

AR-C Section 100

Special Considerations—International Reporting Issues

Source: SSARS No. 24.

Effective for compilations and reviews of financial statements for periods ending on or after June 15, 2019.

Introduction

Scope of This Section

.01 This section addresses situations in which an accountant is engaged to perform a compilation or review of financial statements in accordance with Statements on Standards for Accounting and Review Services (SSARSs) in either of the following circumstances:

- a. The financial statements have been prepared in accordance with a financial reporting framework generally accepted in another country not adopted by a body designated by the Council of the AICPA (Council) to establish generally accepted accounting principles (GAAP) (hereinafter referred to as a financial reporting framework generally accepted in another country).
- b. The compilation or review engagement is to be performed in accordance with both SSARSs and another set of compilation or review standards, such as International Standard on Related Services (ISRS) 4410 (Revised), *Compilation Engagements*, or International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*.

.02 Pursuant to the "Compliance With Standards Rule" (ET sec. 1.310.001) and the "Accounting Principles Rule" (ET sec. 1.320.001), the Council of the AICPA designates the bodies to establish GAAP. This section does not apply to financial statements prepared in accordance with financial reporting frameworks established by the bodies designated by the Council. (Ref: par. .A2–.A3)

Effective Date

.03 This section is effective for compilations and reviews of financial statements for periods ending on or after June 15, 2019.

Objective

.04 The objective of the accountant, when performing a compilation or review of financial statements prepared in accordance with a financial reporting framework generally accepted in another country or in accordance with both

SSARs and another set of compilation or review standards, is to address appropriately the special considerations that are relevant to

- a. the acceptance of the engagement,
- b. the planning and performance of the engagement, and
- c. reporting on the financial statements.

Requirements

Considerations When Accepting the Engagement

.05 In a compilation or review of financial statements prepared in accordance with a financial reporting framework generally accepted in another country, in complying with paragraph .26b of section 60A, *General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services*, which requires the accountant, as a condition for accepting an engagement to be performed in accordance with SSARs, to determine whether the financial reporting framework selected by management to be applied in the preparation of the financial statements is acceptable, the accountant should obtain an understanding of the following: (Ref: par. .A4)

- a. The purpose for which the financial statements are prepared and whether the financial reporting framework applied in the preparation of the financial statements is a fair presentation framework
- b. The intended users of the financial statements
- c. The steps taken by management to determine that the applicable financial reporting framework is acceptable in the circumstances

.06 The accountant should obtain an understanding of the applicable legal responsibilities involved when the compilation or review engagement is to be performed in accordance with both SSARs and another set of compilation or review standards and both of the following are true: (Ref: par. .A5)

- a. The financial statements are intended for use only outside of the United States.
- b. The accountant plans to use the form and content of the accountant's compilation or review report of the other set of compilation or review standards.

Compilation or Review of Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country

.07 When performing a compilation or review on financial statements prepared in accordance with a financial reporting framework generally accepted in another country, the accountant should obtain an understanding of such framework. (Ref: par. .A6–.A7)

.08 The accountant should comply with section 80A, *Compilation Engagements*, and section 90A, *Review of Financial Statements*, with respect to compilations or reviews, respectively, of financial statements prepared in accordance with a financial reporting framework generally accepted in another country. When the financial statements are intended for use only outside of the United States, the accountant may use the report form and content of the other country in accordance with paragraph .10b.

Application of Another Set of Compilation or Review Standards

.09 If the accountant is engaged to perform a compilation or review of financial statements and the agreed-upon terms of the engagement require the accountant to apply another set of compilation or review standards in addition to SSARs, the accountant should obtain an understanding of and apply those relevant standards, as well as SSARs, except for requirements related to the form and content of the report in the situation described in paragraph .10a. (Ref: par. .A8–.A10)

Reporting

Reporting—Intended for Use Only Outside the United States

.10 If the accountant is issuing an accountant's compilation or review report on financial statements and such financial statements are intended for use only outside the United States, the accountant should use either of the following:

