

The Chairman
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By Email: edcomments@auasb.gov.au

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Dear Merran

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**INTERNATIONAL ACCOUNTING STANDARDS BOARD'S DISCUSSION
PAPER – THE EVOLVING NATURE OF FINANCIAL REPORTING:
DISCLOSURE AND ITS AUDIT IMPLICATIONS**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Auditing and Assurance Standards Board (AUASB) with its comments on the International Accounting Standards Board's Discussion Paper – The Evolving Nature of Financial Reporting: Disclosure and its Audit Implications.

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses, and this submission has benefited with some initial input from our clients, and discussions with key constituents including the AUASB's 29 March 2011 Roundtable. A draft of this submission had been earlier discussed with AUASB staff prior to finalising this submission after further consultations with Grant Thornton International.

The views expressed here are preliminary in nature, and a more detailed Grant Thornton International global submission will be finalised by the IAASB's due date of 1 June 2011.

General comments

The Discussion Paper is a useful starting point for considering the specific challenges that auditors continue to face in traditional historical financial statement audits. However it also could be expanded to consider issues that impact the financial statements but are not subject to traditional audit such as Management Commentary including the Chairman's and CEO's Statements as well as the Directors Report. Issues such as sustainability, climate change and other environmental impacts could usefully be covered.

Notes disclosures have always been an audit area that requires more discussion and guidance. There appear to be inconsistencies in thinking on when is Notes disclosure sufficiently material to require an audit comment to Management, the Audit Committee

where appointed, finally to the Board of Directors or where it requires an audit qualification. The increasing use of fair market values that involve estimation of future conditions will continue to challenge the auditing profession particularly from a Notes disclosure perspective.

If you require any further information or comment, please contact me.

Yours faithfully
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards