

BLACKROCK

16/F, Cheung Kong Centre
2 Queen's Road Central,
Hong Kong
Tel 852 3903 2800
Fax 852 3903 2857
www.blackrock.com.hk

7 July, 2015

Merran Kelsall
Chairman and CEO
Audit and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne VIC 8007

Via email: edcomments@auasb.gov.au

Dear Sir/Madam,

Re: Consultation Paper Exposure Draft ED 15/01

BlackRock is pleased to have the opportunity to respond to the Australian Government's Auditing and Assurance Standards Board's (AUASB) Exposure Draft "Reporting on Audited Financial Reports- New and Revised Auditor Reporting Standards and Related Conforming Amendments" (Exposure Draft).

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. At March 31, 2015, the assets BlackRock manages on behalf of its clients totalled \$4.774 trillion across equity, fixed income, cash management, alternative investment and multi-investment and advisory strategies including the iShares® exchange traded funds.

BlackRock represents the interests of its clients by acting in every case as their agent. It is from this perspective that we engage on all matters of public policy. BlackRock supports policy changes and regulatory reform globally where it increases transparency, protects investors, facilitates responsible growth of capital markets and, based on thorough cost-benefit analysis, preserves consumer choice.

As a major, long-term investor in Australian companies, BlackRock takes a keen interest in audit quality.

We welcome the opportunity to address, and comment on, the issues raised by this Exposure Draft and we will continue to contribute to the thinking of the AUASB on any specific issues that may assist in improving the quality and effectiveness of audit reports.

BlackRock makes the following comments:

Revised Standard ASA 700 Forming an Opinion and Reporting on a Report

BlackRock is supportive of allowing companies to include details of the auditor's responsibilities as required by paragraphs 38-39 of ASA 700 to a location on a website of an appropriate authority.

New Standard ASA 701 Communicating Key Audit matters in the Independent Auditor's Report

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We believe the reporting of "Key Audit Matters" (KAM) will provide more relevant information and enhance communication between the various stakeholders. We support the IAASB's comment that in addition to increased transparency and enhanced information value of the auditor's report changes to the auditor reporting will also have the benefit of:

- Enhanced communications between the auditor and investors as well as between auditors and those charged with governance;
- Increased attention by management and those charged with governance (e.g., the audit committee) to the disclosures in the financial statements to which reference is made in the auditor's report; and
- Renewed focus of the auditor on matters to be reported, which could indirectly result in an increase in professional scepticism.

We accept that there will be increased costs, particularly in the first year of implementation of the new standard, however, we believe the costs will be more than offset by the benefits of enhanced disclosure to the users of financial statements.

We believe that ASA 701 should be mandated for all listed entities.

We believe the name of the engagement partner should be disclosed on the audit report of all listed entities.

Conclusion

We appreciate the opportunity to address and comment on the Exposure Draft and will continue to contribute to the thinking of the AUASB on any specific issues.

We would welcome any further discussion on any of the points that we have raised.

Yours faithfully,



Pru Bennett

Head of Corporate Governance and Responsible Investment, Asia Pacific

pru.bennett@blackrock.com

Phone: +852.3903.2542