FRC MAURITIUS
FINANCIAL REPORTING COUNCIL

Issue No. 19 July to September 2026

Financial Reporting

Newsletter

The main functions of the Financial Reporting Council comprise amongst others

- Licensing of auditors
- Monitoring the truth and fairness of financial reporting through reviews of annual reports of PIEs
- Monitoring the work of auditors, by conducting onsite/offsite practice reviews
- Monitoring compliance with the requirements of the National Code of Corporate Governance

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VISION

To be a model organization ensuring quality in auditing, financial and non-financial reporting

MISSION

To bring corporate confidence in auditing, financial and non-financial reporting among users of financial statements

1.0 TECHNICAL UPDATES

IASB Updates

For the quarter ended 30 September 2026, the International Accounting Standards Board ('IASB') published the following updates with respect to International Financial Reporting Standards ('IFRS') and corporate reporting on its website:

I. Projects Proposals

The IASB met to discuss about the following project proposals in areas of research and standard setting and maintenance and consistent application, whereby tentative decisions were made:

- Financial instruments with characteristics of equity
- Amortised cost measurement
- Equity method
- Statement of Cash Flows and related Matters
- Presentation of taxes or other charges that are not tax expenses or tax income applying IAS 12 (IFRS 18)
- Post-implementation review of IFRS 16 *Leases*
- Provisions—Targeted improvements

II. IASB seeks investor views on cash flow information reported by financial institutions

The IASB had launched a short survey to understand how investment professionals use cash flow information when analysing the financial statements of financial institutions.

The survey is part of the IASB's project on the Statement of Cash Flows and Related Matters.

The IASB is seeking feedback from investment professionals, insurance companies and other financial institutions.

II. IASB seeks investor views on cash flow information reported by financial institutions (cont'd)

The feedback will help the IASB understand what cash flow information investors currently use in their research and analysis. It will also inform the IASB's research on possible exemptions for financial institutions from presenting cash flow information in their financial statements.

Investment professionals are invited to complete the survey by 25 September 2026.

If approved, the amendments will become effective for periods beginning on or after 1 January 2027.



IASB Updates (cont'd)

III. IASB seeks stakeholder feedback on hedge accounting requirements in IFRS 9 and IFRS 7

The IASB had published a Request for Information to review its hedge accounting requirements.

The review will assess whether the requirements are working as intended and delivering the expected benefits for investors and other users of financial statements. It will also consider whether the costs of applying the requirements are broadly in line with the IASB's expectations.

Hedge accounting helps to reflect in financial statements the effects of a company's risk management activities that use financial instruments to manage particular risk exposures.

This review sits across two IFRS Accounting Standards:

- the hedge accounting requirements in IFRS 9 *Financial Instruments;* and
- the hedge accounting disclosure requirements in IFRS 7 *Financial Instruments: Disclosures.*

The IASB is seeking feedback from stakeholders including investors, companies, auditors, regulators and standard-setters.

This review will complete the IASB's Post-implementation Review of IFRS 9, following the earlier reviews of classification and measurement as well as impairment requirements.

The Request for Information is open for comment until 26 January 2027.

For further details, refer to the website of the IASB.



IFAC Updates

For the quarter ended 30 September 2026, the International Federation of Accountants ('IFAC') published the following updates on its website:

I. IAASB proposes targeted revisions to the ISA for audits of less complex entities

The International Auditing and Assurance Standards Board ('IAASB') had released for public consultation proposed revisions to the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities ('ISA for LCE').

The proposed revisions are part of the IAASB's commitment to maintaining a robust, proportionate, and globally relevant auditing framework for less complex entities.

The proposed revisions update the ISA for LCE to address significant developments related to fraud and going concern, while ensuring the requirements remain appropriately tailored to audits of less complex entities.

