



# Project Plan

**Project ID:** 2009-1  
**Approved:**  
6 April 2009

<b>Project title:</b>	Fundraisings
<b>Project objective(s):</b>	<i>FRC Strategic Direction</i> “(e) <i>The AUASB should continue to develop auditing and assurance standards other than for historical financial information as well as developing and issuing other guidance on auditing and assurance matters ...</i> ”
<b>Priority:</b>	High
<b>Issue/reason:</b>	To develop an Australian Standard on Assurance Engagements related to fundraisings and prospective financial information

## Project Objectives

This project aims to develop and issue an Standard on Assurance Engagement (ASAE) on corporate fundraisings, and to replace existing Auditing Standard AUS 804 *The Audit of Prospective Financial Information* (issued in July 2002) and Guidance Statement AGS 1062 *Reporting in Connection with Proposed Fundraisings* (issued in August 2002). Both existing pronouncements contain out-dated references to other Auditing Standards, industry practices and regulatory requirements. The proposed ASAE is envisaged to include contemporary fundraising activities, market practices and regulatory requirements.

## Stakeholders

1. Assurance practitioners involved in giving assurance on fundraising transactions
2. ASIC, ASX
3. ICAA, CPA Australia and IPA (collectively referred to as the Professional Accounting Bodies)
4. AASB, APESB

## Background

The new ASAE will establish requirements and provide guidance on the responsibilities of assurance practitioners when performing and reporting on assurance engagements in connection with fundraisings, including the examination of prospective financial information conducted either in accordance with the *Corporations Act 2001*, or for any other purpose within Australia. These engagements ordinarily involve reporting on certain financial information disclosed in public or other documents relating to fundraisings.

The project will need to consider the following legislative and regulatory authorities in drafting the proposed ASAE:

1. *Corporations Act 2001*, Chapter 6D *Fundraising*, contains legislative rules for fundraising activities in Australia, and includes provisions covering (a) offers that need disclosure to investors, (b) types of disclosure documents, (c) disclosure requirements, (d) procedures for offering securities, (e) prohibitions, liabilities and remedies, and (f) relevant ASIC powers.
2. ASIC Regulatory Guides (for example, RG 56 *Prospectuses*, RG 107 *Electronic Prospectuses* and RG 170 *Prospective financial information*) which provides guidance on, among other matters, types and definitions of prospectuses, and the general content and format requirements of a prospectus.

## **Risks/Issues**

The key issues relating to the development of the proposed ASAE are as follows:

1. Scope of assurance practitioner's responsibilities relating to:
  - (a) other information included in public documents, with reference to the principles of Auditing Standard ASA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing an Audited Financial Report*
  - (b) events subsequent to Independent Accountant's Report date
  - (c) engagements where the practitioner is not the auditor of the entity
2. Definitions of financial information (including historical, prospective, and pro forma financial information)
3. Interaction of proposed ASAE 3400 with other related pronouncements (such as Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*)
4. Inclusion of a Materiality Advice Letter in the proposed ASAE 3400
5. Incorporate existing AUS 804 and AGS 1062

## **Action Plan**

The AUASB Technical Group recommends conducting the project as follows: develop a single Assurance Standard titled *Fundraisings and/or Prospective Financial Information* that contains requirements and related guidance (particularly illustrative letters) in one standard.

## **Resources**

AUASB Technical Group and a Project Advisory Group (PAG).

A PAG is to be established, with members consisting of practitioners (Big 4 and mid-tier firm partners) and AUASB Technical Group staff. The PAG is responsible for providing technical advice and assistance to the AUASB Board on the development of the proposed ASAE.

## Timetable

Date	Description
6 April 2009	AUASB Board approves Project plan
May 2009 - November 2009	Develop Project Outline
December 2009 - 25 July 2011	Develop Exposure Draft
25 July 2011	AUASB Board approved Exposure Draft for issue
August 2011	Issue Exposure Draft
October 2011 – November 2011	Receive constituent comments from Exposure Draft process
November 2011 - January 2012	Consider constituent comments from Exposure Draft process
February 2012	Issue final Standard