

# 2025 ANNUAL REPORT



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# Abbreviations

A list of abbreviations used for our Members' organizations is available at our Member Directory

IFIAR	International Forum of Independent Audit Regulators
AFC	Audit and Finance Committee
HRGC	Human Resources and Governance Committee
WG	Working Group
EWG	Enforcement Working Group
GAQWG	Global Audit Quality Working Group
IOSWG	Investors and Other Stakeholders Working Group
IWWG	Inspections Workshop Working Group
SCWG	Standards Coordination Working Group
TF	Task Force
IFSTF	Inspection Findings Survey Task Force
SATF	Sustainability Assurance Task Force
TTF	Technology Task Force
GIA	General Incorporated Association
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
PIOB	Public Interest Oversight Board
FSB	Financial Stability Board
IAIS	International Association of Insurance Supervisors
GPPC	Global Public Policy Committee <i>The six largest audit firm networks, each comprised of a group of legally separate firms operating locally in countries or regions around the world, represented in the GPPC by the following entities: BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst &amp; Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative, and PricewaterhouseCoopers International Limited</i>

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# IFIAR Officers’ Message to our Members and stakeholders

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## Welcome to IFIAR's 2025 Annual Report.

It is our pleasure to present IFIAR's annual report for the year 2025.

This report presents a review of IFIAR's accomplishments and strategic initiatives over the past year, underscoring our commitment to serving the public interest and protecting investors through enhancing audit oversight globally. In this report, we chronicle our significant achievements, present our financial performance, and outline our ongoing initiatives, and future considerations as we look ahead to the coming years.

## IFIAR Governance & leadership

We would like to start by recognizing Takashi Nagaoka, IFIAR Chair from April 2023 to April 2025, for his extensive contributions to IFIAR. In addition to his long service as an IFIAR Board member and past role as a Working Group Chair, Takashi served as Vice Chair, then Chair, and led IFIAR through a dynamic and evolving period in the recent years.

We are honored to be appointed as the IFIAR Chair and Vice Chair and would also like to welcome Poland (PANA) to the IFIAR Board. We take this opportunity to also thank Australia (ASIC), for its valued service on the IFIAR Board from April 2017 to April 2025.

We are very pleased to welcome Julia Rendschmidt who was appointed as the Executive Director of the IFIAR Secretariat with effect from 1 October 2025. Julia is responsible for leading the Secretariat's work to assist IFIAR's Board, Working Groups and Task Forces in delivering value to Members.

## Strategic overview and operational review

A new 5-year strategic plan from 2026 to 2031 was developed during this year. Its key aim is continuing to build an effective organization and upholding IFIAR's role as the leading global organization in audit oversight.

IFIAR's Working Groups and Task Forces are key to the successful implementation of the new 5-year strategic plan. The Working Groups and Task Forces comprised participants from jurisdictions across the IFIAR membership who collaborated regularly throughout the year to share their expertise, advance IFIAR's workstreams and priorities, and deliver insights to our Members through various activities, including virtual and in-person events.

IFIAR remains committed to enhancing the capabilities and effectiveness of our Members, and to this end we are pleased to report on three flagship events in 2025. Our annual Plenary meeting, hosted by Germany AOB in Berlin, provided senior leadership from our Members with an opportunity to discuss key developments, including in the areas of sustainability assurance and technology, and to share their experiences in regulating smaller audit firms.

The annual Inspection Workshop, hosted by Mauritius FRC, and our biennial Enforcement Workshop, hosted by South Africa IRBA, provided knowledge-sharing and collaboration opportunities for our Members' technical staff in topics central to their domestic work, as well as new and evolving items in important regulatory areas. These in-person events were supplemented by numerous webinars and virtual sessions, organized by our Working Groups and Task Forces, and presented by IFIAR Members and, in some instances, external stakeholders.

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For example, the Sustainability Assurance Task Force organized virtual webinars with 7 IFIAR Member jurisdictions throughout the year, each presenting local developments in sustainability assurance, highlighting IFIAR’s ongoing engagement with Members on important current and emerging topics.

IFIAR continues to engage with key stakeholders in the corporate reporting ecosystem, primarily through the work of our Working Groups and Task Forces, to further influence improvements in audit quality. This included webinars with each of the GPPC networks outlining their initiatives to improve audit quality and reduce inspection deficiencies, a series of webinars with the international audit-related standard setting bodies regarding their sustainability workstreams and IFIAR’s annual inspection findings report.

## Emerging developments

As the audit landscape evolves, it brings new challenges to audit regulation and highlights the importance of effective, adaptable, and forward-looking oversight. IFIAR remains committed to monitoring emerging developments, addressing their implications for audit regulation and effectively communicating the value of oversight to stakeholders. The Board exemplified this process in 2025 by forming a new group to specifically address developments in the role of alternative investments in audit firms, including private equity. The Alternative Forms of Investment Task Force was established in recognition of the importance of this emerging development, which could have a significant impact on the audit regulatory environment in many jurisdictions.

The IFIAR Board acknowledges the pace at which emerging developments in the audit market progress, particularly with respect to technology. This requires regular monitoring and consideration by the Board of the extent to which various issues can and should be addressed by IFIAR workstreams, with an example being our 2025 publication on the use of technology in audits – observations, risks and further evolution, prepared by our Technology Task Force.



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**Sustainability** continues to be a key consideration in IFIAR’s operations. IFIAR hosts a mix of in-person and virtual activities, with the majority of activities using virtual formats. In-person events take place when appropriate, to foster relationship building and ensure effective stakeholder engagement. IFIAR remains cognizant of the carbon emissions caused by international travel and events and has updated its meetings policy to ensure that sustainability is a central consideration.

IFIAR is committed to **diversity** in all its forms, including in geography, race, gender, culture, and experience; and to fostering inclusiveness and fair and equal treatment of all Members and employees.

## Appreciation

We would like to extend our gratitude to all IFIAR’s Members – your continued engagement and support is vital to IFIAR’s success in delivering our mission – and in particular those Members who participate on the IFIAR Board and its committees, and in our Working Groups and Task Forces.

We would also like to thank the Secretariat staff for their continued work in support of IFIAR. In particular over this past year the team maintained their very high level of quality work. And finally, we continue to be grateful to Japan FSA/CPA/OB for its ongoing hosting of the Secretariat in Tokyo, Japan.

