

# IAASB CAG PAPER



**International Federation of Accountants**

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## Agenda Item

# K

**Committee:** IAASB Consultative Advisory Group

**Meeting Location:** Barcelona

**Meeting Date:** March 1–2, 2010

### **Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus—ISAE 3420—Key Issues and Report Back**

#### **Objectives of Agenda Item**

1. The objectives of this Agenda Item are:
  - (a) To obtain the Representatives' views on a number of key issues to be discussed by the IAASB at its March 2010 meeting; and
  - (b) To provide a brief report back on proposals of the Representatives on this project as discussed at the September 2009 CAG Meeting.

#### **Papers to Be Referred to during Discussion**

2. The discussion of this agenda item will follow the structure of the issues below and the Report Back.
3. For reference only, hyperlinks are presented at the end of this Paper to the i) Issues Paper for the March 2010 IAASB meeting; and ii) the proposed ISAE 3420.<sup>1</sup>

#### **Project Status and Timeline**

4. The proposal for this project was considered at the March 2008 CAG meeting. It was subsequently approved by the IAASB at its March 2008 meeting.
5. Representatives discussed key issues in this project at the March and September 2009 CAG meetings. The IAASB discussed this project at its March, September and December 2009 meetings.
6. At its December 2009 meeting, the IAASB deferred a vote on issuing the proposed ISAE 3420 as an exposure draft until its March 2010 meeting to allow IAASB members more time to consider the proposed standard. IAASB members were subsequently requested to

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<sup>1</sup> Proposed ISAE 3420, "Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus."

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provide out-of-session feedback to enable the Task Force to refine the proposed standard.

7. The IAASB will consider a revised draft of the proposed ISAE 3420 at its March 2010 meeting with a view to issuing it as an exposure draft.

#### Matters for CAG Consideration

##### *Scope and Global Applicability of the Standard*

8. Some views were expressed at the December 2009 IAASB meeting and in the subsequent out-of-session feedback that the draft ISAE appeared too EU-focused. It was suggested that this would cast doubt on whether the standard would be applicable in other jurisdictions. In particular, it was felt that the proposed wording of the opinion (i.e. whether the pro forma financial information (PFI) has been properly compiled on the basis stated) seemed to be unduly influenced by the EU legal requirement.
9. Another view expressed was that an international standard in relation to PFI should cover engagements to report not only on the process to compile the PFI but also on the PFI itself (i.e., reasonable and limited assurance on the PFI, and reasonable assurance on the process). In support of this view, the following was suggested:
  - Reporting on the PFI would require sufficient assurance on the underlying financial information, which may not necessarily initially be audited or reviewed (e.g. interim financial information of the entity or financial information of a divested business that is neither audited nor reviewed). Providing assurance on the PFI would therefore be predicated on there being adequate assurance on the underlying financial information.
  - Reporting on the process, however, should not require too many procedures on the underlying financial information other than determining whether it is appropriate (without considering the reliability of the information), provided that there is nothing obviously misleading about the information. A disclaimer of opinion on the PFI would therefore be needed in the latter case.
  - For engagements to report on the PFI, determining the extent of work needed to express the appropriate opinion or conclusion would depend on how much additional assurance would be needed based on the practitioner's previous involvement (unaudited/unreviewed to audited) with the underlying financial information, i.e. there would be a sliding scale of work effort.
10. A different view was also expressed in that as securities regulations and related liability regimes are fundamentally different in different jurisdictions, it would be impossible to develop a standard that would be applicable in all jurisdictions. It was suggested that focusing on the wording of the opinion that is required to be given would be an effective way of differentiating the scope of the standard (i.e. in which jurisdictions it would apply).
11. The Task Force noted that the IAASB had effectively agreed at its March 2009 meeting that the scope of the standard should encompass engagements to report on the *process* of

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compilation only. The CAG had also generally supported this. The Task Force believes that expanding the scope of the project to deal also with engagements to report on PFI would not only significantly increase the length of the standard, but also result in an entirely different project. Further, there would likely be an increase in complexity from having to address matters such as the extent to which the requirements of the ISAs would need to be adapted for engagements to provide reasonable assurance on the PFI – e.g., the practitioner’s responsibilities regarding material misstatements in the underlying financial information and the PFI due to fraud, evaluation of misstatements in the PFI, and subsequent events.

