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Private and Confidential

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Dear Keith,

Consultation on whether UK and Irish Auditing Standards should be updated for the new International Auditing Standards

We welcome the opportunity to comment on the Consultation Paper issued by the APB as to whether the UK and Ireland auditing standards should be updated to reflect the changes made in the clarified International Auditing Standards (“Clarity ISAs”) generated by the International Auditing and Assurance Standards Board (“IAASB”). We would urge the APB to adopt the new Clarity ISAs as soon as possible to allow the changes required to be implemented in time for periods commencing on or after 15 December 2009.

Response to Specific Questions

- 1. Do you agree that ISAs (UK and Ireland) should be updated to reflect improvements in the underlying international auditing standards? If not, please explain your reasons.**

Yes. We strongly agree that ISAs (UK and Ireland) should be updated for the new ‘Clarity ISAs’ issued by the IAASB.

- 2. If you agree that the ISAs (UK & Ireland) should be updated for improvements in the underlying international auditing standards, do you believe that this should be done by adopting the Clarity ISAs:**
 - (a) as soon as practicable, or**
 - (b) if and when they are endorsed by the EC?**



We believe that the Clarity ISAs should be adopted as soon as is practicable. We would encourage the European Commission to endorse the Clarity ISAs as soon as possible however acknowledge that this may not be in time for the effective date established by the IAASB.

- 3. If you believe the Clarity ISAs should be adopted as soon as practicable, do you believe it will be practicable to require the resulting new ISAs (UK & Ireland) to apply to audits of UK and Irish entities with accounting periods commencing on or after 15 December 2009?**

We believe that the Clarity ISAs should be adopted as soon as practicable and the new ISAs (UK & Ireland) should be applied to the audits of UK and Irish entities with accounting periods commencing on or after 15 December 2009. This would mean that the UK and Ireland follows the IAASB's intention for international adoption.

As part of the BDO International network, which is a member of IFAC's Forum of Firms, we have agreed to have policies and methodologies that are based, as far as possible, on International Standards of Auditing.

The provision of assurance services is often organised on a global basis. Both in terms of quality and effective management, it is necessary to maintain standards that are as consistent as possible across geographical boundaries to ensure clarity between and around network firms. In order for high quality audit practices to be implemented on a worldwide basis, a consistent timetable for roll out should be applied. For this reason we are urging all jurisdictions to adopt the standards as soon as possible.

With all finalised ISAs being published by IFAC by the end of March 2009, we feel that this allows sufficient time for audit and assurance providers to adapt their guiding principles for implementation on engagements with financial periods beginning on or after 15 December 2009. However, if there is a delay in the adoption of these clarified standards, we are concerned that there may not be enough time for firms to incorporate the new ISA's into training and guidance by the proposed implementation date.

- 4. Do you support APB's view that the same standards should apply to audits of entities of all sizes? If not, please explain your reasons.**

Yes. We support the APB's view that the same standards should apply to all audits, irrespective of size. ISAs are principle rather than rule based and as such a common set of standards can be applied to suit the nature and extent of the entity.

Having different standards depending on the size of the entities could also reduce stakeholders' and public understanding of the roles and responsibilities of audit and assurance providers. A single set of standards would promote a consistent application of audit practices and so would support the objective of the APB to advance public understanding.

Should you wish to discuss these comments, please contact Iain Lowson on 020 7893 3623.

Yours faithfully

A handwritten signature in cursive script that reads "BDO Stoy Hayward LLP".

BDO Stoy Hayward LLP