

**Proposed Standard on
Assurance Engagements
ASAE 34XX**
*~~Auditors' Comfort Letters for
Requesting Parties in
Connection with International
Offerings and Similar
International Transactions~~*

DISCLAIMER

This document contains draft proposals to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions and/or proposals to be contained in a published Exposure Draft or Auditing Standard. No responsibility is taken by the AUASB for the results of reliance, actions or omissions to act on the basis of any information contained in this document (including appendices), or for any errors or omissions in it.

Issued for Comment by the **Auditing and Assurance Standards Board**

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Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by no later than 31 October 2011. Comments should be addressed to:

The Chairman
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E-mail: edcomments@auasb.gov.au

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

Obtaining a Copy of this Exposure Draft

This Exposure Draft is available on the AUASB website: www.auasb.gov.au.

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PREFACE

Reasons for Issuing ED XX/11

The AUASB issues Standard on Assurance Engagements ASAE 34XX Auditors' Comfort Letters pursuant to the requirements of the legislative provisions explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 227B of the ASIC Act, the AUASB may formulate Assurance Standards for other purposes.

Draft

Main Proposals

This proposed Standard on Assurance Engagements establishes requirements and provides application and other explanatory material [for undertaking and reporting in comfort letter engagements that have assurance and non-assurance elements provided in respect of financial and information prepared by the entity in an offering regarding <TypeHere>](#).

Proposed Operative Date

It is intended that this proposed Standard on Assurance Engagements will be operative for [international offerings and similar international transactions that commence comfort letter engagements commencing](#) on or after 1 January 2012.

New Standard on Assurance Engagements

This proposed Standard on Assurance Engagements is a new pronouncement of the AUASB and accordingly does not supersede a pre-existing Standard on Assurance Engagements.

Request for Comments

Comments are invited on this Exposure Draft of the proposed -issuance of ASAE 34XX [Auditors' Comfort Letters](#) by no later than 31 October 2011. The AUASB is seeking comments from respondents on the following questions:

1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
2. Are there any references to relevant laws or regulations that have been omitted?
3. 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?
4. 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 Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?

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

The AUASB prefers that respondents express a clear opinion on whether the proposed Standard on Assurance Engagements, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the Standard on Assurance Engagements.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates this Standard on Assurance Engagements ASAE 34XX Auditors' Comfort Letters pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

This Standard on Assurance Engagements is to be read in conjunction with ~~<TypeNo> <TypeTitle>~~ ASA 100 Preamble to AUASB Standards, which sets out the intentions of the AUASB on how the AUASB Standards are to be understood, interpreted and applied.

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M H Kelsall
Chairman - AUASB

STANDARD ON ASSURANCE ENGAGEMENTS ASAE 34XX

Auditors' Comfort Letters

Application

1. This Standard on Assurance Engagements applies to assurance engagements where the auditor of an entity is requested to issue a comfort letter to an underwriter and other requesting parties in connection with international offerings and similar international transactions relating to the preparation of a comfort letter by the auditor of an entity in respect of certain financial and/or other non-financial information prepared by the entity's responsible party for issuance to certain parties in connection with a debt or equity offering offerings

Operative Date

2. This Standard on Assurance Engagements is operative for comfort letter engagements commencing on or after 1 January 2012.

Introduction

Scope of this Standard on Assurance Engagements

3. This ASAE deals with the responsibilities of the auditor of an entity an entity's auditor of an Australian incorporated entity in engagements where the auditor has been when requested to prepare and issue a comfort letter to certain by an underwriter and other requesting certain parties in connection with an international offerings and similar international transactions. These parties may be external to the entity or another auditor, in the case of an entity that is part of a group.

International Offerings and Similar International Transactions Covered by this ASAE
Types of offerings covered by this ASAE

International Public Offerings

Engagements involving the issuance of comfort letters are ordinarily undertaken by the auditor of an entity incorporated in Australia, which offers its equity or debt securities to the public in the international market. When the entity undertakes an international

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~~offering, it engages the services of an underwriter who assists in the listing of its securities on an international stock exchange. Such an international public offering (IPO) is ordinarily made through an offering document in the form of a prospectus.~~

