

**AUDITING PRACTICES BOARD**

**CONSULTATION ON WHETHER UK AND IRISH AUDITING STANDARDS SHOULD  
BE UPDATED FOR THE NEW INTERNATIONAL AUDITING STANDARDS**

**CBI RESPONSE**

**January 2009**

**INTRODUCTION AND SUMMARY**

1. We are pleased to respond to the Board's consultation.
2. CBI members support the Clarity ISAs project being carried out by the IAASB.
3. Clarity ISAs should be applicable to all audits in principle as the starting point. However we would support any suitable and appropriate relaxations for SMEs, and having regard to any existing or anticipated requirements or relaxations by the EU.
4. We also consider that the Board avoids any discretionary additional requirements through "ISA Pluses", unless other UK law or regulation requires otherwise.
5. The principle uncertainty in this area seems to be that of EU policy and timing towards mandatory use of ISAs or Clarity ISAs in the EU. For CBI members, a key issue will be the extent and significance of any increase in work and audit and other costs for companies arising out of implementing the changes, and possibly a series of changes in rapid succession.
6. We set our responses overleaf to the specific consultation questions.



INVEST

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## **II RESPONSES TO CONSULTATION QUESTIONS**

**Q.1. Do you agree that ISAs (UK and Ireland) should be updated to reflect improvements in the underlying international auditing standards? If not, please explain your reasons.**

Yes. The re-drafting of auditing standards to make them clearer and reflect developments in financial reporting, other regulatory reporting requirements, and corporate governance is supported.

Clarity ISAs should be applicable to all audits in principle as the starting point. However we would support any suitable and appropriate relaxations for SMEs, and having regard to any existing or anticipated requirements or relaxations by the EU.

We also consider that the Board avoids any discretionary additional requirements through “ISA Pluses”, unless other UK law or regulation requires otherwise.

**Q.2. If you agree that the ISAs (UK & Ireland) should be updated for improvements in the underlying international auditing standards, do you believe that this should be done by adopting the Clarity ISAs:**

- (a) as soon as practicable, or**
- (b) if and when they are endorsed by the EC?**

See our comments above.

For CBI members, a key issue will be the extent and significance of any increase in work and audit and other costs for companies arising out of implementing the changes, and possibly a series of changes in rapid succession.

**Q.3. If you believe the Clarity ISAs should be adopted as soon as practicable, do you believe it will be practicable to require the resulting new ISAs (UK & Ireland) to apply to audits of UK and Irish entities with accounting periods commencing on or after 15 December 2009?**

We do not feel able to comment beyond what we have said above.

**Q.4 Do you support APB’s view that the same standards should apply to audits of entities of all sizes? If not, please explain your reasons.**

As indicated above, Clarity ISAs should be applicable to all audits in principle as the starting point.

However we would support any suitable and appropriate relaxations for SMEs, and having regard to any existing or anticipated requirements or relaxations by the EU.