- a. A report in accordance with SSARs, the content of which includes the following: (Ref: par. .A11)
 - i. The elements required by section 80A or section 90A, as applicable, excluding the requirement from paragraph .21 of section 80A or paragraph .43 of section 90A to include a paragraph regarding financial statements prepared in accordance with a special purpose framework
 - ii. A statement that refers to the note to the financial statements, if applicable, that describes the basis of presentation of the financial statements on which the accountant is reporting, including identification of the country of origin of the accounting principles if the financial statements are prepared in accordance with a financial reporting framework generally accepted in another country
- b. The report form and content in accordance with another set of compilation or review standards (for example, as set forth in ISRS 4410 (Revised) or ISRE 2400 (Revised)), provided that the following are true:
 - i. Such a report would be issued by accountants in the other country in similar circumstances.
 - ii. If a review engagement is performed, the accountant has obtained sufficient appropriate review evidence to support the conclusion expressed in the review report.
 - iii. The accountant has complied with the reporting standards of the other set of compilation or review standards and identifies such standards in the report. (Ref: par. .A5)

Reporting—Use in the United States

.11 If the financial statements will be used in the United States, the accountant should report in accordance with SSARs, including the requirements related to financial statements prepared in accordance with a special purpose framework from paragraph .21 of section 80A and paragraph .43 of section 90A for compilations and reviews, respectively. (Ref: par. .A12–.A13)

Accountant's Report for Compilations or Reviews Conducted in Accordance With Both SSARSs and Another Set of Compilation or Review Standards

.12 The accountant should not refer to having conducted a compilation or review in accordance with another set of compilation or review standards in addition to SSARSs unless the compilation or review was conducted in accordance with both sets of standards in their entirety.

.13 When the accountant's compilation or review report refers to both SSARSs and another set of compilation or review standards, the accountant's compilation or review report should identify the other set of compilation or review standards, as well as its origin.

Application and Other Explanatory Material

Scope of This Section (Ref: par. .01–.02)

.A1 Pursuant to paragraph .10 of section 60A, the accountant must perform a review or compilation in accordance with SSARSs, except for certain reviews of interim financial information as discussed in section 90A.

.A2 Sections 80A and 90A apply to compilations and reviews, respectively, of financial statements prepared in accordance with financial reporting frameworks established by the bodies designated by the Council, including financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

.A3 This section applies to compilations and reviews of financial statements prepared in accordance with a jurisdictional variation of IFRS such that the entity's financial statements do not contain an explicit and unreserved statement in an appropriate note to the financial statements that such financial statements are in compliance with IFRS as promulgated by the IASB.

Considerations When Accepting the Engagement (Ref: par. .05b, .06, and .10biii)

.A4 In obtaining an understanding of the purpose for which the financial statements are prepared and of the intended users, the accountant may consider whether the intended users are likely to be familiar with the applicable financial reporting framework. For example, if the financial statements are to be used in the United States in addition to the other country or countries for which they are intended, the accountant may consider whether intended users within the United States deal directly with the entity and whether the financial statements are to be used in a manner that permits such users to discuss with the entity differences from accounting and reporting practices in the United States and their significance. Accordingly, an accountant may conclude that financial statements prepared in accordance with a financial reporting framework generally accepted in another country are not appropriate for wide distribution in the United States.

.A5 Even when the form and content of the accountant's compilation or review report presented in accordance with another set of compilation or review standards appears similar to that used in the United States, the report may convey a different meaning and entail different legal responsibilities for the accountant due to custom or culture. Issuing such a compilation or review report may require the accountant to report on statutory compliance or

otherwise require an understanding of local laws and regulations. When issuing such an accountant's compilation or review report, the accountant is required by paragraph .06 to obtain an understanding of applicable legal responsibilities, in addition to the compilation or review standards and the financial reporting framework, as required by paragraphs .05 and .08–.09. Accordingly, depending on the nature and extent of the accountant's knowledge and experience, the accountant may consult with persons having expertise in the compilation or review reporting requirements in the other set of compilation or review standards and associated legal responsibilities to obtain the understanding needed to issue the compilation or review report in accordance with the other set of compilation or review standards.

Compilation or Review of Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country (Ref: par. .07)

.A6 Paragraph .13 of section 80A requires the accountant, as part of the compilation engagement, to obtain an understanding of the applicable financial reporting framework and the significant accounting policies intended to be used in the preparation of the financial statements. Paragraphs .15–.16 of section 90A require the accountant, as part of the review engagement, to obtain an understanding of the accounting principles and practices used by the entity sufficient to identify areas in the financial statements in which there is a greater likelihood that material misstatements may arise and to be able to design procedures to address those areas.

