



Board Meeting Summary Paper

Subject: Comfort Letters Project

Date: 24 November 2009

AUASB
AGENDA
ITEM NO.

9(b)

Meeting Date:
7 December

2009

Action Required

For Information Purposes Only

Agenda Item Objective

To update the Board on the project aimed at developing a pronouncement for Comfort Letters, known as the “Comfort Letters” Project.

Background

The first PAG meeting was held in November 2009, where the PAG discussed the Issues Paper and other issues relevant to the development of the pronouncement. The significant issues discussed include:

- (a) Nature of the pronouncement – The PAG would like to further consider the arguments for and against the development of a Standard vs Guidance Statement, and has requested the AUASB Technical Group to compile such a paper (“Pros and Cons” Paper).
- (b) Application and scope of the pronouncement – The pronouncement is envisaged to be applicable for comfort letter engagements performed by assurance practitioners in respect of foreign and cross-border filings, including mergers and acquisitions (i.e. not applicable to domestic fundraisings/filings).
- (c) Inconsistencies with Australian assurance and regulatory framework – The assurance practitioner ordinarily provides negative assurance on subsequent changes to audited financial statements when issuing comfort letters. The pronouncement is envisaged to deal with this matter, taking into account whether there is an existing relevant requirement in the jurisdiction where the comfort letter is going to be issued.

The “Pros and Cons” Paper is currently outstanding, and will be discussed in the next PAG meeting intended to be held in January/February 2010.

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