

Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: Institut der Wirtschaftsprüfer in Deutschland e.V

Country: Germany

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Number	Question Title/Text/Help text	Answer	Comments
IFAC Part 2 SMO Self-Assessment			
1.	SMO 1		
1.1.	Quality Assurance Program		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.2.	Responsibility for Quality Assurance - Overview		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input type="radio"/> Yes - for all audits of financial statements	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2 <input type="radio"/> Yes - for all audits except those of listed entities</p> <p>3 <input type="radio"/> Our organization shares responsibility for the quality assurance program with another body</p> <p>4 <input checked="" type="radio"/> No, responsibility for quality assurance for all audits rests with another body</p> <p>5 <input type="radio"/> Other (please describe)</p> <p>6 <input type="radio"/> Not applicable - no members of our organization perform audits of listed entities</p>	
1.2.2.	<p><i>Name of Other Body Responsible for QA</i> State the name of the other body that is responsible for quality assurance review for all audits.</p>	<p>Wirtschaftsprüferkammer (WPK) Abschlussprüferaufsichtskommission (Auditor Oversight Commission)</p>	
1.2.4.	<p><i>Quality Assurance (Other Body) - Scope</i> Is the scope of the of the quality assurance review program implemented by another body materially narrower than the scope of the requirements of SMO1?</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	
1.3.	<p><i>Activities to promote SMO 1</i> Please describe what activities your organization undertakes to promote obligations set in SMO 1 Quality Assurance.</p>	<p>The IDW has established a Professional Standard on Quality Assurance Engagements (IDW Auditing Standard: External</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>Quality Assurance Reviews in Audit Firms (IDW AuS 140)) supplemented by an IDW Auditing Practice Statement: Checklists for the execution of External Quality Assurance (IDW AuPS 9.140) and a Practice Aid for the Preparation of a quality assurance review report.</p> <p>Furthermore, in March 2006, the IDW and the WPK jointly issued an exposure draft of a Quality Control Standard (VO 1/2006): "Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis" (Requirements for Quality Control in Wirtschaftsprüfer practices), that requires compliance with the basic principles and essential procedures of ISQC 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and ISA 220 rev. "Quality Control for Audits of Historical Financial Information."</p>	

Number	Question Title/Text/Help text	Answer	Comments
2.	SMO 2		
2.1.	<p><i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.</p>	<p>1 <input type="checkbox"/> Complete a program of professional accountancy education</p>	<p>Candidates must have successfully completed a university degree. More than 98% of the candidates have a degree in business administration, economics or law. The choice of university is an individual matter. Many universities offer special programs in accounting and auditing.</p> <p>In addition to the university degree, the candidate must have at least three years of adequate practical experience. If the standard period of study does not exceed 8 semesters, 4 years of practical experience are required. The academic degree must be obtained prior to the recognition of practical experience.</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>2 <input checked="" type="checkbox"/> Complete a practical experience requirement</p> <p>3 <input checked="" type="checkbox"/> Complete a final assessment of the individual's professional capabilities and competencies</p> <p>4 <input type="checkbox"/> None of the above</p>	<p>If the candidate fulfils these requirements, he or she can apply to be admitted to the final assessment.</p> <p>Examination tutoring on a voluntary basis for the final assessment (WP-Exam), in which most examination candidates participate, usually requires an additional 1 or 2 years of part-time study during the period of practical work experience. Courses are provided by the IDW as well as by private organisations. It is not the responsibility of the IDW to suggest how such professional programs should be organised or to ensure their relevance and quality.</p>
2.2.	<i>Continuous Professional Development</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.3.	Professional Accountancy Education		
2.3.4.	<i>Prof Accountancy Education Follow Up</i> Please describe what does your organization require in terms of professional accountancy education for your members?	See our comments to question 2.1!	
2.11.	IES 5 Practical Experience Requirement		
2.11.1.	<i>Approved Provider</i> Section 2.11 deals with the practical experience requirement established by your organization. Does the practical experience requirement have to be obtained with approved providers or employers?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.11.2.	<i>Provider Characteristics</i> Please describe the characteristics set by your organization for recognizing approved providers.	Wirtschaftsprüfer firms with audit engagements	
2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Three years	

Number	Question Title/Text/Help text	Answer	Comments
		2○ Less than three years 3○ More than three years	
2.11.6.	Practical Application SMO 2		
2.11.6.1.	<i>Practical Application</i> Where relevant graduate (beyond undergraduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	1○ Yes 2⊙ No	
2.11.7.	Timing of Experience		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants may be obtained (select all the answer options that are appropriate):	1 <input checked="" type="checkbox"/> Before the professional accountancy education program of study 2 <input type="checkbox"/> At the same time as the professional accountancy education program of study 3 <input type="checkbox"/> After the professional accountancy education program of study	should read: Before final assessment
2.11.7.2.	<i>Describe Pre or Post Experience</i> Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.	3 or 4 years prior to final assessment (prequalification)	
2.12.	IES 5 Monitoring of Practical Experience Requirement		
2.12.1.	<i>Monitoring of Practical Experience</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Is the period of practical experience monitored?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.12.3.	<i>Monitoring Practical Experience</i> How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	1 <input type="checkbox"/> Mentoring system 2 <input checked="" type="checkbox"/> Approved training employers and organizations 3 <input checked="" type="checkbox"/> Self-declaration required from the candidate 4 <input checked="" type="checkbox"/> Record of the practical experience is kept and submitted to the member body when applying for membership 5 <input checked="" type="checkbox"/> An assessment is made by the mentor or employer 6 <input type="checkbox"/> Other (please describe)	
2.13.	IES 6 Assessment of Prof Capabilities and Competence		
2.13.1.	<i>Assessment by IFAC Body or Other</i> Section 2.13 deals with the final assessment requirements established by your organization. Select all the organizations involved in conducting the final assessment.	1 <input type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).	

Number	Question Title/Text/Help text	Answer	Comments
	<p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.</p>	<p>2<input checked="" type="checkbox"/> Another IFAC member body 3<input checked="" type="checkbox"/> Government or regulatory body 4<input type="checkbox"/> Other</p>	
2.13.2.	<p><i>Assessment - Name of IFAC Organization SMO 2</i> State the name of the IFAC member body, government or regulatory body, or other organization that conducts the final assessment.</p>	<p>All written assessment questions are set by a special commission (Aufgabenkommission) with 9 members coming from different sectors. 7 of them are non-practitioners and come from the following sectors: State Ministries, examination unit of WPK, universities, lawyer, tax administration, industry). 2 members are practitioners (WPK members).</p>	
		<p>All markers are members of the Examination Commission (Prüfungskommission) and come from the above-mentioned sectors (with one exception: there is no</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>representative of the examination unit of WPK in the Examination Commission).</p> <p>Members of both commissions are appointed by the WPK Council. This appointment needs the consent of the Federal Ministry of Economics.</p>	
2.13.3.	<p><i>MB Input Follow Up</i> Please describe how does your organization provide input into the government or regulatory body or other organization's assessment activities?</p>	Comment letters and discussions	
2.13.4.	<p><i>Characteristics of Assessment</i> Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Uniform for all students</p> <p>2 <input checked="" type="checkbox"/> Given simultaneously where it is being held in more than once location in the country</p> <p>3 <input checked="" type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals</p> <p>4 <input type="checkbox"/> None of the above</p>	<p>Set by: Aufgabenkommission</p> <p>Assessed by: Prüfungskommission</p>
2.13.5.	<p><i>Qualifying for Final Assessment</i> What requirements must the candidate</p>	1 <input type="checkbox"/> Specified pre-qualification	university degree

Number	Question Title/Text/Help text	Answer	Comments
		hours per candidate).	
2.13.9.	<i>Assess Professional Skills</i> Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.	There are written papers and an oral exam that cover professional skills (for details see question 2.13.8.).	
2.13.10.	<i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.	There are written papers and an oral exam that cover professional skills (for details see question 2.13.8.).	
2.13.11.	<i>Recorded or Oral Format</i> Is the final assessment conducted through:	<input type="radio"/> Recorded format with recorded (e.g. written) response required <input type="radio"/> Oral format with oral responses <input checked="" type="radio"/> Both recorded and oral response formats	
2.13.12.	<i>Recorded Proportion</i> Approximately what proportion of the final assessment requires candidates' responses to be in recorded form?	<input type="radio"/> Less than 25% <input type="radio"/> 25% <input checked="" type="radio"/> 50%	60%

Number	Question Title/Text/Help text	Answer	Comments
		4○ 75% 5○ 100%	
2.13.13.	<i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	1□ Multiple choice questions 2☑ Case studies 3☑ Technical questions 4□ Thesis 5☑ Other (please describe) 6□ None of the above	Other: Essay questions
2.13.14.	<i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.	For details see our answer to question 2.13.2.	
2.13.15.	<i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.	1○ Yearly (or once a year) 2⊙ Half yearly (or twice a year) 3○ Three sessions a year 4○ Four sessions a year 5○ Five sessions a year 6○ Other (please describe the frequency of the examinations)	

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2.14.	IES 7 Continuing Professional Development - CPD		
2.14.1.	<p><i>Responsibility for CPD Requirements</i> Section 2.14 deals with the continuous professional development requirements established by your organization.</p> <p>Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Our organization</p> <p>2 <input checked="" type="checkbox"/> Another organization (state the name of the organization including whether it is an IFAC member body)</p> <p>3 <input checked="" type="checkbox"/> Law and / or regulation (state the name of the law / regulation)</p> <p>4 <input type="checkbox"/> Other (please describe)</p>	<p>Wirtschaftsprüferordnung - WPO Public Accountants' Law</p> <p>WPK Bylaws</p> <p>IDW: - in the Articles of Incorporation</p>
2.14.2.	<p><i>CPD and Professional Accountants</i> Which membership categories are required to maintain professional competence through continuous professional development? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> All our qualified members</p> <p>2 <input type="checkbox"/> Qualified members who perform audits of listed entities</p> <p>3 <input type="checkbox"/> Qualified members who</p>	

Number	Question Title/Text/Help text	Answer	Comments
		perform audits of entities other than listed entities 4 <input type="checkbox"/> Qualified members who provide services (other than audit) to the public 5 <input type="checkbox"/> Qualified members who are employed in business 6 <input type="checkbox"/> Other (please describe)	
2.14.3.	Requirement - CPD		
2.14.3.1.	<i>Type of CPD Requirement</i> Which of the following answer options describes the way the continuous professional development is structured? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Members must satisfy a number of hours of continuous professional development a year or over a number of years 2 <input type="checkbox"/> All members are to satisfy specified content requirements (e.g. specified courses or knowledge content) 3 <input checked="" type="checkbox"/> Members working in specialist areas or areas of high risk to the public are to satisfy specified content requirements (e.g. specified courses or knowledge content) 4 <input checked="" type="checkbox"/> Other	Each member is required to ensure that their CPD meets their professional practice needs. IDW: 40 hours

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2.14.3.2.	<i>Other Type of Requirement</i> Please describe the continuous professional development requirement.	See answers to questions 2.14.1 and 2.14.3.1.	
2.14.3.3.	<i>Hours of Continuous Professional Development</i> Which one of the following answer options best describes the continuous professional development hours required?	<p>1 <input type="radio"/> Members have to complete a minimum of 120 hours or equivalent learning units of relevant professional development activity over a three-year rolling period.</p> <p>2 <input type="radio"/> Members have to complete a minimum of 20 hours or equivalent learning units in each year</p> <p>3 <input checked="" type="radio"/> Other</p>	
2.14.3.4.	<i>Other Hours Follow Up</i> Describe the continuous development hours required by members.	40 hours per year of relevant CPD	
2.14.3.6.	<i>Content - Specialist / High Risk Areas</i> Which of the following have specific content requirements with regards to professional development? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Specialist areas (describe the specializations)</p> <p>2 <input type="checkbox"/> High risk areas (describe the risk factors or characteristics)</p>	Quality assurance reviewer
2.14.3.7.	<i>Requirement - Specialist/High Risk Areas</i> Describe the continuous professional	These members have to take part in	

Number	Question Title/Text/Help text	Answer	Comments
	development content requirement for members operating in specialist or high risk areas.	special courses for quality assurance. These courses have to be approved by the Commission for Quality Assurance of WPK.	
2.14.3.8.	<i>Monitoring of CPD</i> Is there a process to monitor whether your members who are qualified as professional accountants meet the continuous professional development requirements?	<p>1 <input checked="" type="radio"/> Yes, there is a monitoring process for CPD requirements</p> <p>2 <input type="radio"/> No, there is no monitoring process for CPD requirements</p>	
2.14.4.	Monitoring of CPD Requirement		
2.14.4.1.	<i>Monitoring Process SMO 2</i> Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.	<p>1 <input type="checkbox"/> Professional accountants are required to submit a declaration</p> <p>2 <input type="checkbox"/> Professional accountants are required to submit evidence</p> <p>3 <input type="checkbox"/> Our organization audits a sample of professional accountants to check compliance</p> <p>4 <input checked="" type="checkbox"/> Compliance is monitored through firm quality control standards</p> <p>5 <input checked="" type="checkbox"/> Compliance is monitored through a quality assurance review program</p> <p>6 <input type="checkbox"/> Other (please describe)</p>	

