

Audits of Less Complex Entities (LCEs)
**Proportionality of the ISAs to the International Standard on Auditing for
Financial Statements of Less Complex Entities (ISA for LCE)**
Parts 7 – 9 of the ISA for LCE

This document ('mapping') has been provided to illustrate how the requirements from the ISAs have been included (or not) within the ISA for LCE.

1. In developing the ISA for LCE, the objectives and requirements of the International Standards on Auditing (ISA) have been "mapped" to the objectives and requirements within the ISA for LCE, to illustrate the proportionality of the ISAs to an audit of an LCE.
2. This agenda item (together with Agenda Item 4-B(1)) is provided to illustrate how the specific requirements within the ISAs have or have not been addressed within the ISA for LCE. There is also a brief supporting description with regard to how the ISA for LCE 'aligns' to the ISAs (in the last column of the table).
3. 'Alignment principles' have been developed to help explain why an ISA requirement has been modified or not included in the ISA for LCE. These alignment principles have been used to describe how each ISA requirement has (or has not) been addressed in the ISA for LCE. The alignment principles include:
 - a) Whether the requirement is relevant in the circumstances of an audit of an LCE, and if not, why not.
 - b) If applicable, why the requirement has been changed to make it more relevant to the circumstances of an LCE.
 - c) If applicable, whether any changes made for the purpose of the ISA for LCE would still result in requirements meeting the objectives for each Part and therefore that the auditor's procedures would still enable the objectives to be met and reasonable assurance to be achieved.

If a requirement has not been included and the explanation provided in (a), then (b) and (c) have not been addressed as there would be no further changes to that requirement. "(c)" is intended to address that the changes in (b).
4. Standards have been presented within this mapping document in ISA order mapped to the relevant requirement within ISA for LCE. Any essential explanatory material added to ISA for LCE is shown in the ISA for LCE column (at the end of the relevant ISA) but the application material in the ISA has not been presented.

5. This mapping is set out in the table below and includes the ISAs most relevant to Parts 7–9 of the ISA for LCE and covers the following ISAs:
- Part 7—**ISA 240, ISA 250 (Revised), ISA 265, ISA 330, ISA 501, ISA 505, ISA 540 (Revised), ISA 550**
 - Part 8—**ISA 450, ISA 560, ISA 570 (Revised), ISA 580**
 - Part 9—**ISA 700 (Revised), ISA 705 (Revised), ISA 706 (Revised), ISA 710, ISA 720 (Revised)**
- Agenda Item 4-B(1)** includes the ‘mapping’ for the other ISAs most relevant to Parts 1-6 of the ISA for LCE. ISA 402 (limited requirements) are included in this document.
6. The ‘mapping’ in **Agenda Items 4-B(1) and 4-B(2)** (in the ISA column) reflect the most recently approved ISAs, including ISA 315 (Revised 2019) and ISA 220 (Revised), and conforming and consequential amendments to other standards, and the amendments to the IAASB Standards as a result of revisions made to the International Ethics Standards Board for Accountants’ (IESBA) Code.¹
7. These mapping documents do not include mapping for standards that are not included in ISA for LCE, including **ISA 600,² ISA 610 (Revised 2013)³ and ISA 701.⁴**

¹ *International Code of Ethics for Professional Accountants (including International Independence Standards (“the IESBA Code” or “the Code”))*

² ISA 600, *Special Considerations—Using the Work of an Auditor’s Expert*

³ ISA 610 (Revised 2013), *Using the Work of Internal Auditors*

⁴ ISA 701, *Key Audit Matters in the Independent Auditor’s Report*

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 240, The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements					
Objectives	ISA 240 Paragraph 11	Paragraph 7.1.1(b) Responding to Assessed Risks of Material Misstatement Objectives	The objectives of the auditor are: (a) To identify and assess the risks of material misstatement of the financial statements due to fraud; (b) To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and (c) To respond appropriately to fraud or suspected fraud identified during the audit.	The objectives of the auditor are to: ... (b) Respond, as appropriate, to risks of material misstatement arising from fraud; ...	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>Yes – but because the ISA for LCE is not topic specific the objectives relating to fraud are embedded within broader objectives within the standard.</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>Yes - The ISA 240 objectives are primarily addressed in Part 6, <i>Risk Identification and Assessment</i> (para 6.1.1.) and Part 7, <i>Responding to Assessed Risks of Material Misstatement</i>, (para’s 7.1.1. (a) and (b)) of the ISA for LCE. These have been modified as appropriate for the way that ISA for LCE standard has been presented (i.e., not by topic like the ISAs).</p> <p>3. Do the changes result in objectives that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – the same aspects are addressed and therefore same objectives set.
Requirements	ISA 240 Paragraph 13 Professional Skepticism	Paragraph 1.5.8. Fundamental Concepts and General Principles for Performing the Audit Professional Skepticism	In accordance with ISA 200, the auditor shall maintain professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience of the honesty and integrity of the entity's management and those charged with governance.	Throughout the audit the auditor shall recognize the possibility that a material <u>misstatement</u> because of fraud may exist, notwithstanding the auditor's part experience of the honesty and integrity of the entity's <u>management</u> and <u>those charged with governance</u> .	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified for ISA for LCE standard but significant aspects retained. Do the changes result in requirements that still achieve reasonable assurance? Yes – significant aspects of auditor action retained.
Requirements	ISA 240 Paragraph 14 Professional Skepticism	Paragraph 3.2.4. Audit Evidence <i>Information to be Used as Audit Evidence</i>	Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine. If conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document have been modified	The auditor may accept records and documents as genuine unless there is reason to believe otherwise, in which case the auditor shall investigate any inconsistencies. If conditions identified during the audit cause the auditor to believe that a document may not be authentic	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Main aspect of ISA requirement retained but more added to this

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			but not disclosed to the auditor, the auditor shall investigate further.	or that terms in a document have been modified but not disclosed to the auditor, the auditor shall investigate further and determine the effect on the rest of the audit evidence obtained.	<p>requirement than the ISA requirement for nature of LCE audit.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – SA requirement addressed fully.</p>
Requirements	ISA 240 Paragraph 15 Professional Skepticism	Paragraph 3.7.3. Overarching Communications with Management and those Charged with Governance	Where responses to inquiries of management or those charged with governance are inconsistent, the auditor shall investigate the inconsistencies.	Where responses to inquiries of management and those charged with governance are inconsistent, the auditor shall investigate the inconsistencies.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 240 Paragraph 16 Discussion among the Engagement Team	Paragraph 5.2.6.(b) Planning Activities Engagement Team Discussion	ISA 315 (Revised 2019) requires a discussion among the engagement team members and a determination by the engagement partner of which matters are to be communicated	The engagement partner and other key engagement team members shall: ... (b) Discuss fraud to identify possible areas where risks of	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			to those team members not involved in the discussion. This discussion shall place particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The discussion shall occur setting aside beliefs that the engagement team members may have that management and those charged with governance are honest and have integrity.	material misstatement could arise. In doing so, the engagement team discussion shall place particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud may occur, and how fraud or error could arise from related party relationships or transactions. Any discussions among the engagement team shall occur setting aside beliefs the engagement team may have that management and <u>those charged with governance</u> are honest and have integrity	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – intro modified to flow in bullet list otherwise all aspects addressed</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all aspects of ISA requirement addressed</p>
Requirements	ISA 240 Paragraph 17 Risk Assessment Procedures and Related Activities	-	When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, required by ISA 315 (Revised 2019), the auditor shall perform the procedures in	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but is not specifically addressed as addressed by other requirements which have been included for ISA 315 (Revised 2019) in Part 6 of ISA for LCE.</p> <p>2. Should / could the requirement be simplified to make more</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			paragraphs 23–38 to obtain information for use in identifying the risks of material misstatement due to fraud.		<p>relevant to the circumstances of an LCE?</p> <p>No.</p> <p>Part 6, <i>Risk Identification and Assessment</i>, of the ISA for LCE broadly addresses the consideration of fraud in the identification and assessment of ROMM. Fraud is also specifically addressed in paragraphs 6.2.1., 6.2.2., 6.2.3., and 6.2.6.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the same outcome is expected as fraud still required to be specifically considered in the risk identification and assessment process.</p>
Requirements	<p>ISA 240 Paragraph 18</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Management and Others within the Entity</i></p>	<p>Paragraph 6.6.1.(a) – (d)</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Specific Inquiries by the Auditor</i></p>	<p>The auditor shall make inquiries of management regarding:</p> <p>(a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;</p>	<p>...the auditor shall make inquiries of management regarding:</p> <p>(a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p>

Proportionality of the ISAs to the ISA for LCE
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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;</p> <p>(c) Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; and</p> <p>(d) Management's communication, if any, to employees regarding its views on business practices and ethical behavior.</p>	<p>(b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist</p> <p>(c) Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity;</p> <p>(d) Management's communication, if any, to employees regarding its views on business practices and ethical behavior;</p> <p>(e)...</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 240 Paragraph 19	Paragraph 6.6.2.	The auditor shall make inquiries of management, and others within the entity as appropriate, to determine whether they have	The auditor shall make inquiries of management, those charged with governance (if different to management), and others within	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Risk Assessment Procedures and Related Activities <i>Management and Others within the Entity</i>	Understanding Relevant Aspects of the Entity <i>Specific Inquiries by the Auditor</i>	knowledge of any actual, suspected or alleged fraud affecting the entity.	the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.	<p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – changed to combine with inquiries for those charged with governance but no change to the basic requirement in ISA 240.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects of the requirement have been retained.</p>
Requirements	ISA 240 Paragraph 20 Risk Assessment Procedures and Related Activities <i>Management and Others within the Entity</i>	-	For those entities that have an internal audit function, the auditor shall make inquiries of appropriate individuals within the function to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No</p> <p>Internal audit not addressed by this standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 240 Paragraph 21</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Those Charged with Governance</i></p>	<p>Paragraph 6.2.4.</p> <p>Procedures for Identifying and Assessing Risks of material Misstatement and Related Activities</p> <p><i>Specific Inquiries by the Auditor</i></p> <p>Fraud</p>	<p>Unless all of those charged with governance are involved in managing the entity, the auditor shall obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the controls that management has established to mitigate these risks.</p>	<p>Unless all of those charged with governance are involved in managing the entity, the auditor shall understand how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the controls that management has established to mitigate these risks.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 240 Paragraph 22</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Those Charged with Governance</i></p>	<p>Paragraph 6.6.2.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Specific Inquiries by the Auditor</i></p>	<p>Unless all of those charged with governance are involved in managing the entity, the auditor shall make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to corroborate the responses to the inquiries of management.</p>	<p>The auditor shall make inquiries of management, those charged with governance (if different to management), and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – changed to combine with inquiries for management and others with those charged with governance but no change to the action required in ISA 240.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – the actionable aspect of the requirement has been retained.
Requirements	<p>ISA 240 Paragraph 23</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Unusual or Unexpected Relationships Identified</i></p>	<p>Paragraph 3.3.2. (e)</p> <p>Procedures for Obtaining Audit Evidence</p> <p>Substantive Analytical Procedures</p>	<p>The auditor shall evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud.</p>	<p>When the auditor uses analytical procedures to obtain audit evidence (either in risk identification or in responding to assessed risks), the auditor shall:</p> <p>(a) ...</p> <p>...</p> <p>and</p> <p>(e) Evaluate whether unusual or unexpected relationships that have been identified, including those related to revenue accounts, may indicate risks of material misstatement due to fraud.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – only slight modification to intro to include in bullet list. All aspects of ISA requirement retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant aspects of auditor's required actions retained</p>
Requirements	<p>ISA 240 Paragraph 24</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Other Information</i></p>	<p>Paragraph 6.2.6.</p> <p>Procedures for Identifying and Assessing Risks of material Misstatement and Related Activities</p>	<p>The auditor shall consider whether other information obtained by the auditor indicates risks of material misstatement due to fraud.</p>	<p>The auditor shall consider whether other information obtained by the auditor indicates risks of material misstatement due to fraud.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<i>Specific Inquiries by the Auditor</i> Fraud			No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 240 Paragraph 25 Risk Assessment Procedures and Related Activities <i>Evaluation of Fraud Risk Factors</i>	Paragraph 3.4.1. Concepts and Matters Underlying Gathering Audit Evidence Fraud	The auditor shall evaluate whether the information obtained from the other risk assessment procedures and related activities performed indicates that one or more fraud risk factors are present. While fraud risk factors may not necessarily indicate the existence of fraud, they have often been present in circumstances where frauds have occurred and therefore may indicate risks of material misstatement due to fraud.	The auditor shall include specific considerations with regard to fraud when: (a) Identifying and assessing risks of material misstatement. In doing so, the auditor shall evaluate whether information obtained from the procedures to identify and assess risks and related activities indicates that one or more fraud risk factors are present; ⁵ (b) ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modifications have been made to include this requirement in a bulleted list. However, the aspects relevant to the auditor's action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the auditor's actions expected to have a similar outcome as the ISA.

⁵ Appendix 1 sets out fraud risk factors relevant to less complex entities.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 240 Paragraph 26 Identification and Assessment of the Risks of Material Misstatement Due to Fraud	Paragraph 6.4.1. Identifying Risks of Material Misstatement and	In accordance with ISA 315 (Revised 2019), the auditor shall identify and assess the risks of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures.	The auditor shall identify the risks of material misstatement, due to fraud or error, at: (a) The financial statement level; and (b) The assertion level for classes of transactions, account balances, and disclosures.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes - "Assess" is now picked up through taking into account the inherent risk factors (i.e., the susceptibility to misstatement due to management bias or other fraud risk factors) when assessing the identified risks (see paragraph 6.5.1(b)). Do the changes result in requirements that still achieve reasonable assurance? Yes – the auditor's actions expected to result in similar outcomes
Requirements	ISA 240 Paragraph 27 Identification and Assessment of the Risks of Material	Paragraph 6.4.2. Identifying Risks of Material Misstatement	When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue,	In identifying the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, and evaluate which types of	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Misstatement Due to Fraud		revenue transactions or assertions give rise to such risks. Paragraph 48 specifies the documentation required where the auditor concludes that the presumption is not applicable in the circumstances of the engagement and, accordingly, has not identified revenue recognition as a risk of material misstatement due to fraud.	revenue, revenue transactions or assertions give rise to such risks.	<p>Yes – modified for nature of the LISA for LCE standard and documentation addressed in separate section (see para 6.7.1.(d)). However, all aspects of the auditor's action retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects of the auditor's actions retained in ISA for LCE.</p>
Requirements	<p>ISA 240</p> <p>Paragraph 28</p> <p>Identification and Assessment of the Risks of Material Misstatement Due to Fraud</p>	<p>Paragraph 6.5.4. (a).</p> <p>Risk Assessment</p> <p><i>Assessing Inherent Risk</i></p> <p>Significant Risks</p>	The auditor shall treat those assessed risks of material misstatement due to fraud as significant risks and accordingly, to the extent not already done so, the auditor shall identify the entity's controls that address such risks, and evaluate their design and determine whether they have been implemented).	<p>In exercising judgment as to which risks are significant risks, the auditor shall consider at least the following:</p> <p>(a) Whether the risk is a risk of fraud (for example because of management override of controls or a presumed risk of fraud such as in revenue recognition);</p> <p>(b) ...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified to flow in a bullet list however basic requirement to treat fraud risk as a significant risk retained. Controls for significant risks and related D&I have been addressed in paragraph 6.3.13.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes – auditor actions expected to result in similar outcome.
Requirements	ISA 240 Paragraph 29 Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Overall Responses</i>	Paragraph 7.2.1. Audit Procedures Responsive to Risks of Material Misstatement at the Financial Statement Level	In accordance with ISA 330, the auditor shall determine overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level.	The <u>auditor</u> shall design and implement overall responses to address the assessed risks of material misstatement (i.e., assessed risks), whether due to fraud or error.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified to address responses more broadly than only fraud (as fraud has been integrated into each relevant requirement)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – auditor action retained.</p>
Requirements	ISA 240 Paragraph 30 Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Overall Responses</i>	Paragraph 7.2.2. Audit Procedures Responsive to Risks of Material Misstatement at the Financial Statement Level	<p>In determining overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level, the auditor shall:</p> <p>(a) Assign and supervise personnel taking account of the knowledge, skill and ability of the individuals to be given significant</p>	<p>In determining overall responses to address assessed risks of material misstatement, due to fraud or error, at the financial statement level, the auditor shall:</p> <p>(a) Assign and supervise <u>personnel</u> taking account of the knowledge, skill and ability of the individuals to be given significant</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified to address responses more broadly</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud for the engagement;</p> <p>(b) Evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings; and</p> <p>(c) Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</p>	<p>engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud or error for the engagement;</p> <p>(b) Evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements, may be indicative of errors or fraudulent financial reporting resulting from <u>management's</u> effort to manage earnings; and</p> <p>(c) Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</p>	<p>than only fraud (as fraud has been integrated into each relevant requirement)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – auditor action retained</p>
Requirements	<p>ISA 240</p> <p>Paragraph 31</p> <p>Responses to the Assessed Risks of Material</p>	<p>Paragraph 7.3.1.</p> <p>Audit Procedures Responsive to Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>In accordance with ISA 330, the auditor shall design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement due to fraud at the assertion level.</p>	<p>The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks, whether due to fraud or error, at the assertion level.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Misstatement Due to Fraud <i>Audit Procedures Responsive to Assessed Risks of Material Misstatement Due to Fraud at the Assertion Level</i>				<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – slightly modified to address responses more broadly than only fraud (as fraud has been integrated into each relevant requirement)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – auditor action retained</p>
Requirements	ISA 240 Paragraph 32 Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i>	Paragraph 7.4.5. Specific Focus Areas <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i>	Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material	Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and therefore a significant risk.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for appropriateness of ISA for LCE standard – the ISA for LCE focuses on the action orientated aspects.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			misstatement due to fraud and thus a significant risk.		Yes - outcome of action by auditor expected to be similar.
Requirements	ISA 240 Paragraph 33 Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i>	Paragraph 7.4.6. Specific Focus Areas <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i>	Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to: (a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. In designing and performing audit procedures for such tests, the auditor shall: (i) Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;	Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to: (a) Test the appropriateness of manual and automated journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. (b) Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. (c) For significant unusual transactions, the auditor shall evaluate whether the business rationale (or the	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of ISA for LCE standard (i.e., the requirement focuses on the “what” rather than the “how”) Do the changes result in requirements that still achieve reasonable assurance? Yes – expected outcomes from the actions from the auditor to comply with modified requirement expected to be similar to the actions of the auditor under the ISA.

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			<p>(ii) Select journal entries and other adjustments made at the end of a reporting period; and</p> <p>(iii) Consider the need to test journal entries and other adjustments throughout the period.</p> <p>(b) Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, the auditor shall:</p> <p>(i) Evaluate whether the judgments and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a</p>	<p>lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</p>	

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>risk of material misstatement due to fraud. If so, the auditor shall reevaluate the accounting estimates taken as a whole; and</p> <p>(ii) Perform a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.</p> <p>(c) For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit, the auditor shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent</p>		

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	ISA	ISA for LCE	ISA	ISA for LCE	
			financial reporting or to conceal misappropriation of assets.		
Requirements	ISA 240 Paragraph 34 Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i>	-	The auditor shall determine whether, in order to respond to the identified risks of management override of controls, the auditor needs to perform other audit procedures in addition to those specifically referred to above (that is, where there are specific additional risks of management override that are not covered as part of the procedures performed to address the requirements in paragraph 32).	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Matters addressed in paragraph 7.4.6. expected to address typical LCE audit.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 240 Paragraph 35 Evaluation of Audit Evidence	Paragraph 8.4.1. Concluding <i>Analytical Procedures that Assist When Forming an Overall Conclusion</i>	The auditor shall evaluate whether analytical procedures that are performed near the end of the audit, when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, indicate a previously unrecognized risk of material misstatement due to fraud.	The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, including any indications of a previously unrecognized <u>risk of</u>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – although the work effort of “evaluate” has been changed, in combining this requirement with</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<u>material misstatement</u> arising from fraud.	<p>paragraph 6 of ISA 520, the expected outcome of the auditor action expected to be the similar as the requirement now requires the auditor to “conclude.”</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the outcome is expected to be similar.</p>
Requirements	<p>ISA 240 Paragraph 36 Evaluation of Audit Evidence</p>	<p>Paragraph 8.3.2. and 8.3.3 Concluding <i>Evaluation of Misstatements During the Audit</i></p>	<p>If the auditor identifies a misstatement, the auditor shall evaluate whether such a misstatement is indicative of fraud. If there is such an indication, the auditor shall evaluate the implications of the misstatement in relation to other aspects of the audit, particularly the reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence.</p>	<p>8.3.2 If the auditor identifies a misstatement during the audit, the auditor shall evaluate whether the misstatement is indicative of fraud. If there is such an indication, the auditor shall determine the implications on other aspects of the audit, including on the identified and assessed risks of material misstatement and the reliability of management representations.</p> <p>8.3.3 If the auditor identifies a misstatement that may be the result of fraud, and suspects that management is involved, the auditor shall</p> <p>(a) Reevaluate the risks of material misstatement due to fraud; and</p> <p>(b) Consider whether circumstances or conditions</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified and combined para 36 and 37 of ISA 240 but the actionable aspects have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the outcome is expected to be similar.</p>

Section	Reference & Heading		Text		Comparison
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				indicate possible collusion involving employees, management or third parties when reconsidering the reliability of evidence previously obtained.	
Requirements	ISA 240 Paragraph 37 Evaluation of Audit Evidence	Paragraph 8.3.2. and 8.3.3. Evaluation of Misstatements During the Audit	If the auditor identifies a misstatement, whether material or not, and the auditor has reason to believe that it is or may be the result of fraud and that management (in particular, senior management) is involved, the auditor shall reevaluate the assessment of the risks of material misstatement due to fraud and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks. The auditor shall also consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the reliability of evidence previously obtained.	8.3.2 If the auditor identifies a misstatement during the audit, the auditor shall evaluate whether the misstatement is indicative of fraud. If there is such an indication, the auditor shall determine the implications on other aspects of the audit, including on the identified and assessed risks of material misstatement and the reliability of management representations. 8.3.3. If the auditor identifies a misstatement that may be the result of fraud, and suspects that management is involved, the auditor shall: (a) Reevaluate the risks of material misstatement due to fraud; and (b) Consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – this has combined para 36 and 37 of ISA 240 but the actionable aspects have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the outcome is expected to be similar.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				when reconsidering the reliability of evidence previously obtained.	
Requirements	ISA 240 Paragraph 38 Evaluation of Audit Evidence	Paragraph 8.2.3. The Auditor's Evaluations and Other Activities to Support the Conclusion	If the auditor confirms that, or is unable to conclude whether, the financial statements are materially misstated as a result of fraud the auditor shall evaluate the implications for the audit.	If the auditor confirms that, or is unable to conclude whether, the financial statements are materially misstated as a result of fraud, the auditor shall evaluate the implications on the audit including on the assessed risks of material misstatement and the auditor's report.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – implications for the audit expanded but broad requirement retained. Do the changes result in requirements that still achieve reasonable assurance? Yes – broad requirement and auditor's actions retained.
Requirements	ISA 240 Paragraph 39 Auditor Unable to Continue the Engagement	Paragraph 3.4.2. Fraud Auditor Unable to Continue with Engagement	If, as a result of a misstatement resulting from fraud or suspected fraud, the auditor encounters exceptional circumstances that bring into question the auditor's ability to continue performing the audit, the auditor shall:	If, as a result of a misstatement resulting from fraud or suspected fraud, the auditor encounters exceptional circumstance that bring into question the auditor's ability to continue performing the audit, the auditor shall determine the legal and professional	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
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			<p>(a) Determine the professional and legal responsibilities applicable in the circumstances, including whether there is a requirement for the auditor to report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities;</p> <p>(b) Consider whether it is appropriate to withdraw from the engagement, where withdrawal is possible under applicable law or regulation; and</p> <p>(c) If the auditor withdraws:</p> <p>(i) Discuss with the appropriate level of management and those charged with governance the auditor's withdrawal from the engagement and the reasons for the withdrawal; and</p> <p>(ii) Determine whether there is a professional</p>	<p>responsibilities applicable in the circumstances or whether it is appropriate to withdraw from the engagement.</p>	<p>Yes – modified to align more with the circumstances of an LCE engagement, but there is still a determinable action required.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the auditor is still required to determine an outcome.</p>

Section	Reference & Heading		Text		Comparison
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			or legal requirement to report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities, the auditor's withdrawal from the engagement and the reasons for the withdrawal.		
Requirements	ISA 240 Paragraph 40 Written Representations	Paragraph 8.6.1. Concluding Written Representations	The auditor shall obtain written representations from management and, where appropriate, those charged with governance that: (a) They acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; (b) They have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;	The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and where applicable those charged with governance: ... (d) That it acknowledges responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud. (e) That it has disclosed to the auditor the result of its assessment of the risk that the financial statements may	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified to align more with the nature of the ISA for LCE standard, but the broad requirements still addressed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the action required of the auditor expected to result in a similar outcome.</p>

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			<p>(c) They have disclosed to the auditor their knowledge of fraud, or suspected fraud, affecting the entity involving:</p> <p>(i) Management;</p> <p>(ii) Employees who have significant roles in internal control; or</p> <p>(iii) Others where the fraud could have a material effect on the financial statements; and</p> <p>(d) They have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</p>	<p>be materially misstated because of fraud.</p> <p>(f) That it has disclosed to the auditor their knowledge if fraud, or suspected fraud, or allegations of fraud or suspected fraud.</p>	
Requirements	<p>ISA 240</p> <p>Paragraph 41</p> <p>Communications to Management and with Those Charged with Governance</p>	<p>Paragraph 3.7.4.</p> <p>Overarching Communications with Management and Those Charged with Governance</p>	<p>If the auditor has identified a fraud or has obtained information that indicates that a fraud may exist, the auditor shall communicate these matters, unless prohibited by law or regulation, on a timely basis with the appropriate level of</p>	<p>If the auditor has identified fraud or has obtained information that indicates that fraud may exist, the auditor shall communicate these matters on a timely basis to the appropriate level of management in order to inform those with primary responsibility</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities.	for the prevention and detection of fraud of matters relevant to their responsibilities.	<p>Yes – modified to make appropriate to nature of ISA for LCE standard</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – auditor's action expected to be similar under both standards.</p>
Requirements	<p>ISA 240 Paragraph 42</p> <p>Communications to Management and with Those Charged with Governance</p>	<p>Paragraph 3.7.5.</p> <p>Overarching Communications with Management and Those Charged with Governance</p>	<p>Unless all of those charged with governance are involved in managing the entity, if the auditor has identified or suspects fraud involving:</p> <p>(a) management;</p> <p>(b) employees who have significant roles in internal control; or</p> <p>(c) others where the fraud results in a material misstatement in the financial statements,</p> <p>the auditor shall communicate these matters with those charged with governance on a timely basis. If the auditor suspects fraud involving management, the auditor shall communicate these</p>	<p>If the auditor has identified or suspects fraud involving:</p> <p>(a) Management;</p> <p>(b) Employees who have significant roles in internal control; or</p> <p>(c) Others where the fraud results in a material misstatement in the <u>financial statements</u>,</p> <p>the auditor shall communicate these matters to those charged with governance on a timely basis, unless prohibited by law or regulation. If the auditor suspects fraud involving management, the auditor shall communicate these suspicions to those charged with governance and discuss with</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of the ISA for LCE standard but all significant aspects retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the ISA requirement have been retained.</p>

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			suspensions with those charged with governance and discuss with them the nature, timing and extent of audit procedures necessary to complete the audit. Such communications with those charged with governance are required unless the communication is prohibited by law or regulation.	them the nature, timing and extent of audit procedures necessary to complete the audit.	
Requirements	ISA 240 Paragraph 43 Communications to Management and with Those Charged with Governance	Paragraph 8.8.2. (e) Concluding Specific Communication Requirements <i>Matters Communicated to Those Charged with Governance</i>	The auditor shall communicate, unless prohibited by law or regulation, with those charged with governance any other matters related to fraud that are, in the auditor's judgment, relevant to their responsibilities.	The auditor shall communicate: ... (e) Any other matters, not already reported, related to fraud that may be relevant to the responsibilities of those charged with governance, unless prohibited by law or regulation.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – only changes are slight modification to intro to flow in bullet list 3. Do the changes result in requirements that still achieve reasonable assurance? Yes
Requirements	ISA 240 Paragraph 44 Reporting Fraud to an	-	If the auditor has identified or suspects a fraud, the auditor shall determine whether law,	-	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
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	Appropriate Authority Outside the Entity		<p>regulation or relevant ethical requirements:</p> <p>(a) Require the auditor to report to an appropriate authority outside the entity.</p> <p>(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</p>		<p>No – likely not relevant for the circumstances of an LCE as would not be highly regulated entities</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 240</p> <p>Paragraph 45</p> <p>Documentation</p>	<p>Paragraph 5.5.2., 6.7.1(c) and (e)</p> <p>Parts 4, 5, 6</p> <p>Specific Documentation Requirements</p>	<p>The auditor shall include the following in the audit documentation of the identification and the assessment of the risks of material misstatement required by ISA 315 (Revised 2019):</p> <p>(a) The significant decisions reached during the discussion among the engagement team regarding the susceptibility of the entity's financial statements to material misstatement due to fraud; and</p>	<p>5.5.2. The auditor shall document the discussion among the engagement team and significant decisions reached, including significant decisions regarding the susceptibility of the entity's financial statements to material misstatement due to fraud or error.</p> <p>6.7.1. In addition to the general documentation requirements (paragraphs 3.8.1. – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – the requirements have been allocated to different Parts as appropriate and modifications to flow in bullet lists but overall requirements retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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			<p>(b) The identified and assessed risks of material misstatement due to fraud at the financial statement level and at the assertion level; and</p> <p>(c) Identified controls in the control activities component that address assessed risks of material misstatement due to fraud.</p>	<p>...</p> <p>(c) The identified and assessed risks of material misstatement, including risks due to fraud, at the financial statement level and at the assertion level, including...</p> <p>(d)</p> <p>(e) The <u>controls</u> set out in paragraph 6.3.13. and the evaluation whether the control is designed effectively and determination whether the control has been implemented;</p> <p>(f) ...;</p>	Yes – all broad requirements related to specific documentation requirements have been retained
Requirements	ISA 240 Paragraph 46 Documentation	Paragraphs 7.6.1. and 7.6.2 Specific Documentation Requirements	<p>The auditor shall include the following in the audit documentation of the auditor's responses to the assessed risks of material misstatement required by ISA 330:</p> <p>(a) The overall responses to the assessed risks of material misstatement due to fraud at the financial statement level and the nature, timing and extent of audit procedures,</p>	<p>7.6.1 In addition to the general documentation requirements (paragraphs 3.8.1.. – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <p>(a) The overall responses to the assessed risks of material misstatement at the financial statement level;</p> <p>(b) The nature, timing and extent of further audit procedures performed in</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modifications made to incorporate for nature of ISA for LCE standard where fraud is combined in relevant Parts, but all significant aspects retained.</p>

