offer any help to readers. To the contrary, they may even make it more difficult to understand the difference between paragraphs A19 and A23. These two sentences should be deleted to avoid misinterpretation, and paragraph A23 should be simpler overall.

- Illustration 3 in Appendix 2
  We believe that the alternative wordings suggested in paragraph 31 of the Explanatory Memorandum should also be included in the proposed ISA 805 (Revised). Depending on the circumstances of the engagements, the auditor may determine that referring only to the relevant KAM communicated in the auditor’s report on the complete set of financial statements is the most useful approach for the users of the ISA 805 auditor’s report. Paragraph 31 of the Explanatory Memorandum explains that the proposed guidance in paragraph A23 of the proposed ISA 805 (Revised) is flexible and that either way is permitted in accordance with ISA
805. Yet the inclusion of certain wording (i.e., the wording in illustration 3 in Appendix 2) only implies that other wording is inappropriate. To clarify that both wordings are permitted (i.e., the wording in Illustration 3 in Appendix 2 in the proposed ISA 805 (Revised) and the wording in paragraph 31 of the Explanatory Memorandum), the proposed ISA 805 (Revised) should include both, either as illustrative examples in Appendix 2 or as guidance in the Application and Other Explanatory Material in the proposed ISA 805 (Revised).

We also propose the deletion of the last sentence (“We believe this matter also is relevant to users of this report”) from the alternative wording suggested in paragraph 31 of the Explanatory Memorandum. If included, this sentence might mislead the user into thinking that the matters referred to are the KAM for the ISA 805 engagement. Instead, we propose the addition of a sentence such as the following to clarify that the auditor does not apply ISA 701 for the ISA 805 engagement:

<table>
<thead>
<tr>
<th>Other Matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Key Audit Matters section of our auditor’s report on the complete set of audited financial statements of the Company for the year ended December 31, 20X1 included the description(s) of [include the sub-heading16 of each of the key audit matters determined to be relevant]. We believe this matter also is relevant to users of this report. However, this is not a communication of key audit matters identified during the course of an audit of accompanying [financial statement/information].</td>
</tr>
</tbody>
</table>

In the appendix to this comment letter we include specific suggestions for the wording in the proposed ISA 805 (Revised) based on our comments.

- When the Audit of a Complete Set of Financial Statements is Conducted by Another Auditor
An ISA 805 engagement may be conducted by an auditor who is not the auditor of the entity’s complete set of financial statements. In such case, it would be inappropriate for the ISA 805 auditor’s report to make reference to the KAM communicated in the other auditor’s report on the complete set of financial statements. This should be clarified in the proposed ISA 805 (Revised).
4. The IAASB would also welcome feedback on whether conforming amendments to extant ISA 810 are needed at this time and, if so, what approach could be taken to incorporate the enhancements resulting from the new and revised Auditor Reporting standards.

We support the IAASB’s decision not to propose changes to the extant ISA 810. We see no need to require the ISA 810 report to make reference to the KAM section or to repeat the statement describing an uncorrected material misstatement of the other information when the auditor’s report on the complete set of financial statements includes such a section or the statement. It would be sufficient to require the auditor to repeat the “Material Uncertainty Related to Going Concern” section in the ISA 810 report if the auditor’s report on the entity’s complete set of financial statements included such a section.

We hope that our views will be of assistance to the IAASB.

Sincerely yours,

Sayaka Sumida
Executive Board Member - Auditing Standards
The Japanese Institute of Certified Public Accountants
Appendix
Our specific proposals for changes to the wording in the proposed ISA 805 (Revised)

Below we propose specific wording for the proposed ISA 805 (Revised) based on our comments in the attached letter. Our proposed changes include the following. “Proposed paragraphs” are numbered with the original numbers in the proposed ISA 805 (Revised) and “new paragraphs” have revised numbers that would result from the adoption of our proposals.