Number	Question Title/Text/Help text	Answer	Comments
		7 <input type="checkbox"/> None of the above	
2.14.4.3.	<p><i>Sanctions SMO 2</i> Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?</p>	<p>1 <input checked="" type="radio"/> Yes, sanctions or actions for non-compliance are imposed</p> <p>2 <input type="radio"/> No, sanctions or other non-compliance actions are not imposed</p>	
2.14.4.4.	<p><i>Sanction Types and CPD</i> Describe the nature and extent of the sanction, expulsions or denial of the right to practice.</p>	<p>Responsibility of Wirtschaftsprüferkammer (WPK). See the response of WPK for further details.</p>	
2.15.	<p><i>Activities to Promote IESs SMO 2</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.</p>	<p>Activities of the IDW to promote IAESB pronouncements:</p> <p>- Reference to new IAESB pronouncements in the professional journal of the IDW: IDW Fachnachrichten]</p> <p>- Reference to IAESB pronouncements in meetings with different institutions, e. g.</p>	

Number	Question Title/Text/Help text	Answer	Comments
		ministries, universities and other institutions responsible for educational requirements	
3.	SMO 3		
3.1.	<p><i>Auditing Standards in Law/Regulation</i></p> <p>Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>1 <input type="checkbox"/> Yes for audits of listed entities</p> <p>2 <input type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No for audits of listed entities</p>	<p>Current situation:</p> <p>Subject, scope and reporting for statutory audits is regulated by §§ 316 - 324 of the Handelsgesetzbuch (HGB) (German Commercial Code). It is notable, that these provisions apply to listed and non-listed companies, the latter only if they have a certain size. Specific auditing standards are promulgated by the IDW, which is a private national standards setter.</p>

Number	Question Title/Text/Help text	Answer	Comments
		4 <input checked="" type="checkbox"/>	No for audits of non-listed entities
3.2.	Responsibility for Private Sector Auditing Standards		
3.2.1.	<i>Auditing Standards - Private Sector</i> Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?	1 <input checked="" type="radio"/> 2 <input type="radio"/>	The auditing standards for listed entities and non-listed entities are the same set of standards The auditing standards for listed entities and non-listed entities are not the same set of standards
3.2.6.	<i>Responsibility for Auditing Standards</i> Who has the authority for establishing the auditing standards for listed and non-listed entities?	1 <input checked="" type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/>	Our organization Another IFAC member body Joint process between our organization and another IFAC member body or other organization Another organization
3.3.	Member Body SMO 3		
3.3.1.	<i>MB Convergence Objective SMO 3</i> Has convergence with IAASB pronouncements been established as an objective?	1 <input checked="" type="radio"/> 2 <input type="radio"/>	Yes No
3.3.3.	<i>MB Convergence Implemented SMO 3</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Has the convergence objective for auditing standards been implemented?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
3.6.	Incorporation of Auditing Standards		
3.6.1.	<p><i>Incorporation Approach SMO 3</i></p> <p>Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate.</p> <p>Help text: Answer Option 1 and reference to "adopted without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to: Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into another language; Apply an effective date that differs from the IAASB pronouncement.</p> <p>Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include:</p>	<p>1 <input type="radio"/> IAASB pronouncements are adopted as drafted without amendments (refer Help Text)</p> <p>2 <input checked="" type="radio"/> IAASB pronouncements are adopted as national standards and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer Help Text)</p>	National standards were created based upon a line-by-line analysis of the ISAs. Differences result from legal and regulatory requirements and professional practice.

Number	Question Title/Text/Help text	Answer	Comments
	<p>Requirements in addition to those specified in the IAASB pronouncement or ISA; Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA; Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an ISA requirement was not deleted in full because a similar requirement was included).</p>	<p>3○ Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible differences between the national standard and the IAASB pronouncement (refer Help Text) 4○ Other</p>	
3.6.3.	Adoption with Amendments SMO 3		
3.6.3.1.	<p><i>IAASB Pronouncements with Amendments</i> Which of the following IAASB pronouncements have been adopted or incorporated? Select all the answer options that are appropriate.</p>	<p>1☑ International Standard on Quality Control 1 2☑ International Standards on Auditing 3☐ International Auditing Practices Statements</p>	<p>International Standards on Review Engagements: ISRE 2400 only</p>

Number	Question Title/Text/Help text	Answer	Comments
		4 <input type="checkbox"/> International Standards on Assurance Engagements 5 <input checked="" type="checkbox"/> International Standards on Review Engagements 6 <input type="checkbox"/> International Standards on Related Services	
3.6.3.2.	<i>Name of Standards SMO 3 - Amendments</i> When the IAASB pronouncements are adopted, are the IAASB pronouncements renamed as national standards and pronouncements?	1 <input type="radio"/> IAASB pronouncements are adopted without changes to the pronouncement's name 2 <input checked="" type="radio"/> IAASB pronouncements are adopted with changes to their names	
3.6.3.3.	<i>Name of National Auditing Standards - Amendments</i> State the name of the national auditing standards and pronouncements	see attachment Q3.6.3.3	
3.6.3.4.	<i>Adopted with Amendments SMO 3</i> Is information publicly available describing: The IAASB pronouncements that have been adopted; Whether the adopted IAASB pronouncement is the version in effect as at September 30, 2005; The effective date set by your organization where it differs from the IAASB pronouncement; The differences between the IAASB	1 <input type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	pronouncement and what was adopted; The reasons for the differences?	2⊙ No	
3.6.3.5.	<p data-bbox="400 392 981 643"><i>Submit Information - Amendments SMO 3</i> If the standard-setter has issued information about the status of adopted ISAs and other IAASB pronouncements and it is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p data-bbox="400 687 981 938">If this information is not available, complete the SMO 3: Comparison with IAASB Pronouncements report by clicking on the link and submit it in Word format to Compliance Staff.</p> <p data-bbox="400 983 981 1123">Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p> <p data-bbox="400 1134 539 1161">Help text:</p>	<p data-bbox="1005 427 1447 568">1⊙ The information is available and in English and will be submitted to Compliance Staff</p> <p data-bbox="1005 1129 1447 1310">2⊙ The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted to Compliance Staff</p>	See comparison information further below.
3.10.	Translation SMO 3		

Number	Question Title/Text/Help text	Answer	Comments
3.10.1.	<i>Translation of IAASB Pronouncements</i> Are the IAASB pronouncements translated into a national language?	<input type="radio"/> No as English is the national language or a widely spoken language <input checked="" type="radio"/> Yes, the IAASB pronouncements are translated <input type="radio"/> No and English is not an official language or is not widely spoken	
3.10.2.	<i>IFAC Translation Policy SMO 3</i> Is the IFAC Translation Policy followed?	<input checked="" type="radio"/> Yes <input type="radio"/> No	
3.10.3.	<i>Principal Translator SMO 3</i> Who is the principal translator? Select the answer option that is most appropriate.	<input checked="" type="radio"/> Our organization is the principal translator <input type="radio"/> The government or another organization is the principal translator <input type="radio"/> Our organization and the government or another organization are the principal translators	
3.10.4.	<i>Key Words SMO 3</i> Does the translation process include a list of key words?	<input checked="" type="radio"/> Yes <input type="radio"/> No	
3.10.5.	<i>Faithful Translation SMO 3</i> What processes are in place to ensure a faithful translation of the IAASB	See IDW agreement with IFAC	

Number	Question Title/Text/Help text	Answer	Comments
	pronouncements?		
3.11.	<p><i>Activities to Promote IAASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.</p>	For detailed description see attachment Q3.11 (by separate mail)	
4.	SMO 4		
4.1.	Responsibility and National Ethical Requirements		
4.1.1.	<p><i>IFAC MB and Ethical Requirements</i></p> <p>Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p>Help text: In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	<p>1 <input type="radio"/> Yes, our organization does establish ethical requirements</p> <p>2 <input checked="" type="radio"/> No, our organization does not establish ethical requirements</p>	
4.1.4.	<p><i>Ethical Requirements for Members</i></p> <p>In responding in question 4.1.1 that your organization does not establish ethical requirements, is this because ethical requirements to be complied with by your</p>	1 <input checked="" type="checkbox"/> Ethical requirements established by another IFAC member body	

Number	Question Title/Text/Help text	Answer	Comments
	members are established by one or more of the following? Select all the answer options that are appropriate.	2 <input checked="" type="checkbox"/> Ethical requirements established in law or regulation 3 <input type="checkbox"/> Ethical requirements established by another professional body 4 <input type="checkbox"/> Other (please describe) 5 <input type="checkbox"/> None of the above	
4.1.8.	<i>Other IFAC Member - Ethics</i> State the name of the IFAC member body and their responsibilities with regards to establishing ethical requirements applicable to your members.	Wirtschaftsprüferkammer (WPK) Professional obligations and ethical requirements are covered by legal requirements in the Wirtschaftsprüferordnung – WPO (Law Regulating the Profession of Wirtschaftsprüfer). Article 57 sect. 3 of this law authorizes the Wirtschaftsprüferkammer (WPK) to adopt a professional statute that interpretes these ethical requirements, e.g. independence requirements.	
4.4.	Gov / Reg Bodies and Ethical Requirements		
4.4.1.	<i>Gov/Reg Bodies - Ethical Requirements</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional accountants 2 <input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities 3 <input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit entities other than listed entities 4 <input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other than as auditors of listed or other entities) 5 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements for professional	all members are public practitioners

Number	Question Title/Text/Help text	Answer	Comments
		<p>accountants employed in business</p> <p><input type="checkbox"/> None of the above</p>	
4.4.3.	<p><i>Describe Law / Reg - Prof Accountants</i></p> <p>Regarding your response to question 4.4.1 and the law / regulation for professional accountants, please:</p> <p>State the law / regulation's name;</p> <p>Provide a general description of the law / regulation;</p> <p>Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	<p>Handelsgesetzbuch - HGB (German Commercial Code): Defines the accounting and auditing (including ethics) requirements for German business enterprises</p> <p>Wirtschaftsprüferordnung - WPO (Public Accountants' Act): This law creates the Wirtschaftsprüfer-profession and defines the profession's rights, obligations (including ethics) and the administration and oversight of the profession</p> <p>The Public Accountants' Act and the ethical requirements that are set out in it, apply to all professional accountants (and accountancy firms) that are officially appointed (or recognized) by WPK. It does, however, only apply to accountants in public practice, as in Germany members of the WPK are not allowed to work in business.</p>	

Number	Question Title/Text/Help text	Answer	Comments
		scope: statutory auditors	
4.4.4.	<p><i>Describe Law / Reg - Audit</i> Regarding your response to question 4.4.1 and professional accountants who audit listed entities and / or other entities, please: State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	For details see our answer to question 4.4.3.	
4.4.5.	<p><i>Describe Law / Reg - Other Services</i> Regarding your response to question 4.4.1 and professional accountants who provide services to the public (other than as auditors or listed or other entities) please: State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	For details see our answer to question 4.4.4.	
4.4.7.	<p><i>Gov/Reg and Convergence</i> Please explain whether your organization has undertaken any activities to promote the IFAC Code of Ethics to the relevant</p>	IDW has used its best endeavours to promote the IFAC Code of Ethics, in particular by:	

Number	Question Title/Text/Help text	Answer	Comments
	<p>government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been undertaken.</p>	<ul style="list-style-type: none"> - consulting members of the German Parliament (e.g. implementation of the framework approach used in the IFAC Code of Ethics in the German Commercial Code in the context of the so-called Accounting Reform Act in 2004) - consulting on technical issues with members of the European Parliament and members of relevant ministries during the legislative procedure of the Statutory Audit Directive (8th EU Directive) by supporting a framework approach - active contributions to the Ethics Working Party of our European body (FEE) (providing position papers); see FEE publication “EC Recommendation on Statutory Auditors’ Independence in the EU and Comparison with the Independence Section of the IFAC Code of Ethics for Professional Accountants” 	

Number	Question Title/Text/Help text	Answer	Comments
4.5.	<p><i>Comparison of Requirements SMO 4</i></p> <p>Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p> <p>Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements; Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements; Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code.</p> <p>The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.</p>	<p>1 <input type="radio"/> Yes, our organization has this information and it will be submitted</p> <p>2 <input checked="" type="radio"/> This information will be submitted by another IFAC member body</p> <p>3 <input type="radio"/> No, the information is not available</p>	<p>Please state the name of the IFAC member body who will submit the information to Compliance Staff</p> <p>Wirtschaftsprüferkammer (WPK)</p>

Number	Question Title/Text/Help text	Answer	Comments
4.11.	<i>Translation of IFAC Code</i> Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.	<p>1 <input type="checkbox"/> No, as English is an official language or widely spoken language</p> <p>2 <input type="checkbox"/> Yes, our organization has translated the IFAC Code</p> <p>3 <input checked="" type="checkbox"/> Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4 <input type="checkbox"/> No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	The IFAC Code of Ethics has been translated and issued by WPK in 1998. The last updated translation is available of the IFAC Code of Ethics in its 2002 version. At the moment the IFAC Code of Ethics in its 2005 version is being translated.
4.12.	<i>Translation Body SMO 4</i> What organization translated the IFAC Code and which version of the Code was translated (e.g. IFAC Code currently in effect, a previous version)?	Please see our comments to question 4.11.	
4.14.	IFAC Code Translated SMO 4		
4.14.1.	<i>IFAC Translation Policy SMO 4</i> Was the IFAC Translation Policy followed?	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p> <p>3 <input type="radio"/> It was translated by a</p>	

