



IAASB Consultation Improving the auditor's report MEDEF's position

MEDEF is the French Business Confederation. Its members are 85 business organizations from various sectors which represent 700 000 members, from SMEs to large public interest entities (PIE).

MEDEF welcomes the opportunity to comment the IAASB proposals regarding the improvement of the auditor's report. It has no objection to the enrichment of the auditor's report to add to its value for shareholders, but it is important to keep in mind the potential impact of any change, as any addition which would seem to cast doubt on the auditor's opinion would have very damaging consequences for the company. MEDEF insists that this opinion should remain very clear and simple to understand.

Regarding the "going concern" considerations, MEDEF judges acceptable an explicit declaration of the auditor stating that he or she agrees with the way the company applied that principle to establish the financial statements. Nevertheless, MEDEF insists that such an evolution, on the Auditors' statement on going concern, as well as for Auditors' commentaries, should respect the following limits:

- It is essential to preserve the existing balance of liability between the PIE and the auditor. The PIE is responsible for disclosing information; the auditor expresses an opinion on this information but should not provide any new data on behalf of the PIE. The PIE is fully responsible for the going concern analysis, on which the auditor has to form an opinion.
- It would be dangerous to launch a movement triggering constantly increasing disclosures linked to the going concern assessment, since the auditor would need more disclosures to sustain his/her opinion. When a company encounters difficulties, the information disclosed may have a huge impact on its situation and in some cases, to declare it meets financing difficulties may have some self-fulfilling effect. For that reason, the appreciation of the need to disclose information on going concern difficulties has to remain the sole prerogative of the PIE, and the auditor's role must remain strictly limited to a global approval or disapproval of that analysis.

For the above reasons, MEDEF recommends that the auditor's report solely contains an assertion on the correct application of the going concern principle.
