

15 November 2011

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007

Via email: edcomments@auasb.gov.au

Dear Ms Kelsall

ED 02/11 Proposed Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information (Re-issuance of AUS 804)

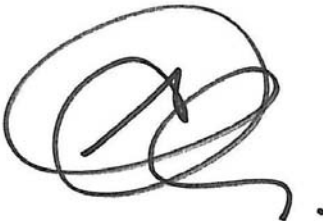
CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants (the Joint Accounting Bodies) are pleased to respond to the Proposed Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* (Re-issuance of AUS 804).

The Joint Accounting Bodies represent over 190,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

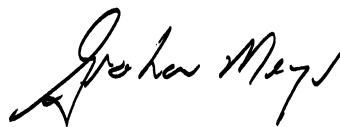
The Joint Accounting Bodies commend the Board for undertaking this project as there is a need for updated standards and guidance in this area. We do, however, have some concerns in connection with the standard as proposed, which are included in the attached Appendix with our responses to matters on which specific comment was requested.

If you require further information on any of our views, please contact Amir Ghandar, CPA Australia by email amir.ghandar@cpaaustralia.com, Andrew Stringer, the Institute of Chartered Accountants by email andrew.stringer@charteredaccountants.com.au or Tom Ravlic, the Institute of Public Accountants by email tom.ravlic@publicaccountants.org.au

Yours sincerely



Alex Malley
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The Institute of
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Overall Comments

In our view it is appropriate and necessary for the AUASB to establish a standard or standards addressing the topics contained in the draft. However, a major disadvantage of the proposals as drafted is the size of the resulting document. We are concerned that practitioners may be overwhelmed or intimidated by its length and the number of requirements contained in the one standard.

The major topic areas/headings as drafted are:

- Historical Financial Information
- Pro Forma Historical Financial Information
- Prospective Financial Information
- Pro Forma Forecast
- Compilation of Pro Forma Financial Information

We understand the rationale for attempting to address all the assurance requirements around fundraisings and prospective financial information in one standard.

Assurance on historical financial information is currently addressed comprehensively by existing standards. Apart from addressing requirements that may be unique in connection with the use of historical financial information in fundraisings, existing standards adequately cover this information.

A possible alternate, natural split of the standard into what could be three separate standards is to use a categorisation such as:

- Historical financial information
- Pro forma information, and
- Forecast information.

While we recognise that there may be some duplication of requirements in standards such as these, the benefit to practitioners should be in having separate standards that are potentially easier to use.

The scope of the proposed standard covers a broad range of fundraisings, for example, it would capture engagements undertaken by small practitioners assisting their clients in the SME sector to raise debt finance from financial institutions. This provides a further reason for simplification of the proposed standard, within a logical, easy to follow structure.

Q1. Have applicable laws and regulations been appropriately addressed in the proposed standard?

Applicable laws and regulations appear to have been appropriately addressed.

Q2. Are there any references to relevant laws or regulations that have been omitted?

We are not aware of any reference to relevant laws or regulations that may have been omitted.

Q3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed Standard, or may conflict with the proposed Standard?

We are not aware of any laws or regulations that may prevent, impede or conflict with the proposed standard.

Q4. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the requirements of this proposed Standard on Assurance Engagements? If there are significant costs, do these outweigh the benefits to the users of assurance services?

We are not able to identify any additional costs that may arise from compliance with the proposed requirements. In our view there are likely to be benefits associated with clarification of the requirements in the various situations contemplated within the standard.

Q5. Are there any other significant public interest matters that constituents wish to raise?

Refer our comments above.

Q6. Should this proposed Standard be split according to the type of financial information?

Refer our comments above.

Q7. Should the section covering assurance on the compilation of pro forma financial information be included in a separate Standard? The AUASB notes that the IAASB will be issuing ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus late in 2011 and this proposed ASAE 3450 has incorporated, where appropriate, requirements and related guidance from the ISAE 3420 Exposure Draft. The AUASB will consider making further consequential changes to the proposed ASAE 3450 when ISAE 3420 is issued.

Refer our comments above.

Q8. Should the section covering assurance on historical financial information be included in the proposed Standard?

Refer our comments above.

Q9. Should the section covering assurance on prospective financial information be included in the proposed Standard?

Refer our comments above.

Q10. Are there any public sector issues which should be addressed in this proposed Standard?

None of which we are aware.

Q11. Are there any SME issues which should be addressed in this proposed Standard?

None we have identified.