

International Standards on Auditing implementation

If making a change is a good thing then surely making that change earlier must be a better thing?

Not necessarily.

As auditors should now be aware, SASs are being replaced by UK and Ireland versions of International Standards on Auditing (ISAs). Those standards apply to periods beginning on or after 15 December 2004. But should auditors be applying those standards early, and saying so?

This matter has been considered by the ISA Implementation Sub-Group, a group with representatives from firms of all sizes and from the major professional bodies. And the answer, to the second part of the question at least, was 'no'.

Some of the ISAs, for example, 220 dealing with quality control at the engagement level, make specific reference to the APB's ethical standards. So an audit report stating compliance with ISAs requires compliance with the new ethical standards. Yet some of those standards relate to matters occurring during the year being audited. And the standards came out close to their effective date. Nearly all firms will have seen at least some changes as a result of the new ethics standards, albeit that they may have been small. However small the changes, firms should not be claiming compliance for periods when such compliance cannot be supported.

There is also the argument for avoiding confusion. If different firms issue very different reports for the same accounting periods this is likely to confuse users. Of course there may still be some confusion arising from short periods, where auditors have to move to an ISA 700 report. Given the difference in periods between year-ends and when audited financial statements are issued there will also be an overlap period, where SAS 600 and ISA 700 reports are circulating. But explaining that a change in standards applies to periods starting from a certain date is straightforward. Explaining why reports on the same period differ is much more complicated.

None of this is to say that making changes to audit procedures should not be done sooner rather than later. There is nothing to stop firms amending their procedures early, but only changing their reports in accordance with the effective date. The nature of the UK and Ireland changes allows for this. The APB's additions to the underlying ISAs cover areas where current practice is ahead of international requirements. As a result, compliance with ISAs means compliance with SASs, and firms can report under SAS accordingly.

in this issue...

- 2 Opportunity knocks - Audit Quality Forum
- 3 Guidance on compiling financial information of unincorporated entities
- 4 Group audits research
- 5 Auditing Standards - all change
Ethical Standards for Audit and Other Assurance Engagements
- 6 Faculty roadshows - book early!
Continuing Professional Development - transitional arrangements
- 7 Obtaining value from internal audit
- 8 Bulletin board

Publications included with this issue...

- Auditing Standards - All Change!
- Technical update
- Audit 01/05
- Index 2004

Coming up soon...

Following on from the responses to last year's Survey, members will shortly be able to register to receive email alerts from the Faculty. You will be able to register to receive alerts for the whole Faculty website or you can select certain areas. Further information on how to register will be provided in the next issue of the Faculty newsletter.

Opportunity knocks - Audit Quality Forum



It seems just like yesterday that I found a quiet, dusty corner in Chartered Accountants' Hall to proof read the final draft of the Faculty's *Audit Quality* publication. Time has certainly flown by and there have been numerous developments to enhance, to coin a phrase, audit quality.

Over this time our feet have not touched the ground. We are working within Europe to encourage a sensible, principles-based 8th Directive as well as working constructively with the APB, firms and training consortia on an appropriate approach to the implementation of International Standards on Auditing in the UK. We are also on a proactive agenda with our own leading work on *Fraud, Aggressive Earnings Management* and our current activity on practical issues for all sizes of firm surrounding Group Audits.

Audit Quality identified client relationships as one of the six drivers of audit quality. At that time it was necessary to focus on the day-to-day relationships between auditors, boards and audit committees. However, on day one of our professional training we learn that auditors act in the interests of the shareholders while having regard to the wider public interest.

Twelve months ago the Faculty Committee embarked on a dialogue to engage investors to seek to articulate their expectations of auditors. We were surprised about the lack of specificity in their comments and finding practical follow-up actions for the Faculty proved challenging.

But the views of investors came to the forefront during the debate over auditor liability, including some specific areas they wanted addressed. To take these matters forward and to reconcile longer-term interests, with the support of the Secretary of State, the Institute launched the *Audit Quality Forum* bringing together

the audit profession, investors, business and regulators. The purpose is to generate an environment where all could work together to generate policy proposals that will further enhance confidence in the independent audit by promoting transparency and accountability.

The immediate agenda (see below) represents the specific areas raised by the investors. The auditors amongst us would say these matters are not about audit quality per se and perhaps they are more about enhancing shareholder involvement in the audit process. But we are encouraged that these matters will not be the end of the process. There is an expectation that there is more work to be done through the Forum to explore a broader agenda of issues relevant to shareholders and all drivers of audit quality.