~~Law or regulation in many jurisdictions require those charged with governance of the entity undertaking the IPO and the underwriter to ensure that the prospectus contains adequate disclosures regarding the proposed offering, and that it does not contain misleading information. In view of this, the underwriter performs a due diligence investigation of the entity's affairs to comply with such an obligation. This investigation provides the underwriter with a due diligence defence that it has reasonable grounds to believe that the prospectus does not contain misleading information.~~

~~As part of its due diligence investigation, the underwriter ordinarily requests the auditor of the entity to perform certain procedures on selected information disclosed in the entity's prospectus and report results by way of issuing a comfort letter. The underwriter's request is ordinarily made through the entity, and the auditor's agreement to undertake the engagement is both with the underwriter and those charged with governance of the entity.~~

~~The comfort letter is not included in the offering document as it is a private report of the auditor to the underwriter, those charged with governance of the entity and other requesting parties.~~

~~An IPO may be made in a single overseas jurisdiction, or it may be a cross border offering. This ASAE applies to both types of IPOs.~~

4. ~~Similar International Transactions~~⁴~~The following types of offerings transactions are included within the scope of this ASAE:~~

- (a) ~~Initial public offerings;~~
- (b) ~~Overseas private placements of equity or debt securities;~~
- (c) ~~Offerings of debt securities that are issued or backed by government entities in overseas jurisdictions; and~~
- (d) ~~Acquisition of, or merger with, another entity domiciled in an overseas jurisdiction, where there is an exchange of equity shares between the two entities.~~

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~~_____ (a) In addition to IPOs, the auditor of an Australian entity may also be requested to issue a comfort letter in respect of similar international transactions, as follows:~~

~~_____ Overseas private placements of equity or debt securities;~~

~~_____ Offerings of debt securities that are issued or backed by government entities in overseas jurisdictions; and~~

~~_____ Acquisition of, or merger with, another entity domiciled in an overseas jurisdiction, where there is an exchange of equity shares between the two entities.~~

~~The international transaction offerings in paragraph 9(ba) to (dc) inclusive are ordinarily exempt from the registration requirements under the applicable laws and regulations of many overseas jurisdictions. This ASAE applies to comfort letter engagements in connection with the above international transactions regardless of whether or not the offering is they are exempt from the registration requirements of an overseas jurisdiction's applicable laws and regulations.~~

- ~~5. This ASAE applies regardless of whether the requesting party has a due diligence defence or not. In circumstances where no such due diligence that a written representation letter be provided by the requesting parties to the auditor covering certain matter exists, this ASAE requires that a written representation letter be provided by the requesting parties to the auditor covering certain matters.~~

~~Domestic Offerings~~

- ~~6. The due diligence investigation process for equity and debt securities offerings undertaken solely in Australia ("domestic offerings") is different compared to many overseas jurisdictions. In Australia, auditors do the auditor does not ordinarily issue comfort letters in relation relating to domestic offerings, instead, the auditor issues a due diligence signoff through their ??? in the due diligence committee process. Instead, an assurance practitioner ordinarily performs a limited assurance engagement and issues an Investigating Accountant's Report (IAR) on financial information included in an offering document for a domestic offering. Notwithstanding this, this ASAE applies to engagements wherein the auditor has been requested to the issue of any a comfort letters by auditors relating to in connection with domestic offerings.~~

~~Relationship with Other AUASB Standards~~

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7. This ASAE deals with ~~specific~~ additional considerations in the application of ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* and ASRS 4400 *Agreed-upon Procedures Engagements to Report Factual Findings* to comfort letter engagements, ~~w-relating to offerings, in particular~~ ~~W~~ where the purpose of the assurance engagement is to:

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- (a) Obtain negative assurance on historical financial information, the engagement is performed in accordance with this ASAE, in conjunction with ASRE 2410; and/or
- (b) ~~Perform and r~~Report factual findings ~~the engagement is performed,~~ in accordance with this ASAE, in conjunction with ASRS 4400.

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8. This ASAE does not override the requirements of ASRE 2410, or ASRS 4400, which apply in the engagement circumstances.- It does not purport to deal with all the considerations that may be relevant in the engagement circumstances.