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# Who we are

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**Established in 2006, IFIAR comprises independent audit regulators from 56 jurisdictions representing Africa, Asia, Europe, North America, Oceania & South America**

**IFIAR’s mission is to serve the public interest, including investors, by enhancing audit oversight globally.**

In fulfilling our mission, we strive to drive improvements to audit quality, both globally and in each of our Members’ jurisdictions.

Investors and other stakeholders rely on high quality financial reporting. Along with management, audit committees, and other directors, auditors play a critical role in helping promote high quality financial reporting.

By providing investors with independent assurance on the integrity of reported financial results, auditors across the globe contribute to the effective and efficient allocation of capital and to international financial stability and economic growth.

Standard setters and regulators also play a critical role in setting the frameworks and rules for accounting and auditing, and ensuring auditors abide by the standards.



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**IFIAR contributes to high quality auditing through enhancing the independent audit regulatory oversight capabilities of its Members, and by regularly engaging with global network firms to influence their continual improvements to audit quality.**

We enhance the capabilities of our Members through consultative assistance, training, and a collaborative knowledge-sharing network. The goal is for this collective wisdom to influence audit oversight worldwide and advance sustainable, high-quality audits. IFIAR’s 2021-2026 Strategic Plan outlines the core strategies to realize our three strategic objectives (refer to page 19).



**IFIAR has two categories of membership, 'Members' and 'Associates'!**

Members are those audit regulators that meet all of IFIAR’s membership criteria as prescribed in IFIAR’s Charter.

Associate Membership is open to audit regulators that at minimum meet the IFIAR Charter requirement of independence from the audit profession and have clear responsibility and legal authority in their jurisdiction for audit oversight (as set out in the IFIAR Charter) but have not yet developed and/or implemented (all) their regulatory activities.

The time-limited Associate category enables independent regulators with appropriate audit oversight authority to benefit from IFIAR membership, prior to meeting all of IFIAR’s membership criteria, to support their development to fully operational audit oversight bodies. Currently there are no Associates.

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# IFIAR in numbers

56

IFIAR is comprised of independent audit regulators from 56 jurisdictions...

6

...across six continents: Africa, Asia, Europe, North America, Oceania & South America...

16

IFIAR is governed by a Board consisting of 16 Member organizations...

2

...and led by two Officers: Kevin Prendergast, IFIAR Chair; and Chia-Tern Huey Min, IFIAR Vice Chair

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IFIAR's Executive Director, Julia Rendschmidt, leads a Secretariat team of six staff with an office in Tokyo, Japan

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# Our leadership

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## IFIAR is governed by a Board consisting of up to 16 Member organizations.

Members elected Kevin Prendergast of Ireland (IAASA) as Chair and Chia-Tern Huey Min of Singapore (ACRA) as Vice Chair of IFIAR in 2025. They each serve a two-year term which ends in April 2027.

The IFIAR Board is responsible for developing IFIAR’s strategy and determining annual operating priorities, amongst other Board authorities prescribed in the IFIAR Charter.

Julia Rendschmidt was appointed as Executive Director of the IFIAR Secretariat, based in Tokyo, and has been responsible for leading the Secretariat since October 2025. The Executive Director is accountable to the Chair, Vice Chair, and Board. Prior to Ms. Rendschmidt’s appointment, Delon Abrams served as Acting Executive Director from August 2024 through September 2025.

The IFIAR Board is supported by its two Committees, the AFC and the HRGC, under the leadership of their respective Chairs. The Board oversees the implementation of the organization’s Strategic Plan and the work of the Officers, the Executive Director and the Secretariat, Working Groups and Task Forces.



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# 2025 in numbers

49

IFIAR Members from 49 jurisdictions met in Berlin for IFIAR's annual Plenary meeting, hosted by Germany (AOB) in April 2025

19

IFIAR's 19th annual Inspection Workshop was hosted by Mauritius (FRC) in March 2025, with 94 attendees joining from 36 jurisdictions

7

IFIAR's 7th bi-annual Enforcement Workshop was hosted in Johannesburg by South Africa (IRBA) in October 2025, with 70 attendees joining from 23 jurisdictions

4

Throughout 2025, IFIAR issued two comment letters to standard-setting boards; and two reports on inspection findings survey and use of technology in audits

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14 webinars were held by IFIAR's WGs, TFs, and Member organizations to facilitate information sharing among IFIAR Members

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# Our Working Groups and Task Forces

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# Working Groups

## Investors & other stakeholders

Responsible for maintaining dialogue with investors, audit committees and other stakeholders on matters relevant to audit quality and initiatives to improve audit quality.

**Chair:** Peter Hofbauer, Austria (APAB)

**Vice Chair:** Anthony C Thompson, United States (PCAOB)

**Members:** Austria (APAB), Canada (CPAB), France (H2A), Japan (FSA/CPAAOB), Korea (FSC/FSS), Malaysia (AOB), Poland (PANA), Saudi Arabia (CMA), South Africa (IRBA) (until May 2025), United Kingdom (FRC), United States (PCAOB)

## Standards Coordination

Responsible for providing input and feedback to international standard setters on various pronouncements from an audit quality perspective, and providing a forum for IFIAR Members to discuss and share views about such pronouncements.

**Chair:** James Ferris, United Kingdom (FRC)

**Vice Chair:** Stacy Hammett, Canada (CPAB)

**Members:** Brazil (CVM), Canada (CPAB), France (H2A), Germany (AOB), Italy (CONSOB), Japan (FSA/CPAAOB), The Netherlands (AFM), South Africa (IRBA), Spain (ICAC), United Kingdom (FRC), United States (PCAOB)

## Enforcement

Forum for IFIAR Members' enforcement officials to exchange views and information on enforcement systems for investigating and adjudicating alleged auditor misconduct.

**Chair:** Blandine Gardey de Soos, France (H2A) (from October 2025)

*Elizabeth Barrett, United Kingdom (FRC) (until October 2025)*

**Vice Chair:** Jennifer Cooper, Canada (CPAB)

**Members:** Abu Dhabi Global Market (ADGM), Albania (POB), Canada (CPAB), Chinese Taipei (FSC), France (H2A), Germany (AOB), India (NFRA), Ireland (IAASA), Japan (FSA/CPAAOB), South Africa (IRBA), Switzerland (FAOA), United Kingdom (FRC), United States (PCAOB)

## Global Audit Quality

Responsible for IFIAR's ongoing dialogue with the GPPC member firms, which comprise the six largest international audit networks, to promote continuous improvement in audit quality.