Audit quality



A profession is characterised by skilled and qualified individuals who act with integrity and in the public interest, earning rewards which are commensurate with the risks they take and the value they provide. However, auditing is not a static discipline: committed professionals in any field strive for improvement and audit is no exception.

The Government has challenged the accountancy profession and investor community to work together on an ongoing basis. The Faculty is at the centre of this process. With this responsibility comes profile and it represents the practical platform that the Faculty struggled to establish on its own: we always wanted to explore the broader agenda for the 21st century - we now have no excuse for not doing that.

Further information on the *Audit Quality* programme and how to get involved is available at www.icaew.co.uk/auditquality.

Deborah Chaplin, Head of Audit and Assurance Faculty

Current agenda - enhancing shareholder involvement

The Faculty has established working parties with members from key stakeholder groups to consider the detailed aspects of four initial measures to enhance shareholder involvement in the audit and the longer-term issue of competition and choice.

Questioning of auditors of listed companies

How can shareholders be empowered to put questions to auditors of listed companies? Consideration will be given to recent reforms in Australia which allow shareholders to write to auditors with questions relating to the audit report or conduct of the audit.

Auditor engagement: disclosure of contractual terms

How can boards and auditors provide greater transparency around the terms of the audit engagement and give shareholders greater insight into the audit approach and work? Consideration will be given to the content of audit engagement letters and publication of these letters on, for example, companies' websites.

Identifying the audit partner

Should individual partners signing audit reports be identified as well as the firm appointed as the auditor? Consideration will be given to the issues involved.

Auditor resignation statements

How can auditors' letters of resignation be made as transparent as possible? Consideration will be given to current law and developments with the 8th Directive.

Competition and choice

What practical issues arise because of the perceived lack of competition in the large listed company audit market? Consideration will be given to possible ways of enhancing choice.

Guidance on compiling financial information of unincorporated entities

New Faculty guidance, Audit 01/05, *Chartered Accountants' Reports on the Compilation of Historical Financial Information of Unincorporated Entities* seeks to provide a framework for and help accountants to manage their risks when carrying out engagements to compile financial information of unincorporated entities.

Framework

Practical guidance

Audit 02/04, *Chartered Accountants' Reports on the Compilation of Financial Statements of Incorporated Entities* was issued in 2004 and provided practical guidance to members on compiling the financial statements of incorporated entities. At that time, however, the Faculty recognised that accountants also compiled financial information for unincorporated entities and for many different purposes which the guidance in Audit 02/04 did not address.

Unincorporated entities may not require financial statements that give a true and fair view and comply with all applicable accounting standards. The type of service performed is varied. It could include the compilation of a simple profit and loss account in order to complete the tax return of a sole trader, or the compilation (no assurance provided) of financial information for grant claim purposes. The guidance is designed to reflect this and to help ensure that Chartered Accountants are able to provide such services where there is an appropriate framework established for the engagement.

The focus of this guidance is on the compilation of historical financial information of unincorporated entities, such as sole traders and partnerships, as this is likely to represent the biggest market for small practices. However, it was recognised that some practices, particularly the larger ones, may also compile historical financial information (other than financial statements) for incorporated entities and the guidance in Audit 01/05 may therefore be applied to these types of engagements.

Where accountants are compiling financial statements in compliance with the full provisions of UK GAAP for unincorporated entities then it is appropriate for them to follow the

guidance in Audit 02/04.

Unlike for statutory financial statements, there is no requirement for the financial information of unincorporated entities to give a true and fair view. This presents certain practical difficulties in considering what could be an appropriate framework for such engagements. The guidance, however, makes it clear that the framework needs to be based around the purpose for which the financial information is being compiled. Accountants discuss with clients the purpose and use of the financial information and agree an appropriate accounting basis and format. The accounting basis needs to be clearly disclosed in the financial information. If accountants cannot agree an appropriate accounting basis then they will need to decline the engagement.

The Technical Release includes guidance on engagement terms, including example paragraphs to include in an engagement letter and provides a model report. The guidance recommends that the client approves and signs the financial information thereby acknowledging responsibility for it, including the appropriateness of the accounting basis and for having provided all information and explanations necessary to the accountants for its compilation.

This guidance supersedes Audit 1/95, *Reports on Accounts Compiled (Prepared) by Accountants* in respect of unincorporated entities. Audit 1/95 has therefore been replaced in its entirety by Audit 01/05 and Audit 02/04.

