



Republic of the Philippines
Professional Regulation Commission
Manila



PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY

Resolution No. 07
Series of 2025

ADOPTING THE AUDITING AND ASSURANCE STANDARDS COUNCIL
PRONOUNCEMENTS AS PART OF THE PHILIPPINE AUDITING STANDARDS

WHEREAS, the Auditing and Assurance Standards Council (AASC) has approved and submitted below pronouncement to the Professional Regulatory Board of Accountancy (Board) for approval:

1. *AASC Alert No. 001 Series of 2025 and Joint Resolution on Impact of Change of Naming Convention of Accounting Standards on Report of Independent Auditor*

WHEREAS, after study and review of the provisions of the above-stated pronouncement as adopted by the AASC, the Board finds them to be well-taken and instructive for compliance by practicing Certified Public Accountants;

WHEREFORE, the Board **RESOLVES**, as it is hereby **RESOLVED**, to adopt the above-stated pronouncement as part of the Philippine Auditing Standards.

RESOLVED FURTHER, that this Resolution and the above-stated pronouncement shall take effect after fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Done in the City of Manila, this 19th day of March, 2025.

U.P. LAW CENTER
OFFICE of the NATIONAL ADMINISTRATIVE REGISTER
Administrative Rules and Regulations

R APR 22 2025 **D**
REGISTERED 10445
ONAR Registration
TIME: 1:05 BY: [Signature]

NOE G. QUINANOLA
Chairman

SAMUEL B. PADILLA
Vice Chairman

GLORIA T. BAYSA
Member

GERVACIO I. PIATOR
Member

VACANT
Member

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SHERWIN M. MARASIGAN
Supervising Administrative Officer
Archives and Records Division

O.R.# 116
Date APR 21 2025

THELMA S. CIUDADANO
Member

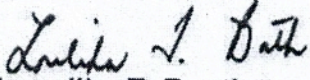
MARIA TERESITA Z. DIMACULANGAN
Member

PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY

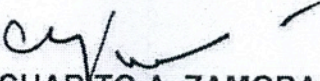
Resolution No. 07 (s. 2025)


Adopting the Auditing and Assurance Standards Council
Pronouncements as Part of the Philippine Auditing Standards
Page 2 of 2

ATTESTED BY:


Atty. Lovelika T. Bautista
Chief, PRB Secretariat Division

APPROVED:

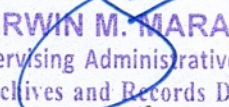

CHARITO A. ZAMORA
Chairperson


ERWIN M. ENAD
Commissioner

VACANT
Commissioner

DATE OF PUBLICATION IN THE
BUSINESS MIRROR : 31 MARCH 2025
EFFECTIVE DATE: 16 APRIL 2025

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SHERWIN M. MARASIGAN
Supervising Administrative Officer
Archives and Records Division

O.R.# _____
Date APR 21 2025

№25-0445



Auditing and Assurance Standards Council

Alert No. 001

Series of 2025

February 2025

To : **Philippine Institute of Certified Public Accountants**
(thru: Atty. Roland Cafe Pondoc, President)

Association of Certified Public Accountants in Public Practice
(thru: Ms. Ma. Lois Abad, President)

**Association of Certified Public Accountants
in Commerce and Industry**
(thru: Atty. Aristeo Cruz, President)

National Association of Certified Public Accountants in Education
(thru: Ms. Jasmin May Baniaga, President)

Government Association of Certified Public Accountants
(thru: Ms. Ruby Manangu, President)

Securities and Exchange Commission
(thru: Atty. Emilio B. Aquino/
Atty. Emmanuel Y. Artiza, Representative)

Bangko Sentral ng Pilipinas
(thru: Ms. Rachele L. Legaspi, Representative)

Insurance Commission
(thru: Atty. Jayson P. Lopez, Representative)

Cooperative Development Authority
(thru: Ms. Mildred S. Esguerra/
Ms. Doris D. Teodoro, Representative)

