



International Federation of Accountants

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Agenda Item

D

Committee: IAASB Consultative Advisory Group

Meeting Location: Basel

Meeting Date: March 3-4, 2008

Proposed Project Assurance Reports on Prospectus Information

Objectives of Agenda Item

1. To discuss the proposed project “Assurance Reports on Prospectus Information.”

Background

2. A number of firms have noted that different standards for reporting on pro forma financial information¹ and profit forecasts are applied in different jurisdictions, whilst in some jurisdictions such standards do not exist. In particular, as reports on pro forma financial information and profit forecasts are based on the same underlying legislation and are fully portable across jurisdictions in Europe, this difference in practice is undesirable. The firms have asked the IAASB to support an initiative to develop standards for reporting on pro forma financial information and profit forecasts.
3. The IAASB discussed this initiative at its February 2007 meeting and agreed that it is in the public interest that the matter be addressed. However, recognizing that it did not have the capacity to take on a new project at the time, the IAASB asked the firms to establish a working group, chaired by an IAAB member, to identify the issues and develop a project proposal. The members of the working group are:
 - David Swanney (Chair)
 - Kevin Desmond (FEE)
 - Dr. Christian Feldmuller (PwC, Germany)
 - Sue Nyman (Grant Thornton, UK)
 - Vicki O’Leary (Ernst & Young, Global)
 - Michel Payen (Deloitte, France)
 - Lee Piller (CESR Observer, UK FSA) (Alternate, Pat Sucher)
 - Bob Widdowson (KPMG, Poland) (Technical adviser, David Cattermole (KPMG, UK))

¹ Pro forma financial information presents the material effects a business transaction would have had on the historical financial statements if the entity had existed in the structure created by the business transaction throughout the entire period of the historical financial statements.

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4. The IAASB Steering Committee reviewed the project proposal in February 2008 and agreed that it should be submitted to the IAASB for approval. The IAASB will review the project proposal at its March 2008 meeting.
5. Should the IAASB approve the proposed project, a project task force will be established. It is envisaged that the task force will consist of six to eight individuals, including a member of the IAASB as chair, and external experts with particular expertise in professional accountants' involvement and reporting in connection with prospectuses.
6. The draft IAASB Strategy and Work Program, 2009-2011 (see Agenda Item I) also contains references to the project.

Material Presented

Agenda Item D.1 Project proposal, "Assurance Reports on Prospectus Information"

Action Requested

7. The IAASB CAG is asked to discuss the proposed project, and to comment on the desirability of the IAASB undertaking this project and the matters noted in the project proposal.