The guidance, a copy of which is enclosed with this issue, can be downloaded from the Faculty's website at: www.icaew.co.uk/aafac.

Group audits research

What is different about a group audit compared to any other audit? And what are the key technical and practical issues for firms looking to improve the quality of their group audits?

The Faculty is hoping to provide answers to these questions through the development of practical guidance on group audits which is expected to be available later in the year. The reasons for embarking on this project include the following:

- the IAASB is in the process of developing an ISA/Practice Statement on this subject (see below) and the Faculty wants to help members to plan ahead for the introduction of the new requirements;
- it is a topical issue in the light of recent European corporate scandals and is a priority for the European Commission as seen by the inclusion of proposed new requirements in the revised 8th Directive on statutory audit (as outlined below); and
- members of the Faculty's Technical and Practical Auditing Committee highlighted the practical difficulties that can be encountered on group audits and identified the topic as one where the Faculty could helpfully provide guidance to members.

The proposed guidance will cover the likely forthcoming technical requirements but most importantly will have a practical focus picking up the key project management issues for firms.

Faculty working group and research

The Faculty set up a working group last year to take this project forward. It was decided that research amongst firms would be needed to identify current practice, including common problems on group audits and examples of what works well in responding to these. This information could then be used to help write the proposed guidance and make recommendations for improved quality, bearing in mind where existing practice is at compared to the likely requirements of the forthcoming ISA/Practice Statement.

The Faculty commissioned the consultancy firm Lighthouse Global to carry out the research in two phases: a qualitative phase involving in-depth interviews with practitioners, which is close to being completed; and a quantitative phase which will happen shortly and will consist of a large number of telephone interviews. The questionnaire for the second stage will be based on the results of the first stage.

Points emerging from the research so far include the following:

- know the 'danger signs' which mean you need to take particular care with a subsidiary, eg if it has a history of reporting late;
- good planning and communication are the keys to successful project management of group audits: plan early; anticipate issues that may arise; communicate clearly with subsidiary auditors regarding your expectations; and involve group management;
- if the group auditor is to use questionnaires to obtain information from subsidiary auditors, these ought to be thoughtfully tailored to suit the particular circumstances;
- visit material subsidiaries as face-to-face communication really helps; and
- focus on the important technical issues, e.g. international differences in accounting standards, intra-group transfers, valuing intangibles and the group tax position.

Unsurprisingly, the issues for subsidiary auditors mirror some of the points above, e.g. they want good communication from the parent auditors about the issues they should focus on; they want feedback; and they want specific tailored requests for information rather than being asked to complete excessively long standardised questionnaires.

Development of a new ISA

The IAASB issued an Exposure Draft of a revised ISA 600 and accompanying Practice Statement (IAPS) on the audit of group financial statements in December 2003.

Respondents to the IAASB were very supportive of the project and acknowledged that the proposed guidance would fill an important gap in the existing ISAs. However, many respondents asked that the group auditor's responsibilities be further clarified and strengthened. The calls for more rigour were based on recent corporate scandals.

As a result of the comments on the Exposure Draft, an IAASB Task Force is reworking the proposed ISA and IAPS, and feedback from this Task Force was discussed at the IAASB meeting held in December 2004. The Task Force recommended that the IAASB re-expose the proposed ISA and IAPS, and it is expected that this will happen following the March 2005 meeting of the IAASB.

More information about this project is available from the IAASB's website www.ifac.org/IAASB.

Revised 8th Directive

The new Directive is likely to include the following specific requirements in respect of group audits:

- group auditors to take full responsibility for their audit reports on group accounts;
- group auditors to maintain documentation of their review of the work of non-EU auditors which is adequate for the purpose of it being reviewed by the relevant competent authority; and
- where a component of the group is audited by auditors from a non-EU country without a co-operation agreement, group auditors will be required, when requested, to ensure delivery to the public oversight authority of the non-EU auditors' working papers. Where there is a legal impediment which prevents the passing of working papers, evidence will be needed to support this.

The Institute and FEE have opposed the last of these proposed requirements because of the likely cost involved.

Auditing Standards - all change

This issue of *True & Fair* comes to you with a copy of *Auditing Standards - All Change!* This publication has been developed from the material produced for the Faculty's autumn 2004 Roadshow on International Standards on Auditing (ISAs) (UK and Ireland). It constitutes a short guide to selected ISAs (UK and Ireland) which we hope will be helpful to practitioners as they prepare for the introduction of ISAs in the UK for accounting periods beginning on or after 15 December 2004. Faculty members can download additional copies of this publication free of charge from the Faculty's website www.icaew.co.uk/aafac. Printed copies may be ordered from the Faculty at a cost of £10 by telephoning 020 7920 8493.