Relationship with the Applicable Standards of Other Jurisdictions

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4.9. This ASAE acknowledges that overseas jurisdictions may have their own applicable Auditing or Assurance Sstandard(s) for auditor-s' comfort letter s-engagements. In certain circumstances, the auditor may be requested to perform and report issue on the comfort letter engagement in accordance with such a standard ~~the standard of the overseas jurisdiction where the international offering is being undertaken. For example, the~~ The auditor may need to undertake be requested to undertake the engagement in accordance with the overseas jurisdiction's standard, to comply with the legal or regulatory requirements ~~framework of such overseas jurisdiction. In these circumstances~~ Where the auditor agrees to such a ~~agrees to this request,~~ the auditor must ~~needs to~~ comply with the minimum requirements ~~set out~~ in paragraphs 22-25 ~~19-21~~ of this ASAE.

Effective Date

~~5.10.~~ [Deleted by the AUASB. Refer paragraph 21.]

Objectives

1.1. The objectives ~~of the auditor in conducting a comfort letter engagement in connection with international offerings and similar international transactions are~~ are: ~~auditor, when engaged to prepare and issue a comfort letter are to one a requesting party in connection~~

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~~with an entity's financial statements or interim financial information included in securities offerings are to:~~

~~16(a) obtain negative or reasonable assurance, and/or factual findings on certain financial information, thereby enabling the auditor to express an assurance conclusion or factual findings, on whether certain financial information is prepared on the basis stated; and~~

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~~Address appropriately the acceptance of the engagement and the scope of services;~~

~~Issue a letter with the appropriate form and content;~~

Comment [AC1]: As per revised SAS 72

~~16(b) Report Express a conclusion on certain financial information included in an offering document and communicate, as required by this ASAE, in accordance with the auditor's findings; and report on:~~

~~16in accordance with procedures~~

~~16~~

~~in respect of the unaudited interim financial statements:~~

~~to plan and review the unaudited interim financial statements in accordance with ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor*; and~~

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~~(i) to conclude in the comfort letter as to whether anything has come to the auditor's attention which causes the auditor to believe that material modifications should be made to the unaudited interim financial statements for them to be presented in conformity with the applicable financial reporting framework;~~

~~(f)in respect of the selected financial information during the change period:~~

~~to plan and perform the assurance procedures specified by the requesting parties; and~~

~~to report in the comfort letter as to whether anything has come to the auditor's attention which~~

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~~causes the auditor to believe that there are changes, increases or decreases in the selected financial information during the change period, as compared to the unaudited interim financial statements or the corresponding period in the preceding year; and~~

~~(f) in respect of other financial information:~~

~~— to plan and perform the assurance procedures specified by the requesting parties on other financial information; and~~

~~(i) to report on factual findings in the comfort letter.~~

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Definitions

~~11.12.~~ For the purposes of this Standard on Assurance Engagements, the following terms have the meanings attributed below:

~~(a) Agreed-upon specified assurance procedures means assurance procedures carried out by the auditor in a comfort letter engagement, to which the auditor, the underwriter, those charged with governance of the entity and other requesting parties have agreed to which specified by the requesting parties. The auditor does not determine whether the extent of the specified assurance procedures is sufficient for the purposes of the requesting parties in a comfort letter engagement, does not use their professional judgement to assess whether the results of the agreed-upon procedures amount to sufficient appropriate evidence to provide a reasonable basis for expressing an assurance conclusion. Hence, no assurance conclusion is drawn from such procedures, and no assurance conclusion is provided by the auditor on the financial information that is the subject matter of the engagement. The requesting parties of the comfort letter form their own conclusions from the report of factual findings by the auditor.~~

~~(a) Applicable criteria means the criteria used by the requesting parties in the preparation of the financial information included in the offering document. The criteria used depend on the nature of the financial information.~~

~~(b) Applicable financial reporting framework means the financial reporting framework adopted by management and, where appropriate, those charged with governance, in the preparation of the offering document, that is acceptable in~~

view of the nature of the entity and the objective of the offering document, or as required by law or regulation. In Australia, an applicable financial reporting framework that may be used in preparing financial information is represented by the Australian Accounting Standards, or applicable law, such as the *Corporations Act 2001*.