The Exposure Draft includes proposed updates in several areas, including:

- **Fraud** – Incorporating recent revisions to auditor responsibilities relating to fraud.
- **Going Concern** – Addressing recent developments in auditor responsibilities related to going concern.
- **Listed and Public Interest Entities** – Replacing the term 'listed entity' with 'publicly traded entity', for which use of the standard is prohibited.
- **Experts** – Maintaining interoperability with the *International Code of Ethics for Accountants (including International Independence Standards)*, issued by the International Ethics Standards Board for Accountants.

I. IAASB proposes targeted revisions to the ISA for audits of less complex entities (cont'd)

The ISA for LCE provides a standalone global auditing standard designed specifically for audits of less complex entities. It promotes consistent, high-quality audits while responding to the unique characteristics of less complex entities. In the short period since the standard's issuance, more than 30 jurisdictions have adopted the ISA for LCE, and several additional jurisdictions are actively considering its use.

The IAASB is seeking stakeholder feedback on whether the proposed revisions maintain the relevance of the ISA for LCE by addressing significant developments in a proportionate way that reflect the typical nature and circumstances of audits of less complex entities. The IAASB is also seeking input on the timeframe for future maintenance of the ISA for LCE.

Comments are requested by November 17, 2026.



IFAC Updates(cont'd)

II. IAASB proposes revisions to core standards to enhance risk-based audit framework and address technological advances

The IAASB had released for public consultation proposed revisions to three International Standards on Auditing (ISAs): ISA 330, *The Auditor's Responses to Assessed Risks*; ISA 500, *Audit Evidence*; and ISA 520, *Analytical Procedures*.

The proposed revisions, when finalized, will complete an important phase of the IAASB's decade-long modernization of the International Standards on Auditing, building on recent revisions, including ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*.

The proposals further embed, clarify and strengthen a principles-based, risk-based audit framework. The revisions also address the increased use of technology in business, financial reporting, and auditing.

The proposed revisions establish a comprehensive basis for auditors' judgments about audit evidence. They include:

- a revised definition of audit evidence to reflect today's digital environment;
- greater emphasis on the intended purposes of audit procedures;
- strengthened requirements for evaluating the relevance and reliability of information used as audit evidence;
- clarification of key concepts; and
- reinforced application of professional skepticism throughout the audit.

The proposals also strengthen auditors' responses to assessed risks by clarifying the role of tests of controls, substantive procedures, and analytical procedures—promoting more consistent and effective audit responses.

II. IAASB proposes revisions to core standards to enhance risk-based audit framework and address technological advances

The proposals reflect the IAASB's conclusion that a principles-based rather than technology-specific approach is the best way to maintain robust and relevant standards in the face of rapid technological evolution.

They enable innovation while preserving the core principles of high-quality auditing. In addition, the proposals include guidance to help auditors exercise professional judgment about appropriate use of technology.

The proposed revisions also improve the alignment of concepts and principles across the auditor's risk assessment, responses to assessed risks, and evaluation of whether sufficient appropriate audit evidence has been obtained.

Deadline for comments is 15 December 2026.



IFAC Updates(cont'd)

IV. IAASB announces additional ways to engage on audit evidence and risk response proposals

The IAASB had provided additional opportunities for stakeholders to engage with its proposed revisions to ISA 330, *The Auditor's Responses to Assessed Risks*; ISA 500, *Audit Evidence*; and ISA 520, *Analytical Procedures,* during the public consultation period.

In this respect, the IAASB had launched a new User Consultation Survey which aimed particularly at users of financial statements, including investors, analysts, lenders and other creditors. The survey seeks views on areas such as:

- Technology-driven enhancements
- The relevance and reliability of information intended to be used as audit evidence
- Classes of transactions, account balances and disclosures that are material but not significant
- Threshold for evaluating differences from auditor's expectations when designing and performing substantive analytical procedures

The survey is open until December 15, 2026, in line with the public consultation deadline.



III. IESBA issues guidance on the ethical implications of emerging technologies

The staff of the International Ethics Standards Board for Accountants ('IESBA') had released a new publication, *Emerging Technologies: A Characteristics-Based Approach to Ethical Considerations for Professional Accountants*, to support professional accountants as they develop, implement, or use emerging technologies in public practice and business.

