



Attachment to Board Meeting Summary Paper

Subject: Fundraising ED – Issues Paper

Prepared by: AUASB Technical Group

Date: 5 April 2011

ATTACHMENT 1

INFORMATION ONLY SECTION – KEY CHANGES MADE FROM 28/2/11 VERSION

1. As requested by the AUASB Board in the 28/2/11 meeting, the proposed ED title has changed from “*Fundraisings involving Proposed Corporate Fundraisings and Prospective Financial Information, as well as the examination of Prospective Financial Information for Other Purposes*” to “*Assurance Engagements involving Corporate Fundraisings and Prospective Financial Information*”.
2. Other AUASB Technical Group changes made:
 - (a) As also requested by the AUASB Board in the 28/2/11 meeting, “consistency checks” have been performed between related financial information sections within the draft ED, and between the requirements and related guidance sections.
 - This aimed to reduce duplication and ensure consistency in work required where appropriate (for example pro forma forecast and prospective financial information).
 - This has resulted in the total number of requirements being reduced from 242 to 154 paragraphs, with the total number of guidance paragraphs reducing from 256 to 162 to paragraphs.
 - The majority of the contents of pre-existing paragraphs have been amalgamated so as to improve the flow of the ED, for ease of accessibility and no necessary requirements or guidance has been removed.
 - The total number of pages in the ED has reduced from 257 to 243.
 - All “Ref” paragraph cross-referencing between requirements and related guidance have been updated and completed.

(b) As previously discussed, the ED has been arranged into separate sections by type of financial information:

- Historical Financial Information
 - Sub-section - Pro forma Historical Financial Information
 - Sub-section - Pro forma Forecast
 - Sub-section - Aggregated Pro Forma Financial Information
 - Sub-section - Proper Compilation of Pro Forma Financial Information
- Prospective Financial Information

The sub-sections remain structured to be read in conjunction with the requirements (and in some cases the guidance) contained in the Historical Financial Information section to reduce wording duplication and improve the ED's flow. Specific requirement wording has now been included to ensure assurance practitioners understand how this works (for example, see paragraph's 66, 76, and 88).

- (c) "Aggregated Pro Forma Financial Information" section has changed from the previous version and now focuses exclusively on pro forma financial information that have been aggregated, reflecting Australian practice.
- (d) "Proper Compilation of Pro Forma Financial Information" section has changed from the previous version to reflect terminology and focus changes in the proposed ISAE 3420 ED presented to the IAASB Board in February 2011. In line with previous PAG and AUASB Board discussions, the requirements and related guidance extracted from proposed ISAE 3420 are presented in a separate section for ease of reference, and have been Australianised (for example, it allows for either reasonable or limited assurance conclusions)
- (e) A detailed review and cross check on the ED, as compared to the following related Pronouncements:
- Proposed ISAE 3420 (based on draft ED issued February 2011)
Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in a Prospectus
 - Proposed ISAE 3000 (based on draft ED issued February 2011)
Assurance Engagements Other than Audits or Reviews of Historical Financial Information
 - Extant ASAE 2405 *Review of Historical Financial Information Other than a Financial Report*
 - Extant AUS 804 *The Audit of Prospective Financial Information* (being replaced by the proposed ASAE)
 - Extant AGS 1062 *Reporting in Connection with Proposed Fundraisings* (being replaced by the proposed ASAE)

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

This included a review of wording, definitions, terminology, the structure and order of paragraphs, and type of paragraph inclusions in the ED. For example, the ISAE 3420 terminology has changed from “the process to compile pro forma financial information” to the “proper compilation of pro forma financial information”.

- (f) All requirement and guidance wording has now been finalised. No substantive changes were made to the Appendices.

PAG FEEDBACK FROM 14/4/11 MEETING

The AUASB Technical Group will provide a verbal report on the PAG’s overall feedback of this version of the ED from the scheduled meeting on 14 April. Detailed PAG feedback on the ED has been requested by 28 April 2011.

ISSUES FOR THE AUASB BOARD CONSIDERATION

1. Is the AUASB Board comfortable with the proposed split of the ASAE by financial information type?
2. Other AUASB Board feedback.

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