Auditing Practices Board

APB ISSUES A DRAFT BULLETIN PROVIDING GUIDANCE FOR UK AUDITORS ON THE FIRST-TIME APPLICATION OF IFRSs

27 August 2004

For accounting periods commencing on or after 1 January 2005, the consolidated financial statements of UK companies admitted to trading on a regulated market must be prepared under EU adopted International Financial Reporting Standards (IFRSs). Other companies will be able to continue to prepare their financial statements in accordance with UK accounting standards but may opt to use IFRSs. At the same time as IFRSs are introduced, changes will also be made to UK law arising from the European Fair Value Directive and the Modernisation Directive. There is substantial complexity in the interaction of accounting standards, legal issues and auditing requirements.

The Auditing Practices Board (APB) has published a draft Bulletin that provides auditors with interim guidance on issues that may arise when companies (and other entities that are subject to audit) undertake the transition from UK generally accepted accounting practice to IFRS.

Those wishing to suggest possible amendments and improvements to the final version of the Bulletin to be published later in the year are requested to submit comments on the draft Bulletin by 31 October 2004.

Richard Fleck, APB Chairman, said:

"There are still uncertainties surrounding the introduction of IFRS in 2005, not least in relation to the accounting for financial instruments. APB plans to finalise its guidance when these matters have been resolved. It is clear however that the implementation of IFRS will present significant challenges to companies and their auditors. I hope that APB, by publishing draft guidance at this time, will assist companies and their auditors better understand their responsibilities and thereby ease the transition to IFRS."

A copy of the Bulletin may be downloaded from the Publications (Exposure Drafts) section of this website; or may be may be obtained (price [£8.00] each, post-free) from Wolters Kluwer (UK) Ltd, 145 London Road, Kingston upon Thames, Surrey KT2 6SR. Telephone 0870 777 2906.

For further information please contact:

Richard Fleck

APB Chairman 020-7374-8000

Jon Grant

APB Executive Director 020-7293-7930

Notes to Editors

The APB issues Bulletins to provide auditors with timely guidance on new and emerging issues. They are persuasive rather than prescriptive. However, they are indicative of good practice even though they may be developed without the full process of consultation and exposure used for Statements of Auditing

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Standards.	
http://www.ash.org.uk/aph/press/pub0613.html	30/08/2004