
Introduction

1. This agenda paper discusses the description of a financial reporting framework in ISA 700.19 and its use elsewhere in the ISAs (for example, in ISA 800). It proposes an approach to bring greater clarity and discipline to the auditor’s assessment of the framework used to prepare the financial statements.

2. The agenda paper also explores the wording of the auditor’s conclusion. These two issues are addressed together because the Task Force’s proposals on these issues are interrelated.

3. The agenda paper discusses the auditor’s conclusion first and then the financial reporting framework, bringing them together at the end. There are a series of recommendations that have been highlighted throughout the discussion. They are identified by being in shaded boxes.

Action required by the IAASB

Read through the arguments presented regarding the wording of the auditor’s conclusion in the auditor’s report, and on how the ISAs approach the financial reporting framework and the auditor’s responsibilities in relation to the framework.

Do you agree with the recommendations presented?

The Auditor’s Conclusion

Existing Guidance in the ISAs

4. ISA 700, and indeed the body of ISAs, currently reflects the view that the conclusion in an audit on financial statements is an opinion “whether the financial statements give a true and fair view (or are presented fairly, in all material respects) in accordance with the financial reporting framework” (ISA 700.17).

5. Interesting, the objective of an audit in ISA 200.2 is worded slightly differently. It says,

   “The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. The phrases used to express the auditor’s opinion are “give a true and fair view” or “present fairly, in all material respects,” which are equivalent terms.”

6. ISA 700.18 restates that “give a true and fair view” and “present fairly, in all material respects” are equivalent terms and that both terms indicate, amongst other things, that the auditor considers only those matters that are material to the financial statements.

7. ISA 700.19 discusses the financial reporting framework. Of particular relevance to the discussion of the audit opinion is that it notes that, to advise the reader of the context in which the auditor’s opinion is expressed, the auditor’s opinion indicates the framework upon which the financial statements are based.
8. Guidance in the ISAs on how the auditor forms his or her opinion is somewhat dispersed and often by virtue of when the auditor’s report would be modified, rather than what the auditor considers to form an unmodified opinion.

9. For example, ISA 240.48 says that when the auditor confirms that, or is unable to conclude whether, the financial statements are materially misstated as a result of fraud or error, the auditor needs to consider the implications for the audit. The guidance then directs the auditor to ISA 320, “Audit Materiality,” and ISA 700 for further guidance on the evaluation and disposition of misstatements and the effect on the auditor’s report.

10. ISA 320.15 says that if the aggregate of uncorrected misstatements is material, the auditor considers the appropriate modification to the auditor’s report.

11. There are other examples of reporting implications arising from specific considerations in the audit, such as in ISA 250, “Consideration of Laws and Regulations in an Audit of Financial Statements,” which says that if the auditor concludes that noncompliance has a material effect on the financial statements, and has not been properly reflected in the financial statements, the auditor should express a qualified or adverse opinion. ISA 570, “Going Concern,” similarly discusses when a qualified or adverse opinion is needed with respect to a material uncertainty that may cast significant doubt about the entity’s ability to continue as a going concern.

12. The proposed Audit Risk Standards link the audit opinion to whether sufficient appropriate audit evidence has been obtained to reduce to an acceptably low level the risk of material misstatement in the financial statements (Responses to Assessed Risks ¶62). If the auditor is unable to obtain sufficient appropriate evidence, the auditor should express a qualified opinion or disclaimer of opinion (Responses to Assessed Risks ¶64).

13. ISA 700.36 provides further guidance by virtue of defining when a qualified opinion is necessary. Based on that guidance, the auditor considers:
   - Whether there has been a limitation on the scope of the auditor’s work;
   - Whether there are any disagreements with management regarding the acceptability of the accounting policies selected;
   - Whether there are any disagreements with management regarding the method of application of the accounting policies; and
   - Whether there are any disagreements with management regarding the adequacy of financial statement disclosures.

