EXPOSURE DRAFT OF PROPOSED INTERNATIONAL STANDARD ON AUDITING FOR AUDITS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES

Response Form

Guide for Respondents

Comments are requested by **November 17, 2026**. *Note that requests for extensions of time cannot be accommodated due to the timeline for finalization of this proposed revised standard.*

This form is for providing comments on the Exposure Draft of proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (Revised) (ED-ISA for LCE), in response to the questions set out in the Explanatory Memorandum to ED-ISA for LCE. It also allows for respondent details, demographics and other comments to be provided. Use of this form will facilitate the IAASB's analysis of the responses.

You may respond to all questions or only those questions for which you have specific comments.

To assist our consideration and analysis of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Include any detailed comments below that, as indicated.
- When providing comments, respond directly to the questions and:
    - Provide the rationale for your answers. If you disagree with the proposals in ED-ISA for LCE, please provide specific reasons for your disagreement and include specific suggestions for changes (including specific wording) that may be needed to the requirements, essential explanatory material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.
    - Be specific about the Parts, paragraphs or appendices in ED-ISA for LCE to which your responses relate.
    - Refrain from inserting tables or text boxes in your responses.

It is not necessary to include a cover letter containing a summary of your key issues. The response form provides the opportunity to include any other views you wish to place on the public record, should you choose to do so. All responses will be considered a matter of **public record** and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the web page for proposed ISA for LCE (Revised) to upload the completed form.

Responses to IAASB's Request for Comments in the Explanatory Memorandum for ED-ISA for LCE

PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	Accountancy Europe
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Endrin Bitraj
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	endrin@accountancyeurope.eu
Geographical profile that best represents your situation (i.e., the geographical perspective from which are you providing feedback on ED-ISA for LCE). Select the most appropriate option.	Europe
	If "Other", please clarify
The stakeholder group to which you belong (i.e., the perspective from which are you providing feedback on ED-ISA for LCE). Select the most appropriate option.	Professional accountancy or professional organization (PAO)
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional**. The IAASB's preference is that you incorporate all your views in your comments to the questions.

Information, if any, not already included in responding to the questions in Part B:

Attached to this response we submitted an accompanying letter, please find the link to our website: IAASB's proposed revisions to the ISA for LCE - Accountancy Europe.

PART B: Responses to Questions in the Explanatory Memorandum for ED-ISA for LCE

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Overall Impact

1. Do you agree that ED-ISA for LCE appropriately addresses the **relevant public interest issues** related to the underlying ISA projects and satisfies the identified **qualitative characteristics of the Public Interest Framework**? You are invited to include as part of your response insights on the **implications or effects** of implementing the proposed revisions in ED-ISA for LCE.

   (*See Section I-A and the Appendix in the Explanatory Memorandum)*

Overall response: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

Accountancy Europe welcomes the opportunity to comment on the Exposure Draft of the proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (Revised) (ISA for LCE). However, we have identified several substantive considerations that merit careful attention.

We appreciate the IAASB's efforts to update the standard following recent developments in international auditing standards. In line with our previous responses, we believe that revisions to the ISA for LCE should carefully reflect the nature and circumstances of less complex entities, while maintaining an appropriate balance between relevance, proportionality and stability.

We emphasise the importance of preserving the simplicity, conciseness and coherence of the ISA for LCE as a standalone standard. Revisions should retain its process-based structure and avoid unnecessary structural changes that disrupt its flow and clarity. Alignment with the full ISAs should not come at the expense of the standard's internal consistency. Please see our accompanying letter submitted with this questionnaire.

Content of ED-ISA for LCE

Part A

2.1. Provide your views on the proposed revisions to **Part A**, *Authority of the ISA for LCE*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-B in the Explanatory Memorandum)

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Part 1

2.2. Provide your views on the proposed revisions to **Part 1**, *Fundamental Concepts, General Principles and Overarching Requirements*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-C in the Explanatory Memorandum)

Overall response: **Neither support/ not support the proposed revisions, but see comments below**

Detailed comments (if any):

We believe the going concern topic is particularly relevant for less complex entities, where management may not routinely prepare detailed projections covering twelve months from the date of approval of the financial statements. We therefore encourage the IAASB to adopt the wording of ISA 570 (Revised), Going Concern, Paragraphs 3 and 4 of the Introduction (Responsibility for Assessment of the Entity's Ability to Continue as Going Concern – *Responsibilities of Management*).

This would allow auditors to take into account the entity's circumstances while obtaining sufficient appropriate audit evidence. Otherwise, without the explanations provided in Paragraph 4 of ISA 570 (Revised), it is unclear why in Paragraph 1.4A of ISA for LCE states that "*The preparation of general-purpose financial statements requires management to assess the entity's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so*. "

Parts 2 and 3

2.3. Provide your views on the proposed revisions to **Part 2**, *Audit Evidence and Documentation* and **Part 3**, *Engagement Quality Management*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-D in the Explanatory Memorandum)

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Part 5

2.4. Provide your views on the proposed revisions to **Part 5**, *Planning*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-E in the Explanatory Memorandum)

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Part 6

2.5. Provide your views on the proposed revisions to **Part 6**, *Risk Identification and Assessment*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-F in the Explanatory Memorandum)

1. Responses related to Presumption of ROMMs Due to Fraud in Revenue Recognition (Part 6.4)

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

2. Other proposals in Part 6

Overall response: **Neither support/ not support the proposed revisions, but see comments below**

Detailed comments (if any):

Concerning fraud, we suggest that the IAASB ensure that the requirements and explanatory material reflect the circumstances and fraud risks of typical LCE audits. Greater emphasis should be placed on management override of controls and other relevant fraud risks, while maintaining a proportionate approach.

