

## **Highlights on Exposure Draft: ISA 800 and ISA 805**

- (i) ISA 800 (Revised), Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- (ii) ISA 805 (Revised), Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- (iii) Proposed Conforming Amendment to Another ISA

### **1.0 Background**

**In September 2014, the IAASB unanimously approved its new and revised Auditor Reporting standards and related conforming amendments, which comprise:**

- ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*
- New ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*
- ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*
- ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*
- ISA 570 (Revised), *Going Concern*
- ISA 260 (Revised), *Communication with Those Charged with Governance*
- Conforming amendments to ISAs 210,1 220,2 230,3 510,4 540,5 580,6 600,7 and 710.8

### **2.0 Objective of the Exposure Draft - ISA 800 and ISA 805**

To understand respondents needs as to:

- (1) how the new and revised Auditor Reporting Standards that are required for complete sets of general purpose financial statements should affect auditor's reports on special purpose financial statements ISA 800.
- (2) whether its proposal relating to communicating of Key Audit Matters (KAM), ISA 701, in the context of ISA 805 engagements are appropriate.

### **3.0 Relationship of ISA 800 and ISA 805 to ISA 700 (Revised) and Other ISAs in the 100-700 Series**

Auditor Reporting on audits of financial statements prepared in accordance with special purpose framework is linked directly to reporting measurement in extant ISA 700

The same applies for audit of a single financial statement or of a specific element account or item of a financial statement.

### **4.0 Are the enhancements appropriate to ISA 800 and ISA 805?**

IAASB undertook a detailed review of the enhancements to the auditor's report addressed with the new and revised Auditor Reporting Standards and determined whether these enhancements would be appropriate for ISA 800 and ISA 805 engagements.

ISA 700 (Revised) already contains overarching reporting requirement applicable for auditor's report on special purpose financial statements and single financial statements and / or element.

The reporting requirement in ISA 700 will not be repeated in the proposed ISA 800 and ISA 805, with requirements and guidance as considered necessary in proposed ISA 800 and ISA 805.

### **5.0 Proposed conforming amendments to another ISA**

*ISA 700 (Revised), 'Forming an Opinion and Reporting on Financial Statements requirements'* have been amended as a result of the proposals to revise ISA 800 and ISA 805. These proposed amendments will become effective at the same time as ISA 800 (Revised) and ISA 805 (Revised), as well as the new and revised Auditor Reporting standards.

***Changes proposed in ISA 800 and ISA 805***

The changes being proposed to ISA 800 and ISA 805 are generally intended to explain how the enhancements resulting from the new and revised Auditor Reporting standards apply to those engagements. Accordingly, changes to: extant ISA 800 and extant ISA 805 are limited and are intended to:

New application material to help auditors apply new and revised Auditor Reporting Standards

Align the layout and content of illustrative auditor's reports in ISA 800 and ISA 805

When enhancements or circumstances are applicable to a given illustrative auditor's report; the illustrative auditor's report has been amended accordingly

Incorporate changes considered necessary as a result of the IAASB's finalisation and approval of ISA 720 (Revised)