.A7 An understanding of the financial reporting framework generally accepted in another country may be obtained by reading the statutes or professional literature, or codifications thereof, which establish or describe the financial reporting framework generally accepted in the other country. Often, the application of accounting principles to a particular situation requires practical experience and, accordingly, the accountant may consult with persons having expertise in applying the financial reporting framework of the other country.

Application of Another Set of Compilation or Review Standards (Ref: par. .09)

.A8 When an accountant is applying another set of compilation or review standards, such as ISRS 4410 (Revised) or ISRE 2400 (Revised), the accountant may be required to perform procedures in addition to those procedures required by SSARs.

.A9 An understanding of another set of compilation or review standards may be obtained by reading the statutes or professional literature, or codifications thereof, which establish or describe such standards.

.A10 Statutes or professional literature, or codifications thereof, however, may not include a complete description of another set of compilation or review standards. The accountant may consult with persons having expertise, including practical experience, in applying another set of compilation or review standards, as relevant.

Reporting (Ref: par. .10a and .11)

.A11 The exhibit "Illustrations of Accountant's Compilation and Review Reports on Financial Statements Prepared in Accordance With a Financial

Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation or Review Standards" contains illustrations of auditor's reports on financial statements incorporating the elements required by paragraphs .10–.11.

Reporting—Use in the United States (Ref: par. .11)

.A12 When reporting on financial statements prepared in accordance with a financial reporting framework generally accepted in another country that will be used both inside and outside the United States, the accountant may issue two reports: one of the reports described in paragraph .10 for use outside the United States and a report in accordance with SSARs to be used in the United States.

.A13 An entity that prepares financial statements in accordance with GAAP may also prepare financial statements in accordance with a financial reporting framework generally accepted in another country for use outside the United States (for example, financial statements prepared in accordance with a jurisdictional variation of IFRS such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with IFRS as issued by the IASB). The accountant may report on the financial statements that are in accordance with a financial reporting framework generally accepted in another country by reporting in accordance with paragraph .10. The accountant may include in the reports that another report has been issued on the entity's financial statements that have been prepared in accordance with a financial reporting framework generally accepted in another country. The accountant's statement may also reference any note disclosure in the financial statements that describes significant differences between the accounting principles used and GAAP. Such a statement may be included in a separate paragraph to the accountant's compilation or review report (this paragraph would be an emphasis-of-matter paragraph in an accountant's review report). The following is an example:

We also have reported separately on the financial statements of ABC Company for the same period presented in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*]. (Note X summarizes the significant differences between the [*specify the financial reporting framework generally accepted*] in [*name of country*] and accounting principles generally accepted in the United States of America.)

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Exhibit— Illustrations of Accountant's Compilation and Review Reports on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation or Review Standards (Ref: par. .A11)

Illustration 1: Accountant's Compilation Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation Standards and the Financial Statements Are Intended for Use Only Outside the United States

Illustration 2: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Review Standards and the Financial Statements Are Intended for Use Only Outside the United States

Illustration 3: Accountant's Compilation Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation Standards and the Financial Statements Are Also Intended for Use in the United States

Illustration 4: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Review Standards and the Financial Statements Are Also Intended for Use in the United States

Illustration 5: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With SSARs and in Accordance With International Financial Reporting Standards as Issued by the International Accounting Standards Board Performed in Accordance With SSARs and International Standard on Review Engagements 2400 (Revised) Issued by the International Auditing and Assurance Standards Board

Illustration 1: Accountant's Compilation Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation Standards and the Financial Statements Are Intended for Use Only Outside the United States

Management is responsible for the accompanying financial statements of XYZ Company, which comprise the balance sheets as of December 31, 20X2 and 20X1, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements, which, as described in Note X to the financial statements, have been

prepared in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*]. I (We) have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and in accordance with [*identify the other set of compilation standards*]. I (We) did not audit or review the financial statements nor was (were) I (we) required to perform any procedures to verify the accuracy or completeness of the information provided by management. I (we) do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