● Requirements
  ➢ Move the requirements relevant to the “Modified Opinion in the Auditor’s Report on the Entity’s Complete Set of Financial Statements” (proposed paragraphs 16 to 19) above to the requirements relevant to the “Additional Information Contained in the Auditor’s Report on the Entity’s Complete Set of Financial Statements” (proposed paragraph 14). ➔ New paragraphs 14 to 17
  ➢ Separate the requirement for MU relating to GC from the proposed paragraph 14 and place it between the requirements relevant to the Modification (new paragraphs 14 to 17) and the requirement relevant to the EOM paragraph and OM paragraph (new paragraph 19) ➔ New paragraph 18
  ➢ Combine the requirement for an Uncorrected Material Misstatement of OI with the requirement for the EOM paragraph and OM paragraph ➔ New paragraph 19

● Application and Other Explanatory Material
  ➢ Proposed paragraph A19:
    ✓ Delete the last sentence.
  ➢ Proposed paragraph A23 (new paragraph A22)
    ✓ Simplify the first paragraph.
    ✓ Delete the last paragraph.

● Both in Requirements and Application and Other Explanatory Material
  ➢ Use subheadings that specifically describe the relevant requirements or application materials as appropriate, instead of the proposed subheading “Additional Information Contained in the Auditor’s Report on the Entity’s Complete Set of Financial Statements.”

(Marked from the proposed ISA 805 (Revised))

Requirements

Forming an Opinion and Reporting Considerations
11. When forming an opinion and reporting on a single financial statement or on a specific element of a financial statement, the auditor shall apply the requirements in ISA 700 (Revised), adapted as necessary in the circumstances of the engagement. (Ref: Para. A15–A21)

Reporting on the Entity’s Complete Set of Financial Statements and on a Single Financial Statement or on a Specific Element of Those Financial Statements (Ref: A22)
12. If the auditor undertakes an engagement to report on a single financial statement or on a specific element of a financial statement in conjunction with an engagement to audit the entity’s complete set of financial statements, the auditor shall express a separate opinion for each engagement.
13. An audited single financial statement or an audited specific element of a financial statement may be published together with the entity’s audited complete set of financial statements. If the auditor concludes that the presentation of the single financial statement or of the specific element of a financial statement does not differentiate it sufficiently from the complete set of financial statements, the auditor shall ask management to rectify the situation. Subject to paragraphs 15 and 16, the auditor shall also differentiate the opinion on the single financial statement or on the specific element of a financial statement from the opinion on the complete set of financial statements. The auditor shall not issue the auditor’s report containing the opinion on the single financial statement or on the specific element of a financial statement until satisfied with the differentiation.

Modified Opinion in the Auditor’s Report on the Entity’s Complete Set of Financial Statements

14. If the opinion in the auditor’s report on an entity’s complete set of financial statements is modified, the auditor shall determine the effect that this may have on the auditor’s report on a single financial statement or on a specific element of those financial statements. When deemed appropriate, the auditor shall modify the opinion on the single financial statement or on the specific element of a financial statement. (Ref: Para. A233) [Moved from paragraph 16 of the proposed ISA 805 (Revised)]

15. If the auditor concludes that it is necessary to express an adverse opinion or disclaim an opinion on the entity’s complete set of financial statements as a whole, ISA 705 (Revised) does not permit the auditor to include in the same auditor’s report an unmodified opinion on a single financial statement that forms part of those financial statements or on a specific element that forms part of those financial statements. This is because such an unmodified opinion would contradict the adverse opinion or disclaimer of opinion on the entity’s complete set of financial statements as a whole. (Ref: Para. A246) [Moved from paragraph 17 of the proposed ISA 805 (Revised)]

16. If the auditor concludes that it is necessary to express an adverse opinion or disclaim an opinion on the entity’s complete set of financial statements as a whole but, in the context of a separate audit of a specific element that is included in those financial statements, the auditor nevertheless considers it appropriate to express an unmodified opinion on that element, the auditor shall only do so if:
   - The auditor is not prohibited by law or regulation from doing so;
   - That opinion is expressed in an auditor’s report that is not published together with the auditor’s report containing the adverse opinion or disclaimer of opinion; and
   - The specific element does not constitute a major portion of the entity’s complete set of financial statements. [Moved from paragraph 18 of the proposed ISA 805 (Revised)]