Number	Question Title/Text/Help text	Answer	Comments
		government or regulatory body and the information is not available	
4.14.2.	<i>Principal Translator SMO 4</i> Who was the principal translator? Select the answer option that is the most appropriate.	<input type="radio"/> 1 Our organization is the principal translator <input checked="" type="radio"/> 2 The government or another organization is the principal translator <input type="radio"/> 3 Our organization and the government or another organization are the principal translators <input type="radio"/> 4 It was translated by a government or regulatory body and the information is not available	
4.14.3.	<i>Key Words SMO 4</i> Does the translation process include a list of key words including terms defined within the IFAC Code?	<input checked="" type="radio"/> 1 Yes <input type="radio"/> 2 No <input type="radio"/> 3 It was translated by a government or regulatory body and the information is not available	Responsibility of Wirtschaftsprüferkammer (WPK)
4.14.4.	<i>Faithful Translation SMO 4</i> What processes are in place to ensure a faithful translation of the IFAC Code? If it was translated by a government or	The translation has been carried out by practitioners, academics and others with exhaustive professional	

Number	Question Title/Text/Help text	Answer	Comments
	regulatory body and the information is not available, please state this in the response.	experience. A list of key words has been identified and maintained to ensure the key words are used and translated consistently. In addition, the translated standards and guidance include text, that the standard (guidance) has been translated from an IFAC standard (or guidance) by the translating body and the applicable translation date. The translation process has been coordinated with IFAC and has been approved by the signing of a Memorandum of Understanding.	
4.15.	<p><i>Activities to Promote IFAC Code of Ethics</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.</p>	<p>IDW has used its best endeavours to promote the IFAC Code of Ethics, in particular by:</p> <ul style="list-style-type: none"> - consulting members of the German Parliament (e.g. implementation of the framework approach used in the IFAC Code of Ethics in the German Commercial Code in the context of the so-called Accounting Reform Act in 2004) - consulting on technical issues with members of the European 	

Number	Question Title/Text/Help text	Answer	Comments
		<p>Parliament and members of relevant ministries during the legislative procedure of the Statutory Audit Directive (8th EU Directive) by supporting a framework approach</p> <p>- active contributions to the Ethics Working Party of our European body (FEE) (providing position papers); see FEE publication “EC Recommendation on Statutory Auditors’ Independence in the EU and Comparison with the Independence Section of the IFAC Code of Ethics for Professional Accountants”</p>	
5.	SMO 5		
5.1.	<p><i>Public Sector Accounting Standards - Objective</i></p> <p>Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p> <p>3 <input type="radio"/> Information is not available or not known</p>	
5.2.	IPSASs Convergence Follow Up		

Number	Question Title/Text/Help text	Answer	Comments
5.2.1.	<p><i>Public Sector Accounting Standards - Cash/Accrual</i></p> <p>Do the national public sector accounting standards require financial statements to be prepared on a cash basis or accrual basis?</p>	<p>1 <input checked="" type="radio"/> Cash</p> <p>2 <input type="radio"/> Accrual</p> <p>3 <input type="radio"/> Both cash and accrual are permitted</p>	
5.2.2.	<p><i>Convergence Plans Follow Up SMO 5</i></p> <p>Does the government have plans to converge national public sector accounting standards with IPSASs?</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p> <p>3 <input type="radio"/> Information is not available or not known</p>	
5.4.	<p><i>Activities to Promote IPSASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.</p>	<p>Although public sector accounting standards is not our scope the IDW promotes IPSASB pronouncements for example through the following activities:</p> <ul style="list-style-type: none"> - Invitation of the IPSASB in November 2003 to Germany in connection with a symposium of the IDW on public sector accounting - About 2 publications of 	

Number	Question Title/Text/Help text	Answer	Comments
		<p>professional articles about the work of the IPSASB in German language per year</p> <p>- Reference to new IPSASB pronouncements in the professional journal of the IDW IDW Fachnachrichten</p> <p>- Reference to IPSASB pronouncements in meetings with different institutions, e.g. ministries and courts of audit</p>	
6.	SMO 6		
6.1.	<p><i>Investigation and Discipline Program</i> In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
6.3.	Responsibility for Investigation and Discipline		
6.3.1.	<p><i>Body Responsible for Investigation and Discipline</i> Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards</p>	<p>1 <input type="radio"/> Yes, our organization has this responsibility</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.</p>	<p>2 <input checked="" type="radio"/> No, responsibility for investigation and discipline rests solely with an external body</p> <p>3 <input type="radio"/> Our organization shares responsibility for investigation and discipline with an external body</p> <p>4 <input type="radio"/> Other</p>	
6.3.2.	<p><i>Name of Body Responsible for Investigation and Discipline</i> Provide the name(s) of the external body responsible for investigation and discipline or the name of the body sharing this responsibility with the member body.</p>	<p>The disciplinary process of the WPK is reviewed by an Auditor Oversight Board (AOC) which is exclusively comprised of non-practitioners. The AOC has the ultimate responsibility for the disciplinary process, i.e. the AOC has the power to overrule the tribunal's decisions.</p> <p>In cases of (potential) major misconduct, i.e. criminal activity or acts likely to bring the accountancy profession into disrepute, the following state authorities are</p>	

Number	Question Title/Text/Help text	Answer	Comments
		responsible: Investigation: Generalstaatsanwaltschaft Berlin (State Attorney General) Discipline: Kammer für Wirtschaftsprüfersachen des Landgerichts Berlin (a special chamber of the Berlin District Court)	
6.4.	<i>Activities to Promote SMO 6</i> Please describe what activities your organization undertakes to promote obligations set in SMO 6, Investigation and Discipline.	It is the responsibility of the Wirtschaftsprüferkammer (WPK) to promote obligations set in SMO 6 Investigations and Discipline. In case of violation of professional duties the Wirtschaftsprüferkammer is entitled to sanction its members. See the response of the Wirtschaftsprüferkammer (WPK) for further details. IDW has always been supportive of an effective system of professional oversight and an adequate mechanism of sanctions.	

Number	Question Title/Text/Help text	Answer	Comments
7.	SMO 7		
7.1.	<p><i>Accounting Standards in Law/Regulation</i> Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>1 <input checked="" type="checkbox"/> Yes, for financial statements of listed entities</p> <p>2 <input checked="" type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input type="checkbox"/> No, for financial statements</p>	

Number	Question Title/Text/Help text	Answer	Comments
		of non-listed entities	
7.8.	Law/Reg and Accounting Standards		
7.8.1.	<i>Law/Reg Accounting Standards - Private Sector</i> Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?	<p>1 <input type="radio"/> The accounting standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input checked="" type="radio"/> The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.8.3.	<i>Accounting Standards for Listed</i> Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of listed entities? Select the answer option that is most appropriate.	<p>1 <input type="radio"/> The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2 <input checked="" type="radio"/> For listed entities, the law/regulation contains the full text of each IFRS</p> <p>3 <input type="radio"/> For listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4 <input type="radio"/> For listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p>	subject to adoption by EU; applied only to consolidated financial statements

Number	Question Title/Text/Help text	Answer	Comments
		5○ For listed entities, the law / regulation requires the use of national standards with no reference to IFRSs	
7.8.4.	<p><i>Accounting Standards for Non-Listed</i> Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of non-listed entities? Select the answer option that is most appropriate.</p>	<p>1○ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2○ For non-listed entities, the law/regulation contains the full text of each IFRS</p> <p>3○ For non-listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4○ For non-listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5⊙ For non-listed entities, the law / regulation requires the use of national standards with no reference to IFRSs</p>	<p>IFRS may only be applied to consolidated financial statements</p> <p>Non-listed entities that have applied for a listing are also required to use IFRS for their consolidated financial statements.</p>
7.8.7.	<i>National Accounting Standards - Non-Listed</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Provide the name of the national accounting standards for non-listed entities and other authoritative pronouncements established by law/regulation.	Handelsgesetzbuch - HGB German Commercial Code	
7.8.8.	<i>MB Responsibilities National Standards SMO 7</i> Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.	<input type="checkbox"/> Develop or assist in developing the proposed standards as law / regulation <input checked="" type="checkbox"/> Develop other authoritative pronouncements <input type="checkbox"/> Promulgate the accounting standards (e.g. by publishing or communicating the standards to the public) <input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
7.8.9.	<i>MB Responsibilities and IASB SMO 7</i> Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Develop other authoritative pronouncements <input type="checkbox"/> Promulgate the IFRSs established by law / regulation (e.g. by publishing or communicating the standards to the public) <input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
7.8.10.	<i>Authoritative Pronouncements and Law/Reg</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p><i>SMO 7</i> Please state the name of the other authoritative pronouncements and describe their purpose.</p>	<p>IDW Stellungnahmen zur Rechnungslegung (IDW Accounting Principles)</p> <p>IDW Rechnungslegungshinweise (IDW Accounting Practice Statements)</p>	
7.8.11.	<p><i>Describe Activities and Law/Reg SMO 7</i> Describe your organization's activities for promulgating and / or implementing the standards.</p>	<p>For detailed description see attachment Q7.8.11 (by separate mail)</p>	
7.8.13.	<p><i>National Standards and Convergence SMO 7</i> Please describe the activities your organization has undertaken to promote IFRSs and other IAASB pronouncements to the relevant government or regulatory body that sets national standards. Include in your explanation descriptions of any specific activities and the outcome.</p>	<p>For detailed description see attachment Q7.8.11 (by separate mail)</p>	
7.9.	Law/Reg and IASB Pronouncements		
7.9.1.	<p><i>Incorporation into Law/Reg SMO 7</i> Is information publicly available about IFRSs and other IASB pronouncements that have been established into law/regulation, including:</p>	<p>1 ☉ Yes</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>IFRSs and other IASB pronouncements that have been established into law / regulation; Whether the IFRS or IASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IFRS or IASB pronouncement; The differences between IFRSs and IASB pronouncements and what was established into law / regulation; and The reasons for the differences?</p>	2 <input type="radio"/> No	
7.9.2.	<p><i>Incorporation Description - Law/Reg SMO 7</i></p> <p>If the information about the status of IFRSs and other IASB pronouncements that have been established into law is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the SMO 7 Comparison with IASB Pronouncements.doc SMO 7: Comparison with IASB Pronouncements report and submit it in Word format to Compliance Staff.</p>	1 <input checked="" type="radio"/> Yes, information is available and in English and will be submitted to Compliance Staff	IDW Verlag: International Financial Reporting Standards (Die amtlichen EU-Texte Englisch-Deutsch 2005) IDW Textausgabe

Number	Question Title/Text/Help text	Answer	Comments
	Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.	<p>2○ No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p>3○ No, information is not available</p>	
7.10.	Translation SMO 7		
7.10.1.	<i>Translation of IFRSs</i> Are the IFRSs and other IASB pronouncements translated into national language?	<p>1○ No, as English is an official language or widely spoken language</p> <p>2⊙ Yes, the IFRSs are translated</p> <p>3○ No and English is not an official language or is not widely spoken</p>	
7.10.4.	<i>Translation coordinator SMO 7</i> Who is the translation coordinator? Select the answer option that is most appropriate.	<p>1○ Our organization is the translation coordinator</p> <p>2⊙ The government or another organization is the translation coordinator</p> <p>3○ Our organization and the</p>	

Number	Question Title/Text/Help text	Answer	Comments
		government or another organization are the translation coordinators	
7.10.5.	<i>Key Terms SMO 7</i> Does the translation process include a list of key terms?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	We are not responsible for the translation (translation by EU Commission)
7.10.6.	<i>Faithful Translation SMO 7</i> What processes are in place to ensure a faithful translation of the IFRSs?	We are not responsible for the translation (translation by EU Commission).	
7.11.	<i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.	For detailed description see attachment Q7.11 (by separate mail)	
8.	Certification of Chief Executive		
8.1.	<i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click Part 2 SMO Self Assessment Certification.doc here to download a copy of the Certification form.	1 <input checked="" type="checkbox"/> Yes, the Certification of Chief Executive has been submitted 2 <input type="checkbox"/>	