12. While views were expressed at the December 2009 IAASB meeting that an approach other than reporting on the process might be taken in some jurisdictions, the Task Force does not believe that this alternative has been adequately researched to provide a sound basis for developing a standard for that alternative. Nevertheless, the Task Force believes that there would be merit in consulting further on the need for, and feasibility of, a standard addressing reporting on the PFI, and that this could be achieved through including specific questions on the matter in the explanatory memorandum to the exposure draft (ED).
13. With regard to the global applicability of the proposed standard, the Task Force notes from the results of the 2008 staff survey<sup>2</sup> that relevant regulations in four non-EU jurisdictions (Hong Kong, Malaysia, Singapore and South Africa) specifically require assurance to be provided in relation to whether the PFI has been *properly compiled*. Accordingly, the EU reporting model is not limited to a single jurisdiction only. Further, in 7 other jurisdictions (Brazil, Canada, India, Japan, Kenya, Korea and Russia), no regulatory requirements currently exist for assurance to be provided in relation to the PFI, whereas in 2 others (China and New Zealand) it would seem to be subject to market practice. Thus, without prejudging whether these 9 jurisdictions (and others not included in the survey) would adopt the standard, there would not appear to be regulatory impediments to adoption of the standard in many parts of the world if such adoption were deemed to serve national purposes.
14. With regard to the view that the proposed standard seems overly EU-focused, the Task Force notes that the EU represents a major economic bloc and not a single country. More importantly, however, capital market transactions nowadays transcend national borders. The standard would therefore not be limited to EU practitioners only. Further, there is a public interest need for a global standard because of the current diversity in practice. Indeed, as should be clear from the survey results above, many practitioners do not have local standards to guide their performance of these engagements. A global standard would consequently enhance the consistency of performance of these engagements. The Task Force

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<sup>2</sup> The June 2008 survey of 19 non-EU jurisdictions addressed their regulatory requirements pertaining to reporting in relation to PFI and the nature of any related national assurance standards and guidance. The 19 jurisdictions comprised Australia, Brazil, Canada, China (Mainland), Hong Kong, India, Japan, Kenya, Korea, Malaysia, New Zealand, Russia, Saudi Arabia, Singapore, South Africa, USA, Argentina, Mexico, and United Arab Emirates.

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therefore does not support the view that the proposed ISAE would not have global applicability.

#### Matters for CAG Consideration

Q1. Do Representatives agree that:

- (a) The scope of the proposed standard (i.e. reporting on the process of compilation) is appropriate?
- (b) The standard would have global applicability?

#### *Focus of the Proposed ISAE – Reporting on Process vs. PFI*

15. At the December 2009 IAASB meeting, some views were expressed that the proposed standard lacked overall clarity, specifically in relation to how it distinguished between reporting on the process of compilation vs. reporting on the PFI. In particular, it was felt that the wording of the opinion (i.e. whether the PFI has been properly compiled on the basis stated) was closer to what one would expect from an engagement focused on the PFI itself rather than on the process. It was therefore suggested that the wording of the opinion should be reconsidered so that it would focus more explicitly on the process of compiling the PFI.
16. The Task Force accepted that the clarity of the proposed standard could be enhanced. Accordingly, the Task Force has made a number of revisions to the draft standard to clarify that the focus of the standard is solely on the process, including:
  - Amending the title of the standard to indicate that it deals with assurance reports on the *process to compile* PFI included in a prospectus.
  - Amending the description of the scope to indicate that the standard deals with reasonable assurance engagements to report on the process to compile PFI, as opposed to reasonable assurance engagements to report on the proper compilation of PFI.
  - Explaining that describing the PFI as having been “properly compiled” means that the responsible party has, in all material respects, applied the process of compilation in accordance with the applicable criteria.
  - Indicating that the purpose of the practitioner’s procedures is to enable the practitioner to report on the process applied and not to report on the PFI itself.
17. In relation to the opinion, the Task Force recognizes the importance of balancing the need for global applicability of the standard with the need to maintain compatibility with existing regulatory requirements in many jurisdictions for the practitioner to express an opinion as to whether the PFI has been “properly compiled.” The Task Force therefore proposes the following two alternative wordings for the opinion based on the equivalency of meaning between the term “properly compiled” and the phrase “the process to compile the PFI has, in

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all material respects, been applied in accordance with the applicable criteria,” as described in the third bullet in paragraph 16 above:

- a) Whether the process to compile the PFI has, in all material respects, been applied in accordance with the applicable criteria; or
- b) Whether the PFI has been properly compiled on the basis stated.