The publication provides timely thought leadership by offering an overview of the ethical implications of emerging technologies commonly used across the accountancy profession, including artificial intelligence, distributed ledger technologies, machine learning, quantum computing, and robotic process automation.

The guidance enumerates key characteristics associated with emerging technologies – such as opacity, non-determinism, dependence on data, perpetual adaptivity, autonomy, scalability, and speed – and explains how they may create or amplify threats to compliance with the fundamental principles in the *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

These fundamental principles include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The publication emphasizes that, regardless of the level of automation or technological sophistication involved, professional accountants remain responsible for the judgments and decisions made in their work.

For further details, refer to the website of the IFAC.

IPSAS Updates

During the quarter ended 30 September 2026, the International Public Sector Accounting Standards Board ('IPSASB') published the following updates:

I. Project proposals

- **Measurement – Application of Current Operational Value in IPSAS 31, *Intangible Assets***

  The IPSASB approved the Final Pronouncement, *Current Operational Value for Intangible Assets* (Amendments to IPSAS 31).

  These amendments provide a current value measurement option for intangible assets held for operational capacity. The effective date is January 1, 2029, with earlier adoption permitted.

- **Strengthening Linkages Between IPSAS Standards and GFSM**

  The IPSASB approved *Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014* (Amendments to IPSAS 22).

  The final pronouncement provides practical guidance to help statisticians and accountants work together to determine how IPSAS Standards-based accounting data can be used to meet statistical reporting needs.

  By identifying areas of alignment, presentation differences and additional data requirements, the amendments support this collaboration and help ensure that accounting information can effectively contribute to the compilation of government finance statistics.

I. Project proposals (cont'd)

- **Improvements to IPSAS Accounting Standards**

  The IPSASB approved *Improvements to IPSAS Accounting Standards – Volume 10,* which introduces minor improvements to IPSAS Standards to clarify existing requirements and support their consistent application.

  The IPSASB also approved *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) to enhance the guidance on the definition of an operation and recognition of liabilities. Both pronouncements are effective January 1, 2028.

- **Climate-related Disclosures: Public Policy Outcomes**

  IPSASB continued development of the second IPSASB Sustainability Reporting Standard ('SRS') focused on public policies with climate-related outcomes.

  The IPSASB continued to review and respond to respondent feedback and deliberated key issues, including the application of materiality, disclosures of financial implications, proportionality, timing and location of reporting, and transition provisions.

  The IPSASB will continue discussions and review an updated draft final pronouncement in December.

IPSAS Updates(cont'd)

I. Project proposals (cont'd)

- IPSASB Application Group

  The IPSASB discussed the analysis and recommendations summarized by staff from the recent IPSASB Application Group meeting.

  Based on this analysis, the IPSASB decided to conduct research into potential amendments to IPSAS 47, *Revenue*, to address the application of the financial instruments-related IPSAS Standards by analogy to tax receivables. The IPSASB also agreed to develop implementation support materials on this topic.

- Making Materiality Judgments

  The IPSASB received a preliminary summary of feedback from constituents to ED 97, IPSAS Practice Statement, *Making Materiality Judgments*.

  Respondents generally supported the project, but requested further adaptation to reflect the public sector context and additional public sector-specific examples.

  The IPSASB will continue its discussions and review a detailed analysis of the responses in December.

For further details, refer to the website of the IPSASB.



