

Audits of Less Complex Entities (LCEs)**Proportionality of the ISAs to the International Standard on Auditing for
Audits of Financial Statements of Less Complex Entities (ISA for LCE)****Document 2**

This document ('mapping') has been provided to illustrate how the requirements from the International Standards on Auditing (ISAs) have, or have not, been incorporated within the [draft] ISA for LCE. The ISA requirement paragraph numbers refer to the International Auditing and Assurance Standards Board's (IAASB) 2018 Handbook of the ISAs. This document has been prepared by the Staff of the IAASB and is not an authoritative pronouncement of the IAASB. These documents have been prepared to facilitate the review of the [draft] ISA for LCE, therefore they do not form part of the materials on which the IAASB is seeking views.

1. This mapping document details the similarities and differences between the ISAs and the [draft] ISA for LCE for the objectives and requirements,¹ and is presented in the order of the ISAs.
2. Broadly, the following four 'categories' describe how the ISA requirements have been incorporated within the [draft] ISA for LCE:
 - (a) The requirements have been included in the [draft] ISA for LCE "as is."
 - (b) The entire ISA has been omitted (these mapping documents do not include mapping for standards that are not included in the [draft] ISA for LCE, including **ISA 600**,² **ISA 610 (Revised 2013)**³ and **ISA 701**.⁴).
 - (c) Specific requirements within an ISA have been omitted (there is also a brief supporting description explaining the LCE Task Force's considerations⁵ (in the last column of the table)) including:
 - (i) Requirements that address matters or circumstances that would relate to entities that have been specifically excluded for the scope of the standard, for example anything related to listed entities or group audits.
 - (ii) Requirements that address complex matters or circumstances (in line with how the relevant qualitative characteristics in paragraph A.9. the Authority (Part A) have been described).

¹ Paragraphs for the "Definitions" have not been presented as these are all collated and presented in Appendix 1 to the [draft] ISA for LCE.

² ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

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

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

⁵ This mapping document contains the views of the LCE Task Force, however the IAASB has discussed and provided input to these documents as relevant.

- (iii) Requirements, that generally, for circumstances which are explained as being “rare” or “exceptional” in the ISAs and, in the view of the IAASB, it is deemed likely not to be encountered given the typical nature and circumstances of an audit of an LCE.
 - (d) Wording of some requirements have been modified or adapted to the nature and circumstances of the audit of an LCE but are expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE (there is also a brief supporting description explaining the LCE Task Force’s considerations (in the last column of the table).
- 3. The IAASB has also used drafting principles, where appropriate, applied to the ISA requirements when developing the [draft] ISA for LCE. These drafting principles are based on the *Drafting Principles and Guidelines* being developed by the Complexity, Understandability, Scalability and Proportionality (CUSP) Working Group of the IAASB. The drafting principles have been applied in developing a standard that is intended to be proportionate and appropriate to the nature and circumstances of a less complex entity as contemplated by the Authority of the [draft] ISA for LCE.
- 4. ‘Alignment principles’ are used in the table below to explain any differences between the ISAs and the [draft] ISA for LCE and help explain the LCE Task Force’s views as to how or why an ISA requirement has been included, modified or not included in the [draft] ISA for LCE. The alignment principles include:
 - a) Whether the requirement is relevant to the nature and circumstances of an audit of an LCE, and if not, why not.
 - b) If applicable, why the requirement has been revised or modified to reflect the nature and circumstances of an audit of an LCE.
 - c) If applicable, whether any changes made for the purpose of the [draft] ISA for LCE would still result in procedures that would meet the objectives for each Part, and therefore that in aggregate the auditor’s procedures would still enable reasonable assurance to be achieved.
- 5. If a requirement has not been included based on the explanation 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) result in requirements that still achieve reasonable assurance.
- 6. A separate paragraph with relevant definitions has been presented within each ISA – all definitions applicable to the [draft] ISA for LCE has been presented in Appendix 1 of the [draft] ISA for LCE – the definitions have therefore not been presented further in these mapping documents.
- 7. Any essential explanatory material added to the [draft] ISA for LCE is presented in the ISA for LCE column (at the end of the relevant ISA) but any corresponding application material from the ISA has not been presented. Consistent with the project proposal, in order to keep the [draft] standard concise and succinct there is limited essential explanatory material. Judgment has been used as to what EEM is included (and broadly reflects the relevant ISA application or other explanatory material). EEM has been included to further explain concepts or procedures in the requirements or why procedures are undertaken, but generally does not explain ‘how’ the procedures should be implemented (e.g., there are no detailed examples).

8. This mapping is set out in the table below and includes:
- (a) Part 7—**ISA 240, ISA 250 (Revised), ISA 265, ISA 330, ISA 501, ISA 505, ISA 540 (Revised), ISA 550**
 - (b) Part 8—**ISA 450, ISA 560, ISA 570 (Revised), ISA 580**
 - (c) Part 9—**ISA 700 (Revised), ISA 705 (Revised), ISA 706 (Revised), ISA 710, ISA 720 (Revised)**

Document 1 includes the ‘mapping’ for the remainder of the ISAs.

9. The requirements (in the ISA column) reflect the most recently approved ISAs (some of which may not yet be effective), including ISA 540 (Revised), ISA 315 (Revised 2019) and ISA 220 (Revised), and any related conforming and consequential amendments to the ISAs. Minimal requirements have been included for **ISA 402**.
10. The Preface in the [draft] ISA for LCE has not been mapped as this is unique to the [draft] ISA for LCE and does not contain requirements.

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 6.1.1. Risk Identification and Assessment Objectives 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.	6.1.1. The objectives of the auditor are to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. 7.1.1 The objectives of the auditor are to: ... (b) Respond appropriately to risks of material misstatement arising from fraud or suspected fraud; ...	<ol style="list-style-type: none"> 1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes – because the [draft] ISA for LCE is not topic specific the objectives relating to fraud are embedded within objectives within the Part where addressed. Objectives are provided at a broader level for succinctness (in line with the drafting principles of the [draft] ISA for LCE). All relevant objectives included in ISA 240 paragraph 11 are addressed in requirements within the [draft] ISA for LCE as mapped below. 3. Do the changes result in objectives that still achieve reasonable assurance? Yes.
Requirements	ISA 240 Paragraph 13 Professional Skepticism	Paragraph 1.4.5. Fundamental Concepts, General Principles and	In accordance with ISA 200, the auditor shall maintain professional skepticism throughout the audit, recognizing the possibility that a material	1.4.5. The auditor shall plan and perform the audit with professional skepticism recognizing that circumstances may exist that cause the financial	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Overarching Requirements Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i></p> <p>With Paragraph 1.4.7.</p> <p>Fundamental Concepts and General Principles Fundamental Concepts and General Principles for Performing the Audit <i>Professional Skepticism</i></p>	<p>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.</p>	<p>statements to be materially misstated.</p>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – requirement modified to apply drafting principles, eliminate references to ISAs and improve readability but has retained the required action of the auditor. Additional guidance provided in EEM.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 240 Paragraph 14 Professional Skepticism</p>	<p>Paragraph 2.3.3. Audit Evidence and Documentation Information to be Used as Audit Evidence</p>	<p>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 but not disclosed to the auditor, the auditor shall investigate further.</p>	<p>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 but not disclosed to the auditor, the auditor shall investigate further and determine the effect on the rest of the audit evidence obtained.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? ISA requirement retained with additional requirement to determine the effect on the rest of the audit evidence obtained in order to make the link to</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>evaluating and concluding audit evidence more clear.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – ISA requirement addressed fully.</p>
Requirements	<p>ISA 240 Paragraph 15 Professional Skepticism</p>	<p>Paragraph 1.8.5. Fundamental Concepts, General Principles and Overarching Requirements General Communications with Management and those Charged with Governance</p>	<p>Where responses to inquiries of management or those charged with governance are inconsistent, the auditor shall investigate the inconsistencies.</p>	<p>Where the responses to inquiries of management, and where appropriate, those charged with governance about a particular matter are inconsistent, the auditor shall investigate the inconsistency.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – added further context to make requirement clearer.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 240 Paragraph 16 Discussion among the Engagement Team</p>	<p>Paragraph 5.2.6.(b) Paragraph 5.2.7 Planning Planning Activities <i>Engagement Team Discussion</i></p>	<p>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 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</p>	<p>5.2.6 The engagement partner and other key engagement team members shall discuss the susceptibility of the entity's financial statements to material misstatement, as well as: ... (b) How and where the entity's financial statements may be susceptible to material misstatement due to fraud,</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – intro modified to flow in bullet list, which includes other</p>

Section	Reference & Heading		Text		Comparison
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			<p>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.</p>	<p>including how fraud may occur, and how fraud or error could arise from related party relationships or transaction.</p> <p>Discussions among the engagement team shall occur setting aside beliefs the engagement team may have that management and those charged with governance are honest and have integrity.</p> <p>5.2.7 When there are engagement team members not involved in the discussion, the engagement partner shall determine which matters are to be communicated to those members.</p>	<p>items covered in the discussion, but all aspects addressed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – all aspects of ISA requirement addressed.</p>
Requirements	<p>ISA 240 Paragraph 17 Risk Assessment Procedures and Related Activities</p>	<p>Paragraph 6.2.3.(a) Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities</p>	<p>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 paragraphs 23–38 to obtain information for use in identifying the risks of material misstatement due to fraud.</p>	<p>In designing and performing procedures to identify and assess risks of material misstatement, the auditor shall consider possible risks of material misstatement arising from:</p> <p>(a) Fraud or error; ...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Part 6, <i>Risk Identification and Assessment</i>, of the [draft] ISA for LCE broadly addresses the consideration of fraud in the identification and assessment of ROMM at paragraph 6.2.3. Fraud is also specifically addressed in</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>paragraph 6.2.4., and Part 1.5. Paragraphs 23-38 of ISA 240 are mapped in the respective sections below.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</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>Risk Identification and Assessment</p> <p>Specific Inquiries of Management and Those Charged with Governance</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>(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</p>	<p>In designing and 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>(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>(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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>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>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>...</p>	
Requirements	<p>ISA 240 Paragraph 19 Risk Assessment Procedures and Related Activities <i>Management and Others within the Entity</i></p>	<p>Paragraph 6.6.2. Risk Identification and Assessment Specific Inquiries of Management and Those Charged with Governance</p>	<p>The auditor shall make inquiries of 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>The auditor shall make inquiries of management, and as appropriate, those charged with governance, and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.</p>	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – changed to combine with inquiries of those charged with governance. Combined paragraphs 19 and 22 of ISA 240 but no change to the required outcome from the basic requirements in ISA 240. Do the changes result in requirements that still achieve reasonable assurance?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes.
Requirements	<p>ISA 240 Paragraph 20</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Management and Others within the Entity</i></p>	-	<p>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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>No.</p> <p>Due to the nature of an LCE audit, using the work of internal auditors is not addressed in this [draft] standard and therefore this paragraph is excluded. Where an internal audit function exists and is relevant, paragraph 6.6.2 allows for inquiries of 'others as appropriate'.</p> <p>2. Should / could the requirement be revised or modified 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 Paragraph 21</p> <p>Risk Assessment Procedures and Related Activities</p> <p><i>Those Charged with Governance</i></p>	<p>Paragraph 6.3.2.</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity and Its Environment</i></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</p>	<p>The auditor shall understand how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud or error in the entity and the controls that management has established to mitigate these risks.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			established to mitigate these risks.		<p>Minor modification to change “obtain an understanding” to “understand” to make more direct in line with the drafting principles. Does not change the outcome of the auditor’s procedure.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 240 Paragraph 22 Risk Assessment Procedures and Related Activities <i>Those Charged with Governance</i></p>	<p>Paragraph 6.6.2. Risk Identification and Assessment Specific Inquiries of Management and Those Charged with Governance</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, and as appropriate, those charged with governance, 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 and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – changed to combine with inquiries of management and others with those charged with governance. Combined paragraphs 19 and 22 of ISA 240, but no change to the required outcome from the basic requirements in ISA 240.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 240 Paragraph 23</p>	<p>Paragraph 6.2.5.</p>	<p>The auditor shall evaluate whether unusual or unexpected</p>	<p>The auditor shall evaluate whether unusual or unexpected</p>	<p>1. Is the requirement relevant and appropriate in the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Risk Assessment Procedures and Related Activities <i>Unusual or Unexpected Relationships Identified</i>	Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud.	relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud.	circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 240 Paragraph 24 Risk Assessment Procedures and Related Activities <i>Other Information</i>	Paragraph 6.2.4. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	The auditor shall consider whether other information obtained by the auditor indicates risks of material misstatement due to fraud.	When identifying risks of material misstatement, including arising from fraud, the auditor shall consider information from all procedures designed and performed for risk identification to determine whether fraud risk factors are present, including: (a) The acceptance or continuance procedures; and (b) When applicable, other engagements performed by the engagement partner for the entity.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – clarified where other information is obtained from (in line with application material to paragraph 24 of ISA 240. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes- expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 240 Paragraph 25 Risk Assessment Procedures and Related Activities <i>Evaluation of Fraud Risk Factors</i></p>	<p>Paragraph 1.5.1.(a) Fundamental Concepts, General Principles and Overarching Requirements Fraud</p>	<p>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.</p>	<p>The auditor shall address the risk of fraud when: (a) Identifying and assessing risks of material misstatement, whether due to fraud or error. 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;⁶ ...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications have been made to include this requirement in a bulleted list and to apply drafting principles to make more direct and action focused. However, the aspects relevant to the auditor’s action to evaluate has been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 240 Paragraph 26 Identification and Assessment of the Risks of Material</p>	<p>Paragraph 6.4.1. Risk Identification and Assessment Identifying Risks of Material Misstatement</p>	<p>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,</p>	<p>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,</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p>

⁶ Appendix 3 sets out fraud risk factors relevant to less complex entities

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Misstatement Due to Fraud		account balances and disclosures.	account balances, and disclosures.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – the action to “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)).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	ISA 240 Paragraph 27 Identification and Assessment of the Risks of Material Misstatement Due to Fraud	Paragraph 6.4.2. Risk Identification and Assessment 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, 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,	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, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modification to match workflow (paragraph 6.4.1. only addresses identification of the risks as explained above) and improve the readability of the [draft] ISA</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			has not identified revenue recognition as a risk of material misstatement due to fraud.		for LCE. Documentation addressed in separate section (see para 6.8.1.(d)). All aspects of the auditor's action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 240 Paragraph 28 Identification and Assessment of the Risks of Material Misstatement Due to Fraud	Paragraph 6.5.7. Risk Identification and Assessment Risk Assessment <i>Significant Risks</i>	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).	The auditor shall treat the following as significant risks: (a) Identified fraud risks including:	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? 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 6.3.14.(a), 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 240 Paragraph 29</p> <p>Responses to the Assessed Risks of Material Misstatement Due to Fraud</p> <p><i>Overall Responses</i></p>	<p>Paragraph 1.5.1.(b)</p> <p>Fundamental Concepts, General Principles and Overarching Requirements</p> <p>Fraud</p> <p>Paragraph 7.2.1.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Financial Statement Level</p>	<p>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.</p>	<p>1.5.1. The auditor shall address the risk of fraud when:</p> <p>...</p> <p>(b) Obtaining sufficient appropriate audit evidence through designing and implementing appropriate responses to assessed risks of material misstatement, including the risks of material misstatement due to fraud; and</p> <p>...</p> <p>7.2.1 The auditor 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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modification to remove reference to ISA and to form part of a bulleted list combining similar requirements. However, the auditor’s actions as they pertain to fraud have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 240 Paragraph 30</p> <p>Responses to the Assessed Risks of Material Misstatement Due to Fraud</p> <p><i>Overall Responses</i></p>	<p>Paragraph 7.2.2.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Financial Statement Level</p>	<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 engagement responsibilities and the auditor’s assessment of the risks of</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 personnel taking account of the knowledge, skill and ability of the individuals to be given significant engagement responsibilities and the auditor’s assessment of the risks of material misstatement due</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to address responses to error in addition to fraud. Also modified due to the nature of an LCE engagement by removing</p>

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			<p>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>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 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>reference to complex transactions. However, the broad auditor's actions have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>
Requirements	<p>ISA 240</p> <p>Paragraph 31</p> <p>Responses to the Assessed Risks of Material Misstatement Due to Fraud</p> <p><i>Audit Procedures Responsive to Assessed Risks of Material Misstatement Due to Fraud at</i></p>	<p>Paragraph 1.5.1.(b)</p> <p>Fundamental Concepts and General Principles</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p> <p>Paragraph 7.3.1.</p> <p>Responding to Assessed Risks of Material Misstatements</p> <p>Audit Procedures Responsive to the</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>1.5.1. The auditor shall address the risk of fraud when:</p> <p>...</p> <p>(b) Obtaining sufficient appropriate audit evidence through designing and implementing appropriate responses to assessed risks of material misstatement, including risks of material misstatement due to fraud; and</p> <p>...</p> <p>7.3.1 The auditor shall design and perform further audit</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modification to also address responses to error in addition to fraud and combine requirements as is the nature of the [draft] ISA for LCE.</p> <p>Also modified due to the nature of an LCE engagement by</p>

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	<i>the Assertion Level</i>	Assessed Risks of Material Misstatement at the Assertion Level		procedures whose nature, timing and extent are based on, and responsive to, assessed risks, whether due to fraud or error, at the assertion level.	removing reference to the ISA. The auditor's actions have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
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 7.4.7. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>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 misstatement due to fraud and thus a significant risk.	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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for appropriateness of the [draft] ISA for LCE which focuses on the action orientated aspects, in this case that the risk of management override is a significant risk. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE
Requirements	ISA 240 Paragraph 33	Paragraph 7.4.8.(a) - (c).	Irrespective of the auditor's assessment of the risks of management override of	The auditor shall design and perform audit procedures to:	1. Is the requirement relevant and appropriate in the

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	<p>Responses to the Assessed Risks of Material Misstatement Due to Fraud <i>Audit Procedures Responsive to Risks Related to Management Override of Controls</i></p>	<p>Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Management Override of Controls</i></p>	<p>controls, the auditor shall design and perform audit procedures to:</p> <p>(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:</p> <p>(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;</p> <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.</p>	<p>(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, including:</p> <p>(i) Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;</p> <p>(ii) Selecting journal entries and other adjustments made at the end of a reporting period; and</p> <p>(iii) Considering 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, including:</p> <p>(i) Evaluate whether the judgments and</p>	<p>circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for nature of ISA for LCE (i.e., the requirement focuses on the “what” rather than the “how”) but all significant aspects of auditor’s required actions retained.</p> <p>3. 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.</p>

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			<p>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 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</p>	<p>decisions made by management indicate a possible bias on the part of the entity's management, even if they are individually reasonable, that may represent a 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 unusual transactions outside the normal course of business for the entity or that otherwise appear to be unusual, evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to</p>	

Section	Reference & Heading		Text		Comparison
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			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 financial reporting or to conceal misappropriation of assets.	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>	Paragraph 7.4.8. (d) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>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).	The auditor shall design and perform audit procedures to: ... (d) Respond to the identified risks of management override of controls to the extent not already addressed by (a) to (c).	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Edits to apply drafting principles to improve readability, reduce repetition and position within a bulleted list. Requirement for auditor action retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA

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					requirement in the context of an audit of an LCE.
Requirements	ISA 240 Paragraph 35 Evaluation of Audit Evidence	Paragraph 8.3.1. Concluding Analytical Procedures that Assist When Forming an Overall Conclusion	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, and to identify any indications of a previously unidentified risk of material misstatement due to fraud or error.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – although the work effort of “evaluate” has been changed, in combining this requirement with 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” on the procedures designed and performed. Do the changes result in requirements that still achieve reasonable assurance? Yes – the outcome of the auditor’s actions are expected to be similar.
Requirements	ISA 240 Paragraph 36 Evaluation of Audit Evidence	Paragraph 1.5.1.(c) Fundamental Concepts, General Principles and Overarching Requirements	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	1.5.1. The auditor shall address the risk of fraud when: ... (d) Responding appropriately to fraud or suspected fraud identified during the audit.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

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		Fraud Paragraph 7.5.3. and 7.2.3. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements	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.	7.5.3 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. 7.5.3 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 the auditor's responses thereto; and (b) Consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the reliability of evidence previously obtained.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> Yes – modified and combined para 36 and 37 of ISA 240 but the actionable aspects of the requirement have been retained. <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
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Requirements	<p>ISA 240 Paragraph 37 Evaluation of Audit Evidence</p>	<p>Paragraph 1.5.1.(c) Fundamental Concepts and General Principles Fraud 7.5.3. and 7.5.4. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements</p>	<p>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.</p>	<p>1.5.1. The auditor shall address the risk of fraud when: ... (c) Responding appropriately to fraud or suspected fraud identified during the audit. 7.5.3 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. 7.5.4. 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 the auditor's responses thereto; or (b) Consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – this has combined para 36 and 37 of ISA 240. In the context of an LCE engagement, the requirement has been modified to apply drafting principles and to improve readability and succinctness, but the actionable aspects of the requirements have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>

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				reliability of evidence previously obtained.	
Requirements	ISA 240 Paragraph 38 Evaluation of Audit Evidence	Paragraph 8.5.11. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Concluding</i>	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.	8.5.11 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 and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – requirement retained, but expanded guidance to help the auditor understand potential implications. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 240 Paragraph 39 Auditor Unable to Continue the Engagement	Paragraph 1.5.2. Fundamental Concepts and General Principles Fraud <i>Auditor Unable to Continue the Engagement</i>	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: (a) Determine the professional and legal responsibilities applicable in the circumstances, including	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 determine the legal and professional responsibilities applicable in the circumstances or consider whether it is appropriate to	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to align more with the circumstances of an LCE

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			<p>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 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</p>	<p>withdraw, where withdrawal is possible under law or regulation.</p>	<p>engagement (requirements to report to a specific person or regulator would already be covered under determining the professional and legal responsibilities) and to improve readability, but there is still a determinable action required. Based on the less complex structure of an LCE, and expected complexity of an audit of an LCE, a specific action to discuss the withdrawal with management is not deemed necessary given it is already expected this would occur during the withdrawal process.</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, the omitted actions with regard to withdrawal do not contribute to gathering sufficient appropriate audit evidence to support an opinion.</p>

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			and the reasons for the withdrawal.		
Requirements	ISA 240 Paragraph 40 Written Representations	Paragraph 8.6.1.(d)-(f) Concluding Written Representations from Management and Those Charged with Governance	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; (c) They have disclosed to the auditor their knowledge of fraud, or suspected fraud, affecting the entity involving: (i) Management; (ii) Employees who have significant roles in internal control; or	The auditor shall obtain written representations from management for all periods referred to in the auditor’s opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters: ... (d) That they acknowledge their responsibility for the design, implementation and maintenance of controls to prevent and detect fraud. (e) That they have disclosed to the auditor the result of its assessment of the risk that the financial statements may be materially misstated because of fraud. (f) That their knowledge of fraud, or suspected fraud, or allegations of fraud or	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to apply drafting principles including improving readability and making more direct to align more with the nature of the [draft] ISA for LCE, but the broad requirements for specific representations still addressed. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

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			<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>suspected fraud has been disclosed to the auditor;</p> <p>...</p>	
Requirements	<p>ISA 240 Paragraph 41 Communications to Management and with Those Charged with Governance</p>	<p>Paragraph 1.8.6. Fundamental Concepts, General Principles and Overarching Requirements General 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 management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities.</p>	<p>If the auditor has identified fraud or has obtained information that indicates that fraud may exist, the auditor shall communicate these matters, unless prohibited by law or regulation, on a timely basis to the appropriate level of management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities.</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 240 Paragraph 42 Communications to Management and with Those Charged with Governance	Paragraph 1.8.7. Paragraph 1.8.8. Fundamental Concepts, General Principles and Overarching Requirements General Communications with Management and Those Charged with Governance <i>Specific Communications to Those Charged With Governance in Relation to Fraud</i>	Unless all of those charged with governance are involved in managing the entity, if the auditor has identified or suspects fraud involving: (a) management; (b) employees who have significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements, 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 suspicions 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.	1.8.7 Unless prohibited by law or regulation, the auditor shall communicate to those charged with governance, on a timely basis, if the auditor has identified or suspects fraud involving: (a) Management, unless those charged with governance are involved in managing the entity; (b) Employees who have significant roles in the entity's internal control system; or (c) Others where the fraud results in a material misstatement in the financial statements. 1.8.8. If the auditor suspects fraud involving management, the auditor shall discuss with those charged with governance the nature, timing and extent of audit procedures necessary to complete the audit.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to apply drafting principles, improve readability and to reflect the ordering of the [draft] ISA for LCE but all actionable aspects of the requirement retained. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 240 Paragraph 43 Communications to	Paragraph 8.8.2.(e) Concluding	The auditor shall communicate, unless prohibited by law or regulation, with those charged with governance any other	The auditor shall communicate to those charged with governance: ...	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

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	ISA	ISA for LCE	ISA	ISA for LCE	
	Management and with Those Charged with Governance	Specific Communication Requirements	matters related to fraud that are, in the auditor’s judgment, relevant to their responsibilities.	(e) 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.	<p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications for flow in bullet list.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	ISA 240 Paragraph 44 Reporting Fraud to an Appropriate Authority Outside the Entity	Paragraph 1.6.3 Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation <i>Reporting to an Appropriate Authority Outside the Entity</i>	<p>If the auditor has identified or suspects a fraud, 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>If the auditor has identified or suspects non-compliance with law or regulation, or fraud, 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 and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Combined with similar requirement on Fraud. All actions retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 240 Paragraph 45 Documentation	Paragraph 5.5.3. Planning Specific Documentation Requirements 6.8.1.(c) and (e) Risk Identification and Assessment Specific Documentation Requirements	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): (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 (b) The identified and assessed risks of material misstatement due to fraud at the financial statement level and at the assertion level; and (c) Identified controls in the control activities component that address assessed risks of material misstatement due to fraud.	5.5.3. 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. 6.8.1. In addition to the general documentation requirements (Part 2.5) for an audit of an LCE, the auditor shall include the following in the audit documentation: ... (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 significant risks and risks for which substantive procedures alone cannot provide sufficient appropriate audit evidence, and the rationale for the significant judgments made; ... (e) The controls set out in paragraph 6.3.14. and 6.3.16 and the evaluation whether the control is	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – the requirements have been allocated to different Parts as appropriate and modifications to flow in bullet lists. Paragraph 5.5.3. includes the requirement for documentation of the discussion among engagement team members because it combines the requirement from ISA 315 (Revised 2019) and ISA 240. Part 6.8 contains the specific documentation requirements. Overall requirements related to specific documentation requirements have been retained. Do the changes result in requirements that still achieve reasonable assurance? Yes - similar outcome from required auditor's actions expected.

