



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES

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Our ref: ICAEW Rep 130/09

Jim Sylph, Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, 10017
USA

By email

Dear Jim

IAASB CONSULTATION DRAFT: AUDITING COMPLEX FINANCIAL INSTRUMENTS

The Institute of Chartered Accountants in England and Wales (the Institute) welcomes the opportunity to comment on the IAASB's October 2009 consultation paper *Auditing Complex Financial Instruments*.

The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 132,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 775,000 members worldwide.

Complex financial instruments are likely to be an enduring feature of business financing for a long time to come. We therefore welcome these proposals which would provide auditors with guidance in this area. As you might expect, we responded to APB while it was developing PN 23 in the UK and we are confident that PN 23 forms a sound basis for the development of international guidance. It is not however, incapable of improvement, nor is it necessarily applicable without adaptation to the international context and for this reason we are happy to provide detailed answers to the questions asked by IAASB. Some of our answers represent comments already made to APB that were not taken up, but many have been developed specifically in response to IAASB's questions. Our comments are predicated on the assumption that IAPs will retain their current status. This status is under review and our comments might be different were it to change. We also note that while IFRS 9 as it stands is likely to have little audit impact, the IASB's proposals on impairment for instruments held at amortised cost might increase complexity, notwithstanding IASB's intentions, and might therefore materially affect the need for auditing guidance. There are further sections of IFRS 9 that will be issued in due course which may also increase complexity for auditors.

Please feel free to contact me should you wish to discuss any of the points raised in this response.

Yours sincerely

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