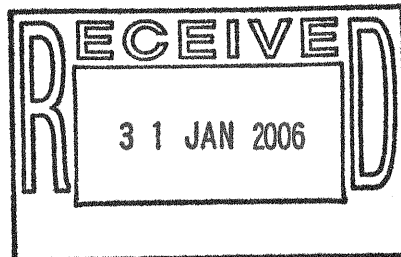


Group 4 and Group 5 submissions

24 January 2006

Ms Merran Kelsall  
Chairman  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
MELBOURNE VIC 8007



Dear Ms Kelsall

**COMMENTS ON GROUP 4 AND 5 EXPOSURE DRAFTS OF PROPOSED AUDITING STANDARDS ISSUED BY THE AUDITING AND ASSURANCE STANDARDS BOARD ("AUASB")**

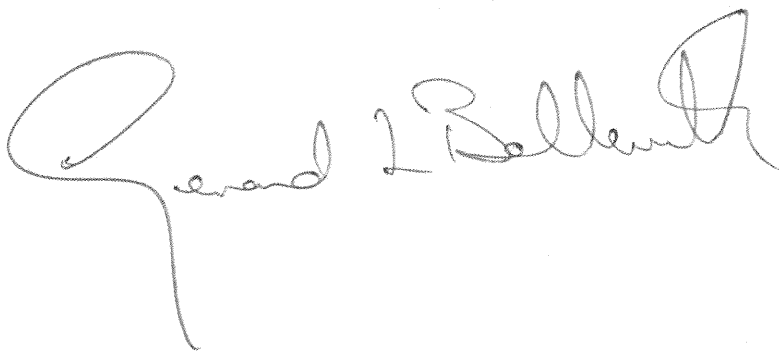
We write in response for the request for comments contained in the Group 4 and 5 exposure drafts issued by the AUASB in December 2005.

We have set out our specific comments on the exposure drafts in Appendix One below and note that the general comments in our Group 2 submission continue to be relevant.

Please contact Carmen Ridley ([carmen.ridley@williambuckvic.com.au](mailto:carmen.ridley@williambuckvic.com.au)) or myself ([gerard.belleville@williambuckvic.com.au](mailto:gerard.belleville@williambuckvic.com.au)) via email or telephone on (03) 8663 6000 if you wish to discuss further any matters arising from this submission.

Yours sincerely

William Buck (Vic) Pty Ltd  
ABN 61 973 839 113



**Gerard Belleville**  
National Head of Assurance

## Appendix One - Specific comments

Exposure draft	Paragraph Number	Comment
33/05 Proposed Auditing Standard: <i>Materiality and Audit Adjustments</i> (Re-issuance of AUS 306)	12	<p>"The auditor shall establish an appropriate quantitative materiality level" is the black letter requirement, however there is no detailed guidance regarding the method for calculating this materiality level. It is likely, in practice, that each accounting firm will have different calculation methods which result in different materiality levels and the AUASB may want to confirm that they anticipate this may be an outcome of the differing views of each firm.</p> <p>In addition to the requirements within this materiality standard, we would like to see a situation where it is a mandatory requirement for an entity to reach agreement between those responsible for governance and financial management on materiality levels. This can then be used to form a consensus with the auditor in order to gain an understanding by all parties of the materiality level. If no such consensus was reached it would form the basis of a significant matter of governance interest to be reported pursuant to ED 34/05. We see that this would be best achieved by making it a mandatory audit requirement that an audit client must cooperate with in the normal way of providing relevant information for the audit process.</p>
36/05 <i>Review of Interim Financial Information Performed by the Independent Auditor of the Entity</i>		We welcome this auditing standard providing specific guidance for the review of half-year financial reports.
32/05 <i>Comparatives</i>	22	This paragraph ends with ".and appendix", which suggests that either some words are missing or the ending should be changed.