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	ISA	ISA for LCE	ISA	ISA for LCE	
				designed effectively and determination whether the control has been implemented; and ...	
Requirements	ISA 240 Paragraph 46 Documentation	Paragraphs 7.7.1.(a)-(d) and 7.7.2 Responding to Assessed Risks of Material Misstatement Specific Documentation Requirements	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: (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, and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level; and (b) The results of the audit procedures, including those designed to address the risk of management override of controls.	7.7.1 In addition to the general documentation requirements (Part 2.5.) for an audit engagement, the auditor shall include the following in the audit documentation: (a) The overall responses to the assessed risks of material misstatement at the financial statement level; (b) The linkage between the procedures performed and the assessed risks at the assertion level; and (c) The results of the audit procedures, including the conclusions where these are not otherwise clear; (d) The results of audit procedures designed to address the risk of management override of controls; ... 7.7.2 Where the assessed risk of material misstatement is due to fraud, the auditor's	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications made to incorporate for nature of ISA for LCE where fraud is combined in relevant Parts. Also, there is removal of reference to the ISA. Significant aspects of auditor's documentation requirements retained, and auditor's actions expected to be similar under both standards. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				documentation shall include the specific fraud response.	
Requirements	ISA 240 Paragraph 47 Documentation	Paragraph 2.5.5.(a) Audit Evidence and Documentation General Documentation Requirements <i>Documentation of Communications</i>	The auditor shall include in the audit documentation communications about fraud made to management, those charged with governance, regulators and others.	The auditor shall include in the audit documentation any: (a) Communications about fraud made to management, those charged with governance, regulators and others; and	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to include in a bullet list but requirement retained. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 240 Paragraph 48 Documentation	Paragraph 6.8.1.(d) Risk Identification and Assessment 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 (Part 2.5) for an audit of an LCE , 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. ...	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to include in a bullet list but overall requirement retained.

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.</p>
Application Material	ISA 240 Paragraph A8 Professional	With Paragraph 1.4.6. Fundamental Concepts, General Principles and Overarching Requirements Professional Skepticism	-	... <i>The auditor cannot be expected to disregard past experience of the honesty and integrity of the entity's management and those charged with governance. Nevertheless, a belief that management and those charged with governance are honest and have integrity does not relieve the auditor of the need to maintain professional skepticism or allow the auditor to be satisfied with less than persuasive audit evidence when obtaining reasonable assurance.</i>	Essential Explanatory Material
Application Material	ISA 240 Paragraphs 3 and 4 Introduction	With Part 1.5. Fundamental Concepts, General Principles and Overarching Requirements Fraud	-	<i>The primary responsibility for the prevention and detection of fraud rests with both management, and where appropriate, those charged with governance of the entity. Although fraud is a broad legal concept, for the purposes of this [draft] standard, the auditor is concerned with fraud that causes a material misstatement in the financial statements.</i>	Essential Explanatory Material
Application Material	ISA 240	With Part 1.5.	-	<i>An auditor conducting an audit in accordance with this [draft]</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Paragraphs 5 and 6 Introduction	Fundamental Concepts, General Principles and Overarching Requirements Fraud		<i>standard 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 even though the audit is properly planned and performed in accordance with this [draft] standard. 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>	
Application Material	ISA 240 Paragraph 2 and 3 Introduction	With Part 1.5. Fundamental Concepts, General Principles and Overarching Requirements Fraud		<i>Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>of assets. Although the auditor may suspect or, in rare cases, identify the occurrence of fraud, the auditor does not make legal determinations of whether fraud has actually occurred.</i></p>	
Application Material	<p>ISA 240 Paragraph 8 Introduction</p>	<p>With Part 1.5. Fundamental Concepts, General Principles and Overarching Requirements Fraud</p>	-	<p><i>When obtaining reasonable assurance, the auditor is responsible for maintaining professional skepticism throughout the audit, considering 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 this [draft] standard 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></p>	Essential Explanatory Material
Application Material	<p>ISA 240 Paragraph 2 & 3 Characteristics of Fraud</p>	<p>With Part 1.5. Fundamental Concepts, General Principles and Overarching Requirements Fraud</p>	-	<p><i>Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.</i></p> <p><i>Two types of intentional misstatements are relevant to the</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Although the auditor may suspect or, in rare cases, identify the occurrence of fraud, the auditor does not make legal determinations of whether fraud has actually occurred.</i></p>	
Application Material	<p>ISA 240 Paragraph A7 Characteristics of Fraud</p>	<p>With Paragraph 1.5.1 Fundamental Concepts, General Principles and Overarching Requirements Fraud</p>	-	<p><i>Considerations Specific to Public Sector Entities</i></p> <p><i>The public sector auditor’s responsibilities relating to fraud may be a result of law, regulation or other authority applicable to public sector entities or separately covered by the auditor’s mandate.</i></p> <p><i>Consequently, the public sector auditor’s responsibilities may not be limited to consideration of risks of material misstatement of the financial statements, but may also include a broader responsibility to consider risks of fraud.</i></p>	Essential Explanatory Material
Application Material	<p>ISA 240 Paragraph A58</p>	<p>With Paragraph 1.5.2. Fundamental Concepts, General Principles and</p>		<p><i>Considerations Specific to Public Sector Entities</i></p> <p><i>In many cases in the public sector, the option of withdrawing from the engagement may not be</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Overarching Requirements Fraud <i>Auditor Unable to Continue the Engagement</i>		<i>available to the auditor due to the nature of the mandate or public interest considerations.</i>	
Application Material	ISA 240 Paragraph A69	Paragraph 1.8.6. Fundamental Concepts, General Principles and Overarching Requirements General Communications with Management and Those Charged with Governance	-	<i>Considerations Specific to Public Sector Entities</i> <i>In the public sector, requirements for reporting fraud, whether or not discovered through the audit process, may be subject to specific provisions of the audit mandate or related law, regulation or other authority.</i>	Essential Explanatory Material
Application Material	ISA 240 Paragraph A31	With Paragraph 6.4.2. Risk Identification and Assessment Identifying Risks of Material Misstatement	-	<i>The presumption that there are risks of fraud in revenue recognition may be rebutted. For example, the auditor may conclude, based on the audit evidence obtained that there is no risk of material misstatement due to fraud relating to revenue recognition in the case where there is a single type of simple revenue transaction, for example, leasehold revenue from a single unit rental property.</i>	Essential Explanatory Material
Application Material	ISA 240	With Paragraph 7.4.8.	-	<i>Material misstatement of financial statements due to fraud often involves the manipulation</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Paragraph A42 and A161	Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Management Override of Controls</i>		<i>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> <i>Automated Tools and Techniques</i> <i>In manual general ledger systems, non-standard journal entries may be identified through inspection of ledgers, journals, and supporting documentation. When automated procedures are used to maintain the general ledger and prepare financial statements, such entries may exist only in electronic form and may therefore be more easily identified through the use of ATT.</i>	
Application Material	ISA 240 Paragraph A53	With Paragraph 7.5.4. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements	-	<i>The implications of identified or suspected fraud depends on the circumstances. For example, an otherwise insignificant fraud may be significant if it involves senior management. In such circumstances, the reliability of evidence previously obtained may be called into question,</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>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></p>	
ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements					
Objectives	<p>ISA 250 (Revised) Paragraph 11</p>	<p>Paragraph 7.1.1.(d) Responding to Assessed Risks of Material Misstatement Objectives</p>	<p>The objectives of the auditor are:</p> <p>(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;</p> <p>(b) To perform specified audit procedures to help identify instances of non-compliance with other laws and regulations that may have a 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>	<p>The objectives of the auditor are to:</p> <p>...</p> <p>(d) Respond appropriately to identified or suspected non-compliance with laws and regulations that have been identified during the audit.</p>	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 250 (Revised), <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i>, is addressed mostly in Part 1, <i>Fundamental Concepts and General Principles</i>, of the [draft] ISA for LCE along with other audit</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					evidence-related ISAs and Part 7, <i>Responding to Assessed Risks of Material Misstatement</i> , of the [draft] ISA for LCE.
Requirements	ISA 250 (Revised) Paragraph 13 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 6.3.1.(b) and (d) Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity and Its Environment</i>	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: (a) The legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates; and (b) How the entity is complying with that framework.	The auditor shall understand: ... (b) The industry and other external factors. ... (d) The legal and regulatory framework applicable to the entity, and how the entity is complying with that framework.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to combine requirements for topics where the auditor's actions appear similar for the purpose of drafting for the nature of the [draft] ISA for LCE. No significant aspects of the auditor's required actions expected to be lost – output expected to be similar. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE
Requirements	ISA 250 (Revised) Paragraph 14	Paragraph 7.4.24. Responding to Assessed Risks of	The auditor shall obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized	The auditor shall obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws or regulations generally recognized	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	The Auditor's Consideration of Compliance with Laws and Regulations	Material Misstatement Specific Focus Areas <i>Audit Procedures When Non-Compliance With Law or Regulation is Identified or Suspected</i>	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 financial statements. ⁷	Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 250 (Revised) Paragraph 15 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 6.6.1.(f) Risk Identification and Assessment Specific Inquiries of Management and Those Charged with Governance	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: (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 (b) Inspecting correspondence, if any, with the relevant licensing or regulatory authorities.	In designing and performing procedures to identify and assess the risks of material misstatement due to fraud or error, the auditor shall make inquiries of management regarding: ... (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; and ...	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to the language in the requirement to apply drafting principles and make more succinct for appropriateness of ISA for LCE. In addition, the use of a different bulleted list has been made. All aspects of the auditor action are retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement

⁷ For the effect on the auditor's report see Part 9, paragraph 9.5.1.J.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					in the context of an audit of an LCE.
Requirements	ISA 250 (Revised) Paragraph 16 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 1.6.1. Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation	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 performing audit procedures may bring instances of non-compliance or suspected non-compliance with law or regulation to the auditor's attention.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – The requirement has been adapted to describe “performing audit procedures” rather than “other audit procedures” as part of the fundamental concepts and general principles of the [draft] ISA for LCE. The auditor action required is retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 250 (Revised) Paragraph 17 The Auditor's Consideration of Compliance with Laws and Regulations	Paragraph 8.6.1.(j) Concluding Written Representations from Management and Those Charged with Governance	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	The auditor shall obtain written representations from management for all periods referred to in the audit opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			statements have been disclosed to the auditor.	governance about the following matters: ... (j) That all known instances of non-compliance or suspected non-compliance with law or regulation whose effects should be considered when preparing financial statements have been disclosed to the auditor;	Yes – minor modification to include in bullet list but all aspects of the auditor’s actions retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 250 (Revised) Paragraph 18 The Auditor’s Consideration of Compliance with Laws and Regulations	Paragraph 1.6.2. Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation	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 law or regulation, the auditor is not required to perform audit procedures regarding the entity’s compliance with law or regulation, other than what is required by this [draft] standard.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to remove reference to the ISA and reflect the structuring of ISA for LCE. All aspects of the requirement have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 250 (Revised) Paragraph 19	Paragraph 7.4.25.(a) Responding to Assessed Risks of	If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with	If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Audit Procedures When Non-Compliance Is Identified or Suspected	Material Misstatement Specific Focus Areas <i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i>	laws and regulations, the auditor shall obtain: (a) An understanding of the nature of the act and the circumstances in which it has occurred; and (b) Further information to evaluate the possible effect on the financial statements.	law or regulation, the auditor shall: (c) Understand the nature and circumstances, and obtain further information necessary to evaluate the possible effect on the financial statements; ...	Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to be more direct in line with the principles of the [draft] ISA for LCE: Paragraph 7.4.25. combines paragraphs 19-22 of ISA 250 (Revised) in a bulleted list. All aspects of the auditor action have been retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 250 (Revised) Paragraph 20 Audit Procedures When Non-Compliance Is Identified or Suspected	Paragraph 7.4.25.(b) and (c) Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i>	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	If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with law or regulation, the auditor shall: ... (b) Discuss the non-compliance with management, and where appropriate, those charged with governance, unless prohibited to do so by law and regulation;	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an audit of an LCE. Paragraph 7.4.25. combines paragraphs 19-22 of ISA 250 (Revised) in a bulleted list. Modification to the

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>suspected non-compliance may be material to the financial statements, the auditor shall consider the need to obtain legal advice.</p>	<p>(c) If sufficient information about suspected non-compliance cannot be obtained, evaluate the effect of the lack of sufficient appropriate audit evidence on the auditor's opinion; and</p> <p>...</p>	<p>language in the requirement to apply drafting principles and improve readability as appropriate for the [draft] ISA for LCE. 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, - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 21 Audit Procedures When Non-Compliance Is Identified or Suspected</p>	<p>Paragraph 7.4.25.(c) Responding to Assessed Risks of Material Misstatement Specific Focus Areas <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 law or regulation, the auditor shall:</p> <p>...</p> <p>(c) If sufficient information about suspected non-compliance cannot be obtained, evaluate the effect of the lack of sufficient appropriate audit evidence on the auditor's opinion; and ...</p> <p><i>(Also included in Table C under paragraph 9.5.1 indicating that a qualified or disclaimer of opinion is required).</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Paragraph 7.4.25. combines paragraphs 19-22 of ISA 250 (Revised) in a bulleted list. 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 - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 250 (Revised) Paragraph 22 Audit Procedures When Non-Compliance Is Identified or Suspected	Paragraph 7.4.25.(d) Responding to the Risks of Material Misstatement Specific Focus Areas <i>Audit Procedures When Non-Compliance with Laws and Regulations is Identified or Suspected</i>	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.	If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with law or regulation, the auditor shall: ... (d) Evaluate the implications on other aspects of the audit, including the auditor's risk assessment and the reliability of written representations and take appropriate action. ⁸	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Paragraph 7.4.25. combines paragraphs 19-22 of ISA 250 (Revised) in a bulleted list. All aspects of the auditor action are retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
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	-	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? The requirement has not been included in the [draft] ISA for LCE

⁸ For the effect on the auditor's report see Part 9, paragraphs 9.5.1.K., 9.5.1.L. and 9.5.1.M.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			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>explicitly - Paragraph 7.4.25.(b) requires the auditor to, if the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, discuss the non-compliance with management, and where appropriate, those charged with governance, unless prohibited to do so by law and regulation. The principle of the requirement to communicate is already included in the [draft] ISA for LCE so has not been repeated.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 250 (Revised) Paragraph 24 Communicating and Reporting Identified or Suspected Non-Compliance</p>	-	<p>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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>The requirement has not been included in the [draft ISA for LCE explicitly - Paragraph 7.4.25.(b) requires the auditor to, if the auditor becomes aware of</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>information concerning an instance of non-compliance or suspected non-compliance with laws and regulations discuss the non-compliance with management, and where appropriate, those charged with governance, unless prohibited to do so by law and regulation. The principle of the requirement to communicate is already included in the [draft] ISA for LCE so has not been repeated.</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 and appropriate in the circumstances of an audit of an LCE?</p> <p>The requirement has not been included in the [draft] ISA for LCE explicitly – due to the nature of the audits performed contemplated by the Authority of the [draft] standard, it is unlikely that a higher level of authority, beyond TCWG. Where a higher level of authority does exist, it is likely to be clear who to communicate with where non-compliance does exist. Where this is common in a local jurisdiction, local bodies would</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance.</p> <p>2. Should / could the requirement be revised or modified 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 26 Communicating and Reporting Identified or Suspected Non-Compliance</p>	<p>Paragraph 9.5.1.K Forming an Opinion and Reporting Modifications to the Opinion <i>Table C</i></p>	<p>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.</p>	<p>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.</p> <p><i>(Inclusion in Table C under paragraph 9.5.1 indicating that a qualified or adverse opinion is required).</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - requirement included in full but presented in table format.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 250 (Revised) Paragraph 27</p>	<p>Paragraph 9.5.1.K Forming an Opinion and Reporting</p>	<p>If the auditor is precluded by management or those charged with governance from obtaining sufficient appropriate audit evidence to evaluate whether</p>	<p>The auditor is precluded by management or those charged with governance from obtaining sufficient appropriate audit evidence to evaluate whether</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Communicating and Reporting Identified or Suspected Non-Compliance	Modifications to the Opinion <i>Table C</i>	non-compliance that may be 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).	non-compliance that may be material to the financial statements has, or is likely to have, occurred. <i>(Inclusion in Table C under paragraph 9.5.1 indicating that a qualified or disclaimer of opinion is required).</i>	Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - requirement included in full but presented in table format. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 250 (Revised) Paragraph 28 Communicating and Reporting Identified or Suspected Non-Compliance	Paragraph 9.5.1.M Forming an Opinion and Reporting Modifications to the Opinion <i>Table C</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 accordance with ISA 705 (Revised).	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. <i>(Inclusion in Table C under paragraph 9.5.1 indicating that a qualified or disclaimer of opinion is required).</i>	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - requirement included in full but presented in table format. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 250 (Revised) Paragraph 29 Communicating and Reporting Identified or	Paragraph 1.6.3 Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation	If the auditor has identified or suspects non-compliance with laws and regulations, the auditor shall determine whether law, regulation or relevant ethical requirements:	If the auditor has identified or suspects non-compliance with law or regulation, or fraud, the auditor shall determine whether law, regulation or relevant ethical requirements:	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Suspected Non-Compliance	<i>Reporting to an Appropriate Authority Outside the Entity</i>	(a) Require the auditor to report to an appropriate authority outside the entity. (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.	(a) Require the auditor to report to an appropriate authority outside the entity. (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.	2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 250 (Revised) Paragraph 30 Documentation	Paragraph 2.5.2. Audit Evidence and Documentation General Documentation Requirements Paragraph 2.5.5.(b) Audit Evidence and Documentation General Documentation Requirements <i>Documentation of Communications</i> Paragraph 7.7.3. Responding to Assessed Risks of Material Misstatement Specific Documentation Requirements	The auditor shall include in the audit documentation identified or suspected non-compliance with laws and regulations and: (a) The audit procedures performed, the significant professional judgments made and the conclusions reached thereon; and (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.	2.5.2. The auditor shall document identified or suspected non-compliance with law or regulation and the results of discussion with management, and where appropriate, those charged with governance and parties outside the entity. 2.5.5. The auditor shall include in the audit documentation any: (a) Communications about fraud made to management, those charged with governance, regulators and others; and (b) Discussions of significant matters related to non-compliance with law or regulation, or fraud, with management, those charged with governance and others, including how the matter has been responded to.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications made in the context of an LCE engagement by including each requirement in the appropriate phases of the audit engagement. In addition, the language has been modified to apply drafting principles and improve readability All aspects of the auditor action have been retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				7.7.3 Where the auditor has identified or suspected non-compliance with law or regulation, the auditor shall document the audit procedures performed, the significant professional judgments made, and the conclusions reached thereon.	in the context of an audit of an LCE.
Application Material	ISA 250 (Revised) Paragraph 3	With Part 1.6. Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation		<i>It is the responsibility of management, with the oversight of those charged with governance where appropriate, to ensure that the entity's operations are conducted in accordance with the provisions of law or regulation, including compliance with the provisions of law or regulation that determine the reported amounts and disclosures in an entity's financial statements.</i>	Essential Explanatory Material
Application Material	ISA 250 (Revised) Paragraphs 4 and 6	With Part 1.6. Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation		<i>The requirements in this [draft] standard are designed to assist the auditor in identifying material misstatement of the financial statements due to non-compliance with law or regulation. However, the auditor is not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all law or regulation. The auditor's focus in</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>an audit of the financial statements is on circumstances when non-compliance with law or regulation results in a material misstatement of the financial statements. In this regard, the auditor's responsibilities are in relation to compliance with two different categories of law or regulation and are distinguished as follows:</i></p> <p><i>(a) The provisions of those law or regulation generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements (e.g., tax and pension law or regulation); and</i></p> <p><i>(b) Other law or regulation 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</i></p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>solvency requirements, or compliance with environmental regulations), i.e., non-compliance with such law or regulation may therefore have a material effect on the financial statements.</i></p>	
Application Material	<p>ISA 250 (Revised) Paragraphs A7</p>	<p>Paragraph 1.6.2. Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation</p>	-	<p><i>Considerations Specific to Public Sector Entities</i></p> <p><i>In the public sector, there may be additional audit responsibilities with respect to the consideration of laws and regulations which may relate to the audit of financial statements or may extend to other aspects of the entity's operations.</i></p>	Essential Explanatory Material
Application Material	<p>ISA 250 (Revised) Paragraphs A28</p>	<p>With Paragraph 1.6.3 Fundamental Concepts, General Principles and Overarching Requirements Law or Regulation</p>		<p><i>Reporting identified or suspected non-compliance with law or regulation, or fraud, to an appropriate authority outside the entity may be required or appropriate in the circumstances because:</i></p> <ul style="list-style-type: none"> <i>The auditor has determined reporting is an appropriate action to respond to identified or suspected non-compliance in accordance with relevant ethical requirements; or</i> <i>Law, regulation or relevant ethical requirements provide</i> 	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>the auditor with the right to do so.</i>	
ISA 265, <i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>					
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. 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 [draft] ISA for LCE. The objectives of these parts do not address communication specifically because the objectives address</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					all aspects included in the Part more broadly.
Requirements	ISA 265 Paragraph 7	Paragraphs 6.3.13. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</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.	Based on the auditor's evaluations about whether the control environment, the entity's risk assessment process, the monitoring of the entity's internal control system and the information system are appropriate in context of the nature and circumstances of the entity, the auditor shall determine whether one or more control deficiencies have been identified.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – In the context of an LCE engagement, paragraphs 7 and 8 of ISA 265 have been combined, to apply drafting principles and improve readability and understandability. Both the identification (“one or more deficiencies identified” and evaluation of severity (“determine whether...”) are addressed. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 265 Paragraph 8	Paragraphs 6.3.18. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Deficiencies in the Entity's Internal Control System</i>	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.	The auditor shall determine whether any deficiencies identified in the entity's internal control system, individually or in combination, constitute significant deficiencies.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – In the context of an LCE engagement, paragraphs 7 and 8 of ISA 265 have been combined, to apply drafting principles and improve readability and understandability. All aspects of the ISA requirements have been retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 265 Paragraph 9	Paragraph 7.6.1.(a) Responding to Assessed Risks of Material Misstatement 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) Significant deficiencies in the entity's internal control system identified during the audit to those charged with governance in writing and on a timely basis. ...	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>Yes. The requirement has been adapted to be included in a bullet list, 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.</p>
Requirements	<p>ISA 265 Paragraph 10</p>	<p>Paragraph 7.6.1.(b) Responding to Assessed Risks of Material Misstatement Specific Communication Requirements</p>	<p>The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis:</p> <p>(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</p> <p>(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.</p>	<p>The auditor shall communicate:</p> <p>....</p> <p>(b) With management, in writing and on a timely basis, matters that have been communicated to those charged with governance (unless it would be inappropriate to communicate directly with management in the circumstances) and other deficiencies in internal control identified that have not been communicated but are of sufficient importance to merit management's attention.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. modified to combine requirements for topics where the auditor's actions appear similar for the purpose of drafting for the nature of the [draft] ISA for LCE. No significant aspects of the auditor's required actions expected to be lost – output expected to be similar.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 265 Paragraph 11	Paragraph 7.6.2. Responding to Assessed Risks of Material Misstatement Specific Communication Requirements	<p>The auditor shall include in the written communication of significant deficiencies in internal control:</p> <p>(a) A description of the deficiencies and an explanation of their potential effects; and</p> <p>(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:</p> <p>(i) The purpose of the audit was for the auditor to express an opinion on the financial statements;</p> <p>(ii) The audit included consideration of internal control relevant to the preparation of the financial statements 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 internal control; and</p> <p>(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</p>	<p>For communication of significant deficiencies to those charged with governance, the auditor shall include a description and explanation of the potential impact of the deficiencies, and sufficient information to understand the context of the communication.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to make more appropriate to the nature of the [draft] ISA for LCE by focusing on the outcome: to provide description, explanation and sufficient information for understanding. Management's understanding of the purpose of the audit and responsibilities in relation to internal control is already established within the terms of the engagement so is not repeated.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes – expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			being reported to those charged with governance.		
Application Material	ISA 265 Paragraph A23	With Paragraph 7.6.1. 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) Responding to Assessed Risks of Material Misstatement Objectives	The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks.	The objectives of the auditor are to: (a) Obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement (the assessed risks), through designing and implementing appropriate responses to those risks; ...	<ol style="list-style-type: none"> 1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes – Adapted to structure of the [draft] ISA for LCE with the use of a bulleted list, combining the objectives of Part 7 relating the <i>Responding to Assessed Risks of Material Misstatement</i>. All aspects of the objective have been retained. 3. Do the changes result in the objective that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 330 Paragraph 5 Overall Responses	Paragraph 7.2.1. Responding to Assessed Risks of Material Misstatement 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 at the financial statement level, whether due to fraud or error.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified 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. All aspects of the requirement have been achieved. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 330 Paragraph 6 Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	Paragraph 7.3.1. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	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 misstatement at the assertion level.	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The wording “whether due to fraud or error, at the assertion level” has been added to address paragraph 31 of ISA 240. All aspects of the requirement have been achieved.