#### Matters for CAG Consideration

Q2. Do Representatives agree with:

- (a) The approach to providing two alternative wordings for the opinion in the proposed standard?
- (b) The specific proposed wordings for the opinion?

#### *Practitioner’s Responsibilities Regarding Column 1*

18. A view was expressed at the IAASB regarding the need for clarity in relation to (a) the practitioner’s responsibilities vis-à-vis the unadjusted financial information (“column 1”), and (b) whether and, if so, how the engagement would be affected if column 1 were audited vs. reviewed vs. neither. It was suggested that it would not be appropriate for the practitioner’s opinion to be the same in these three circumstances.
19. Another view was that it would not be possible for the practitioner to obtain reasonable assurance that the source of column 1 is credible and ensure that consistent accounting policies are applied to adjustments without the experience of a previous audit or review of this source. Accordingly, it was suggested that the source of column 1 should be audited or reviewed.
20. The Task Force believes that it would not be appropriate to require column 1 to be audited or reviewed. This is because the focus is on reporting on the process and not on the PFI. Equally, the Task Force did not support the view that as the practitioner is only reporting on the process, the practitioner need not be concerned with the appropriateness of the source of column 1. The Task Force’s view is that the integrity of the process depends on the appropriateness of this source (i.e. whether it is “fit for purpose”).
21. Accordingly, the proposed standard requires the practitioner to determine whether the source of column 1 is appropriate, and provides guidance on factors the practitioner may consider in making this determination, i.e.

Factors that may affect the appropriateness of the source of the unadjusted financial information include whether the source:

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- Is permitted or specifically prescribed by the relevant law or regulation, or permitted by the relevant securities exchange with which the prospectus is to be filed.
  - Is clearly identifiable.
  - Is credible.
  - Represents a reasonable starting point for the compilation of the pro forma financial information in the context of the event or transaction, including whether it is at an appropriate date or covers an appropriate period.
  - Is used as such under normal market custom and practice.
22. Because a determining criterion for reporting on the *process* is whether the source of column 1 is appropriate, the Task Force believes that the wording of the opinion will not be a function of whether this source has been audited, reviewed, or neither. The Task Force therefore does not believe that the wording of the opinion on the *process* should be subject to the audit or review condition of the source of column 1.
23. Equally, where the source has been audited or reviewed, the Task Force believes that it should not matter who has performed the audit or review in determining whether the source is appropriate. In the Task Force's view, whether the source has been audited or reviewed by another practitioner should be a risk management consideration for the practitioner. Accordingly, the proposed standard does not require the practitioner to perform specific work when the source has been audited or reviewed by another practitioner. Nevertheless, these circumstances do not obviate the need for the practitioner to obtain a sufficient understanding of the entity and its accounting and financial reporting practices in order to perform the engagement. The Task Force has included guidance to that effect in the proposed standard.
24. Where the source has not been audited or reviewed (an infrequent occurrence), the Task Force believes that it may be necessary for the practitioner to perform some work on this source in order to establish that there is a credible basis for column 1, and therefore whether column 1 is appropriate. The Task Force is of the view that the nature and extent of this work effort will be a matter of the practitioner's professional judgment in the circumstances, taking into account factors such as:
- Whether an audit or review report on the source has nevertheless been issued by the practitioner or another practitioner even if not published.
  - Whether the practitioner has previously audited or reviewed the entity's historical financial information, and the practitioner's knowledge of the entity from such engagement.
  - Whether the entity's financial information is subject to periodic review by the practitioner, for example, for purposes of meeting regulatory filing requirements.

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The Task Force has included some guidance in the proposed standard on the procedures the practitioner may perform in such circumstances.

#### Matters for CAG Consideration

- Q3. Do Representatives agree that the wording of the practitioner’s opinion on the process of compilation will not be a function of whether the source of column 1 has been audited, reviewed, or neither?
- Q4. Do Representatives agree with the Task Force’s rationale for the nature and extent of the practitioner’s work effort on column 1 when it has been audited or reviewed by another practitioner, and when it has neither been audited nor reviewed?

