



2nd May 2023

Feedback in respect of 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

Specific Questions

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?

We disagree with a blanket prohibition. A principles-based approach is commendable. If it is a non-complex structure (i.e. meeting all other qualitative characteristics, for example with respect to the number of components etc), the auditor should not be prohibited from using the ISA for LCE just because component auditors are involved. The use of component auditors may sometimes be due to more practical considerations in performing the audit rather than due to complexity of the group itself. As long as there is agreement between the auditors on the standards to use, this should not preclude auditors from using ISA for LCE.

Questions as regards to the definition of component auditor could also arise.

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?

Deemed appropriate.

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

Except for the blanket prohibition referred to in 1 above, we agree. It is more or less in line with ISA 600.