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			<p>and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level; and</p> <p>(b) The results of the audit procedures, including those designed to address the risk of management override of controls.</p>	<p>response to risks of material misstatement at the assertion level;</p> <p>(c) The linkage between the procedures performed and the assessed risks at the assertion level; and</p> <p>(d) The results of the audit procedures, including the conclusions where these are not otherwise clear, and for those designed to address the risk of management override of controls.</p> <p>7.6.2 Where the assessed risk of material misstatement is due to fraud, the auditor's documentation shall include the specific fraud response.</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant aspects of auditor's documentation requirements retained and auditor's actions expected to be similar under both standards.</p>
Requirements	<p>ISA 240</p> <p>Paragraph 47</p> <p>Documentation</p>	<p>Paragraph 3.8.4.(a)</p> <p>Overarching Documentation Requirements</p>	<p>The auditor shall include in the audit documentation communications about fraud made to management, those charged with governance, regulators and others.</p>	<p>The auditor shall include in the audit documentation any:</p> <p>(a) Communications about fraud made to management, those charged with governance, regulators and others; and</p> <p>(b) ...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – minor modifications to include in a bullet list but overall requirement retained</p>

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					3. Do the changes result in requirements that still achieve reasonable assurance? Yes – overall requirement retained
Requirements	ISA 240 Paragraph 48 Documentation	Paragraph 6.7.1.(d) Specific Documentation Requirements	If the auditor has concluded that the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, the auditor shall include in the audit documentation the reasons for that conclusion.	In addition to the general documentation requirements (paragraphs 3.8.1 – 3.8.4) for an audit engagement, the auditor shall include the following in the audit documentation: ... (d) If applicable, the reasons for the conclusion that there is not a risk of material misstatement due to fraud related to revenue recognition. ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –minor modifications to include in a bullet list but overall requirement retained 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – broad requirement retained
Application Material	ISA 240 Paragraphs 3 and 4 Introduction	With Part 3.4.1. Concepts and Matters Underlying Gathering Audit Evidence Fraud	-	<i>The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Although fraud is a broad legal concept, for the purposes of the ISA for LCE, the</i>	Essential Explanatory Material

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				<i>auditor is concerned with fraud that causes a material misstatement in the financial statements.</i>	
Application Material	ISA 240 Paragraphs 5 and 6 Introduction	Paragraph 2.4.2. Concepts and Matters Underlying Gathering Audit Evidence Fraud	-	<i>An auditor conducting an audit in accordance with the ISA for LCE is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error. This is because fraud may involve sophisticated and carefully organized schemes designed to conceal it, such as forgery, deliberate failure to record transactions, or intentional misrepresentations being made to the auditor.</i>	Essential Explanatory Material
Application Material	ISA 240 Paragraph 8 Introduction	Paragraph 2.4.3. Concepts and Matters Underlying Gathering Audit Evidence	-	<i>When obtaining reasonable assurance, the auditor is responsible for maintaining professional skepticism throughout the audit, considering</i>	Essential Explanatory Material

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		Fraud		<i>the potential for management override of controls and recognizing the fact that audit procedures that are effective for detecting error may not be effective in detecting fraud. The requirements in the ISA for LCE are designed to assist the auditor in identifying and assessing the risks of material misstatement due to fraud and in designing procedures to detect such misstatement.</i>	
Application Material	ISA 240 Paragraph A42	Below paragraph 7.4.6 Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Management Override of Controls</i>	-	<i>Material misstatement of financial statements due to fraud often involve the manipulation of the financial reporting process by recording inappropriate or unauthorized journal entries. This may occur throughout the year or at period end, or both, or by management making adjustments to amounts reported in the financial statements that are not reflected in journal entries, such as through reclassifications.</i>	Essential Explanatory Material
Application Material	ISA 240 Paragraph A53	Below paragraph 8.3.3. Concluding	-	<i>The implications of identified fraud depend on the circumstances. For example, an otherwise insignificant fraud may be significant if it involves senior</i>	Essential Explanatory Material

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		Evaluation of Misstatements Identified During the Audit		<i>management. In such circumstances, the reliability of evidence previously obtained may be called into question, since there may be doubts about the completeness and truthfulness of representations made and about the genuineness of accounting records and documentation. There may also be a possibility of collusion involving employees, management or third parties</i>	
ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements					
Objectives	ISA 250 (Revised) Paragraph 11	Paragraph 7.1.1.(d). Responding to Assessed Risks of Material Misstatement Objectives	The objectives of the auditor are: (a) To obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements; (b) To perform specified audit procedures to help identify instances of non-compliance with other laws and regulations that may have a	The objectives of the auditor are to: ... (d) To respond to instances of non-compliance with laws and regulations that may have a material effect on the financial statements	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 250 (Revised), <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> , is addressed mostly in Part 3, <i>Audit Evidence</i> , of the ISA for LCE along with other audit evidence-related ISAs and Part 7, <i>Responding to Assessed Risks of Material Misstatement</i> , of the ISA for LCE. Objectives have been included for Part 3 broadly for audit evidence and not for each audit evidence-related ISA included in Part 3. The objective in paragraph 3.1.1(a) of the ISA for LCE broadly

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			<p>material effect on the financial statements; and</p> <p>(c) To respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.</p>		addresses ISA 250, paragraph 11(a). The objective in paragraph 7.1.1(d) of the ISA for LCE broadly addresses ISA 250, paragraph 11(b) and (c) objectives.
Requirements	<p>ISA 250 (Revised) Paragraph 13</p> <p>The Auditor's Consideration of Compliance with Laws and Regulations</p>	<p>Paragraph 6.3.3.(d)</p> <p>Understanding Relevant Aspects of the Entity</p> <p>Understanding the Entity and Its Environment</p>	<p>As part of obtaining an understanding of the entity and its environment in accordance with ISA 315 (Revised), the auditor shall obtain a general understanding of:</p> <p>(a) The legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates; and</p> <p>(b) How the entity is complying with that framework.</p>	<p>The auditor shall obtain an understanding of:</p> <p>(a) ...</p> <p>(d) The legal and regulatory framework applicable to the entity, and how the entity is complying with that framework.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language in the requirement for appropriateness of ISA for LCE standard. All aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, the similar outcome is expected to be achieved.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 14</p> <p>The Auditor's Consideration of Compliance with</p>	<p>Paragraph 7.3.3.</p> <p>Audit Procedures Responsive to Risks of Material</p>	<p>The auditor shall obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized</p>	<p>The auditor shall obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Laws and Regulations	Misstatement at the Assertion Level	to have a direct effect on the determination of material amounts and disclosures in the financial statements.	to have a direct effect on the determination of material amounts and disclosures in the <u>financial statements</u> .	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	<p>ISA 250 (Revised) Paragraph 15</p> <p>The Auditor's Consideration of Compliance with Laws and Regulations</p>	<p>Paragraph 5.6.1.(f)</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Specific Inquiries by the Auditor</i></p>	<p>The auditor shall perform the following audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements:</p> <p>(a) Inquiring of management and, where appropriate, those charged with governance, as to whether the entity is in compliance with such laws and regulations; and</p> <p>(b) Inspecting correspondence, if any, with the relevant licensing or regulatory authorities.</p>	<p>...the auditor shall make inquiries of management regarding:</p> <p>(a) ...</p> <p>(f) Non-compliance with laws and regulations that may have a material effect on the financial statements, and inspecting correspondence, if any, with the relevant licensing or regulatory authorities;</p> <p>...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to simplify the language in the requirement for appropriateness of ISA for LCE standard. All aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, similar outcome is expected to be achieved.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 250 (Revised) Paragraph 16 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 3.5.1 Audit Evidence Laws and Regulations	During the audit, the auditor shall remain alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to the auditor's attention.	During the audit, the auditor shall remain alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to the auditor's attention.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 250 (Revised) Paragraph 17 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 8.6.1.(i) Concluding Written Representations	The auditor shall request management and, where appropriate, those charged with governance, to provide written representations that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to the auditor.	<p>The auditor shall request written representations from management...and where applicable, those charged with governance:</p> <p>(a)...</p> <p>...</p> <p>(i) That all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to the auditor.</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – minor modification to include in bullet list but all significant aspects have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects or the communication have been retained

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 250 (Revised) Paragraph 18 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 3.5.2 Audit Evidence Laws and Regulations	In the absence of identified or suspected non-compliance, the auditor is not required to perform audit procedures regarding the entity's compliance with laws and regulations, other than those set out in paragraphs 13–17.	In the absence of identified or suspected non-compliance with laws and regulations, the auditor is not required to perform audit procedures regarding the entity's compliance with laws and regulations, other than what is required by the ISA for LCE.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – minor modifications for appropriateness of ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.</p>
Requirements	ISA 250 (Revised) Paragraph 19 Audit Procedures When Non-Compliance Is Identified or Suspected	Paragraph 7.4.16.(a) Specific Focus Areas <i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i>	<p>If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:</p> <p>(a) An understanding of the nature of the act and the circumstances in which it has occurred; and</p> <p>(b) Further information to evaluate the possible effect on the financial statements.</p>	<p>If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall:</p> <p>(a) Understand the nature and circumstances, and any further information necessary to evaluate the possible effect on the financial statements;</p> <p>(b) ...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 7.4.16 combines paragraphs 19-22 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to improve its appropriateness for the ISA for LCE standard. All</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>aspects of the auditor action have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, similar outcome for the auditor's required actions has been retained.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 20</p> <p>Audit Procedures When Non-Compliance Is Identified or Suspected</p>	<p>Paragraph 7.4.16. (b) & (c)</p> <p>Specific Focus Areas</p> <p><i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i></p>	<p>If the auditor suspects there may be non-compliance, the auditor shall discuss the matter, unless prohibited by law or regulation, with the appropriate level of management and, where appropriate, those charged with governance. If management or, as appropriate, those charged with governance do not provide sufficient information that supports that the entity is in compliance with laws and regulations and, in the auditor's judgment, the effect of the suspected non-compliance may be material to the financial statements, the auditor shall consider the need to obtain legal advice.</p>	<p>If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall:</p> <p>(a) ...;</p> <p>(b) Discuss the non-compliance with management, and where appropriate, those charged with governance, unless prohibited to do so by law and regulation;</p> <p>(c) If sufficient information is not provided with regard to the non-compliance or</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 7.4.16 combines paragraphs 19-22 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement for the appropriateness for the ISA for LCE standard. All aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, similar outcome for the auditor's required actions has been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>suspected non-compliance:</p> <p>(i) Using <u>professional judgment</u>, consider the need for legal advice;</p> <p>(ii) Evaluate the effect of the lack of appropriate audit evidence on the auditor's opinion; and</p> <p>(d)...</p>	
Requirements	<p>ISA 250 (Revised) Paragraph 21</p> <p>Audit Procedures When Non-Compliance Is Identified or Suspected</p>	<p>Paragraph 7.4.16. (c)</p> <p>Specific Focus Areas</p> <p><i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i></p>	<p>If sufficient information about suspected non-compliance cannot be obtained, the auditor shall evaluate the effect of the lack of sufficient appropriate audit evidence on the auditor's opinion.</p>	<p>If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall:</p> <p>(a) ...;</p> <p>(b) ... ;</p> <p>(c) If sufficient information is not provided with regard to the non-compliance or suspected non-compliance:</p> <p>(i) Using <u>professional judgment</u>, consider</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 7.4.16 combines paragraphs 19-22 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to improve its appropriateness for the ISA for LCE standard. All aspects of the auditor action are retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>the need for legal advice;</p> <p>(ii) Evaluate the effect of the lack of appropriate audit evidence on the auditor's opinion; and</p> <p>...</p>	<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, similar outcome for the auditor's required actions has been retained.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 22</p> <p>Audit Procedures When Non-Compliance Is Identified or Suspected</p>	<p>Paragraph 7.4.17.(d)</p> <p>Specific Focus Areas</p> <p><i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i></p>	<p>The auditor shall evaluate the implications of identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action.</p>	<p>If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall:</p> <p>(a) ...</p> <p>...</p> <p>(d) Evaluate the implications on other aspects of the audit, including the auditor's risk assessment and the reliability of written representations.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 7.4.16 combines paragraphs 19-22 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to improve appropriateness for the ISA for LCE standard. All aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes, similar outcome for the auditor's required actions has been retained.
Requirements	ISA 250 (Revised) Paragraph 23 Communicating and Reporting Identified or Suspected Non-Compliance	-	Unless all of those charged with governance are involved in management of the entity, and therefore are aware of matters involving identified or suspected non-compliance already communicated by the auditor, the auditor shall communicate, unless prohibited by law or regulation, with those charged with governance matters involving non-compliance with laws and regulations that come to the auditor's attention during the course of the audit, other than when the matters are clearly inconsequential.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Paragraph 8.6.1(i) adequately addresses this requirement.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 250 (Revised) Paragraph 24 Communicating and Reporting Identified or Suspected Non-Compliance	-	If, in the auditor's judgment, the non-compliance referred to in paragraph 23 is believed to be intentional and material, the auditor shall communicate the matter with those charged with governance as soon as practicable.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. This has been addressed by Paragraph 8.1.6.(i) and its probable that these would be unlikely circumstances due to the nature of an LCE and its governance structure and</p>


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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>therefore not addressed in ISA for LCE standard..</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 250 (Revised) Paragraph 25</p> <p>Communicating and Reporting Identified or Suspected Non-Compliance</p>	-	<p>If the auditor suspects that management or those charged with governance are involved in non-compliance, the auditor shall communicate the matter to the next higher level of authority at the entity, if it exists, such as an audit committee or supervisory board. Where no higher authority exists, or if the auditor believes that the communication may not be acted upon or is unsure as to the person to whom to report, the auditor shall consider the need to obtain legal advice.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. It is unlikely that a higher level of authority, beyond TCWG, will exist for less complex entities due to expected simpler governance structures and therefore not addressed in ISA for LCE standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 250 (Revised) Paragraph 26 Communicating and Reporting Identified or Suspected Non-Compliance	Paragraph 9.5.2.(a) Modified Opinions <i>Circumstances Where a Modification is Required</i>	If the auditor concludes that the identified or suspected non-compliance has a material effect on the financial statements, and has not been adequately reflected in the financial statements, the auditor shall, in accordance with ISA 705 (Revised), express a qualified opinion or an adverse opinion on the financial statements.	If the auditor identifies or suspects non-compliance with laws and regulations that have a material effect on the financial statements: (a) If the auditor concludes that the non-compliance with laws and regulations has not been adequately reflected in the financial statements, the auditor shall express a qualified or adverse opinion; (b) ... (c) ...	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been modified and adapted to the circumstances of an audit of an LCE. Paragraph 9.5.2 combines paragraphs 26-28 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to make it more appropriate to the ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, it is expected that similar auditor actions will achieve similar outcomes.</p>
Requirements	ISA 250 (Revised) Paragraph 27 Communicating and Reporting Identified or	Paragraph 9.5.2.(b) Modified Opinions <i>Circumstances Where a Modification is Required</i>	If the auditor is precluded by management or those charged with governance from obtaining sufficient appropriate audit evidence to evaluate whether non-compliance that may be	If the auditor identifies or suspects non-compliance with laws and regulations that have a material effect on the financial statements:	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Suspected Non-Compliance		material to the financial statements has, or is likely to have, occurred, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements on the basis of a limitation on the scope of the audit in accordance with ISA 705 (Revised).	<p>(a) ...;</p> <p>(b) If the auditor is precluded from obtaining sufficient appropriate audit evidence about whether the non-compliance has, or is likely to have occurred, the auditor shall express a qualified opinion or disclaim an opinion on the basis of a limitation on the scope of the audit; or</p> <p>(c) ...</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been simplified and adapted to the circumstances of an audit of an LCE. Paragraph 9.5.2 combines paragraphs 26-28 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to make it more appropriate to the ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, it is expected that similar auditor actions will achieve similar outcomes.</p>
Requirements	ISA 250 (Revised) Paragraph 28 Communicating and Reporting Identified or Suspected Non-Compliance	Paragraph 9.5.2.(c) Modified Opinions <i>Circumstances Where a Modification is Required</i>	If the auditor is unable to determine whether non-compliance has occurred because of limitations imposed by the circumstances rather than by management or those charged with governance, the auditor shall evaluate the effect on the auditor's opinion in	If the auditor identifies or suspects non-compliance with laws and regulations that have a material effect on the financial statements: (a) ...; (b) ... (c) If the auditor is unable to determine whether non-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been simplified and adapted to the circumstances of an audit of an LCE. Paragraph 9.5.2 combines</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			accordance with ISA 705 (Revised).	compliance has occurred because of limitations imposed by the circumstances rather than by management or those charged with governance, the auditor shall evaluate the effect on the auditor's opinion.	<p>paragraphs 26-28 of ISA 250 (Revised). In addition, modification to simplify the language in the requirement to make it more appropriate to the ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, it is expected that similar auditor actions will achieve similar outcomes.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 29</p> <p>Communicating and Reporting Identified or Suspected Non-Compliance</p>	-	<p>If the auditor has identified or suspects non-compliance with laws and regulations, the auditor shall determine whether law, regulation or relevant ethical requirements:</p> <p>(a) Require the auditor to report to an appropriate authority outside the entity.</p> <p>(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. It is unlikely that the auditor of a less complex entity would need to report identified or suspected non-compliance with laws and regulations because such communication would usually arise during the audit of more complex entities, e.g., reporting non-compliance with laws and regulations to the prudential authority when performing the audit of a financial institution (which would be scoped out of this standard). Therefore not</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>addressed in the ISA for LCE standard</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
<p>Requirements</p> 	<p>ISA 250 (Revised)</p> <p>Paragraph 30</p> <p>Documentation</p>	<p>Paragraph 3.8.4.(b)</p> <p>Audit Evidence</p> <p>Overarching Documentation Requirements</p> <p>And</p> <p>Paragraph 7.6.3.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Specific Documentation Requirements</p>	<p>The auditor shall include in the audit documentation identified or suspected non-compliance with laws and regulations and:</p> <p>(a) The audit procedures performed, the significant professional judgments made and the conclusions reached thereon; and</p> <p>(b) The discussions of significant matters related to the non-compliance with management, those charged with governance and others, including how management and, where applicable, those charged with governance have responded to the matter.</p>	<p>3.8.4.(b)The auditor shall include in the audit documentation any:</p> <p>(a) Communications about fraud made to management, those charged with governance, regulators and others; and</p> <p>(b) Discussions of significant matters related to non-compliance with laws and regulations with management, those charged with governance and others, including how the matter has been responded to.</p> <p>AND</p> <p>7.6.3 Where the auditor has identified or suspected non-compliance with laws and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modification to simplify the language in the requirement to make it more appropriate to the ISA for LCE standard. All aspects of the auditor action have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, all significant aspects for documentation have been retained.</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
				regulations, the auditor shall document the audit procedures performed, the significant professional judgments made and the conclusions reached thereon.	
Application Material	ISA 250 (Revised) Paragraph 3	With Part 3.5. Audit Evidence Laws and Regulations		<i>It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.</i>	Essential Explanatory Material
Application Material	ISA 250 (Revised) Paragraphs 4 & 6	With Part 3.5. Audit Evidence Laws and Regulations		<i>The requirements in the ISA for LCE are designed to assist the auditor in identifying material misstatement of the financial statements due to non-compliance with laws and regulations. The ISA for LCE distinguishes the auditor's responsibilities in relation to compliance with two different</i>	Essential Explanatory Material

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	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>categories of laws and regulations as follows:</i></p> <p><i>(a) The provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements (e.g., tax and pension laws and regulations); and</i></p> <p><i>(b) Other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operating aspects of the business, to an entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of an operating license, compliance with regulatory solvency requirements, or compliance with environmental regulations), i.e., non-compliance with</i></p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>such laws and regulations may therefore have a material effect on the financial statements.</i>	
ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management					
Objectives	ISA 265 Paragraph 5	-	The objective of the auditor is to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit their respective attentions.	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 265, <i>Communicating Deficiencies in Internal Control to Those Charged With Governance and Management</i>, is addressed in Parts 6, <i>Risk Identification and Assessment</i>, and 7, <i>Responding to Assessed Risks of Material Misstatement</i>, in the ISA for LCE. The objectives of these parts do not address communication specifically because the objectives address those Parts more broadly.</p>
Requirements	ISA 265 Paragraph 7	Paragraphs 6.3.17. Specific Focus Areas <i>Deficiencies in the Entity's System of Internal Control</i>	The auditor shall determine whether, on the basis of the audit work performed, the auditor has identified one or more deficiencies in internal control.	The auditor shall determine whether any deficiencies identified in the entity's internal control system, individually or in combination, constitute significant deficiencies	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>Yes – minor modifications but all aspects of the ISA requirement have been retained. Paragraphs 7 and 8 of ISA 265 have been combined.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes – auditor outcomes expected to be similar.</p>
Requirements	<p>ISA 265</p> <p>Paragraph 8</p>	<p>Paragraphs 6.3.17.</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Deficiencies in the Entity's Internal Control System</i></p>	<p>If the auditor has identified one or more deficiencies in internal control, the auditor shall determine, on the basis of the audit work performed, whether, individually or in combination, they constitute significant deficiencies.</p>	<p>The auditor shall determine whether any deficiencies identified in the entity's internal control system, individually or in combination, constitute significant deficiencies.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – minor modifications but all aspects of the ISA requirement have been retained. Paragraphs 7 and 8 of ISA 265 have been combined.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes – auditor outcomes expected to be similar.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 265 Paragraph 9	Paragraph 7.5.1 (a) Specific Communication Requirements	The auditor shall communicate in writing significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.	The auditor shall communicate: (a) In writing, significant deficiencies in the entity's internal control system identified during the audit to those charged with governance on a timely basis. (b) ...	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an the ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes – auditor outcomes expected to be similar</p>
Requirements	ISA 265 Paragraph 10	Paragraph 7.5.1(b) Specific Communication Requirements	The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis: (a) In writing, significant deficiencies in internal control that the auditor has communicated or intends to communicate to those charged with governance, unless it would be inappropriate to communicate directly to management in the circumstances; and	The auditor shall communicate: (a) (b) With management, on a timely basis, matters that have been communicated to those charged with governance and other deficiencies that have not been communicated but are of sufficient importance to merit management's attention.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an the ISA for LCE standard. However, all aspects of the auditor action are retained.</p>

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			(b) Other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor's professional judgment, are of sufficient importance to merit management's attention.		3. Do the changes result in the requirement that still achieve reasonable assurance? Yes – auditor outcomes expected to be similar
Requirements	ISA 265 Paragraph 11	Paragraph 7.5.2. Specific Communication Requirements	The auditor shall include in the written communication of significant deficiencies in internal control: (a) A description of the deficiencies and an explanation of their potential effects; and (b) Sufficient information to enable those charged with governance and management to understand the context of the communication. In particular, the auditor shall explain that: (i) The purpose of the audit was for the auditor to express an opinion on the financial statements; (ii) The audit included consideration of internal control relevant to the preparation of the financial statements in order to	Where the communications are in writing, the auditor shall include a description and explanation of the potential impact of the deficiencies, and sufficient information to describe the auditor's work and responsibilities in relation to those deficiencies.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make more appropriate to the nature of the ISA for LCE standard. However, all aspects of the auditor action are retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes – auditor outcomes expected to be similar

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			design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; and (iii) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.		
Application Material	ISA 265 Paragraph A23	Below paragraph 7.5.1 Responding to Assessed Risks of Material Misstatement Specific Communication Requirements	-	<i>The communication of other deficiencies in internal control that merit management's attention need not be in writing but may be oral.</i>	Essential Explanatory Material
ISA 330, The Auditor's Responses to Assessed Risks					
Objective	ISA 330 Paragraph 3	Paragraph 7.1.1.(a) Objective	The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement, through designing and	The objectives of the auditor are to: (a) Obtain sufficient appropriate audit evidence regarding the assessed risks of material	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes

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			implementing appropriate responses to those risks.	misstatement (the assessed risks), through designing and implementing appropriate responses to those risks; ...	<p>2. Should / could the objective be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? -</p>
Requirements	ISA 330 Paragraph 5 Overall Responses	Paragraph 7.2.1. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Financial Statement Level	The auditor shall design and implement overall responses to address the assessed risks of material misstatement at the financial statement level.	The auditor shall design and implement overall responses to address the assessed risks of material misstatement (i.e., assessed risks) at the financial statement level, whether due to fraud or error.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The wording “whether due to fraud or error” has been added to address paragraph 29 of ISA 240.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the same outcome is achieved.</p>
Requirements	ISA 330 Paragraph 6 Audit Procedures Responsive to	Paragraph 7.3.1.	The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material	The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks, whether	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p>

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	the Assessed Risks of Material Misstatement at the Assertion Level	Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	misstatement at the assertion level.	due to fraud or error, at the assertion level.	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The wording “whether due to fraud or error, at the assertion level” has been added to address paragraph 31 of ISA 240.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the same outcome is achieved.</p>
Requirements	<p>ISA 330</p> <p>Paragraph 7</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>Paragraph 7.3.2.</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>In designing the further audit procedures to be performed, the auditor shall:</p> <p>(a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each significant class of transactions, account balance, and disclosure, including:</p> <p>(i) The likelihood and magnitude of misstatement due to the particular characteristics of the significant class of transactions, account</p>	<p>In designing the further audit procedures, the auditor shall:</p> <p>(a) Consider the reasons for the assessment given to the <u>risk of material misstatement</u> at the assertion level for each significant class of transactions, account balance, and disclosure, including:</p> <p>(i) The likelihood and magnitude of misstatement due to the characteristics of the <u>significant class of transactions, account balance, or disclosure</u> (that is, the inherent risk); and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes.</p> <ul style="list-style-type: none"> Paragraph 7 of ISA 330 is fully aligned in paragraphs 7.3.2. (a) and (b). Paragraph 7.3.2(c) addresses paragraph 9 of ISA 330. Paragraph 7.3.2(d) broadly addresses paragraph 8(a) and (b) of ISA 330.

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			<p>balance, or disclosure (that is, the inherent risk); and</p> <p>(ii) Whether the risk assessment takes account of controls that address the risk of material misstatement (that is, the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (that is, the auditor plans to test the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); and</p> <p>(b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk.</p>	<p>(ii) Whether the risk assessment takes account of <u>controls</u> that address the risk of material misstatements (that is, the control risk), thereby requiring the auditor to obtain <u>audit evidence</u> to determine whether the controls are operating effectively (where the auditor plans to test the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures);</p> <p>(b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk;</p> <p>(c) In designing and performing tests of control, obtain more persuasive audit evidence the greater the reliance the auditor places on the operating effectiveness of controls; and</p> <p>(d) Design and perform tests of control if the auditor intends to rely on the operating effectiveness of controls or substantive procedures</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all auditor actions retained</p>

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				alone cannot provide sufficient appropriate audit evidence at the assertion level.	
Requirements	ISA 330 Paragraph 8 Tests of Controls	Paragraph 7.3.4. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i> Paragraph 7.3.2.(d). Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	The auditor shall design and perform tests of controls to obtain sufficient appropriate audit evidence as to the operating effectiveness of controls if: (a) The auditor's assessment of risks of material misstatement at the assertion level includes an expectation that the controls are operating effectively (that is, the auditor plans to test the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); or (b) Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.	7.3.4 If the auditor is planning to place reliance on the effectiveness of controls the auditor shall design and perform tests of controls to obtain sufficient appropriate audit evidence as to the operating effectiveness of such controls. If the control is a control over a significant risk, the auditor shall test the control in the current period. 7.3.2.(d) In designing the further audit procedures, the auditor shall: ... Design and perform tests of control if the auditor intends to rely on the operating effectiveness of controls or substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been modified and adapted to the circumstances of the ISA for LCE standard. The “substantive procedures alone” aspect in paragraph 8(b) of ISA 330 has been addressed in paragraph 7.3.2. of ISA for LCE. The last sentence of paragraph 7.3.4 addresses paragraph 15 of ISA 330. All aspects of the auditor action have been retained between paragraphs 7.3.2. and 7.3.4.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, the broad aspects of the auditor's actions have been retained.</p>

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 330 Paragraph 9 Tests of Controls	Paragraph 7.3.2(c) Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	In designing and performing tests of controls, the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control.	In designing the further audit procedures, the auditor shall ... (c) In designing and performing tests of control, obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of controls, and (d)	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to nature of ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, the broad aspects of the auditor's actions have been retained.</p>
Requirements	ISA 330 Paragraph 10 Tests of Controls <i>Nature and Extent of Tests of Controls</i>	Paragraph 7.3.5. and 7.3.6. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i>	In designing and performing tests of controls, the auditor shall: (a) Perform other audit procedures in combination with inquiry to obtain audit evidence about the operating effectiveness of the controls, including: (i) How the controls were applied at relevant times during the period under audit;	7.3.5. When performing test of controls, the auditor shall perform audit procedures in combination with inquiry to obtain audit evidence about controls, including: (a) How the controls were applied at relevant times during the period under review; (b) The consistency with which they were applied; and (c) By whom and what means they were applied.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to adapt and make appropriate to nature of ISA for LCE standard. However, all aspects of the auditor action are retained.</p>

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			<p>(ii) The consistency with which they were applied; and</p> <p>(iii) By whom or by what means they were applied.</p> <p>(b) To the extent not already addressed, determine whether the controls to be tested depend upon other controls (indirect controls), and, if so, whether it is necessary to obtain audit evidence supporting the effective operation of those indirect controls.</p>	7.3.6. The auditor shall determine whether the controls to be tested depend on other controls, and if so, consider whether it is necessary to obtain evidence about the effective operation of the other controls.	<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes, the broad aspects of the auditor's actions have been retained.</p>
Requirements	<p>ISA 330</p> <p>Paragraph 11</p> <p>Tests of Controls</p> <p><i>Timing of Tests of Controls</i></p>	-	The auditor shall test controls for the particular time, or throughout the period, for which the auditor intends to rely on those controls, subject to paragraphs 12 and 15 below, in order to provide an appropriate basis for the auditor's intended reliance.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. Less focus has been placed on the performance of tests of controls in the ISA for LCE since the audit of an LCE is expected to include more substantive procedures. Therefore this requirement has not been addressed in the ISA for LCE standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 12 Tests of Controls <i>Using audit evidence obtained during an interim period</i>	Paragraph 3.2.6. Audit Evidence <i>Using Audit Evidence Obtained During an Interim Period</i>	If the auditor obtains audit evidence about the operating effectiveness of controls during an interim period, the auditor shall: (a) Obtain audit evidence about significant changes to those controls subsequent to the interim period; and (b) Determine the additional audit evidence to be obtained for the remaining period.	If the auditor obtains audit evidence about the operating effectiveness of <u>controls</u> in an interim period, the auditor shall obtain evidence about significant changes to those controls subsequent to the interim period and determine additional evidence to be obtained for the remaining period.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Minor modifications to adapt and make appropriate to nature of ISA for LCE standard. However, all aspects of the auditor action are retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained.
Requirements	ISA 330 Paragraph 13 Tests of Controls	-	In determining whether it is appropriate to use audit evidence about the operating effectiveness of controls obtained in previous audits, and, if so, the length of the	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Less focus has been placed on the performance of tests of controls in the ISA for LCE since