#### *Use of the Term “Compilation”*

25. A minority view has been expressed at the IAASB that the use of the term “compilation” in the proposed standard could cause confusion in practice, as it is a term of art used in many parts of the world to signify a level of service performed by a professional accountant. It was suggested that another term such as “preparation” could just as easily be used, with an explanation of its meaning and a footnote indicating that it has the same meaning as “compilation” if that term is used in the regulations of particular jurisdictions.
26. As noted in paragraph 13 above, the term “properly compiled” is used not only in the EU but also in a number of other jurisdictions in the context of reporting on the process of compiling PFI. More importantly, the Task Force believes that using a different term could create a significant risk that the resulting standard would not even meet the needs of jurisdictions where the “properly compiled” terminology is already well established for such engagements. Such an outcome would be inconsistent with the original remit of the project, which was to focus on a well established regime (i.e. the EU) and then identify principal issues for this regime and obtain input on the applicability and relevance of these issues in a more global context.
27. Nevertheless, the Task Force acknowledges that the standard could more clearly demarcate the type of assurance engagement it addresses from a non-assurance engagement in which the practitioner compiles the entity’s financial statements. Accordingly, the Task Force proposes that the standard emphasize this distinction as follows:

In an engagement performed under this ISAE, the practitioner has no responsibility for compiling the pro forma financial information for the entity. Instead, responsibility for the compilation rests with the responsible party,<sup>3</sup> with the practitioner being responsible for reporting on the process applied by the responsible

<sup>3</sup> The *International Framework for Assurance Engagements*, paragraphs 25-26, describes the meaning of the term “responsible party.”

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party to compile the pro forma financial information. This ISAE does not deal with non-assurance engagements in which the practitioner is engaged by the entity to compile its historical financial statements. Such engagements are dealt with in ISRS 4410.<sup>4</sup>

#### Matter for CAG Consideration

Q5. Do Representatives agree that the Task Force's proposal above would address any concerns that the use of the "compilation" terminology would cause confusion in practice regarding the nature of the engagement?

#### *Subsequent Events*

28. A view was expressed at the IAASB that the practitioner should be required to take into account events or transactions that occur between the date of the PFI and the date of the practitioner's report that may have an effect on the PFI (for example, a subsequent event that would require an additional pro forma adjustment) or that may otherwise require disclosure elsewhere in the prospectus. In addition, it was felt that there may be situations where an event or transaction occurred after the date of the source information that may need to be reflected as a pro forma adjustment in order for the PFI not to be misleading (for example, the conversion by the entity of preferred shares into common shares, an awareness of which may be relevant to users' understanding of the entity's current capitalization).
29. The Task Force is of the view that as the practitioner is not reporting on the source of column 1 or restating or updating it, the practitioner should not have any responsibility to perform subsequent event procedures after the date of the source information. Nevertheless, the Task Force accepted that there is an overriding requirement for the practitioner not to be associated with misleading information, notwithstanding the fact that the practitioner is only reporting on the process to compile the PFI.
30. Therefore, to the extent that significant events occurred after the date of the source information (and thus after the date of the PFI) but before the date of the practitioner's report that may cause the PFI to be misleading, the Task Force believes that the practitioner should have a responsibility to consider whether these subsequent events need to be referred to or disclosed in the explanatory notes accompanying the PFI.
31. However, the Task Force's view is that the practitioner would already consider such events in connection with the practitioner's other work regarding the prospectus. Accordingly, the Task Force does not believe that an explicit requirement to perform procedures to identify subsequent events would be necessary or appropriate in this standard. Nevertheless, the Task

<sup>4</sup> International Standard on Related Services (ISRS) 4410, "Engagements to Compile Financial Statements."<sup>5</sup> The minutes will be approved at the March 2010 IAASB CAG meeting.

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Force proposes guidance to highlight the need for the practitioner to remain alert to any subsequent events, whether through performing work under this ISAE or otherwise:

As the practitioner is not reporting on the source of the unadjusted financial information, there is no requirement for the practitioner to perform procedures to identify events after the date of that source that require adjustment of, or disclosure in, such source. Nevertheless, evaluating the presentation of the pro forma financial information involves a consideration of whether the practitioner has become aware, through performing the procedures under this ISAE or otherwise, of any significant events subsequent to the date of the source of the unadjusted financial information that may require reference to, or disclosure in, the explanatory notes to the pro forma financial information to avoid the latter being misleading. For example, after the date of the source of the unadjusted financial information, the entity may have entered into a capital transaction involving the conversion of its convertible debt into equity, non-disclosure of which could result in the pro forma financial information being misleading.

