

# **Proposal to revise ISA (UK) 315 (Revised June 2016) Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment**

A public consultation issued by FRC

Comments from ACCA to FRC

3 April 2020

Ref: TECH-CDR-1891

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The expertise of our senior members and in-house technical experts allows ACCA to provide informed opinion on a range of financial, regulatory, public sector and business areas, including: taxation (business and personal); small business; audit; pensions; education; and corporate governance and corporate social responsibility. [www.accaglobal.com](http://www.accaglobal.com)

Further information about ACCA's comments on the matters discussed here can be requested from:

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## GENERAL COMMENTS:

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ACCA welcomes the opportunity to comment on the proposals issued by the FRC. We are pleased to note that the proposed revisions follow the revisions done by IAASB to the underlying international standard ISA 315 (Revised 2019) and Conforming and Consequential Amendments to Other International Standards Arising from ISA 315 (Revised 2019).

## SPECIFIC COMMENTS:

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**Question 1. Do you agree that ISA (UK) 315 (Revised June 2016) and other ISAs (UK) should be revised to adopt the revisions to the underlying international standard and the related conforming amendments to other ISAs? If not, please give your reasons and explain what action, if any, that you believe should be taken to update the ISAs (UK) in relation to identifying and assessing the risks of material misstatement.**

Yes, we agree that ISA (UK) 315 (Revised June 2016) and other ISAs (UK) should be revised to adopt the revisions to the underlying international standard and the related conforming amendments.

**Question 2. If you agree that the ISAs (UK) should be revised to adopt the revised ISA 315 and conforming amendments, do you agree that the UK supplementary material can be limited to that shown in the exposure draft? If not, please give your reasons and explain what supplementary material, if any, you believe should be added.**

Yes, we agree that the UK supplementary material can be limited to that shown in the exposure draft. We do note that the FRC should consider the need for implementation guidance due to the nature and complexity of the proposed ISA (UK) 315 (Revised June 2016) to assist practitioners, particularly SMPs.

**Question 3. Is the proposed effective date (audits of financial statements for accounting periods beginning on or after 15 December 2021), which is consistent with the effective date of the IAASB's revised ISAs, appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate**

Yes, we believe that the proposed effective date is appropriate to remain consistent with the effective date of the IAASB's revised ISAs.