

ISA (UK) 600, Special Consideration – Audits of Group Financial Statements (Including the Work of Component Auditors)

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ISA (UK) 600 – Background

What has changed and from when?

What?



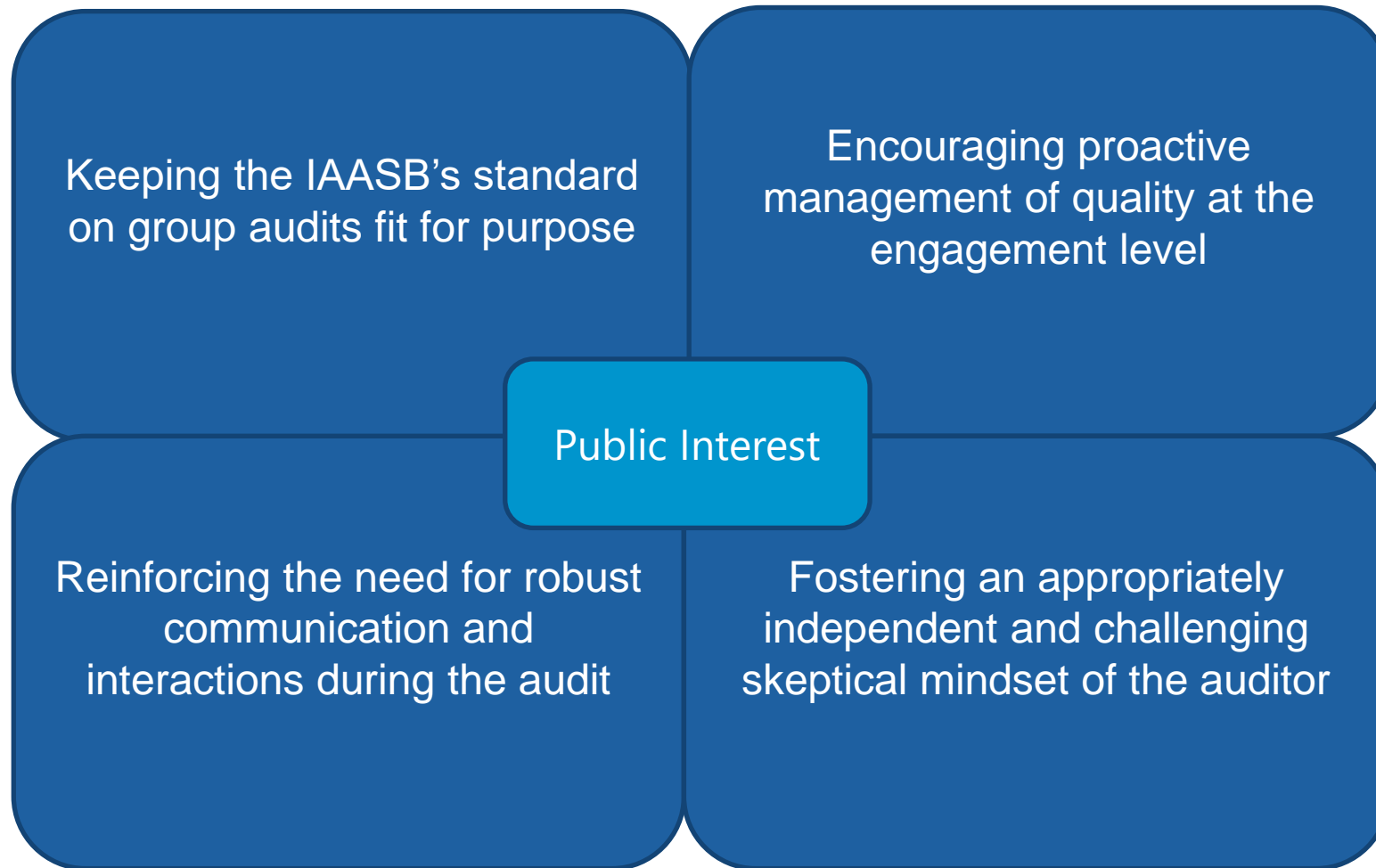
ISA (UK) 600 (Revised September 2022) *Audits of Group Financial Statements (Including the Work of Component Auditors)* deals with the special considerations that apply to a group audit, including in those circumstances when component auditors are involved

When?