The document is not a comprehensive guide to all ISAs (UK and Ireland) and has not been considered by the APB or its staff. We encourage firms to read the full text of ISAs (UK and Ireland) which can be downloaded free of charge from the APB's website at www.frc.org.uk/apb. A printed compendium entitled *Auditing Practices Board: Standards and Guidance for Auditors 2005* can be obtained at a price of £40, post-free, from Wolters Kluwer (UK) Limited, 145 London Road, Kingston-upon-Thames, Surrey, KT2 6SR,

telephone 0870 777 2906. The compendium covers the following pronouncements:

- Ethical Standards for Auditors
- International Standards on Auditing (ISAs) (UK and Ireland)
- International Standard on Quality Control (ISQC) (UK and Ireland) 1
- Revised Statement, *The Auditing Practices Board - Scope and Authority of Pronouncements*



ISAs (UK and Ireland) are not simply the current ISAs issued by the IAASB. There are 'pluses' that the APB has added in where the current requirements of SASs are more stringent than those of ISAs

and where SASs were developed later than the relevant ISA. This simply maintains the existing quality of UK audits. The risk, fraud and quality control ISAs have been revised very recently and as a result, very few pluses have been added. The only area where pluses have been added that are not derived from existing SASs is in ISA (UK and Ireland) 260 *Communication of Audit Matters to Those Charged with Governance*. These relate to recommendations made as part of the *Higgs* and *Smith* reviews.

The move to ISAs (UK and Ireland) is a significant step in continuing improvements to audit quality in the UK. Firms will need to plan for the change, and whilst well-run firms should not need to make radical changes to their audit policies, procedures and methodologies, all firms will need to be familiar with the content of the new ISAs (UK and Ireland). The length of the standards should not deter practitioners because the ISAs (UK and Ireland) fit well together and make sense as a whole. All firms will need to make at least some changes to their working practices but the need to make changes will enable firms to cut out any dead wood from their existing working practices and to improve efficiency.

Ethical Standards for Audit and Other Assurance Engagements

The Institute of Chartered Accountants in England & Wales has implemented a new Statement 1.201 'Independence on Assurance Engagements' which is available in the *Guide to Professional Ethics* (www.icaew.co.uk/ethics). This statement replaces the existing Statement 1.201 on 'Integrity, Objectivity and Independence' and the Additional Guidance on Independence for Auditors.

The new statement relates to independence when carrying out assurance engagements other than

audit, and this will apply to such engagements commencing on or after 1 April 2005.

When conducting financial statement audit engagements, the new Statement 1.201 requires the provisions of the Auditing Practices Board Ethical Standards to be applied for all audits relating to periods which commenced on or after 15 December 2004. The APB Ethical Standards can be found on www.frc.org.uk/apb/publications/ethical.cfm. For periods commencing prior to that date, the Institute's guidance

included in the old Statement 1.201 and Additional Guidance on Independence for Auditors applies.

The ICAEW press release can be viewed at www.icaew.co.uk/pressoffice.

Further information on the APB Ethical Standards and the new Statement 1.201 can be found on www.icaew.co.uk/ethics.

Faculty roadshows - book early!

Further to the flyer which was sent with last month's *True & Fair*, members are reminded that they are now able to book on the Faculty's next roadshow *New Ethical Standards for Auditors: How they will affect your firm and your relationship with your clients*.

The Faculty is expecting these roadshows to be extremely popular so members are encouraged to book early to avoid disappointment. Please note that an early bird scheme is in place for bookings received no later than 24 March - see details in the flyer.

The roadshows will explore why the APB's new ethical standards do not necessarily mean the end of the all-round service provided by auditors as we've known it.

Attendees will have the opportunity to discuss their own specific issues and the roadshows are likely to be of particular interest to practitioners from smaller firms that will be affected by these standards.

Details of dates and venues are set out opposite.