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.</p>
Requirements	<p>ISA 330 Paragraph 7</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>Paragraph 7.3.2.(a) and (b)</p> <p>Responding to Assessed Risks of Material Misstatement</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 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</p>	<p>In designing the further audit procedures, 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 characteristics of the significant class of transactions, account 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 misstatements (that is, the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor edits for readability. All significant aspects of the requirements retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>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>(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>...</p>	
Requirements	<p>ISA 330 Paragraph 8 Tests of Controls</p>	<p>Paragraph 7.3.2.(d) Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>The auditor shall design and perform tests of controls 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 (that is, the auditor plans to test the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); or</p> <p>(b) Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.</p>	<p>In designing the further audit procedures, the auditor shall:</p> <p>...</p> <p>(d) Design and perform tests of controls, to obtain sufficient appropriate audit evidence as to the operating effectiveness of such controls, if the auditor intends to test the operating effectiveness of controls or when substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been modified to be more succinct in line with drafting principles. All significant aspects of the auditor action have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 330 Paragraph 9 Tests of Controls	Paragraph 7.3.2.(c) Responding to Assessed Risks of Material Misstatement 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 controls, obtain more persuasive audit evidence the greater the reliance the auditor places on the operating effectiveness of controls, and	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been modified to be included in a bulleted list. 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.</p>
Requirements	ISA 330 Paragraph 10 Tests of Controls <i>Nature and Extent of Tests of Controls</i>	Paragraph 7.3.8. and 7.3.9. Responding to Assessed Risks of Material Misstatement 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; (ii) The consistency with which they were applied; and	7.3.8. In designing and performing tests of controls, the auditor shall perform audit procedures in combination with inquiry to obtain audit evidence about the operating effectiveness of controls, including: (a) How the controls were applied at relevant times during the period; (b) The consistency with which they were applied; and (c) By whom or by what means they were applied. 7.3.9. The auditor shall determine whether the controls	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been modified appropriate to the nature of the [draft] ISA for LCE structure and ordering, however, all aspects of the auditor actions are retained.</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	
			<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>	<p>(indirect 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 indirect controls.</p>	<p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 330 Paragraph 11 Tests of Controls <i>Timing of Tests of Controls</i></p>	<p>Paragraph 7.3.10 Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i></p>	<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>	<p>The auditor shall test controls for the period of time, or throughout the period, for which the auditor intends to rely on those controls in order to provide an appropriate basis for the auditor's reliance.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to remove references to other paragraphs and make more succinct in line with drafting principles.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 330 Paragraph 12</p>	<p>Paragraph 7.3.11. Responding to Assessed Risks of</p>	<p>If the auditor obtains audit evidence about the operating</p>	<p>If the auditor obtains audit evidence about the operating effectiveness of controls in the interim period, the auditor shall</p>	<p>1. Is the requirement relevant and appropriate in the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>Tests of Controls <i>Using audit evidence obtained during an interim period</i></p>	<p>Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i></p>	<p>effectiveness of controls during an interim period, the auditor shall:</p> <p>(a) Obtain audit evidence about significant changes to those controls subsequent to the interim period; and</p> <p>(b) Determine the additional audit evidence to be obtained for the remaining period.</p>	<p>obtain additional audit evidence about any subsequent significant changes and determine the additional audit evidence to be obtained for the remaining period.</p>	<p>circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been modified to apply drafting principles and be more succinct and not in a bulleted list. However, all aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes</p>
Requirements	<p>ISA 330 Paragraph 13 Tests of Controls <i>Using audit evidence obtained in previous audits</i></p>	<p>Paragraph 7.3.12 Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i></p>	<p>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 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>If the auditor intends to use audit evidence about the operating effectiveness of controls obtained in previous periods, the auditor shall:</p> <p>(a) Consider the effectiveness of the components of the internal control system, the risks from the characteristics of the control (e.g., manual or automated), the effectiveness of general IT controls, the effectiveness of the control and its application by the entity, whether the lack of a change in a particular control poses</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Modified to be appropriate for the general circumstances of an Audit of an LCE and to adapt to a bulleted list.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(b) The risks arising from the characteristics of the control, including whether it is manual or automated; (c) The effectiveness of general IT controls; (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; (e) Whether the lack of a change in a particular control poses a risk due to changing circumstances; and (f) The risks of material misstatement and the extent of reliance on the control.	a risk due to changing circumstances and the risk of material misstatement and the extent of reliance on the control planned; and ...	
Requirements	ISA 330 Paragraph 14 Tests of Controls <i>Using audit evidence obtained in previous audits</i>	Paragraph 7.3.12 Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	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	If the auditor intends to use audit evidence about the operating effectiveness of controls obtained in previous periods, the auditor shall: (b) Establish the continuing relevance of that evidence by obtaining audit evidence	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Modified to be appropriate for the general circumstances of an Audit

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<i>Tests of Controls</i>	<p>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>(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.</p>	<p>about whether significant changes in those controls have occurred subsequent to the previous audit. If there have been significant changes the auditor shall test the control in the current period, otherwise at least once every third audit.</p>	<p>of an LCE and to adapt to 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 330 Paragraph 15 Tests of Controls <i>Controls over significant risks</i></p>	<p>Paragraph 7.3.13. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>	<p>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.</p>	<p>- If the auditor intends to rely on a control that is a control over a significant risk, the auditor shall test the control in the current period.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement has been adapted to the order of the [draft]</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<i>Tests of Controls</i>			ISA for LCE. All aspects of the auditor action are retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 330 Paragraph 16 Tests of Controls <i>Evaluating the Operating Effectiveness of Controls</i>	Paragraph 7.3.14. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i>	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.	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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 17 Tests of Controls <i>Evaluating the Operating Effectiveness of Controls</i>	Paragraph 7.3.15. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Tests of Controls</i>	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: (a) The tests of controls that have been performed provide an appropriate basis for reliance on the controls; (b) Additional tests of controls are necessary; or	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: (a) The tests of controls provide an appropriate basis for reliance on the controls; (b) Additional tests of control are necessary; or	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to use more direct language in line with drafting principles. All auditor actions retained. ar.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(c) The potential risks of material misstatement need to be addressed using substantive procedures.	(c) The risks of material misstatement need to be addressed using substantive procedures.	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 330 Paragraph 18 Substantive Procedures</p>	<p>Paragraph 7.3.16. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Procedures</i></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.	Irrespective of the assessed risks, substantive procedures shall be performed for each material class of transactions, account balance, and disclosure.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Minor modification to make the language in the sentence structure more succinct for appropriateness of ISA for LCE and to apply drafting principles. 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.</p>
Requirements	<p>ISA 330 Paragraph 19 Substantive Procedures</p>	<p>Paragraph 7.3.20. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of</p>	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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Material Misstatement at the Assertion Level <i>External Confirmations</i>			No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 20 Substantive Procedures <i>Substantive Procedures Related to the Financial Statement Closing Process</i>	Paragraph 7.3.17. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Procedures</i>	The auditor's substantive procedures shall include the following audit procedures related to the financial statement closing process: (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 (b) Examining material journal entries and other adjustments made during the course of preparing the financial statements.	The auditor's substantive procedures shall include audit procedures related to the financial statement closing process, including: (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 (b) Examining material journal entries and other adjustments made during the course of preparing the financial statements.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 330 Paragraph 21 Substantive Procedures <i>Substantive Procedures</i>	Paragraph 7.3.18. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the	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	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	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Responsive to Significant Risks</i>	Assessed Risks of Material Misstatement at the Assertion Level <i>Substantive Procedures</i>	approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details.	procedures, those procedures shall include tests of details.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Modification to make the language in the requirement more direct and reflect the structure of ISA for LCE and to apply drafting principles. 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.</p>
Requirements	ISA 330 Paragraph 22 Substantive Procedures <i>Timing of Substantive Procedures</i>	Paragraph 7.3.19. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <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 (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.	If the auditor performed substantive procedures 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 (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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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.		<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Less focus has been placed on the performance of interim procedures since the audit of an LCE is likely to occur after year end. General requirements about interim testing have been included at 7.3.19. Paragraph 7.5.5 requires the auditor to determine whether the audit plan needs to be revised if a misstatement is identified during the audit. To keep the [draft] standard succinct it is deemed not necessary to specifically emphasize that this also includes misstatements identified during interim testing.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 330 Paragraph 24 Adequacy of Presentation of	Paragraph 8.5.4. Concluding The Auditor's Evaluations and Other Activities to Support	The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements is in accordance with the applicable	The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements is in accordance with the applicable	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	the Financial Statements	the Auditor's Conclusion <i>Evaluations Required</i>	financial reporting framework. In making this evaluation, the auditor shall consider whether the financial statements are presented in a manner that reflects the appropriate: <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. 	financial reporting framework. In making this evaluation, the auditor shall consider whether the financial statements are presented in a manner that reflects the appropriate: <ul style="list-style-type: none"> (a) Classification and description of financial information and the underlying transactions, events and conditions; and (b) Presentation, structure and content of the financial statements. 	<p>2. Should / could the requirement be revised or modified 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 25 Evaluating the Sufficiency and Appropriateness of Audit Evidence	Paragraph 8.5.1. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Evaluations Required</i>	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.	Based on the audit procedures performed and the audit evidence obtained, the auditor shall evaluate whether the assessments of the risks of material misstatement at the financial statement and assertion levels remain appropriate.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of an LCE engagement and therefore this requirement has been included in Part 8 of the [draft] ISA for LCE. As such, there is no need to refer to the evaluation taking place before conclusion of the audit.</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 - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 330 Paragraph 26 Evaluating the Sufficiency and Appropriateness of Audit Evidence	Paragraph 8.5.5. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Concluding</i>	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to consider against all information obtained rather than just assertions made in the financial statements to reflect greater focus on professional skepticism. However, the broader aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a sufficiently robust outcome in the context of an audit of an LCE.
Requirements	ISA 330 Paragraph 27 Evaluating the Sufficiency and Appropriateness of Audit Evidence	Paragraph 8.5.6. Concluding The Auditor's Evaluations and Other Activities to Support	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	If the auditor has not obtained sufficient appropriate audit evidence as to a relevant assertion, the auditor shall attempt to obtain additional audit evidence. If the auditor is unable to obtain sufficient appropriate	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	s of Audit Evidence	the Auditor's Conclusion <i>Concluding</i>	evidence. If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements.	audit evidence, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements. ⁹	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. minor modification to the language to apply drafting principles a (relevant assertion is defined so does not need to be repeated) All aspects of the auditor action are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 330 Paragraph 28 Documentation	Paragraph 7.7.1.(a)-(f) Responding to Assessed Risks of Material Misstatement Specific Documentation Requirements	The auditor shall include in the audit documentation: (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; (b) The linkage of those procedures with the assessed risks at the assertion level; and (c) The results of the audit procedures, including the conclusions where these are not otherwise clear.	In addition to the general documentation requirements (Part 2.5.) for an audit engagement, the auditor shall include the following in the audit documentation: (a) The overall responses to the assessed risks of material misstatement at the financial statement level; (b) The linkage between the procedures performed and the assessed risks at the assertion level; and (c) The results of the audit procedures, including the	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the nature of the [draft] ISA for LCE structure and to make more direct. Documenting the nature, timing and extent of procedures is covered more generally at Paragraph 2.5.1. All aspects of the auditor action have been retained.</p>

⁹ For the effect on the auditor's report see Part 9, paragraph 9.5.1.W.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				conclusions where these are not otherwise clear; (d)	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	ISA 330 Paragraph 29 Documentation	-	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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes, however where the auditor does undertake control testing, the General Documentation requirements (Part 2.5) for documenting the results of audit procedures performed and conclusions reached would cover this.</p> <p>2. Should / could the requirement be revised or modified 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 330 Paragraph 30 Documentation	Paragraph 8.9.2. Concluding 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	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	<p>1. Is the requirement relevant and appropriate 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	
			information is obtained from within or outside of the general and subsidiary ledgers.	such information is obtained from within or outside of the general and subsidiary ledgers.	<p>2. Should / could the requirement be revised or modified 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>
Application Material	ISA 330 Paragraphs A1 and A2	With Paragraph 7.2.1. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Financial Statement Level		<p><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 entity's basis of accounting or accounting policies.</i></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</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>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.</i></p> <p><i>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>	
Application Material	<p>ISA 500 Paragraph A10 ISA 330 Paragraph A8 ISA 240 Paragraph A38</p>	<p>With Paragraph 7.3.1. Responding to Assessed Risks of Material Misstatements Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p>		<p><i>Further audit procedures comprise tests of controls and substantive procedures. The auditor may choose to perform tests of controls or they may be required in specific circumstances (see paragraph 7.3.2.(d)). Substantive procedures include tests of</i></p>	<p>Essential Explanatory Material</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>details and substantive analytical procedures.</i></p> <p><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 relevant and reliable or to obtain additional corroborative information.</i></p>	
Application Material	ISA 330 Paragraph A18	With Paragraph 7.3.2. Responding to Assessed Risks of Material Misstatements Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level	.	<p><i>In an audit of an LCE, the auditor may not be able to identify many controls, or the extent of documentation prepared by the entity to which they exist or operate 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></p>	Essential Explanatory Material
Application Material	ISA 330 Paragraph A19 and A17	With Paragraph 7.3.2. Responding to Assessed Risks of Material Misstatements	-	<p><i>When obtaining more persuasive audit evidence because of a higher assessment of risk, the auditor may increase the quantity of the evidence, or obtain</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level		<p><i>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></p> <p><i>Considerations Specific to Public Sector Entities</i></p> <p><i>For the audits of public sector entities, the audit mandate and any other special auditing requirements may affect the auditor's consideration of the nature, timing and extent of further audit procedures.</i></p>	
Application Material	ISA 330 Paragraph A48	<p>With Paragraph 7.3.20.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level</p> <p><i>External Confirmations</i></p>		<p><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></p>	Essential Explanatory Material
Application Material	ISA 330 Paragraph A60	<p>With paragraph 8.5.1.</p> <p>Concluding</p>	-	<p><i>An audit of financial statements is a cumulative and iterative process. As the auditor performs planned audit procedures, the</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Evaluations Required</i>		<p><i>audit evidence obtained may cause the auditor to modify the nature, timing or extent of planned audit procedures. Information may come to the auditor's attention that differs significantly from the information on which the risk assessment was based. In such circumstances, the auditor may need to reevaluate the planned audit procedures, based on the revised consideration of assessed risks for all or some of the classes of transactions, account balances, or disclosures and related assertions.</i></p> <p><i>The auditor may also consider whether such information changes the auditor's determination about the appropriateness of use of the [draft] ISA for LCE for the audit, which may necessitate a modification to the terms of engagement.</i></p>	
ISA 402, Audit Considerations Relating to an Entity Using a Service Organization¹⁰					
Requirement	ISA 402 Paragraph 9	Paragraph 7.3.17. Responding to Assessed Risks of	When obtaining an understanding of the user entity in accordance with ISA 315	If the entity uses the services of a service organization, the auditor's	Limited requirement added for using service organizations

¹⁰ The remaining paragraphs of this ISA has not been mapped as, due to the nature of an LCE, it is not expected that the entity will not have access to the books and records of any service organizations used and it is not expected that the auditor will need to obtain a Type 1 or Type 2 Report or test controls at the Service Organization. The relevant risk assessment procedures in relation to understanding the service organization are included in Part 6 (Paragraph 6.3.17).

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Material Misstatements Specific Focus Areas <i>Using the Services of a Service Organization</i></p>	<p>(Revised), the user auditor shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations, including:</p> <p>(a) The nature of the services provided by the service organization and the significance of those services to the user entity, including the effect thereof on the user entity's internal control;</p> <p>(b) The nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization;</p> <p>(c) The degree of interaction between the activities of the service organization and those of the user entity; and</p> <p>(d) The nature of the relationship between the user entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.</p>	<p>understanding of the information system shall include:</p> <p>(a) The nature of the services provided by the service organization and the significance of those services to the entity;</p> <p>(b) The nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization;</p> <p>(c) The relevant contractual terms for the activities undertaken by the service organization;</p> <p>....</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate in the context of an LCE engagement – to include most relevant requirements in a succinct and direct manner.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirement	ISA 402 Paragraph 10	Paragraph 7.3.17. Responding to Assessed Risks of	When obtaining an understanding of internal control relevant to the audit in accordance with ISA 315	If the entity uses the services of a service organization, the auditor's	Limited requirement added for using service organizations

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<p>Material Misstatements Specific Focus Areas <i>Using the Services of a Service Organization</i></p>	<p>(Revised), the user auditor shall evaluate the design and implementation of relevant controls at the user entity that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization.</p>	<p>understanding of the information system shall include: ... (d) Controls at the service organization relevant to the entity's transactions; and (e) The controls applied to transactions with the service organization.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate in the context of an LCE engagement – to include most relevant requirements in a succinct and direct manner. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirement	ISA 402 Paragraph 15	<p>Paragraph 7.4.26. Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Using the Services of a Service Organization</i></p>	<p>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 statement assertions is available from records held at the user entity; and, if not, (b) Perform further audit procedures to obtain sufficient appropriate audit evidence or use another auditor to perform those</p>	<p>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 assertions is available at the entity; and, if not, (b) Perform further audit procedures to obtain sufficient appropriate audit evidence or use another auditor to perform those</p>	<p>Limited requirement added for using service organizations 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate in the context of an LCE engagement by removing reference to the ISA and the wording has been simplified to</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			procedures at the service organization on the user auditor's behalf.	organization on the auditor's behalf.	improve readability. However, all aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Application Material	ISA 402 Paragraph A7	With Paragraph 6.3.17 Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i>	-	<i>The auditors understanding of the services of a service organization will inform the auditor about the significance of the controls of the service organization relative to those of the entity, which may also be demonstrated by the degree of interaction between its activities and those of the entity. For example, the service organization may process and account for transactions that are still required to be authorized by the entity, alternatively the entity may rely on such controls being effected at the service organization. The nature and extent of work to be performed by the auditor regarding the services provided by a service organization depend on the nature and significance of those services to the entity and the relevance of those services to the audit.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Application Material	ISA 402 Paragraph A5	With Paragraph 7.4.26. Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Using the Services of a Service Organization</i>		<i>Less complex entities may often use external bookkeeping services ranging from the processing of certain transactions (for example, payment of payroll taxes) and maintenance of their accounting records to the preparation of their financial statements. The use of such a service organization for the preparation of its financial statements does not relieve management of the less complex entity and, where appropriate, those charged with governance of their responsibilities for the financial statements.</i>	Essential Explanatory Material
ISA 450, Evaluation of Misstatements Identified During The Audit					
Objectives	ISA 450 Paragraph 3	Paragraph 8.1.1.(a) Concluding Objectives	The objective of the auditor is to evaluate: (a) The effect of identified misstatements on the audit; and (b) The effect of uncorrected misstatements, if any, on the financial statements.	The objectives of the auditor are to: (a) Evaluate, where applicable, the effect of identified misstatements on the audit and the effect of any uncorrected misstatements on the financial statements;	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes – Adapted to LCE engagement circumstances with the use of a bulleted list, combining the objectives of Part 8, <i>Concluding</i> . All aspects of the objectives have been retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 450 Paragraph 5 Accumulation of Identified Misstatements</p>	<p>Paragraph 7.5.1. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements</p>	<p>The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial.</p>	<p>The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified 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 Paragraph 6 Consideration of Identified Misstatements as the Audit Progresses</p>	<p>Paragraph 7.5.5. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements</p>	<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>	<p>The auditor shall determine whether the audit plan needs 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; and</p> <p>(b) The aggregate of misstatements accumulated</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Minor modifications to the language to address that this [draft] standard only contemplates an audit plan (no audit strategy) and to remove references to the ISAs. However, all aspects of the</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			during the audit approaches materiality determined in accordance with ISA 320.	during the audit approaches materiality.	auditor's action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 450 Paragraph 7 Consideration of Identified Misstatements as the Audit Progresses		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.		1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes, however already addressed in overarching requirement to document all misstatements and whether they have been corrected (Paragraph 7.7.1(f).) which would include performing procedures to make that determination. It is not considered necessary to include a separate requirement specifically for those where the auditor's requested they be corrected because of the way the way that the [draft] ISA for LCE has been presented. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? - 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 450 Paragraph 8 Communication and Correction of Misstatements	Paragraph 8.8.1. Concluding Specific Communication Requirements Paragraph 7.5.2. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements	The auditor shall communicate, unless prohibited by law or regulation, on a timely basis all misstatements accumulated during the audit with the appropriate level of management. The auditor shall request management to correct those misstatements.	8.8.1 The auditor shall communicate, on a timely basis, all misstatements accumulated during the audit with the appropriate level of management, and as appropriate, those charged with governance, unless prohibited by law or regulation. 7.5.2 The auditor shall request management to correct all misstatements accumulated during the audit.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to sentence structure and ordering – but all aspects of the requirement have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 450 Paragraph 9 Communication and Correction of Misstatements	Paragraph 8.2.1. Concluding Evaluation of Misstatements Identified During the Audit	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.	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 450 Paragraph 10	Paragraph 8.2.2. Concluding	Prior to evaluating the effect of uncorrected misstatements, the	Prior to evaluating the effect of uncorrected misstatements, the	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Evaluating the Effect of Uncorrected Misstatements	Evaluation of Misstatements Identified During the Audit	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.	auditor shall reassess materiality to confirm whether it remains appropriate in the context of the entity's actual financial results.	<p>circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No (other than removing reference to the ISA).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 450 Paragraph 11 Evaluating the Effect of Uncorrected Misstatements	Paragraph 8.2.3. Concluding Evaluation of Misstatements Identified During the Audit	<p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate. In 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</p>	<p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate by considering the:</p> <p>(a) Nature and size 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) 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - minor modifications to structure the bulleted list and related leads in</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	
			disclosures, and the financial statements as a whole.		
Requirements	<p>ISA 450 Paragraph 12 <i>Communication with Those Charged with Governance</i></p>	<p>Paragraph 8.2.1. Concluding Evaluation of Misstatements Identified During the Audit Paragraph 8.8.4. Concluding 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 material uncorrected misstatements individually. The auditor shall request that uncorrected misstatements be corrected.</p>	<p>8.8.4 In regard to uncorrected misstatements, the auditor shall communicate to those charged with governance:</p> <p>(a) Uncorrected material 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>(b) The effect of uncorrected misstatements from prior periods on the current year financial statements.</p> <p>8.2.1 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.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? The requirement has been modified to form part of a bulleted list and the sentence structure and ordering updated to be more succinct as appropriate for the [draft] ISA for LCE – however all broad aspects of the required communication have been retained. The requirement for <i>all</i> misstatements to be corrected is already included in paragraph 7.5.2. therefore not considered necessary to repeat specific for material misstatements due to the way that the [draft] ISA for LCE has bene presented.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes. All broader aspects of the requirement to communicate have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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 to those charged with governance: (a) Uncorrected material 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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – The requirement has been adapted to be included in a bulleted list and to be more succinct (i.e., “financial statements” rather than listing out all the components of financial statements) – 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.</p>
Requirements	ISA 450 Paragraph 14 Written Representations	Paragraph 8.6.4. Concluding Written Representations from Management and Those charged With Governance	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	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	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			included in or attached to the written representation.	included in or attached to the written representation.	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 450 Paragraph 15 Documentation</p>	<p>Paragraph 8.9.1.(a) Concluding Specific Documentation Requirements</p>	<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, and the basis for that conclusion (paragraph 11).</p>	<p>In addition to the general documentation requirements (Part 2.5) for an audit engagement, the auditor shall include the following in the audit documentation:</p> <p>(a) The amount below which misstatements would be regarded as clearly trivial, all misstatements accumulated during the audit and whether they have been corrected, and the auditor’s conclusion as to whether the uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion.</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to combine requirements for topics related to documentation for the purpose of drafting for the nature of the [draft] ISA for LCE. All significant aspects of the required documentation have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Application Material	<p>ISA 450 Paragraph A2</p>	<p>With Paragraph 7.5.1. Responding to Assessed Risks of Material Misstatement Accumulation of Misstatements</p>	-	<p><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</i></p>	<p>Essential Explanatory Material</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>aggregate and whether judged by any criteria of nature, size 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>	
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 accordance with the applicable financial reporting framework.	-	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 501, <i>Audit Evidence—Specific Considerations for Specific Items</i> , is addressed in Part 7, <i>Responding to Assessed Risks of Material Misstatement</i> , of the [draft] ISA for LCE along with other audit evidence-related ISAs. All relevant objectives included in ISA 501 paragraph 3 are addressed in requirements within the [draft]