**Chair:** Kara Stein, United States (PCAOB)

**Vice Chair:** Andrew Meek, United Kingdom (FRC)

**Members:** Canada (CPAB), France (H2A), Germany (AOB), Japan (FSA/CPAAOB), The Netherlands (AFM), Singapore (ACRA), Switzerland (FAOA), United Kingdom (FRC), United States (PCAOB)

## Inspection Workshop

Responsible for developing an annual forum for Members to share inspection practices to promote more effective inspection programs.

**Chair:** Askin Akbulut, Germany (AOB)

**Vice Chair:** Ntlambi Gulwa, South Africa (IRBA)

**Members:** Abu Dhabi (ADAA), France (H2A), Germany (AOB), Indonesia (PPPK), Ireland (IAASA), Japan (FSA/CPAAOB), Luxembourg (CSSF), Saudi Arabia (CMA), South Africa (IRBA), United Kingdom (FRC), United States (PCAOB)

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## Alternative Forms of Investment

**Co-Lead:** Yuichiro Enomoto, Japan (FSA/CPAAOB), Sietze de Leeuw, the Netherlands (AFM)

**Members:** France (H2A) Greece (HAASOB), Ireland (IAASA), Japan (FSA/CPAAOB), The Netherlands (AFM), South Africa (IRBA), United Kingdom (FRC), United States (PCAOB)

Initiative to monitor and analyze developments in private equity and other alternative investment models in audit firms, assessing their potential impact on audit quality, firm governance, and the attractiveness of the profession.

## Sustainability Assurance

**Lead:** Kuldip Gill, Singapore (ACRA) (from December 2025)

*Claire Lindridge, United Kingdom (FRC) (until October 2025)*

**Members:** Brazil (CVM), Chinese Taipei (FSC), France (H2A), Germany (AOB), Greece (HAASOB), Italy (CONSOB), Japan (FSA/CPAAOB), Malaysia (AOB), the Netherlands (AFM), Poland (PANA), Singapore (ACRA), Türkiye (CMB/POA), United Kingdom (FRC), United States (PCAOB)

Initiative to explore potential IFIAR workstreams relating to assurance over the reporting of sustainability information.

# Support network

# Task Forces

## Inspection Findings Survey

**Lead:** Juli Ravas, United States (PCAOB)

**Members:** Australia (ASIC), Canada (CPAB), France (H2A), Germany (AOB), Japan (FSA/CPAAOB), The Netherlands (AFM), United Kingdom (FRC), United States (PCAOB)

Responsible for conducting and reporting the outcomes of IFIAR's annual Inspection Findings Survey, which collects data on key results from IFIAR Members' inspections of audit firms' systems of quality control and audits of listed PIEs.

## Technology

**Lead:** Jeremy Justin, Canada (CPAB)

**Members:** Canada (CPAB), Germany (AOB), Ireland (IAASA), Italy (CONSOB), Japan (FSA/CPAAOB), The Netherlands (AFM), Singapore (ACRA), South Africa (IRBA), Switzerland (FAOA), United Kingdom (FRC), United States (PCAOB)

Initiative to explore the audit quality impact of technology audit tools used widely around the world by the six largest audit firm networks.

## Emerging Regulators Group

**Lead:** Jacco Moison, New Zealand (FMA)

**Members:** Cyprus (CyPAOB), Georgia (SARAS), Mauritius (FRC), New Zealand (FMA), Philippines (SEC), Slovenia (APOA)

Support network to assist smaller and emerging audit regulators to address the unique challenges they face, and to provide a forum for smaller Members to identify ways IFIAR may be able to further support their needs.

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# Delivering IFIAR's Strategy

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## IFIAR's 2021-2026 Strategic Plan was adopted by Members at the 2021 IFIAR Plenary Meeting.

The Strategic Plan sets forth the strategic direction IFIAR will pursue in the coming years to fulfill its mission of serving the public interest, including investors, by enhancing audit oversight globally.

IFIAR's Strategic Objectives are the overarching principles that guide IFIAR in advancing its mission and in delivering value to its Members.

These Strategic Objectives (and related Core Strategies) reflect IFIAR's continued focus on building the capabilities of its Members and on being recognized as the leading international organization on independent audit oversight.

### Strategic Objectives

1. Build Member Capabilities
2. Promote sustainable improvement in audit quality
3. Enhance the collective impact of the audit regulatory community

### Core Strategies

1. Reinforce sustained collaboration and knowledge sharing between Members
2. Further foster effective engagement with relevant stakeholders in the financial reporting ecosystem
3. Maintain outreach to Members as a priority, and secondly, to prospective Members

IFIAR's Core Strategies set out the overarching goals on which IFIAR focuses to further its Strategic Objectives.

The information on the following pages outlines the key actions implemented by IFIAR in 2025 to deliver against each core strategy.

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IFIAR held various meetings, workshops and webinars throughout 2025, to foster sustained collaboration and knowledge-sharing between Members.

## Core Strategy 1

Reinforce sustained collaboration and knowledge sharing between Members

### Meetings

IFIAR's in-person **Plenary Meeting** was held in Berlin, Germany, in April in which Members, GPPC CEOs and other key stakeholder representatives addressed several key emerging developments and trends, including audit firm **governance**, assurance over the **sustainability** reporting, and the increased use of emerging **technology** by audit firms.

IFIAR's Board continued its discussions on various **emerging developments**, risks and issues in view of their potential impact on audit quality or audit oversight from a broad perspective and determined additional activities or initiatives for IFIAR to undertake in response.

### Workshops

The **EWG** organized its 7<sup>th</sup> **Enforcement Workshop**, hosted by South Africa (IRBA) in October, to share Members' knowledge, experiences and training in various enforcement-related topics.

IFIAR's 19<sup>th</sup> **Inspection Workshop** was organized by the IWWG and hosted by Mauritius (FRC) in March, further sharing Members' inspection experiences and approaches, and providing valuable technical training to Members' staff.

### Webinars

The **GAQWG** organized webinars with each of the GPPC networks, outlining their initiatives to improve audit quality and reduce inspection deficiencies.