**Summary of IDW Standards Incorporating ISAs
Status: April 2006**

ISA	IDW AuS	Name of the Standard
200	IDW AuS 200	<i>IDW Auditing Standard: Objectives and General Principles for the Conduct of Audits of Financial Statements (IDW AuS 200) (Status: June 28, 2000)</i>
	IDW AuS 201	<i>IDW Auditing Standard: Accounting Principles and Auditing Standards for the Audit of Financial Statements (IDW AuS 201) (Status: November 17, 2000)</i>
		<i>Modification by the HFA [“Hauptfachausschuss”; Auditing and Accounting Board] (Status: November 17, 2000)</i>
210	IDW AuS 220	<i>IDW Auditing Standard: Engagement of Financial Statement Auditors (IDW AuS 220) (Status: July 2, 2001)</i>
220	VO 1/2006	<i>Statement of Position VO 1/2006: Requirements for Quality Control in the Wirtschaftsprüfer Practice (VO 1/2006) (Status: March 27, 2006)</i>
230	IDW AuS 460	<i>IDW Auditing Standard: The Auditor’s Working Papers (IDW AuS 460) (Status: June 28, 2000)</i>
240/250	IDW AuS 210	<i>IDW Auditing Standard: Detecting Irregularities in an Audit of Financial Statements (IDW AuS 210) (Status: May 8, 2003)</i>
	Draft IDW AuS 210 revised	<i>Draft Auditing Standard revised: Detecting Irregularities in an Audit of Financial Statements (Draft IDW AuS 210 rev.) (Status: December 8, 2005)</i>
260	IDW AuS 450	<i>IDW Auditing Standard: Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements (IDW AuS 450) (Status: September 29, 2003)</i>
		<i>Modification by the HFA (Status: December 8, 2005)</i>
	IDW AuS 470	<i>IDW Auditing Standard: Standards for the Auditor’s Oral Report to the Supervisory Board (IDW AuS 470) (Status: May 8, 2003)</i>
300	IDW AuS 240	<i>IDW Auditing Standard: Standards for Planning Audits of Financial Statements (IDW AuS 240) (Status: June 28, 2000)</i>

**Summary of IDW Standards Incorporating ISAs
Status: April 2006**

ISA	IDW AuS	Name of the Standard
		<i>Modification by the HFA (Status: December 8, 2005)</i>
315	IDW AuS 230	<i>IDW Auditing Standard: Knowledge of the Business Activities and the Economic and Legal Environment of the Enterprise to be Audited For a Financial Statement Audit (IDW AuS 230) (Status: June 28, 2000)</i>
		<i>Modification by the HFA (Status: December 08, 2005)</i>
	Draft IDW AuS 261	<i>Draft Auditing Standard: Identifying and Assessing the Risks of Material Misstatement and the Auditor's procedures in Response to Assessed Risks (Draft IDW AuS 261) (Status: December 8, 2005) – will substitute IDW AuS 260 -</i>
320	IDW AuS 250	<i>IDW Auditing Standard: Materiality in the Audit of Financial Statements (IDW AuS 250) (Status: May 8, 2003)</i>
330	Draft IDW AuS 261	<i>Draft Auditing Standard: Identifying and Assessing the Risks of Material Misstatement and the Auditor's procedures in Response to Assessed Risks (Draft IDW AuS 261) (Status: December 8, 2005) – will substitute IDW AuS 260 -</i>
402	IDW AuS 331	<i>IDW Auditing Standard: Audits of Entities Using Service Organizations for Accounting Functions (IDW AuS 331) (Status: July 1, 2003)</i>
500	IDW AuS 300	<i>IDW Auditing Standard: Audit Evidence in the Audit of Financial Statements (IDW AuS 300) (Status: July 2, 2001)</i>
	Draft IDW AuS 300 revised	<i>Draft IDW Auditing Standard revised: Audit Evidence in the Audit of Financial Statements (Draft IDW AuS 300 rev.) (Status: December 8, 2005)</i>
501	IDW AuS 300	<i>IDW Auditing Standard: Audit Evidence in the Audit of Financial Statements (IDW AuS 300) (Status: July 2, 2001)</i>
	IDW AuS 301	<i>IDW Auditing Standard: Inventory Audit (IDW AuS 301) (Status: May 8, 2003)</i>
505	IDW AuS 302	<i>IDW Auditing Standard: External Confirmations (IDW AuS 302) (Status: July 1, 2003)</i>

**Summary of IDW Standards Incorporating ISAs
Status: April 2006**

ISA	IDW AuS	Name of the Standard
510	IDW AuS 205	<i>IDW Auditing Standard: Audit of Opening Balance Sheet Values as Part of First-Time Audits (IDW AuS 205) (Status: November 17, 2000)</i>
520	IDW AuS 312	<i>IDW Auditing Standard: Analytical Audit Procedures (IDW AuS 312) (Status: July 2, 2001)</i>
530	HFA 1/1988	<i>Statement of Position HFA 1/1988: The Use of Sampling and other Selective Testing Audit Procedures in an Audit of Annual Financial Statements</i>
540	IDW AuS 314	<i>IDW Auditing Standard: The Audit of Estimates in Accounting (IDW AuS 314) (Status: July 2, 2001)</i>
545	IDW AuS 315	<i>IDW Auditing Standard: Auditing Fair Values (IDW AuS 315) (Status: December 8, 2005)</i>
550	IDW AuS 255	<i>IDW Auditing Standard: Related Party Relationships in Audits of Financial Statements (IDW AuS 255) (Status: July 1, 2003)</i>
560	IDW AuS 203	<i>IDW Auditing Standard: Events After the Balance Sheet Date (IDW AuS 203) (Status: July 7, 2001)</i>
570	IDW AuS 270	<i>IDW Auditing Standard: The Assessment of Going Concern in the Audit of Financial Statements (IDW AuS 270) (Status: May 8, 2003)</i>
580	IDW AuS 303	<i>IDW Auditing Standard: Management Representations to the Auditor (IDW AuS 303) (Status: May 6, 2002)</i>
600	IDW AuS 320	<i>IDW Auditing Standard: Using the Work of Another External Auditor (IDW AuS 320) (Stand: May 6, 2002)</i>
		<i>Modification by the HFA (Status: May 5, 2004)</i>
610	IDW AuS 321	<i>IDW Auditing Standard: Internal Auditing and Audits of Financial Statements (IDW AuS 321) (Status: May 6, 2002)</i>
620	IDW AuS 322	<i>IDW Auditing Standard: Using the Work of Experts (IDW AuS 322) (Status: May 6, 2002)</i>

**Summary of IDW Standards Incorporating ISAs
Status: April 2006**

ISA	IDW AuS	Name of the Standard
700/701	IDW AuS 400	<i>IDW Auditing Standard: Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements (IDW AuS 400) (Status: June 24, 1999)</i>
		<i>Modification by the HFA (Status: November 17, 2000)</i>
		<i>Modification by the HFA (Status: October 30, 2001)</i>
		<i>Modification by the HFA (Status: October 1, 2002)</i>
		<i>Modification by the HFA (Status: October 28, 2005)</i>
710	IDW AuS 318	<i>IDW Auditing Standard: Audit of Comparative Disclosures about Prior Years (IDW AuS 318) (Status: July 2, 2001)</i>
720	IDW AuS 202	<i>IDW Auditing Standard: The Assessment of Additional Information Published by Enterprises Together with the Annual Financial Statements (IDW AuS 202) (Status: November 17, 2000)</i>

Attachment Q3.6.4.2

IDW HFA 4/1996: Engagements for the preparation of financial statements by a third party (“preparation” involves more than a „compilation”, since it always involves drawing up the financial statements in accordance with a specific financial reporting framework, which may not be the case for compilations)

There are three types of preparation engagements:

- preparation without any assurance procedures
(preparation of the accompanying financial statements on the basis of the books and records and other information provided to the practitioner by the company; an assessment of the propriety of these documents and the disclosures of the Company is not the objective of such an engagement)
- preparation with analytical review procedures
(additional assessment of the plausibility of the accounting and the inventory of assets and liabilities; the practitioner provides negative assurance (*no matters have come to our attention that would impair the propriety of the financial statements*))
- preparation with additional audit procedures
(preparation of the accompanying financial statements on the basis of the books and the inventory of assets and liabilities provided to the practitioner by the company; practitioner performs audit procedures and provides positive assurance (*we have satisfied ourselves of the propriety of the underlying accounting and the inventory of assets and liabilities*) – this applies only when the practitioner has not been involved in preparing the inventory of assets and liabilities)

SMO 3: Comparison with IAASB Pronouncements

Objective

The purpose of this report is to understand how national auditing standards and related pronouncements compare with pronouncements issued by the International Auditing and Assurance Standards Board (IAASB). The comparison seeks to understand whether there are differences between national pronouncements and IAASB pronouncements and the reasons for these differences. These differences often exist because of conflicts between the IAASB pronouncement and requirements stipulated by national law or regulation. Other times differences exist because of timing differences between the national standard-setter's work program and the IAASB's work program.

The differences may be in the form of specific IAASB pronouncements or individual principles, procedures, or related guidance within an IAASB pronouncement that is not in the national auditing standard and related pronouncement. There may also be differences in the form of principles, procedures, or guidance in national auditing standards and related pronouncements that are not required or addressed by IAASB pronouncements. Information obtained about the differences will assist the Compliance Advisory Panel in understanding the special conditions, challenges, and impediments IFAC member bodies face within their standard-setting and regulatory framework and convergence with IAASB pronouncements.

This report includes a listing of IAASB pronouncements that have been issued or amended and are in effect as of **September 30, 2005**. These pronouncements include conforming amendments to recently issued ISAs including the Audit Risk ISAs issued in 2004 (effective for audits of financial statements for periods beginning on or after December 15, 2004). When completing the report, the full text of the IAASB pronouncement that is in effect should be referred to. IAASB's pronouncements are available, in Adobe Acrobat pdf format, freely on its website at www.ifac.org/iaasb.

Instructions to the SMO 3: Comparison with IAASB Pronouncements

Respondents are asked to provide the following information:

1. Provide the name and effective date of the national auditing standard and related pronouncement which address the IAASB pronouncement. Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or describe the special conditions, challenges, impediments or other reasons why it has not yet been addressed
2. Describe the principles, procedures or related guidance in national auditing standards and related pronouncements that are not required by the IAASB pronouncement. Include a brief description about the legal, regulatory, or other national practice giving rise to this difference.
3. Describe the IAASB principles, procedures or related guidance that has been omitted from or modified in the national auditing standards and related pronouncements in order to comply with national requirements and practices. Include a brief description about the legal, regulatory, or other national practice giving rise to this omission or modification.
4. Additional information may be provided in the Comment Box or by attaching additional pages.
5. To avoid duplication of effort, where this information is available in other formats, the information may be separately submitted to Compliance Staff.

SMO 3: Comparison with IAASB Pronouncements

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Glossary of Terms	There is no equivalent.	None	IAASB Glossary of Terms: Confirm whether terms defined in the IAASB Glossary have the same term and meaning in the national auditing standards and related pronouncements. Yes, to our knowledge there are no significant deviations, although this really concerns a translation issue.	Our priority is currently translation of the ISAs. Once this and the IAASBs Clarity Project have been completed we will be able to finalize our Glossary.
ISQC 1	International Standards on Quality Control (ISQC)	VO 1/2006 Statement of Requirements for quality control in the	To take account of German legal requirements and professional practice the following	According to ISQC 1.79 those inspecting engagements may not be involved in performing the	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	<p>Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.</p> <p>Systems in compliance with ISQC 1 are required to be established by June 15, 2005</p>	<p>WP Practice to be implemented by December 31, 2005 at the latest [note this replaces the former VO 1/1995].</p> <p>The Statement takes account of International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" (ISQC 1) and also International Standard on Auditing 220 "Quality</p>	<p>requirements deviate from the international Standards:</p> <p>The requirements of VO 1/2006 relating to general practice administration apply to all business operations in which a WP practice is active.</p> <p>Supplementary to ISQC 1 und ISA 220 (revised) VO 1/2006 specifically refers to appropriate overall planning in the WP practice to ensure that all engagements accepted can be fulfilled properly and in time.</p> <p>Supplementary to ISQC1 no. 112 et seq. of VO 1/2006 require that a special critical review (other than by the engagement partner) of the Ger-</p>	<p>engagement or the engagement quality control. In VO 1/2006 this requirement is fulfilled, except that where a WP Practice does not have appropriately qualified personnel a deviation from this principle is permitted. In this manner, in accordance with § 39 of the professional charter for WP/vBP [both forms of the German auditing profession] proprietors of small practices are permitted to perform the inspection in the form of a "self-assurance" review.</p> <p>VO 1/2006 refers to German professional standards instead of the IFAC Code of Ethics</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		Control for Audits of Historical Financial Information" (ISA 220).	man long-form audit report be carried out for all those engagements for which the professional seal is applied (Berichtskritik), unless in the WP's professional opinion this is not necessary. In comparison, according to ISQC 1 a critical review of the audit report forms part of the quality control procedures for the engagement carried out during completion phase only for the audit of listed entities and those engagements for which the practice determines (by setting policies and procedures) such review is appropriate.		