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>[draft] ISA for LCE as mapped below.</p> <p>2. Should / could the requirement be revised or modified 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 Paragraph 4 Inventory</p>	<p>Paragraph 7.4.19. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <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 management's count procedures;</p> <p>(iii) Inspect the inventory; and</p> <p>(iv) Perform test counts; and</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 management's count procedures;</p> <p>(iii) Inspect the inventory; and</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(b) Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results.	(iv) Perform test counts; (b) Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results; and (c) Performing audit procedures to obtain audit evidence about whether changes in inventory between the count date and the date of the financial statements have been properly reflected if the physical inventory counting is at a date other than the date of the financial statements.	
Requirements	ISA 501 Paragraph 5 Inventory	Paragraph 7.4.20. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Inventory</i>	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.	If the auditor has not attended the inventory count 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 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 if not	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – the requirement to perform audit work over intervening transactions has been retained, however the wording is more direct to focus on the outcome. The design of those specific procedures would be covered</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				possible, determine the effect on the auditor's report. ¹¹	<p>more generally by the requirements around designing appropriate audit procedures over the entities final inventory records (paragraph 7.4.19) in order to provide sufficient appropriate audit evidence.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 501 Paragraph 6 Inventory</p>	<p>Paragraph 7.4.20. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Inventory</i></p>	<p>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.</p>	<p>If the auditor has not attended the inventory count 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 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 if not possible, determine the effect on the auditor's report.¹¹</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>The language in the requirement has been modified slightly to reflect the structure of the [draft] ISA for LCE– however all actions 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?</p>

¹¹ For the effect on the auditor's report see Part 9, paragraph 9.5.1.O.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes, the significant aspects of the requirement have been retained.
Requirements	ISA 501 Paragraph 7 Inventory	Paragraph 7.4.20. Responding to Assessed Risks of Material Misstatement 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 auditor's report in accordance with ISA 705 (Revised).	If the auditor has not attended the inventory count 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 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 if not possible, determine the effect on the auditor's report. ¹¹	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? The language in the requirement has been modified to apply drafting principles and make it more succinct for appropriateness of the [draft] ISA for LCE – however all significant aspects have been retained. In determining the effect on the auditor's report, Part 9.5 provides requirements on how to modify a report based on not obtaining sufficient audit evidence (paragraph 9.5.1.O.). Reference to the ISA removed. 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 501 Paragraph 8 Inventory	Paragraph 7.4.21. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Inventory</i>	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.	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, either through confirmation as to the quantities and condition or performing inspection or other audit procedures appropriate in the circumstances.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? The language and sentence structure of the requirement has been modified to apply drafting principles and make it more succinct for appropriateness of the [draft] ISA for LCE – however all significant aspects have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 501 Paragraph 9 Litigation and Claims	Paragraph 7.4.22. Responding to Assessed Risks of Material Misstatements 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 rise to a risk of material misstatement, including: (a) Inquiry of management and, where applicable, others within the entity, including in-house legal counsel; (b) Inspecting minutes of meetings of those charged with governance and	The auditor shall design and perform further audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement, including: (a) Inquiry of management and, where applicable, others within the entity, including in-house legal counsel; (b) Reviewing minutes of meetings of <u>those</u>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</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	
			<p>correspondence between the entity and its external legal counsel; and</p> <p>(c) Inspecting legal expense accounts.</p>	<p><u>charged with governance</u> and correspondence between the entity and its external legal counsel; and</p> <p>(c) Reviewing legal expense accounts.</p>	-
Requirements	<p>ISA 501 Paragraph 10 Litigation and Claims</p>	<p>Paragraph 7.4.23. Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Litigation and Claims</i></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 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.</p>	<p>If the auditor identifies 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 this [draft] standard, seek direct communication with the entity's external legal counsel. The auditor shall do so through a letter of inquiry, prepared by management and sent by the auditor, requesting the entity's external legal counsel to communicate directly with the auditor.¹²</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Included requirement, with modifications for terminology related to risks consistent with the remaining [draft] ISA for LCE. Where communication is prohibited, alternative procedures would be performed in line with response to any prohibited procedure, therefore not deemed necessary to specifically emphasize for this topic area due to the nature of the [draft] ISA for LCE.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p>

¹² For the effect on the auditor's report see Part 9, paragraph 9.5.1.N.

Section	Reference & Heading		Text		Comparison
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					Yes.
Requirements	ISA 501 Paragraph 11 Litigation and Claims		<p>if:</p> <p>(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</p> <p>(b) the auditor is unable to obtain sufficient appropriate audit evidence by performing alternative audit procedures,</p> <p>the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised).</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the [draft] ISA for LCE because in trying to make the [draft] standard more appropriate for an LCE it is the view that this circumstance would be rare. If the circumstance did occur, it is expected to be covered under general requirements around designing sufficient appropriate audit evidence. What the auditor should do when they are unable to obtain sufficient appropriate audit evidence is addressed at paragraph 8.5.6 including determining implications for the audit report.</p> <p>2. Should / could the requirement be revised or modified 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 501 Paragraph 12 Litigation and Claims <i>Written Representations</i>	Paragraph 8.6.1.(j) Concluding Written Representations from Management and Those Charged with Governance	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 obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters: ... (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 and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to adapt to a bulleted list and improve sentence structure for readability. All actions retained.</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	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? No. The [draft] ISA for LCE does not address the audit of segment reporting information (requirement is for listed entities which are specifically excluded from this [draft] standard).</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>result in disclosure in 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>2. Should / could the requirement be revised or modified 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	<p>ISA 501 Paragraph A12-A14</p>	<p>With Paragraph 7.4.20. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Inventory</i></p>	-	<p><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 regarding the existence and</i></p>	<p>Essential Explanatory Material</p>

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				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.	
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>ISA 505, <i>External Confirmations</i>, is addressed in Part 7, <i>Responding to Assessed Risks of Material Misstatement</i>, of the [draft] ISA for LCE along with other audit evidence-related ISAs. Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included.</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 505 Paragraph 7 External Confirmation Procedures</p>	<p>Paragraph 7.3.21. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i></p>	<p>When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including:</p> <p>(a) Determining the information to be confirmed or requested;</p> <p>(b) Selecting the appropriate confirming party;</p> <p>(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</p> <p>(d) Sending the requests, including follow-up requests when applicable, to the confirming party.</p>	<p>When using external confirmation procedures, the auditor shall maintain control over:</p> <p>(a) Determining the information to be confirmed or requested and selecting the appropriate confirming party.</p> <p>(b) 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</p> <p>(c) Sending the requests, including follow-up requests when applicable, to the confirming party.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Requirements from bullets (a) and (b) were combined for succinctness but all significant aspects of the ISA requirement have been retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 505 Paragraph 8 Management's Refusal to Allow the Auditor to Send a</p>	<p>Paragraph 7.3.22. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the</p>	<p>If management refuses to allow the auditor to send a confirmation request, the auditor shall:</p> <p>(a) Inquire as to management's reasons for the refusal, and seek audit evidence as to</p>	<p>If management refuses to allow the auditor to send a confirmation request, the auditor shall:</p> <p>(a) Inquire as to management's reasons for the refusal, and seek audit evidence as to</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Confirmation Request	Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	their validity and reasonableness; (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 (c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.	their validity and reasonableness; (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 (c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 505 Paragraph 9 Management’s Refusal to Allow the Auditor to Send a Confirmation Request	Paragraph 7.3.23. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	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).	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. The auditor also shall determine the implications for the audit and the auditor’s opinion.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes, removed references to ISA 260 (Revised) and ISA 705 (Revised), all other aspects retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 505 Paragraph 10 Results of the External Confirmation Procedures	Paragraph 7.3.24. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	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.	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. ...	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 505 Paragraph 11 Results of the External Confirmation Procedures	Paragraph 7.3.24. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	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 the risk of fraud, and on the related nature, timing and extent of other audit 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 the risk of fraud, and on the related nature, timing and extent of other audit procedures.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 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 505 Paragraph 12 Results of the External Confirmation Procedures	Paragraph 7.3.25. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	In the case of each non-response, the auditor shall perform alternative audit procedures to obtain relevant and reliable audit evidence.	In the case of each non-response, the auditor shall perform alternative audit procedures to obtain relevant and reliable audit evidence.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 505 Paragraph 13 Results of the External Confirmation Procedures	Paragraph 7.3.23. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i>	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).	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. The auditor also shall determine the implications for the audit and the auditor's opinion.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Combined with requirements in ISA 505 paragraph 9, for topics where the auditor's actions appear similar for these have been combined for the purpose of drafting for the nature of the [draft] ISA for LCE. No significant aspects of the auditor's required actions expected to be lost – output expected to be similar. What the auditor should

Section	Reference & Heading		Text		Comparison
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					<p>do when they are unable to obtain sufficient appropriate audit evidence is addressed at paragraph 8.5.6 including determining implications for the audit report. This addresses the objective of this requirement with edits for readability. Removed reference to ISA.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 505 Paragraph 14 Results of the External Confirmation Procedures</p>	<p>Paragraph 7.3.26. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</i></p>	<p>The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements.</p>	<p>The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	<p>ISA 505 Paragraph 15</p>	-	<p>Negative confirmations provide less persuasive audit evidence than positive confirmations.</p>	-	<p>1. Is the requirement relevant and appropriate in the</p>

Section	Reference & Heading		Text		Comparison
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	Negative Confirmations		<p>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> <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>circumstances of an audit of an LCE?</p> <p>No. This requirement has been excluded from the [draft] ISA for LCE because, by its very nature, a negative confirmation provides less persuasive audit evidence and so cannot be used as a sole substantive procedure. It is also rarely used. The requirements relating to negative confirmations in ISA 505.15 relate largely to how they can only be used where certain conditions apply.</p> <p>2. Should / could the requirement be revised or modified 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 16 Evaluating the Evidence Obtained	Paragraph 7.3.27. Responding to Assessed Risks of Material Misstatement Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level <i>External Confirmations</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 whether the results of the external confirmation procedures, if any, provide relevant and reliable audit evidence, or whether further audit evidence is necessary.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
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.	-	<ol style="list-style-type: none"> 1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 540 (Revised), <i>Auditing Accounting Estimates and Related Disclosures</i>, is addressed

Section	Reference & Heading		Text		Comparison
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					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
Requirements	<p>ISA 540 (Revised) Paragraph 13 Risk Assessment Procedures and Related Activities</p>	<p>Paragraphs 6.3.1.(d) and (e) Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity and Its Environment</i> Paragraphs 6.3.3. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Applicable Financial Reporting Framework</i></p>	<p>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 that may give rise to the need for, or changes in, accounting estimates to be recognized or</p>	<p>6.3.1 The auditor shall understand: (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 the need for, or changes in, accounting estimates to be recognized or disclosed. 6.3.3. The auditor shall understand: (a) The applicable financial reporting framework, including for accounting estimates, the recognition criteria, measurement bases, and the related presentation and disclosure requirements and how these apply in the context of the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes, modified for the ordering and structure of the [draft] ISA for LCE, and where appropriate, to be more direct and succinct and to apply drafting principles. Some matters already covered by broader ISA 315 (Revised) requirements in Part 6: • Broader objective within the lead into ISA 540 paragraph 13, included in objective in para. 6.1.1. (e.g., ...providing an appropriate basis for designing and implementing responses to the assessed risks of material misstatement ...)</p>

Section	Reference & Heading		Text		Comparison
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			<p>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 expects to be included in the entity’s financial statements, based on the auditor’s understanding of the matters in 13(a)–(c) above.</p>	<p>nature and circumstances of the entity and its environment.</p> <p>(b) The entity’s accounting policies and reasons for any changes thereto.</p>	<ul style="list-style-type: none"> Inherent risk factors included more broadly in paragraph 6.3.5. and 6.3.12.(b) (latter paragraph specifically addresses estimation uncertainty) Point (c) not applicable in context of ISA for LCE (would likely not have regulatory factors in relation to estimates and if so they would be addressed through forming a general understanding). Paragraph 6.3.1.(d) does more broadly cover regulatory framework. Point (d) is not included as a specific requirement in the [draft] ISA for LCE as whether an estimate will be recognized or disclosed will be covered as part of the determinations at 6.3.1(e). <p>3. 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 and therefore expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the accounting estimates the entity may have.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 540 (Revised) Paragraph 13 (CONT) Risk Assessment Procedures and Related Activities</p>	<p>Paragraphs 6.3.8. and 6.3.12. Risk Identification and Assessment Understanding Relevant Aspects of the Entity <i>Understanding the Entity's Internal Control System</i></p>	<p><i>Obtaining an Understanding of the Entity's System of Internal Control</i></p> <p>(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.</p> <p>(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.</p> <p>(g) How the entity's risk assessment process identifies and addresses risks relating to accounting estimates.</p> <p>(h) The entity's information system as it relates to 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>6.3.8. The auditor shall evaluate 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.</p> <p>6.3.12. For accounting estimates and related disclosures for significant classes of transactions, account balances or disclosures, the auditor's understanding of the information system and the flow of information relevant to the preparation of the financial statements shall include:</p> <p>(a) How management identifies, selects and applies relevant methods, assumptions and data that are appropriate in the context of the applicable financial reporting framework, including</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – not all the detailed requirements are needed for the nature of accounting estimates within the scope of the [draft] ISA for LCE, but the key outcomes are retained in the relevant part of the [draft] ISA for LCE.</p> <ul style="list-style-type: none"> With respect to (e), the oversight over accounting estimates typical for an LCE 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) requirement and specific matters related to using the work of an expert (see paragraphs 5.2.9. – 5.2.11.).

Section	Reference & Heading		Text		Comparison
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			<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, 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</p>	<p>identification of significant assumptions;</p> <p>(b) How management understands the degree of estimation uncertainty and addresses such uncertainty, including selecting a point estimate and related disclosures for inclusion in the financial statements;</p> <p>(c) Controls over management's process for making accounting estimates; and</p> <p>(d) How management reviews the outcomes of previous estimates and responds to the results of that review.</p>	<ul style="list-style-type: none"> • (g) is addressed by paragraph 6.3.8. • (h) is addressed broadly by para. 6.3.12. – changes made to make suitable to nature of less complex accounting estimates • (i) is addressed by para. 6.3.14. more generally. • (j) is broadly addressed by para. 6.3.12 modified as appropriate for the [draft] ISA for LCE <p>All significant aspects of the requirements, as applicable to basic accounting estimates, are retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement for the expected accounting estimates in the context of an audit of an LCE and the accounting estimates the entity may have.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>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 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 6.3.12.(c)</p> <p>Risk Identification and Assessment</p> <p>Understanding Relevant Aspects of the Entity</p> <p><i>Understanding the Entity's Internal Control System</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</p>	<p>For accounting estimates and related disclosures for significant classes of transactions, account balances or disclosures, the auditor's understanding of the information system and the flow of information relevant to the preparation of the financial statements shall include:</p> <p>...</p> <p>(d) How management reviews the outcomes of previous estimates and</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Paragraph 6.3.12(d) addresses the understanding of managements process for review of previous accounting estimates. This process would assist in</p>

Section	Reference & Heading		Text		Comparison
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			estimates that were appropriate based on the information available at the time they were made.	responds to the results of that review.	<p>identifying and assessing the risks of material misstatement in the current period and is appropriate for the circumstances of an audit of an LCE. The broad auditor action has been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes- expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the accounting estimates the entity may have.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 15</p> <p>Risk Assessment Procedures and Related Activities</p>	-	<p>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.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes, however although included in the [draft] ISA for LCE it is expected that experts will be used less commonly therefore the consideration of whether an expert is needed falls under the broader consideration in paragraph 5.2.9.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>-</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 540 (Revised) Paragraph 16 Identifying and Assessing the Risks of Material Misstatement	Paragraph 6.5.2. Risk Identification and Assessment Risk Assessment <i>Assessing Inherent Risk</i>	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 risks of material misstatement and in assessing inherent risk: (a) The degree to which the accounting estimate is subject to estimation uncertainty; and (b) The degree to which the following are affected by complexity, subjectivity, or other inherent risk factors: (i) The selection and application of the method, assumptions and data in making the accounting estimate; or (ii) The selection of management’s point estimate and related disclosures for inclusion in the financial statements.	6.5.2 In identifying and assessing risks of material misstatement relating to an accounting estimate and related disclosure at the assertion level, the auditor shall take into account the degree to which the accounting estimate is subject to estimation uncertainty, and the degree to which the following are affected by complexity, subjectivity or other inherent risk factors: (a) The selection and application of the method, the assumptions and data used; and (b) The selection of management’s point estimate and related disclosures.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Modifications have been made to apply drafting principles and make more direct and succinct based on the circumstances of an audit of an LCE but all key requirements retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the accounting estimates the entity may have

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Requirements	ISA 540 (Revised) Paragraph 17 Identifying and Assessing the Risks of Material Misstatement	Paragraphs 6.5.6. Risk Identification and Assessment Risk Assessment <i>Significant Risks</i>	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 whether such controls have been designed effectively, and determine whether they have been implemented.	The auditor shall determine whether risks of material misstatement assessed relating to accounting estimates are significant risks.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – requirement has been modified based on the structure of the [draft] ISA for LCE: <ul style="list-style-type: none"> Identifying accounting estimates as significant risks addressed by paragraph 6.5.6. Identifying controls and D&I with regard to significant risks is addressed by paragraph 6.3.14. Broad aspects of auditor action have been included as relevant to basic accounting estimates Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 540 (Revised) Paragraph 18 Responses to the Assessed Risks of	Paragraph 7.4.18. Responding to Assessed Risks of Material Misstatements Specific Focus Areas	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	7.4.18. The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

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	Material Misstatement	<p><i>Accounting Estimates</i> Paragraph 1.4.6.</p> <p>Fundamental Concepts, General Principles and Overarching Requirements</p> <p>Fundamental Concepts and General Principles for Performing the Audit</p> <p><i>Professional Skepticism</i></p>	<p>the assessment given to those risks. The auditor's further audit procedures shall include one or more of the following approaches:</p> <p>(a) Obtaining audit evidence from events occurring up to the date of the auditor's report (see paragraph 21);</p> <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>more of the following approaches:</p> <p>(a) Obtaining audit evidence from events occurring up to the date of the auditor's report. In doing so, the auditor shall evaluate any changes in circumstances and other relevant conditions between the event and the measurement date that may affect the relevance of such evidence;</p> <p>(b) Testing how management made the accounting estimate and developed related disclosures about estimation uncertainty. In doing so, the auditor's procedures shall address whether:</p> <p>(i) The method selected is appropriate, including any changes from the prior period;</p> <p>(ii) The significant assumptions and data are consistent and appropriate, and their integrity maintained in applying the method;</p> <p>(iii) Management has the intent to carry out specific courses of</p>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – ISA 540 (Revised) sets up the approaches and makes the link to ISA 330, which is not needed in the [draft] ISA for LCE as requirements relevant to accounting estimates have been combined with the requirements for responding to ROMMs.</p> <p>The three broad approaches to auditing accounting estimates has been covered, modified as appropriate for the types of accounting estimates expected in an audit of an LCE. Furthermore, paragraph 1.4.6. covers the auditor designing and performing procedures in a way that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that is contradictory. Therefore, the significant aspects of the auditor's action with respect to accounting estimates have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE</p>

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				actions; (iv) The judgments made in selecting these give rise to indicators of possible management bias, and if possible indicators of bias are identified, evaluate the implications for the audit, including determining whether there is an intention to mislead such that it is fraudulent in nature; (v) Changes from prior periods are appropriate; (vi) The data is relevant and reliable in the circumstances; and (vii) Calculations are mathematically accurate and whether judgements have been applied consistently; or (c) Developing an auditor's point estimate or range. In doing so, the auditor shall: (i) Evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial	for the expected types of accounting estimates.

Section	Reference & Heading		Text		Comparison
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				reporting framework; and (ii) Determine that the range includes only amounts supported by sufficient appropriate audit evidence. 1.4.6. Professional skepticism involves designing and performing procedures in a way that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory.	
Requirements	ISA 540 (Revised) Paragraph 19 Responses to the Assessed Risks of Material Misstatement	-	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: (a) The auditor’s assessment of risks of material misstatement at the assertion level includes an expectation that the controls are operating effectively; or (b) Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level. In relation to accounting estimates, the auditor’s tests of such controls	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes – However, this requirement has been addressed more broadly in the section in “tests of controls” (paragraphs 7.3.8. – 7.3.15.) because of the nature of basic accounting estimates in the context of an LCE engagement. The significant aspects of auditor action have been retained. Paragraph 7.3.2 (c) explains that the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor

Section	Reference & Heading		Text		Comparison
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			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>places on the effectiveness of a control.</p> <p>2. Should / could the requirement be revised or modified 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	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.	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Although not explicitly addressing accounting estimates, this requirement is covered by the general requirements at paragraph 7.3.13. and 7.3.2.d. It is not deemed necessary to repeat specific to accounting estimates in the context of the nature of the [draft] ISA for LCE standard.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

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Requirements	<p>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 the Auditor's Report</i></p>	<p>Paragraph 7.4.18.(a) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i></p>	<p>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 measurement date may affect the relevance of such audit evidence in the context of the applicable financial reporting framework.</p>	<p>The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches:</p> <p>(a) Obtaining audit evidence from events occurring up to the date of the auditor's report. In doing so, the auditor shall evaluate any changes in circumstances and other relevant conditions between the event and the measurement date that may affect the relevance of such evidence;</p> <p>...</p>	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications made to make appropriate in the context of an LCE engagement, for example, with the use of a bulleted list. The auditor is still required to consider the relevance of the evidence. Significant actions retained. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
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Requirements	<p>ISA 540 (Revised) Paragraph 22</p> <p>Responses to the Assessed Risks of Material Misstatement <i>Testing How Management Made the Accounting Estimate</i></p>	<p>Paragraph 7.4.18.(b)-(c)</p> <p>Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i></p>	<p>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:</p> <p>(a) The selection and application of the methods, significant assumptions and the data used by management in making the accounting estimate; and</p> <p>(b) How management selected the point estimate and developed related disclosures about estimation uncertainty.</p>	<p>The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches:</p> <p>...</p> <p>(b) Testing how management made the accounting estimate and developed related disclosures about estimation uncertainty. In doing so, the auditor's procedures shall address whether:</p> <p>(i) The method selected is appropriate, including any changes from the prior period;</p> <p>(ii) The significant assumptions and data are consistent and appropriate, and their integrity maintained in applying the method;</p> <p>(iii) Management has the intent to carry out specific courses of actions;</p> <p>(iv) The judgments made in selecting these give</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for the purpose of drafting the [draft] ISA for LCE appropriate for the nature of accounting estimates expected to be found in LCEs by making the requirements more outcome based and direct and to apply drafting principles. Appropriate aspects of auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

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				<p>rise to indicators of possible management bias, and if possible indicators of bias are identified, evaluate the implications for the audit, including determining whether there is an intention to mislead such that it is fraudulent in nature;</p> <p>(v) Changes from prior periods are appropriate;</p> <p>(vi) The data is relevant and reliable in the circumstances; and</p> <p>(vii) 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:</p> <p>(i) Evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial reporting framework; and</p> <p>(ii) Determine that the</p>	

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				range includes only amounts that are supported by sufficient appropriate audit evidence.	
Requirements	<p>ISA 540 (Revised) Paragraph 23 Responses to the Assessed Risks of Material Misstatement Methods</p>	<p>Paragraph 7.4.18.(b)-(c) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i></p> <p>Paragraph 7.4.8. (b) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Management Override of Controls</i></p>	<p>In applying the requirements of paragraph 22, with respect to methods, the auditor's further audit procedures shall address:</p> <p>(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;</p> <p>(b) Whether judgments made in selecting the method give rise to indicators of possible management bias;</p> <p>(c) Whether the calculations are applied in accordance with the method and are mathematically accurate;</p> <p>(d) When management's application of the method involves complex modelling, whether judgments have been applied consistently and whether, when applicable:</p> <p>(i) The design of the model meets the measurement objective of the</p>	<p>7.4.18 The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches:</p> <p>...</p> <p>(b) Testing how management made the accounting estimate and developed related disclosures about estimation uncertainty. In doing so, the auditor's procedures shall address whether:</p> <p>(i) The method selected is appropriate, including any changes from the prior period;</p> <p>(ii) The significant assumptions and data are consistent and appropriate, and their integrity maintained in applying the method;</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to be more appropriate in the context of an audit of an LCE and the nature of accounting estimates by making the requirements more outcome based and direct; and to apply drafting principles. Appropriate aspects of auditor action have been retained. Procedures related to complex modelling have been excluded as not expected to be relevant for an audit of an LCE using the [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an</p>

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			<p>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>	<p>(iii) Management has the intent to carry out specific courses of actions;</p> <p>(iv) The judgments made in selecting these give rise to indicators of possible management bias, and if possible indicators of bias are identified, evaluate the implications for the audit, including determining whether there is an intention to mislead such that it is fraudulent in nature;</p> <p>(v) Changes from prior periods are appropriate;</p> <p>(vi) The data is relevant and reliable in the circumstances; and</p> <p>(vii) 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:</p> <p>(i) Evaluate whether the methods, assumptions or data used are</p>	<p>audit of an LCE and the expect accounting estimates.</p>

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				<p>appropriate in the context of the applicable financial reporting framework; and</p> <p>(ii) Determine that the range includes only amounts that are supported by sufficient appropriate audit evidence.</p> <p>7.4.8 Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to:</p> <p>...</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, including:</p> <p>(i) Evaluate whether the judgments and decisions made by management indicate a possible bias on the part of the entity's management, even if they are individually reasonable, that may represent a risk of</p>	