THE WORDING OF THE AUDIT OPINION IN CURRENT PRACTICE

14. The comparison of auditor’s reports shows quite different audit opinions being provided:
<table>
<thead>
<tr>
<th>Wording of the opinion</th>
<th>Number of countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether the financial statements give a <strong>true and fair view</strong> in accordance with a financial reporting framework</td>
<td>15</td>
</tr>
<tr>
<td>Whether the financial statements <strong>present fairly</strong>, in all material respects, in accordance with (or in conformity with) a financial reporting framework</td>
<td>14</td>
</tr>
<tr>
<td>Whether the financial statements give a <strong>true and fair view</strong> (without reference to a financial reporting framework)</td>
<td>1</td>
</tr>
<tr>
<td>Whether the financial statements give a <strong>true and fair view</strong> and have been prepared in accordance with a financial reporting framework</td>
<td>7</td>
</tr>
<tr>
<td>Whether the financial statements are <strong>fairly presented and</strong> have been prepared in accordance with or comply with a financial reporting framework</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
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15. There is a relatively even split between the use of “true and fair” and “presents fairly”. The split tends to be for European countries to use the first, and countries in the Americas to use the latter.

16. All but Hungary refer to the financial reporting framework or the relevant law or regulation, although 7 countries (Australia, Great Britain/Northern Ireland, Denmark, Finland, the Netherlands, New Zealand, and Ireland) opine on both whether the financial statements give a true and fair view and have been prepared in accordance with a financial reporting framework.

**Is a “true and fair view” really equivalent to “fair presentation?”**

17. Despite the fact that ISA 700 quite unequivocally makes the statement that these two terms are intended to be equivalent, some people argue that they are not. The argument seems based on a view that, at a minimum, subconsciously, the conclusion an auditor makes when thinking in terms of “true and fair” might not be the same conclusion one would make if thinking in terms of “fair presentation.”

18. However, it is difficult to find empirical evidence to prove this assertion. Jurisdictions use one term or the other and, therefore, their use is based on a wide variety of factors (practice, interpretation in local law, training, underlying cultural issues, etc.). It would be very difficult to isolate those factors to focus solely on the perception of the words alone.

19. The simple fact is that there is widespread use of both “true and fair” and “fair presentation” in practice. In many, if not most, of those cases, the wording of the auditor’s opinion has been embedded not only in local auditing standards, but also in corporations and other governing laws, and in legal precedent. Making a change to one or another term on a global scale would require significant concerted effort and consensus on the terms undoubtedly controversial. Therefore, it seems preferable to continue to accept – and emphasize – that “true and fair” and “fairly presents” are equivalent terms. However, as discussed below in the next issue, the Task Force believes that it would be useful for ISA 700 to include guidance on the judgments the auditor is expected to make when forming this opinion that emphasizes the “stand-back” and the need to consider substance over form.

**Proposed recommendation: ISA 700 should continue to allow the audit opinion to be expressed using either the terms “a true and fair view,” or “are presented fairly, in all material respects,” and will state that they are equivalent.**
WHAT GUIDANCE CAN BE PROVIDED ON THE MATTERS THE AUDITOR CONSIDERS IN FORMING THE AUDIT OPINION?

20. As noted above, indirectly, the ISAs already provide some direction on what the auditor considers in forming his or her opinion, including:

- The acceptability of the accounting policies selected;
- The method of application of the accounting policies;
- The adequacy of financial statement disclosures;
- The existence of misstatements due to fraud or errors discovered that have a material effect on the financial statements that have not been reflected or corrected in the financial statements;
- Non-compliance with laws and regulations that has a material effect on the financial statements that has not been properly reflected in the financial statements;
- The adequacy of disclosure in the financial statements regarding any material uncertainties found that may cast significant doubt about the entity’s ability to continue as a going concern.

21. However, this guidance is dispersed in a number of areas in the ISAs and could be argued to be indirect guidance because it focuses on when a qualified opinion is needed rather than guidance on matters the auditor needs to consider in forming his or her overall conclusion on the financial statements.

22. US AU§411, “The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles” paragraph .04 includes guidance that could be built into ISA 700. The following wording is based on the US guidance but has been modified to align it with ISA and IFRS terminology and guidance:

“The auditor’s opinion that financial statements give a true and fair view (are presented fairly, in all material respects) an entity’s financial position, results of operations, and cash flows in accordance with the financial reporting framework should be based on his or her judgment as to whether:

- The accounting policies selected and applied are in accordance with the entity’s financial reporting framework;
- The accounting policies are appropriate in the circumstances;
- The financial statements, including the related notes, are informative of matters that may affect their use, understanding, and interpretation;
- The information presented in the financial statements is classified and summarized in a reasonable manner, and
- The financial statements reflect the underlying transactions and events in a manner that presents fairly the financial position, financial performance, and cash flows of the entity.

