

## **SA 710 - Comparative Information—Corresponding Figures and Comparative Financial Statements**

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### **Select True or False**

1. When the financial statements of the prior period have been audited by a predecessor auditor or were not audited, the requirements and guidance in SA 510 regarding opening balances also apply.
  - a) True
  - b) False
2. The auditor's opinion on the financial statements for corresponding figures refers to each period for which financial statements are presented.
  - a) True
  - b) False
3. Where prior period financial statements were not audited, the auditor should request the management to disclose this fact on the face of the current period financial statements with respect to the corresponding figures.
  - a) True
  - b) False
4. By including Other Matter paragraph that comparative financial statements are unaudited, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.
  - a) True
  - b) False
5. In case of corresponding figures approach, the auditor's opinion should not specifically refer to corresponding figures because the auditor's opinion is on the current period financial statements as a whole, including the corresponding figures.
  - a) True
  - b) False
6. Typically, financial reporting frameworks in India use the corresponding figures approach for general purpose financial statements.
  - a) True
  - b) False
7. Auditor shall modify his opinion on the current period's financial statements, if the auditor's report on the prior period, as previously issued, included a qualified opinion, a disclaimer of opinion, or an adverse opinion and the matter which gave rise to the modification is unresolved.
  - a) True
  - b) False

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### Fill in the blanks:

8. For corresponding figures, if the auditor obtains audit evidence that a material misstatement exists in the prior period financial statements on which unmodified opinion has been previously issued, the auditor shall verify whether the misstatement has been dealt with as required under the applicable financial reporting framework and if that is not the case, the auditor shall express \_\_\_\_\_ in the auditor's report on current financial statements modified with respect to corresponding figures included therein.
- a) Qualified opinion
  - b) Adverse opinion
  - c) Qualified or adverse opinion
9. \_\_\_\_\_ means the amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.
- a) Comparative information
  - b) Corresponding figures
  - c) Comparative financial statements
10. In case of comparative financial statements, the level of information included in those comparative financial statements is comparable with that of the financial statements of \_\_\_\_\_.
- a) Prior period
  - b) Future period
  - c) Current period
11. If the prior period financial statements were not audited, the auditor shall state the same in \_\_\_\_\_.
- a) Key audit matter section
  - b) Emphasis of matter paragraph
  - c) Going concern paragraph
  - d) Other matter paragraph
12. The auditor should obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable \_\_\_\_\_.
- a) Accounting Standard
  - b) Financial reporting framework
  - c) Laws and regulations

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13. In the case of comparative financial statements, the written representations are requested for \_\_\_\_\_ periods referred to in the auditor's opinion.
- a) Prior
  - b) All
  - c) Current
14. In the case of corresponding figures, the written representations are requested for the financial statements of the \_\_\_\_\_ period only because the auditor's opinion is on those financial statements, which include the corresponding figures.
- a) Prior
  - b) All
  - c) Current

**Choose the correct option from the following:**

15. If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification, the auditor shall
- I. Communicate misstatement with the appropriate level of management
  - II. Communicate misstatement with Those Charged With Governance
  - III. Request that predecessor auditor be informed

**Solution:**

- a) I only
  - b) II & III
  - c) I & III
  - d) I, II and III
16. When prior period financial statements were audited by a predecessor auditor, in addition to expressing an opinion on the current period's financial statements, the auditor shall state in an Other Matter paragraph:
- I. The financial statements of the prior period were audited by a predecessor auditor;
  - II. The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefor;
  - III. Date of that report;
  - IV. Auditor's responsibility;

**Solution:**

- a) I, II and III
- b) I, III and IV
- c) II, III and IV
- d) I, II, III and IV

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17. There are two different broad approaches to the auditor's reporting responsibilities in respect of comparative information:
- a) Corresponding figures and financial statements of current period
  - b) Comparative financial statements and corresponding figures
18. Objectives of the auditor under SA 710 are:
- I. To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework.
  - II. To report in accordance with the auditor's reporting responsibilities.
- Solution:**
- a) I and II
  - b) I or II
  - c) None of the Above
19. When reporting on prior period financial statements in connection with the current period's audit, if the auditor's opinion on such prior period financial statements differs from the opinion the auditor previously expressed, the auditor shall disclose the substantive reasons for the different opinion in:
- a) Emphasis of Matter Paragraph
  - b) Other Matter Paragraph
  - c) Any of the Above
  - d) No such disclosure is required
20. **Match the following:**

a)	Scope of the SA	1	Each period for which financial statements are presented.
b)	The auditor's opinion for comparative financial statements refers to	2	Comparable with that information of the financial statements of current period.
c)	The level of information included in comparative financial statements	3	Auditor's responsibilities regarding comparative information in an audit of financial statements.