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				<p>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>...</p>	
Requirements	<p>ISA 540 (Revised) Paragraph 24 Responses to the Assessed Risks of Material Misstatement <i>Significant Assumptions</i></p>	<p>Paragraph 7.4.18.(b) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i></p>	<p>In applying the requirements of paragraph 22, with respect to significant assumptions, the auditor's further audit procedures shall address:</p> <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>The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches:</p> <p>...</p> <p>(b) Testing how management made the accounting estimate and developed related disclosures about estimation uncertainty. In doing so, the auditor's procedures shall address whether:</p> <p>(i) The method selected is</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to be more appropriate in the context of an audit of an LCE and the nature of basic accounting estimates by making the requirements more outcome based and direct and to apply drafting principles. Appropriate aspects of auditor action have been retained.</p>

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			<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>appropriate, including any changes from the prior period;</p> <p>(ii) The significant assumptions and data are consistent and appropriate, and their integrity maintained in applying the method;</p> <p>(iii) Management has the intent to carry out specific courses of actions;</p> <p>(iv) The judgments made in selecting these give rise to indicators of possible management bias, and if possible indicators of bias are identified, evaluate the implications for the audit, including determining whether there is an intention to mislead such that it is fraudulent in nature;</p> <p>(v) Changes from prior periods are appropriate;</p> <p>(vi) The data is relevant and reliable in the circumstances; and</p> <p>(vii) Calculations are mathematically</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the expected accounting estimates.</p>

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				accurate and whether judgements have been applied consistently; or ...	
Requirements	ISA 540 (Revised) Paragraph 25 Responses to the Assessed Risks of Material Misstatement Data	-	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.	-	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes - but not included as a separate requirement as the evaluation of the data used in the estimates is already more broadly addressed in 7.4.18 (b) which is outcome focused and more proportional to the estimates of an LCE. Should / could the requirement be revised or modified for the circumstances of an LCE? - Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 540 (Revised) Paragraph 26 Responses to the Assessed Risks of	Paragraph 7.4.17 Responding to Assessed Risks of Material Misstatements Specific Focus Areas	In applying the requirements of paragraph 22, the auditor's further audit procedures shall address whether, in the context of the applicable financial reporting framework, management has taken appropriate steps to:	The auditor's further audit procedures shall address whether, in the context of the applicable financial reporting framework, management has taken appropriate steps to understand estimation	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

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	Material Misstatement Management's Selection of a Point Estimate and Related Disclosures about Estimation Uncertainty	<i>Accounting Estimates</i>	(a) Understand estimation uncertainty; and (b) Address estimation uncertainty by selecting an appropriate point estimate and by developing related disclosures about estimation uncertainty.	uncertainty and address that uncertainty by selecting appropriate point estimates. ...	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified to combine key requirements with requirement from paragraph 27. All significant auditor actions retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 540 (Revised) Paragraph 27 Responses to the Assessed Risks of Material Misstatement Management's Selection of a Point Estimate and Related Disclosures about Estimation Uncertainty	Paragraph 7.4.17 Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</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 response(s) in accordance with paragraph 26; (b) If the auditor determines that management's response to the auditor's request does not sufficiently address estimation	The auditor's further audit procedures shall address whether, in the context of the applicable financial reporting framework, management has taken appropriate steps to understand estimation uncertainty and address that uncertainty by selecting appropriate point estimates. If management has not undertaken such steps, the auditor shall request management to perform additional procedures to address estimation uncertainty by reconsidering the selection of point estimates or providing additional disclosures related to the estimation uncertainty.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified for the nature of accounting estimates expected in an audit of an LCE by making the requirements more outcome based and direct, and to apply drafting principles. The significant aspects of auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>

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			<p>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>		
Requirements	<p>ISA 540 (Revised) Paragraph 28 Responses to the Assessed Risks of Material Misstatement <i>Developing an Auditor’s Point Estimate or Range</i></p>	<p>Paragraph 7.4.18.(c) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i></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 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.</p>	<p>The auditor’s further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches: ...</p> <p>(c) Developing an auditor’s point estimate or range. In doing so, the auditor shall:</p> <p>(i) Evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial reporting framework; and</p> <p>(ii) Determine that the range includes only amounts that are supported by sufficient appropriate audit evidence.</p>	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified in the context of the [draft] ISA for LCE by forming part of a bulleted list and removing reference to other paragraphs. Significant aspects of the requirement in the context of an audit of an LCE have been addressed. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the expected accounting estimates.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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 7.4.13.(c) Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i> Paragraph 7.4.16. Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Accounting Estimates</i>	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 to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches: ... (c) Developing an auditor's point estimate or range. In doing so, the auditor shall: (i) Evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial reporting framework; and (ii) Determine that the range includes only amounts that are supported by sufficient appropriate audit evidence. 7.4.16. The auditor shall design and perform further audit procedures related to accounting estimates to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement at the assertion level, including for disclosures.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modified in the context of an LCE engagement by making the requirement action focused and forming part of a bulleted list, with disclosures addressed in a separate paragraph. Significant aspects of the requirement in the context of an audit of an LCE have been addressed. Disclosures are addressed in paragraph 7.4.16. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE and the expected accounting estimates.
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 and appropriate in the

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>Responses to the Assessed Risks of Material Misstatement <i>Other Considerations Relating to Audit Evidence</i></p>		<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>circumstances of an audit of an LCE?</p> <p>Yes – but not specifically covered in the [draft] ISA for LCE as a separate requirement as these are already addressed in their relevant parts as mapped in this document.</p> <p>2. Should / could the requirement be revised or modified 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 31 Disclosures Related to Accounting Estimates</p>	<p>Paragraph 7.4.16. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Accounting Estimates</i></p>	<p>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</p>	<p>The auditor shall design and perform further audit procedures related to accounting estimates to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement at the assertion level for disclosures.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			estimation uncertainty addressed in paragraphs 26(b) and 29(b).		<p>Yes – this requirement addresses disclosures more broadly (i.e., does not distinguish estimation uncertainty specifically). No other significant aspects changed. All significant aspects of the requirement retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 32 Indicators of Possible Management Bias</p>	-	<p>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 evaluate the implications for the audit. Where there is intention to mislead, management bias is fraudulent in nature.</p>	<p>The auditor's further audit procedures to respond to assessed risks of material misstatement at the assertion level relating to an accounting estimate shall include one or more of the following approaches:</p> <p>(b) Testing how management made the accounting estimate and developed related disclosures about estimation uncertainty. In doing so, the auditor's procedures shall address whether:</p> <p>...</p> <p>(iv) The judgments made in selecting these give rise to indicators of possible management bias, and if possible indicators of bias are identified, evaluate the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Incorporated into bullet list to match the structure of the [draft] ISA for LCE. All significant auditor actions retained.</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	
				implications for the audit, including determining whether there is an intention to mislead such that it is fraudulent in nature;	
Requirements	ISA 540 (Revised) Paragraph 33 Overall Evaluation Based on Audit Procedures Performed	Paragraph 8.5.2.(a)-(c) Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Evaluation Required</i>	In applying ISA 330 to accounting estimates, the auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: (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; (b) Management's decisions relating to the recognition, measurement, presentation and disclosure of these accounting estimates in the financial statements are in accordance with the applicable financial reporting framework; and (c) Sufficient appropriate audit evidence has been obtained.	For accounting estimates, the auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: (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; (b) Management's decisions about the recognition, measurement, presentation and disclosure of accounting estimates in the financial statements are reasonable in the context of the applicable financial reporting framework; and (c) Sufficient appropriate audit evidence has been obtained.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – no modifications to the requirement but combined with paragraph 36(a) and (b) of ISA 540 (Revised) below. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

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	Paragraph 8.5.5. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion <i>Concluding</i>	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).	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.	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes, appropriate for the structure of audit for LCE standard this is addressed through the broader requirement not specific to estimates in order to keep the [draft] standard succinct. Requirements relating to when an auditor is unable to obtain sufficient audit evidence is included at paragraph 8.5.6, so it is not deemed necessary to repeat specific to accounting estimates in the context of the [draft] ISA for LCE. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 540 (Revised) Paragraph 35 Overall Evaluation Based on Audit	Paragraph 8.5.2.(a) Concluding The Auditor's Evaluations and Other Activities to Support	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	For accounting estimates, the auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: (a) The assessments of the risks of material	<ol style="list-style-type: none"> Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>Procedures Performed</p> <p><i>Determining Whether the Accounting Estimates are Reasonable or Misstated</i></p>	<p>the Auditor's Conclusion</p>	<p>auditor may distinguish misstatements (whether factual, judgmental, or projected) for the auditor's evaluation of the effect of uncorrected misstatements on the financial statements.</p>	<p>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, measurement, presentation and disclosure of accounting estimates in the financial statements are reasonable in the context of the applicable financial reporting framework; and</p> <p>(c) Sufficient appropriate audit evidence has been obtained.</p> <p>...</p>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – disclosure requirement is included but is broader. Due to the nature of basic accounting estimates and the expected related disclosures in an LCE, it is expected that this will be sufficient. There is still a requirement to consider disclosures relating to accounting estimates. Removed reference to ISA 450.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
<p>Requirements</p>	<p>ISA 540 (Revised)</p> <p>Paragraph 36</p> <p>Overall Evaluation Based on Audit Procedures Performed</p> <p><i>Determining Whether the</i></p>	<p>Paragraph 8.5.2.(a)</p> <p>Concluding</p> <p>The Auditor's Evaluations and Other Activities to Support the Auditor's 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</p>	<p>For 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – combined with paragraph 33 above (re fair presentation</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Accounting Estimates are Reasonable or Misstated</i>		<p>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>possible management bias have been identified;</p> <p>(b) Management’s decisions relating to the recognition, measurement, presentation and disclosure of accounting estimates in the financial statements are reasonable in the context of the applicable financial reporting; and</p> <p>(c) Sufficient appropriate audit evidence has been obtained.</p> <p>...</p>	<p>and compliance framework). Broad requirement regarding fair presentation and compliance framework has been addressed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 37 Written Representations</p>	<p>Paragraph 8.6.1.(k) Concluding Written Representations from Management and Those Charged with Governance Paragraph 8.6.2. Concluding Written Representations from Management and Those Charged with Governance</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 auditor shall also consider the need to obtain representations about specific accounting estimates, including in relation to</p>	<p>8.6.1.(k)The auditor shall obtain written representations from management for all periods referred to in the auditor’s opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters: ... (k) With regard to accounting estimates, whether the methods, significant</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – based on the nature of basic accounting estimates modifications have been made as appropriate in the context of an LCE engagement to make language more direct. All</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			the methods, assumptions, or data used.	<p>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> <p>8.6.2 The auditor shall consider the need to obtain representations about specific accounting estimates.</p>	<p>significant auditor actions retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 38 Communication with Those Charged With Governance, Management, or Other Relevant Parties</p>	<p>Paragraph 7.6.3. Responding to Assessed Risks of Material Misstatement Specific Communication Requirements</p>	<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 certain circumstances, the auditor</p>	<p>In communicating with management and, where appropriate, those charged with governance, the auditor shall consider if there are any matters to communicate regarding accounting estimates, taking 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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – based on the nature of basic accounting estimates and in the context of and LCE engagement, modifications have been made as appropriate. The wording of the requirement has also been simplified to apply drafting principles and improve readability. 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	
			is required by law or regulation to communicate about certain matters with other relevant parties, such as regulators or prudential supervisors.		<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 540 (Revised) Paragraph 39 Documentation</p>	<p>Paragraph 6.8.1.(f) Risk Identification and Assessment Specific Documentation Requirements Paragraph 7.7.4. Responding to Assessed Risks of Material Misstatement Specific Documentation Requirements</p>	<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 accounting estimates, if any, and the auditor’s evaluation of the implications for the audit, as required by paragraph 32; and</p>	<p>6.8.1. In addition to the general documentation requirements (Part 2.5) for an audit of an LCE, the auditor shall include the following in the audit documentation:</p> <p>...</p> <p>(f) 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>7.7.4 For accounting estimates, the auditor shall document significant judgments relating to the auditor’s determination of whether the accounting estimates and related disclosures are reasonable in the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – based on the nature of accounting estimates in the context of the [draft] ISA for LCE, modifications have been made as appropriate. Paragraph 6.8.1. also addresses the other aspects of the auditor’s understanding required to be documented more broadly. Broad documentation aspects of basic accounting estimates expected to be found in an LCE audit have been covered.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(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.	context of the applicable financial reporting framework, or are misstated.	requirement in the context of an audit of an LCE and expected accounting estimates.
ISA 550, Related Parties					
Objectives	ISA 550 Paragraph 9	-	<p>The objectives of the auditor are:</p> <p>(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:</p> <p>(i) To recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and 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</p>	-	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 550, <i>Related Parties</i>, is primarily addressed in Part 1, <i>Fundamental Concepts and General Principles</i>, 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 [draft] ISA for LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>relationships and transactions:</p> <ul style="list-style-type: none"> a. Achieve fair presentation (for fair presentation frameworks); or b. Are not misleading (for compliance frameworks); and <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 accordance with the framework.</p>		
Requirements	<p>ISA 550 Paragraph 11</p> <p>Risk Assessment Procedures and Related Activities</p>		<p>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.</p>		<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – paragraphs 12-17 are reflected in the [draft] ISA for LCE as mapped below. There is no separate requirement to be included because of the nature of the [draft] ISA for LCE standard</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					(i.e., all requirements within the same standard). 2. Should / could the requirement be revised or modified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 550 Paragraph 12 <i>Understanding the Entity's Related Party Relationships and Transactions</i>	Paragraph 5.2.6.(b) Planning Planning Activities <i>Engagement Team Discussion</i>	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 or error that could result from the entity's related party relationships and transactions.	The engagement partner and other key engagement team members shall discuss the susceptibility of the entity's financial statements to material misstatement, including: ... (b) 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. Discussions among the engagement team shall occur setting aside beliefs the engagement team may have that management, and where appropriate, those charged with	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to make appropriate in the context of an LCE engagement. However, all aspects of the auditor action are retained. Engagement Team discussion requirements from ISA 315 (Revised 2019), ISA 240 and ISA 550 are combined into one paragraph. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				governance are honest and have integrity.	in the context of an audit of an LCE.
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 Inquiries of Management and Those Charged with Governance</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>In designing and 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>(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 and purpose of the transactions;</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications for a bullet list but all significant aspects of auditor actions have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 550 Paragraph 14 <i>Understanding the Entity's Related Party Relationships and Transactions</i></p>	<p>Paragraph 6.3.14.(f) Risk Identification and Assessment Understanding Relevant Aspects of the Entity</p>	<p>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:</p>	<p>The auditor shall identify controls that address risks of material misstatement at the assertion level as follows:</p> <p>...</p> <p>(f) Controls, if any, to identify, account for, and disclose related party relationships</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		<i>Understanding the Entity's Internal Control System</i>	(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.	and transactions in accordance with the applicable financial reporting framework, authorize and approve significant transactions and relationships with related parties, and authorize and approve significant transactions and arrangements outside the normal course of business.	Yes. Slight modification to make appropriate to a bullet list and to the [draft] ISA for LCE. However, all significant aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 550 Paragraph 15 <i>Maintaining Alertness for Related Party Information When Reviewing Records or Documents</i>	Paragraph 1.7.1. Fundamental Concepts, General Principles and Overarching Requirements Related Parties Paragraph 7.4.9. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i>	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. 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: (a) Bank and legal confirmations obtained as part of the auditor's procedures;	During the audit, the auditor shall remain alert for: (a) Information about the entity's related parties, including circumstances involving a related party with dominant influence; and (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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to make appropriate to a bullet list and to follow the order of the [draft] ISA for LCE. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<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>7.4.9 The auditor shall design and perform further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions, including inspecting:</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>	
Requirements	<p>ISA 550 Paragraph 16 <i>Maintaining Alertness for Related Party Information When Reviewing Records or Documents</i></p>	<p>Paragraph 7.4.14. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i></p>	<p>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:</p> <p>(a) The nature of these transactions; and</p> <p>(b) Whether related parties could be involved.</p>	<p>If the auditor identifies significant transactions outside the entity's normal course of business, the auditor shall inquire of management about the nature of these transactions and whether related parties could be involved.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Modification to sentence structure to make more succinct but all significant actions retained.</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	
					Yes
Requirements	ISA 550 Paragraph 17 <i>Sharing Related Party Information with the Engagement Team</i>	Paragraph 7.4.10. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i>	The auditor shall share relevant information obtained about the entity's related parties with the other members of the engagement team.	The auditor shall share relevant information obtained about the entity's related parties with other members of the engagement team.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 550 Paragraph 18 Identification and Assessment of the Risks of Material Misstatement Associated with Related Party Relationships and Transactions	Paragraph 6.2.3.(b) Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities Paragraph 6.5.5. Risk Identification and Assessment Risk Assessment <i>Significant Risks</i> Paragraph 6.5.5.(b)	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.	6.2.3 In designing and performing procedures to identify and assess risks of material misstatement, the auditor shall consider possible risks of material misstatement arising from: ... (b) Related parties; and ... (b) 6.5.5 In exercising professional judgment as to which assessed risks are significant risks, the auditor shall determine whether the assessed risks associated with related party	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate to a bullet list and reflect the order and nature of the [draft] ISA for LCE. The broad requirement to consider whether a risk related to a related party is a significant risk is retained.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Risk Identification and Assessment Risk Assessment <i>Significant Risks</i>		relationships and transactions are significant risks. ...	3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 550 Paragraph 19 Identification and Assessment of the Risks of Material Misstatement Associated with Related Party Relationships and Transactions	Paragraph 1.7.1. Fundamental Concepts, General Principles and Overarching Requirements Related Parties	If the auditor identifies fraud risk factors (including circumstances relating to the existence of a related party with dominant 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.	During the audit, the auditor shall remain alert for: (a) Information about the entity's related parties, including circumstances involving a related party with dominant influence; and ...	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate to a bullet list and to the [draft] ISA for LCE's structure by removing reference to the ISA and modifying the language to apply drafting principles and improve readability. The broad requirement to consider information relating to related parties when identifying risks of material misstatement has been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 550 Paragraph 20 Responses to the Risks of Material Misstatement Associated with Related Party Relationships and Transactions</p>	<p>Paragraph 7.4.9. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i></p>	<p>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.</p>	<p>The auditor shall design and perform further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions, including inspecting:</p> <ul style="list-style-type: none"> (a) Bank and legal confirmations obtained as part of the auditor's procedures; (b) Minutes of meetings of shareholders and of those charged with governance; and (c) Such other records or documents as the auditor considers necessary in the circumstances of the entity. 	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate to the nature of the [draft] ISA for LCE 's structure by removing reference to the ISA and modifying the language to apply drafting principles and improve readability. However, significant aspects of the auditor action are retained. Reference to paragraphs 21-24 of ISA 550 has been removed – see paragraphs mapped below. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	<p>ISA 550 Paragraph 21 <i>Identification of Previously Unidentified or Undisclosed</i></p>	<p>Paragraph 7.4.11.(a) Responding to Assessed Risks of Material Misstatement</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</p>	<p>For identified arrangements or information that suggests the existence of related party relationships or transactions that management has not previously</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Related Parties or Significant Related Party Transactions</i>	Specific Focus Areas <i>Related Parties</i>	the auditor, the auditor shall determine whether the underlying circumstances confirm the existence of those relationships or transactions.	identified or disclosed to the auditor, the auditor shall: (a) Determine whether the underlying circumstances confirm the existence of those relationships or transactions; ...	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate to a bullet list. However, all aspects of the auditor action have been retained. Paragraph 7.4.11. of the [draft] 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? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	ISA 550 Paragraph 22 <i>Identification of Previously Unidentified or Undisclosed Related Parties or Significant Related Party Transactions</i>	Paragraph 7.4.11.(b)-(f) Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i>	If the auditor identifies related parties or significant related party transactions that management has 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	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 other members of the engagement team; (c) Where the applicable financial reporting framework establishes related party requirements:	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Slight modifications to make appropriate to a bullet list. However, all aspects of the auditor action have been retained. Paragraph 7.4.11. of the [draft] ISA for LCE has combined paragraphs 21-22 of ISA 550.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>with the newly identified related parties for the auditor's further evaluation; and</p> <p>(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;</p> <p>(c) Perform appropriate substantive audit procedures 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),</p>	<p>(i). Request management to identify all transactions with the newly identified related parties for the auditor's further evaluation;</p> <p>(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;</p> <p>(d) Perform appropriate substantive audit procedures for 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),</p>	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			evaluate the implications for the audit.	evaluate the implications for the audit.	
Requirements	ISA 550 Paragraph 23 <i>Identified Significant Related Party Transactions outside the Entity's Normal Course of Business</i>	Paragraph 7.4.12. and Paragraph 7.4.13. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i>	For identified significant related party transactions outside the entity's normal course of business, the auditor shall: (a) Inspect the underlying contracts or agreements, if any, and evaluate whether: (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; (ii) The terms of the transactions are consistent with management's explanations; and (iii) The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and (b) Obtain audit evidence that the transactions have been	7.4.12 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: (a) 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; (b) The terms of transactions are consistent with management's explanations; and (c) The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. 7.4.13 The auditor shall obtain audit evidence that identified significant related party transactions outside the entity's normal course of business have been appropriately authorized and approved.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to the language in the requirement to apply drafting principles, reflect ordering of the [draft] ISA for LCE and improve its readability. All aspects of the auditor action are retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			appropriately authorized and approved.		
Requirements	ISA 550 Paragraph 24 <i>Assertions That Related Party Transactions Were Conducted on Terms Equivalent to Those Prevailing in an Arm's Length Transaction</i>	Paragraph 7.4.15. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Related Parties</i>	If management has made an assertion in the financial statements to the effect that a related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction, the auditor shall obtain sufficient appropriate audit evidence about the assertion.	If management has made an assertion in the financial statements to the effect that a related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction, the auditor shall obtain sufficient appropriate audit evidence about the assertion.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 550 Paragraph 25 Evaluation of the Accounting for and Disclosure of Identified Related Party Relationships and Transactions	Paragraph 9.2.3. and 9.2.4.(d) Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	<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</p>	<p>9.2.3 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 including consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments.</p> <p>9.2.4 In performing the evaluation in paragraph 9.2.3., the auditor shall evaluate, in view of the applicable financial reporting framework, whether:</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate for the ordering and structure of the [draft] ISA for LCE. All significant aspects of the auditor action have been retained or are covered broadly. Requirements relating to matters that cause the financial

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>achieving fair presentation (for fair presentation frameworks); or</p> <p>(ii) Cause the financial statements to be misleading (for compliance frameworks).</p>	<p>...</p> <p>(d) The identified related party relationships and transactions have been appropriately accounted for, presented and disclosed in accordance with the applicable financial reporting framework;</p> <p>...</p>	<p>statements to be misleading under a compliance framework are addressed at 9.3.3.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
Requirements	<p>ISA 550</p> <p>Paragraph 26</p> <p>Written Representations</p>	<p>Paragraph 8.6.1.(g) and (h)</p> <p>Concluding</p> <p>Written Representations from Management and Those Charged with Governance</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 obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters:</p> <p>...</p> <p>(g) That they have 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) That they have appropriately accounted for and disclosed related party relationships and transactions in</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – very minor modifications to include in a bullet list, but 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</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				accordance with the 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 to those charged with governance significant matters arising during the audit in connection with the entity's related parties.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Slight modification to make it appropriate to the [draft] ISA for LCE by modifying the sentence structure to apply drafting principles and improve readability. All aspects of the auditor action have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 550 Paragraph 28 Documentation	Paragraph 6.8.1.(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 (Part 2.5.) for an audit of an LCE, the auditor shall include the following in the audit documentation: (b) The names of the identified related parties (including changes from prior period)	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Slight modification to make part of a bulleted list. All aspects