The flyer for the roadshows, including the booking form, is available on the Faculty's website www.icaew.co.uk/aafac.

| Date | Time | Location |
|--------------|---------------|---|
| 24 May 2005 | 14.30 - 17.30 | The Stage Hotel Leicester |
| 27 May 2005 | 09.30 - 12.30 | Chartered Accountants' Hall London |
| 2 June 2005 | 14.30 - 17.30 | Bedford Lodge Hotel Newmarket |
| 3 June 2005 | 09.30 - 12.30 | Chartered Accountants' Hall London |
| 7 June 2005 | 09.30 - 12.30 | Holiday Inn Wakefield |
| 7 June 2005 | 14.30 - 17.30 | Holiday Inn Wakefield |
| 10 June 2005 | 09.30 - 12.30 | Ramside Hall Hotel Durham |
| 14 June 2005 | 14.30 - 17.30 | Birmingham City FC Birmingham |
| 17 June 2005 | 09.30 - 12.30 | Kingshill Conference & Training Centre West Malling, Kent |
| 23 June 2005 | 09.30 - 12.30 | Southampton FC Southampton |
| 23 June 2005 | 14.30 - 17.30 | Southampton FC Southampton |
| 28 June 2005 | 14.30 - 17.30 | Exeter Court Hotel Exeter |
| 29 June 2005 | 09.30 - 12.30 | Corus Hotel Bristol |
| 30 June 2005 | 09.30 - 12.30 | Cardiff Moathouse Cardiff |
| 1 July 2005 | 09.30 - 12.30 | Chartered Accountants' Hall London |
| 5 July 2005 | 14.30 - 17.30 | Blackburn Rovers Conference Centre Blackburn |
| 6 July 2005 | 14.30 - 17.30 | Liverpool FC Liverpool |
| 7 July 2005 | 09.30 - 12.30 | The Golden Tulip Hotel Manchester |

Continuing Professional Development - transitional arrangements

The letter to compliance partners which accompanied the CPD launch brochure stated that non-members and affiliates who work in audit are required to comply with the transitional arrangements for CPD during 2005. This is not the case.

Although ICAEW members working in audit are required to undertake 50 hours' audit-related CPD during 2005, the

requirement does not apply to non-members and affiliates.

Under the terms of the Audit Regulations and Guidance, firms have a duty to ensure that all staff who deal with audit work are competent to do so. Firms may therefore wish non-members and affiliates to adopt the same approach as for ICAEW members and to keep up to date, maintain

competence and provide evidence in a similar way.

For more detail visit www.icaew.co.uk/cpd, click on *CPD at a glance* and scroll down to *Related documents*.

Contacts:

CPD Helpline: +44 (0)1908 248293
Email: cpd@icaew.co.uk

Obtaining value from internal audit

The Audit and Assurance Faculty issued a publication, *Obtaining Value from Internal Audit* at the end of January. This guidance is aimed at boards and audit committees and discusses the value of the work carried out by internal audit. Gill Bolton, who chaired the working party that produced the publication, discussed at a recent lecture, the principals of the guidance.

Gill started her presentation by outlining that internal audit has spent more than a decade moving away from the traditional financial compliance role and yet some forces (including S-OX 404) have the potential to push internal auditors back to the role that they have spent years moving away from. To stop this from happening, she suggested internal auditors must take the lead in ensuring that boards and audit committees fully understand the value they can provide through the work they do.

Recent corporate governance changes both in the UK and elsewhere have increased the profile of internal audit. Although this is a step in the right direction because more people at senior levels now have a greater understanding of what internal audit can offer, these changes will also bring challenging times. With this greater understanding and profile will come greater responsibility, accountability and transparency - internal auditors will now be in the spotlight even more than before.

The board of any organisation needs to be confident that:

- Risk management practices are sound
- Key risks are being managed to an acceptable level
- Internal controls are effective and efficient
- The organisation has mechanisms in place to help meet its business objectives

It will obtain assurance from line management on the above issues but

internal audit, in fulfilling its basic assurance role, can provide independent and objective assurance on each of these areas. The key to this, however, is for the board and audit committee to determine, using some form of assurance map, what precisely they want assurance on, and how and where they are currently obtaining this assurance from. Once they know what they want assurance on, they can then determine whether they are receiving enough of it or whether they need more and who from. There could be situations where the board could determine that, perhaps in some cases, they may be receiving too much assurance.