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	<i>Using audit evidence obtained in previous audits</i>		<p>time period that may elapse before retesting a control, the auditor shall consider the following:</p> <p>(a) The effectiveness of other components of the entity's system of internal control, including the control environment, the entity's process to monitor the system of internal controls, and the entity's risk assessment process;</p> <p>(b) The risks arising from the characteristics of the control, including whether it is manual or automated;</p> <p>(c) The effectiveness of general IT controls;</p> <p>(d) The effectiveness of the control and its application by the entity, including the nature and extent of deviations in the application of the control noted in previous audits, and whether there have been personnel changes that significantly affect the application of the control;</p>		<p>the audit of an LCE is expected to include more substantive procedures. Therefore this requirement has not been addressed in the ISA for LCE standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			<p>(e) Whether the lack of a change in a particular control poses a risk due to changing circumstances; and</p> <p>(f) The risks of material misstatement and the extent of reliance on the control.</p>		
Requirements	<p>ISA 330</p> <p>Paragraph 14</p> <p>Tests of Controls</p> <p><i>Using audit evidence obtained in previous audits</i></p>	-	<p>If the auditor plans to use audit evidence from a previous audit about the operating effectiveness of specific controls, the auditor shall establish the continuing relevance and reliability of that evidence by obtaining audit evidence about whether significant changes in those controls have occurred subsequent to the previous audit. The auditor shall obtain this evidence by performing inquiry combined with observation or inspection, to confirm the understanding of those specific controls, and:</p> <p>(a) If there have been changes that affect the continuing relevance of the audit evidence from the previous audit, the auditor shall test the controls in the current audit.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. Less focus has been placed on the performance of tests of controls in the ISA for LCE since the audit of an LCE is expected to include more substantive procedures. Therefore this requirement has not been addressed in the ISA for LCE audit.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			(b) If there have not been such changes, the auditor shall test the controls at least once in every third audit, and shall test some controls each audit to avoid the possibility of testing all the controls on which the auditor intends to rely in a single audit period with no testing of controls in the subsequent two audit periods.		
Requirements	ISA 330 Paragraph 15 Tests of Controls <i>Controls over significant risks</i>	Paragraph 7.3.4. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i>	If the auditor intends to rely on controls over a risk the auditor has determined to be a significant risk, the auditor shall test those controls in the current period.	If the auditor is planning to place reliance on the effectiveness of controls, the auditor shall design and perform tests of controls to obtain sufficient appropriate audit evidence as to the operating effectiveness of such controls. If the control is a control over a <u>significant risk</u> , the auditor shall test the control in the current period.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE standard. The first part of paragraph 7.3.4 addresses paragraph 8 of ISA 330. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 330 Paragraph 16 Tests of Controls <i>Evaluating the Operating Effectiveness of Controls</i>	-	<p>When evaluating the operating effectiveness of controls upon which the auditor intends to rely, the auditor shall evaluate whether misstatements that have been detected by substantive procedures indicate that controls are not operating effectively. The absence of misstatements detected by substantive procedures, however, does not provide audit evidence that controls related to the assertion being tested are effective.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Less focus has been placed on the performance of tests of controls in the ISA for LCE since the audit of an LCE is expected to include more substantive procedures.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 330 Paragraph 17 Tests of Controls <i>Evaluating the Operating Effectiveness of Controls</i>	Paragraph 7.3.7. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i>	<p>If deviations from controls upon which the auditor intends to rely are detected, the auditor shall make specific inquiries to understand these matters and their potential consequences, and shall determine whether:</p> <p>(a) The tests of controls that have been performed provide an</p>	<p>If deviations from controls, upon which the auditor intends to rely, are detected, the auditor shall make specific inquiries to understand the deviations and their potential consequences, including whether the tests of controls provide an appropriate basis for reliance on the controls.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE standard. Less focus has been placed on the</p>

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			<p>appropriate basis for reliance on the controls;</p> <p>(b) Additional tests of controls are necessary; or</p> <p>(c) The potential risks of material misstatement need to be addressed using substantive procedures.</p>		<p>performance of tests of controls in the ISA for LCE since the audit of an LCE is expected to include more substantive procedures. However, All significant aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the significant aspects of the auditor's actions have been retained.</p>
Requirements	<p>ISA 330</p> <p>Paragraph 18</p> <p>Substantive Procedures</p>	<p>Paragraph 7.3.8.</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>Substantive Procedures</i></p>	<p>Irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance, and disclosure.</p>	<p>Irrespective of the assessed risks, substantive procedures shall be performed for each material class of transactions, account balance, and disclosure.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Slight modification to make appropriate to the nature o the ISA for LCE standard. All aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all aspects of the auditor's actions have been retained.</p>


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Requirements	ISA 330 Paragraph 19 Substantive Procedures	Paragraph 3.3.4. Gathering Audit Evidence – Underlying Concepts and Related Activities <i>Audit Evidence</i> Procedures for Obtaining Audit Evidence External Confirmations	The auditor shall consider whether external confirmation procedures are to be performed as substantive audit procedures.	The auditor shall consider whether external confirmation procedures are to be performed as substantive procedures.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 330 Paragraph 20 Substantive Procedures <i>Substantive Procedures Related to the Financial Statement Closing Process</i>	Paragraph 7.3.9. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Procedures</i>	<p>The auditor's substantive procedures shall include the following audit procedures related to the financial statement closing process:</p> <p>(a) Agreeing or reconciling information in the financial statements with the underlying accounting records, including agreeing or reconciling information in disclosures, whether such information is obtained from within or outside of the general and subsidiary ledgers; and</p>	<p>The auditor's substantive procedures shall include audit procedures related to the financial statement closing process, including:</p> <p>(a) Agreeing or reconciling information in the financial statements with the underlying accounting records, including agreeing or reconciling information in disclosures, whether such information is obtained from within or outside of the general and subsidiary ledgers; and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>

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			(b) Examining material journal entries and other adjustments made during the course of preparing the financial statements.	(b) Examining material journal entries and other adjustments made during the course of preparing the financial statements.	
Requirements	ISA 330 Paragraph 21 Substantive Procedures <i>Substantive Procedures Responsive to Significant Risks</i>	Paragraph 7.3.10. Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Procedures</i>	If the auditor has determined that an assessed risk of material misstatement at the assertion level is a significant risk, the auditor shall perform substantive procedures that are specifically responsive to that risk. When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details.	The auditor's substantive procedures shall include substantive procedures specifically responsive to significant risks. When the response to a significant risk consists only of substantive procedures, those procedures shall include tests of detail.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to adapt to the nature of the ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained.</p>
Requirements	ISA 330 Paragraph 22 Substantive Procedures <i>Timing of Substantive Procedures</i>	Paragraph 3.2.7 Audit Evidence <i>Using Audit Evidence Obtained During an Interim Period</i>	If substantive procedures are performed at an interim date, the auditor shall cover the remaining period by performing: (a) substantive procedures, combined with tests of controls for the intervening period; or	If substantive procedures are performed at an interim date, the auditor shall cover the remaining period by performing: (a) Substantive procedures, combined with tests of controls for the intervening period; or	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p>

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			(b) if the auditor determines that it is sufficient, further substantive procedures only, that provide a reasonable basis for extending the audit conclusions from the interim date to the period end.	(b) If the auditor determines that it is sufficient, further substantive procedures only, that provide a reasonable basis for extending the audit conclusions from the interim date to the period end.	3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 23 Substantive Procedures <i>Timing of Substantive Procedures</i>	-	If misstatements that the auditor did not expect when assessing the risks of material misstatement are detected at an interim date, the auditor shall evaluate whether the related assessment of risk and the planned nature, timing or extent of substantive procedures covering the remaining period need to be modified.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Less focus has been placed on the performance of interim procedures since the audit of an LCE is likely to occur after year end. Therefore this requirement has not been addressed in the ISA for LCE. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 24 Adequacy of Presentation of	Paragraph 8.2.9. Concluding <i>The Auditor's Evaluations and Other</i>	The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements is in	The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements is in	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes


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	the Financial Statements	<i>Activities to Support Concluding</i>	<p>accordance with the applicable financial reporting framework. In making this evaluation, the auditor shall consider whether the financial statements are presented in a manner that reflects the appropriate:</p> <ul style="list-style-type: none"> • Classification and description of financial information and the underlying transactions, events and conditions; and • Presentation, structure and content of the financial statements. 	<p>accordance with the applicable financial reporting framework. In making this evaluation, the auditor shall consider whether the financial statements are presented in a manner that reflects the appropriate:</p> <p>(a) Classification and description of financial information and the underlying transactions, events and conditions; and</p> <p>(b) Presentation, structure and content of the financial statements.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	<p>ISA 330 Paragraph 25 Evaluating the Sufficiency and Appropriateness of Audit Evidence</p>	<p>Paragraph 8.2.1. Concluding <i>The Auditor's Evaluations and Other Activities to Support Concluding</i></p>	<p>Based on the audit procedures performed and the audit evidence obtained, the auditor shall evaluate before the conclusion of the audit whether the assessments of the risks of material misstatement at the assertion level remain appropriate.</p>	<p>Based on the audit procedures performed and the <u>audit evidence</u> obtained, the <u>auditor</u> shall evaluate whether the assessments of the risks of material misstatement at the financial statement and assertion levels remain appropriate.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE and therefore this requirement has been included in Part 8 of the ISA for LCE. As such, there is no need to refer to the evaluation taking place before conclusion of the audit.</p>

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					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, a similar outcome is expected to be achieved.
Requirements 	ISA 330 Paragraph 26 Evaluating the Sufficiency and Appropriateness of Audit Evidence	Paragraph 8.2.5. Concluding <i>The Auditor's Evaluations and Other Activities to Support Concluding</i> Concluding	The auditor shall conclude whether sufficient appropriate audit evidence has been obtained. In forming an opinion, the auditor shall consider all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial statements.	The auditor shall conclude whether sufficient appropriate audit evidence has been obtained. In forming an opinion, the auditor shall consider all relevant audit evidence, regardless of whether it appears to be corroborative or contradictory to other information obtained.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language in the requirement to make appropriate to nature of ISA for LCE standard. However, all aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained.
Requirements	ISA 330 Paragraph 27 Evaluating the Sufficiency and Appropriateness of Audit Evidence	Paragraph 8.2.6. Concluding <i>The Auditor's Evaluations and Other Activities to Support Concluding</i> Concluding	If the auditor has not obtained sufficient appropriate audit evidence related to relevant assertion about a class of transactions, account balance or disclosure, the auditor shall attempt to obtain further audit evidence. If the auditor is unable to	If the auditor has not obtained sufficient appropriate audit evidence as to a <u>relevant assertion</u> , the auditor shall attempt to obtain additional audit evidence. If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
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			obtain sufficient appropriate audit evidence, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements.	express a qualified opinion or disclaim an opinion on the financial statements.	<p>Yes. Slight modification to simplify the language to make appropriate for ISA for LCE standard. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all aspects of the auditor's actions have been retained.</p>
Requirements	ISA 330 Paragraph 28 Documentation	Paragraph 7.6.1. Specific Documentation Requirements	<p>The auditor shall include in the audit documentation:</p> <p>(a) The overall responses to address the assessed risks of material misstatement at the financial statement level, and the nature, timing and extent of the further audit procedures performed;</p> <p>(b) The linkage of those procedures with the assessed risks at the assertion level; and</p> <p>(c) The results of the audit procedures, including the conclusions where these are not otherwise clear.</p>	<p>In addition to the general documentation requirements (paragraphs 3.8.1. – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <p>(a) The overall responses to the assessed risks of material misstatement at the financial statement level;</p> <p>(b) The nature, timing and extent of further audit procedures performed in response to risks of material misstatement at the assertion level;</p> <p>(c) The linkage between the procedures performed and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of the ISA for LCE standard. Paragraph 7.6.1(e) addresses ISA 240. All aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all aspects of the auditor's actions have been retained.</p>


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				<p>the assessed risks at the assertion level; and</p> <p>(d) The results of the audit procedures, including the conclusions where these are not otherwise clear, and</p> <p>(e) The results of the audit procedures designed to address the risk of management override of controls.</p>	
Requirements	<p>ISA 330</p> <p>Paragraph 29</p> <p>Documentation</p>	-	<p>If the auditor plans to use audit evidence about the operating effectiveness of controls obtained in previous audits, the auditor shall include in the audit documentation the conclusions reached about relying on such controls that were tested in a previous audit.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. This requirement has not been addressed in the standard (see above) therefore the related documentation requirement not addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
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Requirements 	ISA 330 Paragraph 30 Documentation	Paragraph 8.9.1.(a) Specific Documentation Requirements	The auditor's documentation shall demonstrate that information in the financial statements agrees or reconciles with the underlying accounting records, including agreeing or reconciling disclosures, whether such information is obtained from within or outside of the general and subsidiary ledgers.	In addition to the audit documentation requirements (paragraphs 3.8.1. – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation: (a) Demonstration that information in the financial statements agrees or reconciles with the underlying accounting records, including disclosures. ...	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to make appropriate to nature of ISA for LCE standard. However, all aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained.
Application Material	ISA 330 Paragraph A2	Below paragraph 7.2.1. Audit Procedures Responsive to Assessed Risks of Material Misstatement at the Financial Statement Level		<i>The auditor's overall responses at the financial statement level, for example, making general changes to the nature, timing or extent of audit procedures, or adjustments to resources assigned or using experts, are based on those risks that relate pervasively to the financial statements as a whole. These may include, for example, risks arising from industry, regulatory and other external factors, or matters related broadly to the</i>	Essential Explanatory Material

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				<p>entity's basis of accounting or accounting policies.</p> <p><i>In particular, the auditor's overall responses also are influenced by the auditor's understanding of the control environment. The control environment provides a foundation for the operation of the other components of the entity's internal control system. The control environment does not directly prevent, or detect and correct, misstatements. It may, however, influence the effectiveness of controls in the other components of the entity's internal control system. Therefore, an effective control environment may allow the auditor to have more confidence in internal control and the reliability of audit evidence generated internally within the entity. Deficiencies that have been identified in the control environment when obtaining an understanding of the entity's internal control system, however, have the opposite effect and may result in the need for more extensive audit evidence from substantive procedures. A weak control environment also impacts the work that may be undertaken at an interim period.</i></p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 330, Paragraph A18	Below paragraph 7.3.2 Audit Procedures Responsive to Assessed Risks of Material Misstatement at the Financial Statement Level	.	<i>In an audit of an LCE, there may not be many controls that could be identified by the auditor, or the extent to which their existence or operation have been documented by the entity may be limited. In such cases, it may be more efficient for the auditor to perform further audit procedures that are primarily substantive procedures.</i>	Essential Explanatory Material
Application Material 	ISA 330, Paragraph A8 ISA 240 Paragraph A38	Audit Procedures Responsive to Assessed Risks of Material Misstatement at the Financial Statement Level		<i>Further audit procedures are responsive to the assessed risk of material misstatement at the assertion level, and provide a clear linkage between the auditor's further procedures and the risk assessment. If the assessed risks of material misstatement are due to fraud risks at the assertion level, the nature timing and extent of audit procedures may need to be changed to obtain audit evidence that is more reliable and relevant or to obtain additional corroborative information.</i>	Essential Explanatory Material
Application Material	ISA 330, Paragraph A19	Below paragraph 7.3.2. Audit Procedures	-	<i>When obtaining more persuasive audit evidence because of a higher assessment of risk, the</i>	Essential Explanatory Material Para. A19 of ISA 330

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		Responsive to Assessed Risks of Material Misstatement at the Financial Statement Level		<i>auditor may increase the quantity of the evidence, or obtain evidence that is more relevant or reliable, for example, by placing more emphasis on obtaining third party evidence or by obtaining corroborating evidence from a number of independent sources.</i>	
Application Material	ISA 330, Paragraph A48	Below paragraph 3.3.4. Audit Evidence Procedures for Obtaining Audit Evidence		<i>External confirmation procedures frequently are relevant when addressing assertions associated with account balances and their elements, but need not be restricted to these items. For example, the auditor may request external confirmation of the terms of agreements, contracts, or transactions between an entity and other parties. External confirmation procedures also may be performed to obtain audit evidence about the absence of certain conditions.</i>	Essential Explanatory Material
ISA 402, Audit Considerations Relating to an Entity Using a Service Organization					
Requirement	ISA 402 Paragraph 15	Paragraph 7.4.18 Responding to Assessed Risks of Material Misstatements Using the Services of a Service Organization	In responding to assessed risks in accordance with ISA 330, the user auditor shall: (a) Determine whether sufficient appropriate audit evidence concerning the relevant financial	If the entity is using the services of a service organization, the auditor shall: (a) Determine whether sufficient appropriate audit evidence concerning the relevant financial statement	Limited requirement added for using service organizations

Section	Reference & Heading		Text		Comparison
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			<p>statement assertions is available from records held at the user entity; and, if not,</p> <p>(b) Perform further audit procedures to obtain sufficient appropriate audit evidence or use another auditor to perform those procedures at the service organization on the user auditor's behalf.</p>	<p>assertions is available at the entity; and, if not,</p> <p>(b) Perform further audit procedures to obtain sufficient appropriate audit evidence or use another auditor to perform those procedures at the service organization on the auditor's behalf.</p>	
ISA 450, Evaluation of Misstatements Identified During The Audit					
Objectives	<p>ISA 450</p> <p>Paragraph 3</p>	<p>Paragraph 8.1.1 (a)</p> <p>Concluding</p> <p>Objective</p>	<p>The objective of the auditor is to evaluate:</p> <p>(a) The effect of identified misstatements on the audit; and</p> <p>(b) The effect of uncorrected misstatements, if any, on the financial statements.</p>	<p>The objectives of the auditor are to:</p> <p>(a) Evaluate the effect of identified misstatements on the audit and the effect of any uncorrected misstatements on the financial statements;</p> <p>.....</p>	<p>1. Is the objective relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE? Yes – modifications for the nature of the ISA for LCE standard. However the broad objective has been retained</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 450 Paragraph 5 Accumulation of Identified Misstatements	Paragraph 8.3.1. Concluding Evaluation of Misstatements Identified During the Audit	The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial.	The auditor shall accumulate <u>misstatements</u> identified, other than those that are clearly trivial, throughout the audit.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified but significant aspects retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained</p>
Requirements	ISA 450 Paragraph 6 Consideration of Identified Misstatements as the Audit Progresses	Paragraph 8.3.4. Concluding Evaluation of Misstatements Identified During the Audit	<p>The auditor shall determine whether the overall audit strategy and audit plan need to be revised if:</p> <p>(a) The nature of identified misstatements and the circumstances of their occurrence indicate that other misstatements may exist that, when aggregated with misstatements accumulated during the audit, could be material; or</p> <p>(b) The aggregate of misstatements accumulated</p>	The auditor shall determine the impact of identified misstatements on the identification and assessment of risks of material misstatement, and whether changes need to be made if the nature and circumstances of their occurrence indicate that other misstatements may exist, or the identified misstatements accumulated during the audit approach materiality.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language (and to be consistent with other changes made) to make more appropriate for the ISA for LCE standard. However, all significant aspects of the auditor action have been retained.</p>

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			during the audit approaches materiality determined in accordance with ISA 320.		3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained
Requirements	ISA 450 Paragraph 7 Consideration of Identified Misstatements as the Audit Progresses	Paragraph 8.3.5. Concluding Evaluation of Misstatements Identified During the Audit	If, at the auditor's request, management has examined a class of transactions, account balance or disclosure and corrected misstatements that were detected, the auditor shall perform additional audit procedures to determine whether misstatements remain.	The auditor shall request management to correct all misstatements accumulated during the audit. If management has examined a class of transactions, account balance or disclosure and corrected identified misstatements, the auditor shall perform additional procedures to determine whether misstatements remain.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications to make more appropriate for ISA for LCE standard – but significant aspects of the requirement have been retained. This paragraph has been combined with the last sentence of paragraph 8 of ISA 450. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained
Requirements	ISA 450 Paragraph 8	Paragraph 8.8.1. Concluding	The auditor shall communicate, unless prohibited by law or regulation, on a timely basis all misstatements accumulated during	8.8.1 The auditor shall communicate all misstatements accumulated during the audit with the appropriate level of management, unless prohibited	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Communication and Correction of Misstatements	Specific Communication Requirements Paragraph 8.3.5 Concluding Evaluation of Misstatements Identified During the Audit	the audit with the appropriate level of management. The auditor shall request management to correct those misstatements.	by law or regulation and request management to correct the misstatements. 8.3.5 The auditor shall request management to correct all misstatements accumulated during the audit. If management has examined a class of transactions, account balance or disclosure and corrected identified misstatements, the auditor shall perform additional procedures to determine whether misstatements remain.	2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications to make more appropriate for ISA for LCE standard – but significant aspects of the requirement have been retained. Communications on a timely basis with management and those charged with governance has been covered more broadly. . The last sentence has been combined with paragraph 8.3.5. (see above). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained
Requirements	ISA 450 Paragraph 9 Communication and Correction of Misstatements	Paragraph 8.8.3. Concluding Specific Communication Requirements	If management refuses to correct some or all of the misstatements communicated by the auditor, the auditor shall obtain an understanding of management's reasons for not making the corrections and shall take that understanding into account when evaluating whether the financial statements as a whole are free from material misstatement.		1. Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has not been addressed in the ISA for LCE because in trying to make the standard more appropriate it is the view that this requirement would be adequately covered by the requirements in paragraph 8.3 broadly

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					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 450</p> <p>Paragraph 10</p> <p>Evaluating the Effect of Uncorrected Misstatements</p>	<p>Paragraph 8.3.6 (a)</p> <p>Concluding</p> <p>Evaluation of Misstatements Identified During the Audit</p>	<p>Prior to evaluating the effect of uncorrected misstatements, the auditor shall reassess materiality determined in accordance with ISA 320 to confirm whether it remains appropriate in the context of the entity's actual financial results.</p>	<p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate by:</p> <p>(a) Reassessing materiality to confirm whether it remains appropriate in the context of the entity's actual financial results;</p> <p>...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to nature of the ISA for LCE standard – however all significant aspects have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes. All significant aspects of the requirement have been retained.</p>
Requirements	<p>ISA 450</p> <p>Paragraph 11</p> <p>Evaluating the Effect of</p>	<p>Paragraph 8.3.6 (b)</p> <p>Concluding</p> <p>Evaluation of Misstatements</p>	<p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate. In</p>	<p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate by:</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
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	Uncorrected Misstatements	Identified During the Audit	<p>making this determination, the auditor shall consider:</p> <p>(a) The size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence; and</p> <p>(b) The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.</p>	<p>....</p> <p>(b) Considering the:</p> <p>(i) Size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence; and</p> <p>(ii) Effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 450</p> <p>Paragraph 12</p> <p><i>Communication with Those Charged with Governance</i></p>	<p>Paragraph 8.8.4.</p> <p>Concluding</p> <p>Specific Communication Requirements</p>	<p>The auditor shall communicate with those charged with governance uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor's report, unless prohibited by law or regulation. The auditor's communication shall identify</p>	<p>In regard to uncorrected misstatements, the auditor shall communicate:</p> <p>(a) Uncorrected misstatements (identified individually) and the effect that they, individually or in aggregate, may have on the auditor's opinion, unless prohibited by law or regulation.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>The requirement has been adapted to nature of the ISA for LCE standard – however all</p>

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			material uncorrected misstatements individually. The auditor shall request that uncorrected misstatements be corrected.	(b) The effect of uncorrected misstatements from prior periods on the current year financial statements.	significant aspects of the required communication have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes. All significant aspects of the requirement have been retained.
Requirements	ISA 450 Paragraph 13 <i>Communication with Those Charged with Governance</i>	Paragraph 8.8.4. Concluding Specific Communication Requirements	The auditor shall also communicate with those charged with governance the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.	In regard to uncorrected misstatements, the auditor shall communicate: (a) Uncorrected misstatements (identified individually) and the effect that they, individually or in aggregate, may have on the auditor's opinion, unless prohibited by law or regulation. (b) The effect of uncorrected misstatements from prior periods on the current year financial statements.	1. Is the requirement relevant in the circumstances of an audit of an LCE? 2. Should / could the requirement be simplified for the circumstances of an LCE? The requirement has been adapted to nature of the ISA for LCE standard – however all significant aspects of the required communication have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes. All significant aspects of the requirement have been retained.

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Requirements	ISA 450 Paragraph 14 Written Representations	Paragraph 8.6.4. Concluding Written Representations	The auditor shall request a written representation from management and, where appropriate, those charged with governance whether they believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A summary of such items shall be included in or attached to the written representation.	The auditor shall request a written representation from management, and where appropriate those charged with governance, whether they believe the effects of uncorrected misstatements are immaterial, individually or in aggregate, to the financial statements as a whole. A summary of such items shall be included in or attached to the written representation.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements 	ISA 450 Paragraph 15 Documentation	Paragraph 8.9.1.(b) Concluding Specific Documentation Requirements	<p>The auditor shall include in the audit documentation:</p> <p>(a) The amount below which misstatements would be regarded as clearly trivial (paragraph 5);</p> <p>(b) All misstatements accumulated during the audit and whether they have been corrected (paragraphs 5, 8 and 12); and</p> <p>(c) The auditor's conclusion as to whether uncorrected misstatements are material, individually or in aggregate,</p>	<p>In addition to the audit documentation requirements (paragraphs 3.8.1. – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <p>....</p> <p>(b) The amount below which misstatements would be regarded as clearly trivial, all misstatements accumulated during the audit and the auditor's conclusion on the uncorrected misstatements.</p> <p>...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? The requirement has been adapted to nature of the ISA for LCE standard – however all significant aspects of the required communication have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes. All significant aspects of the requirement have been retained.</p>

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			and the basis for that conclusion (paragraph 11).		
Application Material	ISA 450 Paragraph A2	Below paragraph 8.3.1. Concluding Evaluation of Misstatements Identified During the Audit		<i>Misstatements that are clearly trivial will be of a wholly different (smaller) order of magnitude, or of a wholly different nature than those that would be determined to be material, and will be misstatements that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial.</i>	Essential Explanatory Material
ISA 501, Audit Evidence—Specific Considerations for Specific Items					
Objectives	ISA 501 Paragraph 3	-	The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the: (a) Existence and condition of inventory; (b) Completeness of litigation and claims involving the entity; and (c) Presentation and disclosure of segment information in	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 501, <i>Audit Evidence—Specific Considerations for Specific Items</i> , is addressed in Part 3, <i>Audit Evidence</i> , of the ISA for LCE along with other audit evidence-related ISAs. Objectives have been

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			accordance with the applicable financial reporting framework.		<p>included for Part 3 broadly and not for each audit evidence-related ISA included in Part 3..</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 501</p> <p>Paragraph 4</p> <p>Inventory</p>	<p>Paragraph 7.4.13.</p> <p>Specific Focus Areas</p> <p><i>Inventory</i></p>	<p>If inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of inventory by:</p> <p>(a) Attendance at physical inventory counting, unless impracticable, to:</p> <p>(i) Evaluate management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting;</p> <p>(ii) Observe the performance of</p>	<p>If inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of inventory by:</p> <p>(a) Attendance at physical inventory counting, unless impracticable, to:</p> <p>(i) Evaluate management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting;</p> <p>(ii) Observe the performance of</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

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			<p>management's count procedures;</p> <p>(iii) Inspect the inventory; and</p> <p>(iv) Perform test counts; and</p> <p>(b) Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results.</p>	<p>management's count procedures;</p> <p>(iii) Inspect the inventory; and</p> <p>(iv) Perform test counts; and</p> <p>(b) Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results.</p>	
Requirements	ISA 501 Paragraph 5 Inventory	-	<p>If physical inventory counting is conducted at a date other than the date of the financial statements, the auditor shall, in addition to the procedures required by paragraph 4, perform audit procedures to obtain audit evidence about whether changes in inventory between the count date and the date of the financial statements are properly recorded.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE because in trying to make the standard more appropriate for an LCE it is the view that this requirement would onerous.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 501 Paragraph 6 Inventory	Paragraph 7.4.14. Specific Focus Areas <i>Inventory</i>	If the auditor is unable to attend physical inventory counting due to unforeseen circumstances, the auditor shall make or observe some physical counts on an alternative date, and perform audit procedures on intervening transactions.	If the auditor has not attended the inventory count, the auditor shall make or observe some physical counts on an alternative date, and perform audit procedures on intervening transactions. If attendance at physical inventory counting is impracticable, the auditor shall perform alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory, or determine the effect on the auditor's report.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? The requirement has been adapted to nature of the ISA for LCE standard – however all significant aspects have been retained. This paragraph has been combined with paragraph 7 of ISA 501.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the requirement have been retained.</p>
Requirements	ISA 501 Paragraph 7 Inventory	Paragraph 7.4.14. Specific Focus Areas <i>Inventory</i>	If attendance at physical inventory counting is impracticable, the auditor shall perform alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory. If it is not possible to do so, the auditor shall modify the opinion in the	If the auditor has not attended the inventory count, the auditor shall make or observe some physical counts on an alternative date, and perform audit procedures on intervening transactions. If attendance at physical inventory counting is impracticable, the auditor shall perform alternative audit procedures to obtain sufficient	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? The requirement has been adapted to nature of the ISA for LCE standard – however all significant aspects have been retained. This paragraph has</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			auditor's report in accordance with ISA 705 (Revised).	appropriate audit evidence regarding the existence and condition of inventory, or determine the effect on the auditor's report.	been combined with paragraph 7 of ISA 501. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the requirement have been retained.
Requirements	ISA 501 Paragraph 8 Inventory	-	If inventory under the custody and control of a third party is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of that inventory by performing one or both of the following: (a) Request confirmation from the third party as to the quantities and condition of inventory held on behalf of the entity. (b) Perform inspection or other audit procedures appropriate in the circumstances.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has not been addressed in the ISA for LCE because in trying to make the standard more appropriate for an LCE it is the view that this requirement would onerous.. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 501 Paragraph 9 Litigation and Claims	Paragraph 7.4.15. Specific Focus Areas <i>Litigation and Claims</i>	The auditor shall design and perform audit procedures in order to identify litigation and claims involving the entity which may give	The auditor shall design and perform further audit procedures in order to identify litigation and claims involving the entity which	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>rise to a risk of material misstatement, including:</p> <p>(a) Inquiry of management and, where applicable, others within the entity, including in-house legal counsel;</p> <p>(b) Reviewing minutes of meetings of those charged with governance and correspondence between the entity and its external legal counsel; and</p> <p>(c) Reviewing legal expense accounts.</p>	<p>may give rise to a risk of material misstatement, including:</p> <p>(a) Inquiry of management and, where applicable, others within the entity, including in-house legal counsel;</p> <p>(b) Reviewing minutes of meetings of <u>those charged with governance</u> and correspondence between the entity and its external legal counsel; and</p> <p>(c) Reviewing legal expense accounts.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 501</p> <p>Paragraph 10</p> <p>Litigation and Claims</p>	-	<p>If the auditor assesses a risk of material misstatement regarding litigation or claims that have been identified, or when audit procedures performed indicate that other material litigation or claims may exist, the auditor shall, in addition to the procedures required by other ISAs, seek direct communication with the entity's external legal counsel. The auditor shall do so through a letter of inquiry, prepared by management</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE because in trying to make the standard more appropriate for an LCE it is the view that this requirement would onerous.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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			and sent by the auditor, requesting the entity's external legal counsel to communicate directly with the auditor. If law, regulation or the respective legal professional body prohibits the entity's external legal counsel from communicating directly with the auditor, the auditor shall perform alternative audit procedures.		3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 501 Paragraph 11 Litigation and Claims	-	If: (a) management refuses to give the auditor permission to communicate or meet with the entity's external legal counsel, or the entity's external legal counsel refuses to respond appropriately to the letter of inquiry, or is prohibited from responding; and (b) the auditor is unable to obtain sufficient appropriate audit evidence by performing alternative audit procedures, the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has not been addressed in the ISA for LCE because in trying to make the standard more appropriate for an LCE it is the view that this requirement would onerous.. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 501 Paragraph 12 Litigation and Claims <i>Written Representations</i>	Paragraph 8.6.1.(j) Concluding <i>Written Representations</i>	The auditor shall request management and, where appropriate, those charged with governance to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.	The auditor shall request written representations from management..., and where appropriate those charged with governance: ... (j) That all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications to adapt to a bulleted list</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Requirements	ISA 501 Paragraph 13 Segment Information	-	The auditor shall obtain sufficient appropriate audit evidence regarding the presentation and disclosure of segment information in accordance with the applicable financial reporting framework by: (a) Obtaining an understanding of the methods used by management in determining segment information, and: (i) Evaluating whether such methods are likely to result in disclosure in	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. The ISA for LCE does not address the audit of segment reporting information (requirement is for listed entities which are specifically excluded from this standard).</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? n/a</p>