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	International Framework for Assurance Engagements (ISA Framework of International Standards on Auditing was withdrawn in December 2004)	None	None	None	Included in our work program.
	International Standards on Auditing (ISAs)				
ISA 200	Objective and General Principles Governing an Audit of Financial Statements	IDW AuS 200 Objectives and General Principles for the Conduct of Audits of Financial Statements June 28, 2000. IDW AuS 201 Accounting Principles	By taking German legal requirements into account, the following rules exceed the scope of ISA 200: <ul style="list-style-type: none"> In addition to issuing an auditor's report the auditor should also express in 	The principle of objectivity required by ISA 200. 4 (c) also applies in German professional standards. In these standards the principles of independence, impartiality, avoidance of an impairment of independence in appearance and due professional	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
		and Auditing Standards for the Audit of Financial Statements November 17, 2000	<p>the long-form audit report those conclusions prescribed by law. The assurance provided by the auditor for the assertions is therefore not limited to the financial statements taken as a whole.</p> <ul style="list-style-type: none"> • The audit assertions in the auditor’s report are not limited to the <i>true-and-fair-view</i>-requirement for the financial statements taken as a whole. In addition, compliance with individual legal accounting requirements should also be audited. • German professional stan- 	<p>care encompass objectivity. It therefore needs no separate mention.</p> <p>In order to take into account the legal situation in Germany, IDW AuS 200 deviates from ISA 200 to the extent that, pursuant to German legal requirements, an audit to determine whether the financial statements give a true and fair view of the net worth, financial position and results of operations in accordance with [German] principles of proper accounting is generally only applicable to corporations and other legal entities with equivalent accounting and audit obligations.</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			dards expressly mention the principle of an auditor's individual independent professional responsibility and emphasize its significance (compare also <i>IDW AuS 200</i> , No. 2 and 18).		
ISA 210	Terms of Audit Engagements	IDW AuS 220 Engagement of Financial Statement Auditors July 2, 2001	IDW AuS 220 explicitly states that the auditor should carefully examine whether professional obligations and the views of the profession, as well as compliance with statutory grounds for exclusion, allow the acceptance of an engagement. Reference is made to officers'	When the audit engagement contains extended audit obligations for dependent branches or divisions, these extensions should be included in the audit engagement letter. A separate audit engagement letter is not considered in Germany. Under German law an auditor may ordinarily not withdraw	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
			<p>obligations to provide information and submit [documents] to the auditor pursuant to § 320 HGB.</p> <p>In the absence of a written agreement the auditor should clarify whether an engagement has effectively occurred.</p> <p>Audit engagement letters are also required for the appointment as auditor for a recurring audit of the annual financial statements – where appropriate, with reference to previous letters.</p> <p>If the auditor of the parent company is also the auditor of subsidiaries, separate audit engagement letters are gener-</p>	<p>from a statutory audit engagement prior to completion.</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			ally required, since independent contractual relationships are created under German law.		
ISA 220 (Revised)	Quality Control for Audits of Historical Financial Information Effective for audits of historical financial information for periods commencing on or after June 15, 2005	VO 1/2006 see above ISQC 1	See above	See above	
ISA 230	Documentation	IDW AuS 460 The Auditor's Working Papers June 28, 2000	In recognition of German legal requirements for the long form audit report and the Risk Early Recognition System, the matters to be documented should, in addition to the	Since, in accordance with German law, the audit may be documented not only in the working papers but also in the long-form audit report, disclosures are not required in the working papers to	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			coverage provided in the auditor's report, also support the audit assertions that are only contained in the long-form audit report (e.g., relating to the Risk Early Recognition System).	the extent that they are already included in the long-form audit report.	
ISA 240	The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	IDW AuS 210 Detecting Irregularities in an Audit of Financial Statements May 8, 2003 (complies with the former version of ISA 240)	In accordance with German law, IDW AuS 210 also considers the management report pursuant to § 289 HGB and the group management report pursuant to § 315 HGB. This IDW AuS, taking account of requirements set forth in German law, includes reporting requirements relating to the long-form audit report pursuant to	In consideration of German law, IDW AuS 210 contains the reporting requirements for the long-form audit report pursuant to § 321 HGB. The ISAs do not provide for such long-form audit reports. For this reason ISA 240.58 has not been adopted.	New Draft AuS 210 issued December 8, 2005 complies with the requirements of ISA 240 (Revised) „The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements“ and ISA 250 „Consideration of Laws and Regulations in an Audit of

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			§[Article] 321 HGB. [Handelsgesetzbuch: German Commercial Code] which is not contemplated by the ISA. This IDW AuS also refers to the auditor's consideration of the management report pursuant to § 289 HGB and the group management report pursuant to § 315 HGB.		Financial Statements". Until the Clarity Project is completed and the EU adopts the ISAs the important guidance is incorporated. No analysis of unimportant guidance not incorporated is available.
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements	IDW AuS 210 Detecting Irregularities in an Audit of Financial Statements May 8, 2003	See above	See above	When the new Draft IDW AuS 210 becomes final, these requirements will need to be published in a separate IDW Standard.

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
ISA 260	<p>Communications of Audit Matters With Those Charged With Governance</p> <p>Effective for audits of financial statements for periods ending on or after December 31, 2000</p>	<p>IDW AuS 450 Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements December 8, 2005</p> <p>IDW AuS 470 Communications of Audit Matters with Those Charged with Governance May 8, 2003</p>	<p>In comparison to ISA 260 the <i>IDW Auditing Standards</i> include supplementary rules relating to the form and content of the reporting. Whilst ISA 260.15 allows a choice to opt between written and oral reporting in the auditor’s communications with those charged with governance the national [German] law – referred to in ISA 260.21 – provides for both the long-form audit report and also the oral reporting during the supervisory board’s meeting to approve the financial statements as compulsory instruments of the reporting function.</p>	<p>In consideration of German legal requirements for auditing and professional practice, the following requirements deviate from ISA 260:</p> <p>In ISA 260.7 the auditor’s right to decide to communicate with the audit committee, or with the whole board is, contrarily, set forth in German law §171 AktG in conjunction with §107 (3) AktG – inspection of the accounting as an unconditional task of the supervisory board.</p> <p>The possibility, in accordance with ISA 260.17, whereby the auditor may allow the reporting function to the supervisory board</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
				to be carried out by the management of the audited enterprise, is not admissible under German law, because the law predetermines the addressees of the reporting.	
ISA 300	Planning an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	IDW AuS 240 Standards for Planning Audits of Financial Statements December 8, 2005	None	None	
ISA 315	Understanding the Entity and Its Environment and As-	IDW AuS 230 Knowledge of the Business Activities			New Draft IDW AuS 261 December 8, 2005 implements

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	<p>Assessing the Risks of Material Misstatement</p> <p>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge of the Business was withdrawn in December 2004)</p>	<p>and the Economic and Legal Environment of the Enterprise to be Audited For a Financial Statement Audit December 8, 2005</p> <p>In conjunction with IDW Draft AuS 261 (see comment box)</p>			<p>the requirements of International Standard on Auditing (ISA) 315 „Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement“ and ISA 330 „The Auditor’s Procedures in Response to Assessed Risks“. The draft IDW AuS contains the following supplementary requirement, deriving from the German legal environment:</p>

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
					The bookkeeping system and risk early recognition system are referred to as part of the internal control relevant to the audit, since pursuant to § 317 HGB there is a requirement to audit the bookkeeping and the risk early recognition system together with corresponding reporting requirements relating to the auditor's report and the long-form audit report.
ISA 320	Audit Materiality	IDW AuS 250	IDW AuS 250 requires that the		

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		Materiality in the Audit of Financial Statements May 8, 2003	auditor make a statement with respect to each audit assertion as to whether certain uncorrected misstatements due to fraud and error (e.g., frauds in the bookkeeping) that have been identified during the audit are material. However, ISA 320.12 requires only that the auditor make an assessment as to whether the uncorrected misstatements that have been identified during the audit are material to the fair presentation of the financial statements.		
ISA 330	The Auditor's Procedures in Response to Assessed Risks	New Draft IDW AuS 261 December 8, 2005 implements the requirements of International Stan-			

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer Information Systems Environment were withdrawn in December 2004)	dard on Auditing (ISA) 315 „Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement“ and ISA 330 „The Auditor’s Procedures in Response to Assessed Risks“ (see above). [Note IDW AuS 260 and IDW AuS 330 complied with ISA 400 and ISA 401]			
ISA 402	Audit Considerations Relating to Entities Using Service Organizations	IDW AuS 331 Audits of Entities Using Service Organizations for Accounting Functions July 1, 2003	Supplementary to ISA 402 <i>IDW Auditing Standard 331</i> provides that specific documentation requirements must be fulfilled in the auditor’s		

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
			long-form audit report.		
ISA 500	Audit Evidence Effective for audits of financial statements for periods beginning on or after December 15, 2004	IDW AuS 300 Audit Evidence in the Audit of Financial Statements July 2, 2001	This <i>IDW Auditing Standard</i> generally complies with the International Standard on Auditing (ISA) 500, “Audit Evidence”. In consideration of German legal requirements for an audit of financial statements, this <i>IDW Auditing Standard</i> goes beyond ISA 500 on following issues: The audit of the propriety [compliance with legal requirements] of the bookkeeping system has been explicitly addressed as being subject to the systems audit [assessment of control risk]. The audit assertions to be made by the auditor also include – in addition to the audi-	ISA 501.41 has not been implemented, since it relates to a mere valuation requirement rather than the determination of audit requirements. This <i>IDW Auditing Standard</i> also encompasses the International Standard on Auditing (ISA) 501, “Audit Evidence: Additional Considerations for Specific Items”, with the exception of the requirements relating to the audit of inventory values and third-party confirmations.	New draft IDW AuS 300 was issued December 8, 2005 in order to incorporate the requirements of ISA 500 revised. The assessment of the appropriateness of the design of the internal control relevant to the accounting and of its effectiveness is extended, for audits pursuant to § 317 HGB, to whether the accounting, as part of the internal control complies with the legal requirements.

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			tor’s report, those to be made in the long-form audit report pursuant to § 321 HGB.		
ISA 501	Audit Evidence — Additional Considerations for Specific Items	IDW AuS 301 Inventory Audit May 8, 2003 IDW AuS 300	See above re previous IDW AuS 300. In comparison with ISA 501, this <i>IDW Auditing Standard</i> contains the following supplementary provisions: Special aspects of the audit of the inventory procedures set out in the German Commercial Code are discussed in detail. The aspect of the completeness of the inventory disclosed in the financial statements is emphasized as part of the au-	This <i>IDW Auditing Standard</i> conforms to International Standard on Auditing (ISA) 501: “Audit Evidence – Additional Considerations for Specific Items, Part A”. There are no material differences. Parts B-E are not included.	

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			dit. Requirements for the documentation of the inventory count are formulated.		
ISA 505	External Confirmations Effective for audits of financial statements for periods ending on or after December 31, 2001	IDW AuS 302 External Confirmations July 1, 2003	The scope of this Standard exceeds this ISA in the following respects: The different types of confirmation request are discussed in detail (No. 25 et seq.). This Standard formulates the auditor's duty to obtain, without exception, confirmations from banks (No. 29). It is provided that generally lawyers' confirmations are to be obtained (No. 32).		

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ISA 510	Initial Engagements—Opening Balances	IDW AuS 205 Audit of Opening Balance Sheet Values as Part of First-Time Audits November 17, 2000	No. 15 of this <i>IDW Auditing Standard</i> includes additional guidance on first-time audits of newly-formed enterprises. In addition to those first-time audits addressed in ISA 510 this <i>IDW Auditing Standard</i> also explicitly addresses first-time audits of enterprises that prepare annual financial statements or consolidated financial statements for the first time. Consequently, in defining opening balance sheet values this <i>IDW Auditing Standard</i> goes beyond the definition [of opening balances] in ISA 510.3 No. 18 of this <i>IDW Auditing Standard</i> contemplates additional reporting requirements	This <i>IDW Auditing Standard</i> generally complies with ISA 510 to the extent that no deviation is required due to national legal requirements in Germany, but deviates from ISA 510 for the following reasons to reflect German legal circumstances: In connection with the correct carry forward of closing balances of the previous business year’s balance sheet, reference is made to the principle of Bilanzidentität. ISA 510.3 only points out that the opening balance sheet values should be based on the closing balance sheet of the previous year. Unincorporated companies that are only required to account pursuant to first section of the third	

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			for the legally required long-form audit report.	book of the HGB are not required to disclose changes in valuation policies. The examples for wording the auditor's report as set forth in ISA 510.11 have not been reproduced. Instead, reference is made to <i>IDW AuS 400</i> .	
ISA 520	Analytical Procedures	IDW AuS 312 Analytical Audit Procedures July 2, 2001	In contrast to ISA 520, this <i>IDW Auditing Standard</i> defines audit planning, audit conduct as well as the final overall review as areas for the compulsory application of analytical audit procedures. Furthermore, it emphasizes the significance of analytical audit procedures in view of audit efficiency.		
ISA 530	Audit Sampling and Other Selective	HFA 1/1988			This standard is supposed to include

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	Testing Procedures Effective for audits of financial statements for periods ending on or after July 1, 1999				more requirements and guidance than in the ISA, but ISA compliance has not been analyzed in detail.
ISA 540	Audit of Accounting Estimates	IDW AuS 314 The Audit of Estimated Values in the Accounting July 2, 2001	This <i>IDW Auditing Standard</i> complies with ISA 540, with the following exception in consideration of German legal requirements for the management report: in contrast to ISA 540.1, the scope of application of this <i>IDW Auditing Standard</i> also extends to the audit of the management report to the extent that the <i>IDW AuS 350</i> does not contain special features.		

