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Dear Mr Billing

Proposal to revise ISA (UK) 315 (Revised 2016) Identifying and Assessing the Risks of Material Misstatement through Understanding of the Entity and its Environment

Grant Thornton UK LLP (Grant Thornton) welcomes the opportunity to comment on the Financial Reporting Council's (FRC) Proposal to revise ISA (UK) 315 (Revised 2016) Identifying and Assessing the Risks of Material Misstatement through Understanding of the Entity and its Environment (ED-ISA (UK) 315).

Overall, we are supportive of the adoption of ED-ISA (UK) 315. Harmonisation of ISAs (UK) with the International Auditing and Assurance Standards Board's (IAASB) international standards is generally viewed as in the public interest and as a benefit to global organizations. However, we would like to highlight the concerns expressed by Grant Thornton International Limited, in its response to the IAASB's consultation on its exposure draft of ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement, regarding the complexity and lack of apparent scalability of the standard. We are of the view that those concerns were not fully addressed in the final approved standard, and thus should equally be considered in the UK adoption of this standard.

Timely implementation guidance will be critical to the successful adoption of this standard. We understand that the IAASB intends to provide implementation support to assist firms in adopting the standard, however, it is uncertain when this guidance will be available. We therefore recommend that the FRC work with the IAASB to understand the specific implementation guidance proposed and supplement this guidance as necessary. In the absence of timely and fulsome implementation guidance, our concern is that ED-ISA (UK) 315 (Revised) will have a detrimental impact on audit quality.

We set out our responses to the FRC's questions below:

Q1. 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 risks of material misstatement.

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

Q2. 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.

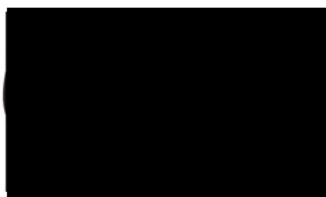
We agree that the supplemental material can be limited to that shown in the exposure draft. However, we would like to highlight the need for timely implementation support for firms as noted above. This support should recognise the wide range of resources and capacity of the audit firms applying the ISA.

Q3. 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 you would consider appropriate.

We believe that the proposed effective date of ED-ISA (UK) 315 is appropriate provided that necessary implementation materials are made available simultaneously with the adoption of the standard.

We would be pleased to discuss those responses with you. If you have any questions, please contact me or Sara Ashton at sara.hm.ashton@uk.gt.com or at +44 207 728 2236.

Yours sincerely



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