The **IWWG** organized a webinar providing valuable training on ISQM1.

The **SATF** organized five webinars, providing Members with insights on:

- Jurisdictional developments in sustainability reporting, assurance frameworks, climate-related disclosures, and market studies; and
- Updates from IAASB and IESBA on recently issued international sustainability assurance standards.

The **TTF** organized a webinar on artificial intelligence (AI), in which an external expert provided an **introduction to AI** in auditing and audit oversight.

**United Kingdom** (FRC) organized a Regulatory Update webinar, providing Members with insights on factors influencing audit quality and ongoing regulatory initiatives.

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IFIAR continued to engage directly with stakeholders, through in-person meetings, virtual events, and published reports.

## Core Strategy 2

Further foster effective engagement with relevant stakeholders in the financial reporting ecosystem

## Public Communication

The **IFSTF** published a report summarizing the **results of the 2024 Survey of Inspection Findings** in March 2025. IFIAR Members reported that 34% of audit engagements inspected had at least one finding, compared to 32% in the 2023 survey. IFIAR expressed its concern and disappointment with the increase in an accompanying stakeholder announcement, which also outlined the outcome of a separate, GAQWG initiative, challenging GPPC networks to reduce findings by at least 25% over a four-year period from 2023 to 2027 – a target which the GPPC networks failed to achieve.

The **SCWG** published two comment letters on:

- Comment on IESBA's Consultation Paper on Collective Investment Vehicles and Pension Funds
- Comment on IAASB's Exposure Draft on Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project

The **TTF** published a report on the Use of Technology in Audits – observations, risks and further evolution.

## Contribution to international bodies

The **Officers** and **Secretariat** represented IFIAR at various meetings and events including the **Financial Stability Board's** Roundtable on External Audit and Committee on Issuer Accounting, Audit and Disclosure of the **IOSCO**. IFIAR continued to contribute to the **Monitoring Group** regarding the implementation of its recommendations to strengthen the international audit and ethics standard-setting system.

The SCWG met with representatives of the **IAASB**, **IESBA** and **PIOB** to present and discuss regulators' perspectives and suggestions to enhance audit quality.

## Engagement with GPPC

The **GAQWG** held two in-person meetings with **GPPC** networks in 2025. Discussion topics included: the networks' monitoring programs, culture and behavior, as well as the results of the 2024 Inspection Findings Survey. The GPPC networks also provided updates on the results of their internal quality monitoring; evaluation of their systems of quality management.

The **TTF** engaged with **GPPC network firms** on the use of technology, including AI, in audits and its impact on audit quality and firm methodologies, sharing key insights with Members.

## Engagement with external stakeholders

The **IOSWG**, with the support of their **Advisory Group**, discussed auditors' communication with investors and stakeholders.

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IFIAR maintained engagement with existing Members, continuing targeted outreach to prospective Members, and welcomed a new Member, all with the aim of enhancing the collective impact of audit regulators globally.

### Core Strategy 3

Maintain outreach to Members as a priority, and secondly, to prospective Members

## For Members

We provided **regular updates** to Members from the IFIAR Officers, Board, Working Groups, Task Forces and Secretariat via **Member Newsletters**, and the **Plenary meeting**.

**IFIAR's Officers and Secretariat held ad hoc meetings with individual Members.**

## For Prospective Members

IFIAR engaged with **remaining non-Member G20 jurisdictions** and other **targeted countries with independent oversight programs** about potential IFIAR membership.

Direction and guidance were provided to **audit regulators that have applied or have expressed interest in applying for membership.**

We continued to engage with **potential Associate members** with the goal of enabling independent audit regulators with clear authority for independent oversight, that are still in the early stages of developing their audit oversight programs, to benefit from IFIAR activities.

## Concluding the 2021-2026 Strategic Plan

2025 marks the final year of IFIAR's 2021-2026 Strategic Plan. Over this period, IFIAR has expanded opportunities for Member engagement through a hybrid model of in-person and virtual activities, enabling more frequent collaboration, knowledge-sharing, and regulatory updates across regions.

IFIAR has also responded to emerging developments in the audit landscape, establishing new Task Forces on sustainability assurance, technology, and alternative forms of investment in audit firms.

A new five-year strategic plan for 2026-2031 will be presented to Members for approval at the 2026 Plenary Meeting.

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### IFIAR Board

**Chair:** Kevin Prendergast, Ireland (IAASA) (from April 2025)  
*Takashi Nagaoka, Japan (JFSA/CPAAOB) (until April 2025)*

**Vice Chair:** Chia-Tern Huey Min, Singapore (ACRA) (from April 2025)  
*Kevin Prendergast, Ireland (IAASA) (until April 2025)*

Brazil (CVM)	Germany (AOB)	The Netherlands (AFM)	South Africa (IRBA)
Canada (CPAB)	Greece (HAASOB)	Poland (PANA) (from April 2025)	Türkiye (CMB/POA)
Chinese Taipei (FSC)	Ireland (IAASA)	Singapore (ACRA)	United Kingdom (FRC)
France (H2A)	Japan (JFSA/CPAAOB)	Switzerland (FAOA)	United States (PCAOb)
<i>Australia (ASIC) (until April 2025)</i>			

### Audit & Finance Committee

**Chair:** Imre Nagy, South Africa (IRBA)

Canada (CPAB)  
 Chinese Taipei (FSC)  
 Greece (HAASOB)  
 Ireland (IAASA)  
 South Africa (IRBA)  
 United Kingdom (FRC) (from September 2025)

### Human Resources & Governance Committee

**Chair:** Reto Sanwald, Switzerland (FAOA) (from April 2025)

*Kuldip Gill, Singapore ACRA (until April 2025)*

Brazil (CVM)  
 Germany (AOB) (until October 2025)  
 Japan (JFSA/CPAAOB)  
 Poland (PANA) (from April 2025)  
 Singapore (ACRA)  
 Switzerland (FAOA)  
 Türkiye (CMB/POA)

## Elections and Appointments

The 2025 Plenary Meeting marked the end of the two-year terms for IFIAR's Officers: Takashi Nagaoka, Japan JFSA/CPAAOB ended his term as IFIAR Chair and Kevin Prendergast, Ireland IAASA ended his term as Vice Chair. IFIAR extends its gratitude and appreciation to Takashi Nagaoka for his service and contribution to IFIAR in his role as Chair.

