



## **RESPONSE TO PROPOSED STANDARD FOR AUDITS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES**

January 29, 2022

Attention: Mr. Kai Morten Hagen  
Chair, Task Force on Standard for Audit of LCE

Dear Mr. Hagen,

It gives me a pleasure to submit the response prepared by the Professional Practice Committee of The Society of Professional Accountants of Canada (SPAC) on these very important standards proposed for Audit of Financial Statements of Less Complex Entities.

The Society of Professional Accountants of Canada (“The Society”) is a private professional organization established in 1978 for the ongoing education and regulation of its members. Since 1978, the Society has been operating two certification programs: the Registered Professional Accountant (RPA) and the Accredited Professional Accountant (APA) programs. Our 710 Canadian members have been increasing twofold in recent years and we expect that number to reach 2,000 as early as 2025.

The Society has members across Canada and internationally with proven capability in their chosen profession. The Society also provides opportunities for new Canadians who have the required accounting qualifications and expertise from other jurisdictions to practice as professional accountants under the RPA or APA designation upon successful completion of their competency exams and the prescribed experience requirement. The Society’s members have a focus on providing professional services to Small and Medium sized Enterprise (SME) clients in the area of compilation engagement reporting. Since RPA members are not Licensed Public Accountants (LPA), they do not provide assurance services. However, RPAs regularly assist their clients and LPAs when dealing with audit and review engagements for their SME clients. In Canada more than 97.8% businesses fall under Micro, Small to Medium sized businesses that will benefit from new audit standards for less complex entities.



We welcome the initiative for the IAASB to establish the Auditing Standards for Less Complex Entities which mostly falls under small to medium sized enterprises. The SPAC strongly supports the core values of audit engagements and its principals of protecting the public, setting high standards with professional conduct and ethics of the accounting professional. When taking on the audit engagement of less complex entities; complexity, understandability, scalability, and proportionality are the basis that professionals must adhere to. These standards will not only enhance the interest of public protection, but it will also make it more affordable, reliable and relevant to the size of the entities.

Most jurisdictions exempt most of their SMEs from getting their financial statements audited including Canada based on their size. In most cases these micro and small enterprises have simpler and straightforward structures and transactions.

Accordingly, we support the IAASBs initiative to implement new and simpler auditing standards for LCE that have less complex transactions and structures.

I look forward to receiving the final document of Audit Standards for Less Complex Entities and adoption to serve the profession and businesses.

Sincerely,

*M Zubair*

Zubair Choudhry, CMA (Aust.), RPA, APA  
President & CEO