- (c) Assurance engagement means an engagement in which the auditor expresses a conclusion in the comfort letter designed to enhance the degree of confidence of the requesting parties about the reliability of **certain** information disclosed in the offering document.
- (d) Assurance engagement risk means the risk that the auditor expresses an inappropriate conclusion when the financial information is materially misstated.
- (e) Assurance procedures means procedures conducted by the auditor to evaluate or measure a subject matter **against an applicable criteria** against applicable criteria. Assurance procedures may include management enquiries and other substantive procedures.
- (b) Applicable criteria means the criteria used by the responsible party in the preparation of the financial information included in the offering document. The criteria used depends on the nature of the financial information.
- (e) Applicable financial reporting framework means the financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of the offering document that is acceptable in view of the nature of the entity and the objective of the offering document or that is required by law or regulation. In Australia, applicable financial reporting frameworks that may be used in preparing such financial information are information are represented by the Australian Accounting Standards, as well as relevant law, such as the *Corporations Act 2001* or other relevant law that may be applicable to other entities.
- (d) Assurance engagement means an engagement in which the auditor expresses a conclusion designed to enhance the degree of confidence of the underwriter and other requesting parties (other than the responsible party) about the reliability of information disclosed in the offering

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~~document, which is the subject of the comfort letter and evaluated under a suitable criteria.~~

~~(e) Assurance engagement risk means the risk that the auditor expresses an inappropriate conclusion when the financial information that is the subject matter of the comfort letter is materially misstated.~~

(f) Auditor means the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm ~~firm~~ appointed to audit an entity's financial report. The auditor may be an incoming or existing auditor of the entity.

~~(f)(g)~~ Auditor's letter means a letter prepared by the auditor in which no assurance is expressed on any financial information, and a report of factual findings tabled.

~~(g)(h)~~ Bring down comfort letter means a letter prepared by the auditor of the entity, subsequent to the issuance of the ~~an~~ initial comfort letter, that updates and reaffirms the procedures described in that the previously issued actual comfort letter ~~at~~ a certain date, usually prior to the closing date of the offering. Its purpose is to state whether the original comfort letter remains valid at the date of the Bring down comfort letter.

~~(h)(i)~~ Change period means the period after the date of the most recent unaudited or unreviewed interim financial statements included in the offering document, and up to the date of the comfort letter procedures being concluded (also referred to as the subsequent period) ending on the date as of which certain procedures described in the comfort letter are performed ("cut-off date") and ordinarily beginning immediately after the date of the latest interim financial statements prepared by the responsible party.

(j) Closing date means the date on which a securities ~~the~~ issuer delivers the securities to the underwriter in exchange for the proceeds of the offering.

~~(j)(k)~~ Comfort letter means a letter prepared by the auditor of an entity and issued to certain requesting parties (for example, the issuing entity who has previously appointed the auditor and an appointed underwriter) in respect of the results of

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certain procedures performed in connection ~~with a securities offering with financial information included in an offering detailed in an offering document.~~ ~~The comfort letter is typically issued prior to the offering's closing and settlement date.~~ ~~The issuance of the comfort letter is restricted to those parties that have agreed to the procedures to be performed by the auditor, since others, unaware of the reasons for the procedures, may misinterpret the results.~~

~~(j)~~(l) Comfort letter engagement means an engagement ~~relating where to the issuance of a comfort letter by the auditor issues a comfort letter on certain financial information to requesting parties of an entity that is undertaking an in connection with relating to international offerings or similar international transactionsb.~~ ~~In a comfort letter engagement, the requesting parties specify the based on procedures specified by the requesting parties, that the auditor performs and are responsible for determining their sufficiency for the purposes of the engagement.~~ ~~The auditor may be requested to perform agreed-upon procedures where the auditor does not provide any form of assurance in the comfort letter, but merely reports factual findings.~~

~~(k)~~(m) Cross-border offering means an offering or listing ~~of a security that occurs in a jurisdiction other than that in which the entity's is domiciled domicile, and~~ which may or may not occur concurrently in the entity's jurisdiction.

~~(k)~~(n) Cut-off date means the date to which certain procedures described in the comfort letter are to relate.

~~(k)~~

~~(k)~~

~~(h)~~(o) Domestic offering means an offering that occurs in Australia ~~and covered by Australian laws.~~

~~(m)~~(p) Due diligence means the process ~~conducted by the requesting parties to of investigating the entity's affairs to determine and consider the significant risks, rewards, and issues relating to the entity's offering, carried out by the underwriter and other requesting parties before they make prior to making a decision of being associated with being made regarding~~ such an offering.

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~~(n)~~ Due diligence defence means a legal defence having conducted that is available to certain requesting parties under a relevant law or regulation in particular overseas of a jurisdiction, to underwriters and entities certain requesting parties, based on their the requesting parties having conducted conducting a reasonable investigation that the offering document relating to an international public offering of the entity's offering to ensure it does not have material omissions, or contain misleading or deceptive information.