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ISA 545	Auditing Fair Value Measurements and Disclosures Effective for audits of financial statements for periods ending on or after December 31, 2003	IDW AuS 315 Auditing Fair Values, December 8, 2005	In consideration of the legal situation in Germany, this <i>IDW Auditing Standard</i> deals with the audit of fair values in the financial statements and the audit of fair value disclosures in the management report, which must be audited as part of the audit of annual financial statements in accordance with § 317 (2) HGB.		
ISA 550	Related Parties	IDW AuS 255 Related Party Relationships in Audits of Financial Statements July 1, 2003	In consideration of German legal regulations, this <i>IDW Auditing Standard</i> contains provisions in addition to those of ISA 550 which: <ul style="list-style-type: none"> a) define the reporting consequences of failure to obtain sufficient appropriate audit evidence or of scope limi- 		

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			<p>tations with regard to related party relationships and transactions for the long-form audit report;</p> <p>b) refer to requirements concerning the preparation and audit of the report on relationships with affiliated companies pursuant to §§ [Articles] 312 et seq. AktG.</p>		
ISA 560	Subsequent Events	IDW AuS 203 Events After the Balance Sheet Date July 2, 2001	<p>In consideration of German auditing requirements and professional practice, the following provisions go beyond ISA 560:</p> <p>No. 18 also addresses cases in which a considerable time period has elapsed between the date of the auditor's report</p>	<p>In consideration of German legal requirements for financial statement audits and professional practice, the following provisions depart from ISA 560:</p> <p>Contrary to ISA 560.6, the obligation of the auditor of the consolidated financial statements to assess whether the results of</p>	<p><u>Note only:</u> The provisions in ISA 560.15 and ISA 560.16 on the auditor's report were not included in this <i>IDW AuS 203</i> because they have already been implemented in <i>IDW AuS 400</i>.</p>

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			<p>and its release.</p> <p>No. 20 addresses management's responsibility when revising misstated financial statements that had already been audited.</p>	<p>other auditors' procedures in connection with events after the balance sheet date can be used is confined to results of auditors of subsidiaries because the principles of [German] commercial law do not contemplate independent audits of branches.</p> <p>In the absence of a management obligation to provide information subsequent to the engagement, the distinction contained in ISA 560.8 et seq. and ISA 560.13 et seq. whether events after the issuance of the auditor's report occurred before or after the audited financial statements have been published has not been adopted.</p> <p>Contrary to ISA 560.12, the fun-</p>	

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				<p>damental requirement to revoke [the auditor's report] also applies to those cases in which the enterprise has not yet submitted the auditor's report to third parties, whereby the distinction made in ISA 560.12 is not applicable. Pursuant to the requirements of [German] commercial law, the enterprise is not obliged to report in the annual financial statements the reasons for an amendment thereof. Hence, the corresponding requirements in ISA 560.16 have not been implemented.</p> <p>ISA 560.19, according to which more extensive obligations to consider events after the balance sheet date may exist when securities are issued due to legal</p>	

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				and other requirements, does not conform with German regulations for the financial statement audit. Consequently, an implementation of ISA 560.19 was eschewed.	
ISA 570	Going Concern Effective for audits of financial statements for periods ending on or after December 31, 2000	IDW AuS 270 The Assessment of Going Concern in the Audit of Financial Statements May 8, 2003	Compared with ISA 570 this <i>IDW Auditing Standard</i> contains additional provisions for the audit of the management report, the risk early recognition system and the long-form audit report resulting from the German legal basis.	Beyond the provisions of ISA 570, this <i>IDW Auditing Standard</i> also clarifies that the principle of considering only the circumstances at balance sheet date [“Stichtagsprinzip”] does not apply in the evaluation of the use of the going concern assumption, i.e. no distinction is made between subsequent events providing further evidence of conditions at period end and events that are indicative of conditions	

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				that arose after balance sheet date.	
ISA 580	Management Representations	IDW AuS 303 Management Representations to the Auditor May 6, 2002	<p>This <i>IDW Auditing Standard</i> exceeds the requirements of ISA 580 in that it stipulates that it is the auditor's duty to obtain a management representation letter, whereas under ISA 580.12 this is merely an option.</p> <p>Under ISA 580.15, the refusal of management to make a representation that is considered by the auditor to be necessary for the audit opinion constitutes a limitation of scope, which results in a qualified opinion. Above and beyond</p>		

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			ISA 580.15, this <i>IDW Auditing Standard</i> stipulates that refusals to provide information must always be referred to in the legally required long-form audit report, irrespective of the possible effects on the auditor's report.		
ISA 600	Using the Work of Another Auditor	IDW AuS 320 Using the Work of Another External Auditor May 5, 2004	In comparison with ISA 600 this <i>IDW Auditing Standard</i> contains the following supplementary provisions: Above and beyond ISA 600.7 reference is made to the European and German legal regulations for the consideration of the professional competence and qualifications of the other external auditor, and	Deviating from ISA 600.7 this <i>IDW Auditing Standard</i> does not provide for the principal auditor to obtain information about the professional qualifications and competence of another external auditor by contacting other auditors, banks or other groups which have such information. Deviating from ISA 600.9 this	

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			<p>independence, conscientiousness, impartiality, objectivity and independent professional responsibility are stated as the standards applicable to the principal auditor.</p> <p>Above and beyond ISA 600.10 this IDW Auditing Standards provides that the principal auditor should review the long-form audit report (where available) when considering the quality of work of another external auditor.</p> <p>Above and beyond ISA 600.11 this IDW Auditing Standard states that a limitation of the required audit procedures for the assessment of the quality of work of another external auditor may be justified when</p>	<p><i>IDW Auditing Standard</i> does not require the principal auditor to obtain written representation from the other external auditor as to compliance with the independence requirements and the accounting, auditing and reporting requirements if an auditor's report has been issued on the audit performed by the other external auditor, as the auditor's report already expresses compliance with such requirements.</p> <p>This <i>IDW Auditing Standard</i> gives concrete expression to the provision set out in ISA 600.18 by virtue of which the principal auditor, where authorized to do so by law, may base his audit opinion on the financial state-</p>	

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			the practice organization of the other external auditor is subject to a regular external quality control review and this is confirmed by a certificate.	ments of components solely upon the work of another external auditor (division of responsibility) in respect of the comparable case in Germany in which full reliance is placed on another external auditor's work pursuant to § 317 (3), s. 2 or 3 HGB. Due to the uniform legal provisions on the liability, qualifications and independence of the principal auditor this IDW Auditing Standard does not provide for a reference to the reliance on the work of another external auditor in the auditor's report as does ISA 600.18.	
ISA 610	Considering the Work of Internal	IDW AuS 321 Internal Auditing and Au-	The requirements of this Stan-		

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	Auditing	dits of Financial Statements May 6, 2002	<p>dard exceed ISA 610 in the following respects:</p> <p>The influence of Internal Auditing on the control risk and therefore on the audit risk is discussed in addition to the selective use of work of Internal Auditing as set forth in the ISA (see ISA 400.19 et seq.).</p> <p>While the use of Internal Auditing staff by the external auditor is not explicitly dealt with in the ISA (ISA 610.1), this <i>IDW Auditing Standard</i> incorporates the provisions of <i>Statement of Position HFA 2/1966</i>, No. 1 (Internal Auditing staff may not be part of the external auditor's audit</p>		

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			<p>team).</p> <p>Furthermore, ISA 610 does not contain the stipulations in this <i>IDW Auditing Standard</i> concerning the fundamental impermissibility of the performance of all internal auditing functions by the external auditor.</p>		
ISA 620	Using the Work of an Expert	IDW AuS 322 Using the Work of Experts May 6, 2002	<p>In comparison with ISA 620 this <i>IDW Auditing Standard</i> contains the following supplementary provisions:</p> <p>Beyond ISA 620.6 reference is made in this <i>IDW Auditing Standard</i> to the fact that the auditor may need to obtain the opinions of other experts when assessing the measures taken by the entity to establish a risk</p>	<p>This IDW Auditing Standard complies with International Standard on Auditing (ISA) 620 “Using the Work of an Expert” except where national legislation or professional practice requires the following departure:</p> <p>In contrast to ISA 620.17, which allows the auditor, in explaining the nature of the qualification or disclaimer of the auditor’s report, to refer to or describe the</p>	

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			<p>early recognition system.</p> <p>Above and beyond ISA 620.14 this <i>IDW Auditing Standard</i> states that it may be appropriate for the auditor, when using estimates by an expert, to compare estimates determined by the expert for prior business years with the actual results of the respective business year in order to obtain an indication of the appropriateness and reliability of the estimates.</p> <p>Above and beyond ISA 620 this <i>IDW Auditing Standard</i> includes provisions for reporting in the long-form audit report and working papers on the selective use of work of experts that is significant for</p>	<p>work of the expert (including the identity of the expert and the extent of the expert's involvement), a reference to the work of an expert used by the auditor is not permitted under German law due to the undivided responsibility of the auditor under § 323 HGB.</p>	

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			the auditor’s opinion.		
ISA 700	The Auditor’s Report on Financial Statements Effective for audits of financial statements for periods ending on or after September 30, 2002	IDW AuS 400 Generally Accepted Standards for the Issuance of Auditors’ Reports for the Audits of Financial Statements October 28, 2005	This <i>IDW Auditing Standard</i> generally complies with the International Standard on Auditing (ISA 700) “The Auditor’s Report on Financial Statements” and requirements that arise from other ISA. The <i>IDW Auditing Standard</i> deviates from the following provisions of ISA 700 to take the German legal environment into account: Legal requirements beyond ISA 700 for the auditor’s report pursuant to § 322 (3) and (6) HGB were incorporated	A reference on the use of the work of another auditor pursuant to ISA 600.18 was deemed not to be appropriate in No. 34 because in accordance with German law the overall responsibility for the audit of the annual financial statements remains with the auditor. The equivalent applies for the consolidated financial statements, for which German law has a special provision. (compare No. 93). The effects of incorrect information which does not form a part of the audited financial	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			<p>into the <i>IDW Auditing Standard</i>.</p> <p>Because the German auditor's report contains a legally required supplementary opinion on propriety, the reasons for a qualified or non-affirmative auditor's report in this connection are presented within the framework of the separate paragraph for the audit opinion and not in a paragraph before the audit opinion.</p> <p>Pursuant to the standards, that had been introduced by German professional practice, for</p>	<p>statements but is published with them is not regulated by this <i>IDW Auditing Standard</i>. Materially incorrect information is to be discussed in the long-form audit report pursuant to § 321 (1) HGB within the context of the duty to report. Reference is made to <i>IDW AuS 350</i>, No. 5 and the <i>IDW Prüfungsstandard: Die Beurteilung von zusätzlichen Informationen, die von Unternehmen zusammen mit dem Jahresabschluss veröffentlicht werden (IDW AuS 202)</i>³ [<i>IDW Auditing Standard: The Assessment of Additional Information Published by Enterprises To-</i></p>	

³ Periodical „Die Wirtschaftsprüfung“ 2001, p. 121 et seq.

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
			<p>the issuance of auditors’ reports for the audits of financial statements, the following provisions go beyond the requirements of ISA 700 and other ISA:</p> <p>The issuance of auditors’ reports by auditors subject to conditions is not regulated by ISA 700.</p> <p>The wording of an auditor’s report on annual financial statements for unincorporated enterprises, that are not obliged to give a true and fair view of their net assets, financial position and results of operations in accordance with [German] legal requirements</p>	<p><i>gether with the Annual Financial Statements (IDW AuS 202)]</i> for further measures to be adopted by the auditor.</p> <p>In contrast to ISA 560. 15, the auditor’s report pursuant to the HGB does not become ineffective in the event of a supplementary audit and should not be reissued. It should be only supplemented to the extent required by the change.</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			<p>and [German] principles of proper accounting, is also stipulated.</p> <p>The <i>IDW Auditing Standard</i> contains provisions for auditors' reports on the audit of the consolidated accounting, which is not explicitly provided for in ISA 700.</p> <p>The auditor's report relating to supplementary audits and the revocation of the auditor's report are, as required by German professional practice, more clearly defined and regulated than in ISA 560.</p> <p>In contrast to ISA 700.41 the auditor may never accept restrictive terms of engagement</p>		

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
			for the audit of the annual financial statements.		
ISA 710	Comparatives Effective for reports issued or reissued on or after July 1, 1997	IDW AuS 318 Audit of Comparative Disclosures About Prior Years July 2, 2001	This <i>IDW Auditing Standard</i> basically complies with ISA 710, unless a departure is required to take legal circumstances in Germany into account. The <i>IDW Auditing Standard</i> deviates from the requirements in ISA 710 for the following reasons: To explain certain special relationships this <i>IDW Auditing Standard</i> goes beyond ISA 710.3b by contemplating that prior years' annual financial statements may, in rare circumstances, also form part of the notes to the financial statements or of the management report.	This <i>IDW Auditing Standard</i> implements solely the <i>corresponding figures</i> alternative of the International Standard on Auditing (ISA) 710, "Comparatives". The alternative <i>comparative financial statements</i> has not been implemented, since it is inconsistent with German principles of proper accounting (<i>IDW AuS 201</i> , No. 5 et seq.). The <i>comparative financial statements</i> approach as contemplated by the ISA is not permitted in Germany except for possible departures therefrom for consolidated financial statements prepared pursuant to § 292a HGB. ISA 710.3 allows the	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
				<p>selection of one of the alternatives commensurate with the requirements of national accounting principles.</p> <p>This <i>IDW Auditing Standard</i> basically complies with ISA 710, unless a departure is required to take legal circumstances in Germany into account. Departures are required as follows:</p> <p>The term "prior years' disclosures" applied in this IDW AuS restricts the definition of prior years' figures to those required by law. Accordingly, the "other disclosures" in ISA 710.3a and b are merged and termed prior years' disclosures. Despite the continuing existence of the reason for the qualification or non-affirmative</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
				<p>opinion in the previous year's auditor's report, for example, after an applicable current amendment, ISA 710.12b notwithstanding, the auditor's report for the current period should not be qualified with respect to deficient previous year's amounts provided this is described appropriately.</p> <p>The auditor's statutory audit obligations and responsibility extend to prior year's figures, so in an initial audit engagement, notwithstanding the ISA, no reference is made to either using another auditor's audit results or to the prior year's financial statements being unaudited in the auditor's report. In the former ISA 710.17 allows the</p>	