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>and the nature of the related party relationships;</p> <p>....</p>	<p>of the auditor action have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Application Material	<p>ISA 550</p> <p>Paragraphs 2 - 4</p> <p>Paragraph A6</p>	<p>With Paragraph 1.7.1.</p> <p>Fundamental Concepts, General Principles and Overarching Requirements</p> <p>Related Parties</p>	-	<p><i>Many related party transactions occur in the normal course of business. In such circumstances, they may carry no higher risk of material misstatement of the financial statements than similar transactions with unrelated parties. However, the nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.</i></p> <p><i>Related parties, by virtue of their ability to exert control or significant influence, may be in a position to exert dominant influence over the entity or its management. Consideration of such behavior is relevant when identifying and assessing the risks of material misstatement due to fraud.</i></p> <p><i>Many financial reporting frameworks establish specific accounting and disclosure</i></p>	<p>Essential Explanatory Material</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. Where the financial reporting framework has established such requirements, the auditor has a responsibility to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework. Even if the applicable financial reporting framework has not established such requirements, the auditor nevertheless needs to obtain an understanding of the entity's related party relationships and transactions to be able to conclude whether the financial statements achieve fair presentation and are not misleading.</i></p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 560, Subsequent Events					
Objectives	ISA 560 Paragraph 4		<p>The objectives of the auditor are:</p> <p>(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</p> <p>(b) To respond appropriately to facts that become known to the auditor after the date of the auditor's report, that, had they been known to the auditor at that date, may have caused the auditor to amend the auditor's report.</p>	-	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 560, <i>Subsequent Events</i>, is addressed in Part 8, <i>Concluding</i>, of the [draft] ISA for LCE.</p>
Requirements	ISA 560 Paragraph 6 Events Occurring between the Date of the Financial Statements and the Date of the	Paragraph 8.4.1. Concluding Subsequent Events <i>Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report</i>	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,	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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. The requirement in the [draft] ISA for LCE focuses on the "what"</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Auditor's Report		however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions.		is required and retains the action required by the auditor. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.
Requirements	ISA 560 Paragraph 7 Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report	Paragraph 8.4.2. Concluding Subsequent Events <i>Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report</i>	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 nature and extent of such audit procedures, which shall include the following: (a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified. (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.	The auditor shall perform those procedures in accordance with paragraph 8.4.1. for 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 established to ensure that subsequent events are identified. (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. (c) Reading minutes of meetings of the owners, those charged with governance and	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the [draft] ISA for LCE. Paragraph 7(d) of ISA 560 has been addressed more generally (e.g., monthly or quarterly information) in the [draft] 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 LCE have been retained. 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	
			<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>management held after the balance sheet date and inquiring about matters discussed at any such meetings for which minutes are not yet available.</p> <p>(d) Reading the entity's monthly or quarterly information, if available.</p>	<p>Yes, all significant aspects that are likely in an audit of an LCE have been retained.</p>
Requirements	<p>ISA 560 Paragraph 8 Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report</p>	<p>Paragraph 8.4.3. Concluding Subsequent Events <i>Events Occurring between the Date of the Financial Statements and the Date of the Auditor's Report</i></p>	<p>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.</p>	<p>If the auditor has identified events that require adjustment to the financial statements or disclosures therein to comply with the entity's applicable financial reporting framework when performing the procedures in paragraphs 8.4.1. and 8.4.2, the auditor shall determine whether each such event is appropriately reflected in the financial statements.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to make it appropriate to the structure of the [draft] ISA for LCE. 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 560 Paragraph 9 <i>Written Representations</i>	Paragraph 8.6.1.(l) Concluding Written Representations from Management and Those Charged with Governance	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.	The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters: ... (l) That all events occurring subsequent to date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed; ...	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to make it appropriate to the [draft] ISA for LCE and a bullet list. 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 10 Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial	Paragraph 8.4.4. Concluding Subsequent Events <i>Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued</i>	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	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, had it been known to the auditor at the date of the auditor's report but before the financial statements are issued, may have caused the auditor to amend the auditor's report, the	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modification to the language in the requirement to make it appropriate to the [draft]</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Statements Are Issued		<p>caused the auditor to amend the auditor’s report, the auditor shall:</p> <p>(a) Discuss the matter with management and, where appropriate, those charged with governance;</p> <p>(b) Determine whether the financial statements need amendment and, if so,</p> <p>(c) Inquire how management intends to address the matter in the financial statements.</p>	<p>auditor shall discuss with management, and where appropriate, those charged with governance, and determine whether the financial statements need amendment and if so, inquire how management intends to address the matter.</p>	<p>ISA for LCE structure as a bulleted list. 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.</p>
Requirements	<p>ISA 560 Paragraph 11</p> <p>Facts Which Become Known to the Auditor after the Date of the Auditor’s Report but before the Date the Financial Statements Are Issued</p>	<p>Paragraph 8.4.5.</p> <p>Concluding</p> <p>Subsequent Events</p> <p><i>Facts Which Become Known to the Auditor after the Date of the Auditor’s Report but before the Date the Financial Statements Are Issued</i></p>	<p>If management amends the financial statements, the auditor shall:</p> <p>(a) Carry out the audit procedures necessary in the circumstances on the amendment.</p> <p>(b) Unless the circumstances in paragraph 12 apply:</p> <p>(i) Extend the audit procedures referred to in paragraphs 6 and 7 to the date of the new auditor’s report; and</p> <p>(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</p>	<p>If management amends the financial statements, the auditor shall carry out the audit procedures necessary in the circumstances on the amendment, including extending the audit procedures performed to the date of the new auditor’s report and providing a new auditor’s report on the amended financial statements.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Modified to make more succinct and action focused in line with drafting principles – all significant auditor actions retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			the amended financial statements.		
Requirements	<p>ISA 560 Paragraph 12</p> <p>Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Statements Are Issued</p>	-	<p>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 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</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the [draft] ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, and based on the profile of what constitutes an LCE for the purposes of the [draft] ISA for LCE, it is not expected that this would be a common occurrence and therefore not included.</p> <p>2. Should / could the requirement be revised or modified 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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			Matter paragraph or Other Matter paragraph that conveys that the auditor's procedures on subsequent 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 governance are involved in	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the [draft] ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, and based on the profile of what constitutes an LCE for the purposes of the [draft] ISA for LCE, it is not expected that this would be a common occurrence and therefore not included in the [draft] ISA for LCE.</p> <p>2. Should / could the requirement be revised or modified 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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			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 8.4.6. Concluding Subsequent Events <i>Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued</i>	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: (a) Discuss the matter with management and, where appropriate, those charged with governance; (b) Determine whether the financial statements need amendment; and, if so,	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: (a) Discuss the matter with management and, where appropriate, those charged with governance;	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -

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			(c) Inquire how management intends to address the matter in the financial statements.	(b) Determine whether the financial statements need amendment; and, if so, (c) Inquire how management intends to address the matter in the financial statements.	
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 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>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 therefore requirement has not been included.</p> <p>2. Should / could the requirement be revised or modified 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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			(ii) Provide a new auditor's report on the amended financial statements. (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.		
Requirements	ISA 560 Paragraph 16 Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued	-	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.	-	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? This requirement has not been addressed in the [draft] ISA for LCE – in making changes for the purpose of a succinct ISA for LCE, this requirement is likely not common therefore has not been included. 2. Should / could the requirement be revised or modified 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 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.	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>This requirement has not been addressed in the [draft] ISA for LCE – in making changes for the purpose of a succinct [draft] ISA for LCE, this requirement is likely not common and so has not been covered.</p> <p>2. Should / could the requirement be revised or modified 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 560 Paragraph 2 Paragraph 6	With Part 8.4. 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. Such financial reporting frameworks ordinarily identify two types of events:</i></p> <p>(a) <i>Those that provide evidence of conditions that existed at</i></p>	Essential Explanatory Material

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				<p><i>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> <p><i>The auditor is not, however, expected to perform additional procedures on matters to which previously applied audit procedures have provided satisfactory conclusions.</i></p>	
ISA 570 (Revised), Going Concern					
Objectives	<p>ISA 570 (Revised) Paragraph 9</p>	<p>Paragraph 7.1.1.(c) Responding to Assessed Risks of Material Misstatement Objectives</p> <p>Paragraph 8.1.1.(b) Concluding Objectives</p>	<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 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>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>...</p> <p>8.1.1 The objectives of the auditor are to:</p> <p>...</p> <p>(b) 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</p>	<p>1. Is the objective relevant and appropriate 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 and Opinion and Reporting</i>, of the [draft] ISA for LCE. The objective in paragraph 7.1.1.(c) of the [draft] ISA for LCE addresses ISA 570 (Revised), paragraph 9(a) and the objective in paragraph 8.1.1.(b) of the [draft] 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>

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				continue as a going concern; and ...	<p>2. Should / could the objective be revised or modified for the circumstances of an LCE?</p> Yes – modified to fit into broader objectives but broad objectives have been retained. Reporting under the [draft]ISA for LCE is addressed broadly in Part 9. <p>3. Do the changes result in the objective that still achieve reasonable assurance?</p> Yes.
Requirements	ISA 570 (Revised) Paragraph 10 Risk Assessment Procedures and Related Activities	Paragraphs 6.2.3.(c) Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities Paragraphs 6.6.1.(g) Risk Identification and Assessment Specific Inquiries of Management and Those Charged with Governance Paragraphs 5.2.12. Planning Planning Activities <i>Going Concern</i>	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 shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and: (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	6.2.3. In designing and performing procedures to identify and assess risks of material misstatement, the auditor shall consider possible risks of material misstatement arising from: ... (c) Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. ... 6.6.1. In designing and 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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> Yes. <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> Yes. Modifications have been made to make appropriate for the structure and nature of the [draft] ISA for LCE, but all significant aspects of the requirement have been retained. <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> Yes- expected to deliver a similar outcome as the ISA requirement

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			<p>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 entity's ability to continue as a going concern.</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 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</p>	<p>in the context of an audit of an LCE.</p>

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				the entity's ability to continue as a going concern.	
Requirements	ISA 570 (Revised) Paragraph 11 Risk Assessment Procedures and Related Activities	Paragraph 5.2.13. Planning Planning Activities <i>Going Concern</i>	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 570 (Revised) Paragraph 12 Evaluating Management's Assessment	Paragraph 7.4.1. Responding to Assessed Risks of Material Misstatement 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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified 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 570 (Revised) Paragraph 13 Evaluating Management's Assessment	Paragraph 7.4.2. Responding to Assessed Risks of Material Misstatement 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 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.	In evaluating management's assessment of the entity's ability to continue as a going concern, the auditor shall cover the same period as used by management, as required by the applicable financial reporting framework. 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. ¹³	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to aspects to make appropriate to ISA for LCE (does not address specific requirements related to law or regulation, but rather contains an outcome focused general requirement). All significant aspects of this requirement have been retained. Paragraph 7.4.2. combines paragraphs 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 14 Evaluating Management's Assessment	Paragraph 7.4.3. Responding to Assessed Risks of Material Misstatement Specific Focus Areas	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 as a result of the audit.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p>

¹³ For the effect on the auditor's report see Part 9, paragraph 9.5.1.S.

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		<i>Going Concern</i>			<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 570 (Revised) Paragraph 15 Period beyond Management's Assessment	Paragraph 7.4.4. Responding to Assessed Risks of Material Misstatement 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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? -</p>
Requirements	ISA 570 (Revised) Paragraph 16 Additional Audit Procedures When Events or Conditions Are Identified	Paragraph 7.4.5. Responding to Assessed Risks of Material Misstatements Specific Focus Areas <i>Going Concern</i> Paragraph 8.6.1.(m)	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	7.4.5 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	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to reflect the ordering of the [draft] ISA for LCE</p>

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		<p>Concluding Written Representation from Management and Those Charged with Governance</p>	<p>going concern (hereinafter referred to as “material uncertainty”) through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include:</p> <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>(a “material uncertainty” relates to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern). These procedures shall include:</p> <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</p>	<p>and to make the requirement more readable. All aspects of the requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</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>	<p>generated to prepare the forecast; and</p> <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>8.6.1. The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters:</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;</p> <p>...</p>	

Section	Reference & Heading		Text		Comparison
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Requirements	ISA 570 (Revised) Paragraph 17 Auditor Conclusions	Paragraph 8.5.7. Concluding The Auditor's Evaluations and Other Activities to be Able to Support the Auditor's Conclusion	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.	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 570 (Revised) Paragraph 18 Auditor Conclusions	Paragraph 8.5.8. Concluding The Auditor's Evaluations and Other Activities to Support the Auditor's Conclusion Concluding With Paragraph 7.4.5. Responding to Assessed Risks of Material Misstatements Specific Focus Areas Going Concern	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	The auditor shall conclude, based on the audit evidence obtained, whether in the auditor's professional 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. <i>With paragraph 7.4.5: 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:</i> <i>In the case of a fair presentation financial reporting framework, the</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – the contextual part of paragraph 18 is presented as guidance as there is no requirement included. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

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			<p>presentation of the financial statements, or</p> <p>(b) In the case of a compliance framework, the financial statements not to be misleading.</p>	<p><i>fair presentation of the financial statements, or</i></p> <p><i>In the case of a compliance framework, the financial statements not to be misleading.</i></p>	
Requirements	<p>ISA 570 (Revised) Paragraph 19 <i>Adequacy of Disclosures When Events or Conditions Have Been Identified and a Material Uncertainty Exists</i></p>	<p>Paragraph 8.5.9. Concluding The Auditor's Evaluation and Other Activities to Support the Auditor's Conclusion <i>Concluding</i> Paragraph 9.6.4 Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Material Uncertainty Related to Going Concern</i></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 the financial statements:</p> <p>(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</p> <p>(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.</p>	<p>8.5.9 If the auditor concludes, based on the audit evidence obtained, 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 has been made in the financial statements, including:</p> <p>(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;</p> <p>(b) Disclosing 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modifications to make appropriate for the nature of the [draft] ISA for LCE but retaining the robust requirements for disclosing material uncertainties.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - all significant aspects of the required auditor actions have been retained.</p>

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				<p>a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business; and</p> <p>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”.</p>	
Requirements	<p>ISA 570 (Revised) Paragraph 20 <i>Adequacy of Disclosures When Events or Conditions Have Been Identified but No Material Uncertainty Exists</i></p>	<p>Paragraph 8.5.10. Concluding The Auditor’s Evaluation and Other Activities to Support the Auditor’s Conclusion <i>Concluding</i></p>	<p>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.</p>	<p>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.</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	<p>ISA 570 (Revised) Paragraph 21 Implications for the Auditor’s Report</p>	<p>Paragraph 9.5.1.P Forming an Opinion and Reporting Modifications to the Opinion</p>	<p>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</p>	<p>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</p>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate 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>Table C</i>	preparation of the financial statements is inappropriate, the auditor shall express an adverse opinion.	preparation of the financial statements is inappropriate. <i>(Inclusion in Table C under paragraph 9.5.1 indicating that an adverse opinion is required).</i>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>3. Yes - requirement included in full but presented in table format Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes</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 9.6.3. and Paragraph 9.6.4 Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <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 modified in respect of the matter.</p>	<p>9.6.3 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:</p> <p>(a) Management's plans to deal with the events and conditions, in the financial statements; and</p> <p>(b) 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Minor modifications to make appropriate for the nature of the [draft] ISA for LCE but retaining the robust requirements for reporting material uncertainties. Paragraph 9.6.3. and 9.6.4 combines paragraphs 19 and 22 of ISA 570 (Revised).</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - all significant aspects of the required auditor actions have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p>the normal course of business.</p> <p>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 (see Appendix 8).</p> <p>9.6.4 If a “Material Uncertainty Relating to Going Concern” is required in the auditor’s report the auditor shall:</p> <ul style="list-style-type: none"> (a) Draw attention to the note in the financial statements that 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. 	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 570 (Revised) Paragraph 23</p> <p>Implications for the Auditor's Report</p> <p><i>Use of Going Concern Basis of Accounting Is Appropriate but a Material Uncertainty Exists</i></p>	<p>Paragraph 9.5.1.Q-R</p> <p>Forming an Opinion and Reporting</p> <p>Modifications to the Opinion <i>Table C</i></p>	<p>If adequate disclosure about the material uncertainty is not made in the financial statements, the auditor shall:</p> <p>(a) Express a qualified opinion or adverse opinion, as appropriate, in accordance with ISA 705 (Revised) ; and</p> <p>(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 statements do not adequately disclose this matter.</p>	<p>9.5.1.Q. Adequate disclosures are not made about a material uncertainty in the financial statements.</p> <p>9.5.1.R. In this circumstance, the basis for qualified (or adverse) opinion section shall 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 statements do not adequately disclose this matter." <i>(Inclusion in Table C under paragraph 9.5.1 indicating that a qualified or adverse opinion is required).</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - requirement included in full but presented in table format.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 570 (Revised) Paragraph 24</p> <p>Implications for the Auditor's Report</p> <p><i>Management Unwilling to Make or Extend Its Assessment</i></p>	<p>Paragraph 7.4.2.</p> <p>Responding to Assessed Risks of Material Misstatement</p> <p>Specific Focus Areas <i>Going Concern</i></p>	<p>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.</p>	<p>In evaluating management's assessment of the entity's ability to continue as a going concern, the auditor shall cover the same period as used by management, as required by the applicable financial reporting framework. 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications to improve readability and make appropriate to the [draft] ISA for LCE. All significant aspects of the auditor action are retained. Paragraph 7.4.2. combines paragraphs 12, 13 and 24 of ISA 570 (Revised).</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				consider the implications for the auditor's report ¹⁴ .	<p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes, the auditor's significant actions have been retained.</p>
Requirements	<p>ISA 570 (Revised) Paragraph 25 Communication with Those Charged with Governance</p>	<p>Paragraph 8.8.5. Concluding Specific Communication Requirements</p>	<p>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:</p> <p>(a) Whether the events or conditions constitute a material uncertainty;</p> <p>(b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements;</p> <p>(c) The adequacy of related disclosures in the financial statements; and</p>	<p>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, including:</p> <p>(a) Whether the events or conditions constitute a material uncertainty;</p> <p>(b) Whether management's use of the going concern basis of accounting is appropriate in the preparation of the financial statements;</p> <p>(c) The adequacy of related disclosures in the financial statements; and</p> <p>(d) Where applicable, the implications for the auditor's report.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications for nature of ISA for LCE to simplify lead in to bulleted list. All requirements have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>

¹⁴ For the effect on the auditor's report see Part 9, paragraph 9.5.1.S.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			(d) Where applicable, the implications for the auditor's report.		
Requirements	ISA 570 (Revised) Paragraph 26 Significant Delay in the Approval of Financial Statements	Paragraph 7.4.6. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Going Concern</i>	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.	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 additional audit procedures as necessary, as well as consider the effect on the auditor's conclusion regarding the existence of a material uncertainty.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No, other than removing reference to other paragraphs not needed. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Application Material	ISA 570 (Revised) Paragraph 2	With Paragraph 5.2.12. Planning Planning Activities <i>Going Concern</i>		<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</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>the going concern basis of accounting, unless management 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></p>	
Application Material	ISA 570 (Revised) Paragraph A6	With Paragraph 6.2.3. Risk Identification and Assessment Procedures for Identifying and Assessing Risks and Related Activities	-	<p><i>Fraud</i></p> <p><i>Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Fraudulent financial reporting often involves management override of controls that otherwise may appear to be operating effectively, such as recording fictitious journal entries close to the end of the financial reporting period.</i></p> <p><i>Misappropriation of assets involves the theft of the entity's assets and is often perpetrated by employees in relatively small and immaterial amounts. However, it can also involve</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>management who are usually more able to disguise or conceal misappropriations in ways that are difficult to detect.</i></p> <p><i>Misappropriation of assets is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.</i></p> <p><i>Going Concern</i></p> <p><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 customer, key employee, or the right to operate under a license, franchise or other legal agreement.</i></p>	
Application Material	ISA 570 (Revised) Paragraph A12	With Paragraph 7.4.1. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Going Concern</i>		<p><i>In accordance with the requirements of this Part, the auditor needs to evaluate management's assessment of the entity's ability to continue as a going concern. In many cases, the management of less complex entities may not have prepared a detailed assessment of the</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>entity's ability to continue as a going concern, but instead may rely on in-depth knowledge of the business and anticipated future prospects. In such cases, it may be appropriate to discuss the medium- and long-term financing of the entity with management, provided that management's plans can be corroborated by sufficient documentary evidence and are consistent with the auditor's understanding of the entity. Therefore, the auditor's evaluation of going concern, for example, may be satisfied by discussion, inquiry and inspection of supporting documentation.</i></p>	
Application Material	<p>ISA 570 (Revised) Paragraphs A7 and A14</p>	<p>With Paragraph 7.4.2. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Going Concern</i></p>		<p><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</i></p>	<p>Essential Explanatory Material</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				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.	
Requirement	ISA 570 (Revised) Paragraph 18	With Paragraph 7.4.5. Responding to Assessed Risks of Material Misstatement Specific Focus Areas <i>Going Concern</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, for a fair presentation framework necessary for the fair presentation of the financial statements or for a compliance framework, necessary for the financial statements not to be misleading.	Essential Explanatory Material
ISA 580, Written Representations					
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	-	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>statements and for the completeness of the information provided to the auditor;</p> <p>(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</p> <p>(c) To respond appropriately to written representations provided by management and, where appropriate, those charged with governance, or if management or, where appropriate, those charged with governance do not provide the written representations requested by the auditor.</p>		<p>and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 580, <i>Written Representations</i>, is addressed in Part 8, <i>Concluding</i>, in the [draft] ISA for LCE.</p>
Requirements	<p>ISA 580 Paragraph 9 Management from whom Written Representations Requested</p>	<p>Paragraph 8.6.1. Concluding Written Representations from Management and Those Charged with Governance</p>	<p>The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.</p>	<p>The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements....:</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>No – no changes made to the requirement but combined with all of the requirements related to required representations to make more appropriate for the [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes – this requirement fully addressed.</p>
Requirements	<p>ISA 580 Paragraph 10 Written Representations about Management’s Responsibilities <i>Preparation of the Financial Statements</i></p>	<p>Paragraph 8.6.1.(a) Concluding Written Representations from Management and Those Charged with Governance</p>	<p>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 presentation, as set out in the terms of the audit engagement.</p>	<p>The auditor shall obtain written representations from management for all periods referred to in the auditor’s opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters:</p> <p>...</p> <p>(a) That they have fulfilled their responsibility for the preparation of the financial statement in accordance with the applicable financial reporting framework, including where relevant their fair presentation;</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications for nature of ISA for LCE to make 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 retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 580 Paragraph 11</p> <p>Written Representations about Management's Responsibilities <i>Information Provided and Completeness of Transactions</i></p>	<p>Paragraph 8.6.1.(b) and (c)</p> <p>Concluding Written Representations from Management and Those Charged with Governance</p>	<p>The auditor shall request management to provide a written representation that:</p> <p>(a) It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement; and</p> <p>(b) All transactions have been recorded and are reflected in the financial statements.</p>	<p>The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate those charged with governance about the following matters:</p> <p>...</p> <p>(b) That they have provided the auditor with all relevant information and access as agreed in the terms of the audit engagement;¹⁵</p> <p>(c) That all transactions are recorded and are reflected in the financial statements.</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No – no changes made to the requirement except to present in a longer bullet list.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 580 Paragraph 12</p> <p>Written Representations about Management's Responsibilities <i>Description of Management's</i></p>	-	<p>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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes – however the requirement for the representations to be written and to include management responsibilities is already addressed at paragraph</p>

¹⁵ 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	
	<i>Responsibilities in the Written Representations</i>				<p>8.6.1 so has not been included as a separate requirement.</p> <p>2. Should / could the requirement be revised or modified 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 580 Paragraph 13 Other Written Representations</p>	<p>Paragraph 8.6.1.(o) Concluding Written Representations from Management and Those Charged with Governance</p>	<p>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 financial statements or one or more specific assertions in the financial statements, the auditor shall request such other written representations.</p>	<p>The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements and where appropriate, those charged with governance about the following matters:</p> <p>...</p> <p>(o) Other representations the auditor determines necessary to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements, including where necessary to support oral representations.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications for nature of ISA for LCE to remove reference to the ISAs and match the workflow. All significant aspects 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 580 Paragraph 14 Date of and Period(s) Covered by Written Representations	Paragraph 8.6.7. Concluding Written Representations from Management and Those Charged with Governance	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. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 580 Paragraph 15 Form of Written Representations	Paragraph 8.6.3. Concluding Written Representations from Management and Those Charged with Governance With paragraph 8.6.3. Concluding Written Representations from Management and Those Charged with Governance	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.	8.6.3. The written representation shall be in the form of a representation letter addressed to the auditor. Appendix 6 sets out an example management representation letter. <i>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 this [draft] standard, the relevant matters covered by such statements need not be included in the representation letter.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes –modifications for nature of ISA for LCE to reflect the likely structure of an LCE and to change non-requirements to EEM. All significant aspects have been retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 580 Paragraph 16 <i>Doubt as to the Reliability of Written Representations</i></p>	<p>Paragraph 8.6.5. Concluding Written Representations from Management and Those Charged with Governance</p>	<p>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.</p>	<p>If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, or representations received are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including considering the possible effect on the opinion in the auditor's report.¹⁶</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – modifications for nature and structure of ISA for LCE: Paragraph 8.6.4. combines paragraphs 16-18 of ISA 580. 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>
Requirements	<p>ISA 580 Paragraph 17 <i>Doubt as to the Reliability of Written Representations</i></p>	<p>Paragraph 8.6.5. Concluding Written Representations from Management and Those Charged with Governance</p>	<p>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</p>	<p>If the auditor has concerns about the competence, integrity, ethical values, or diligence of management, or about its commitment to or enforcement of these, or representations received are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including considering the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – minor modifications to make more direct and succinct in line with the drafting principles of</p>

¹⁶ For the effect on the auditor's report see Part 9, paragraph 9.5.1.T.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general.	possible effect on the opinion in the auditor's report. ¹⁷	<p>the [draft] ISA for LCE and its structure. All significant aspects have been retained. Paragraph 8.6.4. combines paragraphs 16-18 of ISA 580.</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 Paragraph 18 <i>Doubt as to the Reliability of Written Representations</i></p>	<p>Paragraph 8.6.5. Concluding Written Representations from Management and Those Charged with Governance</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 competence, integrity, ethical values, or diligence of management, or about its commitment to or enforcement of these, or representations received are inconsistent with other audit evidence, the auditor shall determine the effect on audit evidence more generally and take appropriate actions, including considering the possible effect on the opinion in the auditor's report.¹⁸</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications to make more direct and succinct in line with the drafting principles of the [draft] ISA for LCE and its structure. All significant aspects have been retained. Paragraph 8.6.4. combines paragraphs 16-18 of ISA 580.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p>

¹⁷ For the effect on the auditor's report see Part 9, paragraph 9.5.1.T.