ISA (UK) 600 (Revised) is effective for audits of group financial statements **for periods beginning on or after 15 December 2023**

IAASB Revision of ISA 600 – Public Interest



Key Changes

ISA (UK) 600

ISA (UK) 600 – Key Changes

Focusing the group engagement team's attention on the identification and assessment of risk at the group financial statement level and emphasising the importance of designing and performing appropriate procedures to respond to those risks

ISA (UK) 600 – Key Changes

Clarification and reinforcement of that fact that all ISAs (UK) are to be applied in group audits, by establishing stronger links with other ISAs (UK), in particular ISAs (UK) 220, 315 and 330

ISA (UK) 600 – Key Changes

Reinforcing the need for robust communication and interactions between the group engagement team, group engagement partner and competent auditors

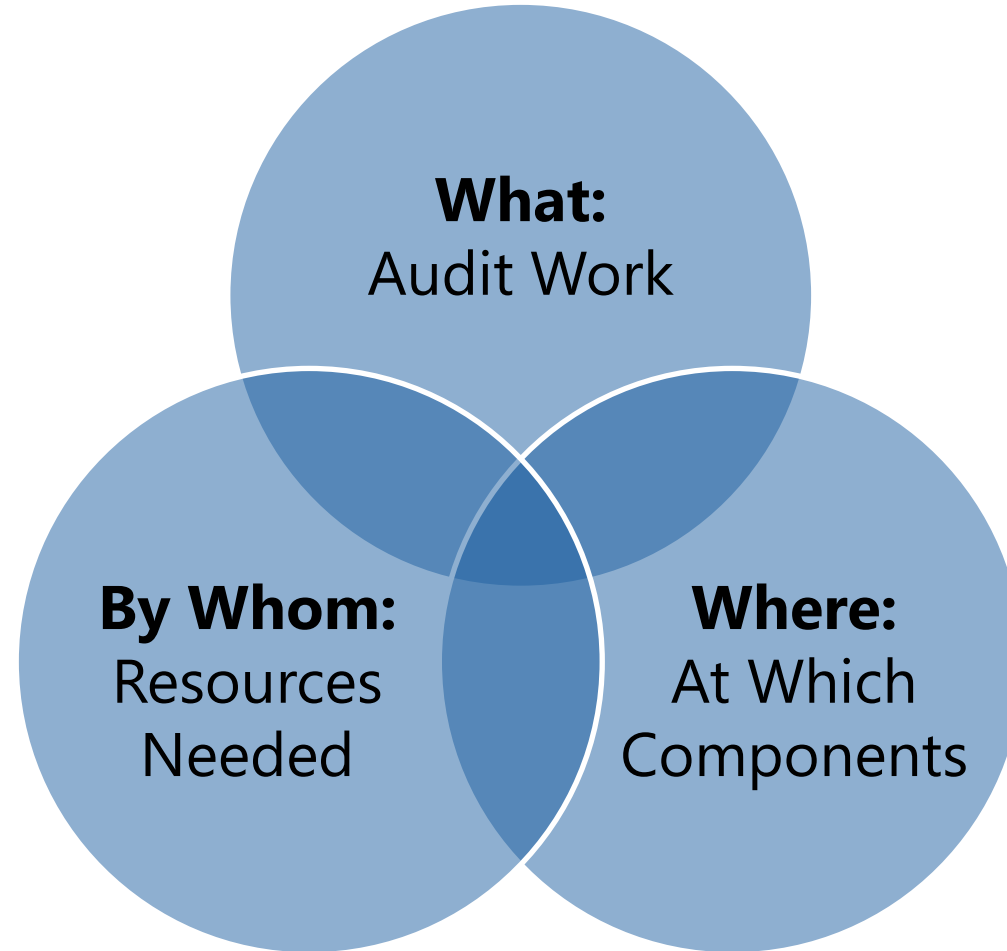
ISA (UK) 600 – Key Changes

- **Changes made to ensure standard aligns to new/revised standards (ISQMs (UK) 1 and 2, ISA (UK) 315)**
 - Proactive management of quality => Proactive risk-based approach to audit of groups
 - Enhanced focus on:
 - > Identifying and assessing risks of material misstatement of the group financial statements
 - > Planning group audit approach
 - > Performing engagement procedures responsive to identified risks
 - Application of ISA (UK) 220:
 - > Resources needed to perform group engagement
 - > Direction and supervision of engagement team and review of work
 - > Definition of engagement team includes component auditors
- **Revised definition of “component”**
 - Clarification of scope and application of standard to branches and divisions, shared service centres and non-controlled entities
 - Definition of “significant component” removed
 - Emphasis given to consideration of risks of material misstatement at assertion level of group financial statements that are associated with components
 - Separate sections included in ISA (UK) to highlight requirements that relate to involvement of component auditors
- **Enhanced requirements for:**
 - Robust two-way communication between group and component auditor
 - Professional scepticism
 - Documentation
 - Clarification of restrictions on access to people or information that may exist and how these might be overcome

ISA (UK) 600 – Work Effort Changes

Risk-Based Approach to Group Audit

**Greater Professional
Judgment Required
to Determine:**





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