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				<p>auditor to make reference to other auditor's work, subject to local regulations, and in the latter, ISA 710.18 requires the auditor to make such reference. Notwithstanding ISA 710.24 the auditor may issue only an attestation report – not an auditor's report – for the audit of certain prior years' annual financial statements.</p> <p>Certain departures from ISA 710 are based on the Bilanzidentität [the accounting principle that the values recognized in the opening balance sheet of the business year must correspond to those of the closing balance sheet of the preceding business year] (§ 252 (1) No. 1 HGB):</p>	

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				<p>Since the audit of the prior year's figures is already a subject of the financial statement audit pursuant to § 265 (2) HGB, it was not necessary to implement ISA 710.9.</p> <p>ISA 710.16 contemplates a reference in the audit opinion if the prior year's financial statements have been found to be inaccurate, and only the prior year's figures in the financial statements being audited will be properly adjusted and this has been indicated and explained in the notes to the financial statements without amending the prior year's annual financial statements. This is not appropriate in Germany due to the duty to disclose under § 265 (2) s. 3</p>	

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				HGB. The example appendices to ISA 710 have not been implemented due to their lack of practical significance.	
ISA 720	Other Information in Documents Containing Audited Financial Statements	IDW AuS 202 The Assessment of Additional Information Published by Enterprises Together with the Annual Financial Statements November 17, 2000	This <i>IDW Auditing Standard</i> contains the following supplementary requirements: In addition to the annual financial statements, the scope of this <i>IDW Auditing Standard</i> also encompasses the management report, which, pursuant to § 317 (2) HGB, should be audited as part of the audit of the annual financial statements, as a means of comparison with the additional information. The situation is also addressed	This <i>IDW Auditing Standard</i> deviates from the following requirements of ISA 720 to take the German legal environment into account: Material inconsistencies which do not require any change to the annual financial statements or management report do not lead to any consequence for the auditors' report (ISA 720, No. 13), whereas the ISA leaves this to the judgment of the auditor (emphasis of matter). In these circumstances, German law may,	

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			in which material inconsistencies may indicate the existence of audit scope restrictions (compare No. 16).	however, require reporting [of the inconsistencies] in the long-form audit report. A withdrawal from the audit engagement as also contemplated by ISA 720, No. 13, is ordinarily possible only for voluntary audits, since the auditor’s ability to withdraw from statutory audits is limited (§ 318 (6) HGB).	
ISA 800	The Auditor’s Report on Special Purpose Audit Engagements				We are awaiting the clarified version.
	International Auditing Practice Statements (IAPSs)				General note (but see under individual IAPS): Once we have completed translation of all the “clarified”

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
					ISAs we will be in a position to deal with the IAPSs.
IAPS 1000	Inter-Bank Confirmation Procedures				
IAPS 1004	The Relationship Between Bank Supervisors and Banks' External Auditors				
IAPS 1005	The Special Considerations in the Audit of Small Entities				
IAPS 1006	Audits of the Financial Statements of Banks				
IAPS 1010	The Consideration of Environmental Matters in the Audit of Financial Statements				

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IAPS 1012	Auditing Derivative Financial Instruments				
IAPS 1013	Electronic Commerce—Effect on the Audit of Financial Statements				
IAPS 1014	Reporting by Auditors on Compliance With International Financial Reporting Standards Approved in March 2003 for publication on June 1, 2003	Integrated into IDW AuS 400 (see above)			
	International Standards on Review Engagements (ISREs)				
ISRE 2400	Engagements to Re-	Integrated into IDW			

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	view Financial Statements (Previously ISA 910)	AuS 900 (see above)			
	International Standards on Assurance Engagements (ISAEs)				
ISAE 3000	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information Effective for assurance reports dated on or after January 1, 2005				Currently on our work program.
ISAE 3400	The Examination of Prospective Financial Information (Previously ISA 810)				Currently on our work program.

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	International Standards on Related Services (ISRSs)				
ISRS 4400	Engagements to Perform Agreed-upon Procedures Regarding Financial Information (Previously ISA 920)				Currently on our work program.
ISRS 4410	Engagements to Compile Financial Information (Previously ISA 930)	HFA 4/1996			This includes some requirements and guidance found in ISRS 4410, but ISRS 4410 compliance has not been analyzed in detail.

IAASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IAASB pronouncements have been issued but are not in effect as of September 30, 2005.

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 230 (Revised)	Audit Documentation Effective for audits of historical financial information for periods beginning on or after June 15, 2006				Currently on our work program.
ISA 700 (Revised)	The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements Effective for auditors’ reports’ dated on or after December 31, 2006				Currently on our work program.
ISA 701	Modifications to the Independent Auditor’s Report				Currently being drafted due to become Draft IDW AuS 480.

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Effective for auditors’ reports’ dated on or after December 31, 2006				
ISRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity Effective for engagements to review the interim financial information of an audit client for periods beginning on or after December 15, 2006				
ISA 200 (Amended)	ISA 200 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial				Currently on our work program.

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	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Statements for Periods Beginning On or After December 15, 2005				
ISA 210 (Amended)	ISA 210 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005				Currently on our work program.
ISA 560 (Amended)	Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) - Effective for Auditor’s Reports Dated On or After December 31, 2006				Currently on our work program.
ISA 800 (Amended)	Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)—Effective for Auditor’s Reports Dated On or After December 31, 2006				

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IAASB Pronouncements that Have Been Withdrawn

The following IAASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
IAPS 1001	IT Environments—Stand-alone Personal Computers – Withdrawn December 2004				See general comment above
IAPS 1002	IT Environments—On-line Computer Systems – Withdrawn December 2004				See general comment above
IAPS 1003	IT Environments—Database Systems – Withdrawn December 2004				See general comment above
IAPS 1007	Communications With Management—Withdrawn				See general comment above
IAPS	Risk Assessments and				See general com-

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	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
1008	Internal Control— CIS Characteristics and Considerations – Withdrawn December 2004				ment above
IAPS 1009	Computer-assisted Audit Techniques – Withdrawn December 2004				See general comment above
IAPS 1011	Implications for Management and Auditors of the Year 2000 Issue—Withdrawn				See general comment above

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IDW activities to promote the use of IAASB Pronouncements

The IDW has been incorporating the ISAs into German auditing standards since 1998 such that each ISA is reflected in a corresponding German standard covering the same issues. The IDW supports the adoption of ISAs for all statutory audits of financial statements within the EU and is actively involved in translating those standards in accordance with IFAC translation policies. When ISAs are adopted in the EU by means described in the 8th European Directive, Germany will replace its incorporation of ISAs in its auditing standards with translations of the ISAs.

IDW has been actively involved in FEE activities to promote harmonization of auditing standards in Europe. For example: in 2001 FEE, which represents the European auditing profession, proposed that from 2005 all European auditors should carry out and report on statutory audits in full compliance with ISAs (FEE Position Paper “Proposal on International Standards on Auditing in the EU”, November 2001). FEE developed this discussion paper to provide a practical vision for the future of auditing standards in Europe.

In 1997 IDW had published a comparison of German auditing standards with ISAs. It concluded that the national auditing requirements at that time complied with ISAs in all material respects, except for isolated cases in which legal requirements impede compliance with the ISAs. Nevertheless, the IDW decided to change the nature of its auditing pronouncements as of 1998 to facilitate convergence by aligning German auditing requirements to the structure and degree of detail in the ISAs.

The IDW is a member of FEE and as such has been heavily involved in helping to define the European profession's views on IAASB pronouncements. The IDW participated in a FEE project examining the compliance of national auditing standards in the individual European member states with the basic principles and essential procedures in the ISAs. The results were published in a report “Setting the Standards – Statutory Audit in Europe” in June 1998. The study concluded: *“Through the continuing process of setting and amending national standards, FEE member bodies are successfully achieving a convergence of audit approach in Europe. The pro-active co-operation achieved between the professional bodies on a self-regulatory basis provides confidence of a common audit approach, a confidence which is fundamental to the provision of reliable financial data in today's international market place.”*

Furthermore, IDW was primary author of:

- the FEE Survey “The Auditor's Report in Europe” in 2000

This publication summarises an in-depth study comparing to ISA 700 the structure and detailed content of the national auditors' reports across Europe. It further includes an overview of national standard setting for auditors' reports, and examples of unmodified auditors' reports by country. The survey demonstrates that the European professional accounting organisations had by then, in all material respects, incorporated ISA 700 into their respective

national standards. Remaining differences in audit reporting result mostly from differences in the legal role and responsibilities of the auditor from country to country. Further convergence of audit reporting would seem to require amendment to company law in various EU jurisdictions.

- the FEE Issues Paper “Principles of Assurance: Fundamental Theoretical Issues with Respect to Assurance in Assurance Engagements” published in April 2003

The publication addresses theoretical issues concerning the concept of assurance. FEE expected it to have real implications concerning the scope of the profession’s involvement with information other than historical financial statements, e.g. sustainability reporting, and forward-looking disclosures, but would also aid a conceptual underpinning for audits of financial statements. Such fundamental analysis would help provide potential solutions to practical auditing and assurance issues. It concluded that there is a need to develop and agree a principles-based conceptual framework for assurance engagements that will serve as a foundation for future standard setting and guidance in this area. The FEE Issues Paper while not presenting a complete conceptual framework, does indicate what such a framework might look like.

IDW, as well as FEE, followed closely the development of the EU Audit Directive. In December 2004 FEE published a press release and a position paper on the proposal to revise the Eighth Directive. FEE welcomed the proposal to harmonise auditing standards in Europe by implementing ISA, but made clear that the profession was concerned that the current draft misses some opportunities to enhance audit quality. FEE has consistently favoured endorsement of ISAs as a whole or endorsement of the international standard setting process and fears that endorsement of individual standards could undermine consistent and uniform application of the global audit standards. ISAs represent an audit methodology that must be considered and applied in its totality in order to be fully effective in providing high quality audits. It is therefore difficult to imagine that it is ideal for standards to be endorsed one by one, possibly with omissions or variations. Intervention in Europe, after the due process has been completed, clearly risks undermining global standards and public confidence in European auditing. FEE considers that the EU should amend any standard before endorsement only in entirely exceptional circumstances where this is considered necessary in the public interest and, even then, only after first requesting that such proposed amendment be considered by the standard setter concerned.

A member of the executive board of IDW takes part in the ISA-Subgroup of the European Group of Auditors’ Oversight Bodies (EGAOB) which has been established recently to assist the EU Commission in the adoption process for ISAs. Previously, the IDW was involved in the EU Committee on Auditing, in which auditing issues affecting statutory audits within the EU were discussed. In these discussions, the IDW

promoted the use of ISAs through incorporation in national standards, rather than the development of EU auditing standards.

The IDW has regular contact with the German Ministry of Justice with regard to the development of German auditing requirements and informs the ministry, as appropriate, of its position on Proposed EU Directives, in order that these concerns can be discussed with the EU legislating bodies. As part of these processes, the IDW has promoted the alignment of legal auditing requirements with the ISAs as far as possible.

Examples of comment letters to the Ministry of Justice:

- 02.1999: EU Committee on Auditing – Comments to FEE study “Setting the Standards”
- 04.2001: IDW comments to a Draft letter of the European Commission to IFAC concerning the application of ISAs in Europe

IDW has not only exchanged views with government bodies and the EU, but promoted the use of internationally uniform auditing standards to its members (e.g. within the IDW brochure “Financial Reporting, Auditing and Corporate Governance” issued in 2002) as well as publicly (e.g. in press releases with respect to the Communication from the Commission to the Council and the European Parliament - Reinforcing the statutory audit in the EU (2003) or with respect to the Draft of 8th EU Directive (2004)).

Furthermore, IDW informs its members about new Exposure Drafts of IAASB Pronouncements in monthly technical publications and gives them the opportunity to provide comments to be included in the IDW comment letters to the IAASB.

Attachment Q7.8.11/Q7.8.13

Response to IFAC Compliance Assessment Section 7.8.11. and 7.8.13

Activities to promote IFRSs and other IASB pronouncements to the government and other standard setting bodies

1. Purposes of Accounting under German Commercial Law

In the context of applicability of IFRSs it is necessary to bear in mind, that consolidated financial statements and annual (non-consolidated) financial statements [hereinafter referred to as “annual financial statements”] of a legal entity fulfil different functions under German commercial law.