In assessing whether the accounting policies are appropriate, and whether the financial statements are informative, the auditor considers the consistency of presentation. The auditor also considers whether the disclosures in the financial statements assist users in understanding how transactions and other events are reflected in the reported financial performance and financial position and whether there is adequate disclosure of judgments made by management in applying the accounting policies that have the most significant effect on the amounts of items recognized in the financial statements.”

23. The Task Force intends to discuss this guidance with both the Estimates and Materiality Task Forces to see if additional wording arising from those projects might usefully be added to this list.
Proposed recommendation: ISA 700 should include guidance, similar to that illustrated above, on matters the auditor needs to consider in forming his or her opinion on the financial statements.

SHOULD THE AUDIT OPINION MAKE REFERENCE TO THE FINANCIAL REPORTING FRAMEWORK?

24. IAS 700 currently makes reference to the financial reporting framework in accordance with which the financial statements have been prepared in the audit opinion. ISA 700 explains that this is important because it advises the reader of the context in which the auditor’s opinion is expressed.

25. US AU §411 supports this view by explaining that the auditor’s judgment concerning the “fairness” of the overall presentation of financial statements should be applied within the framework of generally accepted accounting principles. Without that framework, the auditor has no uniform standard for judging the presentation of financial position, results of operations, and cash flows in financial statements.

26. As the comparison of auditor’s reports shows, only in very few countries do auditors express an opinion in the absence of mention of any framework.

27. A few do have a two-part opinion (for example, expressing an opinion on compliance with the financial reporting framework and on whether the financial statements give a “true and fair view” / “are fairly presented”). However, some of the opinions that appear to be two-part opinions are in fact not truly two-part because they equate, in the wording of the opinion, compliance with the framework to the true and fair view/fair presentation. For example, the opinion may say, “complies with the framework and accordingly presents a true and fair view” (see, for example, Malaysia and Malta).

28. Further, because it is generally accepted in most countries that a “true and fair” / “fair presentation” override is only acceptable in very rare circumstances, those countries that do have a two-part opinion (for example, properly prepared in accordance with the financial reporting framework and present a true and fair view), still convey the context for the true and fair opinion in the sense that one can reasonably assume that the identified framework has served as the “framework” within which the auditor’s opinion on true and fair is based (that is, there will be few, if any, departures from that financial reporting framework). There is still a context for the opinion.

29. Some have argued that, in the current environment, a shift to requiring the opinion to be “true and fair” or “fairly presents” without reference to any framework may be an appropriate response. They believe the reference to the financial reporting framework encourages compliance with rules rather than the stand back to assess overall substance over form.

30. There are a number of arguments against this view.

31. First, the factors that contributed to events in the current environment are complex. It is unlikely that the wording of the auditor’s opinion played a leading role.

32. Second, as suggested above, auditing standards can provide more guidance on the judgments that the auditor must make in forming his or her opinion. That guidance can reinforce the need for a stand back to assess the overall substance over form and may, at the end of the day, be more effective than a more subtle change in the wording of the auditor’s opinion.
33. Third, at an international level, it is difficult to convey what “true and fair” or “fair presentation” mean in the absence of a framework. Most frameworks anticipate the need for override to be “extremely rare.” One would not expect that the “true and fair” opinion would often be different than an opinion on compliance with the framework and that overrides of the framework would happen only in “extremely rare” circumstances. It is unclear how readers would interpret the opinion in the absence of knowing the starting framework. While it would work if there was general acceptance that the auditor always judged the need for “override” against a common standard (such as IFRS) – we are not there yet. The reality today is that what is considered “true and fair” in one country will not necessarily be the same as that considered “true and fair” in another country. In fact, given the continued significant differences among financial reporting frameworks around the world, one would expect quite different reporting of similar situations all of which are considered to be “true and fair” in their own environment. Under such circumstances, is it not better for readers to know the context in which the auditor formed his or her opinion? It seems consistent with the principle of transparency.

34. IAASB was recently encouraged to require countries to identify the country of origin of the financial reporting framework used because there was concern that readers of the auditor’s report did not appreciate the differences that exist. This problem would only be exacerbated by removing any reference to the framework in the auditor’s opinion.

