



Private and confidential

Keith Billing
Project Director
Financial Reporting Council

Sent by email to: AAT@frc.org.uk

4 April 2020

Dear Mr Billing,

Proposal to revise ISA (UK) 315 (Revised June 2016)

We welcome the opportunity to comment on the FRC's proposal to revise ISA (UK) 315 (Revised June 2016) "*Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment*". We have responded below to the specific questions in the consultation paper. We have no other comments.

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 the risks of material misstatement.

We agree that ISA (UK) 315 and other ISAs (UK) should be revised to adopt the revisions to the underlying international standard and the related conforming amendments to other ISAs.

However, we are concerned that the revisions to ISA 315 do not effectively address a number of the identified issues in the existing standard, and may result in increased inconsistencies in risk assessment due to the complexity of the revised standard and the strong likelihood for them to be misunderstood or interpreted inconsistently. We made these points in our response to the exposure draft issued by the IAASB, a copy of which is separately attached, and our concerns expressed in that response remain based on the final standard.

Because of this complexity, we believe that it is important that the FRC consider how best they can support and monitor the effective implementation of the standard.

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 UK supplementary material can be limited to that shown in the exposure draft.

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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 that you would consider appropriate.

We agree that the proposed effective date is appropriate.

If you have any questions regarding this letter, please contact me at andrew.g.hill@pwc.com.

Yours sincerely



Andrew Hill
Partner

Attachment: Letter to IAASB dated 4 November 2018