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SHERWIN M. MARASIGAN
Supervising Administrative Officer
Archives and Records Division

O.R.# _____
Date APR 21 2025

Subject: **Impact of Change of Naming Convention of Accounting Standards on
Report of Independent Auditor**

A. Background Information

On January 22, 2025, the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) has announced in its website that the locally adopted 'IFRS Accounting Standards' and 'IFRS Sustainability Disclosure Standards' shall now be referred to as 'PFRS Accounting Standards' and 'PFRS Sustainability Disclosure Standards', respectively. Regarding the locally adopted 'IFRS for SMEs Accounting Standard', the FSRSC shall now refer to it as 'PFRS for SMEs Accounting Standard'.

The above changes were made in relation to the updates made by the IFRS Foundation on its trademark guidelines that affect references to the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). These standards shall be referred to as "IFRS Accounting Standards". The standards issued by the International Sustainability Standards Board (ISSB) shall be referred to as "IFRS Sustainability Disclosure Standards".

Nº25-0445

This Alert has been prepared by the Auditing and Assurance Standards Council (AASC) to provide guidance to external auditors who have been engaged to audit, in accordance with Philippine Standards on Auditing (PSA), annual (or interim) financial statements of entities which have been prepared using the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The AASC approved the issuance of this Alert during its regular meeting on February 24, 2025. A similar guidance has been issued in December 2023 by the International Auditing and Assurance Standards Board's IASB Liaison Working Group.

B. Impact on Report of Independent Auditor

Given the above update, the question arises as to how should the external auditor refer to the PFRS Accounting Standards in the auditor's report. Therefore, it is appropriate that the second paragraph of the "Opinion" section and the first paragraph of the "Responsibilities of Management and Those Charged with Governance for the (Consolidated) Financial Statements" section of the auditor's report be revised as follows:

"REPORT OF INDEPENDENT AUDITOR

To the Board of Directors [or To the Board of Directors and Stockholders]

Report on the Audit of the (Consolidated) Financial Statements

Opinion

We have audited the (consolidated) financial statements of [name of company] ("the Company"), which comprise the (consolidated) statements of financial position as at [end of reporting period(s)], the (consolidated) statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year(s) then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying (consolidated) financial statements present fairly, in all material respects, the (consolidated) financial position of the Company as at [end of reporting period(s)], and its (consolidated) financial performance and its (consolidated) cash flows for the year(s) then ended in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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Responsibilities of Management and Those Charged with Governance for the (Consolidated) Financial Statements

Management is responsible for the preparation and fair presentation of the (consolidated) financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of (consolidated) financial statements that are free from material misstatement, whether due to fraud or error."

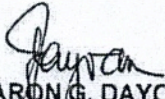
The AASC would like to reiterate and emphasize, however, that this only applies when the reporting entity uses the PFRS Accounting Standards in the preparation of its financial statements.

Also, the external auditor should consider the other aspects of the audit engagement such as the letter of engagement, management letter of comments and recommendations and management (and/or where appropriate, those charged with governance) representation letter.

* * * *

This AASC Alert is not a substitute to reading the PSAs. The Alert is a technical paper issued to provide guidance to external auditors.

NOE G. QUIÑANOLA
Chairman, Board of Accountancy


SHARON G. DAYOAN
Chairman, Auditing and Assurance
Standards Council



Auditing and Assurance Standards Council

PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY
AND
AUDITING AND ASSURANCE STANDARDS COUNCIL
Joint Resolution No. 001
Series of 2025

**IMPACT OF CHANGE OF NAMING CONVENTION OF ACCOUNTING STANDARDS ON REPORT OF
INDEPENDENT AUDITOR**

WHEREAS, on January 22, 2025, the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) has announced in its website that the locally adopted 'IFRS Accounting Standards' and 'IFRS Sustainability Disclosure Standards' shall now be referred to as 'PFRS Accounting Standards' and 'PFRS Sustainability Disclosure Standards', respectively. Regarding the locally adopted 'IFRS for SMEs Accounting Standard', the FSRSC shall now refer to it as 'PFRS for SMEs Accounting Standard';

