

Auditing Practices Board

APB Issues Further Interim Guidance for Auditors on the First-time Application of IFRSs in the United Kingdom and the Republic of Ireland

APB PN 8

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The Auditing Practices Board (APB) has today published [Draft Bulletin 2005/3](#) entitled – ‘Guidance for Auditors on First-time Application of IFRSs in the United Kingdom and the Republic of Ireland’.

In August 2004 the APB published a draft Bulletin that provided auditors with preliminary guidance on issues that may arise when companies (and other entities that are subject to audit) undertake the transition from UK/Irish GAAP to IFRSs. Since then a number of uncertainties have been resolved and there have been various developments in auditing and financial reporting that are reflected in this further interim guidance. Guidance has also been added on the auditor’s review of interim financial information in the first year of adoption of IFRSs.

In spite of the progress made in resolving many of the legal and regulatory issues there are some remaining uncertainties. In particular, the specific wording to be used in the auditor’s report when describing the financial reporting framework is still under debate. The wording used in the draft Bulletin is “those IFRSs adopted for use in the European Union” but there is a continuing discussion within Europe on the best term to use. The APB favours a consistent approach to this matter within Europe and accordingly this Bulletin is being issued as interim guidance and the description of the financial reporting framework used in it may be changed if there is a European consensus for a different description.

Richard Fleck, APB Chairman said:

“The adoption of IFRSs is a very significant development in financial reporting and is a key issue for auditors of listed companies in 2005. The interaction of accounting, legal and auditing issues gives rise to a degree of complexity and I hope that, by publishing this further draft guidance, APB will assist auditors’ understanding of these issues and thereby ease the transition to IFRSs.”

The draft Bulletin may be downloaded from the Publications (Bulletins) section of this website.

Notes to Editors

1. The Financial Reporting Council (“FRC”) is a unified, independent regulator. Its mission is to promote confidence in corporate reporting and governance. The FRC incorporates five operating bodies: the APB, the Accounting Standards Board, The Financial Reporting Review Panel, the Accountancy Investigation and Discipline Board and the Professional Oversight Board for Accountancy.
2. The APB is committed to leading the development of auditing practice in the United Kingdom and Republic of Ireland so as to:
 - establish high standards of auditing;
 - meet the developing needs of users of financial information; and
 - ensure public confidence in the auditing process.
3. 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 Auditing Standards.
4. FEE issued a discussion paper in April 2005 entitled ‘Reporting Issues in relation to Endorsed IFRS and Possible Implications for the Audit Report’. The deadline for comments is 31 May 2005.
5. All press enquiries should be directed to: APB Executive Director, Jon Grant on Tel: 020 7492 2410.