

Josephine Jackson
Audit and Assurance Team
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4 August 2014

Dear Ms Jackson,

FRC Invitation to Comment on IAASB Exposure Draft (May 2014): Proposed Changes to the International Standards on Auditing (ISAs) – Addressing Disclosures in the Audit of Financial Statements

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European**Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Financial Reporting Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

Response

We welcome the opportunity to respond to this consultation and note that the proposed changes relate mainly to the application of the ISAs.

We share the concerns identified by the FRC that the higher volume of note disclosures has, in some cases, increased the risk that useful or relevant information may be obscured. However, we feel that the IAASB's proposed changes could create more clutter in companies' annual reports and accounts. Auditors are already required by the ISAs to audit note disclosures and read information accompanying the financial statements. If auditors are compelled to place yet more emphasis upon disclosure requirements then, ultimately, there will be more pressure put on companies to add more disclosures. We believe that any changes could exacerbate current challenges and issues faced by auditors and companies with materiality.

We urge the FRC in its response to the IAASB to the focus on the changes that support and improve existing disclosures and avoid expanding the rulebook by adding more disclosure. We do not support any changes that would lead to increasing the length of an auditor's checklist, as this means that the auditor will have

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A company limited by guarantee registered in England
Registration Number: 4025281

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less discretion to apply in terms of evaluating materiality. We fully support measures aimed at reducing the length of the rulebook for auditors.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'TW', with a horizontal line extending to the right.

Tim Ward

Chief Executive

Quoted Companies Alliance Financial Reporting Expert Group

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP
Joseph Archer	Crowe Clark Whitehill LLP
Edward Beale	Western Selection Plc
Anthony Carey	Mazars LLP
Ian Davies	Vislink PLC
Anna Draper	BDO LLP
Jack Easton	UHY Hacker Young
Bill Farren /Ian Smith	Deloitte LLP
David Gray	DHG Management
Matthew Howells	Smith & Williamson LLP
Gary Jones	Grant Thornton UK LLP
Shalini Kashyap	EY
Jonathan Lowe /Paul Watts /Nick Winters	Baker Tilly
Niraj Patel	Saffery Champness
Nigel Smethers	One Media IP Group plc