



26 January 2023

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL AUDITING AND ASSURANCE
STANDARDS BOARD'S (IAASB) EXPOSURE DRAFT**

***THE IAASB'S PROPOSED PART 10, AUDITS OF GROUP FINANCIAL STATEMENTS
OF THE PROPOSED ISA FOR AUDITS OF FINANCIAL STATEMENTS OF LESS
COMPLEX ENTITIES***

Comments to be received by 2 April 2023

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB's Exposure Draft (ED), Proposed Part 10, *Audits of Group Financial Statements* of the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) and Proposed Conforming Amendments.

This proposed section, Part 10, *Audits of Group Financial Statements*, is intended to form part of the proposed ISA for LCE when finalized. Group audits were not included in the scope of the original exposure draft of the ISA for LCE. Given stakeholder feedback, the IAASB reconsidered its decision to exclude group audits and developed proposals that address audits of less complex groups.

With the inclusion of group audits, the IAASB has proposed changes to the Authority of the proposed ISA for LCE. For example, the IAASB removed the prohibition on using the standard when the audit is a group audit unless component auditors are involved, other than in limited circumstances in which a physical presence is needed for a specific audit procedure for the group audit (e.g., for attending a physical inventory count or inspecting physical assets).

The ED has been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/Auditing-and-Assurance>

Questions for respondents have been included in Section 3 "Request for Comments" of the ED to solicit specific feedback on the proposals.

In accordance with the Institute's due process, comments are invited from any interested party and the Institute would like to hear from both those who do agree and those who do not agree with the contents of the ED.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the ED to be considered, comments are requested by the due date shown above.



Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.