35. On balance, therefore, the Task Force is of the view that there are stronger arguments at an international standards level to retain the reference to the financial reporting framework in the auditor’s opinion in the interest of full transparency.

Proposed recommendation: ISA 700 should retain the requirement to refer to the financial reporting framework in the auditor’s opinion.

SHOULD THE ISAS LIMIT THE CIRCUMSTANCES WHEN THE AUDITOR’S OPINION SHOULD BE EXPRESSED IN TERMS OF “TRUE AND FAIR” OR “FAIRLY PRESENTS?”

36. The ISAs, currently, do not limit when the opinion wording “true and fair” and “presents fairly” can be used. They are used, for example, in ISA 800 for special purpose audit engagements. The black lettered principles in ISA 800 refer to, “the financial statements/component are prepared, in all material respects, in accordance with the identified basis of accounting” for both:

- Auditor’s reports on financial statements prepared in accordance with a comprehensive basis of accounting other than IAS or national standards; and
- Auditor’s reports on components of financial statements.

However, the illustrative examples shift back to using the terms “true and fair” and “presents fairly.”

37. One option that would strengthen the understanding of what a “true and fair” or “fairly presents” opinion is intended to stand for, is to preserve the use of “true and fair” and “presents fairly,” in essence, for the “gold standard” – that is, a full set of general purpose financial statements prepared in accordance with the IFRSs or recognized national accounting standards – frameworks that have been developed in pursuit of the principles of full and fair disclosure. In other circumstances, the auditor’s opinion for example might be “the financial statements/component are properly prepared, in all material respects, in accordance with the accounting policies in note 1 to the financial statements.” This would be consistent with the guidance in IAS 1 that financial statements should not claim to be in compliance with the IFRS unless they comply with the full body of IFRSs.
38. However, restricting the use of “presents fairly” to opinions on financial statements prepared in accordance with a recognized financial reporting framework and prohibiting its use for opinions, for example, on components of financial statements would be contrary to current practice in, at a minimum, both the US and Canada. It may also be argued to be introducing into the ISAs rather subtle “code,” the meaning of which may be apparent to the profession alone. But it does have appeal in the sense that ISA 700 could then be strengthened to explain more fully how the auditor forms the “true and fair” and “presents fairly” opinion in the context of a full set of financial statements prepared in accordance with IFRS, or recognized national accounting standards – a step which could be seen to be an appropriate response to recent events.

39. If this approach is adopted, its success depends on being able to identify when the auditor can use that form of opinion, which depends on the approach taken on financial reporting frameworks, which is discussed further below.

**Proposed recommendation:** The terms “a true and fair view”, or “are presented fairly, in all material respects,” should be preserved for ISA 700 opinions and not used in the special reporting situations in ISA 800 (that is, auditor’s reports on financial statements prepared in accordance with another comprehensive basis of accounting, and auditor’s reports on components).

### Definition of a Financial Reporting Framework

**SHOULD THE ISAS BETTER EXPLAIN WHAT IS MEANT BY A FINANCIAL REPORTING FRAMEWORK?**

40. ISA 700 requires the auditor’s report to clearly indicate the financial reporting framework used to prepare the financial statements. As already discussed in this agenda paper, the financial reporting framework is key because it drives how the financial statements will be prepared and it also provides a context for forming the auditor’s opinion on the financial statements.

41. ISAs describe the term financial reporting framework as follows:

   “Financial statements are ordinarily prepared and presented annually and are directed toward the common information needs of a wide range of users. Many of those users rely on the financial statements as their major source of information because they do not have the power to obtain additional information to meet their specific information needs. Thus, financial statements need to be prepared in accordance with one, or a combination of:

   (a) International Accounting Standards;

   (b) National accounting standards; and

   (c) Another authoritative and comprehensive financial reporting framework which has been designed for use in financial reporting and is identified in the financial statements.” (ISA 120.03)

   “The financial reporting framework is determined by IASs, rules issued by recognized standard setting bodies, and the development of general practice within a country, with an appropriate consideration of fairness and with due regard to local legislation.” (ISA 700.19)

42. The relationship between ISA 120.03 and ISA 700.19 is not completely clear, for example:

- It is not clear how one would interpret the phrase “financial statements need to be prepared in accordance with one or a combination of…” Does this mean that one can pick standards from one framework and then another and create their own financial reporting framework?
43 The lack of a clear definition for the term “financial reporting framework” makes it difficult to determine what constitutes an “acceptable” financial reporting framework (as is required in ISA 700.3) when a jurisdiction does not have its own accounting standard setting body and it does not require the use of IASs/IFRSs or the use of standards issued by another recognized accounting standard setting body.