A key challenge for many internal audit functions is to be clear about who they are providing a service to: the audit committee and/or line management. Often, they may find it difficult to determine who their primary customers are. Both are important but what internal auditors offer to each may be different. The primary customer for the basic assurance role is the audit committee as it is looking for confirmation that all is okay within the organisation. So, what can internal audit offer line management? It can help to train and develop management through the skills and knowledge that they have accumulated thereby enabling management to improve their control environment and facilitating management's own monitoring and testing of the system of internal control. This might include sharing of knowledge and best practices, control analysis and design, and guidance in developing new systems. An example of this may be leaving behind with management some

audit interrogation software that enables management, on a regular basis, to check their processes or systems. In developing the guidance, members of the working party considered the role that internal auditors play in consultancy work. The general view that was expressed was that pure consultancy work may impinge on the independence and objectivity of internal audit and therefore on the value that it provides.

Gill concluded by saying that internal auditors have a unique perspective to offer in the provision of assurance within an organisation because of their broad knowledge of the organisation as a whole and the independence and objectivity that they can offer. And the board has a critical role to play within the organisation in determining the scope and remit of the work of internal audit in providing some of the assurance that the board requires.

Internal auditors now have the opportunity to raise their profile and demonstrate the value they provide. If they miss this opportunity and do not do this effectively they run the risk of being moved back into the traditional financial compliance box. This is not where internal audit either wants or deserves to be and therefore internal auditors must continually explain the value that they provide and be prepared to back this up with evidence.

Gill Bolton is a freelance trainer and consultant and can be contacted via gillbolton@ntlworld.com.

bulletinboard

Faculty update

In control or out of business?

The IT Faculty/ISACA Conference is taking place on 21 April 2005.

A copy of the flyer is included with this issue. Faculty members can book a place on the conference at the same rates as IT Faculty members.

Further information can be obtained by contacting Catherine Martin on 020 7920 8481.

Supplementary guidance for auditors of charities

The Auditing Practices Board (APB) has published Bulletin 2005/1 'Audit risk and fraud - supplementary guidance for auditors of charities'.

The APB issued a series of International Standards on Auditing (ISAs) (UK and Ireland) in December 2004 to replace Statements of Auditing Standards (SASs).

Three of these ISAs (UK and Ireland),

covering audit risk and fraud, include a number of requirements that are additional to those set out in the SASs they replace. Bulletin 2005/1 provide supplementary guidance for auditors of charities on these additional requirements, by replacing the relevant sections of Practice Note (PN) 11 'The audit of charities in the United Kingdom (revised)'.

Bulletin 2005/1 is accessible on the APB's website at www.frc.org.uk/apb.

Internal Audit Lecture series

Money Laundering - Internal Audit's Role

Monday 14 March 2005, Karen Silcock Partner, Deloitte & Touche

Future dates for your diaries:

Monday 9 May
Monday 20 June
Monday 12 September
Monday 24 October
Monday 5 December

All lectures will start at 6pm and will

be followed by a wine and finger buffet.

All lectures will be held at Moorgate Place, London, EC2P 2BJ. Tickets cost £32.50 plus VAT. For more information please contact Louise Matthews on 020 7920 8493.

CCH Courses

Accounting standards and reporting requirements

London, 9 March 2005
£429 + VAT

Preparing your practice for 2005 - practice assurance and all that!

London - Central, 21 March 2005
£125 + VAT

Money laundering - what every practitioner needs to know

Humberside, 23 March 2005
£125 + VAT

Faculty members receive a 10 per cent discount on the prices listed above for these courses. For further information on these courses please contact CCH on 0845 120 9602.

true&fair editorial information

Comments should be addressed to the Audit and Assurance Faculty, ICAEW, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London, EC2P 2BJ
Tel: 020 7920 8493; Fax: 020 7920 8754;
E-mail: Tracy.Gray@icaew.co.uk
Website: www.icaew.co.uk/aafac

True & Fair is edited and produced by Wolters Kluwer (UK) Limited on behalf of the Audit and Assurance Faculty
Tel: 0870 777 2906
E-mail: customerservices@cch.co.uk

If you have enjoyed reading *True & Fair*, please pass this copy to one of your colleagues or associates who may be interested in joining the Audit and Assurance Faculty. All enquiries should be directed to the Faculty address above.

© ICAEW 2005. All rights reserved. No part of this work covered by copyright may be reproduced or copied in any form or by any means (including graphic, electronic or mechanical, photocopying, recording, taping or information retrieval systems) without

written permission of the copyright holder. This publication is intended to provide a summary of, and opinion on, developments relating to auditing and financial reporting. The information contained within it should not form the basis of any decision; nor should it be relied upon as legal or professional guidance regarded as a substitute for specific advice. Therefore no responsibility for any person acting as a result of any material in this publication can be accepted by the Institute, the Audit and Assurance Faculty, the publishers or authors.