2.0 LICENSING

30 September 2026



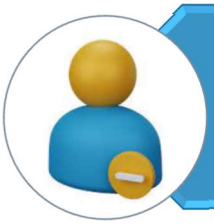
Licensed Auditors: 239



Registered Audit Firms: 109



Foreign Auditors: 3



Removal from Register of Audit Firms: 2



Removal from Register of Licensed Auditors: 3



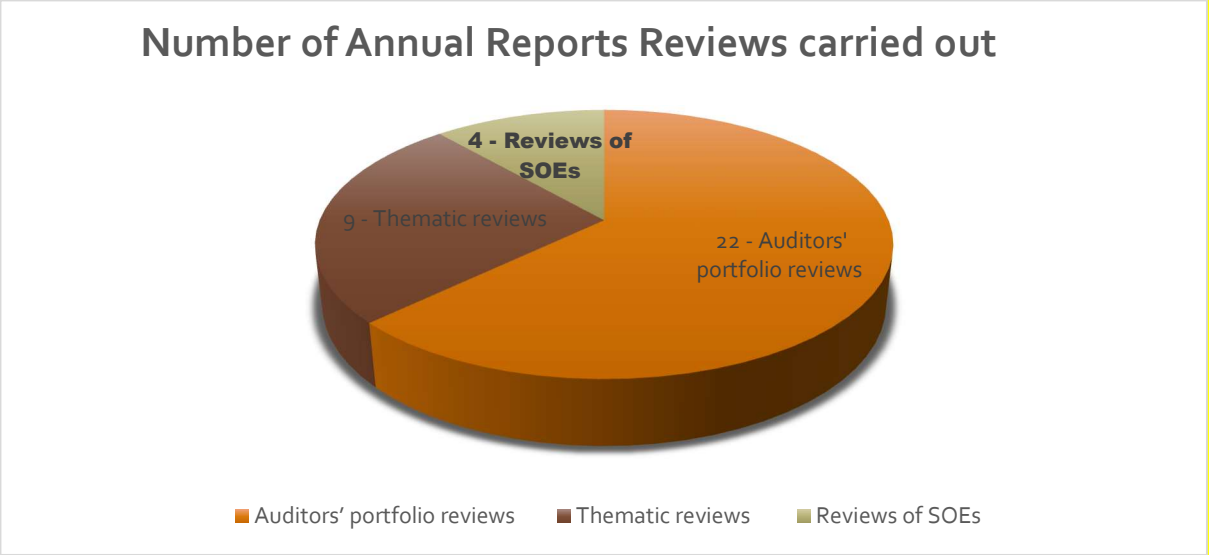
Removal from Register of Foreign Auditors: 0

3.0 BULLETIN ON ANNUAL REPORT REVIEW FOR THE SIX-MONTH JUNE 2026

The Financial Reporting Council ('FRC') has issued the bulletin on annual report review for the six-month ended June 2026.

This bulletin provides an overview of the findings identified by FRC from the annual report review exercise. It highlights the non-compliances observed with respect to the disclosure requirements of the applicable accounting standards (International Financial Reporting Standards ('IFRSs') for PIEs other than SOEs) and International Public Sector Accounting Standards ('IPSASs') for SOEs), the National Code of Corporate Governance for Mauritius ('Code'), the Financial Reporting Act and the Mauritius Companies Act 2001 ('MCA'). This bulletin may be of assistance to PIEs in the preparation of high-quality corporate reports.

FRC has conducted the annual report review of 35 PIEs [22 under Auditors' Portfolio reviews, 9 under thematic reviews and 4 SOEs] during the six months period ended 30 June 2026, as demonstrated in the diagram below:



The FRC's review highlighted:

