



17 May 2011

Mr Doug Niven  
Senior Executive Leader - Accountants and Auditors  
Australian Securities and Investments Commission  
GPO Box 9827  
Sydney NSW 2001

Dear Doug,

***Consultation Paper 150 Disclosing financial information other  
than in accordance with accounting standards***

The Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on Australian Securities and Investments Commission's (ASIC) Consultation Paper 150 *Disclosing financial information other than in accordance with accounting standards*. Overall, the AUASB supports the development of ASIC Regulatory Guide in this area and believes it to be useful guidance. The AUASB would like to take this opportunity to comment on several audit and assurance matters discussed in the consultation paper, which we have outlined below.

***General Comments***

The AUASB considers it important for users of financial reports, documents related to the financial report, and transaction documents to be informed as to whether any non-conforming information in these documents has been audited or reviewed. We therefore suggest the inclusion of a statement in the Overview section titled "Disclosing financial information" (paragraphs RG 000.1-RG 000.4 inclusive) that disclosures of non-conforming financial information should include whether such information:

- (a) has been audited or reviewed by the entity's auditor, in the case of non-conforming financial information included in the financial report or documents related to the financial report; or
- (b) has been audited or reviewed by an assurance practitioner<sup>1</sup>, in the case of non-conforming financial information included in transaction documents.

We suggest the inclusion in the Financial Reports section titled "Other GAAPs" (paragraph RG 000.43), the AUASB recommends that where companies include in an annual report a reconciliation of key line items in the financial statements to the generally accepted accounting principles (GAAP) of another jurisdiction that it should be disclosed whether such a reconciliation has been audited or reviewed by the entity's auditor.

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<sup>1</sup> In respect of assurance engagements related to transaction documents, an assurance practitioner may also be referred to as an 'Independent Accountant' or 'Investigating Accountant'.

## *Specific Comments*

B2Q1 *Do you agree with the proposed definitions? If not, what alternative definitions would you propose and why?*

We suggest that the definitions of ‘non-conforming financial information’ (defined at RG 000.5 and RG 000.13) and ‘alterative profit information’ (defined at RG 000.20) include whether such information has been audited or reviewed by the entity’s auditor in accordance with Australian Auditing Standards. Further, the definition of ‘pro forma financial information’ (defined at RG 000.19) should include whether such information has been audited or reviewed by an assurance practitioner in accordance with AUASB Pronouncements.

B3Q2 *Do you consider that the proposed guidelines are appropriate? If not, please suggest alternative guidelines, including your reasons.*

We note that included in the proposed guidelines for presenting non-conforming financial information in documents accompanying the financial report at RG 000.56 (i) is “that a clear statement should be made as to whether or not the non-conforming information has been audited or reviewed”, and support this inclusion. In line with our comments above, we suggest that this guidance be amended as follows: “that a clear statement should be made as to whether or not the non-conforming information has been audited or reviewed by the entity’s auditor in accordance with Australian Auditing Standards”.

B6Q2 *Do you consider that the proposed guidelines are appropriate? If not, please suggest alternative guidelines, including your reasons.*

We note that included in the proposed guidelines for presenting non-conforming financial information in transaction documents at RG 000.77 (g) is “whether or not the pro forma and statutory financial information has been audited or reviewed”, and support this inclusion. In line with our comments above, we suggest that this guidance be amended as follows: “that a clear statement should be made as to whether or not the non-conforming information has been audited or reviewed by an assurance practitioner in accordance with AUASB Pronouncements”.

Please do not hesitate to contact me should you have questions regarding the matters we raised above.

Yours sincerely,

Merran Kelsall  
*Chairman*

cc: Richard Mifsud