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			<p>accordance with the applicable financial reporting framework; and</p> <p>(ii) Where appropriate, testing the application of such methods; and</p> <p>(b) Performing analytical procedures or other audit procedures appropriate in the circumstances.</p>		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>n/a</p>
Application Material	ISA 501 Paragraph A12-A14	With paragraph 7.4.14 Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Inventory</i>	-	<i>In some cases, attendance at physical inventory counting may be impracticable. This may be due to factors such as the nature and location of the inventory, for example, where inventory is held in a location that may pose threats to the safety of the auditor. In some cases where attendance is impracticable, alternative audit procedures, for example, inspection of documentation of the subsequent sale of specific inventory items acquired or purchased prior to the physical inventory counting, may provide sufficient appropriate audit evidence about the existence and condition of inventory. In other cases, however, it may not be possible to obtain sufficient appropriate audit evidence</i>	Essential Explanatory Material

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				<i>regarding the existence and condition of inventory by performing alternative audit procedures. In such cases, the auditor is required to modify the opinion in the auditor's report as a result of the scope limitation.</i>	
ISA 505, External Confirmations					
Objective	ISA 505 Paragraph 5	-	The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 505, <i>External Confirmations</i>, is addressed in Part 3, <i>Audit Evidence</i>, of the ISA for LCE along with other audit evidence-related ISAs. Objectives have been included for Part 3 as a whole and not for each audit evidence-related ISA included in Part 3.</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 505 Paragraph 7 External Confirmation Procedures	-	When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including: (a) Determining the information to be confirmed or requested; (b) Selecting the appropriate confirming party; (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (d) Sending the requests, including follow-up requests when applicable, to the confirming party.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 505 Paragraph 8 Management's Refusal to Allow the Auditor to Send a Confirmation Request	-	If management refuses to allow the auditor to send a confirmation request, the auditor shall: (a) Inquire as to management's reasons for the refusal, and seek audit evidence as to their validity and reasonableness;	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but</p>

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			<p>(b) Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and</p> <p>(c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.</p>		<p>not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 505 Paragraph 9</p> <p>Management's Refusal to Allow the Auditor to Send a Confirmation Request</p>	-	<p>If the auditor concludes that management's refusal to allow the auditor to send a confirmation request is unreasonable, or the auditor is unable to obtain relevant and reliable audit evidence from alternative audit procedures, the auditor shall communicate with those charged with governance in accordance with ISA 260 (Revised). The auditor also shall determine the implications for the audit and the auditor's opinion in accordance with ISA 705 (Revised).</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

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					-
Requirements	ISA 505 Paragraph 10 Results of the External Confirmation Procedures	-	If the auditor identifies factors that give rise to doubts about the reliability of the response to a confirmation request, the auditor shall obtain further audit evidence to resolve those doubts.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 505 Paragraph 11 Results of the External Confirmation Procedures	-	If the auditor determines that a response to a confirmation request is not reliable, the auditor shall evaluate the implications on the assessment of the relevant risks of material misstatement, including	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the</p>

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			the risk of fraud, and on the related nature, timing and extent of other audit procedures.		<p>ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 505</p> <p>Paragraph 12</p> <p>Results of the External Confirmation Procedures</p>	-	In the case of each non-response, the auditor shall perform alternative audit procedures to obtain relevant and reliable audit evidence.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

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					-
Requirements	ISA 505 Paragraph 13 Results of the External Confirmation Procedures	-	If the auditor has determined that a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence, alternative audit procedures will not provide the audit evidence the auditor requires. If the auditor does not obtain such confirmation, the auditor shall determine the implications for the audit and the auditor's opinion in accordance with ISA 705 (Revised).	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 505 Paragraph 14 Results of the External Confirmation Procedures	-	The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>In trying to keep the standard succinct and to the nature to the ISA for LCE standard, external confirmations are addressed but not all of the requirements in as much detail as the ISA.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 505 Paragraph 15 Negative Confirmations	-	Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present:	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. This requirement has been excluded from the ISA for LCE because, by its very nature, a negative confirmation provides less persuasive audit evidence. In addition, it is more common for an auditor to make use of positive confirmations.</p>

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			<p>(a) The auditor has assessed the risk of material misstatement as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion;</p> <p>(b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous account balances, transactions or conditions;</p> <p>(c) A very low exception rate is expected; and</p> <p>(d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.</p>		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 505 Paragraph 16 Evaluating the Evidence Obtained	Paragraph 8.2.2. (e) Concluding <i>The Auditor's Evaluations and Other</i>	The auditor shall evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence, or whether further audit evidence is necessary.	The auditor shall evaluate, based on the audit procedures performed and the audit evidence obtained, whether: (a)...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

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		<i>Activities to Support the Conclusion</i>		... (e) The results of the external confirmation procedures provide relevant and reliable audit evidence, or whether further audit evidence is necessary.	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified for bulleted list but all aspects otherwise retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all aspects of the ISA requirement retained</p>
ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures					
Objective	ISA 540 (Revised) Paragraph 11	-	The objective of the auditor is to obtain sufficient appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework.	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 540 (Revised), <i>Auditing Accounting Estimates and Related Disclosures</i>, is addressed as relevant throughout the Parts, but particularly in Part 6 related to identifying and assessing the risks of material misstatement, Part 7 on responding to assessed risks and part 8 on concluding. Each of these Parts has objectives that broadly addresses the objective of that Part. Therefore, the ISA 540 (Revised) objective has not been specifically addressed.</p>

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Requirements	ISA 540 (Revised) Paragraph 13 Risk Assessment Procedures and Related Activities	Paragraphs 563.3 and 6.3.4. Understanding Relevant Aspects of the Entity Understanding the Entity and Its Environment And Understanding the Applicable Financial Reporting Framework	When obtaining an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, as required by ISA 315 (Revised 2019), the auditor shall obtain an understanding of the following matters related to the entity's accounting estimates. The auditor's procedures to obtain the understanding shall be performed to the extent necessary to obtain audit evidence that provides an appropriate basis for the identification and assessment of risks of material misstatement at the financial statement and assertion levels.. <i>The Entity and Its Environment</i> (a) The entity's transactions or other events and conditions	6.3.3 The auditor shall obtain an understanding of: (d) The legal and regulatory framework applicable to the entity, and how the entity is complying with that framework. (e) The entity's transactions and other events and conditions that may give rise to accounting estimates. When an estimate is assessed to be significant for an item in the financial statements, the auditor shall obtain an understanding of the assumptions and methods used in determining the estimate. 5.3.4. The auditor shall understand:	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Some matters already covered by broader ISA 315 (Revised) requirement s in Part 6 <ul style="list-style-type: none">• Broader points already covered by objective in para. 6.1.1. (e.g. ...to provide an appropriate basis...)•• Inherent risk factors covered more broadly in para's 6.3.1. and 6.3.2. (latter paragraph specifically addresses estimation uncertainty) 3. Point (c) of ISA 540 (Revised) not applicable in context of ISA for LCE (would be scoped out by the

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			<p>that may give rise to the need for, or changes in, accounting estimates to be recognized or disclosed in the financial statements.</p> <p>(b) The requirements of the applicable financial reporting framework related to accounting estimates (including the recognition criteria, measurement bases, and the related presentation and disclosure requirements); and how they apply in the context of the nature and circumstances of the entity and its environment, including how the inherent risk factors affect susceptibility to misstatement of assertions.</p> <p>(c) Regulatory factors relevant to the entity's accounting estimates, including, when applicable, regulatory frameworks related to prudential supervision.</p> <p>(d) The nature of the accounting estimates and related disclosures that the auditor</p>	<p>(a) The applicable financial reporting framework. In relation to accounting estimates, the understanding includes the recognition criteria, measurement bases, and the related presentation and disclosure requirements and how these apply in the context of the nature and circumstances of the entity and its environment.</p> <p>(b) The entity's accounting policies and changes thereto.</p>	<p>applicability of the standard)Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the broader aspects of the ISA requirement are required to be understood.</p>

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			expects to be included in the entity's financial statements, based on the auditor's understanding of the matters in 13(a)–(c) above.		
Requirements	ISA 540 (Revised) Paragraph 13 (CONT) Risk Assessment Procedures and Related Activities	Paragraphs 6.3.7 and 6.3.10. Understanding Relevant Aspects of the Entity Understanding the Entity's System of Internal Control	<i>Obtaining an Understanding of the Entity's System of Internal Control</i> (e) The nature and extent of oversight and governance that the entity has in place over management's financial reporting process relevant to accounting estimates. (f) How management identifies the need for, and applies, specialized skills or knowledge related to accounting estimates, including with respect to the use of a management's expert. (g) How the entity's risk assessment process identifies and addresses risks relating to accounting estimates. (h) The entity's information system as it relates to	6.3.7. The auditor shall consider whether the entity's risk assessment process is appropriate to the entity's circumstances considering the nature and complexity of the entity. For this purpose, the auditor shall understand the entity's risk assessment process relevant to the preparation of the financial statements (i.e., how risks are identified, assessed and addressed), including how this process identifies and addresses risks related to accounting estimates. 6.3.10. For accounting estimates, the auditor's understanding of the information system relevant to the preparation of the financial statements shall include: (a) How the accounting estimates are made, the models used, the source of	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – not all the detailed requirements are needed for basic accounting estimates within the scope of the ISA for LCE <ul style="list-style-type: none"> With respect to (e), the oversight over basic accounting estimates would be simpler in nature so not specifically added (is considered more broadly under ISA 315 (Revised 2019) requirements (see paragraph 6.3.6.) With respect to (f), because basic accounting estimates are simpler this is covered more broadly by considering the need for an expert under ISA 220 (revised)

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			<p>accounting estimates, including:</p> <p>(i) How information relating to accounting estimates and related disclosures for significant classes of transactions, account balances or disclosures flows through the entity's information system; and</p> <p>(ii) For such accounting estimates and related disclosures, how management:</p> <p>a. Identifies the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate in the context of the applicable financial reporting framework, including how management:</p> <p>i. Selects or designs, and applies, the methods used,</p>	<p>data, and the selection of assumptions;</p> <p>(b) How management reviews the outcomes of previous estimates and responds to the results of that review; and</p> <p>(c) A review of the outcome of previous accounting estimates, or, if applicable, their subsequent re-estimation.</p>	<p>requirement and specific matters related to using the work of an expert (see paragraphs 5.2.9 – 5.2.11).</p> <ul style="list-style-type: none"> • (g) is covered by paragraph 6.3.7. • (h) is covered broadly by para. 6.3.10.(c) – changes made to make suitable to nature of basic accounting estimates • (i) is covered by para. 6.3.12 more generally. • (j) is broadly covered by para. 6.3.10 modified as appropriate for the ISA for LCE standard <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the requirements, as applicable to basic accounting estimates, are retained.</p>

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			<p>including the use of models;</p> <p>ii. Selects the assumptions to be used, including consideration of alternatives, and identifies significant assumptions; and</p> <p>iii. Selects the data to be used;</p> <p>b. Understands the degree of estimation uncertainty, including through considering the range of possible measurement outcomes; and</p> <p>c. Addresses the estimation uncertainty, including selecting a point estimate and related disclosures for inclusion in the financial statements.</p> <p>(i) Identified controls in the control activities component over management's process for making accounting</p>		

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			<p>estimates as described in paragraph 13(h)(ii).</p> <p>(j) How management reviews the outcome(s) of previous accounting estimates and responds to the results of that review.</p>		
Requirements	<p>ISA 540 (Revised) Paragraph 14</p> <p>Risk Assessment Procedures and Related Activities</p>	<p>Paragraph 6.3.10.(c)</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's System of Internal Control</i></p>	<p>The auditor shall review the outcome of previous accounting estimates, or, where applicable, their subsequent re-estimation to assist in identifying and assessing the risks of material misstatement in the current period. The auditor shall take into account the characteristics of the accounting estimates in determining the nature and extent of that review. The review is not intended to call into question judgments about previous period accounting estimates that were appropriate based on the information available at the time they were made.</p>	<p>6.3.10. The auditor shall obtain an understanding of the information system relevant to the preparation of the financial statements, including:</p> <p>..</p> <p>(c). For accounting estimates:</p> <p>(i) ...;</p> <p>(ii) ...; and</p> <p>(iii) A review of the outcome of previous accounting estimates, or, if applicable, their subsequent re-estimation.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified to focus on a review of the outcome from previous period as an indicator of how accurate estimate was as appropriate for basic accounting estimates</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – focus still on a review of the outcome from previous period</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 540 (Revised) Paragraph 15 Risk Assessment Procedures and Related Activities	-	With respect to accounting estimates, the auditor shall determine whether the engagement team requires specialized skills or knowledge to perform the risk assessment procedures, to identify and assess the risks of material misstatement, to design and perform audit procedures to respond to those risks, or to evaluate the audit evidence obtained.	-	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes, but does not need to be specific to basic accounting estimates as it is covered more broadly in paragraph 2.2.6(b) Should / could the requirement be simplified for the circumstances of an LCE? - Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 540 (Revised) Paragraph 16 Identifying and Assessing the Risks of Material Misstatement	Paragraphs 6.5.1. and 6.3.2. Understanding Relevant Aspects of the Entity	In identifying and assessing the risks of material misstatement relating to an accounting estimate and related disclosures at the assertion level, including separately assessing inherent risk and control risk at the assertion level, as required by ISA 315 (Revised 2019), the auditor shall take the following into account in identifying the	For identified risks of material misstatement, the auditor shall assess: (a) ...; and (b) Inherent risk for identified risks of material misstatement at the assertion level by assessing the likelihood and magnitude of misstatement, and taking into account the inherent risk factors, including estimation	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – already covered by broader requirements of ISA 315 (Revised 2019) (see paragraphs 6.5.1. and 6.3.2. which addresses inherent risk factors and accounting estimates).

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>risks of material misstatement and in assessing inherent risk:</p> <p>(a) The degree to which the accounting estimate is subject to estimation uncertainty; and</p> <p>(b) The degree to which the following are affected by complexity, subjectivity, or other inherent risk factors:</p> <p>(i) The selection and application of the method, assumptions and data in making the accounting estimate; or</p> <p>(ii) The selection of management's point estimate and related disclosures for inclusion in the financial statements.</p>	<p>uncertainty for the entity's accounting estimates.</p> <p>6.3.2. For the entity's accounting estimates, the auditor shall take into account the degree to which the accounting estimate is subject to estimation uncertainty, and the degree to which the method, assumptions and data are affected by complexity and subjectivity</p>	<p>Modifications have been made to make appropriate to the ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – the broad obligation of the ISA requirement has been retained as applicable to a basic accounting estimate.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 17</p> <p>Identifying and Assessing the Risks of Material Misstatement</p>	<p>Paragraphs 6.5.4.(c). and 6.3.2.</p> <p>Understanding Relevant Aspects of the Entity</p>	<p>The auditor shall determine whether any of the risks of material misstatement identified and assessed in accordance with paragraph 16 are, in the auditor's judgment, a significant risk. If the auditor has determined that a significant risk exists, the auditor shall identify controls that address that risk, and evaluate</p>	<p>6.5.4. In exercising professional judgment as to which assessed risks are significant risks, the auditor shall consider at least the following:</p> <p>(a) ...</p> <p>(b)</p> <p>(c) How, in the case of accounting estimates, the</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Identifying accounting estimates as significant risks addressed by paragraph 6.5.4.(c).</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			whether such controls have been designed effectively, and determine whether they have been implemented.	inherent risk factors, such as the complexity of transactions and the degree of subjectivity in the measurement of financial information related to the risk, including those measurements involving a wide range of measurement uncertainty, have influenced the auditor's assessment on the spectrum of risk. (d) ...	Identifying controls and D&I with regard to significant risks is addressed by paragraph 6.3.13. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – broad aspects of auditor action have been retained as relevant to basic accounting estimates
Requirements	ISA 540 (Revised) Paragraph 18 Responses to the Assessed Risks of Material Misstatement	Paragraph 7.4.11. Specific Focus Areas Accounting Estimates	As required by ISA 330, the auditor's further audit procedures shall be responsive to the assessed risks of material misstatement at the assertion level, considering the reasons for the assessment given to those risks. The auditor's further audit procedures shall include one or more of the following approaches: (a) Obtaining audit evidence from events occurring up to the date of the auditor's report (see paragraph 21);	The auditor's further audit procedures shall include one or more of the following approaches: (a) Obtaining audit evidence from events occurring up to the date of the auditor's report. In doing so, the auditor shall consider any changes in circumstances and other relevant conditions between the event and the measurement date that may affect the relevance of such evidence; (b) Testing how management made the accounting	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –ISA 540 (Revised) sets up the procedures and makes the link to ISA 330, which is not needed in the ISA for LCE as this is in the "responding to assessed risks " Part. The 3 broad approaches to auditing accounting estimates

Section	Reference & Heading		Text		Comparison
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			<p>(b) Testing how management made the accounting estimate (see paragraphs 22–27); or</p> <p>(c) Developing an auditor's point estimate or range (see paragraphs 28–29).</p> <p>The auditor's further audit procedures shall take into account that the higher the assessed risk of material misstatement, the more persuasive the audit evidence needs to be. The auditor shall design and perform further audit procedures in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory.</p>	<p>estimate. In doing so, the auditor shall consider:</p> <p>(i) Whether the method selected is appropriate;</p> <p>(ii) Significant assumptions and the data used by management, and whether judgments give rise to indicators of management bias;</p> <p>(iii) Whether calculations are mathematically accurate and whether judgements have been applied consistently; or</p> <p>(c) Developing an auditor's point estimate or range. In doing so, the auditor shall determine that the range includes only amounts supported by sufficient appropriate audit evidence and have been evaluated by the auditor to be reasonable in the context of the circumstances of the entity and the applicable financial reporting framework.</p>	<p>has been covered, modified as appropriate for basic accounting estimates.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - The three broad approaches to auditing accounting estimates has been addressed.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 540 (Revised) Paragraph 19</p> <p>Responses to the Assessed Risks of Material Misstatement</p>	-	<p>As required by ISA 330, the auditor shall design and perform tests to obtain sufficient appropriate audit evidence as to the operating effectiveness of controls, if:</p> <p>(a) The auditor's assessment of risks of material misstatement at the assertion level includes an expectation that the controls are operating effectively; or</p> <p>(b) Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.</p> <p>In relation to accounting estimates, the auditor's tests of such controls shall be responsive to the reasons for the assessment given to the risks of material misstatement. In designing and performing tests of controls, the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control.</p>	-	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has been addressed more broadly in the section in "tests of controls (paragraphs 7.3.4. – 7.3.7.) because of the nature of basic accounting estimates expected in audits of LCEs. Should / could the requirement be simplified for the circumstances of an LCE? - Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 540 (Revised) Paragraph 20 Responses to the Assessed Risks of Material Misstatement		For a significant risk relating to an accounting estimate, the auditor's further audit procedures shall include tests of controls in the current period if the auditor plans to rely on those controls. When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details.	-	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has been addressed more broadly in paragraph 7.3.4. and not specifically addressed in the ISA for LCE Should / could the requirement be simplified for the circumstances of an LCE? - Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 540 (Revised) Paragraph 21 Responses to the Assessed Risks of Material Misstatement <i>Obtaining Audit Evidence from Events Occurring up to the Date of</i>	Paragraph 7.4.11(a). Specific Focus Areas Accounting Estimates	When the auditor's further audit procedures include obtaining audit evidence from events occurring up to the date of the auditor's report, the auditor shall evaluate whether such audit evidence is sufficient and appropriate to address the risks of material misstatement relating to the accounting estimate, taking into account that changes in circumstances and other relevant conditions between the event and	- The auditor's further audit procedures on accounting estimates shall include one or more of the following approaches: (a) Obtaining audit evidence from events occurring up to the date of the auditor's report. In doing so, the auditor shall consider the changes in circumstances and other relevant	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modifications made to make appropriate to nature of ISA for LCE standard but significant actions retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>the Auditor's Report</i>		the measurement date may affect the relevance of such audit evidence in the context of the applicable financial reporting framework.	conditions between the event and the measurement date that may affect the relevance of such evidence; (b) ...	3. Do the changes result in requirements that still achieve reasonable assurance? Yes – the auditor still required to consider the relevance of the evidence
Requirements	ISA 540 (Revised) Paragraph 22 Responses to the Assessed Risks of Material Misstatement <i>Testing How Management Made the Accounting Estimate</i>	Paragraph 7.4.11.(b) Specific Focus Areas Accounting Estimates	When testing how management made the accounting estimate, the auditor's further audit procedures shall include procedures, designed and performed in accordance with paragraphs 23–26, to obtain sufficient appropriate audit evidence regarding the risks of material misstatement relating to: (a) The selection and application of the methods, significant assumptions and the data used by management in making the accounting estimate; and (b) How management selected the point estimate and developed related disclosures about estimation uncertainty.	The auditor's further audit procedures shall include one or more of the following approaches: (a) ... (b) Testing how management made the accounting estimate. In doing so, the auditor shall consider: (i) Whether the method selected is appropriate; (ii) Significant assumptions and the data used by management, and whether judgments give rise to management bias; (iii) Whether calculations are mathematically accurate and whether judgements have been	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes –modified to be more appropriate to the nature of basic accounting estimates 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – broad requirement is addressed

Section	Reference & Heading		Text		Comparison
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				applied consistently; or ...	
Requirements	ISA 540 (Revised) Paragraph 23 Responses to the Assessed Risks of Material Misstatement <i>Methods</i>	Paragraph 7.4.11.(b) Specific Focus Areas Accounting Estimates	In applying the requirements of paragraph 22, with respect to methods, the auditor's further audit procedures shall address: (a) Whether the method selected is appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from the method used in prior periods are appropriate; (b) Whether judgments made in selecting the method give rise to indicators of possible management bias; (c) Whether the calculations are applied in accordance with the method and are mathematically accurate; (d) When management's application of the method involves complex modelling, whether judgments have been applied consistently and whether, when applicable:	The auditor's further audit procedures shall include one or more of the following approaches: (a) ... (b) Testing how management made the accounting estimate. In doing so, the auditor shall consider: (iv) Whether the method selected is appropriate; (v) Significant assumptions and the data used by management, and whether judgments give rise to management bias; (vi) Whether calculations are mathematically accurate and whether judgements have been applied consistently; or ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified to be more appropriate to the nature of basic accounting estimates (does not address complex modelling as this would not be considered a basic accounting estimate) 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – appropriate to basic accounting estimates likely to be found in an audit of an LCE

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(i) The design of the model meets the measurement objective of the applicable financial reporting framework, is appropriate in the circumstances, and, if applicable, changes from the prior period's model are appropriate in the circumstances; and</p> <p>(ii) Adjustments to the output of the model are consistent with the measurement objective of the applicable financial reporting framework and are appropriate in the circumstances; and</p> <p>(e) Whether the integrity of the significant assumptions and the data has been maintained in applying the method.</p>		
Requirements	ISA 540 (Revised) Paragraph 24 Responses to the Assessed Risks of Material Misstatement	Paragraph 7.4.11.(b) Specific Focus Areas Accounting Estimates	In applying the requirements of paragraph 22, with respect to significant assumptions, the auditor's further audit procedures shall address:	The auditor's further audit procedures shall include one or more of the following approaches: (a) ... (b) Testing how management	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Significant Assumptions</i>		<p>(a) Whether the significant assumptions are appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate;</p> <p>(b) Whether judgments made in selecting the significant assumptions give rise to indicators of possible management bias;</p> <p>(c) Whether the significant assumptions are consistent with each other and with those used in other accounting estimates, or with related assumptions used in other areas of the entity's business activities, based on the auditor's knowledge obtained in the audit; and</p> <p>(d) When applicable, whether management has the intent to carry out specific courses of action and has the ability to do so.</p>	<p>made the accounting estimate. In doing so, the auditor shall consider:</p> <p>(vii) Whether the method selected is appropriate;</p> <p>(viii) Significant assumptions and the data used by management, and whether judgments give rise to management bias;</p> <p>(ix) Whether calculations are mathematically accurate and whether judgements have been applied consistently; or</p> <p>...</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified to be more appropriate to the nature of basic accounting estimates and the nature of ISA for LCE</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – appropriate to basic accounting estimates likely to be found in an audit of an LCE</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 540 (Revised) Paragraph 25 Responses to the Assessed Risks of Material Misstatement <i>Data</i>	-	In applying the requirements of paragraph 22, with respect to data, the auditor's further audit procedures shall address: (a) Whether the data is appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate; (b) Whether judgments made in selecting the data give rise to indicators of possible management bias; (c) Whether the data is relevant and reliable in the circumstances; and (d) Whether the data has been appropriately understood or interpreted by management, including with respect to contractual terms.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not specifically addressed in context of types of basic accounting estimates would be found in an audit of an LCE and the nature of the ISA for LCE</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 540 (Revised) Paragraph 26 Responses to the Assessed Risks of Material Misstatement	-	In applying the requirements of paragraph 22, the auditor's further audit procedures shall address whether, in the context of the applicable financial reporting	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not specifically addressed in context of types of basic accounting estimates</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Management's Selection of a Point Estimate and Related Disclosures about Estimation Uncertainty</i>		framework, management has taken appropriate steps to: (a) Understand estimation uncertainty; and (b) Address estimation uncertainty by selecting an appropriate point estimate and by developing related disclosures about estimation uncertainty.		would be found in an audit of an LCE and the nature of the ISA for LCE 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 540 (Revised) Paragraph 27 Responses to the Assessed Risks of Material Misstatement <i>Management's Selection of a Point Estimate and Related Disclosures about Estimation Uncertainty</i>	-	When, in the auditor's judgment based on the audit evidence obtained, management has not taken appropriate steps to understand or address estimation uncertainty, the auditor shall: (a) Request management to perform additional procedures to understand estimation uncertainty or to address it by reconsidering the selection of management's point estimate or considering providing additional disclosures relating to the estimation uncertainty, and evaluate management's	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but not specifically addressed in context of types of basic accounting estimates would be found in an audit of an LCE and the nature of the ISA for LCE 2. Should / could the requirement be simplified for the circumstances of an LCE? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>response(s) in accordance with paragraph 26;</p> <p>(b) If the auditor determines that management's response to the auditor's request does not sufficiently address estimation uncertainty, to the extent practicable, develop an auditor's point estimate or range in accordance with paragraphs 28–29; and</p> <p>(c) Evaluate whether a deficiency in internal control exists and, if so, communicate in accordance with ISA 265.</p>		<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 540 (Revised) Paragraph 28</p> <p>Responses to the Assessed Risks of Material Misstatement</p> <p><i>Developing an Auditor's Point Estimate or Range</i></p>	<p>Paragraph 7.4.11.(c)</p> <p>Specific Focus Areas</p> <p>Accounting Estimates</p>	<p>When the auditor develops a point estimate or range to evaluate management's point estimate and related disclosures about estimation uncertainty, including when required by paragraph 27(b), the auditor's further audit procedures shall include procedures to evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial reporting framework. Regardless of whether the auditor uses management's or</p>	<p>The auditor's further audit procedures shall include one or more of the following approaches:</p> <p>(a)...</p> <p>(b)...</p> <p>(c) Developing an auditor's point estimate or range. In doing so, the auditor shall determine that the range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated by the</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – modified for nature of ISA for LCE but significant aspects addressed</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			the auditor's own methods, assumptions or data, these further audit procedures shall be designed and performed to address the matters in paragraphs 23–25.	auditor to be reasonable in the context of the circumstances of the entity and the applicable financial reporting framework.	Yes – significant aspects in context of an audit of an LCE still addressed
Requirements	ISA 540 (Revised) Paragraph 29 Responses to the Assessed Risks of Material Misstatement <i>Developing an Auditor's Point Estimate or Range</i>	Paragraph 7.4.1.(c) Specific Focus Areas Accounting Estimates	If the auditor develops an auditor's range, the auditor shall: (a) Determine that the range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated by the auditor to be reasonable in the context of the measurement objectives and other requirements of the applicable financial reporting framework; and (b) Design and perform further audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement relating to the disclosures in the financial statements that describe the estimation uncertainty.	The auditor's further audit procedures shall include one or more of the following approaches: (a)... (b)... (c) Developing an auditor's point estimate or range. In doing so, the auditor shall determine that the range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated by the auditor to be reasonable in the context of the circumstances of the entity and the applicable financial reporting framework.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – modified for nature of ISA for LCE but significant aspects addressed. Disclosures covered broadly in para 7.4.12. Do the changes result in requirements that still achieve reasonable assurance? Yes – significant aspects in context of an audit of an LCE still addressed
Requirements	ISA 540 (Revised) Paragraph 30	-	In obtaining audit evidence regarding the risks of material misstatement relating to	-	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Responses to the Assessed Risks of Material Misstatement <i>Other Considerations Relating to Audit Evidence</i>		<p>accounting estimates, irrespective of the sources of information to be used as audit evidence, the auditor shall comply with the relevant requirements in ISA 500.</p> <p>When using the work of a management's expert, the requirements in paragraphs 21–29 of this ISA may assist the auditor in evaluating the appropriateness of the expert's work as audit evidence for a relevant assertion in accordance with paragraph 8(c) of ISA 500. In evaluating the work of the management's expert, the nature, timing and extent of the further audit procedures are affected by the auditor's evaluation of the expert's competence, capabilities and objectivity, the auditor's understanding of the nature of the work performed by the expert, and the auditor's familiarity with the expert's field of expertise.</p>		<p>Yes – but not specifically covered in the ISA for LCE due to the nature of the ISA for LCE standard. However:</p> <ul style="list-style-type: none"> ISA 500 broad requirements addressed in Part 5 (see paragraph 5.2.8.). <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 540 (Revised) Paragraph 31 Disclosures Related to Accounting Estimates	Paragraph 7.4.12. Specific Focus Areas Accounting Estimates	The auditor shall design and perform further audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement at the assertion level for disclosures related to an accounting estimate, other than those related to estimation uncertainty addressed in paragraphs 26(b) and 29(b).	The auditor shall design and perform further audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement at the assertion level for disclosures related to an accounting estimate.	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes Should / could the requirement be simplified for the circumstances of an LCE? Yes – this requirement addresses disclosures more broadly (i.e., does not distinguish estimation uncertainty). No other significant aspects changed. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement retained.
Requirements	ISA 540 (Revised) Paragraph 32 Indicators of Possible Management Bias	-	The auditor shall evaluate whether judgments and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, are indicators of possible management bias. When indicators of possible management bias are identified, the auditor shall	-	<ol style="list-style-type: none"> Is the requirement relevant in the circumstances of an audit of an LCE? Yes – but is covered more broadly by paragraphs 1.5.6. – 1.5.8. which incorporates the concepts in this requirement relating to professional skepticism. In order to keep the standard succinct and taking into