#### Matter for CAG Consideration

Q6. Do Representatives agree with the Task Force's views regarding the practitioner's responsibilities in relation to subsequent events?

#### Report Back on the September 9-11, 2009 CAG Proposals

32. Below is an extract from the draft minutes of the September 2009 CAG meeting,<sup>5</sup> and an indication of how the IAASB or the Task Force responded to the Representatives' comments:

| Representatives' Comments   | Task Force/IAASB Response  |
|---|--|
| <i>Meaning of "Properly Compiled"</i>   |  |
| Mr. Kuramochi explained that the notion of an engagement to report on proper compilation of pro forma financial information is new in Japan, and that firms other than those that traditionally perform the financial statement audit may become involved in such engagements. This makes it particularly important for the nature and scope of | The Task Force believes that the explanations it has provided in the introductory section of the proposed standard clearly set out the nature and scope of the standard. Importantly, these explanations emphasize that the practitioner's responsibility is to report on the process applied to compile the PFI, and not to report on |

<sup>5</sup> The minutes will be approved at the March 2010 IAASB CAG meeting.

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| Representatives' Comments   | Task Force/IAASB Response   |
|---|---|
| <p>such engagements to be explained clearly, and for robust guidance to help ensure consistent performance across firms and practitioners. Prof. Schilder noted that this may suggest that the IAASB should consider a form of communication plan to help raise awareness of the key provisions of the standard when finalized.</p>   | <p>the PFI itself.</p> <p><b><i>See paragraphs 1-6 of Agenda Item 2-C of the March 2010 IAASB Meeting.</i></b></p>  |
| <p><i>Reporting on Whether the Underlying Financial Information has been Audited</i></p>  |   |
| <p>Mr. Damant was of the view that it is critical for the investing public to know whether the underlying financial information has been audited. He commented that the Task Force's proposals appear acceptable so long as there is some mechanism, for example the applicable criteria for reporting pro forma financial information, which forces clear and apparent disclosure of the status of the underlying information. Mr. Robberecht indicated that he will confirm whether in fact the EC Directive requires management to disclose whether the underlying information has not been audited.</p>   | <p>The Task Force proposes that the practitioner be required to indicate in the report whether an audit or review report on the source of the unadjusted financial information has been published, and, if so, whether such a report may be found in the prospectus or elsewhere. The Task Force also proposes that this be included in the disclosures that would be considered appropriate under the benchmarks for the applicable criteria.</p> <p><b><i>See paragraphs 14(c) and A45, and paragraph 28(c)(ii) of Agenda Item 2-C of the March 2010 IAASB Meeting.</i></b></p> |
| <p>Mr. Roussey was of the view that it is illogical to indicate that the practitioner does not have to disclose whether the source of the underlying financial information has not been audited, yet require the practitioner to disclose the procedures performed on the unadjusted financial information. If pro forma adjustments are being made to the underlying data, then it is absolutely essential to require disclosure about the status of the unadjusted information. Prof. Schilder noted that the draft standard makes clear that as part of assessing whether the applicable criteria are suitable, the practitioner needs to determine whether they encompass, at a minimum, that the pro forma financial information adequately discloses the source of the unadjusted financial</p> | <p>Point taken.</p> <p>As indicated above, The Task Force proposes that the practitioner be required to indicate in the report whether an audit or review report on the source of the unadjusted financial information has been published.</p>  |