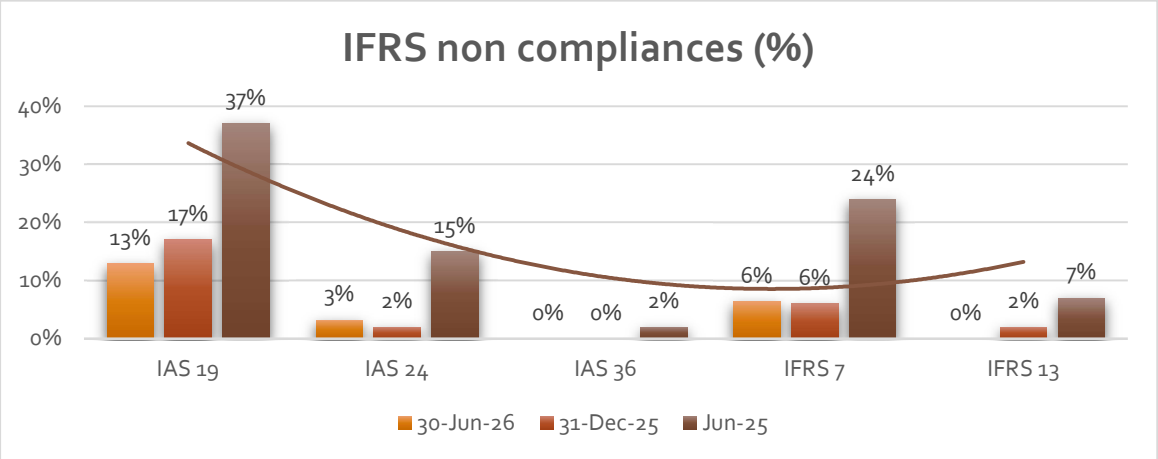
(a) Key Findings with respect to the International Financial Reporting Standards ('IFRSs')

The areas most frequently queried during FRC's monitoring exercise relate to employee benefits and financial risk management.

It is worth noting that, except for IAS 24 *Related Party Disclosures* and IFRS 7 *Financial Instruments: Disclosures*, the number of IFRS-related non-compliances has decreased compared to the previous periods. This shows that PIEs are increasingly mindful of the need to prepare transparent and high-quality reports.

3.0 BULLETIN ON ANNUAL REPORT REVIEW FOR THE SIX-MONTH JUNE 2026 (CONT'D)

The diagram below illustrates the level of IFRS related non-compliances for the periods ended 30 June 2026, 31 December 2025 and 30 June 2025:



(b) Key findings with respect to the Code of Corporate Governance ('Code')

FRC observed the following from the annual report reviews of the 35 PIEs, including 4 SOEs:

- 17 PIEs, including the 4 SOEs, had fully complied with the Code;
- 16 PIEs, including 1 SOE, had provided explanations for not complying with certain principles of the Code, out of which 4 were queried for part compliance;
- 1 PIE had provided explanations in its annual report for not reporting on the Code; and
- 1 PIE had been queried for partly complying with the Code.

The most common observations made on compliance with the Code were in respect to the following Principles:

(a) The Structure of the Board and its Committees; and
(b) Audit.

The bulletin for the year ended 30 June 2026 is available on the website of FRC. (http://frc.govmu.org)



4.0 THEMATIC REVIEW ON FAIR VALUE MEASUREMENT AND DISCLOSURES OF SELECTED PIES

Fair value measurement and disclosures continue to be topics of interest in financial reporting. In this area, preparers and auditors of corporate reports are still identifying new or emerging issues related to fair value measurements and disclosures for financial reporting. They are also finding it challenging to apply fair value measurement and disclosures.

In response, the Financial Reporting Council ('FRC') conducted a thematic review to evaluate the quality of fair value measurement and disclosures in the annual reports of selected PIEs.

The review leveraged a sample of 40 PIEs comprising of 20 listed entities and 20 non-listed entities, randomly selected across the following seven sectors:

Sectors	Number of PIEs
Bank, Insurance and Finance ('BIF')	10
Commerce	5
Industry	5
Conglomerate	4
Leisure & Hotel	6
Sugar	5
Property & Development	5
Total	40

To guide the review, the FRC developed an internal checklist on established fair value measurements and disclosures requirements based on IFRS Accounting Standards ('IFRS'). This checklist enabled the systematic assessment of the nature and extent of disclosures of fair value measurement made across the selected annual reports.

