

September, 11, 2014

**International Auditing and Assurance Standards Board  
International Federation of Accountants**

Dear Sirs,

**Exposure Draft: Proposed Changes to the International Standards on Auditing (ISAs). Addressing Disclosures in the Audit of Financial Statements**

It is a pleasure for us to have this opportunity to send our comments on the mentioned Exposure Draft. The Instituto Mexicano de Contadores Públicos, A.C. (Mexican Institute of Public Accountants or IMCP) knows the hard work performed by the International Auditing and Assurance Standards Board (IAASB) to better deal with disclosures in financial statement audits.

The IMCP and its members are comfortable in general terms with this new Exposure Draft. We feel that the new requirements will enhance our audit procedures and will contribute to audit quality.

In fact, in general, we share with IAASB that changes into the financial reporting disclosures continue to evolve for preparers and auditors in addressing new types of quantitative and non-quantitative information and the concerns that have been raised by preparers, investors and auditors that the resulting higher volume of note disclosures has, in some cases, increased the risk that useful or relevant information may be obscured.

Even though we agreed with the suggested changes to the ISAs, we have some comments on your questions as we showed in the attached document with our answers to your questions.

Please feel free to contact us if you have any question/answer to be clarified or if we are able to assist in any other way.

Yours faithfully,

Mr. Luis Gonzalez  
Chairman of the Instituto Mexicano de Contadores Públicos, A.C

**Exposure Draft: Proposed Changes to the International Standards on Auditing (ISAs). Addressing Disclosures in the Audit of Financial Statements**

MATTER	COMMENTS
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?	<b>We consider that the proposed changes are appropriate and sufficient; however, we suggest some additional precision to avoid misunderstandings. See our comments ahead</b>
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?	<b>We consider that additional guidance should be provided regarding the documentation requirements for determining materiality in disclosures and evaluation of misstatements both individual and aggregated</b>
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?	<b>In general we consider they are appropriate</b>
In addition to the request for specific comments above, the IAASB is also seeking comments on the general matters set out below:	
(a) <i>Preparers (including Small- and Medium-Sized Entities (SMEs)) and Other Users</i> —The IAASB invites comments on the proposed changes to the ISAs particularly with respect to the practical impacts, if any, of the proposed changes to the ISAs.	<b>Not applicable</b>
(b) <i>Developing Nations</i> —Recognizing that many developing nations have adopted or are in the process of adopting the ISAs, the IAASB invites respondents from these nations to comment on the proposed changes to the ISAs, in particular, on any foreseeable difficulties in applying these in a developing nation environment.	<b>Not applicable</b>
(c) <i>Translations</i> —Recognizing that many respondents may intend to translate the final changes to the ISAs for adoption in their own environments, the IAASB welcomes comments on potential translation issues respondents may note in reviewing the proposed changes to the ISAs.	<b>None in particular identified</b>
Effective Date—The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the changes to the ISAs.	<b>We consider proposed effective date is adequate</b>

PARAGRAPH	COMMENTS
<p>ISA 200 par. 13 (f) Disclosures comprise explanatory or descriptive information on the face of the financial statements, information in the related notes, or information incorporated by cross-reference when permitted by the applicable financial reporting framework</p>	<p><b>We suggest to include examples of this type of information and the applicable financial reporting framework</b></p>
<p>Appendix I page 21 In addition, we will request that management provide us with information about the document(s) that comprise the entity's [annual report],<sup>36</sup> the planned timing of the issuance of these documents, as well as providing us with the final version of these documents as soon as it is available and, if possible, prior to the date of our auditor's report.</p>	<p><b>We suggest the following paragraph: In addition, it is Management responsibility to provide us with information about the document(s) that comprise the entity's [annual report], the planned timing of the issuance of these documents, as well as providing us with the final version of these documents as soon as it is available and, if possible, prior to the date of our auditor's report.</b></p>
<p>ISA 320 par. 6 However, consideration of the nature of potential misstatements in non-quantitative disclosures is relevant to the design of audit procedures to address risks of material misstatement. In addition, when evaluating the effect on the financial statements of all uncorrected misstatements,</p> <p>ISA 450 par. A2a Misstatements in disclosures are also accumulated, and aggregated where appropriate, to assist the auditor in evaluating their effect on the disclosures and the financial statements as a whole. Although misstatements in non-quantitative disclosures cannot be aggregated in the same manner as misstatements of amounts, they are still evaluated individually, and collectively, with other misstatements</p>	<p><b>We suggest that in order to improve the reading and avoid misunderstandings, the standards include examples of factors that could be considered and the minimum documentation requirements to be able to evaluate the effect of misstatements for the non-quantitative disclosures, taking into account that this are more subjective and require a lot of judgment.</b></p>

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