Section	Reference & Heading		Text		Comparison
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			evaluate the implications for the audit. Where there is intention to mislead, management bias is fraudulent in nature.		<p>account what would be incorporated in basic accounting estimates the Task Force is of the view that this requirement would be adequately addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 540 (Revised) Paragraph 33</p> <p>Overall Evaluation Based on Audit Procedures Performed</p>	<p>Paragraph 8.2.2.(a)</p> <p>Concluding</p> <p>The Auditor's Evaluations and Other Activities to Support the Conclusion</p>	<p>In applying ISA 330 to accounting estimates, the auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether:</p> <p>(a) The assessments of the risks of material misstatement at the assertion level remain appropriate, including when indicators of possible management bias have been identified;</p> <p>(b) Management's decisions relating to the recognition,</p>	<p>The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether:</p> <p>(a) In respect of accounting estimates:</p> <p>(i) The assessments of the risks of material misstatement at the assertion level remain appropriate, including when indicators of possible <u>management</u></p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – no modifications to the requirement but combined with paragraph 36(a) below</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>measurement, presentation and disclosure of these accounting estimates in the financial statements are in accordance with the applicable financial reporting framework; and</p> <p>(c) Sufficient appropriate audit evidence has been obtained.</p>	<p>bias have been identified;</p> <p>(ii) Management's decisions relating to the recognition, measurement, presentation and disclosure of accounting estimates in the <u>financial statements</u> are reasonable in the context of the <u>applicable financial reporting framework</u> (including for a fair presentation framework, whether disclosures beyond those that are required but are necessary to achieve fair presentation of the financial statements as a whole have been provided); and</p> <p>(iii) Sufficient appropriate audit evidence has been obtained.</p> <p>...</p>	Yes – no changes to the requirement

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 540 (Revised) Paragraph 34 Overall Evaluation Based on Audit Procedures Performed	-	In making the evaluation required by paragraph 33(c), the auditor shall take into account all relevant audit evidence obtained, whether corroborative or contradictory. If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall evaluate the implications for the audit or the auditor's opinion on the financial statements in accordance with ISA 705 (Revised).	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes – not specifically added in ISA for LCE because there are already broad requirements to address sufficient appropriate audit evidence and the effect on the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 540 (Revised) Paragraph 35 Overall Evaluation Based on Audit Procedures Performed <i>Determining Whether the</i>	Paragraph 8.2.2(a). Concluding The Auditor's Evaluations and Other Activities to Support the Conclusion	The auditor shall determine whether the accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated. ISA 450 provides guidance on how the auditor may distinguish misstatements (whether factual, judgmental, or projected) for the	The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: (a) In respect of accounting estimates: (i) The assessments of the risks of material misstatement at the assertion level remain	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – disclosure requirement is included but is broader. Due to</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Accounting Estimates are Reasonable or Misstated</i>		auditor's evaluation of the effect of uncorrected misstatements on the financial statements.	<p>appropriate, including when indicators of possible management bias have been identified;</p> <p>(ii) Management's decisions relating to the recognition, measurement, presentation and disclosure of these accounting estimates in the financial statements are reasonable in the context of the applicable financial reporting framework (including, for a fair presentation framework, disclosures beyond those that are required but are necessary to achieve fair presentation of the financial statements as a whole have been provided);</p> <p>(iii) Sufficient appropriate audit evidence has been obtained.</p>	<p>the nature of basic accounting estimates and the expected related disclosures in an LCE, it is expected that this will be sufficient.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – there is still a requirement to consider disclosures relating to accounting estimates</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				...	
Requirements	<p>ISA 540 (Revised) Paragraph 36</p> <p>Overall Evaluation Based on Audit Procedures Performed</p> <p><i>Determining Whether the Accounting Estimates are Reasonable or Misstated</i></p>	<p>Paragraph 8.2.2.</p> <p>Concluding</p> <p>The Auditor's Evaluations and Other Activities to Support the Conclusion</p>	<p>In relation to accounting estimates, the auditor shall evaluate:</p> <p>(a) In the case of a fair presentation framework, whether management has included disclosures, beyond those specifically required by the framework, that are necessary to achieve the fair presentation of the financial statements as a whole; or</p> <p>(b) In the case of a compliance framework, whether the disclosures are those that are necessary for the financial statements not to be misleading.</p>	<p>The auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether:</p> <p>(a) In respect of accounting estimates:</p> <p>(i) The assessments of the risks of material misstatement at the assertion level remain appropriate, including when indicators of possible management bias have been identified;</p> <p>(ii) Management's decisions relating to the recognition, measurement, presentation and disclosure of these accounting estimates in the financial statements</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes (note compliance frameworks not addressed in the ISA for LCE)</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes –combined with paragraph 33 above (re fair presentation framework)</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – broad requirement regarding fair presentation framework has been addressed</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>are reasonable in the context of the applicable financial reporting framework (including, for a fair presentation framework, disclosures beyond those that are required but are necessary to achieve fair presentation of the financial statements as a whole have been provided);</p> <p>(iii) Sufficient appropriate audit evidence has been obtained.</p> <p>...</p>	
Requirements	<p>ISA 540 (Revised) Paragraph 37</p> <p>Written Representations</p>	<p>Paragraph 8.6.1.(k)</p> <p>Concluding</p> <p>Written Representations</p>	<p>The auditor shall request written representations from management and, when appropriate, those charged with governance about whether the methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework. The</p>	<p>The auditor shall request written representations from management having appropriate knowledge of the matters concerned and responsibilities for the financial statements, and where applicable those charged with governance:</p> <p>...</p> <p>(k) With regard to accounting estimates, whether the methods, significant</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – based on the nature of basic accounting estimates modifications have been made as appropriate</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			auditor shall also consider the need to obtain representations about specific accounting estimates, including in relation to the methods, assumptions, or data used.	assumptions and data used in making the accounting estimates and disclosures are appropriate to achieve recognition, measurement or disclosure is in accordance with the applicable financial reporting framework.	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – broad aspects of basic accounting estimates expected to be found in an LCE audit have been covered.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 38</p> <p>Communication with Those Charged With Governance, Management, or Other Relevant Parties</p>	<p>Paragraph 7.5.3.</p> <p>Specific Communication Requirements</p>	In applying ISA 260 (Revised) and ISA 265, the auditor is required to communicate with those charged with governance or management about certain matters, including significant qualitative aspects of the entity's accounting practices and significant deficiencies in internal control, respectively. In doing so, the auditor shall consider the matters, if any, to communicate regarding accounting estimates and take into account whether the reasons given to the risks of material misstatement relate to estimation uncertainty, or the effects of complexity, subjectivity or other inherent risk factors in making accounting estimates and related disclosures. In addition, in	In communicating with management and those charged with governance, the auditor shall consider the matters, if any, to communicate regarding accounting estimates and take into account whether the reasons given to the risks of material misstatement relate to estimation uncertainty, or the effects of complexity, subjectivity or other inherent risk factors in making accounting estimates and related disclosures.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – based on the nature of basic accounting estimates modifications have been made as appropriate</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – broad aspects of basic accounting estimates expected to be found in an LCE have been covered.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			certain circumstances, the auditor is required by law or regulation to communicate about certain matters with other relevant parties, such as regulators or prudential supervisors.		
Requirements	ISA 540 (Revised) Paragraph 39 Documentation	Paragraph 6.7.1.(f) Specific Documentation Requirements	<p>The auditor shall include in the audit documentation:</p> <p>(a) Key elements of the auditor's understanding of the entity and its environment, including the entity's internal control related to the entity's accounting estimates;</p> <p>(b) The linkage of the auditor's further audit procedures with the assessed risks of material misstatement at the assertion level, taking into account the reasons (whether related to inherent risk or control risk) given to the assessment of those risks;</p> <p>(c) The auditor's response(s) when management has not taken appropriate steps to understand and address estimation uncertainty;</p> <p>(d) Indicators of possible management bias related to</p>	<p>For accounting estimates, key elements of the auditor's understanding of the accounting estimates, including controls as appropriate, the linkage of the assessed risks of material misstatements to the auditor's further procedures, and any indicators of management bias and how those were addressed;</p> <p>and</p> <p>...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – based on the nature of basic accounting estimates modifications have been made as appropriate. Paragraph 6.7.1. also addresses the other aspects of the auditor's understanding required to be documented more broadly.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – broad documentation aspects of basic accounting estimates expected to be found</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			accounting estimates, if any, and the auditor's evaluation of the implications for the audit, as required by paragraph 32; and (e) Significant judgments relating to the auditor's determination of whether the accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated.		in an LCE audit have been covered.
ISA 550, Related Parties					
Objectives	ISA 550 Paragraph 9	-	The objectives of the auditor are: (a) Irrespective of whether the applicable financial reporting framework establishes related party requirements, to obtain an understanding of related party relationships and transactions sufficient to be able: (i) To recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 550, <i>Related Parties</i> , is primarily addressed in Part 6, <i>Risk Identification and Assessment</i> , 7, <i>Responding to Assessed Risks of Material Misstatements</i> , and 9, <i>Forming and Opinion and Reporting</i> , of the ISA for LCE. The objective in paragraph 6.1.1(a), paragraph 7.1.1.and paragraph 9.1.1(a) do not address ISA 550 specifically as they cover multiple standards in each of those Parts

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>assessment of the risks of material misstatement due to fraud; and</p> <p>(ii) To conclude, based on the audit evidence obtained, whether the financial statements, insofar as they are affected by those relationships and transactions:</p> <p>a. Achieve fair presentation (for fair presentation frameworks); or</p> <p>b. Are not misleading (for compliance frameworks); and</p> <p>(b) In addition, where the applicable financial reporting framework establishes related party requirements, to obtain sufficient appropriate audit evidence about whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements in</p>		<p>and the objectives are presented more broadly.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			accordance with the framework.		
Requirements	ISA 550 Paragraph 11 Risk Assessment Procedures and Related Activities	Paragraph 3.6.1. Audit Evidence Remaining Alert for Related Party Information	As part of the risk assessment procedures and related activities that ISA 315 (Revised) and ISA 240 require the auditor to perform during the audit, the auditor shall perform the audit procedures and related activities set out in paragraphs 12–17 to obtain information relevant to identifying the risks of material misstatement associated with related party relationships and transactions.	During the audit, the auditor shall remain alert, when inspecting records or documents, for: (a) The entity's related parties, including circumstances relating to the existence of a related party with dominant influence; and (b) Arrangements or other information that may indicate the existence of related party relationships or transactions that <u>management</u> has not previously identified or disclosed to the auditor, and significant transactions outside the entity's normal course of business.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Requirement addressed in Part 3 which covers the ISA for LCE standard more broadly. Although not specific to the ISA requirement paragraph 3.6.1. covers the required actions of the auditor.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes – the auditor's actions are broadly covered</p>
Requirements	ISA 550 Paragraph 12 <i>Understanding the Entity's Related Party</i>	Paragraph 5.2.6.(b). Risk Identification and Assessment Planning Activities	The engagement team discussion that ISA 315 (Revised) and ISA 240 require shall include specific consideration of the susceptibility of the financial statements to material misstatement due to fraud	The engagement partner and other key engagement team members shall: ... (b) Discuss fraud to identify possible areas where risks of	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Relationships and Transactions</i>	<i>Engagement Team Discussion</i>	or error that could result from the entity's related party relationships and transactions.	material misstatement could arise. In doing so, the engagement team discussion shall place particular emphasis on how and where the entity's financial statements may be susceptible to material misstatement due to fraud, including how fraud may occur, as well as how fraud or error could arise from related party relationships or transactions.	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate to the nature of the ISA for LCE standard. However all aspects of the auditor action are retained. Engagement Team discussion requirements from ISA 315, ISA 240 and ISA 550 are combined into one paragraph.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, similar outcome is expected.</p>
Requirements	<p>ISA 550 Paragraph 13 <i>Understanding the Entity's Related Party Relationships and Transactions</i></p>	<p>Paragraph 6.6.1. (e) Risk Identification and Assessment Specific Documentation Requirements</p>	<p>The auditor shall inquire of management regarding:</p> <p>(a) The identity of the entity's related parties, including changes from the prior period;</p> <p>(b) The nature of the relationships between the entity and these related parties; and</p> <p>(c) Whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions.</p>	<p>...the auditor shall make inquiries of management including:</p> <p>...</p> <p>(e) The identity of the entity's related parties, including changes from the prior period; the nature of the relationships between the entity and these related parties; and whether the entity entered into any transactions with these related parties during the period and, if so, the type</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slightly modified for a bullet list but all significant aspects have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				and purpose of the transactions; (f) ...	
Requirements	ISA 550 Paragraph 14 <i>Understanding the Entity's Related Party Relationships and Transactions</i>	Paragraph 6.3.13. (f) Risk Identification and Assessment <i>Understanding the Entity's System of Internal Control</i>	The auditor shall inquire of management and others within the entity, and perform other risk assessment procedures considered appropriate, to obtain an understanding of the controls, if any, that management has established to: (a) Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework; (b) Authorize and approve significant transactions and arrangements with related parties; and (c) Authorize and approve significant transactions and arrangements outside the normal course of business.	The auditor shall obtain an understanding of controls that address risks of material misstatement at the assertion level as follows: ... (f) Controls, if any, established in relation to related party relationships to identify, account for, and disclose in accordance with the applicable financial reporting framework, authorize and approve significant transactions and relationships, and authorize and approve significant transactions and arrangements outside the normal course of business.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to a bullet list and to the ISA for LCE standard. However, all aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 550 Paragraph 15 <i>Maintaining Alertness for Related Party Information When Reviewing Records or Documents</i></p>	<p>Paragraph 3.6.1 Audit Evidence Remaining Alert for Related Party Information</p>	<p>During the audit, the auditor shall remain alert, when inspecting records or documents, for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor.</p> <p>In particular, the auditor shall inspect the following for indications of the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor:</p> <p>(a) Bank and legal confirmations obtained as part of the auditor's procedures;</p> <p>(b) Minutes of meetings of shareholders and of those charged with governance; and</p> <p>(c) Such other records or documents as the auditor considers necessary in the circumstances of the entity.</p>	<p>During the audit, the auditor shall remain alert, when inspecting records or documents, for:</p> <p>(a) The entity's related parties, including circumstances relating to the existence of a related party with dominant influence; and</p> <p>(b) Arrangements or other information that may indicate the existence of related party relationships or transactions that <u>management</u> has not previously identified or disclosed to the auditor, and significant transactions outside the entity's normal course of business.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to a bullet list and to the ISA for LCE standard. However, all aspects of the auditor action have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, all aspects of the auditor's actions have been retained</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 550 Paragraph 16 <i>Maintaining Alertness for Related Party Information When Reviewing Records or Documents</i>	-	If the auditor identifies significant transactions outside the entity's normal course of business when performing the audit procedures required by paragraph 15 or through other audit procedures, the auditor shall inquire of management about: (a) The nature of these transactions; and (b) Whether related parties could be involved.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has not been addressed in the ISA for LCE – in making the ISA appropriate to audits of LCE's this requirement has not been included because it is broadly covered by paragraph 7.4.8.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 550 Paragraph 17 <i>Sharing Related Party Information with the Engagement Team</i>	Paragraph 7.4.8. Responding to Assessed Risks <i>Specific Focus Areas</i> Related Parties	The auditor shall share relevant information obtained about the entity's related parties with the other members of the engagement team.	For identified arrangements or information that suggests the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor, the auditor shall: ... (b) Promptly communicate the relevant information to the	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to a bullet list and to the ISA for LCE standard. However, all aspects of the auditor action have been retained.</p>

Section	Reference & Heading		Text		Comparison
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				other members of the engagement team; ...	3. Do the changes result in requirements that still achieve reasonable assurance? Yes, broad aspects of the auditor's actions have been retained
Requirements	ISA 550 Paragraph 18 Identification and Assessment of the Risks of Material Misstatement Associated with Related Party Relationships and Transactions	Paragraph 6.5.4.(b) Identifying and Assessing the Risks of Material Misstatement <i>Risk Assessment</i> Significant Risks	In meeting the ISA 315 (Revised) requirement to identify and assess the risks of material misstatement, the auditor shall identify and assess the risks of material misstatement associated with related party relationships and transactions and determine whether any of those risks are significant risks. In making this determination, the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks.	In exercising judgment as to which assessed risks are significant risks, the auditor shall consider at least the following: ... (b) Whether the risk involves significant transactions with related parties. ...	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to a bullet list and to the ISA for LCE standard. The broad requirement to consider whether a risk related to a related party is a significant risk is retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, Broad requirement has been addressed
Requirements	ISA 550 Paragraph 19	Paragraph 3.6.1 Audit Evidence	If the auditor identifies fraud risk factors (including circumstances relating to the existence of a related party with dominant	During the audit, the auditor shall remain alert, when inspecting records or documents, for:	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Identification and Assessment of the Risks of Material Misstatement Associated with Related Party Relationships and Transactions	Remaining Alert for Related Party Information	influence) when performing the risk assessment procedures and related activities in connection with related parties, the auditor shall consider such information when identifying and assessing the risks of material misstatement due to fraud in accordance with ISA 240.	<p>(a) The entity's related parties, including circumstances relating to the existence of a related party with dominant influence; and</p> <p>(b) Arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor, and significant transactions outside the entity's normal course of business.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to make appropriate to a bullet list and to the ISA for LCE standard</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, broad requirement to consider information relating to related parties when identifying risks of material misstatement has been retained.</p>
Requirements	ISA 550 Paragraph 20 Responses to the Risks of Material Misstatement Associated with Related Party Relationships and Transactions	Paragraph 7.4.7. The Auditor's Response to Assessed Risks Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Related Parties</i>	As part of the ISA 330 requirement that the auditor respond to assessed risks, the auditor designs and performs further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions. These audit procedures shall include those required by paragraphs 21–24.	The auditor designs and performs further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make appropriate to the nature of the ISA for LCE standard. However, significant aspects of the auditor action are retained. Reference to paragraphs 21-24 of ISA 550 has been removed.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, significant aspects of the auditor requirement have been retained.</p>
Requirements	<p>ISA 550</p> <p>Paragraph 21</p> <p><i>Identification of Previously Unidentified or Undisclosed Related Parties or Significant Related Party Transactions</i></p>	<p>Paragraph 7.4.8.</p> <p>The Auditor's Response to Assessed Risks</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>If the auditor identifies arrangements or information that suggests the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor, the auditor shall determine whether the underlying circumstances confirm the existence of those relationships or transactions.</p>	<p>For identified arrangements or information that suggests the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor, the auditor shall:</p> <p>(a) Determine whether the underlying circumstances confirm the existence of those relationships or transactions;</p> <p>(b) ...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Slight modification to make appropriate to a bullet list and to the ISA for LCE standard. However, all aspects of the auditor action have been retained. Paragraph 7.4.8 of the ISA for LCE has combined paragraphs 21-22 of ISA 550.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, significant aspects of the requirement have been retained</p>
Requirements	<p>ISA 550</p> <p>Paragraph 22</p>	<p>Paragraph 7.4.8.</p>	<p>If the auditor identifies related parties or significant related party transactions that management has</p>	<p>For identified arrangements or information that suggests the existence of related party</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p>


Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Identification of Previously Unidentified or Undisclosed Related Parties or Significant Related Party Transactions</i>	The Auditor's Response to Assessed Risks <i>Specific Focus Areas</i> Related Parties	not previously identified or disclosed to the auditor, the auditor shall: (a) Promptly communicate the relevant information to the other members of the engagement team; (b) Where the applicable financial reporting framework establishes related party requirements: (i) Request management to identify all transactions with the newly identified related parties for the auditor's further evaluation; and (ii) Inquire as to why the entity's controls over related party relationships and transactions failed to enable the identification or disclosure of the related party relationships or transactions; (c) Perform appropriate substantive audit procedures	relationships or transactions that management has not previously identified or disclosed to the auditor, the auditor shall: ... (b) Promptly communicate the relevant information to the other members of the <u>engagement team</u> ; (c) Where the <u>applicable financial reporting framework</u> establishes related party requirements: (i). Request management to identify all transactions with the newly identified related parties for the auditor's further evaluation; (ii). Inquire as to why the entity's controls over related party relationships and transactions failed to enable the identification or disclosure of the related party relationships or transactions;	Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modifications to make appropriate to a bullet list and to the ISA for LCE standard. However, all aspects of the auditor action have been retained. Paragraph 7.4.8 of the ISA for LCE has combined paragraphs 21-22 of ISA 550. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, significant aspects of the requirement have been retained

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			<p>relating to such newly identified related parties or significant related party transactions;</p> <p>(d) Reconsider the risk that other related parties or significant related party transactions may exist that management has not previously identified or disclosed to the auditor, and perform additional audit procedures as necessary; and</p> <p>(e) If the non-disclosure by management appears intentional (and therefore indicative of a risk of material misstatement due to fraud), evaluate the implications for the audit.</p>	<p>(d) Perform appropriate substantive audit procedures relating to such newly identified related parties or significant related party transactions;</p> <p>(e) Reconsider the risk that other related parties or significant related party transactions may exist that management has not previously identified or disclosed to the auditor, and perform additional audit procedures as necessary; and</p> <p>(f) If the non-disclosure by management appears intentional (and therefore indicative of a risk of material misstatement due to fraud), evaluate the implications for the audit.</p>	
Requirements	ISA 550 Paragraph 23 <i>Identified Significant Related Party Transactions outside the Entity's Normal</i>	Paragraph 7.4.9. The Auditor's Response to Assessed Risks <i>Specific Focus Areas</i> Related Parties	For identified significant related party transactions outside the entity's normal course of business, the auditor shall: <p>(a) Inspect the underlying contracts or agreements, if any, and evaluate whether:</p>	For significant related party transactions outside of the entity's normal course of business the auditor shall inspect the underlying contracts or agreements, if any, and evaluate whether: <p>(a) The business rationale (or lack thereof) of the transactions</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to simplify the language in the requirement to</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Course of Business</i>		<p>(i) The business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets;</p> <p>(ii) The terms of the transactions are consistent with management's explanations; and</p> <p>(iii) The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and</p> <p>(b) Obtain audit evidence that the transactions have been appropriately authorized and approved.</p>	<p>suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets;</p> <p>(b) The terms of transactions are consistent with management's explanations; and</p> <p>(c) The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework.</p>	<p>improve its readability. All aspects of the auditor action are retained. Paragraph 23(b) of ISA 550 has been omitted.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, broadly the same outcomes are expected</p>
Requirements	ISA 550 Paragraph 24	Paragraph 7.4.10.	If management has made an assertion in the financial statements to the effect that a related party transaction was	If management has made an assertion in the financial statements to the effect that a related party transaction was	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Assertions That Related Party Transactions Were Conducted on Terms Equivalent to Those Prevailing in an Arm's Length Transaction</i>	The Auditor's Response to Assessed Risks <i>Specific Focus Areas</i> Related Parties	conducted on terms equivalent to those prevailing in an arm's length transaction, the auditor shall obtain sufficient appropriate audit evidence about the assertion.	conducted on terms equivalent to those prevailing in an arm's length transaction, the auditor shall obtain sufficient appropriate audit evidence about the <u>assertion</u> .	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
<p>Requirements</p> 	<p>ISA 550 Paragraph 25</p> <p>Evaluation of the Accounting for and Disclosure of Identified Related Party Relationships and Transactions</p>	<p>Paragraph 9.2.3. and 9.2.4</p> <p>Forming an Opinion and Reporting</p> <p>Forming an Opinion on the Financial Statements</p>	<p>In forming an opinion on the financial statements in accordance with ISA 700 (Revised), the auditor shall evaluate:</p> <p>(a) Whether the identified related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and</p> <p>(b) Whether the effects of the related party relationships and transactions:</p> <p>(i) Prevent the financial statements from achieving fair presentation (for fair</p>	<p>9.2.3 In order to conclude, the auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the <u>applicable financial reporting framework</u>. This evaluation shall include consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in <u>management's</u> judgments.</p> <p>9.2.4 In performing the evaluation in paragraph 9.2.3 above, the auditor shall evaluate, in view of the applicable financial reporting framework:</p> <p>...</p> <p>(c) ...;</p> <p>(d) Whether the identified related party relationships and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modification to make appropriate to the ISA for LCE standard.. All broad aspects of the auditor action have been retained or are covered broadly.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the requirements of the ISA have been broadly addressed with sufficient focus on the impact of related party disclosures included.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>presentation frameworks); or</p> <p>(ii) Cause the financial statements to be misleading (for compliance frameworks).</p>	<p>transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework;</p> <p>...</p>	
Requirements	<p>ISA 550</p> <p>Paragraph 26</p> <p>Written Representations</p>	<p>Paragraph 8.6.1.(g) & (h)</p> <p>Concluding</p> <p>Written Representation</p>	<p>Where the applicable financial reporting framework establishes related party requirements, the auditor shall obtain written representations from management and, where appropriate, those charged with governance that:</p> <p>(a) They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and</p> <p>(b) They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.</p>	<p>The auditor shall request written representations from management having appropriate knowledge of the matters concerned and responsibility for the financial statements, and where applicable those charged with governance:</p> <p>...</p> <p>(g) It has disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which it is aware.</p> <p>(h) It has appropriately accounted for and disclosed related party relationships and transactions in accordance with the</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – very minor modifications to include in a bullet list, but all significant aspects retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the requirement have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				requirements of the financial reporting framework.	
Requirements	ISA 550 Paragraph 27 Communication with Those Charged with Governance	Paragraph 8.8.3. Concluding Specific Communication Requirements	Unless all of those charged with governance are involved in managing the entity, the auditor shall communicate with those charged with governance significant matters arising during the audit in connection with the entity's related parties.	The auditor shall communicate significant matters arising during the audit in connection with the entity's related parties and any other matters discussed with management (as relevant).	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the ISA for LCE standard. All aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.</p>
Requirements	ISA 550 Paragraph 28 Documentation	Paragraph 6.7.1..(b) Risk Identification and Assessment Specific Documentation Requirements	The auditor shall include in the audit documentation the names of the identified related parties and the nature of the related party relationships.	In addition to the general documentation requirements (paragraphs 3.8.1 – 3.8.4.) for an audit engagement, the auditor shall include the following in the audit documentation: (b) The names of the identified related parties (including changes from prior period),	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Yes. Slight modification to make it appropriate to the ISA for LCE standard. All aspects of the auditor action have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				the nature of the related party relationships, and whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions; 	3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.
ISA 560, Subsequent Events					
Objectives	ISA 560 Paragraph 4	-	The objectives of the auditor are: (a) To obtain sufficient appropriate audit evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework; and (b) To respond appropriately to facts that become known to the auditor after the date of the auditor's report, that, had	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 560, <i>Subsequent Events</i> , is addressed in Part 8, <i>Concluding</i> , of the ISA for LCE. The specific objectives of ISA 560 are not addressed in the overall objectives of Part 8 of the ISA for LCE because the objective is broad to cover a number of standards within that Part.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			they been known to the auditor at that date, may have caused the auditor to amend the auditor's report.		
Requirements	ISA 560 Paragraph 6 Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report	Paragraph 8.5.1. Concluding Subsequent Events	The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified. The auditor is not, however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions.	The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements have been identified.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement in the ISA for LCE focuses on the "what" is required and retains the action required by the auditor. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the action by the auditor has been retained.
Requirements	ISA 560 Paragraph 7 Events Occurring between the Date of the Financial Statements and	Paragraph 8.5.2. Concluding Subsequent Events	The auditor shall perform the procedures required by paragraph 6 so that they cover the period from the date of the financial statements to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the	The auditor shall perform procedures to cover the period from the date of the financial statements to the date of the auditor's report, or as near as practicable thereto, including: (a) Obtaining an understanding of any procedures management has	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the ISA for LCE. Paragraph 7(d) of ISA 560 has not

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	the Date of the Auditor's Report		<p>nature and extent of such audit procedures, which shall include the following:</p> <p>(a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.</p> <p>(b) Inquiring of management and, where appropriate, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements.</p> <p>(c) Reading minutes, if any, of the meetings of the entity's owners, management and those charged with governance that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available.</p> <p>(d) Reading the entity's latest subsequent interim financial statements, if any.</p>	<p>established to ensure that subsequent events are identified.</p> <p>(b) Inquire of management, and where appropriate, those charged with governance, as to whether any subsequent events have occurred that may affect the financial statements.</p> <p>(c) Reading minutes of meetings held after the balance sheet date.</p>	<p>been addressed in the ISA for LCE as it is unlikely that an LCE will issue interim financial statements. All aspects that are likely in an audit of an have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects that are likely in an audit of an LCE have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 560 Paragraph 8 Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report	Paragraph 8.5.3. Concluding Subsequent Events	If, as a result of the procedures performed as required by paragraphs 6 and 7, the auditor identifies events that require adjustment of, or disclosure in, the financial statements, the auditor shall determine whether each such event is appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.	If the auditor has identified events that require adjustment in terms of the entity's applicable financial reporting framework, the auditor shall determine whether each such event is appropriately reflected in the financial statements.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the ISA for LCE standard. All aspects of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.</p>
Requirements	ISA 560 Paragraph 9 <i>Written Representations</i>	Paragraph 8.6.1.(l) Written Representations	The auditor shall request management and, where appropriate, those charged with governance, to provide a written representation in accordance with ISA 580 that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.	<p>The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and where applicable those charged with governance:</p> <p>...</p> <p>(l) That all events occurring subsequent to date of the financial statements and for which the applicable</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the ISA for LCE standard and a bullet list. All aspects of the auditor action have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.	3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.
Requirements	ISA 560 Paragraph 10 Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued	Paragraph 8.5.4. Concluding Subsequent Events	The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, if, after the date of the auditor's report but before the date the financial statements are issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall: <ul style="list-style-type: none"> (a) Discuss the matter with management and, where appropriate, those charged with governance; (b) Determine whether the financial statements need amendment and, if so, (c) Inquire how management intends to address the matter in the financial statements. 	The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report or after the financial statements have been issued. However, if the auditor becomes aware of facts or events that may have an effect on the auditor's report: <ul style="list-style-type: none"> (a) After the date of the auditor's report but before the financial statements are issued, or (b) After the financial statements have been issued, the auditor shall discuss the matter with management and those charged with governance, determine whether the financial statements need amendment and inquire how management intends to address the amendment needed.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the ISA for LCE standard and a bullet list. All aspects of the auditor action have been retained. Paragraph 8.5.4 combines paragraph 10 and 14 of ISA 560. Paragraph 8.5.4 addresses broadly if there is anything after the date of the financial statements or after the financial statements are issued and requires action if something is identified. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the requirement have been retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 560 Paragraph 11 Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued	-	If management amends the financial statements, the auditor shall: (a) Carry out the audit procedures necessary in the circumstances on the amendment. (b) Unless the circumstances in paragraph 12 apply: (i) Extend the audit procedures referred to in paragraphs 6 and 7 to the date of the new auditor's report; and (ii) Provide a new auditor's report on the amended financial statements. The new auditor's report shall not be dated earlier than the date of approval of the amended financial statements.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, this requirement is likely unusual and so has not been covered.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>
Requirements	ISA 560 Paragraph 12 Facts Which Become Known to the Auditor after the Date of	-	Where law, regulation or the financial reporting framework does not prohibit management from restricting the amendment of the financial statements to the effects of the subsequent event or events	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE – in making changes for the purpose</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	the Auditor's Report but before the Date the Financial Statements Are Issued		<p>causing that amendment and those responsible for approving the financial statements are not prohibited from restricting their approval to that amendment, the auditor is permitted to restrict the audit procedures on subsequent events required in paragraph 11(b)(i) to that amendment. In such cases, the auditor shall either:</p> <p>(a) Amend the auditor's report to include an additional date restricted to that amendment that thereby indicates that the auditor's procedures on subsequent events are restricted solely to the amendment of the financial statements described in the relevant note to the financial statements; or (Ref: Para. A13)</p> <p>(b) Provide a new or amended auditor's report that includes a statement in an Emphasis of Matter paragraph or Other Matter paragraph that conveys that the auditor's procedures on subsequent</p>		<p>of a succinct ISA for LCE, this requirement is likely less regular and so has not been covered.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			events are restricted solely to the amendment of the financial statements as described in the relevant note to the financial statements.		
Requirements	ISA 560 Paragraph 13 Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued	-	In some jurisdictions, management may not be required by law, regulation or the financial reporting framework to issue amended financial statements and, accordingly, the auditor need not provide an amended or new auditor's report. However, if management does not amend the financial statements in circumstances where the auditor believes they need to be amended, then: (a) If the auditor's report has not yet been provided to the entity, the auditor shall modify the opinion as required by ISA 705 (Revised) and then provide the auditor's report; or (b) If the auditor's report has already been provided to the entity, the auditor shall notify management and, unless all of those charged with	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, this requirement is likely not regular and so has not been covered.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			governance are involved in managing the entity, those charged with governance, not to issue the financial statements to third parties before the necessary amendments have been made. If the financial statements are nevertheless subsequently issued without the necessary amendments, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.		
Requirements	ISA 560 Paragraph 14 Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued	Paragraph 8.5.4. Concluding Subsequent Events	After the financial statements have been issued, the auditor has no obligation to perform any audit procedures regarding such financial statements. However, if, after the financial statements have been issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall:	The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, if the auditor becomes aware of facts or events that may have an effect on the auditor's report: (b) After the financial statements have been issued, the auditor shall discuss the matter with management and	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the ISA for LCE standard. All significant aspects of the auditor action have been retained. Paragraph 8.5.4 combines paragraph 10 and 14 of ISA 560.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(a) Discuss the matter with management and, where appropriate, those charged with governance; (b) Determine whether the financial statements need amendment; and, if so, (c) Inquire how management intends to address the matter in the financial statements.	those charged with governance where applicable, determine whether the financial statements need amendment and inquire how management intends to address the amendment needed.	3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the auditor action have been retained.
Requirements	ISA 560 Paragraph 15 Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued	-	If management amends the financial statements, the auditor shall: (a) Carry out the audit procedures necessary in the circumstances on the amendment. (b) Review the steps taken by management to ensure that anyone in receipt of the previously issued financial statements together with the auditor's report thereon is informed of the situation. (c) Unless the circumstances in paragraph 12 apply: (i) Extend the audit procedures referred to in	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? No. In the audit of a less complex entity, it is unlikely that amendments will be required to the financial statements after the financial statements have been issued, which would necessitate a new auditor's report being issued. 2. Should / could the requirement be simplified for the circumstances of an LCE? n/a 3. Do the changes result in the requirement that still achieve reasonable assurance? n/a

