

IAASB Defers Effective Dates of Amendments to ISAs 200 & 210

The International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) has agreed to defer the effective date of certain recently amended requirements and guidance related to the auditor's consideration of the acceptability of the financial reporting framework applied in preparing the financial statements.

International Standard on Auditing (ISA) 700 (Revised), The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements, has been issued with effect from auditors' reports dated on or after December 31, 2006. ISA 700 (Revised) provides enhanced guidance on the auditor's consideration of the presentation of the financial statements. Linked to this is the auditor's consideration of the acceptability of the financial reporting framework applied in preparing the financial statements. This was provided for by way of amendments to ISA 200, Objective and General Principles Governing an Audit of Financial Statements, and ISA 210, Terms of Audit Engagements. These amendments were to be effective for audits of financial statements for periods beginning on or after December 15, 2005.

The IAASB issued an exposure draft of proposed ISA 701, The Independent Auditor's Report on Other Historical Financial Information, in June 2005. It was intended that ISA 701 should become effective at the same time as ISA 700 (Revised). It will not, however, be finalized before the amendments to ISAs 200 and 210 come into effect.

The IAASB's attention has been drawn to possible inconsistencies or uncertainties between certain requirements of ISAs 200 and 210, and those of proposed ISA 701, and it has been suggested that these may lead to some uncertainty in practice until ISA 701 is finalized.

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IAASB Issues EDs for Clarity on International Standards

As part of its comprehensive program to improve the clarity of international standards, the IAASB has issued exposure drafts (EDs) of four proposed standards in a new drafting style. It has also issued an exposure draft of Proposed Amendments to the Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services and an Explanatory Memorandum to accompany the EDs. The release of these documents marks the beginning of the IAASB's ambitious 18-month programme to re-draft standards and to develop new standards using the new style.

The IAASB has developed its new drafting style based on responses to its 2004 Proposed Policy Statement and Consultation Paper on Clarity. Key elements of the new drafting style include: basing the standards on objectives, as opposed to procedural considerations; use of the word "shall" to identify requirements that the professional accountant is expected to follow in the vast majority of engagements; eliminating the present tense to describe actions by the professional accountant, which some had regarded as ambiguous in terms of obligation; and structural improvements to enhance the overall readability and understandability of the standards.

The following four proposed standards have been re-drafted in the new style:

- International Standard on Auditing (ISA) 240 (Redrafted), The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements;
- ISA 300 (Redrafted), Planning an Audit of Financial Statements;
- ISA 315 (Redrafted), Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement
- ISA 330 (Redrafted), The Auditor's Procedures in Response to Assessed Risks.

Comments on the exposure drafts are requested by February 28, 2006. The EDs may be viewed by going to <http://www.ifac.org/EDs>.

IFAC Invites Comments on 'New Governance Structure'

To ensure that its governance structure is clear, understandable and robust, the IFAC is inviting comments on proposed revisions to its Constitution that will better reflect the purpose of IFAC and how it will meet the expectations of stakeholders. The invitation to comment (ITC), Proposed Revision of the International Federation of Accountants' Constitution was developed over the past year by the IFAC Constitutional Working Group. The ITC proposes changes to reflect a three-tiered governance document structure, which would include IFAC Constitution, IFAC Bylaws, IFAC Policies and Procedures Manual. The ITC is posted on the IFAC website. Member bodies, regional accountancy organizations, regulators, accounting firms and the general public have been invited to provide comments by February 1, 2006.

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New Tool Kit for Development of Professional Accountancy Bodies

Stage is set for the launch of a tool kit designed to assist developing nations in establishing accountancy profession. The tool kit, which is being prepared by the Developing Nations Permanent Task Force in conjunction with IFAC experts, will address a range of situations, including where the accountancy profession does not exist in a country, where the profession exists and there is a desire to establish a professional accountancy body, and where an existing professional body requires further development and enhancement.

The kit will include best practice guidance and information on membership requirements, education and training, relations with government, and regulation and standard setting, among other topics. The kit will be available on a searchable CD-ROM and in a downloadable electronic version from the IFAC website.

America hunts for Indian CAs

Move over IT wizards. It's now the turn of Chartered Accountants to top the most-wanted lists in the US, with American accounting firms looking to countries like India for recruitment.

This year, 20 CAs from India were recruited by leading accounting firms. However, the US accounting firms made it clear that CAs who lack proficiency in English and poor presentation skills are not preferred.

-- Times of India Network

ICAEN, CIPFA merger attempt fail

The United Kingdom's leading accounting body has failed in its sixth attempt to merge with a smaller rival. Majority of the 125,000 members of the Institute of Chartered Accountants in England & Wales have voted against the plans to merge with the much smaller public sector accounting group, CIPFA.

-- The Telegraph

Advocates move court

The Delhi High Court has issued a notice to the Centre on a petition filed by the Bar Council of India seeking restraint on permitting persons other than advocates, like Chartered Accountants and Cost Accountants, from 'carrying out' the legal profession.

The Bar Council has also sought restraint on persons other than advocates from appearing before the Income Tax Appellate Tribunal and the Appellate Tribunal Sales Tax. A division bench of the High Court has issued notices to the Union of India, Government of NCT Delhi, the ITAT and ATST. The statutory body has sought directions to ITAT and ATST from prohibiting persons other than advocates enrolled under the Advocates Act, 1961 to carry out full-fledged law practice. The petition says that under the Sales Tax and Income Tax Acts said chartered accountants and cost accountants were permitted to appear before various authorities only for limited purposes.

-- IANS