17. The auditor shall not express an unmodified opinion on a single financial statement of a complete set of financial statements if the auditor has expressed an adverse opinion or disclaimed an opinion on the complete set of financial statements as a whole. This is the case even if the auditor’s report on the single financial statement is not published together with the auditor’s report containing the adverse opinion or disclaimer of opinion. This is because a single financial statement is deemed to constitute a major portion of those financial statements. [Moved from paragraph 19 of the proposed ISA 805 (Revised)]

“Material Uncertainty Related to Going Concern” Section Contained in the Auditor’s Report on the Entity’s Complete Set of Financial Statements

18. When a “Material Uncertainty Related to Going Concern” section that highlights the
existence of a material uncertainty related to events or conditions that may cast significant
doubt on the entity’s ability to continue as a going concern, or a statement that describes an
uncorrected material misstatement of the other information, is included in the auditor’s report
on the entity’s complete set of financial statements, the auditor shall:
Determine the effect that this may have on the auditor’s report on a single financial statement or
on a specific element of those financial statements, and
include the “Material Uncertainty Related to Going Concern” section that repeats the same
information included in the auditor’s report on the entity’s complete set of financial statements
or, when deemed appropriate, the statement that describes an uncorrected material misstatement
of the other information in the auditor’s report on the single financial statement or on the
specific element of a financial statement, accordingly. (Ref. A254) [Moved from paragraph 15
of the proposed ISA 805 (Revised)]

### Emphasis of Matter Paragraph, Other Matter Paragraph, or Statement That Describes an
Uncorrected Material Misstatement of the Other Information Additional Information Contained
A22–A24)
1944. If the auditor’s report on an entity’s complete set of financial statements includes an
Emphasis of Matter paragraph, or an Other Matter paragraph, or a statement that describes an
uncorrected material misstatement of the other information, the auditor shall determine the
effect that this may have on the auditor’s report on a single financial statement or on a specific
element of those financial statements. When deemed appropriate, the auditor shall include an
Emphasis of Matter paragraph, or an Other Matter paragraph, or a statement that describes an
uncorrected material misstatement of the other information in the auditor’s report on the single
financial statement or on the specific element of a financial statement, accordingly. (Ref: Para.
A26) [Moved from paragraph 14 of the proposed ISA 805 (Revised)]

### Application and Other Explanatory Material

**Application of ISA 700 (Revised) When Reporting on a Single Financial Statement or on a
Specific Element of a Financial Statement**
A17. Paragraph 11 of this ISA explains that the auditor is required to apply the requirements in
ISA 700 (Revised), adapted as necessary in the circumstances of the engagement, when forming
an opinion and reporting on a single financial statement or on a specific element of a financial
statement. In doing so, the auditor is also required to apply the reporting requirements in other
ISAs adapted as necessary in the circumstances of the engagement, taking into account the
special considerations addressed in paragraphs A18–A26 below.

**Going Concern**
A18. A single financial statement or a specific element of a financial statement may be prepared
in accordance with a special purpose financial reporting framework for which the going concern
basis of accounting is not relevant. When the going concern basis of accounting is not relevant,
ISA 570 (Revised) is not applicable and the requirements in paragraphs 33(b) and 38(b)(iv) of
ISA 700 (Revised) to describe in the auditor’s report the respective responsibilities of
management and the auditor relating to going concern do not apply.

**Key Audit Matters**
A19. ISA 700 (Revised) requires the auditor to communicate key audit matters in the auditor’s
report in accordance with ISA 701 for audits of complete sets of general purpose financial statements of listed entities. For audits of a single financial statement or a specific element of a financial statement, ISA 701 is not applicable unless communication of key audit matters in the auditor’s report on such financial statements or elements is required by law or regulation, or the auditor otherwise decides to communicate key audit matters. When key audit matters are communicated in the auditor’s report on a single financial statement or a specific element of a financial statement, ISA 701 applies in its entirety. Paragraph A23 below addresses circumstances when key audit matters have been communicated in the auditor’s report on complete sets of financial statements.

Other Information

A20. When the auditor determines that the entity plans to issue an annual report, as defined by ISA 720 (Revised), containing or accompanying the single financial statement or a specific element of a financial statement, the requirements in ISA 720 (Revised) apply to the audit of the single financial statement or specific element of the financial statement.