44 The Task Force considered this issue and concluded that since ISA 700 is essentially dealing with general purpose financial statements (IAS 1.02 defines general purpose financial statements as those intended to meet the needs of users who are not in a position to demand reports tailored to meet their specific information needs), the term financial reporting framework in ISA 700 should be restricted to International Financial Reporting Standards and standards set by a recognized standards setting body. The Task Force also proposes to restrict the wording of an audit opinion as “true and fair view” or “fairly presents” to these circumstances.

45 In proposing to restrict ISA 700 and the term “financial reporting framework” to these circumstances, the Task Force also considered how other concepts discussed in ISAs will fit in, for example, basis of accounting, comprehensive basis of accounting, other comprehensive basis of accounting and special purpose audit engagements.

46 The chart in paragraph 54 of this agenda paper illustrates a suggested framework for identifying the basis of preparation for a set of financial statements and the form of report to be issued by the auditor.

47 The chart picks up concepts that are contained in both ISA 700 and ISA 800 and attempts to establish a framework that can be used in determining the basis of accounting that would be appropriate for general purpose financial statements as well as special purpose audit engagements and the type of auditor’s report to be issued under each circumstance.

48 The chart proposes the following:

- The term financial reporting framework should be reserved for IFRSs and standards set by other recognized standard setting bodies.
- When reporting on statements prepared in accordance with a financial reporting framework (for example, IFRSs or standards set by other recognized standard setting bodies), the auditor should state whether the statements “present a true and fair view” or are “presented fairly, in all material respects.”
- A basis of accounting determined by reference only to general practice within a country should be considered to be another comprehensive basis of accounting as defined in ISA 800.09.
- Other examples of other comprehensive bases of accounting are those currently listed in ISA 800.09 – income tax basis, cash receipts and disbursements basis and reporting provisions of a government regulatory agency.
- The auditor’s report on financial statements prepared by reference to bases of accounting that are not a financial reporting framework should state whether the financial statements have been

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prepared in accordance with the identified basis of accounting. The words “true and fair” / “presents fairly” should not be used in the auditor’s report.

- The auditor’s report on financial statements prepared by reference to bases of accounting that are not a financial reporting framework should also either:
  - Indicate that the basis of accounting differs from IFRS or other relevant recognized standards; or
  - Indicate the purpose for which the auditor’s report has been prepared and restrict the use and distribution of the report.

The key principles behind what would constitute a basis of accounting appropriate for financial statements are summarized in the following recommendation:

**Proposed recommendation:**

The proposed revisions to ISA 700 should contain the following principles:

- A financial reporting framework is defined as IFRSs or standards set by recognized standards setting bodies.
- The opinion paragraph of the auditor’s report should clearly indicate the financial reporting framework used to prepare the financial statements (including identifying the country of origin if the financial reporting framework used is not IFRS) and state the auditor’s opinion as to whether the financial statements give a true and fair view (or are presented fairly, in all material respects) in accordance with that financial reporting framework.

ISA 800 should be revised to:

- Include accounting principles established by general practice within a country with an appropriate consideration of fairness as another comprehensive basis of accounting;
- Clarify that the auditor’s opinion should state whether the financial statements are properly prepared in all material respects in accordance with the identified basis of accounting (the example auditor’s reports in ISA 800 should be changed so that they do not use the words true and fair/presents fairly in the opinion paragraph);
- State that auditor’s reports prepared by reference to a basis of accounting that is not a financial reporting framework should either:
  - Indicate that the basis of accounting differs from IFRS or another relevant recognized financial reporting framework, whose name and country of origin should be identified in the report; or
  - Indicate the purpose for which the report has been prepared and restrict the use and distribution of the report.