Elections were subsequently held for these Officer positions, with Members electing Kevin Prendergast, Ireland IAASA to the position of Chair and Chia-Tern Huey Min of Singapore ACRA to the position of Vice Chair.

The 2025 Plenary Meeting also marked the end of the four-year terms of four elected Board members who served from 2021-2025. The Members elected Poland (PANA) and re-elected Ireland (IAASA), Singapore (ACRA), and South Africa (IRBA), to the Board to serve four-year terms ending in 2029. Our thanks and gratitude to outgoing Australia (ASIC), which previously served as a Nominated Board member, for its service and contribution to the Board.

Appointments were also made to the leadership of the IFIAR Board Committees in 2025. Reto Sanwald, Switzerland FAOA, was appointed as HRGC Chair and Imre Nagy, South Africa IRBA, was reappointed to continue in his role as AFC Chair. IFIAR extends its gratitude and appreciation to Kuldip Gill for her service and contribution to IFIAR in her role as HRGC Chair.

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## Governance

IFIAR's Board met five times in 2025, including three times in-person (in Türkiye, Germany alongside the Plenary meeting, and United Kingdom). Key governance matters discussed and agreed at Board meetings during 2025 included the following:

### Approvals and affirmations

- 2025-2026 Operating Plan
- Member-only TTF Report: Use of technology in audits – observations, risks and further evolution (and support for subsequent public version, approved by Members)
- AFC and HRGC memberships and Chair appointments
- Appointment of Julia Rendschmidt as Executive Director
- Reappointment of auditor and audit fee for 2025
- 2026-2027 Board Calendar
- Risk Management Policy
- Audit Market Data Survey
- Approval and affirmation of Working Group Chairs, Task Force Leads, WG/TF and IOSWG Advisory Group members
- Approval for the establishment of a Task Force to specifically address developments in the role of alternative investments in audit firms, including private equity and its Terms of Reference

### Support

- 2026 Budget, and 2026 Membership Fees\*

*\*Subsequently approved by Members*

### Other

- Continued consideration of the impact of the conflicts in Ukraine on IFIAR's operations, Members and audit risk. Representatives from IFIAR's Russian Member organizations have not attended IFIAR meetings or events during this period.

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## Risk Management

IFIAR maintains a comprehensive risk management program overseen by the Audit and Finance Committee and the Board, with the Board holding ultimate responsibility for risk governance. Each year, the Board reviews the organization’s risk appetite, tolerance, and risk register to ensure alignment with strategic objectives.

The diagram below illustrates the reporting flow and responsibilities within IFIAR’s risk management framework.



The risk management process is systematic and proactive, and consists of the following six elements: identification, assessment, planning, implementation, monitoring and review, and communication. In line with the Risk Management Policy, IFIAR applies a quantitative scoring approach to risk evaluation, including defined levels of Control Effectiveness and a standard scale for classifying risks as Low, Medium, or High.

The risk register covers a broad range of risk categories relevant to the organization, including strategic, reputational, and operational risks. In 2025, these risks were assessed through the established framework and actively managed through mitigation measures.

This approach ensures that risks are systemically identified, assessed, and addressed through ongoing oversight by the Audit and Finance Committee and the Board.

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# Financial highlights

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## Financial statement highlights

In 2017, under Japanese law, IFIAR established IFIAR Association, a GIA. IFIAR Association, comprising IFIAR's Members, serves as the legal entity for IFIAR's contracting purposes.

IFIAR Association is not subject to statutory audit; however, the members of IFIAR Association elect to have its financial statements audited. Forvis Mazars Audit LLC serves as IFIAR Association's auditor.

The income of IFIAR Association is primarily Membership fees and subsidies from IFIAR Members and the expenses are the operating costs of running the Secretariat such as office, staff and administrative costs together with travel costs.

IFIAR continues to prioritize sustainable fiscal management, including the management of sustainable cost budgets in the face of inflationary pressures.



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## Member Support

IFIAR, whose operations are distinct from IFIAR Association, relies on Members' voluntary contributions for a variety of IFIAR activities including Board and Board Committee meeting preparation and attendance, Working Group and Task Force participation, meeting and workshop hosting and participation, and outreach.

These activities are directly funded by the Members providing the resources (generally a combination of staff time and payment of expenses, for example, travel costs or event hosting costs).

Member support during 2025 included the following:

### Hosting:

- Board meeting in Istanbul by Türkiye (CMB&POA) (February 2025)
- Inspection Workshop by Mauritius (FRC) (March 2025)
- GAQWG meeting in Vancouver by Canada (CPAB) (March 2025)
- SCWG meeting in Washington DC by the United States (PCAOB) (April 2025)
- 2025 Plenary meeting and April Board meeting in Berlin by Germany (AOB) (April 2025)
- Board and GAQWG meetings in London by the United Kingdom (FRC) (October 2025)
- Enforcement Workshop in Johannesburg by South Africa (IRBA) (October 2025)

### Other contributions:

- The Officers' organizational support provided by Ireland (IAASA), Japan (FSA/CPAAOB), and Singapore (ACRA)
- Chairing and provision of administrative support of various Working Groups, Task Forces and other workstreams by Austria (APAB), Canada (CPAB), France (H2A), Germany (AOB), Japan (FSA/CPAAOB), the Netherlands (AFM), New Zealand (FMA), United Kingdom (FRC) and United States (PCAOB)
- Participation on the Board by Australia (ASIC) (until April 2025), Brazil (CVM), Canada (CPAB), Chinese Taipei (FSC), France (H2A), Germany (AOB), Greece (HAASOB), Ireland (IAASA), Japan (FSA/CPAAOB), the Netherlands (AFM), Poland (PANA) (from April 2025), Singapore (ACRA), Switzerland (FAOA), South Africa (IRBA), Türkiye (POA/CMB), United Kingdom (FRC), and United States (PCAOB)
- Participation of Members in Working Groups, Task Forces and other IFIAR activities

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# Statement of responsibilities for the annual report and financial statements

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## Responsibilities under the IFIAR Charter

The IFIAR Officers are responsible for preparing the Annual Report, including the financial statements, for approval by the IFIAR Board, including determination of its distribution, in accordance with the IFIAR Charter.