General observations on fair value measurement and disclosures

- The nature and extent of disclosures varied depending on the sector of the PIEs in which they operate.
- PIEs in BIF sector generally demonstrated more comprehensive disclosures.
- The results of the thematic review generally indicate there are some areas of improvement in implementing some requirements of *IFRS 13 Fair Value Measurement* ('IFRS 13') especially with respect to Level 3 disclosures.
- Both entity groups in BIF and Non-BIF sector demonstrate lack of disclosures in respect of the following main areas of IFRS 13:
  - → Reasons and policy for transfers between levels in fair value hierarchy
  - → Changes in valuation techniques
  - → Effect of uncertain situations on valuation inputs
  - → Impact of climate-related matters on valuation inputs
  - → Quantitative information about significant unobservable inputs
  - → Impact of economic uncertainty on sensitivity

4.0 THEMATIC REVIEW ON FAIR VALUE MEASUREMENT AND DISCLOSURES OF SELECTED PIES (CONT'D)

Cross-sectoral comparison: BIF and Non-BIF sectors

The key differences in disclosures between BIF and Non-BIF entities are observed in the following IFRS 13 areas:

- Valuation inputs
- Effect of uncertain situations on valuation inputs
- Highest and best use of a non-financial asset
- Information on valuers' names
- Reconciliation of Level 3 fair value measurements
- Valuation process
- Quantitative information about significant unobservable inputs
- Sensitivity analysis
- Impact of economic uncertainty on sensitivity

Areas for improvement in relation to fair value reporting

The FRC encourages PIEs to strengthen their fair value reporting practices by improving their disclosures relating to fair value measurements by:

- Disclosing reasons and policy regarding transfers between levels of the fair value hierarchy.
- Providing more information on valuation processes.
- Including significant unobservable inputs for Level 3 measurements on a quantitative basis, including ranges and explanations of how inputs were determined and why they are significant.
- Disclosing meaningful sensitivity analyses that clearly demonstrate the impact of reasonably possible changes in unobservable inputs and explain any interdependencies.
- Ensuring that the mandatory disclosures required by IFRS 13 are provided in their annual reports.
- Clearly articulating how uncertainty has been considered in determining valuation inputs and to explain the resulting effects on fair value outcomes.
- Ensuring that climate-related risks are appropriately reflected in valuation inputs where relevant and that related disclosures are consistent with information provided elsewhere in the annual report.
- Disclosing any impact of uncertain situations on sensitivity analysis and the significant estimation uncertainty.
- Including highest and best use considerations for non-financial assets in the annual financial statements. In addition, PIEs should clearly describe the interaction between highest and best use assessments and the key valuation assumptions.

Conclusion

The FRC urges PIEs to consider the findings of this thematic review as they prepare their future annual reports. Enhanced disclosures on fair value measurement not only provide transparency but also help stakeholders make better informed decisions.

The full report on the Thematic Review is available on the website of FRC (http://frc.govmu.org).

Disclaimer

It must be noted that the FRC's findings and recommendations are not exhaustive and were based only on the thematic review undertaken.

5.0 ENFORCEMENT

7 Audit Practice Reviews ('APRs') were presented to the Council. Of the 7 APRs, 2 were follow-up reviews and 5 were firmwide and engagement file reviews. Amongst the 7 audit firms reviewed, 1 was a Big Four audit firm and 6 were medium-sized audit firms.

The Enforcement Panel considered the findings arising from the reviews and made the following recommendations to the Council:

- to issue letters to the auditors communicating the observations arising from the review of the engagement files and informing them to require appropriate remedial actions in respect of the 2 follow-up reviews;
- to take note of the findings and recommendations of the Audit Practice Review Panel for a Big Four audit firm; and
- to issue recommendation letters to the audit firms highlighting their duties and responsibilities under International Standards Quality Management and to take remedial actions in respect of the issues identified for the 4 medium audit firms.