~~(q)~~ _____

~~(r)~~ Effective date means the date on which the offering becomes effective.

~~(s)~~ Entity means the entity undertaking the international offering and directly liable for the any material misstatements or omissions in the offering document party whose financial statements and/or other financial information are the subject of the Comfort Letter engagement.

~~(t)~~ Existing auditor means the current auditor of the entity who has already performed an audit or review of the entity's financial report, prior to being requested to provide a comfort letter.

(u) Financial information means financial information of a financial nature that is the subject matter of the comfort letter, on which the auditor, under in accordance with the terms of the comfort letter engagement, terms engagement terms may express of expresses either either a negative limited assurance conclusion, or report on factual findings based on the agreed upon procedures. Such Financial information included in an offering document is ordinarily in the form of:

- (i) Historical financial information, which means information is information expressed in financial terms in relation to a particular entity derived primarily from that entity's accounting system about events occurring in past time periods or about conditions or circumstances at points in time in the past. Historical financial information may or may not be audited or reviewed. Examples of

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historical financial information incorporated in ~~the~~ offering documents include:

1. ♦ Audited or reviewed financial statements;^{1,2}
2. ♦ Unaudited ~~or unreviewed~~ interim financial statements ~~that will reviewed as part of the comfort letter engagement;~~ and/or
- ♦ Unaudited ~~or unreviewed~~ financial statements or selected financial statement account balances ~~Selected Financial information prepared² during the change period, for example, net current assets, net assets, total assets, net and net sales.~~
- 1.(ii) Other ~~Financial~~ information ~~other than financial statements, which~~ means financial information other than ~~the financial statements financial information listed that described~~ in paragraph ~~16124(e)~~(i) of this ASAE, including forecast ~~financial information~~ and pro forma financial information:-
 1. ♦ Forecast financial information ~~is means prospective financial information~~ prepared on the basis of assumptions as to future events which the responsible party expects to take place, and the actions the responsible party expects to take as of the date when the financial information is prepared.
 - ♦ Pro forma financial information, ~~means financial information that is either historical or forecast financial~~

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¹ The concepts and discussions on what constitutes financial statements relevant to an audit engagement are contained in ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, paragraph Aus 13.1, and may be helpful in determining the financial statements that may be the subject matter of a comfort letter engagement.

² See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* for examples of historical financial information other than a financial report.

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~~information in nature-~~ is adjusted in accordance with the responsible party's basis of preparation and applicable criteria, to illustrate the effects of an event(s) or transaction(s) on that financial information, assuming that the event(s) or transaction(s) had occurred at an earlier date, a later date, or not at all, during the financial period used for the illustration. ~~Pro forma financial information may be historical in nature (pro forma historical financial information) or a forecast in nature (pro forma forecast, which may be a mixture of historical and forecast).~~

~~(v)~~ Financial statements means a structured representation of historical financial information, intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a ~~period of time~~ period in accordance with ~~an applicable financial reporting framework~~. ~~Under the Corporations Act 2001, a complete set of financial statements is required to be prepared in accordance with the Australian Accounting Standards.~~

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~~(w)~~ Incoming auditor means a ~~newly appointed~~ auditor ~~who is newly appointed and~~ has not performed an audit or review of a financial report of the entity prior to being requested to provide a comfort letter.

~~(e)~~ Inconsistency means information that contradicts the information that is the subject matter of the comfort letter

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~~(u)~~ International offering means making available the equity or debt securities of the entity to other parties in overseas jurisdictions, undertaken ordinarily through:

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~~(i)~~ a sale of securities to the public under a prospectus;

~~(ii)~~ an exempt offering (for example, a private placement of securities to a limited number of investors, or an ordering of government bonds); and