1.1. Consolidated Financial Statements

The only objective of consolidated financial statements is to provide information about the net assets, financial position and results of operation of an entire group.

1.2. Annual Financial Statements

Annual financial statements, in contrast, provide the basis for the maintenance of the legal system of creditor protection and for the separation of company and shareholder interests from one another. To meet these objectives, such financial statements define shareholders’ respective participation rights in respect of earnings. To protect creditors’ interests, annual financial statements aim to reflect legally defined capital. These aspects are taken into account in the calculation of the annual profit or loss, primarily through the application of prudence both as a general accounting principle and in the ways in which that profit or loss might be appropriated. The German Stock Corporation Law (*Aktiengesetz*, AktG) also requires annual allocation of certain amounts from net income for the year to statutory reserves, as well as the maintenance of a required minimum equity that cannot be distributed to shareholders.

In addition, under current German tax law, annual financial statements form the primary basis for the determination of taxable profits. According to the German Income Tax Law (*Einkommensteuergesetz*, EStG), when determining taxable income by means of a wealth test, assets and liabilities must be accounted for in accordance with the accounting requirements of the German Commercial Code (*Handelsgesetzbuch*, HGB) and with the principles of proper accounting – in so far as these do not conflict with tax rules for the recognition and measurement of assets and liabilities (governing principle, *Maßgeblichkeitsprinzip* i.e., treatment for accounting purposes governs tax treatment). According to the principle of converse governance (*Prinzip der umgekehrten Maßgeblichkeit*) write-downs of assets made solely for tax reasons will only be accepted by the tax authorities if these write-downs are also reflected in

the annual financial statements. To enable entities to follow this principle, the German Commercial Code explicitly allows for the retention of book values of assets determined solely on a tax basis in the annual financial statements.

2. The Efforts of IDW Towards an Improvement of the Information Value of Financial Statements

2.1. Requirements of the European Union

In 2000, the EU Commission proposed amending the EU 4th and 7th Directives to overcome the differences between EU accounting requirements and IFRS relating to financial instruments and to retain flexibility for future developments. The IDW supported this proposal, since it would give the EU member states the opportunity to allow or require a fair value measurement of certain financial instruments similar to the requirements in IAS 39.

Later in 2000, the EU Commission proposed that European listed companies prepare their consolidated financial statements according to IFRS and that EU member states have an option of extending this requirement to other business corporations and to annual financial statements. IDW supported this proposal too, since its realization enhances the efficiency and transparency of capital markets and the comparability of financial reporting of European entities.

In 2002 the EU Commission presented a further proposal to amend the 4th and 7th EU Directives. The aim of the European Accounting Directives was to enable them to be compatible with IFRS. In the IDW's view, it is important to offer all IFRS options in their entirety to European entities because restricting these options would put European entities at a disadvantage versus their non-European competitors that may apply IFRS without restriction.

With regard to the Draft Transparency EU Directive the IDW stated that it is in the interest of efficient capital markets that all capital market participants be required to produce quarterly financial statements in accordance with IAS 34. (The IDW has previously commented on the EU consultation paper to this effect.) IDW criticised that the draft does not go far enough in its requirements, and suggests wording changes, including that the calculation of net turnover, profit or loss before or after deducting income taxes be in accordance with IAS for interim financial reporting.

In 2005 the EU Commission suggested further amendments to 4th and 7th EU Directives to improve the transparency of financial reporting. The IDW expressed its concern in respect of proposed disclosure requirements in respect of certain transactions not required to be included in annual and consolidated financial statements. The IDW recommended, as an alternative, that the concept of "substance over form" be anchored in the 4th and 7th EU Directives to help harmonize accounting within Europe and convergence to IFRS. The IDW letter also contains a recommendation to tighten the rules determining which entities are to be consolidated, noting SPEs presently not consolidated, and a suggestion that parents' controlling influence be a criterion required in 7th EU Directive, rather than the current member state option. The IDW

criticized the proposal for only disclosing this information in the notes and made further suggestions in that context.

Regarding the endorsement of IAS/IFRS for application in the EU, the IDW expressed support, in 2003, for the draft regulation on endorsement of IAS into EU law proposing all current Standards and SIC Interpretations with the exception of IAS 32 and 39, be endorsed on the grounds that these both would be subject to significant revision and could then be fully endorsed subsequently so that IFRS could be endorsed as a “complete package”. In 2004, IDW expressed support for the endorsement of IFRS1 and recommended that IAS 32 and 39, although not without problems, not be rejected, as this would provide legal certainty for all entities affected. Subsequently, IDW expressed support for the endorsement of new or amended IFRS.

2.2. Legal Requirements in Germany

2.2.1. Developments Regarding Consolidated Financial Statements

There are no company or tax law restrictions to be taken into account in amending German accounting principles for consolidated financial statements. The IDW proposed in 2002 that application of IFRS should, as a first step, be required of listed companies. As for other entities, which should be allowed to apply IFRS on a voluntary basis, the IDW recommended that further studies should be undertaken to determine whether, in the medium term, large unlisted companies should also be required to apply IFRS in their consolidated financial statements.

IDW mentioned that another possible solution to be considered may be to introduce a general requirement for all entities to apply IFRS in their consolidated financial statements together with a transitional period (for example, 10 years) during which unlisted entities are given the choice between either IFRS or existing German accounting principles. Such an approach would give a clear signal to these reporting entities that they need to prepare for the change to IFRS/IAS.

2.2.2. Developments Regarding Annual Financial Statements

As recognized by the German government, due to the present link between annual financial statements and company and tax law, the development of German accounting principles for these financial statements must be approached with an awareness of the consequences for the legally established system of creditor protection (including capital maintenance rules) and taxation. Only a gradual convergence to IFRS can take place until these links have been appropriately adapted to accounting under IFRS.

In order to adapt standards for annual financial statements so that they are in compliance with IFRS the IDW proposed that a number of recognition and measurement

options in the German Commercial Code should be restricted or even eliminated at very short notice. The IDW noted, however, that it is important to ensure that the removal or restriction of accounting options does not result in tax disadvantages for the enterprise. A closer examination of the current recognition and measurement options by the IDW revealed that most of them can indeed be removed or restricted without incurring tax consequences.

The IDW is currently discussing the prerequisites under which IFRS can be applied in annual financial statements in full. The IDW recognizes that there are certainly a number of difficult hurdles to be overcome before the full adoption of IFRS can be achieved. In addition to the development of IFRS for SMEs, one of the most significant issues concerns the question of how a financial reporting framework can be adjusted to conform to IFRS, on the one hand, whilst at the same time be capable of reporting income for taxation purposes and serving to protect creditors' interests on the other. Until recently this was viewed as an insurmountable obstacle to the application of IFRS in annual financial statements in Germany. In the meantime, serious proposals to solve this dilemma are beginning to be discussed in Germany.

3. List of Important Comment Letters

The IDW has regular contact with the German Ministries of Justice and of Finance with regard to the development of German accounting requirements. Furthermore, the IDW informs these ministries, as appropriate, of its position on Proposed EU Directives, in order that 1) these concerns can be discussed with the EU legislating bodies and 2) the German Ministry of Justice is informed as to IDW's views regarding national legislation. In addition to longstanding participation in discussion groups and the like, which are too numerous to list, the IDW has sent various letters in this context. A list of the most important comment letters in the last 5 years is provided in the appendix.

APPENDIX

Ministry of Justice - 03.2005

Amendments to 4th and 7th EU Directives

Ministry of Justice - 01.2005

Amendments to 4th and 7th EU Directives

Ministry of Justice - 09.2004

Draft EU legislation relating to adoption of IAS in EU law.

Ministry of Justice - 07.2004

Government draft Bilanzrechtsreformgesetzes [German Law reforming financial reporting pursuant to the HGB "Handelsgesetzbuch": German Commercial Code]

Ministry of Justice - 06.2004

Adoption of IAS 32 and 39.

Ministry of Justice - 01.2004

Adoption of IFRS 1

Ministry of Justice - 01.2004

Internal departmental draft Bilanzrechtsreformgesetzes

Ministry of Justice - 06.2003

Endorsement of IAS

Ministry of Finance - 05.2003

Draft Transparency Directive

Ministry of Justice - 08.2002

EU IAS Regulation.

Ministry of Justice - 01.2002

Draft reforms of the transparency and publicity laws

Ministry of Justice - 09.2001

Draft law on “Internationalization of Accounting”

Ministry of Justice - 05.2001

Direct application of IAS in consolidated financial statements

Ministry of Justice - 08.2000

EU Commission future approach to the new accounting strategy

IAS Endorsement mechanism

Ministry of Justice - 05.2000

Proposed amendments to the EU 4th and 7th Directives relating to fair value measurement of financial instruments

Response to IFAC Compliance Assessment Section 7.11

Promotion Activities- to Promote and Assist in the Implementation of IFRSs and Other IASB Pronouncements and Activities:

Professional Standards and Guidance

The IDW develops professional standards and guidance, including accounting principles, some of which provide guidance on certain IFRS issues. These accounting principles are developed by IDW technical staff in conjunction with practitioners attending working parties established to discuss the issues in detail. The Auditing and Accounting Board of the IDW issues all IDW Accounting Principles in their final form, following the IDW's due process. Currently, the following issues in relation to IFRS are covered by IDW Accounting Principles:

- Issues relating to application of IAS
 - Accounting for construction contracts (IAS 11)
 - Earnings per share (IAS 33)
 - Treatment of internal restructuring within a group
 - Consolidation of special purpose entities (SIC-12)
 - Accounting for plan assets relating to pension liabilities (IAS 19)
- Accounting for liabilities/obligations arising from partial retirement arrangements of elderly employees in accordance with IAS and the regulations of (German) commercial law
- Issues relevant to accounting for financial instruments (IAS 32/39)
 - Differentiation of equity and debt according to IAS 32
 - Interpretation of "active market" as applicable in IAS 39
 - Impairment and uncollectibility of financial assets categorized as loans and receivables in accordance with IAS 39
 - Hedge accounting according to IAS 39
 - Application of the transitional provisions of IAS 39
- Measurement of Assets and Liabilities in Accounting for Business Combinations and in Impairment Testing under IFRS.
 - Basic principles
 - Valuation approaches
 - Determination of fair values for individual assets and liabilities in business combinations (purchase price allocation)
 - Impairment tests of specific assets and cash-generating units, including goodwill

The German Accounting Standards Board has set up a committee (RIC) to prepare interpretations of IFRS for issues not addressed by IFRIC. In particular, this committee interprets issues for application in a national context. Representatives of the IDW participate in this committee.

Participation in the IASB Due Process

The IDW submits comment letters on IFRS exposure drafts, IFRIC interpretations and other relevant documents, including constitutional matters. The opinions voiced in the letters represent those of the German profession, as the issues are discussed during working parties with practitioners representing the profession. The full text of these comment letters is made available to IDW members in the monthly technical journal entitled "Die Fachnachrichten". IDW comment letters can be viewed on the IASB website.

Congresses, Seminars and Courses for IDW Members

The IDW holds congresses, seminars, and courses for its members and their professional staff at regional and national levels on a regular basis. In addition, the IDW, through the WPA [Wirtschaftsprüfer Akademie] offers introductory and intensive courses on IFRS, not only to its members, as well as educational software. The intensive program, particularly aimed at medium-sized entities, totaling 16 full days, has been well attended. Also, for example, the IDW holds a three-day annual event, which includes the opportunity to participate in discussion groups dealing with a variety of issues. IFRS developments and current issues feature prominently and are well attended. The IDW's State Groups hold lectures and discussion groups (including distribution of written materials) on a regular basis for their constituents covering a wide range of topics. Members of the IDW may attend these events free of charge, as may unqualified staff employed by a firm with membership of the IDW. For example, the most recent event held in Stuttgart for the State of Baden-Württemberg, held February 14, 2006 was entitled "IFRS in Small and Medium-Sized Entities" and included presentation of some 145 slides.

Press Releases

The following press releases, relevant to IFRS, were issued recently:

01.2006 – IDW supports new valuation concept for pension liabilities. (Recommending the use of IAS 19 as a basis)

02.2005 – Unsatisfactory differentiation of equity and debt according to IAS 32

10.2004 – IFRS for small and medium-sized

06.2004 – Non-endorsement of IAS; Danger of treading a special European path (IDW discussed the need to reach a decision promptly and the potential impact if IFRS were not fully adopted, quoting FEE)

03.2003 – IDW position on the German government’s catalogue of measures to strengthen entities’ integrity and investor protection (Among other issues the IDW refers to further development of accounting legislation and convergence with IAS, supporting the application of IFRS in *all* consolidated financial statements in the long-term)

Topical Publications

The IDW produces brochures on topical issues for wider distribution. Recent examples of such IDW publications are:

- Financial Reporting, Auditing and Corporate Governance, April 2003 [available in English]
- The Internationalization of Financial Reporting for Small and Medium-Sized Entities in Germany, August 2005 [not available in English]