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3 October 2016

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Dear Mr Ferris,

Proposal to adopt (in the UK) ISA 800 (Revised) and ISA 805 (Revised)

We are pleased to have the opportunity to comment on the FRC's Proposal to adopt (in the UK) ISA 800 (Revised) and ISA 805 (Revised) (the Proposal).

We agree with the proposed adoption of ISA 800 (Revised): Special Considerations - Audits of Financial Statements prepared in accordance with Special Purpose Frameworks and ISA 805 (Revised): Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement as these provide high level standards and application material that meet various audit reporting needs.

We note that the FRC has, in its Consultation Document And Impact Assessment, proposed that ISA 800 (Revised) and ISA 805 (Revised) are used for public reporting on an insurer's compliance with the reporting requirements of the Prudential Regulation Authority (PRA) under Solvency II. While we agree that ISA 800 (Revised) and ISA 805 (Revised) are able to provide reporting frameworks for the audit of public reports published under the Solvency II prudential regulation regime, we note that these do not provide detailed practical guidance. We note that the existing guidance for the audit of insurers, including reporting on regulatory returns, is set out in Practice Note 20 (Revised): The Audit of Insurers in the United Kingdom (PN 20). We understand that the FRC is considering consulting to amend PN 20 to take account of the changed reporting requirements under the Solvency II regime which came in to effect on 1 January 2016; we would support this.

Our detailed comments on the questions asked in the Proposal are set out overleaf.

If you wish to discuss any of the points further, please do not hesitate to contact me.

Yours sincerely,

BDO LLP
David Isherwood
Partner
For and on behalf of BDO LLP



Question 1: Do you agree with the proposed adoption of ISA 800 (Revised) and ISA 805 (Revised) in the UK?

We agree with the proposed adoption of ISA 800 (Revised) and ISA 805 (Revised) in the UK as these provide high level standards and application material that meet various audit reporting needs.

We note that many auditors within the UK already apply ISA 800 and ISA 805 as issued by the IAASB when reporting on non-statutory financial statements prepared for special purposes. Adoption of these ISAs in the UK would fill a gap that currently exists within UK Auditing Standards and extend their application more widely to commonly encountered audit situations.

Question 2: Do you believe that the FRC should consider any alternative ways of providing assurance over public Solvency II reporting? If so please set out those you consider appropriate and why

We do not believe that the FRC should consider alternative ways of providing assurance over public Solvency II reporting as ISA 800 (Revised) and ISA 805 (Revised) are intended to cover statements of compliance with regulatory frameworks. We view the Solvency and Financial Condition Report (SFCR) as being part of such a framework.

Question 3: Do you agree that ISA 800 (Revised) and ISA 805 (Revised) provide an appropriate framework for the audit of public reports published under the Solvency II prudential regulation regime?

We agree that ISA 800 (Revised) and ISA 805 (Revised) provide appropriate reporting frameworks for the audit of public reports published under the Solvency II prudential regulation regime but they do not offer any guidance that is specific to the audit of the SFCR. We understand that the FRC's is considering consulting to amend PN 20 so that it is applicable and specific to the audit of the SFCR; we would support this.

Question 4: Do you foresee any risks associated with the adoption of these standards?

We do not foresee any risks associated with the adoption of these standards per se.

Question 5: Do you agree that these ISAs should be adopted in the UK and Ireland without any specific adaptations or amendments? If you believe that amendments are necessary, please set these out in your response.

We agree that these ISAs should be adopted in the UK without any specific adaptations or amendments.

Having said this, for reasons outlined in our responses above, we would support amending PN 20 so to include specific guidance in terms of what is required when auditing the SFCR.