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IFAC Issues Exposure Draft on Compliance with International Financial Reporting Standards

(New York/Oct. 28, 2002) -- The International Federation of Accountant's International (IFAC's) Auditing and Assurance Standards Board (IAASB) is proposing new guidance designed to clarify when financial statements are in full compliance with International Financial Reporting Standards (IFRSs), thus contributing to greater consistency in the application of these standards.

The exposure draft of International Auditing Practice Statement (IAPS) [Reporting on Compliance with International Financial Reporting Standards](#) makes clear that when an entity references compliance with IFRSs, auditors should issue an audit report with an unqualified opinion only if the entity complies fully with all applicable IFRSs.

"Examples have arisen of entities seeking to claim credit for complying with IFRSs when their financial statements have not complied in full with all applicable IFRSs," states IAASB Chairman Dietz Martin. "This can be misleading and confusing to users of financial statements. The proposed practice statement is designed to assist auditors in communicating more clearly when financial statements comply with IFRSs."

The proposed practice statement supplements guidance provided in ISA 200, *Objectives and General Principles Governing an Audit of Financial Statements*, and ISA 700, *The Auditor's Report on Financial Statements*. Specifically, it provides additional guidance when the auditor expresses an opinion on financial statements prepared --

- In accordance with IFRSs;

- In accordance with both IFRSs and relevant national standards and practices; and
- In accordance with relevant national standards or practices, but which disclose in the notes to the financial statements the extent of compliance with IFRS.

The ED on *Reporting on Compliance with International Financial Reporting Standards* may be downloaded at no charge from IFAC's web site (www.ifac.org). Comments are due by January 15, 2003. They may be submitted online to EDComments@ifac.org or may be sent to IFAC IAASB Technical Director via fax (+1-212-286-9570) or by mail to 545 Fifth Ave., New York, NY. 10017.

IFAC is the worldwide organization for the accountancy profession. Its mission is to develop and enhance the profession to enable it to provide services of consistently high quality in the public interest. Current membership consists of 156 professional accountancy bodies in 114 countries representing more than two million accountants in public practice, education, government service, industry and commerce. Within IFAC, the IAASB works to improve auditing and assurance standards and the quality and uniformity of practice throughout the world.

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