

**BASIS FOR CONCLUSIONS
CANADIAN AUDITING STANDARD (CAS) 710,
Comparative Information — Corresponding Figures and
Comparative Financial Statements**

This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, Canadian Auditing Standard 710, “Comparative Information — Corresponding Figures and Comparative Financial Statements.”

Background

In January 2008, the International Auditing and Assurance Standards Board (IAASB) issued its Exposure Draft of International Auditing Standard (ISA) 710 (Redrafted), “Comparative Information — Corresponding Figures and Comparative Financial Statements” (ED-ISA 710). The IAASB approved final ISA 710 in September 2008 subject to confirmation by the Public Interest Oversight Board (PIOB) that due process was followed. This confirmation was received in December 2008.

In February 2008, the AASB issued its Exposure Draft to adopt proposed ISA 710 as CAS 710 (ED-CAS 710) to replace Section 5701, OTHER REPORTING MATTERS, and ASSURANCE AND RELATED SERVICES GUIDELINE AuG-8, Auditor’s Report on Comparative Financial Statements. There were 9 respondents to ED-CAS 710 (identified below).

The AASB approved CAS 710 in October 2008. The Auditing and Assurance Standards Oversight Council reviewed due process followed by the AASB in the development of this CAS prior to its issuance in the CICA Handbook – Assurance.

Purpose of this Basis for Conclusions

This Basis for Conclusions has been prepared to make Canadian stakeholders aware of the following,

- (a) A Basis for Conclusions prepared by IAASB staff for ISA 710 is available on the [IAASB web site](#), and provides information on how the IAASB dealt with comments received on significant matters in response to the ED-ISA 710.
- (b) Information on how the AASB dealt with significant matters arising from comments received in response to its ED-CAS 710 is also available. This information is set out below.

Significant Matters

AASB's Consideration of Amendments to ISA Wording

1. CAS 710 contains no amendment to the ISA wording. This is consistent with the position taken by the AASB in ED-CAS 710. However, as noted below, a change has been made in the illustrative auditor's reports.

Use of the Phrases "present fairly" and "give a true and fair view"

2. As stated in Appendix 3 of the Preface, throughout the ISAs (including ISA 710), when referring to the auditor's opinion on financial statements, two possible wording choices are referenced — "present fairly, in all material respects," or "give a true and fair view of" (when the auditor expresses an adverse opinion the wording choices are "do not present fairly (or give a true and fair view)"). In Canada, governing legislation often requires the use of (and it is generally accepted practice to use) the phrase "present fairly, in all material respects." Therefore, in illustrations of auditor's opinions throughout the CASs (including CAS 710), the phrase "present fairly, in all material respects," or "do not present fairly," as appropriate, is used and no reference is made to the phrase "give a true and fair view."

Other Amendment Proposed by Stakeholders

3. To be consistent with Canadian securities regulations, a respondent suggested that CAS 710 should be amended to include a requirement for an auditor to refer to the predecessor auditor's reports on the comparative periods if one or more of the comparative periods were audited by a predecessor auditor. The AASB considered this matter and concluded that the proposed amendment would not be appropriate since CAS 710 applies to audits of the financial statements of all types of entities, not just those of entities that are subject to Canadian securities regulations. Further, CAS 710 does not prohibit an auditor from referring to the predecessor auditor when the predecessor auditor's reissued report on the comparative period accompanies the financial statements.

Other Matters

4. CAS 710 recognizes two different approaches to comparative information: corresponding figures and comparative financial statements. Under the corresponding figures approach, the auditor's report refers only to the financial statements of the current period. This is the norm in Canada for the auditor's report on financial statements of non-listed entities. Under the comparative financial statements approach, the auditor's report refers to each period for which the financial statements are presented. This approach is normally used for auditor's report on annual financial statements filed with securities regulators in Canada.

List of Respondents to ED-CAS 710

Auditor General Alberta

BDO Dunwoody LLP

Canadian Public Accountability Board

Deloitte & Touche LLP

Institute of Chartered Accountants of British Columbia

Institute of Chartered Accountants of Manitoba

Ordre des comptables agréés du Québec

Provincial Auditor Saskatchewan

The CAAA Assurance Exposure Draft Comment Committee