



International Auditing and Assurance Standards Board
(IAASB)
529 Fifth Avenue
New York, 10017
United States of America

April 30, 2023

Subject: Comments Exposure Draft "Proposed Part 10, Audits of Group Financial Statement of the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).

Dear members of the Board,

SRA appreciates the opportunity to commend on the above-mentioned ED.

SRA is an association of 375 accounting firms, based in the Netherlands. We represent 80% of the top 50 largest firms in our country. Considering the nature of our member firms, with a substantial client base in the SME market, we take a special interest in the subject matter of the ED.

We refer to our December 2021 comment letter regarding the ED on ISA for LCE. In this letter we expressed a strong preference for integration of LCE requirements in the existing ISA's, thus creating one integrated set of ISA's. We regret that IAASB has decided to develop a stand-alone standard for LCE's.

We also expressed our view in the comment letter, that we do not support the exclusion of group audits from the scope of the proposed ISA. We therefore welcome that the IAASB has changed their view regarding the latter subject.

We studied the Explanatory Memorandum and the proposed Part 10 text. In our response we will follow the Specific Questions included in the ED.

1. We do not agree with the proposed prohibition to use the proposed ISA for LCE for group audits where component audits are involved, other than in limited circumstances where physical presence is required. The arguments provided by IAASB, as included in par. 12 of the Explanatory Memorandum, are not convincing. We feel, that in cases where a component auditor is engaged, this circumstance does not imply automatically that the component is a complex entity; as a consequence the involvement of a component auditor in our view does not have to lead to the proposed prohibition. And, as also stipulated in the last sentence of par. 12, the use of the LCE standard should be driven by the complexity of the entity and not of the audit. It is therefore illogical to require the application of all ISA's instead of the LCE standard in case of involvement of a component auditor.
We wonder whether the earlier decision of the IAASB to develop a separate LCE standard has influenced the proposed prohibition in case of involvement of a component auditor.

As a separate issue we note, that the definition of component auditor, is not used logically in the draft text, as also any work at the component level, executed by the auditor, responsible for the group audit, falls under the said definition. We assume that this is not intended by the IAASB.



2. We agree with the proposed group-specific qualitative characteristics.
3. We agree with the proposed text, subject to any changes necessary as a consequence of our view, expressed under point 1 above.

Please do not hesitate to contact me if you have any questions regarding the content of this letter.

Yours sincerely,

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