## Responsibilities under relevant laws and regulations

The Directors of the International Forum of Independent Audit Regulators Association (IFIAR Association) are responsible for preparing a Business Report and Financial Statements, in accordance with IFIAR Association Articles of Association and applicable laws and regulations, to be presented to IFIAR Association Members. The Members are required to approve the Financial Statements at the Association's Annual General Assembly Meeting. The IFIAR Annual Report includes the required content for Business Reports.

The Act on General Incorporated Associations and General Incorporated Foundations requires the Directors to prepare financial statements for each financial year in accordance with relevant Generally Accepted Accounting Principles. In preparing the financial statements, the Directors have elected to apply the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

## Preparation of the financial statements

In preparing the financial statements, the Directors of IFIAR Association are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS for SMEs subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that IFIAR Association will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

## IFIAR Association Director Confirmations

Each of the Directors of IFIAR Association, whose names are listed in Note 1 to the financial statements confirms that:

- IFIAR Association is financially sound and has adequate resources to continue operating for the foreseeable future; and
- to the best of his or her knowledge, the financial statements, which have been prepared in accordance with IFRS for SMEs, give a true and fair view of the financial position and financial performance of IFIAR Association.

Signed on behalf of the Directors of IFIAR Association:



**Kevin Prendergast**

Chair of IFIAR Board and  
Representative Director of IFIAR Association

March 2, 2026

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# Independent auditor's report

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# To the Directors of International Forum of Independent Audit Regulators Association

## Opinion

We have audited the financial statements of the International Forum of Independent Audit Regulators Association (IFIAR Association), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income and retained surplus and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of IFIAR Association as at December 31, 2025, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standard for SMEs (IFRS for SMEs).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of IFIAR Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The other information comprises the annual report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Corporate Auditor is responsible for overseeing the execution of duties by the directors in reporting process design and operation of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing IFIAR Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate IFIAR Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing IFIAR Association's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Forvis Mazars Audit LLC*

**Forvis Mazars Audit LLC**

Akasaka Intercity, 5F  
1-11-44 Akasaka, Minato-ku,  
Tokyo, 107-0052, Japan

March 2, 2026

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# Financial statements

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**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS ASSOCIATION  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

**STATEMENT OF COMPREHENSIVE INCOME AND RETAINED SURPLUS FOR THE YEAR ENDED DECEMBER  
31, 2025**

	Note	2025 JPY	2024 JPY
<b>Revenue</b>	3	<b>262,451,824</b>	<b>260,560,876</b>
<b>OPERATIONAL EXPENDITURE</b>			
Salaries and employee benefits	4,5(b)	126,138,701	181,558,154
Recruitment costs		356,110	817,905
Travel expenses		22,825,314	22,582,894
Plenary host and meeting expenses		4,253,805	4,377,283
Audit expenses		2,184,442	2,115,678
Information technology and communication expenses		7,035,671	6,192,728
Professional fees		6,968,797	8,706,762
Other expenses		2,943,789	3,590,650
Office supplies		1,123,542	1,083,026
Rental and maintenance expense	5(b)	11,877,723	11,880,361
Depreciation	6	3,058,851	3,367,608
Foreign exchange loss		431,583	520,841
PIOB funding	10	10,000,000	10,000,000
<b>Total operational expenditure</b>		<b>199,198,328</b>	<b>256,793,890</b>
<b>Operating surplus and comprehensive income</b>		<b>63,253,496</b>	<b>3,766,986</b>
<b>Retained surplus at start of year</b>		<b>304,005,885</b>	<b>300,238,899</b>
<b>Retained surplus at end of year</b>		<b>367,259,381</b>	<b>304,005,885</b>

**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS ASSOCIATION  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025**

	Note	2025 JPY	2024 JPY
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deposits	5(c)	13,463,600	10,929,600
Property, plant and equipment	6	4,867,170	5,342,421
Cash and cash equivalents	7	821,700	6,239,311
		<u>19,152,470</u>	<u>22,511,332</u>
<b>Current assets</b>			
Accounts and other receivables		4,501,072	4,836,220
Prepaid expenses		8,159,439	6,416,754
Cash and cash equivalents	7	453,239,502	373,949,539
		<u>465,900,013</u>	<u>385,202,513</u>
<b>Total assets</b>		<b><u>485,052,483</u></b>	<b><u>407,713,845</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Asset retirement obligation	5(d)	16,571,520	16,571,520
Other long-term employee benefit	7	821,700	6,239,311
		<u>17,393,220</u>	<u>22,810,831</u>
<b>Current liabilities</b>			
Accounts and other payables		8,858,731	9,596,338
Accruals		11,430,286	6,343,021
Deferred income	8	37,966,244	35,403,628
Other long-term employee benefit	7	42,144,621	29,554,142
		<u>100,399,882</u>	<u>80,897,129</u>
<b>Total liabilities</b>		<b><u>117,793,102</u></b>	<b><u>103,707,960</u></b>
<b>EQUITY</b>			
Retained surplus	1	367,259,381	304,005,885
<b>Total liabilities and equity</b>		<b><u>485,052,483</u></b>	<b><u>407,713,845</u></b>

**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS ASSOCIATION  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025 JPY	2024 JPY
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total operating surplus for the year		63,253,496	3,766,986
Adjustments for:			
Depreciation	6	3,058,851	3,367,608
Decrease / (increase) in accounts and other receivables		335,148	(2,746,460)
(Increase) / decrease in prepaid expenses		(1,742,685)	7,964,641
(Decrease) in accounts and other payables		(737,607)	(1,993,219)
Increase in accruals		5,087,265	1,509,761
Increase in deferred income	8	2,562,616	809,709
(Increase) / decrease in deposits	5 (c)	(2,534,000)	1,689,534
Increase / (decrease) in other long-term employee benefit payable	7	7,172,868	(14,865,699)
<b>Net cash from / (used in) operating activities</b>		<b>76,455,952</b>	<b>(497,139)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6	(2,583,600)	-
<b>Net cash used in investing activities</b>		<b>(2,583,600)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>73,872,352</b>	<b>(497,139)</b>
Cash and cash equivalents at the beginning of the year		380,188,850	380,685,989
<b>Total cash and cash equivalents at end of the year</b>	7	<b>454,061,202</b>	<b>380,188,850</b>

**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS ASSOCIATION**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. General information and purpose of the organization**

The International Forum of Independent Audit Regulators Association (IFIAR Association) was established on January 4, 2017, in Tokyo, Japan and serves as the legal entity the International Forum of Independent Audit Regulators (IFIAR) uses for collecting and recognizing membership fees and for contracting purposes to engage in financial transactions such as employing individuals for the Secretariat, and paying suppliers in relation to Secretariat infrastructure and costs. IFIAR Association's financial statements relate to only part of the resources needed for IFIAR activities, being those contracted through IFIAR Association.