Part 7

2.6. Provide your views on the proposed revisions to **Part 7**, *Responding to Assessed Risks of Material Misstatement*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-G in the Explanatory Memorandum)

1. Responses related to Going Concern Section (Part 7.4)

Overall response: **Neither support/ not support the proposed revisions, but see comments below**

Detailed comments (if any):

We recognise the importance of going concern in all audits and appreciate the IAASB's efforts to strengthen the relevant requirements. Nevertheless, we suggest that the IAASB ensure that the proposed

revisions remain proportionate to the circumstances of less complex entities, where management's processes and assessments are often less formalised.

We also note that the guidance in paragraph A55 of ISA 570 (Revised 2024) has not been reflected in the proposed ISA for LCE. This paragraph recognises that, where management has not extended its assessment period, additional information obtained from management or those charged with governance may support the appropriateness of using the going concern basis of accounting. If this §A55 is not added, auditors may not obtain updated projections and will have to consider the implications for the audit (cf Paragraph 7.4.1A), which may lead them to qualify their opinion, while auditors could have obtained sufficient information to support the appropriateness of management's use of the going concern basis of accounting through a discussion with management.

2. Other proposals in Part 7

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Part 8

2.7. Provide your views on the proposed revisions to **Part 8**, *Concluding*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-H in the Explanatory Memorandum)

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Part 9

2.8. Provide your views on the proposed revisions to **Part 9,** *Forming an Opinion and Reporting*. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

(See Section I-I in the Explanatory Memorandum)

Overall response: **Neither support/ not support the proposed revisions, but see comments below**

Detailed comments (if any):

We recognise the value of retaining the separate Going Concern section in the auditor's report in providing relevant and consistent information to users. However, we encourage the IAASB to consider whether its inclusion should be conditional to the requirements of the applicable financial reporting framework, particularly in circumstances where the framework does not require management to perform a going concern assessment.

Part 10 and Appendices

2.9.	Provide your views on the proposed revisions to **Part 10**, *Audits of Group Financial Statements* and **Appendices**. Please also share your views on whether the public interest issues identified in the underlying ISA projects are *relevant* to the ISA for LCE and, if so, whether they are addressed in a *proportionate* way.

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Other Matters

Maintenance of the ISA for LCE

3.	Do you agree with the Maintenance Approach? Please also share your views relating to the frequency and timing of maintenance projects and how the approach could be improved, including, as applicable, how to achieve the appropriate balance between the desire for stability between different versions of the standard and keeping the standard aligned with the core requirements and concepts of the ISAs. *(See Section I-J, paragraphs 72–76 in the Explanatory Memorandum)*

Overall response: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

Regarding the maintenance of the ISA for LCE, we would like to reiterate our position expressed in January 2022 that changes to the ISAs should only be reflected in the ISA for LCE when they are relevant to less complex entities. Many revisions to the ISAs are driven by issues arising in audits of larger and more complex entities, which may not necessarily apply to LCEs. We therefore encourage the IAASB to consider not only whether a change is relevant, but also whether it is necessary in the context of less complex entities.

Regarding the timing of updates, we see two possible approaches for the IAASB to consider:

- Parallel updates: Assess the implications for the ISA for LCE alongside the development of revisions to the ISAs, with relevant amendments becoming effective at the same time, where possible. This would help maintain alignment between the standards and preserve equal value for users.
- Periodic consolidation updates: Assess the implications for the ISA for LCE as individual ISAs are revised but introduce relevant and necessary amendments to the ISA for LCE periodically, through consolidated updates rather than following each ISA revision. This approach would provide greater stability and predictability for jurisdictions and practitioners, particularly during the initial adoption of the standard.

Both approaches have advantages and challenges. Frequent changes to the ISA for LCE could create uncertainty and additional implementation burdens for jurisdictions and practitioners, potentially discouraging adoption of the standard. Stability and predictability are therefore particularly important at this stage, as jurisdictions assess whether to adopt the ISA for LCE.

At the same time, significant delays between the effective dates of corresponding revisions could have implications for audit quality if relevant improvements already in effect under the ISAs are yet to be reflected in the ISA for LCE.

We encourage the IAASB to determine which approach would best preserve equal value for users while taking account of these considerations and ensuring that the ISA for LCE remains relevant and proportionate.

We also think the IAASB should introduce a mechanism for regularly reviewing the standard as a whole to ensure it remains proportionate. Incremental changes that are justified individually may accumulate over time, potentially making the standard more complex and less proportionate than originally intended.

Effective Date

4.	The IAASB believes that an appropriate implementation period would be approximately 18 months after the expected date of approval of the proposed revised standard. Do you agree that this will provide a sufficient period to support effective implementation of the proposed revisions to the standard? If not, what do you propose and why? *(See Section I-J, paragraphs 77–78 in the Explanatory Memorandum)*

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Translations

5.	Recognizing that many respondents may intend to translate the final standard for adoption in their own environments, have you identified any potential translation challenges or issues? If so, please describe the issue identified and clearly indicate the specific paragraph numbers of any requirements, essential explanatory material, or appendices to which your comments relate.

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

This document was prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB).

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB and IESBA Stakeholder Advisory Council, which provides public interest input into the development of the standards and guidance.

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