

## AU Section 9534

# **Reporting on Financial Statements Prepared for Use in Other Countries: Auditing Interpretations of Section 534**

### **[1.] Financial Statements for General Use Only Outside of the United States in Accordance With International Accounting Standards and International Standards on Auditing**

[.01–.04] [Withdrawn, May 2008, by the Audit Issues Task Force.]<sup>[1]</sup>

### **2. Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board**

**.05 Question**—Section 534, *Reporting on Financial Statements Prepared for Use in Other Countries* provides guidance for the independent auditor practicing in the United States who is engaged to report on the financial statements of a U.S. entity<sup>2</sup> for use outside of the United States in conformity with accounting principles generally accepted in another country. Does the guidance in section 534 apply to the financial statements of a U.S. entity presented in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)?

**.06 Interpretation**—No. The IASB has been designated by the council of the AICPA as the body to establish international financial reporting standards for both private and public entities pursuant to Rule 202, *Compliance With Standards* [ET section 202 paragraph.01], and Rule 203, *Accounting Principles* [ET section 203 paragraph .01], of the AICPA Code of Professional Conduct and as of May 18, 2008. Accordingly, section 534 is not applicable to financial statements prepared in conformity with IFRS as issued by the IASB. When the auditor reports on financial statements of a U.S. entity prepared in conformity with IFRS as issued by the IASB, the auditor would refer to section 508, *Reports on Audited Financial Statements*.<sup>3</sup>

**.07** An entity may prepare financial statements in conformity with a jurisdictional variation of IFRS such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with IFRS as issued by the IASB. Because the council of the AICPA has not designated bodies other than the IASB to establish IFRS, Section 534 applies to such financial statements prepared for use outside the United States, and paragraphs .14–.15 of section 534 and paragraphs .35–.37 of section 508 apply to financial statements prepared for more than limited distribution in the United States.

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<sup>[1]</sup> [Footnote deleted.]

<sup>2</sup> A U.S. entity is an entity that is either organized or domiciled in the United States.

<sup>3</sup> Also see Auditing Interpretation No. 19, "Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board," of section 508, *Reports on Audited Financial Statements* [section 9508 paragraph .93].

**.08** If financial statements are presented in conformity with both IFRS as issued by the IASB and a jurisdictional variation of IFRS (for example, financial statements prepared in conformity with IFRS as issued by the IASB and with IFRS as endorsed by the European Union), an auditor may follow the guidance in section 508 (and in paragraphs .93–.94 of Auditing Interpretation No. 19, "Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board," of section 508 [section 9508 paragraphs .93–.94]).

[Issue Date: May, 2008.]

### **3. Financial Statements Audited in Accordance With International Standards on Auditing**

**.09 Question**—May a U.S. auditor perform an audit of financial statements of a U.S. entity in accordance with the International Standards on Auditing (ISA)? The financial statements subject to audit may be prepared in conformity with IFRS, accounting principles generally accepted in the United States, or accounting principles generally accepted in another country.

**.10 Interpretation**—Yes. In such an engagement where the financial statements are for use outside the United States, the auditor should follow the guidance in section 534 in planning and performing the engagement. Section 534 requires the U.S. auditor, in these circumstances, to comply with the general and fieldwork standards of U.S. generally accepted auditing standards as well as any additional requirements of the ISA. When the financial statements are intended for general use only outside of the United States, the auditor may use either a U.S. style report [section 534 paragraph .09] or the report form set forth in the ISA.

**.11** When the financial statements are intended for use in the United States, section 534 would not be applicable; however, section 508 would apply. Also see paragraph .56 of Auditing Interpretation No. 14, "Reporting on Audits Conducted in Accordance With Auditing Standards Generally Accepted in the United States of America and in Accordance With International Standards on Auditing," of section 508 [section 9508 paragraph .56].

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