



Proposed Part 10, Audits of Group Financial  
Statements of the Proposed International Standard  
on Auditing for Audits of Financial Statements of  
Less Complex Entities (ISA for LCE) and  
Proposed Conforming Amendments

**Response from the Public Accountants  
and Auditors Board (PAAB), Zimbabwe**

27 April 2023

The Public Accountants and Auditors Board (PAAB), Zimbabwe, was established by section 4 of the Public Accountants and Auditors Act, 1995 (as amended) (the Act). Public accountants (public auditors) are defined in the Act as any person registered by the PAAB to provide public accountancy services (public audit services) to any person, including a public company or statutory body. PAAB is the National Standards Setter in Zimbabwe responsible for endorsing and adopting international accounting standards, international standards on auditing and international public sector accounting standards when they meet certain criteria for prescription by statutory regulation by PAAB in accordance with section 44(2)(a) of the Act. PAAB is responsible for defining and enforcing ethical practice and discipline among registered public accountants and public auditors and setting Ethics standards (section 5(1)(d) of the Act); and representing the views of the accountancy profession on national, regional, and international issues (section 5(1)(g) of the Act). PAAB also plays a role in accountancy-specific education (section 5(1)(h) of the Act).

Further information about PAAB can be obtained at [www.paab.org.zw](http://www.paab.org.zw)

Any questions arising from this submission should be directed to:

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27 April 2023

**Our ref: PAAB Zimbabwe's response to the Proposed Part 10, Audits of Group Financial Statements of the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) and Proposed Conforming Amendments (Part 10 ISA for LCE)**

Dear Chairman,

We are writing on behalf of the Public Accountants and Auditors Board (PAAB) to comment on the Exposure Draft, **Part 10 ISA for LCE, Proposed Part 10, Audits of Group Financial Statements of the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) and Proposed Conforming Amendments**. PAAB is pleased to present its comments on this Exposure Draft, in coming up with the comment letter we engaged multiple stakeholders from Academia, Professional accounting organisations and Auditors.

#### **General Comments on ED500**

The PAAB followed a due process. In the process, we conducted research, consulted our key stakeholders and through our technical team, we drafted this comment letter. We support the ongoing revisions of ISA for LCE Standard because it leads to the provision of more clarity to the users. We believe that the objective of the ISA for LCE is to be a standard that is designed to be proportionate to the typical nature and circumstance of an audit of an LCE and be responsive to those stakeholders who have identified challenges with applying the ISAs in audits of LCEs. Therefore, we believe it is relevant considering the current trends which state that an estimated more than ninety percent of entities across the world are small and medium-sized entities.

#### **Response to Specific Matters for Comment**

Detailed comments on the Specific Matters for Comment are provided in the attached Appendix. We hope this is a helpful contribution to IAASB's work in this area.

  
Admire Ndurunduru  
Secretary, PAAB

  
Leroy Nyabeze  
PAAB Technical Staff

## APPENDIX 1

### Specific Question

**1. In the Authority, do you agree with the proposed prohibition on the use of the proposed ISA for LCE for group audits where component auditors are involved, other than in limited circumstances where physical presence is required?**

PAAB agrees with the proposed prohibition i.e. ISA for LCEs should not be used in group audits mainly because Group Entities do not meet the definition of a less complex entity. Especially when there's the utilization of component auditors on the audit of group entities components.

### Alternatively

Yes because for group audits there's significant judgement applied in determining the audit scope and evaluating the sufficiency and appropriateness of the work to be performed in terms of the current IAS 600. The level of direction and supervision required for component audits is resultantly significant.

### Specific Question

**2. In the Authority, do you agree with the proposed group-specific qualitative characteristics to describe the scope of group audits for which the proposed ISA for LCE is designed to be used?**

PAAB agrees. with the qualitative factors below:

-Group Structure and Activities – a group may be more complex when the number of entities or business units increase or are in a number of jurisdictions.

- Access to Information or People – a group may comprise of multiple entities or business units and therefore it may be more complex for group management to provide access to information or people.

- Consolidation Process – a group may be more complex because of the consolidation process.

The above are key in assisting to identify group audits for the correct application of ISA for LCEs.

### Specific Question

**3. Do you agree with the content of proposed Part 10 and related conforming amendments?**

PAAB agrees with the proposed part 10 and related conforming amendments since they expand on the application of other conventional parts of the ISA for LCE to an accepted group audit as per the ISA for LCE model.