



The new and revised HKSAs on auditor reporting and auditor's responsibilities relating to other information are effective for audits of financial statements for periods ending on or after 15 December 2016. Is early adoption permitted?

The Institute has published [Members' Handbook Update 172](#) in August 2015 which contains the new and revised HKSAs on auditor reporting and auditor's responsibilities relating to other information.

New and revised standards on auditor's reporting are:

- [HKSA 260 \(Revised\), Communication with Those Charged with Governance](#)
- [HKSA 570 \(Revised\), Going Concern](#)
- [HKSA 700 \(Revised\), Forming an Opinion and Reporting on Financial Statements](#)
- [HKSA 701, Communicating Key Audit Matters in the Independent Auditor's Report](#) **NEW**
- [HKSA 705 \(Revised\), Modifications to the Opinion in the Independent Auditor's Report](#)
- [HKSA 706 \(Revised\), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report](#)

Accompanying the release of the new and revised standards on auditor's reporting as set out above are conforming amendments to the following HKSAs:

- [HKSA 210, Agreeing the Terms of Audit Engagements](#)
- [HKSA 220, Quality Control for an Audit of Financial Statements](#)
- [HKSA 230, Audit Documentation](#)
- [HKSA 510, Initial Audit Engagements – Opening Balances](#)
- [HKSA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures](#)
- [HKSA 580, Written Representations](#)
- [HKSA 600, Special Considerations – Audits of Group Financial Statements \(Including the Work of Component Auditors\)](#)
- [HKSA 710, Comparative Information – Corresponding Figures and Comparative Financial Statements](#)

Revised standard on auditor's responsibilities relating to other information:

- [HKSA 720 \(Revised\), The Auditor's Responsibilities Relating to Other Information](#)



Accompanying the release of HKSA 720 (Revised) are conforming amendments to the following HKSAs:

- [HKSA 260 \(Revised\), Communication with Those Charged with Governance](#)
- [HKSA 450, Evaluation of Misstatements Identified during the Audit](#)
- [HKSA 500, Audit Evidence](#)
- [HKSA 560, Subsequent Events](#)
- [HKSA 570 \(Revised\), Going Concern](#)
- [HKSA 700 \(Revised\), Forming an Opinion and Reporting on Financial Statements](#)
- [HKSA 701, Communicating Key Audit Matters in the Independent Auditor's Report](#) **NEW**
- [HKSA 705 \(Revised\), Modifications to the Opinion in the Independent Auditor's Report](#)
- [HKSA 706 \(Revised\), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report](#)
- [HKSA 710, Comparative Information – Corresponding Figures and Comparative Financial Statements](#)
- [HKSA 810, Engagements to Report on Summary Financial Statements](#)

Early adoption of the standards is permitted, though as a matter of practice, it is not explicitly stated so in the standards.

Paragraph 26 of the [Amended Preface to the Hong Kong Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements](#) states that "the scope, effective date and any specific limitation of the applicability of a specific Hong Kong Standard is made clear in the Standard. Unless otherwise stated in the Hong Kong Standard, the member is permitted to apply a Hong Kong Standard before the effective date specified therein."

Given that the Institute has adopted and issued the standards on auditor's reporting and auditor's responsibilities relating to other information in August 2015, the Auditing and Assurance Standards Committee is of the view that all of the above standards should be adopted and implemented as a package. This is to avoid confusion to users if some, but not all, of the new requirements in respect of auditor's reporting and auditor's responsibilities relating to other information are implemented in the circumstances where there is early adoption. In addition, the revised standards are inter-related with each other and accordingly it would be practically difficult to adopt them on a piecemeal basis.



While many of the new and revised auditor reporting requirements relate solely to reporting, changes to [HKSA 570 \(Revised\), *Going Concern*](#), [HKSA 720 \(Revised\), *The Auditor's Responsibilities Relating to Other Information*](#) and [HKSA 260 \(Revised\), *Communication with Those Charged with Governance*](#) will also affect auditor performance. Auditors need to allow a reasonable period for implementation preparation (including training and changes to firms' audit methodologies).

Auditors are reminded to discuss the implications of early adoption with their clients.