6.0 CAPACITY BUILDING

Training to FRC's officers

Training on the examination of banks' financial statements

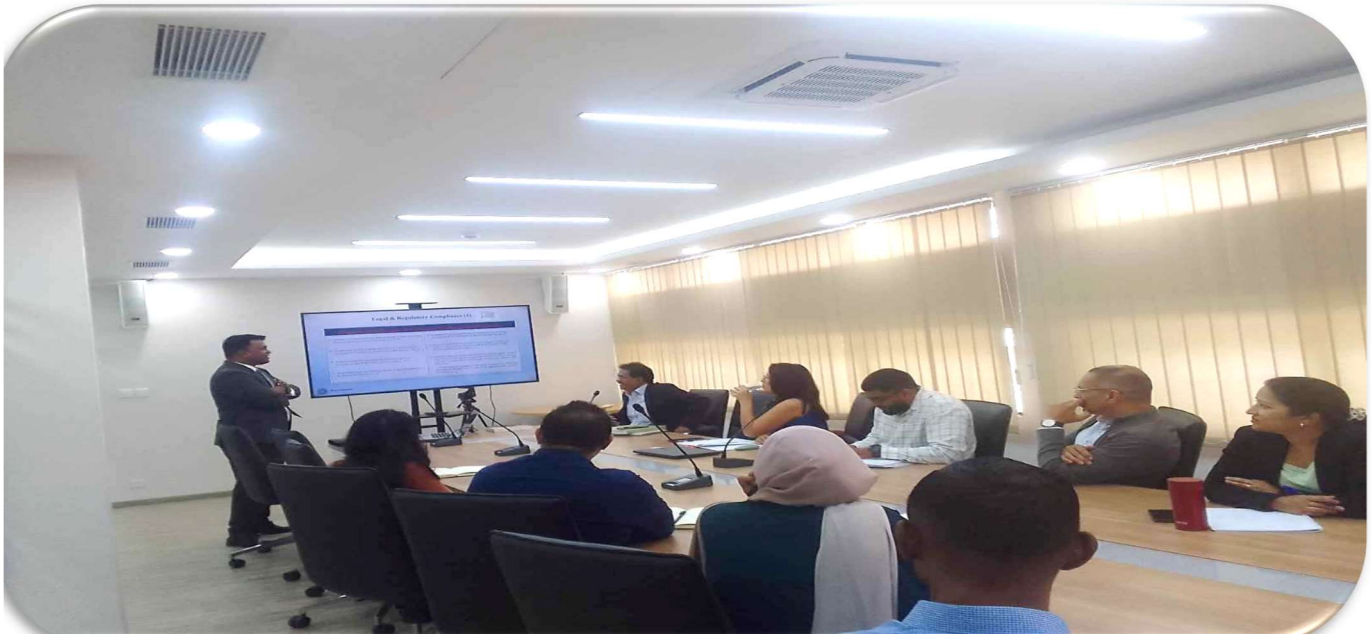
Banking institutions have a distinctive financial reporting structure arising from the nature of their activities, which differ significantly from those of other entities. The review of banks' financial statements is more complex, having regard to the specialised financial reporting standards and accounting policies applicable to the banking sector, stringent regulatory requirements and prudential considerations.

In this context, FRC's review officers participated in the training session 'Examination of Bank Financial Statements', aimed at enhancinererg their knowledge and technical skills in the examination and review of banks' financial statements.

➢ Date of training: 26 August 2026
➢ Attendees: 12 FRC's officers.
➢ The resource person: Mr C Rutah of Bank of Mauritius

The topics covered in the training on examination of bank financial statements were as follows:

- Legal and regulatory compliance
- Business model and objectives and strategy
- Governance
- Statement of financial position
- Statement of comprehensive income
- Funding and liquidity
- Credit and asset quality
- Segmental credit analysis – geographical area
- Capital, reserves and capital adequacy ratio
- Market risk