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| Representatives' Comments  | Task Force/IAASB Response  |
|--|--|
| <p>information and whether that source has been audited. Nevertheless, he agreed that the objective in applying the standard should be to see that there is no confusion in the market about whether unadjusted financial information has been audited. Mr. Damant supported this view.</p>  |  |
| <p><i>Work Effort Regarding the Unadjusted Financial Information</i></p>   |  |
| <p>Dr. Manabat was of the opinion that, if the standard will allow unaudited financial information, the practitioner should make appropriate disclosure on such unaudited financial information.</p>   | <p>Point taken.<br/>See Task Force response above.</p>   |
| <p>Ms. Blomme was of the view that the proposed ISAE should not impose a condition in all cases that the unadjusted financial information be audited or reviewed. To do so would introduce a major conflict with EU legislation. She encouraged the Task Force to look for a solution that mitigates the risks of using or relying on information that has not been audited, for example by requiring appropriate disclosure, while not going so far as to mandate an audit of the unadjusted information.</p> | <p>Point accepted.<br/>The IAASB has generally agreed that it would not be appropriate to impose such a condition, as the objective of the engagement is for the practitioner to report on the process to compile the PFI, and not to report on the PFI itself.<br/>See further discussion of the issue in paragraphs 18-24 above.</p> |
| <p>Mr. Pickeur suggested that further consideration should be given to the question of association when the practitioner believes the unadjusted financial information to be inaccurate. Prof. Schilder and Mr. Swanney noted that this is precisely what the Task Force is dealing with: what minimum work, if any, is necessary on the unadjusted financial information to avoid being associated with unreliable information.</p>   | <p>The Task Force agrees with Prof. Schilder's and Mr. Swanney's comments.</p>   |
| <p>Mr. White noted that while the list of proposed procedures to be performed on the unadjusted financial information is extensive, the procedures appear to omit those designed to detect material</p>  | <p>Point not accepted.<br/>The Task Force notes that the objective of an engagement under the proposed standard is to</p>  |

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| Representatives' Comments  | Task Force/IAASB Response   |
|--|---|
| <p>misstatements, including material misstatements due to fraud. He was of the view that without an overlay of procedures for this purpose there is a risk of introducing an expectations gap which cannot be resolved through disclosure.</p>   | <p>report on the <i>process</i> of compilation and not <i>on</i> the PFI itself. That is, the practitioner is not performing an audit of the PFI. Accordingly, it would not be appropriate to require the practitioner to perform procedures to detect material misstatements in the unadjusted financial information.</p> <p>Nevertheless, the Task Force accepts that there is an overriding requirement for the Task Force not to be associated with misleading information. Accordingly, there is a requirement in the proposed ISAE for the practitioner to step back when evaluating the presentation of the PFI to determine whether there is anything that would cause the PFI to be misleading. This includes a consideration of subsequent events, as further discussed in paragraphs 28-31 above.</p> <p><b><i>See paragraph 23(b) of Agenda Item 2-C of the March 2010 IAASB Meeting.</i></b></p> |
| <p>Mr. Grant noted that that the question of the extent of work, if any, to be undertaken on the unadjusted financial information is a challenging one. He was of the view that the Task Force's proposal might give impression that the practitioner has completed a partial audit, and the level of assurance to be derived from the procedures performed is a very difficult matter to explain in the report. Accordingly, there is a significant risk of misunderstanding by users. Further, the Task Force's proposal gives risk to significant cost implication. The question then becomes how far should the standard go when laws and regulations do not require any work on the unadjusted financial information?</p> | <p>Point accepted.</p> <p>The Task Force has revised its original proposals. The focus is now on determining whether the source of the unadjusted financial information provides an appropriate starting point for the compilation.</p> <p>See further discussion of the issue in paragraphs 18-24 above.</p>   |
| <p><i>Modified Audit Opinion or Review Conclusion on, or Emphasis of Matter Paragraphs with Respect to, the Unadjusted Financial Information</i></p>   |   |

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| Representatives' Comments  | Task Force/IAASB Response  |
|--|--|
| <p>Dr. Manabat expressed concern about the proposal to not require in all cases disclosure when there is a modified opinion or review conclusion on the unadjusted financial information. At a minimum there should be disclosure or other appropriate actions required when a modified audit opinion or review conclusion has an effect on the pro forma financial information. Mr. Damant was of the view that it will be important to obtain investors' perspectives on this issue in terms of the type of disclosure, if any, that would be relevant to their needs.</p> | <p>The Task Force believes that the practitioner should be allowed to exercise judgment on the matter, as not all modified audit opinions or review conclusions may necessarily have a consequence on the compilation of the PFI.</p> <p>The proposed ISAE provides guidance to indicate that the practitioner may disclose such modifications in the practitioner's report if appropriate.</p> <p><b><i>See paragraphs 21 and A41-A42 of Agenda Item 2-C of the March 2010 IAASB Meeting.</i></b></p> |

#### Action Requested

33. The CAG is asked to review and comment on the key issues highlighted in this issues paper, or any other matters which may be of relevance to the project.

#### Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item 2-A of the March 2010 IAASB Meeting – Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus – Issues and IAASB Task Force Proposals

[Link to follow](#)

Agenda Item 2-C of the March 2010 IAASB Meeting – Draft ISAE 3420

[Link to follow](#)