
From: Andrew Steel <andrew.steel@mooremarkhams.nz>
Sent: Wednesday, 15 January 2025 3:23 pm
To: XRB Assurance Standards
Subject: RE: XRB Consultation: proposed adoption of a standard for audits of Less Complex Entities in New Zealand...

Kia ora

We have concerns that other (larger) jurisdictions do not consider the LCE standard to be appropriate in their marketplace, and seriously question then why such a comparably smaller economic area as NZ would need this additional regime.

From our perspective, the cost / benefit of such a new standard does not warrant adoption in NZ at this time.

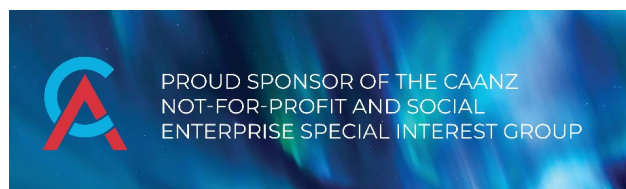
- There will be a perception and actual trend toward lower quality audit engagements under the LCE standard
- The current audit standards already are already scalable, and *will become more so* as technology continues to improve
- Questionable whether size of NZ market needs two audit standards particularly given simplified financial reporting regime we have particularly in the PBE space, and option for limited assurance review engagements. Perhaps expanding the scope and availability of limited assurance engagements for smaller entities is a better, more cost effective and more straightforward option
- Other comparable (and much larger) jurisdictions are not adopting, therefore again questionable whether smaller NZ would benefit
- Professional judgement required as to when ISA for LCE is applicable may give rise to variety in audit standards being applied, and therefore some inconsistency and confusion in the sector
- With the evolving SPI audit area, there risks again disconnect between audit quality, perception and expectations if there are differences in the audit requirements of this area

Our intention would not be to use the standard if adopted in NZ unless the market clearly signals the need for us to – we would continue to market ourselves as a premium and best practice, fully compliant audit provider under the ISA's.

Many thanks

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