[*Signature of accounting firm or accountant, as appropriate*]

[*Accountant's city and state*]

[*Date of the accountant's report*]

Illustration 2: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Review Standards and the Financial Statements Are Intended for Use Only Outside the United States

Independent Accountant's Review Report

[*Appropriate addressee*]

I (We) have reviewed the accompanying financial statements of XYZ Company, which comprise the balance sheets as of December 31, 20X2 and 20X1, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's (owners') financial data and making inquiries of company management (owners). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management's Responsibility for the Financial Statements

Management (Owners) is (are) responsible for the preparation and fair presentation of these financial statements, which, as described in Note X to the financial statements, have been prepared in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*]; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My (Our) responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and in accordance with [*identify the other review standards*]. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether I am (we are) aware of any material modifications that should be made to the financial statements for them to be in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*]. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) conclusion.

Accountant's Conclusion

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order

for them to be in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*].

[*Signature of accounting firm or accountant, as appropriate*]

[*Accountant's city and state*]

[*Date of the accountant's review report*]

Illustration 3: Accountant's Compilation Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Compilation Standards and the Financial Statements Are Also Intended for Use in the United States

Management is responsible for the accompanying financial statements of XYZ Company, which comprise the balance sheets as of December 31, 20X2 and 20X1, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements, which, as described in note X to the financial statements, have been prepared in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*]. I (We) have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and in accordance with [*identify the other compilation standards*]. I (We) did not audit or review the financial statements nor was (were) I (we) required to perform any procedures to verify the accuracy or completeness of the information provided by management. I (we) do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

I (We) draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with [*specify the financial reporting framework generally accepted*] in [*name of country*], which is a basis of accounting other than accounting principles generally accepted in the United States of America.

[*Signature of accounting firm or accountant, as appropriate*]

[*Accountant's city and state*]

[*Date of the accountant's report*]

Illustration 4: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country Performed in Accordance With SSARs and Another Set of Review Standards and the Financial Statements Are Also Intended for Use in the United States

Independent Accountant's Review Report

[*Appropriate addressee*]

I (We) have reviewed the accompanying financial statements of XYZ Company, which comprise the balance sheets as of December 31, 20X2 and 20X1, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's (owners') financial data and making inquiries of company management (owners). A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management's Responsibility for the Financial Statements

Management (Owners) is (are) responsible for the preparation and fair presentation of these financial statements, which, as described in Note X to the financial statements, have been prepared in accordance with *[specify the financial reporting framework generally accepted]* in *[name of country]*; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My (Our) responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and in accordance with *[identify the other review standards]*. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether I am (we are) aware of any material modifications that should be made to the financial statements for them to be in accordance with *[specify the financial reporting framework generally accepted]* in *[name of country]*. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) conclusion.

Accountant's Conclusion

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with *[specify the financial reporting framework generally accepted]* in *[name of country]*.

Basis of Accounting

I (We) draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with *[specify the financial reporting framework generally accepted]* in *[name of country]*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My (Our) conclusion is not modified with respect to this matter.

[Signature of accounting firm or accountant, as appropriate]

[Accountant's city and state]

[Date of the accountant's review report]

Illustration 5: Independent Accountant's Review Report on Financial Statements Prepared in Accordance With SSARs and in Accordance With International Financial Reporting Standards as Issued by the International Accounting Standards Board Performed in Accordance With SSARs and International Standard on Review Engagements 2400 (Revised) Issued by the International Auditing and Assurance Standards Board**Independent Accountant's Review Report**

[Appropriate addressee]

I (We) have reviewed the accompanying financial statements of XYZ Company, which comprise the statements of financial position as of December 31, 20X2 and 20X1, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's (owners') financial data and making inquiries of company management (owners). A review is substantially less in scope than an audit, the

objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management's Responsibility for the Financial Statements

Management (Owners) is (are) responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My (our) responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and in accordance with International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*, issued by the International Auditing and Assurance Standards Board. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether I am (we are) aware of any material modifications that should be made to the financial statements for them to be in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) conclusion.

Accountant's Conclusion

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

[Signature of accounting firm, or accountant, as appropriate]

[Accountant's city and state]

[Date of the accountant's review report]