Activities performed by, and resources provided by, IFIAR Members (e.g., Board participation, Working Group participation, etc.) are deemed as being contributed to IFIAR and are not recorded in IFIAR Association's financial statements unless a contract is entered into with IFIAR Association with quantifiable amounts.

The Directors of IFIAR Association are Kevin Prendergast, Chia-Tern Huey Min and Imre Nagy. Kevin Prendergast and Imre Nagy were re-appointed as representative director and non-representative director respectively, and Chia-Tern Huey Min was appointed as representative director as of April 8, 2025, at IFIAR Association 2025 Annual General Assembly Meeting.

IFIAR Association satisfies the requirements to be treated as a non-profit General Incorporated Association under the Japanese Corporation Tax Legislation. Therefore, IFIAR Association is taxed to the extent that it carries out a profit-making business. IFIAR Association does not engage in any profit-making business. IFIAR Association is prohibited from the distribution of reserves, including in the event of dissolution, under Japanese law.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**2.1 Basis of presentation**

The financial statements of IFIAR Association have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and are consistent with the previous period. The financial statements, except for Statement of Cash Flows, have been prepared on an accrual basis with all assets, liabilities, equity, revenue and expenses recognized when they satisfy the definitions and recognition criteria for those items.

**2.2 Cash and cash equivalents**

The measurement basis for cash and cash equivalents is the balance recorded in IFIAR Association's bank account. These balances are denominated in Japanese Yen (JPY).

**2.3 Receivables**

Receivables are initially measured at the transaction price. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of comprehensive gain / (loss) and retained surplus.

**2.4 Revenue recognition**

All revenues are measured at the fair value of the consideration received or receivable. Membership fees are recognized on a straight-line basis over the membership period. Host subsidies are recognized when there is reasonable assurance that the grant will be received. Secondment subsidies are recognized on a straight-line basis over the secondment period. Interest income is recognized when earned.

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## 2.5 Foreign currency translation

The functional and presentation currency for IFIAR Association is the JPY. Foreign currency transactions are initially recorded by applying the average exchange rate for the month in which the transaction occurred. Monetary assets and liabilities denominated in a foreign currency are translated into JPY using the exchange rate at the reporting date.

## 2.6 Property, plant and equipment

### Definition

Property, plant and equipment are non-current assets that are held for use for IFIAR Association's administrative purposes and are expected to be used for more than one year.

### Recognition and initial measurement

IFIAR Association recognizes the cost of property, plant and equipment as an asset when it is probable that future economic benefits associated with the item purchased will flow to the entity and the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost.

### Subsequent measurement

IFIAR Association measures property, plant and equipment after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are generally depreciated on a straight-line basis over their expected useful lives. Leasehold improvements are depreciated over the shorter of the expected useful lives and the lease terms. The straight-line method reflects the pattern in which IFIAR Association expects to consume the asset's future economic benefits. The useful lives of items of property, plant and equipment have been assessed as follows:

Category:	Useful life
Leasehold improvements	5 years
Furniture and fixtures	10 years
Information Technology (IT) and Office equipment	3-5 years

If there is an indication that there has been a significant change in the useful life of an asset, the depreciation of that asset is revised prospectively to reflect the new estimate.

## 2.7 Government assistance

Grants from the Government of Japan, which are paid to IFIAR Association by the Japan Financial Services Agency (JFSA)/ the Certified Public Accountants & Auditing Oversight Board (CPAAOB), are recognized as revenue when there is reasonable certainty that the grant will be received. The Government of Japan has not imposed any future performance conditions on IFIAR Association to receive these grants.

The amount is fixed for five-year periods with at least one review undertaken prior to the end of each five-year period to agree the level of subsidy for the following five-year period. The subsidy was fixed for five years at JPY 86,810,000 per annum for the period 2022 to 2026. JFSA/CPAAOB will continue to provide annual contributions as long as the Secretariat is based in Japan.

## 2.8 Operating leases

IFIAR Association classifies a lease as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and recognizes lease payments under operating leases (excluding costs for services such as insurance and maintenance) as an expense over the lease term on a straight-line basis.

## 2.9 Other long-term employee benefit

Other long-term employee benefit relates to a long-term service award. Benefits are payable to eligible employees when their employment ends if they have completed five years or more of continuous service. The

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cost is recognized when the service is rendered, and the benefit accrues from the commencement of employment for each employee.

### 3. Revenue

Revenue comprises membership fees, subsidies from the Government of Japan and interest income.

Membership fees include those invoiced for the financial year, including Members that joined IFIAR during the year for whom the fees are pro-rated for the period of membership. In 2025, membership fees were due from 56 (2024: 56) Member jurisdictions.

Subsidies include an annual contribution of JPY 86,810,000 in 2024 and 2025 (see note 2.7), and a further subsidy was received in relation to a seconded staff member.

	2025 JPY	2024 JPY
Membership fees	170,505,692	165,005,276
Subsidies / Government grants	91,311,072	95,519,561
Interest income	635,060	36,039
<b>Total revenue</b>	<b>262,451,824</b>	<b>260,560,876</b>

### 4. Salaries and employee benefits

	2025 JPY	2024 JPY
Gross salaries	87,638,964	101,012,231
Health and pension insurance	6,557,832	6,755,577
Staff welfare	17,089,558	25,518,506
Staff relocation cost	1,340,525	-
Other employee benefits	6,338,954	5,826,814
Long-term service award expense	7,172,868	42,445,026
<b>Total salaries and employee benefits</b>	<b>126,138,701</b>	<b>181,558,154</b>

Of which:

#### Compensation paid to Key Management Personnel

<b>8,369,200</b>	<b>71,514,070</b>
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The amount represents compensation paid to the Executive Director from October 2025. The position was vacant from September 2024 to September 2025, with interim arrangements in place for operational continuity.