Proportionality of the ISAs to the ISA for LCE
IAASB Main Agenda (March 2021)

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>paragraphs 6 and 7 to the date of the new auditor's report, and date the new auditor's report no earlier than the date of approval of the amended financial statements; and</p> <p>(ii) Provide a new auditor's report on the amended financial statements.</p> <p>(d) When the circumstances in paragraph 12 apply, amend the auditor's report, or provide a new auditor's report as required by paragraph 12.</p>		
Requirements	<p>ISA 560</p> <p>Paragraph 16</p> <p>Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued</p>	-	<p>The auditor shall include in the new or amended auditor's report an Emphasis of Matter paragraph or Other Matter paragraph referring to a note to the financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements and to the earlier report provided by the auditor.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, this requirement is likely not regular and so has not been covered.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 560 Paragraph 17 Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued	-	If management does not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation and does not amend the financial statements in circumstances where the auditor believes they need to be amended, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity, those charged with governance, that the auditor will seek to prevent future reliance on the auditor's report. If, despite such notification, management or those charged with governance do not take these necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? This requirement has not been addressed in the ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, this requirement is likely not regular and so has not been covered. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA560 Paragraph 2	With Part 8.5 Concluding Subsequent Events	-	<p><i>Financial statements may be affected by certain events that occur after the date of the financial statements. Many financial reporting frameworks specifically refer to such events.⁶ Such financial reporting frameworks ordinarily identify two types of events:</i></p> <p>(a) <i>Those that provide evidence of conditions that existed at the date of the financial statements; and</i></p> <p>(b) <i>Those that provide evidence of conditions that arose after the date of the financial statements.</i></p>	Essential Explanatory Material
ISA 570 (Revised), Going Concern					
Objectives	ISA 570 (Revised) Paragraph 9	Paragraph 7.1.1 Responding to Assessed Risks of Material Misstatement Objectives	<p>The objectives of the auditor are:</p> <p>(a) To obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of</p>	<p>7.1.1 The objectives of the auditor are to:</p> <p>...</p> <p>(c) Obtain sufficient appropriate audit evidence regarding management's use of the going concern assumption and related disclosures; and</p>	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 570 (Revised), <i>Going Concern</i>, is primarily addressed in Part 7, <i>Responding to Assessed Risks of Material Misstatements</i>, 8, <i>Concluding</i>, and 9, <i>Forming</i></p>

⁶ For example, International Accounting Standard (IAS) 10, *Events After the Reporting Period*, deals with the treatment in financial statements of events, both favorable and unfavorable, that occur between the date of the financial statements (referred to as the "end of the reporting period" in the IAS) and the date when the financial statements are authorized for issue.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Paragraph 8.1.1</p> <p>Concluding</p>	<p>accounting in the preparation of the financial statements;</p> <p>(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and</p> <p>(c) To report in accordance with this ISA.</p>	<p>...</p> <p>8.1.1 The objectives of the auditor are to:</p> <p>(a) ...</p> <p>(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and...</p>	<p><i>and Opinion and Reporting</i>, of the ISA for LCE. The objective in paragraph 7.1.1(c) of the ISA for LCE addresses ISA 570 (Revised), paragraph 9(a) and the objective in paragraph 8.1.1(b) of the ISA for LCE addresses ISA 570 (Revised), paragraph 9(b). The objectives of these parts do not address ISA 570 (Revised), paragraph 9(c).</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>Yes – modified to fit into broader objectives but broad objectives have been retained . Reporting in terms of the ISA for LCE is addressed broadly in Part 9.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 570 (Revised)</p> <p>Paragraph 10</p> <p>Risk Assessment Procedures and Related Activities</p>	<p>Paragraphs 6.2.3.(d)</p> <p>Risk Identification and Assessment</p> <p>Procedures for Identifying and Assessing Risks and Related Activities</p>	<p>When performing risk assessment procedures as required by ISA 315 (Revised), the auditor shall consider whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. In so doing, the auditor</p>	<p>6.2.3. In performing procedures to identify and assess the risks of material misstatement, the auditor shall also focus on possible risks of material misstatement arising from:</p> <p>...</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modifications have been made to make appropriate for the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Paragraphs 6.6.1.(g)</p> <p>Risk Identification and Assessment</p> <p>Specific Inquiries of Management and Those Charged with Governance</p> <p>Paragraphs 5.2.12</p> <p>Planning</p> <p>Going Concern</p>	<p>shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and:</p> <p>(a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or</p> <p>(b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern basis of accounting, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the</p>	<p>(d) Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern</p> <p>6.6.1. In performing procedures to identify and assess the risks of material misstatement due to fraud or error, the auditor shall make inquiries of management regarding:</p> <p>...</p> <p>(g) Events or conditions that exist that individually, or collectively, may affect the ability of the entity to continue as a going concern</p> <p>5.2.12. The auditor shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and:</p> <p>(a) If such an assessment has been performed, discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast</p>	<p>nature of the ISA for LCE standard, but all significant aspects of the requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the significant aspects of the requirement have been retained.</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			entity's ability to continue as a going concern.	<p>significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or</p> <p>(b) If such an assessment has not yet been performed, discuss with management the basis for the intended use of the going concern basis of accounting, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.</p>	
Requirements	ISA 570 (Revised) Paragraph 11 Risk Assessment Procedures and Related Activities	Paragraph 5.2.13 Planning Going Concern	The auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.	The auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 570 (Revised) Paragraph 12 Evaluating Management's Assessment	Paragraph 7.4.1. Responding to Assessed ROMMs Specific Focus Areas <i>Going Concern</i>	The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern.	The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. In doing so, the auditor shall cover the same period as used by management. If that period is less than twelve months from the date of the financial statements, the auditor shall ask management to extend the period. If management is does not make or extend its assessment, the auditor shall consider the implications for the auditor's report (for example, a qualified opinion or disclaimer of opinion may be appropriate because the auditor is unable to obtain sufficient appropriate audit evidence).	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No modification to this ISA requirement. Paragraph 7.4.1 combines paragraphs 12, 13 and 24 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 570 (Revised) Paragraph 13 Evaluating Management's Assessment	Paragraph 6.4.2. Responding to Assessed ROMMs Specific Focus Areas <i>Going Concern</i>	In evaluating management's assessment of the entity's ability to continue as a going concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework, or by law or regulation if it specifies a longer	The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. In doing so, the auditor shall cover the same period as used by management. If that period is less than twelve months from the date of the financial statements, the auditor	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to aspects to make appropriate to ISA for LCE standard but the significant</p>

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			period. If management's assessment of the entity's ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined in ISA 560, the auditor shall request management to extend its assessment period to at least twelve months from that date.	shall ask management to extend the period. If management is does not make or extend its assessment, the auditor shall consider the implications for the auditor's report (for example, a qualified opinion or disclaimer of opinion may be appropriate because the auditor is unable to obtain sufficient appropriate audit evidence).	<p>aspects of this requirement have been retained.</p> <p>Paragraph 7.4.1 combines paragraphs 12, 13 and 24 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the significant aspects of the requirement has been retained.</p>
Requirements	<p>ISA 570 (Revised)</p> <p>Paragraph 14</p> <p>Evaluating Management's Assessment</p>	<p>Paragraph 7.4.2.</p> <p>Responding to Assessed ROMMs</p> <p>Specific Focus Areas</p> <p><i>Going Concern</i></p>	In evaluating management's assessment, the auditor shall consider whether management's assessment includes all relevant information of which the auditor is aware as a result of the audit.	In evaluating management's assessment, the auditor shall consider whether management's assessment includes all relevant information of which the auditor is aware.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – slight modifications or the nature of the ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all significant aspects of the requirement have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 570 (Revised) Paragraph 15 Period beyond Management's Assessment	Paragraph 7.4.3. Responding to Assessed ROMMs Specific Focus Areas <i>Going Concern</i>	The auditor shall inquire of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern.	The auditor shall inquire of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 570 (Revised) Paragraph 16 Additional Audit Procedures When Events or Conditions Are Identified	Paragraph 7.4.4. and 8.6.1.(m) Responding to Assessed ROMMs Specific Focus Areas <i>Going Concern</i>	If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereinafter referred to as "material uncertainty") through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include:	7.4.4 If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists through performing additional procedures, including consideration of mitigating factors (a "material uncertainty" relates to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern).	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate to the nature of the ISA for LCE standard – not all aspects of this requirement have been included but have been included so that the broad considerations around going concern have been addressed. 3. Do the changes result in requirements that still achieve reasonable assurance?

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			<p>(a) Where management has not yet performed an assessment of the entity's ability to continue as a going concern, requesting management to make its assessment.</p> <p>(b) Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances.</p> <p>(c) Where the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future actions:</p> <p>(i) Evaluating the reliability of the underlying data generated to prepare the forecast; and</p>	<p>8.6.1(m). The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and where applicable those charged with governance:</p> <p>...</p> <p>(m) With regard to going concern, if a material uncertainty exists, information about their plans for future actions and the feasibility of these plans; and</p> <p>(n) ...</p>	<p>Yes, the broad considerations around going concern have been include.</p>

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			<p>(ii) Determining whether there is adequate support for the assumptions underlying the forecast.</p> <p>(d) Considering whether any additional facts or information have become available since the date on which management made its assessment.</p> <p>(e) Requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future actions and the feasibility of these plans.</p>		
Requirements	ISA 570 (Revised) Paragraph 17 Auditor Conclusions	Paragraph 8.2.2(c). The Auditor's Evaluations and Other Activities to be Able to Conclude	The auditor shall evaluate whether sufficient appropriate audit evidence has been obtained regarding, and shall conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.	8.2.2 The auditor shall evaluate based on the audit procedures performed and the audit evidence obtained, whether: ... (c) With respect to the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications or the nature of the ISA for LCE standard. However, all significant aspects of the auditor action are retained.</p>

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				statements, sufficient audit evidence has been obtained.	3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the requirement have been retained.
Requirements	ISA 570 (Revised) Paragraph 18 Auditor Conclusions	Paragraph 8.2.7. The Auditor's Evaluations and Other Activities to be Able to Conclude	Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor's judgment, a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor's judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for: (a) In the case of a fair presentation financial reporting framework, the fair presentation of the financial statements, or	Based on the audit evidence obtained, the auditor shall conclude whether, in the auditor's <u>professional judgment</u> , a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to focus on the "what" – the explanation about what a material uncertainty is has been presented in EEM. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects of the required auditor actions has been retained.

Section	Reference & Heading		Text		Comparison
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			(b) In the case of a compliance framework, the financial statements not to be misleading.		
Requirements	ISA 570 (Revised) Paragraph 19 <i>Adequacy of Disclosures When Events or Conditions Have Been Identified and a Material Uncertainty Exists</i>	Paragraph 9.6.3. Forming an Opinion and Reporting Other Matter Paragraphs <i>Material Uncertainty Related to Going Concern</i>	If the auditor concludes that management's use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements: (a) Adequately disclose the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and (b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.	If the auditor concludes that management's use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether adequate disclosure about a material uncertainty related to going concern is made, including management's plans to deal with the events and conditions, in the financial statements. In such cases, the auditor shall express an unmodified opinion and the auditor's report shall include a separate section under the heading "Material Uncertainty Relating to Going Concern," to: (a) Draw attention to the note in the financial statements that discloses the matters related to the material uncertainty; and	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate for the nature of the ISA for LCE standard, but retaining the robust requirements for reporting material uncertainties. . Paragraph 9.6.3 combines paragraphs 19 and 22 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - all significant aspects of the required auditor actions has been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				(b) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not modified in respect of the matter.	
Requirements	ISA 570 (Revised) Paragraph 20 <i>Adequacy of Disclosures When Events or Conditions Have Been Identified but No Material Uncertainty Exists</i>	Paragraph 9.6.4. Forming an Opinion and Reporting Other Matter Paragraphs <i>Material Uncertainty Related to Going Concern</i>	If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern but, based on the audit evidence obtained the auditor concludes that no material uncertainty exists, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosures about these events or conditions.	If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern but, based on the audit evidence obtained the auditor concludes that no material uncertainty exists, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosures about these events or conditions.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 570 (Revised) Paragraph 21 Implications for the Auditor's Report	Paragraph 9.6.5. Forming an Opinion and Reporting Other Matter Paragraphs	If the financial statements have been prepared using the going concern basis of accounting but, in the auditor's judgment, management's use of the going concern basis of accounting in the	If the financial statements have been prepared using the going concern basis of accounting but, in the auditor's judgment, management's use of the going concern basis of accounting in the	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Use of Going Concern Basis of Accounting Is Inappropriate</i>	<i>Material Uncertainty Related to Going Concern</i>	preparation of the financial statements is inappropriate, the auditor shall express an adverse opinion.	preparation of the financial statements is inappropriate, the auditor shall express an adverse opinion.	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? n-</p>
Requirements	<p>ISA 570 (Revised) Paragraph 22 Implications for the Auditor's Report <i>Use of Going Concern Basis of Accounting Is Appropriate but a Material Uncertainty Exists</i></p>	<p>Paragraph 8.6.3. Forming an Opinion and Reporting Other Matter Paragraphs <i>Material Uncertainty Related to Going Concern</i></p>	<p>If adequate disclosure about the material uncertainty is made in the financial statements, the auditor shall express an unmodified opinion and the auditor's report shall include a separate section under the heading "Material Uncertainty Related to Going Concern" to:</p> <p>(a) Draw attention to the note in the financial statements that discloses the matters set out in paragraph 19; and</p> <p>(b) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not</p>	<p>If the auditor concludes that management's use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether adequate disclosure about a material uncertainty related to going concern is made, including management's plans to deal with the events and conditions, in the financial statements. In such cases, the auditor shall express an unmodified opinion and the auditor's report shall include a separate section under the heading "Material Uncertainty Relating to Going Concern," to:</p> <p>(a) Draw attention to the note in the financial statements that</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate for the nature of the ISA for LCE standard, but retaining the robust requirements for reporting material uncertainties. Paragraph 9.6.3 combines paragraphs 19 and 22 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - all significant aspects of the required auditor actions has been retained..</p>

Section	Reference & Heading		Text		Comparison
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			modified in respect of the matter.	discloses the matters related to the material uncertainty; and (b) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not modified in respect of the matter.	
Requirements	ISA 570 (Revised) Paragraph 23 Implications for the Auditor's Report <i>Use of Going Concern Basis of Accounting Is Appropriate but a Material Uncertainty Exists</i>	Paragraph 9.6.6. Forming an Opinion and Reporting Other Matter Paragraphs <i>Material Uncertainty Related to Going Concern</i>	If adequate disclosure about the material uncertainty is not made in the financial statements, the auditor shall: (a) Express a qualified opinion or adverse opinion, as appropriate, in accordance with ISA 705 (Revised) ; and (b) In the Basis for Qualified (Adverse) Opinion section of the auditor's report, state that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the financial	If adequate disclosures are not made about the material uncertainty, the auditor shall qualify the audit opinion or issue an adverse opinion.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate to the ISA for LCE standard. To keep the standard succinct matters that are likely to not be regular have not been included and therefore the detail about the content of the auditor's report has not been included.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
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			statements do not adequately disclose this matter.		Yes, the auditor's significant actions with regard to the audit opinion have been retained.
Requirements	ISA 570 (Revised) Paragraph 24 Implications for the Auditor's Report <i>Management Unwilling to Make or Extend Its Assessment</i>	Paragraph 7.4.1. Responding to Assessed ROMMs Specific Focus Areas <i>Going Concern</i>	If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall consider the implications for the auditor's report.	The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. In doing so, the auditor shall cover the same period as used by management. If that period is less than twelve months from the date of the financial statements, the auditor shall ask management to extend the period. If management does not make or extend its assessment, the auditor shall consider the implications for the auditor's report (for example, a qualified opinion or disclaimer of opinion may be appropriate because the auditor is unable to obtain sufficient appropriate audit evidence).	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate to the ISA for LCE standard. All significant aspects of the auditor action are retained. Paragraph 7.4.1 combines paragraphs 12, 13 and 24 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the auditor's significant actions have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 570 (Revised) Paragraph 25 Communication with Those Charged with Governance	Paragraph 8.8.5. Concluding Specific Communication Requirements	Unless all those charged with governance are involved in managing the entity, the auditor shall communicate with those charged with governance events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. Such communication with those charged with governance shall include the following: (a) Whether the events or conditions constitute a material uncertainty; (b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements; (c) The adequacy of related disclosures in the financial statements; and (d) Where applicable, the implications for the auditor's report.	The auditor shall communicate events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: (a) Whether the events or conditions constitute a material uncertainty; (b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements; (c) The adequacy of related disclosures in the financial statements; and (d) Where applicable, the implications for the auditor's report.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 570 (Revised) Paragraph 26 Significant Delay in the Approval of Financial Statements	-	If there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, the auditor shall inquire as to the reasons for the delay. If the auditor believes that the delay could be related to events or conditions relating to the going concern assessment, the auditor shall perform those additional audit procedures necessary, as described in paragraph 16, as well as consider the effect on the auditor's conclusion regarding the existence of a material uncertainty, as described in paragraph 18.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. Due to the likely timing of the audit after year end, this will likely be rare and therefore not included.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Application Material	ISA 570 (Revised) Paragraph 2	Below paragraph 5.2.12. Planning <i>Planning Activities</i> Going Concern		<i>Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose financial statements are prepared using the going concern basis of accounting, unless management</i>	Essential Explanatory Material

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				<i>either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. When the use of the going concern basis of accounting is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business</i>	
Requirement	ISA 570 (Revised) Paragraph 18	Below Paragraph 7.4.4 Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Going Concern</i>	-	<i>A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor's judgment, appropriate disclosure of the nature and implications of the uncertainty is necessary for the fair presentation of the financial statements.</i>	Essential Explanatory Material
Application Material	ISA 570 (Revised) Paragraph A6	Below 6.2.3 Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	-	<i>Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern of particular relevance to an LCE include the risk that banks and other lenders may cease to support the entity, as well as the possible loss of a principal supplier, major</i>	Essential Explanatory Material

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				<i>customer, key employee, or the right to operate under a license, franchise or other legal agreement.</i>	
Application Material	ISA 570 (Revised) Paragraph A12	With Part 7.4. (Going Concern) Responding to Assessed Risks Specific Focus Areas Going Concern		<i>In many cases, the management of less complex entities may not have prepared a detailed assessment of the entity's ability to continue as a going concern, but instead may rely on in-depth knowledge of the business and anticipated future prospects. Nevertheless, in accordance with the requirements of this standard, the auditor evaluates management's assessment of the entity's ability to continue as a going concern. For less complex entities, it may be appropriate to discuss the medium and long-term financing of the entity with management, provided that management's contentions can be corroborated by sufficient documentary evidence and are not inconsistent with the auditor's understanding of the entity</i>	Essential Explanatory Material

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Application Material	ISA 570 (Revised) Paragraphs A7 and A14	Below paragraph 7.4.1. Responding to Assessed Risks Specific Focus Areas <i>Going Concern</i>		<i>The auditor also remains alert to the possibility that there are known events, scheduled or otherwise, or conditions that will occur beyond the period of assessment used by management that may bring into question management's use of the going concern basis of accounting in preparing the financial statements. The further into the future the events or conditions are, the more significant the going concern issues need to be before the auditor takes further action. If events or conditions that may cast significant doubt on the entity's ability to continue as a going concern are identified after the auditor's risk assessments are made, the auditor's assessment of the risks of material misstatement may need to be revised</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 580, <i>Written Representations</i>					
Objectives	ISA 580 Paragraph 6	-	The objectives of the auditor are: (a) To obtain written representations from management and, where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor; (b) To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations if determined necessary by the auditor or required by other ISAs; and (c) To respond appropriately to written representations provided by management and, where appropriate, those charged with governance, or if management or, where	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 580, <i>Written Representations</i> , is addressed in Part 8, <i>Concluding</i> , in the ISA for LCE. The objectives of ISA 580 are not specifically addressed in the overall objectives of Part 8 of the ISA for LCE – the objective is presented more broadly and is intended to address all topics within that Part.

Section	Reference & Heading		Text		Comparison
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			appropriate, those charged with governance do not provide the written representations requested by the auditor.		
Requirements	ISA 580 Paragraph 9 Management from whom Written Representations Requested	Paragraph 8.6.1. Concluding Written Representation	The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.	The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements...: ...	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? No – no changes made to the requirement but combined with all of the requirements related to required representations to make more appropriate for the ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – this requirement fully addressed</p>
Requirements	ISA 580 Paragraph 10 Written Representations about Management's Responsibilities	Paragraph 8.6.1. Concluding Written Representation	The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including, where relevant, their fair	The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Preparation of the Financial Statements</i>		presentation, as set out in the terms of the audit engagement.	where applicable those charged with governance: ... (a) That it has fulfilled its responsibility for the preparation of the financial statement in accordance with the applicable financial reporting framework; ...	Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects retained
Requirements	ISA 580 Paragraph 11 Written Representations about Management's Responsibilities <i>Information Provided and Completeness of Transactions</i>	Paragraph 8.6.1. Concluding Written Representation	The auditor shall request management to provide a written representation that: (a) It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement; and (b) All transactions have been recorded and are reflected in the financial statements.	The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and where applicable those charged with governance: ... (b) That it has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement; ⁷ and	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No – no changes made to the requirement except to present in a longer bullet list. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes

⁷ The management representation shall be described in the same way as described in the terms of engagement.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				(c) That all transactions are recorded and are reflected in the financial statements. ...	
Requirements	ISA 580 Paragraph 12 Written Representations about Management's Responsibilities <i>Description of Management's Responsibilities in the Written Representations</i>	-	Management's responsibilities shall be described in the written representations required by paragraphs 10 and 11 in the manner in which these responsibilities are described in the terms of the audit engagement.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No – this has not been included in the ISA for LCE – in keeping the standard appropriate for the ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 580 Paragraph 13 Other Written Representations	Paragraph 8.6.1. Concluding Written Representation	Other ISAs require the auditor to request written representations. If, in addition to such required representations, the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the	The auditor shall request written representations from management, having appropriate knowledge of the matters concerned and responsibility for the financial statements, and	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			financial statements or one or more specific assertions in the financial statements, the auditor shall request such other written representations.	where applicable those charged with governance: ... (n) Other representations the auditor determines necessary to support other audit evidence in the financial statements.	Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the requirement have been retained.
Requirements	ISA 580 Paragraph 14 Date of and Period(s) Covered by Written Representations	Paragraph 8.6.7. Concluding Written Representation	The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial statements. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.	The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial statements	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. All significant aspects of the auditor action have been retained – the last sentence has been excluded because group audits are excluded from the ISA for LCE standard. . 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects have been retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 580 Paragraph 15 Form of Written Representations	Paragraphs 8.6.2. and 8.6.3. Concluding Written Representation	The written representations shall be in the form of a representation letter addressed to the auditor. If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required by paragraphs 10 or 11, the relevant matters covered by such statements need not be included in the representation letter.	8.6.2. The written representation shall be in the form of a representation letter addressed to the auditor. Appendix 5 sets out an example management representation letter. 8.6.3. If managements' responsibilities are clearly defined in law and regulation, the auditor may determine not to obtain written representation about those matters already addressed.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects have been retained
Requirements	ISA 580 Paragraph 16 <i>Doubt as to the Reliability of Written Representations</i>	Paragraph 8.6.5. Concluding Written Representation	If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor shall determine the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general.	If the auditor has concerns about the reliability of management's representations, or representations are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including the possible effect on the opinion in the auditor's report.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained. Paragraph 8.6.5 combines paragraphs 16-18 of ISA 580.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects have been retained.
Requirements	ISA 580 Paragraph 17 <i>Doubt as to the Reliability of Written Representations</i>	Paragraph 8.6.5. Concluding Written Representation	In particular, if written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general.	If the auditor has concerns about the reliability of management's representations, or representations are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including the possible effect on the opinion in the auditor's report.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained. Paragraph 8.6.5 combines paragraphs 16-18 of ISA 580. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects have been retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 580</p> <p>Paragraph 18</p> <p><i>Doubt as to the Reliability of Written Representations</i></p>	<p>Paragraph 8.6.5.</p> <p>Concluding</p> <p>Written Representation</p>	<p>If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with ISA 705 (Revised), having regard to the requirement in paragraph 20 of this ISA.</p>	<p>If the auditor has concerns about the reliability of management's representations, or representations are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including the possible effect on the opinion in the auditor's report.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained. Paragraph 8.6.5 combines paragraphs 16-18 of ISA 580.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects have been retained.</p>
Requirements	<p>ISA 580</p> <p>Paragraph 19</p> <p><i>Requested Written Representations Not Provided</i></p>	<p>Paragraph 8.6.6.</p> <p>Concluding</p> <p>Written Representation</p>	<p>If management does not provide one or more of the requested written representations, the auditor shall:</p> <p>(a) Discuss the matter with management;</p> <p>(b) Reevaluate the integrity of management and evaluate the effect that this may have on the reliability of representations (oral or</p>	<p>If management does not provide one or more of the requested written representations, the auditor shall:</p> <p>(a) Discuss the matter with management.</p> <p>(b) Reevaluate the integrity of management and evaluate the effect this may have on the reliability of oral and written representations and</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – slight modifications for nature of ISA for LCE standard. All significant aspects have been retained</p>


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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>written) and audit evidence in general; and</p> <p>(c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with ISA 705 (Revised), having regard to the requirement in paragraph 20 of this ISA.</p>	<p>audit evidence in general; and</p> <p>(c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report.</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects have been retained.</p>
Requirements	<p>ISA 580</p> <p>Paragraph 20</p> <p><i>Written Representations about Management's Responsibilities</i></p>	-	<p>The auditor shall disclaim an opinion on the financial statements in accordance with ISA 705 (Revised) if:</p> <p>(a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations required by paragraphs 10 and 11 are not reliable; or</p> <p>(b) Management does not provide the written representations required by paragraphs 10 and 11.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed - Part 9.5, <i>Modified Opinions</i>, of the ISA for LCE deals broadly with the auditor expressing modified opinions.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 580 Paragraphs 3 & 4	With Part 8.6 Concluding Written Representations		<p><i>Written representations are necessary information that the auditor requires in connection with the audit of the entity's financial statements. Accordingly, similar to responses to inquiries, written representations are audit evidence. Although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management's responsibilities, or about specific assertions.</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 700 (Revised), <i>Forming an Opinion and Reporting on Financial Statements</i>					
Objectives	ISA 700 (Revised) Paragraph 6	Paragraph 9.1.1. Forming an Opinion and Reporting Objectives	The objectives of the auditor are: (a) To form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and (b) To express clearly that opinion through a written report.	The objectives of the auditor are to: (a) Form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained and to express clearly that opinion through a written report; (b) ...	1. Is the objective relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the objective be simplified for the circumstances of an LCE? No 3. Do the changes result in objectives that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 10 Forming an Opinion on the Financial Statements	Paragraph 9.2.1 Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	The auditor shall form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.	The auditor shall form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 700 (Revised) Paragraph 11 Forming an Opinion on the Financial Statements	Paragraphs 9.2.2. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. That conclusion shall take into account: (a) The auditor's conclusion, in accordance with ISA 330, whether sufficient appropriate audit evidence has been obtained; (b) The auditor's conclusion, in accordance with ISA 450, whether uncorrected misstatements are material, individually or in aggregate; and (c) The evaluations required by paragraphs 12–15.	In order to form that opinion, the <u>auditor</u> shall conclude as to whether the auditor has obtained <u>reasonable assurance</u> about whether the <u>financial statements</u> as a whole are free from <u>material misstatement</u> , whether due to fraud or error. That conclusion takes into account: (a) Whether sufficient appropriate <u>audit evidence</u> has been obtained; (b) Whether uncorrected misstatements, individually or in aggregate are material; and (c) The evaluations required by paragraphs 9.2.3. to 9.2.6.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – minor modifications to make appropriate for ISA for LCE standard, but all significant aspects retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects retained.
Requirements 	ISA 700 (Revised) Paragraph 12 Forming an Opinion on the	Paragraph 9.2.3. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	The auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework. This evaluation shall include	In order to conclude, the auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the <u>applicable financial reporting framework</u> . This evaluation shall include	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Financial Statements		consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments.	consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in <u>management's</u> judgments.	Yes – minor modifications to make appropriate for ISA for LCE standard –all aspects of the requirement retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all aspects of the requirement retained.
Requirements 	ISA 700 (Revised) Paragraph 13 Forming an Opinion on the Financial Statements	Paragraph 9.2.4. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework: (a) The financial statements appropriately disclose the significant accounting policies selected and applied. In making this evaluation, the auditor shall consider the relevance of the accounting policies to the entity, and whether they have been presented in an understandable manner; (b) The accounting policies selected and applied are consistent with the applicable	In performing the evaluation in paragraph 9.2.3 , the auditor shall evaluate, in view of the applicable financial reporting framework: (a) Whether the financial statements disclose the entity's significant accounting policies, and whether they have been presented in an understandable way; (b) Whether the entity's accounting policies are applied consistently and are appropriate; (c) The accounting estimates made by management are reasonable; (d) Whether the identified related party relationships and transactions have been appropriately accounted for	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications have been made to make it appropriate to the ISA for LCE standard – all significant aspects of the requirement have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, the significant aspects of the requirement have been retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>financial reporting framework and are appropriate;</p> <p>(c) The accounting estimates and related disclosures made by management are reasonable;</p> <p>(d) The information presented in the financial statements is relevant, reliable, comparable, and understandable. In making this evaluation, the auditor shall consider whether:</p> <ul style="list-style-type: none"> The information that should have been included has been included, and whether such information is appropriately classified, aggregated or disaggregated, and characterized. The overall presentation of the financial statements has been undermined by including information that is not relevant or that obscures a proper understanding of the matters disclosed. 	<p>and disclosed in accordance with the applicable financial reporting framework;</p> <p>(e) The information presented in the financial statements is relevant reliable, comparable and understandable;</p> <p>(f) Whether the financial statements provide adequate disclosures to enable intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and</p> <p>(g) The terminology used in the financial statements is appropriate.</p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(e) The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and</p> <p>(f) The terminology used in the financial statements, including the title of each financial statement, is appropriate.</p>		
Requirements	<p>ISA 700 (Revised) Paragraph 14</p> <p>Forming an Opinion on the Financial Statements</p>	<p>Paragraph 9.2.5.</p> <p>Forming an Opinion and Reporting</p> <p>Forming an Opinion on the Financial Statements</p>	<p>When the financial statements are prepared in accordance with a fair presentation framework, the evaluation required by paragraphs 12–13 shall also include whether the financial statements achieve fair presentation. The auditor's evaluation as to whether the financial statements achieve fair presentation shall include consideration of:</p> <p>(a) The overall presentation, structure and content of the financial statements; and</p> <p>(b) Whether the financial statements represent the underlying transactions and</p>	<p>If the financial statements are prepared in accordance with a fair presentation framework, the auditor shall also evaluate whether the financial statements achieve fair presentation.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications have been made to make appropriate to the nature of the ISA for LCE standard. Although some aspects not addressed the significant auditor actions to consider whether the financial statements achieve fair presentation has been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			events in a manner that achieves fair presentation.		Yes, the broad aspects of this requirement have been retained. Essential Explanatory Material
Requirements	ISA 700 (Revised) Paragraph 15 Forming an Opinion on the Financial Statements	Paragraph 9.2.6. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	The auditor shall evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework.	The auditor shall evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 16 Form of Opinion	Paragraph 9.3.1 Forming an Opinion and Reporting Form of Opinion	The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.	The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 700 (Revised) Paragraph 17 Form of Opinion	Paragraph 9.3.2. Forming an Opinion and Reporting Form of Opinion	If the auditor: (a) Concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or (b) Is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised).	If the auditor concludes that the financial statements are not free from material misstatement, or is unable to obtain sufficient appropriate audit evidence, the auditor shall modify the auditor's opinion.	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Minor modifications to make appropriate for ISA for LCE standard – all significant aspects retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects retained.
Requirements	ISA 700 (Revised) Paragraph 18 Form of Opinion	Paragraph 9.3.3. Forming an Opinion and Reporting Form of Opinion	If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, shall determine whether it is necessary to modify the opinion in the auditor's report in	If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, determine	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? 3. Yes. Minor modifications to make appropriate for ISA for LCE standard – all significant aspects retained Do the changes result in requirements that still achieve reasonable assurance?

