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**Your Ref: Comment letter on Proposed Changes to the ISAs
- Addressing Disclosures in the Audit of Financial Statements**

Dear Sir.

Thank you for giving us the opportunity to comment on your Exposure Draft of Proposed Changes to the International Standards on Auditing (ISAs): Addressing Disclosures in the Audit of Financial Statements.

I agree with you that “disclosures are a fundamental part of financial statements”¹ and that they are used to communicate deeper insights and more meaningful information about an entity’s financial position and performance to users of financial statements (users). I believe that the disclosure process increasingly allows an entity to apply principles-based approaches to disclosing information that aids users’ understanding in a flexible and timely manner, and that this is consistent with ever-changing and increasingly complex economic, business and social environments. However, the increasing complexity and this principles-based approach with its corresponding flexibility has led to both a greater emphasis on disclosures and ever-increasing volumes of disclosures, and it is important that we promote an auditing framework that is both appropriate and reasonable for this situation.

I support your proposals and agree that they will further support the proper application of the ISAs’ requirements. I would recommend and support that you promote auditors to investigate the concept of materiality and specifically support your proposed changes to the ISAs, which emphasize to auditors that the concept of materiality also applies to non-quantitative disclosures.

¹ See Exposure Draft, Background, paragraph 2.

Answers to specific questions raised by the IAASB

1. Whether, in your view, the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and, thereby, will further support the proper application of current requirements in the ISAs?

Yes, I support that the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures. I agree that they will further support the proper application of current requirements in the ISAs.

2. Are there any specific areas where, in your view, additional enhancement to either the requirements or guidance of the ISAs would be necessary for purposes of effective auditing of disclosures as part of a financial statement audit?

No, additional enhancements are not necessary at this time.

3. Whether, in your view, the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures?

Yes, I agree that the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures.

Yours faithfully

C.R. Barnard

Chris Barnard