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**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

Circular No. 01/2024

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ALL MEMBERS OF THE INSTITUTE

Dear Member,

Amendments to IAS 1 and Consequential impact on the Auditor's Report: *Disclosure of Material Accounting Policy Information*

The International Accounting Standards Board (IASB) made certain narrow-scope amendments to the International Accounting Standard (IAS) 1, *Presentation of Financial Statements* in February 2021 which have been effective for annual reporting periods beginning on or after 1 January 2023.

The above-referred amendments to IAS 1, inter-alia, require companies to disclose their '**material accounting policy information**' instead of '**a summary of significant accounting policies**'.

The extract from relevant paragraph of IAS 1 (after above amendment) is reproduced below:

"10. A complete set of financial statements comprises:

(a) a statement of financial position as at the end of the period;

(b) a statement of profit or loss and other comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising **material accounting policy information** and other explanatory information;

(ea)....."

(f)....."

(bold & italic ours)

The International Auditing and Assurance Standards Board's (IAASB) has considered the impact of 'above amendment' and accordingly replaced term '**a summary of significant accounting policies**' with the term '**material accounting policy information**' in the illustrative auditor's reports contained in Appendix to ISA 700 (revised) '*Forming an Opinion and Reporting on Financial Statements*'.

In view of above, members are advised to ensure that in audit engagements wherein financial statements for the accounting periods beginning on or after January 1, 2023 have been prepared using International Financial Reporting Standards as applicable in Pakistan, the term '**material accounting policy information**' instead of term '**a summary of significant accounting policies**' is used and referred to in the auditors reports issued under ISA 700 (revised) '*Forming an Opinion and Reporting on Financial Statements*' and Companies Act, 2017.

Yours truly

Muhammad Imran Khan
Director Technical

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