**IMPLICATIONS OF THIS RECOMMENDATION**

50 The Task Force is not in unanimous agreement with this recommendation.

51 The concerns of Task Force members who are not in agreement vary, but they effectively relate to one or more of the following:
(a) Concern about how the requirements will impact practice in countries that currently do not have their own standard setting process or a requirement to follow IFRS or another financial reporting framework;

There is concern that the principles as currently drafted will have a negative impact on entities operating in jurisdictions that do not require the use of a specific financial reporting framework for some or all types of entities – including public and private entities as well as not-for-profit organizations. In the case of not-for-profits, for example, there is no internationally recognized financial reporting framework equivalent to IFRS for such organizations and there are also few countries that have relevant national financial reporting frameworks.

(b) Concern about how the recommendations will impact other reports issued by auditors under ISA 800 that refer to a basis of accounting (that is, auditor’s reports on a component of financial statements).

ISA 800.16 states that an auditor’s report on a component of financial statements should include a statement that indicates the basis of accounting in accordance with which the component is presented or refers to an agreement that specifies the basis. The opinion should state whether the component is prepared, in all material respects, in accordance with the identified basis of accounting. The opinion in the example auditor’s report on components of financial statements, however, uses the words gives a true and fair view (or presents fairly, in all material respects). The principle in the above recommendation suggests that the opinion paragraph should not refer to true and fair (or presents fairly, in all material respects) since components are not a complete set of financial statements. Practice in some countries is not to give a true and fair opinion in such circumstances for that very reason. The counter argument to this is that a true and fair (presents fairly, in all material respects) opinion is appropriate for a component of financial statements because the financial reporting framework has been appropriately applied in regard to that component.

(c) Concern about how the recommendations affect the requirements of other national standards that are currently reasonably consistent with ISA 800.

There is concern that the proposals will impact practice in other jurisdicitions that is currently well established and not in need of change (see, for example, the discussion in paragraph 38 re practice in Canada and the US).

52 The Task Force members who support this recommendation believe that the recommendation achieves two very important objectives:

(a) It restricts the term true and fair (presents fairly, in all material respects) to a full set of financial statements prepared by reference to financial reporting frameworks that are recognized to be comprehensive and aimed at full and fair presentation of the financial position, financial performance and cash flows of an entity (IFRS or other recognized standards). This will add “value” by distinguishing this opinion from others and enable the development of additional guidance to auditors on the judgments that must be made in forming a “true and fair” and “fairly presents” opinion. Achieving this distinction will, therefore, be very useful in explaining to users of auditor’s reports how an opinion on a full set of financial statements differs from other reports auditors issue.

(b) It clearly puts users on notice that financial statements prepared by reference to bases of accounting that are not IFRS or other recognized financial reporting frameworks may not be appropriate for their needs. The reader is, thereby, alerted to the fact that they cannot rely on
the fact that there is general acceptance of the financial reporting framework used and assurance that it has been developed through due process and with due regard to fairness.

53 Once IAASB has concluded on the way forward on this issue, it will also be necessary to review how the terms have been used throughout the ISAs to ensure it follows a logical structure. In addition, it will be necessary to review the use of modifiers to the terms. For example, at present reference is made to “identified” financial reporting frameworks (ISA 200), “applicable” financial reporting frameworks (proposed Audit Risk Standards), and “acceptable” financial reporting frameworks (ISA 700). What these terms are intended to convey and how they should be used throughout the ISAs will need to be reviewed once the conceptual approach is determined.
Basis of Accounting

Comprehensive Basis of Accounting
(A set of criteria used in preparing financial statements which applies to all material items and which has substantial support
A conglomeration of accounting conventions devised to suit individual preference is not a comprehensive basis of accounting, ISA 800.09)

Financial Reporting Framework
- IFRS, ISA 700.19
- Standards set by a recognized standards setter, ISA 700.19

Other Comprehensive Basis of Accounting
- General practice within a country with an appropriate consideration of fairness, ISA 700.19
- Income tax basis, ISA 800.09
- Cash receipts/disbursements basis, ISA 800.09
- Reporting provisions of a government regulatory agency, ISA 800.09

Other Practices
(Conglomeration of accounting conventions devised to suit individual preference, e.g., statements prepared to satisfy the requirements of an agreement)

Prepared in accordance with the identified basis of accounting
Either:
(i) Indicate that the basis of accounting differs from IFRS or another financial reporting framework, whose name and country of origin are identified in the report, or
(ii) Indicate the purpose for which the report is prepared and restrict its distribution and use

Presents fairly/true and fair financial position etc. in accordance with the financial reporting framework