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- (iii) ~~— certain securities transactions covered by specific laws or regulations (for example, exchange of shares of stock in merger transactions).~~
- (x) ~~— Interim financial statements means financial statements prepared for a time period shorter than the entity's financial year. References to "unaudited interim financial statements" in this ASAE are taken to mean unaudited interim financial statements included in the offering document.~~
- (v) ~~— References to "unaudited interim financial statements" in this ASAE pertainare taken to unaudited interim financial statements included in the offering document.~~
- (w) ~~Limited assurance means the type of assurance obtained and provided by the auditor in an assurance engagement where the auditor's objective is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the auditor's conclusion. A limited assurance engagement is commonly referred to as a review.~~
- (g) ~~— Management means the person(s) with executive responsibility for the conduct of the whole entity's operations or individual business units. For some entities, in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner manager.~~
- (h) ~~— Materiality means, in relation to financial information which is the subject matter of the auditor's comfort letter, the omission, misstatement or non disclosure of such information has the potential to affect the recognition and/or measurement basis of the financial information included in the offering document; and consequently, the decision of the requesting parties regarding the offering.~~
- (z)(y) ~~— Misstatement of fact means information that is incorrectly stated or presented in the offering document. A material misstatement of fact may undermine the credibility of the offering document containing the auditor's audit report.~~

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~~(j)(z)~~ Negative assurance means a statement made by the auditor of an entity in a comfort letter that, based on the specified procedures performed, nothing has come to the auditor's attention that has caused the auditor to believe that the information does not meet specified criteria.

Comment [AC3]: As per revised SAS 72

~~(aa)~~ Non-financial information means quantitative information other than financial information (for example, ratio of employees in the manufacturing department vs. total employees of the entity). Due to its nature, non-financial information does not ordinarily form part of the subject matter of the comfort letter engagement.

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~~Non-financial all information means information of a financial nature that is subject matter of the comfort letter, on which the auditor in accordance with the engagement terms, expresses either a limited assurance conclusion or report on factual findings, based on agreed upon procedures.~~

~~(aa)~~ Offering means the making available of the equity or debt securities of an entity to parties who may beare in overseas jurisdictions, ordinarily through:

~~(i)~~ the sale of securities to the public under a prospectus;

~~(ii)~~ an exempt offering (for example, a private placement of equity or debt securities to a limited number of investors, or an offering of debt securities (e.g. bonds) issued or backed by government entities);

~~(iii)~~ certain securities transactions covered by specific laws or regulations (for example, exchange of shares of stock in merger transactions);

~~(bb)(iv)~~ acquisition of, or merger with, another entity domiciled in an overseas jurisdiction, where there is an exchange of equity shares between the two entities; or

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~~(v)~~ acquisition transaction(s) in which there is an exchange of stock.

Comment [AC4]: As per revised SAS 72

~~(m)(bb)~~ Offering document means a document prepared by the responsible parties party relating to the entity's offering that

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contains details of the offering, information about the entity, its management and those charged with governance, financial statements ~~and other~~ financial ~~information~~ and ~~non-financial~~ ~~other~~ information, ~~as prescribed by law or regulation~~. It ~~may be ordinarily comes is prepared~~ in the form of a prospectus (for sale of securities), information circular (for an exchange of shares or ~~of~~ stock) or an offering memorandum (for a private placement or other exempt offering). ~~It does not include the auditor's comfort letter.~~

~~(n)~~(cc) Other information means ~~information~~ ~~information (financial and non-financial)~~ included in the offering document that ~~is does not form~~ part of the ~~comfort letters~~ ~~subject matter of the comfort letter~~ engagement.

~~(dd)~~ Prepared in accordance with the applicable financial reporting framework means the financial information included in the offering document has been prepared and presented by the responsible party on ~~at~~ the basis consistent with the applicable financial reporting framework.

~~(p)~~(dd) Private placement means securities offered for sale or exchange to a limited number of investors, ~~in a particular jurisdiction, which and which~~ are exempt, by law or regulation ("exempt offering") from the requirement ~~for the investors' terms to be circulated into use~~ a prospectus ~~document in the offer process~~. Instead, the ~~securities y~~ may be offered through ~~the preparation of~~ an offering memorandum or similar document. ~~A private placement is a form of an exempt offering.~~

~~(e)~~ Agreed upon ~~Specified assurance~~ ~~Pro~~ procedures means ~~assurance~~ procedures of an assurance nature ~~carried out performed~~ by the auditor ~~in a comfort letter engagement, to which the auditor, the underwriter, those charged with governance of the entity and other requesting parties have agreed to which are specified by the requesting parties~~. The auditor ~~does not determine whether the extent of the specified assurance such procedures is sufficient for the purposes of the requesting parties in a comfort letter engagement~~. They may also be referred to as ~~agreed-upon procedures~~. ~~does not use their professional judgement to assess whether the results of the agreed-upon procedures amount to sufficient appropriate evidence to provide a reasonable basis for expressing an assurance conclusion. Hence, no assurance conclusion is drawn from such~~

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~~procedures, and no assurance conclusion is provided by the auditor on the financial information that is the subject matter of the engagement. The requesting parties of the comfort letter form their own conclusions from the report of factual findings by the auditor.~~

~~(ee)~~

~~(ff)~~ Prospective financial information means financial information of a predictive character based on assumptions made by the responsible party about future events and/or expected actions by the entity.