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			accordance with ISA 705 (Revised).	whether it is necessary to modify the auditor's opinion.	Yes – all significant aspects retained.
Requirements	ISA 700 (Revised) Paragraph 19 Form of Opinion	-	When the financial statements are prepared in accordance with a compliance framework, the auditor is not required to evaluate whether the financial statements achieve fair presentation. However, if in extremely rare circumstances the auditor concludes that such financial statements are misleading, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine whether, and how, to communicate it in the auditor's report.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. a compliance framework has not been addressed (due to the nature of the ISA for LCE standard) in the standard therefore this requirement has not been included.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>
Requirements	ISA 700 (Revised) Paragraph 20 Auditor's Report	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	The auditor's report shall be in writing.	The auditor's report shall be in writing and:	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

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					<p>No – it has been made into a bulleted list that follows – to make more appropriate to the nature of the ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 21 Auditor's Report Title</p>	<p>Paragraph 9.4.1. (a) Forming an Opinion and Reporting Auditor's Report</p>	<p>The auditor's report shall have a title that clearly indicates that it is the report of an independent auditor.</p>	<p>The auditor's report shall be in writing and: (a) Have a title that clearly indicates that it is the report of an independent auditor.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – minor modifications because part of a bulleted list</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Requirements	<p>ISA 700 (Revised) Paragraph 22 Auditor's Report Addressee</p>	-	<p>The auditor's report shall be addressed, as appropriate, based on the circumstances of the engagement.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not included in the standard – to keep the standard succinct. An example report will be provided in Appendix 6.</p>

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					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 23</p> <p>Auditor's Report</p> <p>Auditor's Opinion</p>	<p>Paragraph 9.4.2(a)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p>	<p>The first section of the auditor's report shall include the auditor's opinion, and shall have the heading "Opinion."</p>	<p>...</p> <p>(a) The auditor's report shall include the auditor's opinion and the basis for the auditor's opinion.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – minor modifications because part of a bulleted list</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes</p>
Requirements	<p>ISA 700 (Revised) Paragraph 24</p> <p>Auditor's Report</p> <p>Auditor's Opinion</p>	<p>Paragraph 9.4.1. (b)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p>	<p>The Opinion section of the auditor's report shall also:</p> <p>(a) Identify the entity whose financial statements have been audited;</p>	<p>The auditor's report shall be in writing and</p> <p>....</p> <p>(b) Identify the entity whose financial statements have been audited; identify each financial statement, notes and significant accounting policies</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – minor modifications because part of a bulleted list – all</p>

Section	Reference & Heading		Text		Comparison
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			<p>(b) State that the financial statements have been audited;</p> <p>(c) Identify the title of each statement comprising the financial statements;</p> <p>(d) Refer to the notes, including the summary of significant accounting policies; and</p> <p>(e) Specify the date of, or period covered by, each financial statement comprising the financial statements.</p>	<p>and the date and period covered; and identify the financial reporting framework that has been applied in the preparation;</p> <p>....</p>	<p>significant aspects have been retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects have been retained.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 25</p> <p>Auditor's Report</p> <p>Auditor's Opinion</p>	<p>Paragraph 9.4.1. (h)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p>	<p>When expressing an unmodified opinion on financial statements prepared in accordance with a fair presentation framework, the auditor's opinion shall, unless otherwise required by law or regulation, use one of the following phrases, which are regarded as being equivalent:</p> <p>(a) In our opinion, the accompanying financial statements present fairly, in all material respects, [...] in accordance with [the</p>	<p>The auditor's report shall be in writing and:</p> <p>...</p> <p>(h) Express an opinion, which shall be either unqualified, qualified or an adverse opinion and state clearly the opinion as to:</p> <p>(i) Whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, or</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – minor modifications because part of a bulleted list – all significant aspects have been retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects have been retained.</p>

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			<p>applicable financial reporting framework]; or</p> <p>(b) In our opinion, the accompanying financial statements give a true and fair view of [...] in accordance with [the applicable financial reporting framework].</p>	<p>(ii) Whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework; and</p> <p>(iii) Where appropriate, whether the financial statements comply with statutory requirements.</p>	
Requirements	<p>ISA 700 (Revised) Paragraph 26 Auditor's Report Auditor's Opinion</p>	-	<p>When expressing an unmodified opinion on financial statements prepared in accordance with a compliance framework, the auditor's opinion shall be that the accompanying financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework].</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. Compliance framework are not addressed in the ISA for LCE therefore this requirement has not been included.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 700 (Revised) Paragraph 27 Auditor's Report Auditor's Opinion	-	If the reference to the applicable financial reporting framework in the auditor's opinion is not to IFRSs issued by the International Accounting Standards Board or IPSASs issued by the International Public Sector Accounting Standards Board, the auditor's opinion shall identify the jurisdiction of origin of the framework.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not addressed in the standard – to keep the standard succinct and appropriate for the nature of an audit of an LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>
Requirements	ISA 700 (Revised) Paragraph 28 Auditor's Report Basis for Opinion	Paragraph 9.4.1. (c) (d) (f) (g) Forming an Opinion and Reporting Auditor's Report	<p>The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that:</p> <p>(a) States that the audit was conducted in accordance with International Standards on Auditing;</p> <p>(b) Refers to the section of the auditor's report that describes the auditor's responsibilities under the ISAs;</p> <p>(c) Includes a statement that the auditor is independent of the</p>	<p>9.4.1 The auditor's report shall be in writing and:</p> <p>....</p> <p>(c) Include a description of the scope of the audit which identifies the audit was conducted in accordance with the ISA for LCE.</p> <p>(d) Include a statement that the auditor is independent of the entity in accordance with <u>relevant ethical requirements</u> relating to the audit and has fulfilled the auditor's other ethical responsibilities in</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Made to make appropriate to the ISA for LCE. However, all significant aspects covered, also addressed by example report in Appendix 6</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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			<p>entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code); and (Ref: Para. A34–A39)</p> <p>(d) States whether the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion.</p>	<p>accordance with these requirements.</p> <p>...</p> <p>(f) Include a section describing the auditor's responsibilities for the audit of the financial statements in accordance with the applicable financial reporting framework...;</p> <p>(g) State whether the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion.</p> <p>....</p>	<p>Yes, the broad aspects of the requirement have been addressed</p>

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Requirements	ISA 700 (Revised) Paragraph 29 Auditor's Report Going Concern	-	Where applicable, the auditor shall report in accordance with ISA 570 (Revised).	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This has already been addressed in Paragraphs 9.6.3.to 9.6.6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 700 (Revised) Paragraph 30 Auditor's Report Key Audit Matters	-	For audits of complete sets of general purpose financial statements of listed entities, the auditor shall communicate key audit matters in the auditor's report in accordance with ISA 701.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. The ISA for LCE does not apply to listed entities and KAM. KAM are only required to be communicated for listed entities. There is a requirement to state that if an auditor voluntarily reports KAMs then SA 701 is required to be complied with (see paragraph 9.4.4)</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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					3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 31 Auditor's Report Key Audit Matters	-	When the auditor is otherwise required by law or regulation or decides to communicate key audit matters in the auditor's report, the auditor shall do so in accordance with ISA 701.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not address – see note above re voluntarily reporting KAMs in the auditor's report. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 32 Auditor's Report Other Information	-	Where applicable, the auditor shall report in accordance with ISA 720 (Revised).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not addressed in ISA for LCE – see section on Other Information 2. Should / could the requirement be simplified for the circumstances of an LCE?

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					- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 33 Auditor's Report Responsibilities for the Financial Statements	-	The auditor's report shall include a section with a heading "Responsibilities of Management for the Financial Statements." The auditor's report shall use the term that is appropriate in the context of the legal framework in the particular jurisdiction and need not refer specifically to "management". In some jurisdictions, the appropriate reference may be to those charged with governance.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 34 Auditor's Report Responsibilities for the Financial Statements	Paragraph 9.4.1.(e) Forming an Opinion and Reporting Auditor's Report	This section of the auditor's report shall describe management's responsibility for: (a) Preparing the financial statements in accordance with the applicable financial reporting framework, and for such internal control as	The auditor's report shall be in writing and: (e) Include a section describing managements responsibilities for preparing the financial statements in accordance	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE?

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			<p>management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and</p> <p>(b) Assessing the entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate as well as disclosing, if applicable, matters relating to going concern. The explanation of management's responsibility for this assessment shall include a description of when the use of the going concern basis of accounting is appropriate.</p>	<p>with the applicable financial reporting framework, and assessing the entity's ability to continue as a going concern and use of the going concern basis of accounting;</p>	<p>Yes. Made to make appropriate to the ISA for LCE. However, all significant aspects covered, also addressed by example report in Appendix 6.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects covered.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 35</p> <p>Auditor's Report</p> <p>Responsibilities for the Financial Statements</p>	-	<p>This section of the auditor's report shall also identify those responsible for the oversight of the financial reporting process, when those responsible for such oversight are different from those who fulfill the responsibilities described in paragraph 34 above.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>This has not been addressed in the ISA for LCE standard – the structures expected to be simpler in LCE's therefore not added.</p>

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			In this case, the heading of this section shall also refer to “Those Charged with Governance” or such term that is appropriate in the context of the legal framework in the particular jurisdiction.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 36</p> <p>Auditor’s Report</p> <p>Responsibilities for the Financial Statements</p>	<p>Paragraph 9.4.3.</p> <p>Forming an Opinion and Reporting</p> <p>Auditor’s Report</p>	When the financial statements are prepared in accordance with a fair presentation framework, the description of responsibilities for the financial statements in the auditor’s report shall refer to “the preparation and fair presentation of these financial statements” or “the preparation of financial statements that give a true and fair view,” as appropriate in the circumstances.	When the financial statements are prepared in accordance with a fair presentation framework, the description of responsibilities for the financial statements in the auditor’s report shall refer to “the preparation and fair presentation of these financial statements” or “the preparation of financial statements that give a true and fair view,” as appropriate in the circumstances.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 37</p> <p>Auditor’s Report</p> <p>Auditor’s Responsibilities for the Audit of the Financial Statements</p>	-	The auditor’s report shall include a section with the heading “Auditor’s Responsibilities for the Audit of the Financial Statements.”	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not addressed in the ISA for LCE. The responsibilities still required to be described just no requirement for this heading – Example auditor’s report will be provided in Appendix 6.</p>

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					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 38</p> <p>Auditor's Report</p> <p>Auditor's Responsibilities for the Audit of the Financial Statements</p>	-	<p>This section of the auditor's report shall:</p> <p>(a) State that the objectives of the auditor are to:</p> <p>(i) Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and</p> <p>(ii) Issue an auditor's report that includes the auditor's opinion.</p> <p>(b) State that reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. The ISA for LCE requires a "description" of the auditor's responsibilities but is not specific as ISA what the auditor's objectives are – Example auditor's report will be provided in an Appendix.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>n/a</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>n/a</p>

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			<p>material misstatement when it exists; and</p> <p>(c) State that misstatements can arise from fraud or error, and either:</p> <p>(i) Describe that they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements; or</p> <p>(ii) Provide a definition or description of materiality in accordance with the applicable financial reporting framework.</p>		
Requirements	<p>ISA 700 (Revised) Paragraph 39</p> <p>Auditor's Report</p> <p>Auditor's Responsibilities for the Audit of the Financial Statements</p>	-	<p>The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report shall further:</p> <p>(a) State that, as part of an audit in accordance with ISAs, the auditor exercises professional judgment and maintains</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

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			<p>professional skepticism throughout the audit; and</p> <p>(b) Describe an audit by stating that the auditor's responsibilities are:</p> <p>(i) To identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.</p>		<p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			<p>(ii) To obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.</p> <p>(iii) To evaluate the appropriateness of accounting policies used</p>		

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			<p>and the reasonableness of accounting estimates and related disclosures made by management.</p> <p>(iv) To conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of</p>		

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			<p>the auditor's report.</p> <p>However, future events or conditions may cause an entity to cease to continue as a going concern.</p> <p>(v) When the financial statements are prepared in accordance with a fair presentation framework, to evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.</p> <p>(c) When ISA 600 applies, further describe the auditor's responsibilities in a group audit engagement by stating that:</p> <p>(i) The auditor's responsibilities are to obtain sufficient</p>		

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			<p>appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements;</p> <p>(ii) The auditor is responsible for the direction, supervision and performance of the group audit; and</p> <p>(iii) The auditor remains solely responsible for the auditor's opinion.</p>		
Requirements	<p>ISA 700 (Revised) Paragraph 40</p> <p>Auditor's Report</p> <p>Auditor's Responsibilities for the Audit of the Financial Statements</p>	-	<p>The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report also shall:</p> <p>(a) State that the auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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			<p>that the auditor identifies during the audit;</p> <p>(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied; and</p> <p>(c) For audits of financial statements of listed entities and any other entities for which key audit matters are communicated in accordance with ISA 701, state that, from the matters communicated with those charged with governance, the auditor determines those matters that</p>		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.		
Requirements	ISA 700 (Revised) Paragraph 41 Auditor's Report Location of the description of the auditor's responsibilities for the audit of the	-	The description of the auditor's responsibilities for the audit of the financial statements required by paragraphs 39–40 shall be included: (a) Within the body of the auditor's report; (b) Within an appendix to the auditor's report, in which case the auditor's report shall	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

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	financial statements		include a reference to the location of the appendix; or (c) By a specific reference within the auditor's report to the location of such a description on a website of an appropriate authority, where law, regulation or national auditing standards expressly permit the auditor to do so.		- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 42 Auditor's Report Location of the description of the auditor's responsibilities for the audit of the financial statements	-	When the auditor refers to a description of the auditor's responsibilities on a website of an appropriate authority, the auditor shall determine that such description addresses, and is not inconsistent with, the requirements in paragraphs 39–40 of this ISA.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

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Requirements	ISA 700 (Revised) Paragraph 43 Auditor's Report Other Reporting Responsibilities	-	If the auditor addresses other reporting responsibilities in the auditor's report on the financial statements that are in addition to the auditor's responsibilities under the ISAs, these other reporting responsibilities shall be addressed in a separate section in the auditor's report with a heading titled "Report on Other Legal and Regulatory Requirements" or otherwise as appropriate to the content of the section, unless these other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the ISAs in which case the other reporting responsibilities may be presented in the same section as the related report elements required by the ISAs.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically address in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 700 (Revised) Paragraph 44 Auditor's Report Other Reporting Responsibilities	-	If other reporting responsibilities are presented in the same section as the related report elements required by the ISAs, the auditor's report shall clearly differentiate the other reporting responsibilities from	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6.</p>

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			the reporting that is required by the ISAs.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 45</p> <p>Auditor's Report</p> <p>Other Reporting Responsibilities</p>	-	<p>If the auditor's report contains a separate section that addresses other reporting responsibilities, the requirements of paragraphs 21–40 of this ISA shall be included under a section with a heading "Report on the Audit of the Financial Statements." The "Report on Other Legal and Regulatory Requirements" shall follow the "Report on the Audit of the Financial Statements."</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 46</p> <p>Auditor's Report</p>	-	<p>The name of the engagement partner shall be included in the auditor's report on financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. The ISA for LCE does not apply to listed entities.</p>

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	Name of the Engagement Partner		to lead to a significant personal security threat. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor's report, the auditor shall discuss this intention with those charged with governance to inform the auditor's assessment of the likelihood and severity of a significant personal security threat.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 47</p> <p>Auditor's Report</p> <p>Signature of the Auditor</p>	<p>Paragraph 9.4.1. (i)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p>	The auditor's report shall be signed.	<p>The auditor's report shall be in writing and:</p> <p>....</p> <p>i. Be signed and dated, and shall identify the place of establishment of the statutory auditor(s) or the audit <u>firm(s)</u>. The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements.</p> <p>....</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Minor modifications to include in a bullet list. Paragraph 9.4.1(i) has combined paragraphs 47-49 of ISA 700 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, significant aspects have been retained</p>

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Requirements	ISA 700 (Revised) Paragraph 48 Auditor's Report Auditor's Address	Paragraph 9.4.1. (i) Forming an Opinion and Reporting Auditor's Report	The auditor's report shall name the location in the jurisdiction where the auditor practices.	The auditor's report shall be in writing and: (i) ...Be signed and dated, and shall identify the place of establishment of the statutory auditor(s) or the audit firm(s). The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Minor modifications to include in a bullet list. Paragraph 9.4.1(i) has combined paragraphs 47-49 of ISA 700 (Revised). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, significant aspects have been retained
Requirements	ISA 700 (Revised) Paragraph 49 Auditor's Report Date of the Auditor's Report	Paragraph 9.4.1. (i) Forming an Opinion and Reporting Auditor's Report	The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements, including evidence that: (a) All the statements and disclosures that comprise the financial statements have been prepared; and	The auditor's report shall be in writing and: (i) Be signed and dated, and identify the place of establishment of the statutory auditor(s) or the audit firm(s). The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications to include in a bullet list and to make appropriate to the ISA for LCE standard. Paragraph 9.4.1(i) has combined

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			(b) Those with the recognized authority have asserted that they have taken responsibility for those financial statements.	on which to base the auditor's opinion on the financial statements.	paragraphs 47-49 of ISA 700 (Revised). 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, significant aspects have been retained
Requirements	ISA 700 (Revised) Paragraph 50 Auditor's Report <i>Auditor's Report Prescribed by Law or Regulation</i>	-	If the auditor is required by law or regulation of a specific jurisdiction to use a specific layout, or wording of the auditor's report, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum, each of the following elements: (a) A title. (b) An addressee, as required by the circumstances of the engagement. (c) An Opinion section containing an expression of opinion on the financial statements and a reference to the applicable financial reporting framework used to prepare the financial statements (including identifying the jurisdiction of	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically address in the standard – has been included in the example auditor's report in Appendix 6. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

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			<p>origin of the financial reporting framework that is not International Financial Reporting Standards or International Public Sector Accounting Standards, see paragraph 27).</p> <p>(d) An identification of the entity's financial statements that have been audited.</p> <p>(e) A statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the IESBA Code.</p> <p>(f) Where applicable, a section that addresses, and is not inconsistent with, the reporting requirements in paragraph 22 of ISA 570 (Revised).</p> <p>(g) Where applicable, a Basis for Qualified (or Adverse) Opinion</p>		

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			<p>section that addresses, and is not inconsistent with, the reporting requirements in paragraph 23 of ISA 570 (Revised).</p> <p>(h) Where applicable, a section that includes the information required by ISA 701, or additional information about the audit that is prescribed by law or regulation and that addresses, and is not inconsistent with, the reporting requirements in that ISA.</p> <p>(i) Where applicable, a section that addresses the reporting requirements in paragraph 24 of ISA 720 (Revised).</p> <p>(j) A description of management's responsibilities for the preparation of the financial statements and an identification of those responsible for the oversight of the financial reporting process that addresses, and is not inconsistent with, the requirements in paragraphs 33–36.</p>		

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			<p>(k) A reference to International Standards on Auditing and the law or regulation, and a description of the auditor's responsibilities for an audit of the financial statements that addresses, and is not inconsistent with, the requirements in paragraphs 37–40.</p> <p>(l) For audits of complete sets of general purpose financial statements of listed entities, the name of the engagement partner unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat.</p> <p>(m) The auditor's signature.</p> <p>(n) The auditor's address.</p> <p>(o) The date of the auditor's report.</p>		
Requirements	ISA 700 (Revised) Paragraph 51 Auditor's Report	-	An auditor may be required to conduct an audit in accordance with the auditing standards of a specific jurisdiction (the "national auditing standards"), and has	-	1. Is the requirement relevant in the circumstances of an audit of an LCE?

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	<i>Auditor's Report for Audits Conducted in Accordance with Both Auditing Standards of a Specific Jurisdiction and International Standards on Auditing</i>		<p>additionally complied with the ISAs in the conduct of the audit. If this is the case, the auditor's report may refer to International Standards on Auditing in addition to the national auditing standards, but the auditor shall do so only if:</p> <p>(a) There is no conflict between the requirements in the national auditing standards and those in ISAs that would lead the auditor (i) to form a different opinion, or (ii) not to include an Emphasis of Matter paragraph or Other Matter paragraph that, in the particular circumstances, is required by ISAs; and</p> <p>(b) The auditor's report includes, at a minimum, each of the elements set out in paragraphs 50(a)–(o) when the auditor uses the layout or wording specified by the national auditing standards. However, reference to “law or regulation” in paragraph 50(k) shall be read as reference to the national auditing standards. The auditor's</p>		<p>Not specifically address in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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Section	Reference & Heading		Text		Comparison
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			report shall thereby identify such national auditing standards.		
Requirements	ISA 700 (Revised) Paragraph 52 Auditor's Report <i>Auditor's Report for Audits Conducted in Accordance with Both Auditing Standards of a Specific Jurisdiction and International Standards on Auditing</i>	-	When the auditor's report refers to both the national auditing standards and International Standards on Auditing, the auditor's report shall identify the jurisdiction of origin of the national auditing standards.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically address in the standard – has been included in the example auditor's report in Appendix 6.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 700 (Revised) Paragraph 53 Supplementary Information Presented with the Financial Statements	-	If supplementary information that is not required by the applicable financial reporting framework is presented with the audited financial statements, the auditor shall evaluate whether, in the auditor's professional judgment, supplementary information is nevertheless an integral part of the financial statements due to its	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. A less complex entity is unlikely to prepare supplementary information that is not required by the applicable financial reporting framework to be presented with the audited financial statements.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			nature or how it is presented. When it is an integral part of the financial statements, the supplementary information shall be covered by the auditor's opinion.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 700 (Revised) Paragraph 54 Supplementary Information Presented with the Financial Statements	-	If supplementary information that is not required by the applicable financial reporting framework is not considered an integral part of the audited financial statements, the auditor shall evaluate whether such supplementary information is presented in a way that sufficiently and clearly differentiates it from the audited financial statements. If this is not the case, then the auditor shall ask management to change how the unaudited supplementary information is presented. If management refuses to do so, the auditor shall identify the unaudited supplementary information and explain in the auditor's report that such supplementary information has not been audited.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>No. A less complex entity is unlikely to prepare supplementary information that is not required by the applicable financial reporting framework to be presented with the audited financial statements.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>n/a</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>n/a</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 700 (Revised) Paragraphs 7 and 8	Below paragraph 9.2.5. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements		<i>Some financial reporting frameworks acknowledge explicitly or implicitly the concept of fair presentation. A fair presentation financial reporting framework not only requires compliance with the requirements of the framework, but also acknowledges explicitly or implicitly that it may be necessary for management to provide disclosures beyond those specifically required by the framework. The auditor's evaluation about whether the financial statements achieve fair presentation, both in respect of presentation and disclosure, is a matter of professional judgment.</i>	Essential Explanatory Material
ISA 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report					
Objective	ISA 705 (Revised) Paragraph 4	-	The objective of the auditor is to express clearly an appropriately modified opinion on the financial statements that is necessary when: (a) The auditor concludes, based on the audit evidence obtained, that the financial statements as a whole are not	-	1. Is the objective relevant in the circumstances of an audit of an LCE? ISA 705 (Revised), <i>Modifications to the Opinion in the Independent Auditor's Report</i> , is addressed in Part 9, <i>Forming and Opinion and Reporting</i> , of the ISA for LCE. The objective in paragraph 9.1.1 of the

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			<p>free from material misstatement; or</p> <p>(b) The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.</p>		ISA for LCE broadly addresses forming an opinion on financial statements.
Requirements	<p>ISA 705 (Revised) Paragraph 6</p> <p>Circumstances When a Modification to the Auditor's Opinion Is Required</p>	-	<p>The auditor shall modify the opinion in the auditor's report when:</p> <p>(a) The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or</p> <p>(b) The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in ISA for LCE standard. Modifications are addressed in detail further below (and "table of modifications from paragraph A1 of ISA 705 (Revised) has been presented). The modifications have been made more succinct due to nature of ISA for LCE standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 705 (Revised) Paragraph 7 Determining the Type of Modification to the Auditor's Opinion <i>Qualified Opinion</i>	Paragraph 9.5.1.(a) Forming an Opinion and Reporting Auditor's Report <i>Content of the Auditor's Report When the Opinion Is Modified</i>	The auditor shall express a qualified opinion when: (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.	When modifying the opinion, the auditor shall provide: (a) A qualified opinion when the auditor: (i) Having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; (ii) Is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive; or (iii) In the auditor's <u>professional judgment</u> management's use of the going concern basis of accounting in the	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modifications made to make more appropriate for nature of ISA for LCE standard. All significant aspects of this requirement have been retained Paragraph 9.5.1(a)(iii) is from ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>preparation of the financial statements is appropriate in the circumstances but a material uncertainty exists that is not adequately disclosed in the financial statements.</p> <p>...</p>	
Requirements	<p>ISA 705 (Revised) Paragraph 8</p> <p>Determining the Type of Modification to the Auditor's Opinion</p> <p><i>Adverse Opinion</i></p>	<p>Paragraph 9.5.1.(b)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p> <p><i>Content of the Auditor's Report When the Opinion Is Modified</i></p>	<p>The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.</p>	<p>(b) An adverse opinion when the auditor concludes that:</p> <p>(i) Misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.</p> <p>(ii) In the auditor's judgment managements use of the going concern basis of accounting in the preparation of the financial statement is inappropriate.</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modifications made to make more appropriate for nature of ISA for LCE standard. All significant aspects of this requirement have been retained Paragraph 9.5.1.(b)(ii) is from ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 705 (Revised) Paragraph 9 Determining the Type of Modification to the Auditor's Opinion <i>Disclaimer of Opinion</i>	Paragraph 9.5.1.(c) Forming an Opinion and Reporting Auditor's Report <i>Content of the Auditor's Report When the Opinion Is Modified</i>	The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.	(c) A disclaimer of opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to form an audit opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes – minor modifications to include in a bullet list – all significant aspects retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – all significant aspects retained</p>
Requirements	ISA 705 (Revised) Paragraph 10 Determining the Type of Modification to the Auditor's Opinion <i>Disclaimer of Opinion</i>	-	The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. these are extremely rare circumstances therefore not included in the ISA for LCE.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 705 (Revised) Paragraph 11</p> <p><i>Consequence of an Inability to Obtain Sufficient Appropriate Audit Evidence Due to a Management-Imposed Limitation after the Auditor Has Accepted the Engagement</i></p>	-	<p>If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor shall request that management remove the limitation.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the ISA for LCE standard. Paragraph 9.5.4 of the ISA for LCE addresses qualified opinions. Paragraph 9.5.6. of the ISA for LCE addresses disclaimers of opinion. Also, the ISA for LCE includes the table from paragraph A1 of ISA 705 (Revised) that indicates that the inability to obtain sufficient appropriate audit evidence may result in a qualified or disclaimer of opinion.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 705 (Revised) Paragraph 12</p> <p><i>Consequence of an Inability to Obtain Sufficient Appropriate Audit Evidence Due to a Management-Imposed Limitation after the Auditor Has Accepted the Engagement</i></p>	-	<p>If management refuses to remove the limitation referred to in paragraph 11 of this ISA, the auditor shall communicate the matter to those charged with governance, unless all of those charged with governance are involved in managing the entity, and determine whether it is possible to perform alternative procedures to obtain sufficient appropriate audit evidence.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the ISA for LCE standard. Paragraph 9.5.4 of the ISA for LCE addresses qualified opinions. Paragraph 9.5.6. of the ISA for LCE addresses disclaimers of opinion. Also, the ISA for LCE includes the table from paragraph A1 of ISA 705 (Revised) that indicates that the inability to obtain sufficient appropriate audit evidence may result in a qualified or disclaimer of opinion.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 13</p> <p><i>Consequence of an Inability to Obtain Sufficient</i></p>	-	<p>If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall determine the implications as follows:</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in ISA for LCE standard. Modifications</p>