¹⁸ For the effect on the auditor's report see Part 9, paragraph 9.5.1.T.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					Yes, all significant aspects have been retained.
Requirements	<p>ISA 580 Paragraph 19 <i>Requested Written Representations Not Provided</i></p>	<p>Paragraph 8.6.6. Concluding Written Representations from Management and Those Charged with Governance</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 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>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 audit evidence in general; and</p> <p>(c) Take appropriate actions, including disclaiming an opinion on the financial statements when management refuses to provide one or more required written representations or there is sufficient doubt about management’s integrity.¹⁹</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes –modifications for nature of ISA for LCE to use more direct language and remove reference to the ISAs. All significant aspects have been retained</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>

¹⁹ For the effect on the auditor’s report see Part 9, paragraph 9.5.1.U.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 580 Paragraph 20 <i>Written Representations about Management's Responsibilities</i>	Paragraph 8.6.6. Concluding Written Representations from Management and Those Charged with Governance	The auditor shall disclaim an opinion on the financial statements in accordance with ISA 705 (Revised) if: (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 (b) Management does not provide the written representations required by paragraphs 10 and 11.	If management does not provide one or more of the requested written representations, the auditor shall: (a) Discuss the matter with management; (b) Reevaluate the integrity of management and evaluate the effect this may have on the reliability of oral and written representations and audit evidence in general; and (c) Take appropriate actions, including disclaiming an opinion on the financial statements when management refuses to provide one or more required written representations or there is sufficient doubt about management's integrity. ²⁰	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Modified to be included as part of a bulleted list. 9.5.1.U. also includes requirement to disclaim. 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Application Material	ISA 580 Paragraphs 3 and 4	With Part 8.6. Concluding Written Representations from Management and		<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</i>	Essential Explanatory Material

²⁰ For the effect on the auditor's report see Part 9, paragraph 9.5.1.U.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
		Those Charged with Governance		<i>representations are audit evidence. However, 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>	
Application Material	ISA 580 Paragraphs 15	With Paragraph 8.6.3. Concluding Written Representations from Management and Those Charged with Governance		<i>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 this [draft] standard, the relevant matters covered by such statements need not be included in the representation letter.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements					
Objectives	ISA 700 (Revised) Paragraph 6	Paragraph 9.1.1.(a) 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; ...	<ol style="list-style-type: none"> 1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the objective be revised or modified 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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised)	Paragraphs 9.2.2.	In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained	In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>Paragraph 11</p> <p>Forming an Opinion on the Financial Statements</p>	<p>Forming an Opinion and Reporting</p> <p>Forming an Opinion on the Financial Statements</p>	<p>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:</p> <p>(a) The auditor’s conclusion, in accordance with ISA 330, whether sufficient appropriate audit evidence has been obtained;</p> <p>(b) The auditor’s conclusion, in accordance with ISA 450, whether uncorrected misstatements are material, individually or in aggregate; and</p> <p>(c) The evaluations required by paragraphs 12–15.</p>	<p>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:</p> <p>(a) Whether sufficient appropriate audit evidence has been obtained;</p> <p>(b) Whether uncorrected misstatements, individually or in aggregate are material; and</p> <p>(c) The evaluations required by paragraphs 9.2.3. to 9.2.6.</p>	<p>circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – minor modifications to remove references to other ISAs.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 700 (Revised)</p> <p>Paragraph 12</p> <p>Forming an Opinion on the Financial Statements</p>	<p>Paragraph 9.2.3.</p> <p>Forming an Opinion and Reporting</p> <p>Forming an Opinion on the Financial Statements</p>	<p>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 consideration of the qualitative aspects of the entity’s accounting practices, including indicators of possible bias in management’s judgments.</p>	<p>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 consideration of the qualitative aspects of the entity’s accounting practices, including indicators of possible bias in management’s judgments.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified 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>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 700 (Revised) Paragraph 13²¹ Forming an Opinion on the Financial Statements</p>	<p>Paragraph 9.2.4.(a)-(c) and (e)-(g) Forming an Opinion and Reporting Forming an Opinion on the Financial Statements</p>	<p>In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework:</p> <p>(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;</p> <p>(b) The accounting policies selected and applied are consistent with the applicable 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 	<p>In performing the evaluation in paragraph 9.2.3., the auditor shall evaluate, in view of the applicable financial reporting framework, whether:</p> <p>(a) The financial statements appropriately disclose the entity's significant accounting policies, and whether they have been presented in an understandable way;</p> <p>(b) The entity's accounting policies selected and applied are consistent with the financial reporting framework and are appropriate;</p> <p>(c) The accounting estimates and related disclosures made by management are reasonable;</p> <p>(d) The identified related party relationships and transactions have been appropriately accounted for, presented 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications have been made to the language and structure to make it more succinct and direct as appropriate to the [draft] ISA for LCE – all significant aspects of the requirement have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes- expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>

²¹ This paragraph includes conforming amendments from the International Standard on Auditing 540 (Revised).

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<p>included has been included, and whether such information is appropriately classified, aggregated or disaggregated, and characterized.</p> <ul style="list-style-type: none"> • 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>(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>	<p>understandable including whether:</p> <ul style="list-style-type: none"> (i) The information that should have been included has been included; (ii) Such information is appropriately classified, aggregated or disaggregated, and characterized; and (iii) 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>(f) 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, including the title of each financial statement, is appropriate.</p>	

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 700 (Revised) Paragraph 14 Forming an Opinion on the Financial Statements	Paragraph 9.2.5. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements	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: (a) The overall presentation, structure and content of the financial statements; and (b) Whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	When the financial statements are prepared in accordance with a fair presentation framework, the auditor shall also evaluate whether the financial statements achieve fair presentation. This evaluation shall include consideration of: (a) The overall presentation, structure and content of the financial statements; and (b) Whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modifications have been made to the language and structure to make appropriate to the nature of the [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes - expected to deliver a similar outcome as the ISA requirement in the context of an audit of an LCE.</p>
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.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</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	
					-
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 and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in requirements that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 17 Form of Opinion	Paragraph 9.5.1.A Forming an Opinion and Reporting Modifications to the Opinion.	<p>If the auditor:</p> <ol style="list-style-type: none"> Concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or Is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement, <p>the auditor shall modify the opinion in the auditor’s report in accordance with ISA 705 (Revised).</p>	<p>The auditor shall modify the opinion in the auditor’s report according to Tables A to C below when:</p> <ol style="list-style-type: none"> The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. 	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modifications to the language and structure to make appropriate for the [draft] ISA for LCE – all aspects retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 700 (Revised) Paragraph 18 Form of Opinion	Paragraph 9.3.2. 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 accordance with ISA 705 (Revised).	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 whether to modify the opinion.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modifications to make appropriate for the [draft] ISA for LCE for readability as well as removing the reference to ISA – all significant aspects retained 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 700 (Revised) Paragraph 19 Form of Opinion	Paragraph 9.3.3. Forming an Opinion and Reporting 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.	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, based on the audit evidence obtained, that such financial statements are misleading, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 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	
				whether, and how, to communicate it in the auditor's report. ²²	
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.	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – the specified format and content of the Auditor's Report is included in Part 9.4 – this is in writing.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 700 (Revised) Paragraph 21 Auditor's Report Title	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	The auditor's report shall have a title that clearly indicates that it is the report of an independent auditor.	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes</p>

²² For the effect on the auditor's report see Part 9, paragraph 9.5.1.Y.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>the title "Independent Auditor's Report".</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 22 Auditor's Report Addressee</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report</p>	<p>The auditor's report shall be addressed, as appropriate, based on the circumstances of the engagement.</p>	<p><i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the addressed "Shareholders of ABC Company or other Appropriate Addressee".</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 23 Auditor's Report Auditor's Opinion</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting 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><i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate 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	
					<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes -the specified format and content of the Auditor’s Report is included in Part 9.4 – this includes the opinion section which is named “Opinion”.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 24 Auditor’s Report Auditor’s Opinion</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting 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>(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><i>Incorporated into the specified format and content of the Auditor’s report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – the specified format and content of the Auditor’s Report is included in Part 9.4 – this includes all elements listed.</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 700 (Revised) Paragraph 25 Auditor's Report Auditor's Opinion	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	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: (a) In our opinion, the accompanying financial statements present fairly, in all material respects, [...] in accordance with [the applicable financial reporting framework]; or (b) In our opinion, the accompanying financial statements give a true and fair view of [...] in accordance with [the applicable financial reporting framework].	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes –the specified format and content of the Auditor's Report is included in Part 9.4 – this includes all elements listed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 700 (Revised) Paragraph 26 Auditor's Report Auditor's Opinion	With Paragraph 9.3.1 Forming an Opinion and Reporting Auditor's Report	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].	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes- the specified format and content of the Auditor's Report is included in Part 9.4 – this includes</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>wording options for both fair presentation and compliance frameworks.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 27 Auditor's Report Auditor's Opinion</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report</p>	<p>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>	<p><i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes — the specified format and content of the Auditor's Report is included in Part 9.4. This requirement is included as a footnote.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 28 Auditor's Report Basis for Opinion</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report</p>	<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><i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<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 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>Yes – the specified format and content of the Auditor’s Report is included in Part 9.4 – this includes all elements listed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>All requirements for ISA 570 are separately mapped within this document. Reporting considerations are addressed throughout Part 9 depending on the circumstance (e.g., modified opinion, material uncertainty related to going concern).</p> <p>2. Should / could the requirement be revised or modified 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>No. The [draft] ISA for LCE does not apply to listed entities and KAM. KAM are only required to be communicated for listed entities.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 31 Auditor's Report Key Audit Matters</p>	-	<p>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.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not addressed as key audit matters not addressed in this [draft] standard. Where common in a local jurisdiction this would be addressed at the jurisdiction level.</p> <p>2. Should / could the requirement be revised or modified 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 32 Auditor's Report Other Information</p>	-	<p>Where applicable, the auditor shall report in accordance with ISA 720 (Revised).</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>All requirements for ISA 720 are separately mapped within this document.</p> <p>2. Should / could the requirement be revised or modified 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 700 (Revised) Paragraph 33 Auditor's Report Responsibilities for the Financial Statements	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	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.	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes all elements listed (including footnote). 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 700 (Revised) Paragraph 34 Auditor's Report Responsibilities for the Financial Statements	Paragraph 9.4.1. 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 management determines is necessary to enable the	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is

Section	Reference & Heading		Text		Comparison
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			<p>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>included in Part 9.4 – this includes the elements listed.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 700 (Revised) Paragraph 35</p> <p>Auditor’s Report 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. 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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>While oversight structures are expected to be simpler in LCE’s, the footnote for this heading in the specified report in Part 9.4.1. does prompt users to use the term appropriate in the context of the legal framework of the particular jurisdiction. Where this is a common in a specific jurisdiction, this may also be addressed by relevant local bodies when</p>

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					considering local requirements and guidelines. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 36 Auditor's Report Responsibilities for the Financial Statements	Paragraph 9.4.2. Forming an Opinion and Reporting Auditor's Report	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 auditor 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, in the description of responsibilities for the financial statements in the auditor's report.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes, sentence structure updated to improve readability only. All requirements retained. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 700 (Revised) Paragraph 37 Auditor's Report	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	The auditor's report shall include a section with the heading "Auditor's Responsibilities for the Audit of the Financial Statements."	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

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	Auditor's Responsibilities for the Audit of the Financial Statements				<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the heading "Auditor's Responsibilities for the Audit of the Financial Statements".</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 38</p> <p>Auditor's Report</p> <p>Auditor's Responsibilities for the Audit of the Financial Statements</p>	<p>Paragraph 9.4.1.</p> <p>Forming an Opinion and Reporting</p> <p>Auditor's Report</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><i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the elements listed.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</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 Auditor's Report Auditor's Responsibilities for the Audit of the Financial Statements</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report</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 professional skepticism throughout the audit; and</p> <p>(b) Describe an audit by stating that the auditor's responsibilities are:</p>	<p><i>Relevant items incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the elements listed except those relevant to ISA 600 as group</p>

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			<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>(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</p>		<p>audits are not relevant to the [draft] ISA for LCE.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>

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			<p>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 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</p>		

Section	Reference & Heading		Text		Comparison
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			<p>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 the auditor's report. 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>		

Section	Reference & Heading		Text		Comparison
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			<p>(c) When ISA 600 applies, further describe the auditor's responsibilities in a group audit engagement by stating that:</p> <ul style="list-style-type: none"> (i) The auditor's responsibilities are to obtain sufficient 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; (ii) The auditor is responsible for the direction, supervision and performance of the group audit; and (iii) The auditor remains solely responsible for the auditor's opinion. 		
Requirements	<p>ISA 700 (Revised) Paragraph 40 Auditor's Report Auditor's Responsibilities for the Audit of</p>	<p>Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report</p>	<p>The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report also shall:</p> <ul style="list-style-type: none"> (a) State that the auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and 	<p><i>Relevant items incorporated into the specified format and content of the Auditor's report at 9.4.1.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

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	the Financial Statements		<p>significant audit findings, including any significant deficiencies in internal control 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 were of most significance in the audit of the financial</p>		<p>Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the elements listed except those relevant to listed entities which are not relevant to the [draft] ISA for LCE.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>

Section	Reference & Heading		Text		Comparison
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			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 financial statements	-	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 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,	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Description of the Auditors Report included in the body within specified format and content of the Auditor’s report at 9.4.1. As the [draft] ISA for LCE specifies that form and content of the Auditor report, alternative presentations are not appropriate. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? -

Section	Reference & Heading		Text		Comparison
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			regulation or national auditing standards expressly permit the auditor to do so.		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 700 (Revised) Paragraph 42</p> <p>Auditor's Report</p> <p>Location of the description of the auditor's responsibilities for the audit of the financial statements</p>	-	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.	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>As the [draft] ISA for LCE specifies that form and content of the Auditor report, alternative presentations are not appropriate.</p> <p>2. Should / could the requirement be revised or modified 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 43</p> <p>Auditor's Report</p> <p>Other Reporting Responsibilities</p>	-	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	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically included in the body of the specified format and content of the Auditor Report in Part 9.4 – however lead into paragraph 9.4.1. does reference Other Reporting Responsibilities as a separate section. Illustrative wording on Other Reporting</p>

Section	Reference & Heading		Text		Comparison
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			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>Responsibilities are addressed further in the Reporting Supplemental Guide, including within an illustrative example report.</p> <p>2. Should / could the requirement be revised or modified 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 44 Auditor's Report Other Reporting Responsibilities</p>	-	<p>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 the reporting that is required by the ISAs.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically included in the body of the specified format and content of the Auditor Report in Part 9.4 – however lead into paragraph 9.4.1. does reference Other Reporting Responsibilities as a separate section. Illustrative wording on Other Reporting Responsibilities are addressed further in the Reporting Supplemental Guide, including within an illustrative example report.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
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					- 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 45 Auditor's Report Other Reporting Responsibilities	-	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."	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Not specifically included in the body of the specified format and content of the Auditor Report in Part 9.4 – however lead into paragraph 9.4.1. does reference Other Reporting Responsibilities as a separate section. Illustrative wording on Other Reporting Responsibilities are addressed further in the Reporting Supplemental Guide, including within an illustrative example report. 2. Should / could the requirement be revised or modified 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 46 Auditor's Report Name of the Engagement Partner		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 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.	-	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? No. The [draft] ISA for LCE does not apply to listed entities. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -
Requirements	ISA 700 (Revised) Paragraph 47 Auditor's Report Signature of the Auditor	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	The auditor's report shall be signed.	<i>Relevant items incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the auditor's signature. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 700 (Revised) Paragraph 48 Auditor's Report Auditor's Address	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	The auditor's report shall name the location in the jurisdiction where the auditor practices.	<i>Relevant item incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes the name of the location in the jurisdiction where the auditor practices. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 700 (Revised) Paragraph 49 Auditor's Report Date of the Auditor's Report	Paragraph 9.4.1. 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	<i>Relevant items incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE?

Section	Reference & Heading		Text		Comparison
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			financial statements have been prepared; and (b) Those with the recognized authority have asserted that they have taken responsibility for those financial statements.		Yes - the specified format and content of the Auditor's Report is included in Part 9.4 – this includes both elements listed. 3. Do the changes result in requirements that still achieve reasonable assurance? Yes.
Requirements	ISA 700 (Revised) Paragraph 50 Auditor's Report <i>Auditor's Report Prescribed by Law or Regulation</i>	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	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 origin of the financial reporting framework that is not International Financial	The auditor shall report in accordance with the specified format and content below unless: (a) Amendment to the auditor's report is required for compliance with law or regulation, including when law or regulation prescribe the layout or wording of the auditor's report. When the layout or wording of the auditor's report is prescribed, the auditor's report shall refer to this [draft] ISA for LCE only if all significant elements of the specified format and content are included; or ...	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – requirement to only refer to the [draft] ISA for LCE where all significant elements are included (rather than listing each section of the auditor report). Further guidance, including the full list, is contained in Supplemental Guidance – Reporting. Where this is a common occurrence in a jurisdiction, local bodies can also identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance.

Section	Reference & Heading		Text		Comparison
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			<p>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 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</p>		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes</p>

Section	Reference & Heading		Text		Comparison
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			<p>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> <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,</p>		

Section	Reference & Heading		Text		Comparison
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			<p>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	<p>ISA 700 (Revised) Paragraph 51</p> <p>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></p>	-	<p>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 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</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Not specifically addressed in the [draft] standard. If this is a common occurrence in a jurisdiction, local bodies would identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>

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			<p>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 report shall thereby identify such national auditing standards.</p>		
Requirements	<p>ISA 700 (Revised) Paragraph 52</p> <p>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></p>	-	<p>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>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the [draft] standard. If this is a common occurrence in a jurisdiction, local bodies would identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance.</p> <p>2. Should / could the requirement be revised or modified 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 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 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.	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? It is less common that a less complex entity prepares supplementary information that is not required by the applicable financial reporting framework to be presented with the audited financial statements therefore this has not been included in the [draft] standard. If this is a common occurrence in a jurisdiction, local bodies may identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? - 3. Do the changes result in the requirement that still achieve reasonable assurance? -

Section	Reference & Heading		Text		Comparison
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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 and appropriate in the circumstances of an audit of an LCE?</p> <p>No. It is less common that a less complex entity prepares supplementary information that is not required by the applicable financial reporting framework to be presented with the audited financial statements therefore this has not been included in the [draft] standard.</p> <p>2. Should / could the requirement be revised or modified 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 700 (Revised) Paragraphs 7	With Paragraph 9.2.5. Forming an Opinion and Reporting Forming an Opinion on the Financial Statements		<i>The auditor's evaluation about whether the financial statements achieve fair presentation, both in respect of presentation and the disclosures necessary to achieve it, is a matter of professional judgment.</i>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
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Application Material	ISA 200 Paragraph A13	With Paragraph 9.3.1. Forming an Opinion and Reporting Form of Opinion	-	<i>Where the financial reporting framework is a fair presentation framework, as is generally the case for general purpose financial statements, the opinion required is on whether the financial statements are presented fairly, in all material respects, or give a true and fair view. Where the financial reporting framework is a compliance framework, the opinion required is on whether the financial statements are prepared, in all material respects, in accordance with the framework.</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 free from material misstatement; or (b) The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a	-	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been

Section	Reference & Heading		Text		Comparison
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			whole are free from material misstatement.		included as mapped in this document. The objective in paragraph 9.1.1. of the [draft] ISA for LCE broadly addresses forming an opinion on financial statements.
Requirements	ISA 705 (Revised) Paragraph 6 Circumstances When a Modification to the Auditor's Opinion Is Required	With Paragraph 9.5.1.A Forming an Opinion and Reporting Modifications to the Opinion	The auditor shall modify the opinion in the auditor's report when: (a) The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or (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.	The auditor shall modify the opinion in the auditor's report according to Tables A to C below when: (a) The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or (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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Minor modifications to the language and structure to make appropriate for the [draft] ISA for LCE – all aspects retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 705 (Revised) Paragraph 7 Determining the Type of Modification to the Auditor's Opinion <i>Qualified Opinion</i>	Paragraph 9.5.1.B Forming an Opinion and Reporting Modifications to the Opinion <i>Table A</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	<i>Incorporated into Table A in Part 9.5.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE?

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			(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.		<p>Yes - concepts presented in table format (Table A) to be clearer in line with principles of [draft] ISA for LCE.</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 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>Modifications to the Opinion <i>Table A</i></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.	<i>Incorporated into Table A in Part 9.5.</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - concepts presented in table format (Table A) to be clearer in line with principles of [draft] ISA for LCE.</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 705 (Revised) Paragraph 9</p> <p>Determining the Type of</p>	<p>Paragraph 9.5.1.B</p> <p>Forming an Opinion and Reporting</p>	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	<i>Incorporated into Table A in Part 9.5.</i>	<p>1. Is the requirement relevant and appropriate 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	
	Modification to the Auditor’s Opinion <i>Disclaimer of Opinion</i>	Modifications to the Opinion <i>Table A</i>	concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.		<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – concepts presented in table format (Table A) to be clearer in line with principles of [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>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 and appropriate in the circumstances of an audit of an LCE?</p> <p>No. as described in the ISA requirement, these are extremely rare circumstances therefore not included in the [draft] ISA for LCE.</p> <p>2. Should / could the requirement be revised or modified 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 11	-	If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<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>		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>Not specifically addressed in the [draft] ISA for LCE as the [draft] ISA for LCE (Table A) already indicates that the inability to obtain sufficient appropriate audit evidence may result in a qualified or disclaimer of opinion. The outcome is expected to be the similar.</p> <p>2. Should / could the requirement be revised or modified 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 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>	-	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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the [draft] ISA for LCE as would be a rare occurrence. The [draft] ISA for LCE includes the Table A 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 revised or modified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 705 (Revised) Paragraph 13 <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 is unable to obtain sufficient appropriate audit evidence, the auditor shall determine the implications as follows:</p> <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</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in the [draft] ISA for LCE as would be a rare occurrence. The [draft] ISA for LCE includes the Table A 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 revised or modified 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	
			practicable or possible, disclaim an opinion on the financial statements.		
Requirements	ISA 705 (Revised) Paragraph 14 <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>	-	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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – this is deemed to be addressed through the requirement in 8.8.2 relating to communication of significant matters arising during the audit. Therefore a separate requirement in relation to this topic area not deemed necessary.</p> <p>2. Should / could the requirement be revised or modified 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 15 <i>Other Considerations Relating to an Adverse Opinion or Disclaimer of Opinion</i>	-	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	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Not specifically addressed in [draft] ISA for LCE as the [draft] standard does not cover single financial statements or specific elements, accounts or items.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			items of a financial statement. To include such an unmodified opinion in the same report in these circumstances would contradict the auditor's adverse opinion or disclaimer of opinion on the financial statements as a whole.		<p>2. Should / could the requirement be revised or modified 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 16 Form and Content of the Auditor's Report When the Opinion Is Modified	Paragraph 9.5.1.B Forming an Opinion and Reporting Modified Opinions <i>Content of the Auditor's Report When the Opinion Is Modified</i>	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.	When the auditor modifies the audit opinion, the auditor shall: (a) Amend the heading "Basis for Opinion" to "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion" as set out in tables A–C.	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – restructured to fit the format of the section in the [draft] ISA for LCE but heading retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	ISA 705 (Revised) Paragraph 17 Form and Content of the Auditor's Report When	Paragraph 9.5.1.C Forming an Opinion and Reporting Modifications to the Opinion <i>Table B</i>	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, except for the effects of the matter(s) described in the Basis for Qualified Opinion section:	<i>Incorporated into Table B in Part 9.5. (9.5.1.C)</i>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<p>the Opinion Is Modified <i>Qualified Opinion</i></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>Yes – concepts presented in table format (Table B) to be clearer in line with principles of [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 705 (Revised) Paragraph 18 Form and Content of the Auditor’s Report When the Opinion Is Modified</p>	<p>Paragraph 9.5.1.D Forming an Opinion and Reporting Modifications to the Opinion <i>Table B</i></p>	<p>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:</p> <p>(a) When reporting in accordance with a fair presentation framework, the accompanying financial statements do not</p>	<p><i>Incorporated into Table B in Part 9.5. (9.5.1.D)</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Adverse Opinion</i>		<p>present fairly (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 not been prepared, in all material respects, in accordance with [the applicable financial reporting framework].</p>		<p>Yes - concepts presented in table format (Table B) to be clearer in line with principles of [draft] ISA for LCE.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - significant aspects of this requirement retained.</p>
Requirements	<p>ISA 705 (Revised) Paragraph 19</p> <p>Form and Content of the Auditor's Report When the Opinion Is Modified</p> <p><i>Disclaimer of Opinion</i></p>	<p>Paragraph 9.5.1.E</p> <p>Forming an Opinion and Reporting</p> <p>Modifications to the Opinion <i>Table B</i></p>	<p>When the auditor disclaims an opinion due to an inability to obtain sufficient appropriate audit evidence, the auditor shall:</p> <p>(a) State that the auditor does not express an opinion on the 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</p>	<p><i>Incorporated into Table B in Part 9.5. (9.5.1.E)</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - concepts presented in table format (Table B) to be clearer in line with principles of [draft] ISA for LCE.</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
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			statements have been audited, to state that the auditor was engaged to audit the financial statements.		
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 9.5.1.B Forming an Opinion and Reporting Modifications to the Opinion	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, or expresses a qualified, adverse or disclaimer of opinion, the auditor shall: (a) Amend the heading "Basis for Opinion" to "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion" as set out in tables A–C. (b) Within the basis for opinion section, include a description of the matter giving rise to the modification. ...	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. Modified for nature of ISA for LCE to reference to Table – 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>	Paragraph 9.5.3. Forming an Opinion and Reporting Modifications to the Opinion <i>Other Matters Relating to Modifications</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	If there is a material misstatement of the financial statements that relates to: (a) 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	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - modified to be included in a numbered list.</p>

Section	Reference & Heading		Text		Comparison
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			to quantify the financial effects, the auditor shall so state in this section	impracticable. If it is not practicable to quantify the financial effects, the auditor shall so state in this section. ...	3. Do the changes result in the requirement that still achieve reasonable assurance? Yes
Requirements	ISA 705 (Revised) Paragraph 22 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 Modifications to the Opinion <i>Other Matters Relating to Modifications</i>	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.	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.	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - modified to be included in a numbered list. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 705 (Revised) Paragraph 23 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 Modifications to the Opinion <i>Other Matters Relating to Modifications</i>	If there is a material misstatement of the financial statements that relates to the non-disclosure of information required to be disclosed, the auditor shall: (a) Discuss the non-disclosure with those charged with governance; (b) Describe in the Basis for Opinion section the nature of the omitted information; and (c) Unless prohibited by law or regulation, include the omitted	If there is a material misstatement of the financial statements that relates to: ... (b) (The non-disclosure in the financial statements of information required to be disclosed, the auditor shall: (i) Discuss the non-disclosure with those charged with governance;	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - modified to be included in a numbered list.