WHEREAS, the Auditing and Assurance Standards Council (AASC) recognized that the changes made to the naming convention of Accounting Standards affect the Report of Independent Auditor;

WHEREAS, in order to provide guidance to external auditors, the AASC has prepared AASC Alert No. 001, Series of 2025, *Impact of Change of Naming Convention of Accounting Standards on Report of Independent Auditor* and approved the same for issuance during its regular meeting held on February 24, 2025;

NOW, THEREFORE, the Philippine Regulatory Board of Accountancy and the AASC hereby RESOLVE to approve AASC Alert No. 001, Series of 2025, *Impact of Change of Naming Convention of Accounting Standards on Report of Independent Auditor*, and the circulation by the AASC of copies of the Alert to the intended organizations of certified public accountants which include the Philippine Institute of Certified Public Accountants, Association of Certified Public Accountants in Public Practice, Association of Certified Public Accountants in Commerce and Industry, National Association of CPAs in Education and Government Association of Certified Public Accountants; and relevant government agencies such as the Securities and Exchange Commission, Bangko Sentral ng Pilipinas, Cooperative Development Authority and Insurance Commission.

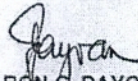
This Joint Resolution shall take effect immediately.

Done this 24th day of February 2025.

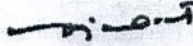
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JOINT RESOLUTION NO. 001
SERIES OF 2025
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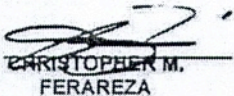
AUDITING AND ASSURANCE STANDARDS COUNCIL



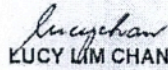
SHARON E. DAYOAN
Chairman



ANSELMA P. MALIWAT
Treasurer

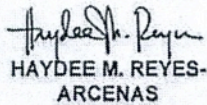


CHRISTOPHER M.
FERAREZA

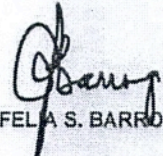


LUCY LIM CHAN

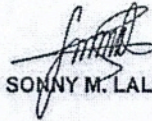
EMILIO B. AQUINO/
EMMANUEL Y. ARTIZA



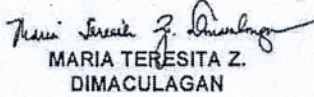
HAYDEE M. REYES-
ARCENAS



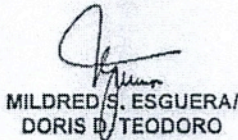
OFELA S. BARROGA



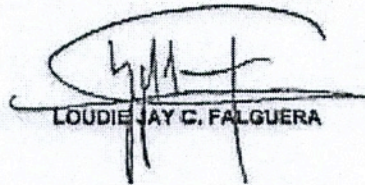
SONNY M. LALUNIO



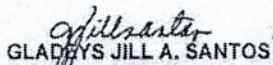
MARIA TERESITA Z.
DIMACULAGAN



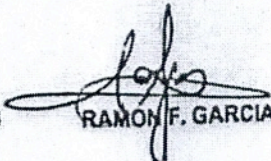
MILDRED S. ESGUERA/
DORIS D. TEODORO



LOUDIE JAY C. FALGUERA

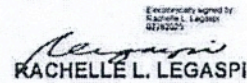


GLADEYS JILL A. SANTOS

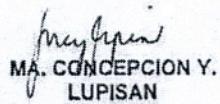


RAMON F. GARCIA

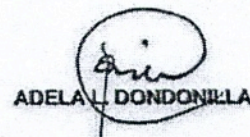
Especially signed by
Rachelle L. Legaspi
4/29/2025



RACHELLE L. LEGASPI



MA. CONCEPCION Y.
LUPISAN



ADELA L. DONDONILLA

JOINT RESOLUTION NO. 001
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BOARD OF ACCOUNTANCY

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SHERWIN M. MARASIGAN
Supervising Administrative Officer
Archives and Records Division

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Date APR 21 2025

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