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	<i>Appropriate Audit Evidence Due to a Management-Imposed Limitation after the Auditor Has Accepted the Engagement</i>		<p>(a) If the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive, the auditor shall qualify the opinion; or</p> <p>(b) If the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive so that a qualification of the opinion would be inadequate to communicate the gravity of the situation, the auditor shall:</p> <p>(i) Withdraw from the audit, where practicable and possible under applicable law or regulation; or (</p> <p>(ii) If withdrawal from the audit before issuing the auditor's report is not practicable or possible, disclaim an opinion on the financial statements.</p>		<p>are addressed in detail further below (and "table of modifications from paragraph A1 of ISA 705 (Revised) has been presented). The modifications have been made more succinct due to nature of ISA for LCE standard.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 705 (Revised) Paragraph 14</p> <p><i>Consequence of an Inability to Obtain Sufficient Appropriate Audit Evidence Due to a Management-Imposed Limitation after the Auditor Has Accepted the Engagement</i></p>	-	<p>If the auditor withdraws as contemplated by paragraph 13(b)(i), before withdrawing, the auditor shall communicate to those charged with governance any matters regarding misstatements identified during the audit that would have given rise to a modification of the opinion.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not address in the ISA for LCE – this will not impact the ability to obtain reasonable assurance by omitting.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 15</p> <p><i>Other Considerations Relating to an Adverse Opinion or Disclaimer of Opinion</i></p>	-	<p>When the auditor considers it necessary to express an adverse opinion or disclaim an opinion on the financial statements as a whole, the auditor's report shall not also include an unmodified opinion with respect to the same financial reporting framework on a single financial statement or one or more specific elements, accounts or items of a financial statement. To include such an unmodified opinion in the same report in these circumstances would contradict</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in ISA for LCE standard. Modifications are addressed in detail further below (and "table of modifications from paragraph A1 of ISA 705 (Revised) has been presented). The modifications have been made more succinct due to nature of ISA for LCE standard.</p>

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			the auditor's adverse opinion or disclaimer of opinion on the financial statements as a whole.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised)</p> <p>Paragraph 16</p> <p>Form and Content of the Auditor's Report When the Opinion Is Modified</p>	<p>Paragraph 9.5.3.(c)</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p> <p><i>Content of the Auditor's Report When the Opinion Is Modified</i></p>	<p>When the auditor modifies the audit opinion, the auditor shall use the heading "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion," as appropriate, for the Opinion section.</p>	<p>When the auditor modifies the audit opinion, qualified opinion, adverse opinion or disclaimer of opinion, the auditor shall:</p> <p>...</p> <p>(c) Use a heading as appropriate for the modification (e.g., "qualified opinion").</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes – made appropriate to ISA for LCE standard but requirement for a separate heading retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant requirement retained.</p>
Requirements	<p>ISA 705 (Revised)</p> <p>Paragraph 17</p> <p>Form and Content of the Auditor's Report</p>	<p>Paragraph 9.5.4.</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</p>	<p>When the auditor expresses a qualified opinion due to a material misstatement in the financial statements, the auditor shall state that, in the auditor's opinion,</p>	<p>When the auditor expresses a qualified opinion due to a material misstatement in the financial statements, the auditor shall state that, in the auditor's opinion,</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

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	When the Opinion Is Modified <i>Qualified Opinion</i>	<i>Qualified Opinion</i>	<p>except for the effects of the matter(s) described in the Basis for Qualified Opinion section:</p> <p>(a) When reporting in accordance with a fair presentation framework, the accompanying financial statements present fairly, in all material respects (or give a true and fair view of) [...] in accordance with [the applicable financial reporting framework]; or</p> <p>(b) When reporting in accordance with a compliance framework, the accompanying financial statements have been prepared, in all material respects, in accordance with [the applicable financial reporting framework].</p> <p>When the modification arises from an inability to obtain sufficient appropriate audit evidence, the auditor shall use the corresponding phrase “except for the possible effects of the matter(s) ...” for the modified opinion.</p>	<p>except for the effects of the matter(s) described in the Basis for Qualified Opinion section:</p> <p>(a) When reporting in accordance with a fair presentation framework, the accompanying financial statements present fairly, in all material respects (or give a true and fair view of) [...] in accordance with [the applicable financial reporting framework]; or</p> <p>(b) When reporting in accordance with a compliance framework, the accompanying financial statements have been prepared, in all material respects, in accordance with [the applicable financial reporting framework].</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE? No</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 705 (Revised) Paragraph 18 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Adverse Opinion</i>	Paragraph 9.5.5. Forming an Opinion and Reporting Auditor's Report <i>Adverse Opinion</i>	When the auditor expresses an adverse opinion, the auditor shall state that, in the auditor's opinion, because of the significance of the matter(s) described in the Basis for Adverse Opinion section: (a) When reporting in accordance with a fair presentation framework, the accompanying financial statements do not present fairly (or give a true and fair view of) [...] in accordance with [the applicable financial reporting framework]; or (b) When reporting in accordance with a compliance framework, the accompanying financial statements have not been prepared, in all material respects, in accordance with [the applicable financial reporting framework].	When the auditor expresses an adverse opinion, the auditor shall state that, in the auditor's opinion, because of the significance of the matter(s) described in the Basis for Adverse Opinion section: (a) When reporting in accordance with a fair presentation framework, the accompanying financial statements do not present fairly (or give a true and fair view of) [...] in accordance with [the applicable financial reporting framework]; or (b) When reporting in accordance with a compliance framework, the accompanying financial statements have not been prepared, in all material respects, in accordance with [the applicable financial reporting framework].	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 705 (Revised) Paragraph 19 Form and Content of the Auditor's Report	Paragraph 9.5.6. Forming an Opinion and Reporting Auditor's Report <i>Disclaimer of Opinion</i>	When the auditor disclaims an opinion due to an inability to obtain sufficient appropriate audit evidence, the auditor shall: (a) State that the auditor does not express an opinion on the	When the auditor disclaims an opinion, the auditor's report shall: (a) State that the auditor does not express an opinion on the accompanying financial statements;	<ol style="list-style-type: none"> 1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	When the Opinion Is Modified <i>Disclaimer of Opinion</i>		<p>accompanying financial statements;</p> <p>(b) State that, because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements; and</p> <p>(c) Amend the statement required by paragraph 24(b) of ISA 700 (Revised), which indicates that the financial statements have been audited, to state that the auditor was engaged to audit the financial statements.</p>	<p>(b) Refer to any other matters or emphasis of matter paragraphs to which the auditor draw attention without qualifying the audit opinion;</p> <p>(c) Provide a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern;</p> <p>(d) State that, because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements;</p> <p>(e) Amend the statement which indicates that the financial statements have been audited, to state that the auditor was engaged to audit the financial statements;</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>No – no changes made to this requirement. Additional matters included</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – significant aspects of this requirement retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 705 (Revised) Paragraph 20 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	Paragraph 9.5.3. Forming an Opinion and Reporting Auditor's Report <i>Content of the Auditor's Report When the Opinion Is Modified</i>	When the auditor modifies the opinion on the financial statements, the auditor shall, in addition to the specific elements required by ISA 700 (Revised): (a) Amend the heading "Basis for Opinion" required by paragraph 28 of ISA 700 (Revised) to "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion," as appropriate; and (b) Within this section, include a description of the matter giving rise to the modification.	When the auditor modifies the audit opinion, qualified opinion, adverse opinion or disclaimer of opinion, the auditor shall: (a) Amend the heading "Basis for Opinion" as appropriate. (b) Within the basis of opinion section, include a description of the matter giving rise to the modification. ...	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. Modified for nature of ISA for LCE standard – all significant requirements for content of auditor's report retained..</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects retained.</p>
Requirements	ISA 705 (Revised) Paragraph 21 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	If there is a material misstatement of the financial statements that relates to specific amounts in the financial statements (including quantitative disclosures), the auditor shall include in the Basis for Opinion section a description and quantification of the financial effects of the misstatement, unless impracticable. If it is not practicable to quantify the financial effects, the auditor shall so state in this section	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically addressed in ISA for LCE standard. Modifications are addressed in detail further below (and "table of modifications from paragraph A1 of ISA 705 (Revised) has been presented). The modifications have been made more succinct due to nature of ISA for LCE standard.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 22</p> <p>Form and Content of the Auditor's Report When the Opinion Is Modified</p> <p><i>Basis for Opinion</i></p>	-	<p>If there is a material misstatement of the financial statements that relates to qualitative disclosures, the auditor shall include in the Basis for Opinion section an explanation of how the disclosures are misstated.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 23</p> <p>Form and Content of the</p>	-	<p>If there is a material misstatement of the financial statements that relates to the non-disclosure of</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>		<p>information required to be disclosed, the auditor shall:</p> <p>(a) Discuss the non-disclosure with those charged with governance;</p> <p>(b) Describe in the Basis for Opinion section the nature of the omitted information; and</p> <p>(c) Unless prohibited by law or regulation, include the omitted disclosures, provided it is practicable to do so and the auditor has obtained sufficient appropriate</p>		<p>the support guidance for modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 705 (Revised) Paragraph 24 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	<p>If the modification results from an inability to obtain sufficient appropriate audit evidence, the auditor shall include in the Basis for Opinion section the reasons for that inability.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically addressed in the standard – will be included within the support guidance for modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? n/a</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					n/a
Requirements	ISA 705 (Revised) Paragraph 25 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	When the auditor expresses a qualified or adverse opinion, the auditor shall amend the statement about whether the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor's opinion required by paragraph 28(d) of ISA 700 (Revised) to include the word "qualified" or "adverse", as appropriate.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 705 (Revised) Paragraph 26 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	When the auditor disclaims an opinion on the financial statements, the auditor's report shall not include the elements required by paragraphs 28(b) and 28(d) of ISA 700 (Revised). Those elements are: (a) A reference to the section of the auditor's report where the	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for modifications to the auditor's report.</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>auditor's responsibilities are described; and</p> <p>(b) A statement about whether the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor's opinion.</p>		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 27</p> <p>Form and Content of the Auditor's Report When the Opinion Is Modified</p> <p><i>Basis for Opinion</i></p>	-	<p>Even if the auditor has expressed an adverse opinion or disclaimed an opinion on the financial statements, the auditor shall describe in the Basis for Opinion section the reasons for any other matters of which the auditor is aware that would have required a modification to the opinion, and the effects thereof.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 28</p> <p><i>Description of Auditor's Responsibilities</i></p>	-	<p>When the auditor disclaims an opinion on the financial statements due to an inability to obtain sufficient appropriate audit evidence, the auditor shall amend the description of the auditor's</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for</p>

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>for the Audit of the Financial Statements When the Auditor Disclaims an Opinion on the Financial Statements</i>		<p>responsibilities required by paragraphs 39–41 of ISA 700 (Revised) to include only the following:</p> <p>(a) A statement that the auditor's responsibility is to conduct an audit of the entity's financial statements in accordance with International Standards on Auditing and to issue an auditor's report;</p> <p>(b) A statement that, however, because of the matter(s) described in the Basis for Disclaimer of Opinion section, the auditor was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements; and</p> <p>(c) The statement about auditor independence and other ethical responsibilities required by paragraph 28(c) of ISA 700 (Revised).</p>		<p>modifications to the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 705 (Revised) Paragraph 29	-	Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's	-	1. Is the requirement relevant in the circumstances of an audit of an LCE?

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Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Considerations When the Auditor Disclaims an Opinion on the Financial Statements</i>		report shall not include a Key Audit Matters section in accordance with ISA 701 or an Other Information section in accordance with ISA 720 (Revised).		No. The ISA for LCE does not apply to listed entities and therefore no requirements relating to KAMs included. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 705 (Revised) Paragraph 30 Communication with Those Charged with Governance	-	When the auditor expects to modify the opinion in the auditor's report, the auditor shall communicate with those charged with governance the circumstances that led to the expected modification and the wording of the modification.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? This has currently not been added but will be for the next version (will be added to paragraph 8.8.2). 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Application Material	ISA 705 (Revised) Paragraph A1	Paragraph 8.5.1.. Forming an Opinion and Reporting Auditor's Report		Table with types of modified opinions	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<i>Content of the Auditor's Report When the Opinion Is Modified</i>			
ISA 706 (Revised), <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>					
Objectives	ISA 706 (Revised) Paragraph 6	-	<p>The objective of the auditor, having formed an opinion on the financial statements, is to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report, to:</p> <p>(a) A matter, although appropriately presented or disclosed in the financial statements, that is of such importance that it is fundamental to users' understanding of the financial statements; or</p> <p>(b) As appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.</p>	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 706 (Revised), <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>, is addressed in Part 9, <i>Forming and Opinion and Reporting</i>, of the ISA for LCE. The objectives of Part 9 do not specifically address ISA 706 (Revised), paragraph 6., the objective addresses reporting more broadly.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 706 (Revised) Paragraph 8 Emphasis of Matter Paragraphs in the Auditor's Report	Paragraph 9.6.1. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Emphasis of Matter Paragraphs</i>	If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report provided: (a) The auditor would not be required to modify the opinion in accordance with ISA 705 (Revised) as a result of the matter; and (b) When ISA 701 applies, the matter has not been determined to be a key audit matter to be communicated in the auditor's report.	If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's professional judgment, is of such importance that it is fundamental to the users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report indicating that the auditor's report is not modified in respect of the matter emphasized.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the ISA for LCE standard. Paragraph 8(b) of ISA 706 (Revised) is excluded because the ISA for LCE is not applicable to listed entities. However, all significant aspects of the auditor action are retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes, all significant aspects of the requirement retained
Requirements	ISA 706 (Revised) Paragraph 9 Emphasis of Matter Paragraphs in the Auditor's Report	-	When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall: (a) Include the paragraph within a separate section of the auditor's report with an appropriate heading that	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Not specifically addressed in the standard – will be included within the support guidance for modifications or other matter paragraphs in the auditor's report.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>includes the term “Emphasis of Matter”;</p> <p>(b) Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements. The paragraph shall refer only to information presented or disclosed in the financial statements; and</p> <p>(c) Indicate that the auditor's opinion is not modified in respect of the matter emphasized</p>		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 706 (Revised)</p> <p>Paragraph 10</p> <p>Other Matter Paragraphs in the Auditor's Report</p>	<p>Paragraph 9.6.2.</p> <p>Forming an Opinion and Reporting</p> <p>Other Paragraphs in the Auditor's Report</p> <p><i>Other Matter Paragraphs</i></p>	<p>If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, the auditor shall include an Other Matter paragraph in the auditor's report, provided:</p> <p>(a) This is not prohibited by law or regulation; and</p>	<p>If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's professional judgment, is relevant to the users' understanding of the audit, the auditor's responsibilities or the auditor's report the auditor shall include an Other Matter paragraph in the auditor's report provided this</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 10(b) of ISA 706 (Revised) is excluded because the ISA for LCE is not applicable to listed</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			(b) When ISA 701 applies, the matter has not been determined to be a key audit matter to be communicated in the auditor's report.	is not prohibited by law or regulation.	<p>entities. All significant aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, all significant aspects of the auditor's actions have been retained.</p>
Requirements	ISA 706 (Revised) Paragraph 11 Other Matter Paragraphs in the Auditor's Report	-	When the auditor includes an Other Matter paragraph in the auditor's report, the auditor shall include the paragraph within a separate section with the heading "Other Matter," or other appropriate heading.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – will be included within the support guidance for modifications or other matter paragraphs in the auditor's report.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 706 (Revised) Paragraph 12 Communication with Those Charged with Governance	-	If the auditor expects to include an Emphasis of Matter or an Other Matter paragraph in the auditor's report, the auditor shall communicate with those charged with governance regarding this	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the standard – due to the nature of the ISA for LCE standard.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			expectation and the wording of this paragraph.		<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
ISA 710, Comparative Information Corresponding Figures and Comparative Financial Statements					
Objectives	ISA 710 Paragraph 5	-	<p>The objectives of the auditor are:</p> <p>(a) 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; and</p> <p>(b) To report in accordance with the auditor's reporting responsibilities.</p>	-	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>ISA 710, <i>Comparative Information Corresponding Figures and Comparative Financial Statements</i>, is addressed in Part 9, <i>Forming and Opinion and Reporting</i>, of the ISA for LCE. The objectives of Part 9 do not specifically address ISA 710, paragraph 5, the objective is stated more broadly to address reporting and related matters</p>
Requirements	ISA 710 Paragraph 7 Audit Procedures	Paragraph 9.7.1. Forming an Opinion and Reporting	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Comparative Information	<p>framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:</p> <p>(a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and</p> <p>(b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.</p>	<p>framework. In doing so, the auditor shall evaluate whether the amounts and disclosures in the prior period have been restated, and the accounting policies reflected in the comparative information are consistent with those applied in the current period.</p>	<p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modification have been made – limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement captures the more significant aspects of the requirements with regard to comparative information.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, as appropriate for an audit of an LCE.</p>
Requirements	<p>ISA 710</p> <p>Paragraph 8</p> <p>Audit Procedures</p>	<p>Paragraph 9.7.2</p> <p>Forming an Opinion and Reporting</p> <p>Comparative Information</p>	<p>If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to</p>	<p>If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit</p>	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>Yes. Modification have been made – limited requirements within the ISA for LCE with regard</p>

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	ISA	ISA for LCE	ISA	ISA for LCE	
			determine whether a material misstatement exists. If the auditor had audited the prior period's financial statements, the auditor shall also follow the relevant requirements of ISA 560. If the prior period financial statements are amended, the auditor shall determine that the comparative information agrees with the amended financial statements.	evidence to determine whether a material misstatement exists.	to comparative information (intent is to develop a supplementary guide) so this requirement captures the more significant aspects of the requirements with regard to comparative information. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes, as appropriate for an audit of an LCE.
Requirements	ISA 710 Paragraph 9 Audit Procedures	-	As required by ISA 580, the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any restatement made to correct a material misstatement in prior period financial statements that affect the comparative information.	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 710 Paragraph 10 Audit Reporting <i>Corresponding Figures</i>	-	When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the circumstances described in paragraphs 11, 12, and 14.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 710 Paragraph 11 Audit Reporting <i>Corresponding Figures</i>	-	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, the auditor shall modify the auditor's opinion on the current period's financial statements. In the Basis for Modification paragraph in the auditor's report, the auditor shall either:	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>(a) Refer to both the current period's figures and the corresponding figures in the description of the matter giving rise to the modification when the effects or possible effects of the matter on the current period's figures are material; or</p> <p>(b) In other cases, explain that the audit opinion has been modified because of the effects or possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures.</p>		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 710 Paragraph 12 Audit Reporting <i>Corresponding Figures</i></p>	-	<p>If the auditor obtains audit evidence that a material misstatement exists in the prior period financial statements on which an unmodified opinion has been previously issued, and the corresponding figures have not been properly restated or appropriate disclosures have not been made, the auditor shall express a qualified opinion or an adverse opinion in the auditor's</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			report on the current period financial statements, modified with respect to the corresponding figures included therein.		3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 710 Paragraph 13 Audit Reporting <i>Prior Period Financial Statements Audited by a Predecessor Auditor</i>	-	<p>If the financial statements of the prior period were audited by a predecessor auditor and the auditor is not prohibited by law or regulation from referring to the predecessor auditor's report on the corresponding figures and decides to do so, the auditor shall state in an Other Matter paragraph in the auditor's report:</p> <p>(a) That the financial statements of the prior period were audited by the predecessor auditor;</p> <p>(b) The type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and</p> <p>(c) The date of that report.</p>	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 710 Paragraph 14 Audit Reporting <i>Prior Period Financial Statements Not Audited</i>	-	If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited. Such a statement does not, however, 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.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 710 Paragraph 15 Audit Reporting <i>Comparative Financial Statements</i>	-	When comparative financial statements are presented, the auditor's opinion shall refer to each period for which financial statements are presented and on which an audit opinion is expressed.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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					3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 710 Paragraph 16 Audit Reporting <i>Comparative Financial Statements</i>	-	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 an Other Matter paragraph in accordance with ISA 706 (Revised).	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 710 Paragraph 17 Audit Reporting <i>Prior Period Financial Statements</i>	-	If the financial statements of the prior period 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:	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary

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	<i>Audited by a Predecessor Auditor</i>		<p>(a) that the financial statements of the prior period were audited by a predecessor auditor;</p> <p>(b) the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and</p> <p>(c) the date of that report, unless the predecessor auditor's report on the prior period's financial statements is reissued with the financial statements.</p>		<p>guide) so this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 710</p> <p>Paragraph 18</p> <p>Audit Reporting</p> <p><i>Prior Period Financial Statements Audited by a Predecessor Auditor</i></p>	-	<p>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 communicate the misstatement with the appropriate level of management and, unless all of those charged with governance are involved in managing the entity, those charged with governance and request that the predecessor auditor be informed. If the prior period financial</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to comparative information (intent is to develop a supplementary guide) so this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period.		
Requirements	ISA 710 Paragraph 19 Audit Reporting <i>Prior Period Financial Statements Not Audited</i>	-	If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. Such a statement does not, however, 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.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE? No. It is unlikely that a less complex entity will present comparative financial statements.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE? n/a</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? n/a</p>
ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information					
Objectives	ISA 720 (Revised) Paragraph 11	Paragraph 9.1.1. Forming an Opinion and Reporting Objective	The objectives of the auditor, having read the other information, are: (a) To consider whether there is a material inconsistency between the other information and the financial statements;	The objectives of the auditor are to: (a) Form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained and	<p>1. Is the objective relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p>

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			<p>(b) To consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit;</p> <p>(c) To respond appropriately when the auditor identifies that such material inconsistencies appear to exist, or when the auditor otherwise becomes aware that other information appears to be materially misstated; and</p> <p>(d) To report in accordance with this ISA.</p>	<p>to express clearly that opinion through a written report: and</p> <p>(b) Consider whether there is a material inconsistency between the other information, if any, and the financial statements as well as the auditor's knowledge obtained in the audit, and respond appropriately.</p>	<p>Yes. The requirement has been simplified and adapted to the circumstances of an audit of an LCE.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes,</p>
Requirements	<p>ISA 720 (Revised) Paragraph 13 Obtaining the Other Information</p>	<p>Paragraph 9.8.1. Forming an Opinion and Reporting Other Information</p>	<p>The auditor shall:</p> <p>(a) Determine, through discussion with management, which document(s) comprises the annual report, and the entity's planned manner and timing of the issuance of such document(s);</p> <p>(b) Make appropriate arrangements with management to obtain in a timely manner and, if possible, prior to the date of</p>	<p>The auditor shall determine, through discussion with management, which document(s) comprises the annual report, and the entity's planned manner and timing of the issuance of such document(s).</p>	<p>1. Is the objective relevant in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE?</p> <p>Yes. Modification to make appropriate for ISA for LCE standard.. Broad aspects of the auditor action in (a) are retained.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p>

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			<p>the auditor's report, the final version of the document(s) comprising the annual report; and</p> <p>(c) When some or all of the document(s) determined in (a) will not be available until after the date of the auditor's report, request management to provide a written representation that the final version of the document(s) will be provided to the auditor when available, and prior to its issuance by the entity, such that the auditor can complete the procedures required by this ISA.</p>		Yes, the broad aspects for the auditor's consideration of other information has been retained as appropriate to ISA for LCE.
Requirements	<p>ISA 720 (Revised) Paragraph 14</p> <p>Reading and Considering the Other Information</p>	<p>Paragraph 9.8.1.</p> <p>Forming an Opinion and Reporting</p> <p>Other Information</p>	<p>The auditor shall read the other information and, in doing so shall:</p> <p>(a) Consider whether there is a material inconsistency between the other information and the financial statements. As the basis for this consideration, the auditor shall, to evaluate their consistency, compare selected amounts or other</p>	<p>The auditor shall read the other information to consider whether there is a material inconsistency between the other information and the financial statements, or with the auditor's knowledge obtained in the audit. As the basis for this consideration, the auditor shall, to evaluate their consistency, compare selected amounts or other items in the other information</p>	<p>1. Is the objective relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE? Yes. Modification to make appropriate for ISA for LCE standard.. Broad aspects of the auditor action are retained.</p>

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			<p>items in the other information (that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements) with such amounts or other items in the financial statements; and</p> <p>(b) Consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit, in the context of audit evidence obtained and conclusions reached in the audit.</p>	(that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements) with such amounts or other items in the financial statements	<p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes, the broad aspects for the auditor's consideration of other information has been retained.</p>
Requirements	<p>ISA 720 (Revised) Paragraph 15</p> <p>Reading and Considering the Other Information</p>	-	<p>While reading the other information in accordance with paragraph 14, the auditor shall remain alert for indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p>

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					- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 720 (Revised) Paragraph 16 Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated	Paragraph 9.8.3. Forming an Opinion and Reporting Other Information	If the auditor identifies that a material inconsistency appears to exist (or becomes aware that the other information appears to be materially misstated), the auditor shall discuss the matter with management and, if necessary, perform other procedures to conclude whether: (a) A material misstatement of the other information exists; (b) A material misstatement of the financial statements exists; or (c) The auditor's understanding of the entity and its environment needs to be updated.	If the auditor identifies that a material inconsistency appears to exist (or becomes aware that the other information appears to be materially misstated), the auditor shall discuss the matter with management and, if necessary, perform other procedures to conclude whether: (a) A material misstatement of the other information exists; (b) A material misstatement of the financial statements exists; or (c) The auditor's understanding of the entity and its environment needs to be updated.	1. Is the requirement relevant in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be simplified for the circumstances of an LCE? No 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes
Requirements	ISA 720 (Revised) Paragraph 17 Responding When the	-	If the auditor concludes that a material misstatement of the other information exists, the auditor shall request management to correct	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to other information because of the

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	Auditor Concludes That a Material Misstatement of the Other Information Exists		<p>the other information. If management:</p> <p>(a) Agrees to make the correction, the auditor shall determine that the correction has been made; or</p> <p>(b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made.</p>		<p>expected nature of other information for a LCE therefore this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 720 (Revised) Paragraph 18</p> <p>Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists</p>	-	<p>If the auditor concludes that a material misstatement exists in other information obtained prior to the date of the auditor's report, and the other information is not corrected after communicating with those charged with governance, the auditor shall take appropriate action, including:</p> <p>(a) Considering the implications for the auditor's report and communicating with those charged with governance about how the auditor plans to address the material misstatement in the auditor's</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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			<p>report (see paragraph 22(e)(ii)); or</p> <p>(b) Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</p>		
Requirements	<p>ISA 720 (Revised) Paragraph 19</p> <p>Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists</p>	-	<p>If the auditor concludes that a material misstatement exists in other information obtained after the date of the auditor's report, the auditor shall:</p> <p>(a) If the other information is corrected, perform the procedures necessary in the circumstances; or</p> <p>(b) If the other information is not corrected after communicating with those charged with governance, take appropriate action considering the auditor's legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the auditor's report is prepared.</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>

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Requirements	ISA 720 (Revised) Paragraph 20 Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and Its Environment Needs to Be Updated	-	If, as a result of performing the procedures in paragraphs 14–15, the auditor concludes that a material misstatement in the financial statements exists or the auditor's understanding of the entity and its environment needs to be updated, the auditor shall respond appropriately in accordance with the other ISAs.	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 720 (Revised) Paragraph 21 Reporting	-	<p>The auditor's report shall include a separate section with a heading "Other Information", or other appropriate heading, when, at the date of the auditor's report:</p> <p>(a) For an audit of financial statements of a listed entity, the auditor has obtained, or expects to obtain, the other information; or</p> <p>(b) For an audit of financial statements of an entity other</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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			than a listed entity, the auditor has obtained some or all of the other information		3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 720 (Revised) Paragraph 22 Reporting	-	When the auditor's report is required to include an Other Information section in accordance with paragraph 21, this section shall include: (Ref: Para. A53) (a) A statement that management is responsible for the other information; (b) An identification of: (i) Other information, if any, obtained by the auditor prior to the date of the auditor's report; and (ii) For an audit of financial statements of a listed entity, other information, if any, expected to be obtained after the date of the auditor's report; (c) A statement that the auditor's opinion does not cover the other information and, accordingly, that the auditor does not express (or will not	-	1. Is the requirement relevant in the circumstances of an audit of an LCE? Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed. 2. Should / could the requirement be simplified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

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			<p>express) an audit opinion or any form of assurance conclusion thereon;</p> <p>(d) A description of the auditor's responsibilities relating to reading, considering and reporting on other information as required by this ISA; and</p> <p>(e) When other information has been obtained prior to the date of the auditor's report, either:</p> <p>(i) A statement that the auditor has nothing to report; or</p> <p>(ii) If the auditor has concluded that there is an uncorrected material misstatement of the other information, a statement that describes the uncorrected material misstatement of the other information.</p>		

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Requirements	ISA 720 (Revised) Paragraph 23 Reporting	-	When the auditor expresses a qualified or adverse opinion in accordance with ISA 705 (Revised), the auditor shall consider the implications of the matter giving rise to the modification of opinion for the statement required in paragraph 22(e).	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	ISA 720 (Revised) Paragraph 24 Reporting <i>Reporting Prescribed by Law or Regulation</i>	-	<p>If the auditor is required by law or regulation of a specific jurisdiction to refer to the other information in the auditor's report using a specific layout or wording, the auditor's report shall refer to International Standards on Auditing only if the auditor's report includes, at a minimum:</p> <p>(a) Identification of the other information obtained by the</p>	-	<p>1. Is the requirement relevant in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the ISA for LCE with regard to other information because of the expected nature of other information for a LCE therefore this requirement has not been addressed.</p> <p>2. Should / could the requirement be simplified for the circumstances of an LCE?</p> <p>-</p>

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			<p>auditor prior to the date of the auditor's report;</p> <p>(b) A description of the auditor's responsibilities with respect to the other information; and</p> <p>(c) An explicit statement addressing the outcome of the auditor's work for this purpose.</p>		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 720 (Revised) Paragraph 25 Documentation</p>	<p>Paragraph 9.8.4. Forming an Opinion and Reporting Other Information</p>	<p>In addressing the requirements of ISA 230 as it applies to this ISA, the auditor shall include in the audit documentation:</p> <p>(a) Documentation of the procedures performed under this ISA; and</p> <p>(b) The final version of the other information on which the auditor has performed the work required under this ISA.</p>	<p>The auditor shall document the procedures performed in relation to other information.</p>	<p>1. Is the objective relevant in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the objective be simplified for the circumstances of an LCE? Yes. Modifications to make appropriate to ISA for LCE standard. Broad aspect to document has been retained.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes, broad documentation requirement retained.</p>
Application Material	ISA 720 (Revised)	With Part 9.8.1. Forming an		<p><i>"Other information" is financial or non-financial information (other than the financial statements and the auditor's report thereon)</i></p>	<p>Essential Explanatory Material</p>

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	From the definition for Other Information	Opinion and Reporting Other Information		<i>included in an entity's annual report</i>	
Application Material	ISA 720 (Revised) Paragraph A26	Below Paragraph 9.8.2 Forming an Opinion and Reporting Other Information	-	<i>In evaluating the consistency of selected amounts or other items, the auditor is not required to compare all amounts or other items in the other information that are intended to be the same as, or summarize, or to provide greater details about, the amounts or other items within the financial statements, with such amounts or other items in the financial statements</i>	Essential Explanatory Material