Agenda Item

11

Committee: IAASB

Meeting Location: Athens

Meeting Date: June 16-20, 2008

ISA 700 (Redrafted), “Forming an Opinion and Reporting on Financial Statements”

Objective of Agenda Item

1. To approve ISA 700 (Redrafted), “Forming an Opinion and Reporting on Financial Statements.”

Task Force Composition

2. The Task Force members are:
   • Diana Hillier – Chair, IAASB Member
   • Sylvia Smith – IAASB Technical Advisor

Activities since Last IAASB discussions

3. The IAASB approved the exposure draft of proposed ISA 700 (Redrafted) (ED-ISA700) at its July 2007 meeting. The comment deadline was November 30, 2007.

4. A preliminary analysis of the significant comments was discussed at the March 3-4, 2008 IAASB Consultative Advisory Group (CAG) meeting. The IAASB CAG Representatives did not have significant comments on the matters highlighted for their consideration.

5. A summary of significant comments and the Task Force’s related recommendations are set out in Agenda Item 11-A. The Task Force has revised the proposed ISA based on the responses to the exposure draft (see Agenda Item 11-B).

Consideration of the Need to Re-Expose

6. Agenda Item 11-B shows in marked text the changes processed to ED-ISA 700. The Task Force is of the view that the changes are in response to matters raised by respondents to the exposure draft. They do not introduce new principles or represent other changes of substance when compared with the exposure draft. Accordingly, the Task Force is of the view that re-exposure is not necessary.¹

¹ IAASB Working Procedures regarding re-exposure state: “Situations that constitute potential grounds for a decision to re-expose may include, for example: substantial change to a proposal arising from matters not aired in the exposure draft such that commentators have not had an opportunity to make their views known to the IAASB before
Conforming Amendments to ED-ISA 700 as a Result of Proposed ISA 210 (Revised and Redrafted)

7. The exposure draft of proposed ISA 210 (Redrafted)\(^2\) included conforming amendments to ED-ISA 700. These conforming amendments have been incorporated in Agenda Item 11-B. See yellow shaded text.

8. As noted in Agenda Item 11-A, the Task Force is recommending that decisions regarding these conforming amendments are not made until the IAASB has completed its review of the responses to the exposure draft of proposed ISA 210 (Redrafted), which is scheduled for September 2008.

9. It is therefore recommended that ISA 700 (Redrafted) be approved subject to any changes that may flow from finalizing ISA 210 (Redrafted).

Material Presented

| Agenda Item 11-B | ISA 700 (Redrafted) – Marked up from Exposure Draft |
| Agenda Item 11-C | ISA 700 (Redrafted) – Clean |

Draft to be Discussed at the Meeting

10. The Task Force proposes that the IAASB discuss the mark-up version of the revised draft (Agenda Item 11-B) at the meeting.

Action Requested

11. The IAASB is asked to approve ISA 700 (Redrafted), subject to any changes that may flow from finalizing ISA 210 (Redrafted).

\(^{1}\) it reaches a final conclusion; substantial change arising from matters not previously deliberated by the IAASB; or substantial change to the substance of an International Standard or Practice Statement.”

\(^{2}\) Proposed ISA 210 (Redrafted), “Agreeing the Terms of Audit Engagements.”