6.0 CAPACITY BUILDING (CONT'D)

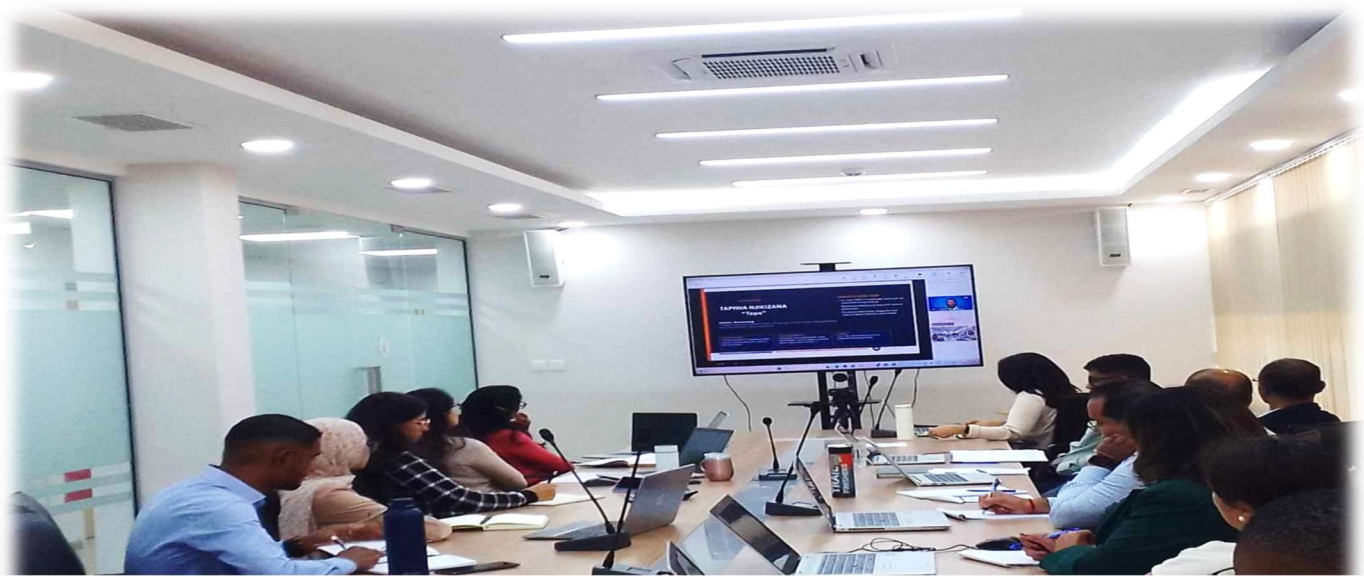
Webinars attended by FRC's officers

Capacity building and continuous professional development are essential to maintaining a knowledgeable and skilled workforce. Accordingly, FRC's officers participated in several webinars organised by international and regional professional bodies, including the International Forum of Independent Audit Regulators ('IFIAR'), the International Auditing and Assurance Standards Board ('IAASB') and the Pan African Federation of Accountants ('PAFA'), as well as a webinar provided by ProBeta Training, an external training provider.

These training sessions provided officers with opportunities to enhance their technical knowledge, gain insights from the experiences and practices of other jurisdictions and remain abreast of relevant international developments in auditing and sustainability reporting.

During the period under review, FRC's officers attended the following webinars:

Date	Webinar	Organiser
17 July 2026	Webinar on ISA 220 (Revised) *Quality Management for an Audit of Financial Statements*	ProBeta Training
9 September 2026	SATF Webinar – Outcomes and Challenges of the Thematic Review regarding the First-Year Corporate Sustainability Reporting Directive ('CSRD') Assurance in the Netherlands	IFIAR
29 September 2026	Webinar on Overview of the Audit Evidence and Risk Response ('AE&RR') Proposals and Reference Framework – Proposed ISA 500 (Revised)	IAASB
30 September 2026	SATF Webinar – Polish Agency for Audit Oversight ('PANA') Experience with First-Year Obligatory CSRD Assurance in Poland – Thematic Inspection Report	IFIAR
30 September 2026	PAFA Quality Assurance Review ('QAR') Guidance Webinar	PAFA



Resources

The FRC on a monthly basis publishes on its website updates from the International Accounting Standards Board ('IASB'), International Federation of Accountants ('IFAC') and International Public Sector Accounting Standards Board ('IPSASB'). For more information on these updates, you may refer to the following websites:

- FRC – frc.govmu.org
- IASB – iasb.org
- IFAC – ifac.org
- IPSASB - ipsasb.org



For more details on the topics referred in this issue, the reader may visit the website of FRC (http://frc.govmu.org) or contact the FRC.

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