Name of the Engagement Partner

A21. The auditor is required to include the name of the engagement partner in the auditor’s report on a single financial statement of a listed entity or a specific element of a financial statement of a listed entity. The auditor may be required by law or regulation to include the name of the engagement partner in the auditor’s report or may otherwise decide to do so when reporting on a single financial statement or on a specific element of a financial statement of entities other than listed entities.

Reporting on the Entity’s Complete Set of Financial Statements and on a Single Financial Statement or on a Specific Element of Those Financial Statements

Key Audit Matters Section Contained in the Auditor’s Report on the Entity’s Complete Set of Financial Statements (Ref: Para. 12-13)

A22. When key audit matters have been communicated in the auditor’s report on the complete sets of financial statements, the auditor may consider whether it is relevant to communicate, in the auditor’s report on the single financial statement, or on a specific element of a financial statement, that key audit matters are communicated in the auditor’s report on the complete set of financial statements. If the auditor considers it appropriate to include such communication may be included in an Other Matter paragraph in the auditor’s report on the single financial statement, or a specific element of a financial statement, in accordance with ISA 706 (Revised) (see Illustration 3 in Appendix 2 to this ISA). As part of this consideration, it may be important for the auditor to consider whether there are any restrictions on the availability of the complete set of financial statements that would affect the ability of the intended users to access the auditor’s report thereon, for example when key audit matters have been applied on a voluntary basis in connection with the audit of an entity other than a listed entity. In addition, it may be important for the auditor to consider whether the application of ISA 701 in the context of the audit of the single financial statement, or a specific element of a financial statement, would result in the communication of additional key audit matters, in which case the guidance in paragraph A19 may be applied, resulting in the communication of all key audit matters relevant to this audit in a separate section of the auditor’s report. [Moved from paragraph A23 of the proposed ISA 805 (Revised)]

Modified Opinion in the Auditor’s Report on the Entity’s Complete Set of Financial Statements (Ref: Para. 16–17)

A23. Even when the modified opinion on the entity’s complete set of financial statements does not relate to the audited financial statement or the audited element, the auditor may still deem it
appropriate to refer to the modification in an Other Matter paragraph in an auditor’s report on
the financial statement or on the element because the auditor judges it to be relevant to the
users’ understanding of the audited financial statement or the audited element or the related
auditor’s report (see ISA 706 (Revised)). [Moved from paragraph A25 of the proposed ISA 805
(Revised)]

A246. In the auditor’s report on an entity’s complete set of financial statements, the expression
of a disclaimer of opinion regarding the results of operations and cash flows, where relevant,
and an unmodified opinion regarding the financial position is permitted since the disclaimer of
opinion is being issued in respect of the results of operations and cash flows only and not in
respect of the financial statements as a whole.30 [Moved from paragraph A26 of the proposed
ISA 805 (Revised)]

“Material Uncertainty Related to Going Concern” Section Contained in the Auditor’s Report on
the Entity’s Complete Set of Financial Statements
A254. When the auditor’s report on the entity’s complete set of financial statements includes a
“Material Uncertainty Related to Going Concern” section, paragraph 4§18 of this ISA requires
that the auditor include this section in the auditor’s report on the financial statement or on the
specific element of those financial statements because matters related to going concern are
deemed to always be relevant to the users’ understanding of the financial statement or the
specific element or the related auditor’s report. [Moved from paragraph A24 of the proposed
ISA 805 (Revised)]

Emphasis of Matter Paragraph, Other Matter Paragraph, or Statement That Describes an
Uncorrected Material Misstatement of the Other Information Additional Information Contained
A262. Even when the Emphasis of Matter paragraph or Other Matter paragraph contained in the
auditor’s report on the entity’s complete set of financial statements does not relate to the audited
financial statement or the audited element, the auditor may still deem it appropriate to refer to
such paragraphs in an Other Matter paragraph in an auditor’s report on the financial statement
or on the element because the auditor judges it to be relevant to the users’ understanding of the
audited financial statement or the audited element or the related auditor’s report (see ISA 706
(Revised)).28 [Moved from paragraph A22 of the proposed ISA 805 (Revised)]