Hong Kong Institute of
Certified Public Accountants
香港會計師公會

August 2007

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

INVITATION TO COMMENT ON IAASB EXPOSURE DRAFTS OF INTERNATIONAL STANDARDS ON AUDITING

Part A

- **Proposed ISA 510 (Redrafted),** ***The Initial Audit Engagement – Opening Balances***
- **Proposed ISA 530 (Redrafted),** ***Audit Sampling***

Comments to be received by 15 October 2007

Part B

- **Proposed ISA 700 (Redrafted),** ***The Independent Auditor's Report on General Purpose Financial Statements***
- **Proposed ISA 705 (Revised and Redrafted),** ***Modifications to the Opinion in the Independent Auditor's Report***
- **Proposed ISA 706 (Revised and Redrafted),** ***Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report***
- **Proposed ISA 800 (Revised and Redrafted),** ***Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement***
- **Proposed ISA 805 (Revised and Redrafted),** ***Engagements to Report on Summary Financial Statements***

Comments to be received by 15 November 2007

Part C

- **Proposed ISQC 1 (Redrafted),** ***Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagements***
- **Proposed ISA 220 (Redrafted),** ***Quality Control for an Audit of Financial Statements***

Comments to be received by 14 December 2007

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The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB Exposure Drafts which have been posted on the Institute's website at: www.hkicpa.org.hk/professionaltechnical/assurance/exposuredraft/.

The Explanatory Memorandum to the Exposure Drafts provides background information and explanation of the proposed ISAs and ISQC 1.

In summary, the IAASB's intentions in developing the revisions to the ISAs and ISQC 1 are to contain clearer requirements and easy to understand application guidance.

The IAASB is seeking comments **only** on changes resulting from applying the clarity drafting conventions and their effect on the content of the ISAs and ISQC 1, and certain significant matters explained in the Explanatory Memorandum including:

Part A

ISA 510

- Split Opinion

ISA 530

- Selecting Items for Testing to Obtain Audit Evidence
- Anomalies
- Projecting and Evaluating Sample Results

Part B

ISA 700

- Forming an Opinion on the Financial Statements
- Description of Management's Responsibility for the Financial Statements
- Financial Reporting Frameworks Described by Reference to International Financial Reporting Standards (IFRSs)
- International Auditing Practice Statement 1014 "Reporting by Auditors on Compliance with IFRSs"

ISA 705

- Definition of Pervasive

ISA 706

- New Requirements to Include an Emphasis of Matter Paragraph

ISA 805

- Form of Opinion
- Summary Financial Statements Included in Documents Relating to Securities Offered to the Public

Part C

ISQC 1 and ISA 220

- Authority of the ISQC
- Date of Completion of Engagement Quality Control Review
- Definition of Engagement Team

In accordance with the Institute's ISA Convergence 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 proposals contained in the IAASB Exposure Drafts.

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

To allow your comments on the IAASB Exposure Drafts to be considered, comments on the exposure drafts are requested by the due dates shown above.

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

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Fax number (+852) 2865 6776
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.

August 2007
Exposure Draft

PART A

Response Due Date
15 October 2007

ED of Proposed ISA 510 (Redrafted)

The Initial Audit Engagement – Opening Balances

ED of Proposed ISA 530 (Redrafted)

Audit Sampling

PART B

Response Due Date
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The Independent Auditor's Report on General Purpose Financial Statements

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Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report

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PART B cont'd

Response Due Date
15 November 2007

ED of Proposed ISA 800 (Revised and Redrafted)

Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

ED of Proposed ISA 805 (Revised and Redrafted)

Engagements to Report on Summary Financial Statements

PART C

Response Due Date
14 December 2007

ED of Proposed ISQC 1 (Redrafted)

Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagements

ED of Proposed ISA 220 (Redrafted)

Quality Control for an Audit of Financial Statements

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This Exposure Draft may be filed in the “Exposure Drafts, Invitations to Comment” section of Volume III of the Institute Members’ Handbook.

The Exposure Draft can also be found on the Institute’s website at: www.hkicpa.org.hk/professionaltechnical/assurance/exposuredraft/.