#### Contingent relocation cost liability

Employees recruited from outside Japan and relocated into Japan are eligible under their employment contracts at the end of their employment to have their relocation costs to their home countries reimbursed by IFIAR Association if they elect to relocate at that time. It is not determinable whether it is more likely than not that economic benefits will be required to be transferred, and the amount of the obligation cannot be estimated reliably. Further, although the timing and amount of the cost is not known, the potential maximum amounts are not considered material in the context of the financial statements. Accordingly, no liability is recorded.

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## 5. Lease related disclosures

### a. Operating lease commitments

At year-end, total outstanding commitments for IFIAR Association under non-cancellable operating leases were as follows:

#### Properties

	<b>2025</b>	<b>2024</b>
	<b>JPY</b>	<b>JPY</b>
Payments within 1 year	10,834,560	18,034,560
Payments later than 1 year but within 5 years	-	10,834,560
<b>Total lease commitments</b>	<b>10,834,560</b>	<b>28,869,120</b>

### b. Operating lease expenses

Lease payments recognized as an expense during the year amounted to JPY 16,834,560 (2024: JPY 17,314,560), as detailed below.

<b>Statement of Comprehensive Income line item in which lease expenses are included</b>	<b>Leased item</b>	<b>2025</b>	<b>2024</b>
		<b>JPY</b>	<b>JPY</b>
Rental and maintenance expense	Office	10,834,560	10,834,560
Salaries and employee benefits	Residential leases	6,000,000	6,480,000
		<b>16,834,560</b>	<b>17,314,560</b>

### c. Security deposits

Security deposits of JPY 13,463,600 (2024: JPY 10,929,600) were paid with regard to the office lease and residential leases for two employees in 2025 (2024: two employees).

### d. Asset retirement obligation

The office lease includes provisions requiring IFIAR Association to return the premises to the condition they were at the time of entering the lease. Therefore, an asset retirement obligation and related leasehold improvement of JPY 16,571,520 (2024: JPY 16,571,520) were recognized in the Statement of Financial Position upon entering into the lease. The obligation crystallizes when IFIAR Association exits the premises, the timing of which is uncertain.

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## 6. Property, plant and equipment

	Leasehold Improvements	Furniture & fixtures	IT and Office Equipment	Total JPY
Cost at January 1, 2025	48,758,382	14,528,144	13,812,020	77,098,546
Additions	-	-	2,583,600	2,583,600
Disposal	-	-	(444,173)	(444,173)
Cost at December 31, 2025	48,758,382	14,528,144	15,951,447	79,237,973
Accumulated depreciation at January 1, 2025	(48,758,382)	(10,853,424)	(12,144,319)	(71,756,125)
Disposal	-	-	444,173	444,173
Depreciation	-	(1,452,816)	(1,606,035)	(3,058,851)
Accumulated depreciation at December 31, 2025	(48,758,382)	(12,306,240)	(13,306,181)	(74,370,803)
<b>Net book value at December 31, 2025</b>	<b>-</b>	<b>2,221,904</b>	<b>2,645,266</b>	<b>4,867,170</b>
Cost at January 1, 2024	48,758,382	14,528,144	13,812,020	77,098,546
Additions	-	-	-	-
Disposal	-	-	-	-
Cost at December 31, 2024	48,758,382	14,528,144	13,812,020	77,098,546
Accumulated depreciation at January 1, 2024	(48,757,302)	(9,400,608)	(10,230,607)	(68,388,517)
Disposal	-	-	-	-
Depreciation	(1,080)	(1,452,816)	(1,913,712)	(3,367,608)
Accumulated depreciation at December 31, 2024	(48,758,382)	(10,853,424)	(12,144,319)	(71,756,125)
<b>Net book value at December 31, 2024</b>	<b>-</b>	<b>3,674,720</b>	<b>1,667,701</b>	<b>5,342,421</b>

## 7. Cash and cash equivalents

Cash is held in a current bank account denominated in JPY.

	2025 JPY	2024 JPY
Current	453,239,502	373,949,539
Non-current	821,700	6,239,311
<b>Total</b>	<b>454,061,202</b>	<b>380,188,850</b>

Of which the following amounts are ringfenced for payment of long-term service benefits and are therefore not available for general use:

	2025 JPY	2024 JPY
Current	42,144,621	29,554,142
Non-current	821,700	6,239,311
<b>Total</b>	<b>42,966,321</b>	<b>35,793,453</b>

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**8. Deferred income**

Deferred income relates to membership fees received in advance from Members.

**9. Related party transactions**

IFIAR Association conducts transactions with the Members of IFIAR Association (who are also Members of IFIAR). All revenues (including the subsidies but excluding interest income) are received from Members (ref. note 3). Accounts and other receivables balances in each year relate to amounts due from related parties which were settled subsequent to each year-end. Compensation paid to Key Management Personnel is disclosed in note 4. In 2025, JPY 627,384 (2024: JPY 2,048,548) of the operating expenses were paid to the organizations of the Chair and Vice- Chair of IFIAR as a contribution towards travel costs in relation to IFIAR activities.

**10. PIOB Funding**

The Public Interest Oversight Board (PIOB) was formally established in February 2005 as part of the International Federation of Accountants (IFAC) Reform Proposals with the objective to increase investor and other stakeholder confidence that IFAC's public interest activities, including standard setting by IFAC's independent boards, are properly responsive to the public interest.

IFIAR Association decided in April 2020 to provide the PIOB with an annual direct financial contribution to support the PIOB's operating budget, starting in 2020. IFIAR continued its contribution to JPY 10,000,000 (2024: JPY 10,000,000).

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# IFIAR Members & Observers

## **IFIAR Member Directory**

A directory of IFIAR Members is available on our website at: <https://www.ifiar.org/members/member-directory/>

## **IFIAR Publications**

A list of IFIAR publications is available on our website at: <https://www.ifiar.org/about/publications/>

## **Observers**

The following organizations are observers of IFIAR meetings:

Basel Committee on Banking Supervision (BCBS)  
European Commission  
Financial Stability Board (FSB)  
International Association of Insurance Supervisors (IAIS)  
International Organization of Securities  
Commissions (IOSCO)  
Public Interest Oversight Board (PIOB)  
World Bank



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