



Attachment to Board Meeting Summary Paper

Subject: AUASB Submission – ISAE 3420 *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*

Prepared by: AUASB Technical Group

Date: 13 July 2010

Issues

The AUASB is requested to consider and resolve the following issue:

Item #	Issues	Approve? Y/N
1	<p>Background: Proposed ISAE 3420 (which is in <i>Clarity</i> format) provides for a reasonable assurance conclusion by an assurance practitioner in respect of the process to compile pro forma financial information (PFI) included in a prospectus. The compilation itself is performed by the responsible party, based on applicable criteria, which the assurance practitioner is required to assess for suitability. The Standard is linked to existing standard, ISAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>.</p> <p>Issue: Assurance engagements conducted on the process to compile the PFI under this proposed standard will allow assurance practitioners to express a reasonable assurance conclusion only - “.....whether the process to compile the pro form financial information , has in all material respects, been applied by the responsible party in accordance with the applicable criteria”.</p> <p>Assurance Practitioners will not be able to perform limited assurance engagements in accordance with this proposed ISAE, despite ISAE 3000 allowing for both conclusion forms. Feedback to the AUASB Technical Group to date has indicated that these types of engagements are not commonly undertaken in Australia, and if Australian practitioners are requested to perform such engagements they would ordinarily only express a limited assurance conclusion.</p> <p>Therefore the AUASB is concerned that Australian application of the proposed standard, in its current form would be limited unless the proposed ISAE provides for both forms of conclusion.</p> <p>Recommendation: The AUASB’s submission includes a recommendation that the proposed ISAE 3420 should also apply to limited assurance engagements conducted on the process to compile PFI.</p>	Y