Section	Reference & Heading		Text		Comparison
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			disclosures, provided it is practicable to do so and the auditor has obtained sufficient appropriate	(ii) Describe in the Basis for Opinion section the nature of the omitted information; and (iii) Unless prohibited by law or regulation, include the omitted disclosures, provided it is practicable to do so and the auditor has obtained sufficient appropriate audit evidence about the omitted information.	3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 705 (Revised) Paragraph 24 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	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.	-	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Detailed requirements with regard presentation of modified opinions not specifically addressed in the [draft] standard – illustrative reports will be included within the Supplemental Guide – Auditor Reporting (Reporting Supplemental Guide). 2. Should / could the requirement be revised or modified for the circumstances of an LCE? n/a 3. Do the changes result in the requirement that still achieve reasonable assurance? n/a

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 705 (Revised) Paragraph 25 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	Paragraph 9.4.1. Forming an Opinion and Reporting Auditor's Report	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.	<i>Incorporated into the specified format and content of the Auditor's report at 9.4.1.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Included as a footnote within the specified format and content of the report. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 705 (Revised) Paragraph 26 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	Paragraph 9.5.1.E. Forming an Opinion and Reporting Modifications to the Opinion <i>Table B</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 auditor's responsibilities are described; and (b) A statement about whether the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor's opinion.	<i>Illustrated in Table B (9.5.1.E)</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Illustrated through 9.5.1E which explains what should be included when the auditor disclaims an opinion. The Reporting Supplemental Guide also includes an illustrative report. 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	
					Yes.
Requirements	ISA 705 (Revised) Paragraph 27 Form and Content of the Auditor's Report When the Opinion Is Modified <i>Basis for Opinion</i>	-	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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Detailed guidance with regard presentation of modified opinions not specifically addressed in the [draft] standard – this is included within the Reporting Supplemental Guide.</p> <p>2. Should / could the requirement be revised or modified 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 28 <i>Description of Auditor's Responsibilities for the Audit of the Financial Statements When the Auditor Disclaims an Opinion on the</i>	Paragraph 9.5.4. Forming an Opinion and Reporting Modifications to the Opinion <i>Other Matters Relating to Modifications</i>	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 responsibilities required by paragraphs 39–41 of ISA 700 (Revised) to include only the following: (a) A statement that the auditor's responsibility is to conduct an audit of the entity's financial statements in accordance	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 responsibilities in the template in paragraph 9.4.1 to include only the following: (a) A statement that the auditor's responsibility is to conduct an audit of the entity's financial statements in accordance with the [draft]	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – updated to reference ISA for LCE – all requirements retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	<i>Financial Statements</i>		<p>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>ISA for LCE and to issue an auditor's report; and</p> <p>(b) A statement that 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.</p> <p>(c) 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.</p>	<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 705 (Revised) Paragraph 29 <i>Considerations When the Auditor Disclaims an Opinion on the Financial Statements</i></p>	<p>Paragraph 9.8.8. Forming an Opinion and Reporting Other Information</p>	<p>Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's 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).</p>	<p>Unless required by law or regulation, when the auditor disclaims an opinion on the financial statements, the auditor's report shall not include an Other Information section.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Requirement on Other Information included. The [draft] ISA for LCE does not apply to listed entities and therefore no requirements relating to KAMs included.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 705 (Revised) Paragraph 30 Communication with Those Charged with Governance</p>	-	<p>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.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – this is deemed to be addressed through the requirement in 8.8.2 relating to communication of significant matters arising during the audit. Therefore, a separate requirement in relation to this topic area not deemed necessary.</p> <p>2. Should / could the requirement be revised or modified 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	<p>ISA 705 (Revised) Paragraph A13</p>	<p>With Paragraph 9.3.1. Forming an Opinion and Reporting Form of Opinion</p>	-	<p><i>Where the financial reporting framework is a fair presentation framework, as is generally the case for general purpose financial statements, the opinion required is on whether the financial statements are presented fairly, in all material respects, or give a true and fair view. Where the financial</i></p>	<p>Essential Explanatory Material</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>reporting framework is a compliance framework, the opinion required is on whether the financial statements are prepared, in all material respects, in accordance with the framework.</i>	
Application Material	ISA 705 (Revised) Paragraph A1	With Part 9.5. Forming an Opinion and Reporting Modifications to the Opinion		<i>Table with types of modified opinions</i>	Essential Explanatory Material
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	-	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: (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 (b) As appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's	-	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Objectives are provided at a broader level for succinctness (in line with the drafting principles of the [draft] ISA for LCE. 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 [draft] ISA for LCE. The objectives of Part 9 do not specifically address ISA 706 (Revised), paragraph 6, the objective addresses reporting more broadly.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			responsibilities or the auditor's report.		
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, and the auditor would not be required to modify the opinion, 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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes. The requirement has been adapted to the circumstances of the [draft] ISA for LCE. Paragraph 8(b) of ISA 706 (Revised) is excluded because the [draft] 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	Paragraph 9.6.5. Forming an Opinion and Reporting	When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall:	<i>Incorporated into Table D in Part 9.6.</i>	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Emphasis of Matter Paragraphs in the Auditor's Report	Other Paragraphs in the Auditor's Report Table D	<p>(a) Include the paragraph within a separate section of the auditor's report with an appropriate heading that 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>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - concepts presented in table format (Table D) to be clearer in line with principles of [draft] ISA for LCE.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	ISA 706 (Revised) Paragraph 10 Other Matter Paragraphs in the Auditor's Report	Paragraph 9.6.2. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Other Matter Paragraphs</i>	<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 is not prohibited by law or regulation.</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? 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 [draft] ISA</p>

Section	Reference & Heading		Text		Comparison
	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.		for LCE is not applicable to listed entities. 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 auditor's actions have been retained.
Requirements	ISA 706 (Revised) Paragraph 11 Other Matter Paragraphs in the Auditor's Report	Paragraph 9.6.5. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Other Matter Paragraphs</i> Table D	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.	<i>Incorporated into Table D in Part 9.6.</i>	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - concepts presented in table format (Table D) to be clearer in line with principles of [draft] ISA for LCE. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 706 (Revised) Paragraph 12 Communication with Those Charged with Governance	Paragraph 8.8.2.(i) Concluding Specific Communication Requirements	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	The auditor shall communicate to those charged with governance: ... (i) The expectation thereof and the wording if the auditor expects to include an Emphasis of Matter	1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			expectation and the wording of this paragraph.	or Other Matter Paragraph in the auditor's report.	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes – included as part of a bulleted list but requirements are retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Definitions	ISA 706 (Revised) Paragraph 7	With Part 9.6. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report	-	<p><i>Emphasis of Matter paragraphs and Other Matter paragraphs in the auditor's report are used when the auditor considers it necessary to:</i></p> <p>(a) <i>Draw users' attention to a matter or matters presented or disclosed in the financial statements that are of such importance that they are fundamental to users' understanding of the financial statements; or</i></p> <p>(b) <i>Draw users' attention to any matter or matters other than those presented or disclosed in the financial statements that are relevant to users' understanding of the audit, the auditor's</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<i>responsibilities or the auditor's report.</i>	
Application Material	ISA 706 (Revised) Paragraph A4 and A7	With Paragraph 9.6.1. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Emphasis of Matter Paragraphs</i>	-	<p><i>Examples of where Emphasis of Matter paragraphs may be needed include:</i></p> <p>(a) <i>When a financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation.</i></p> <p>(b) <i>When facts become known to the auditor after the date of the auditor's report and the auditor provides a new or amended auditor's report (i.e., subsequent events).</i></p> <p><i>The inclusion of an Emphasis of Matter paragraph in the auditor's report does not affect the auditor's opinion. An Emphasis of Matter paragraph is not a substitute for:</i></p> <p>(a) <i>A modified opinion when required by the circumstances of a</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				<p><i>specific audit engagement;</i></p> <p>(b) <i>Disclosures in the financial statements that the applicable financial reporting framework requires management to make, or that are otherwise necessary to achieve fair presentation;</i></p> <p><i>or</i></p> <p>(c) <i>Reporting when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern.</i></p>	
Application Material	ISA 706 (Revised) Paragraph A15	With Paragraph 9.6.2. Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Other Matter Paragraphs</i>	-	<p><i>The content of an Other Matter paragraph reflects clearly that such other matter is not required to be presented or disclosed in the financial statements. An Other Matter paragraph does not include information that the auditor is prohibited from providing by law, regulation or other professional standards, for example, ethical standards for the confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management.</i></p>	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes – but adapted for the [draft] ISA for LCE which is not presented by topic. Objectives are provided at a broader level because each Part covers various topics within a Part and not all are addressed within the objective (as agreed as a principle for developing the [draft] standard). All relevant requirements for an audit of an LCE have been included. ISA 710, <i>Comparative Information Corresponding Figures and Comparative Financial Statements</i>, is addressed in Part 9, <i>Forming an Opinion and Reporting</i>, of the [draft] ISA for LCE as mapped in this document. 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 Comparative Information –	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such	<p>1. Is the requirement relevant and appropriate 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	
		Corresponding Figures and Comparative Financial Statements	<p>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>information is appropriately classified. In doing so, the auditor shall evaluate whether:</p> <p>(a) The amounts and disclosures in the prior period agree with comparative information or 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, where changes occurred, have been properly accounted for and adequately presented or disclosed.</p>	<p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Modification have been made to the sentence structure for readability and focus on the outcome of requirements however all broad requirements have been retained.</p> <p>3. Do the changes result in requirements that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a sufficiently robust outcome in the context of an audit of an LCE.</p>
Requirements	ISA 710 Paragraph 8 Audit Procedures	Paragraph 9.7.2. Forming an Opinion and Reporting Comparative Information – Corresponding Figures and Comparative Financial Statements	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 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	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 determine whether a material misstatement exists. If the prior period financial statements are amended, the auditor shall determine that the comparative information agrees	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes. Sentence referring to ISA 560 excluded as not relevant to the [draft] ISA for LCE. All other requirements included.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			prior period financial statements are amended, the auditor shall determine that the comparative information agrees with the amended financial statements.	with the amended financial statements.	<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes - expected to deliver a sufficiently robust outcome in the context of an audit of an LCE.</p>
Requirements	<p>ISA 710 Paragraph 9 Audit Procedures</p>	<p>Paragraph 8.6.1.(n) Concluding Written Representations from Management and Those Charged with Governance</p>	<p>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.</p>	<p>The auditor shall obtain written representations from management for all periods referred to in the auditor's opinion, who have appropriate knowledge of the matters concerned and responsibility for the financial statements, and where appropriate, those charged with governance about the following matters:</p> <p>...</p> <p>(n) Regarding any restatement made to correct a material misstatement in prior period financial statements that affect the comparative information; and</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Modification to include in bulleted list. All requirements retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 710 Paragraph 10 Audit Reporting <i>Corresponding Figures</i></p>	<p>Paragraph 9.7.4 Forming an Opinion and Reporting <i>Corresponding Figures</i></p>	<p>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>	<p>When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in accordance with paragraph 9.7.3 or in the following circumstances:</p> <p>...</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>No (other than inclusion as a lead into a list rather than referencing paragraphs).</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 710 Paragraph 11 Audit Reporting <i>Corresponding Figures</i></p>	<p>Paragraph 9.7.4 Forming an Opinion and Reporting <i>Corresponding Figures</i></p>	<p>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> <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</p>	<p>When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the following circumstances:</p> <p>(a) 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.</p> <p>(b) 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</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes - Modifications made by modifying the sentence structure for readability and focus on the outcome of requirements. Limited requirements within the [draft] ISA for LCE for detailed illustrative wording.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a sufficiently robust outcome in the context of an audit of an LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			comparability of the current period's figures and the corresponding figures.	shall express a qualified opinion or an adverse opinion in the auditor's report on the current period financial statements, modified with respect to the corresponding figures included therein.	
Requirements	ISA 710 Paragraph 12 Audit Reporting Corresponding Figures	Paragraph 9.7.4 Forming an Opinion and Reporting Corresponding Figures	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 report on the current period financial statements, modified with respect to the corresponding figures included therein.	When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures except in the following circumstances: (a) 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. (b) 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	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes: modified structurally to be included in a bulleted list, all requirements retained. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes - expected to deliver a sufficiently robust outcome in the context of an audit of an LCE.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
				have not been made, the auditor shall express a qualified opinion or an adverse opinion in the auditor's report on the current period financial statements, modified with respect to the corresponding figures included therein.	
Requirements	<p>ISA 710 Paragraph 13 Audit Reporting <i>Prior Period Financial Statements Audited by a Predecessor Auditor</i></p>	<p>Paragraph 9.6.3 Forming an Opinion and Reporting Other Paragraphs in the Auditor's Report <i>Other Matter Paragraphs</i></p>	<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>	<p>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:</p> <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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – structured to match the Part but all requirements retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	<p>ISA 710 Paragraph 14 Audit Reporting <i>Prior Period Financial Statements Not Audited</i></p>	<p>Paragraph 9.7.3 Forming an Opinion and Reporting Comparative Information— Corresponding Figures and Comparative Financial Statements</p>	<p>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>	<p>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 or 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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes: modified structurally to be included in a bulleted list, all requirements retained. Combined to include the relevant requirement for both comparative information and corresponding figures.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
Requirements	<p>ISA 710 Paragraph 15 Audit Reporting <i>Comparative Financial Statements</i></p>	<p>Paragraph 9.7.5 Forming an Opinion and Reporting <i>Comparative Financial Statements</i></p>	<p>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>	<p>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>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified 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 710 Paragraph 16 Audit Reporting <i>Comparative Financial Statements</i>	Paragraph 9.7.6 Forming an Opinion and 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).	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.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – to remove reference to other ISAs. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 710 Paragraph 17 Audit Reporting <i>Prior Period Financial Statements Audited by a Predecessor Auditor</i>	Paragraph 9.5.1.1 Forming an Opinion and Reporting Modifications to the Opinion <i>Table C</i>	<p>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:</p> <ol style="list-style-type: none"> that the financial statements of the prior period were audited by a predecessor auditor; the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore; and the date of that report, unless the predecessor auditor's report on the prior period's 	9.5.1.1 (<i>Table C</i>): Predecessor auditor's opinion regarding the prior year's financial statements included a modification that remains relevant and material to the current year's financial statements.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – Included within Table E in a table format to make requirements clearer. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			financial statements is reissued with the financial statements.		
Requirements	<p>ISA 710 Paragraph 18 Audit Reporting <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 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.</p>	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes – this is deemed to be addressed through the requirement in 8.8.2 relating to communication of significant matters arising during the audit. Therefore, a separate requirement in relation to this topic area not deemed necessary. Detailed guidance relating to a prior period amendments not included.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? -</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	<p>ISA 710 Paragraph 19 Audit Reporting <i>Prior Period Financial Statements Not Audited</i></p>	<p>Paragraph 9.7.3 Forming an Opinion and Reporting Comparative Information– Corresponding Figures and Comparative Financial Statements</p>	<p>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</p>	<p>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 or comparative financial statements are unaudited. Such a statement does not, however, relieve the auditor of the</p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.	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>Combined to include the relevant requirement for both comparative information and corresponding figures. Requirement fully retained.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.</p>
ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information					
Objectives	ISA 720 (Revised) Paragraph 11	Paragraph 9.1.1.(b) Forming an Opinion and Reporting Objectives	<p>The objectives of the auditor, having read the other information, are:</p> <p>(a) To consider whether there is a material inconsistency between the other information and the financial statements;</p> <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>9.1.1. The objectives of the auditor are to:</p> <p>(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: and</p> <p>(b) Consider whether there is a material inconsistency between the other information, if any, and the</p> <p>(i) Financial statements; and</p> <p>(ii) Auditor's knowledge obtained in the audit.</p>	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes. Objectives are provided at a broader level for succinctness (in line with the drafting principles of the [draft] ISA for LCE. The objectives included in ISA 720 paragraph 11 has been converted into a requirement (paragraph 9.8.2.) within the draft ISA for LCE.</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	
			(d) To report in accordance with this ISA.		
Requirements	ISA 720 (Revised) Paragraph 13 Obtaining the Other Information	Paragraph 9.8.1. Forming an Opinion and Reporting Other Information	<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 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>	<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 and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate for the [draft] ISA for LCE by modifying the sentence structure for readability and focus on the outcome of requirements. Broad aspects of the auditor action in (a) are retained. It was not deemed necessary to include a requirement on if the other information would be available after the date of the auditor's report as it was not deemed likely to occur, or necessary to obtain a written representation, in an LCE circumstance.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes, the broad aspects for the auditor's consideration of other information have been retained as appropriate to ISA for LCE.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 720 (Revised) Paragraph 14 Reading and Considering the Other Information	Paragraph 9.8.2. Forming an Opinion and Reporting Other Information Paragraph 9.8.3. Forming an Opinion and Reporting Other Information	The auditor shall read the other information and, in doing so shall: (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 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 (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.	9.8.2. The auditor shall read the other information, and: (a) Consider whether there is a material inconsistency between the other information and the financial statements; 9.8.3 As the basis for the considerations in paragraph 9.8.2. (a), the auditor shall, to evaluate their consistency, compare selected amounts or other 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. The auditor shall also remain alert for indicators of apparent material misstatements in the remainder of the other information.	<p>1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes. Modification to make appropriate for the [draft] ISA for LCE by modifying the sentence structure for readability and focus on the outcome of requirements. Broad aspects of the auditor action are retained.</p> <p>3. Do the changes result in the objective that still achieve reasonable assurance? Yes, the broad aspects for the auditor's consideration of other information have been retained.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 720 (Revised) Paragraph 15 Reading and Considering the Other Information	Paragraph 9.8.4. Forming an Opinion and Reporting Other Information	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.	The auditor shall also remain alert for indications that the remainder of the other information, which is unrelated to the financial statements or the auditor's knowledge obtained in the audit, appears to be materially misstated.	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes – removed lead in only. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.
Requirements	ISA 720 (Revised) Paragraph 16 Responding When a Material Inconsistency Appears to Exist or Other Information Appears to Be Materially Misstated	Paragraph 9.8.5. Forming an Opinion and Reporting Other Information	<p>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:</p> <ol style="list-style-type: none"> A material misstatement of the other information exists; A material misstatement of the financial statements exists; or The auditor's understanding of the entity and its environment needs to be updated. 	<p>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:</p> <ol style="list-style-type: none"> A material misstatement of the other information exists; A material misstatement of the financial statements exists; or The auditor's understanding of the entity and its environment needs to be updated. 	<ol style="list-style-type: none"> 1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the requirement be revised or modified for the circumstances of an LCE? No. 3. Do the changes result in the requirement that still achieve reasonable assurance? Yes.

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
Requirements	ISA 720 (Revised) Paragraph 17 Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists	Paragraph 9.8.6. Forming an Opinion and Reporting Other Information	If the auditor concludes that a material misstatement of the other information exists, the auditor shall request management to correct the other information. If management: (a) Agrees to make the correction, the auditor shall determine that the correction has been made; or (b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made.	If the auditor concludes, based on the audit evidence obtained, that a material misstatement of the other information exists, the auditor shall request management to correct the other information. If management: (a) Agrees to make the correction, the auditor shall determine that the correction has been made; or (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>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? No.</p> <p>3. Do the changes result in the requirement that still achieve reasonable assurance? -</p>
Requirements	ISA 720 (Revised) Paragraph 18 Responding When the Auditor Concludes That a Material Misstatement of the Other Information Exists	Paragraph 9.8.6.(b) Forming an Opinion and Reporting Other Information	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: (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	If the auditor concludes that a material misstatement of the other information exists, the auditor shall request management to correct the other information. If management: ... (b) Refuses to make the correction, the auditor shall communicate the matter with those charged with governance and request that the correction be made. If the correction is still not made, the auditor shall consider the implications for the auditor's	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE? Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE? Yes made requirement more direct. Reporting considerations now incorporated into Table E. The auditor is still required to consider the effects on the report or withdraw where possible.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			<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>	<p>report or withdraw from the engagement where this is possible.</p>	<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 720 (Revised) Paragraph 19 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Limited requirements within the [draft] 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. Where a misstatement in other information may occur after the report date, the requirements are in line with misstatements found in the financial statements. Therefore, no separate requirement included.</p> <p>2. Should / could the requirement be revised or modified 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 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 and appropriate in the circumstances of an audit of an LCE?</p> <p>As the requirement is just to respond to an event in accordance with the other ISAs, there is no new outcome or requirement as all parts of the [draft] ISA for LCE will apply to the audit.</p> <p>2. Should / could the requirement be revised or modified 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	Paragraph 9.8.7. Forming an Opinion and Reporting Auditor's Report	<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 than a listed entity, the auditor</p>	<p>If the auditor obtained some or all of the other information at the date of the auditor's report, the auditor shall include an Other Information section in the auditor's report in accordance with Table E.</p> <p><i>Relevant requirements illustrated in Table E within Part 9.8.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - reporting considerations now incorporated into Table E. Paragraph 21(a) of ISA 720 (Revised) is excluded because the [draft] ISA for LCE is not applicable to listed entities.</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
			has obtained some or all of the other information		<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>Yes.</p>
Requirements	<p>ISA 720 (Revised) Paragraph 22 Reporting</p>	<p>Paragraph 9.8.8. Forming an Opinion and Reporting Other Information Table E</p>	<p>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)</p> <p>(a) A statement that management is responsible for the other information;</p> <p>(b) An identification of:</p> <p>(i) Other information, if any, obtained by the auditor prior to the date of the auditor's report; and</p> <p>(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;</p> <p>(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 express) an audit opinion or any form of assurance conclusion thereon;</p>	<p><i>Requirements illustrated in Table E within Part 9.8.</i></p>	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Yes.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>Yes - reporting considerations incorporated into Table E. Requirements relating to listed entities not relevant to an audit 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	
			<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>		
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 and appropriate in the circumstances of an audit of an LCE?</p> <p>Requirement not explicitly addressed as implications for the report addressed as mapped per ISA 720 paragraph 22 above.</p> <p>2. Should / could the requirement be revised or modified for the circumstances of an LCE?</p> <p>-</p>

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
					<p>3. Do the changes result in the requirement that still achieve reasonable assurance?</p> <p>-</p>
Requirements	<p>ISA 720 (Revised) Paragraph 24 Reporting <i>Reporting Prescribed by Law or Regulation</i></p>	-	<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> <ul style="list-style-type: none"> (a) Identification of the other information obtained by the auditor prior to the date of the auditor's report; (b) A description of the auditor's responsibilities with respect to the other information; and (c) An explicit statement addressing the outcome of the auditor's work for this purpose. 	-	<p>1. Is the requirement relevant and appropriate in the circumstances of an audit of an LCE?</p> <p>Consistent with the treatment of ISA 700.50, matters pertaining to law or regulation requiring a specific reporting text have not been included in the [draft] ISA for LCE. Based on the expected profile of what constitutes an LCE for the purposes of the [draft] ISA for LCE, it is not expected that this will be a common occurrence. For example, it is expected that most LCE audits are performed under local FRFs or IFRS for SMEs without the need for supplementations by laws or regulations. If this is a common occurrence in a jurisdiction, local bodies would identify this as part of their consideration for use of the [draft] ISA for LCE and when adding any local additional requirements or guidance.</p> <p>2. Should / could the requirement be revised or modified 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 720 (Revised) Paragraph 25 Documentation	Paragraph 9.8.9. Forming an Opinion and Reporting Other Information	In addressing the requirements of ISA 230 as it applies to this ISA, the auditor shall include in the audit documentation: (a) Documentation of the procedures performed under this ISA; and (b) The final version of the other information on which the auditor has performed the work required under this ISA.	The auditor shall document the procedures performed in relation to other information and the final version of the other information.	1. Is the objective relevant and appropriate in the circumstances of an audit of an LCE? Yes. 2. Should / could the objective be revised or modified for the circumstances of an LCE? Yes. Modifications to make appropriate to ISA for LCE to be action focused and succinct. Broad aspect to document has been retained. 3. Do the changes result in the objective that still achieve reasonable assurance? Yes, broad documentation requirement retained.
Application Material	ISA 720 (Revised) From the definition for Other Information Paragraph 12	With Part 9.8. Forming an Opinion and Reporting Other Information		"Other information" is financial or non-financial information (other than the financial statements and the auditor's report thereon) included in an entity's annual report.	Essential Explanatory Material
Application Material	ISA 720 (Revised)	With Paragraph 9.8.3.	-	In evaluating the consistency of selected amounts or other items,	Essential Explanatory Material

Section	Reference & Heading		Text		Comparison
	ISA	ISA for LCE	ISA	ISA for LCE	
	Paragraph A26	Forming an Opinion and Reporting Other Information		<i>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>	