~~(ff)(gg)~~ Prospectus means a document issued pursuant to legal or regulatory requirements ~~of a jurisdiction~~ relating to the entity's sale or issuance of securities, on which it is intended that investors ~~should~~ make an investment decision.

~~(gg)~~ Prospective financial information means financial information of a predictive character based on assumptions made by the responsible party about future events and on possible actions by the entity.

~~(t)(hh)~~ Reasonable assurance means the type of assurance obtained ~~and provided~~ by the auditor in an assurance engagement where the auditor's objective is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement as the basis for a positive form of expression of the auditor's conclusion. Reasonable assurance means a high, but not absolute, level of assurance. ~~A reasonable assurance engagement is commonly referred to as an audit.~~

~~(t)(ii)~~ Representation letter means a letter prepared ~~and provided~~ by the ~~responsible~~ requesting parties ~~for or responsibilities to~~ the auditor confirming ~~a variety~~ specific of matters relating to the engagement.

~~(j)~~ Requesting parties means ~~an~~ the underwriter and/or other ~~such parties, such as financial intermediaries, buyers, sellers, brokers or selling agents~~ who have requested the auditor to provide a comfort letter in certain financial information respect of an offering. ~~The~~

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requesting party may or may not have a due diligence defence, available by law.—(Ref: Para. A6(b))

(ii)

(i) A representation letter from those charged with governance of the entity confirms their responsibility for:

- preparing the offering document, including the information included in such a document;
- ensuring that the offering document does not contain misleading information; and
- ensuring that they have provided all information and documentation requested by the auditor in performing the comfort letter engagement.

(ii) A representation letter from the requesting parties underwriter confirms that they are responsible for conducting their due diligence investigation of the entity's affairs, and for determining the sufficiency of the procedures performed by the auditor in the comfort letter engagement.

(j)(kk) Responsible party means those charged with governance of the entity (ordinarily the Board of Directors), who are also responsible for the preparation of the public offering document and financial information included in it.

(kk) Requesting party means the entity (through those charged with governance of the entity), underwriter and/or other parties (for example, brokers or selling agents) who have requested the auditor to provide a comfort letter in respect of an international offering or similar international transaction.

(H) Securities means financial instruments that include shares in a body, debentures in a body, or interests in a registered managed investment scheme, but do not include cover derivatives or market traded options.

(mm) Subsequent events means events occurring after from the date of the auditor's audit report on the audited financial statements and up to the effective date of the offering

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~~document, and facts that become known to the auditor after the auditor's report date of of the audit report.~~

~~(nn)(ll) Those charged with governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process. In international offerings comfort letter engagements, those charged with governance of the entity these persons are responsible for the preparation of the offering document, including all the information disclosed in such a document.~~

~~(oo) Underwriter (also known as primary requesting party) means a financial intermediary of an entity in an offering of securities, acting as either the party an underwriter that purchases securities for resale to investors, or an agent of the entity that offers securities for the account of the issuer or vendor. The underwriter may be either named in the prospectus (named underwriter) or not, being simply as one of the parties requesting seeking the auditor to issue an auditors' comfort letter be prepared or not (other than named underwriter). They may also be referred to as the "primary requesting parties.", such as a sales agent.~~

~~(pp)~~

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Requirements

Ethical Requirements

13. The auditor shall comply with the relevant ethical requirements in accordance with ASA 102³, ~~including those pertaining to independence unless the engaging party has explicitly agreed to modified independence requirements~~

2. ~~The assurance practitioner's firm shall establish and maintain its system of quality control for agreed upon procedures engagements equivalent to the quality control required for an assurance engagement. (Ref: Para. A3)~~

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³ See ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. For ethical requirements relating to Other Assurance Engagements, refer to APES 110 *Code of Ethics for Professional Accountants*, Section 291 *Independence – other Engagements* (Dec 2010) issued by the Accounting Professional & Ethical Standards Board Ltd (APESB) subsequent to ASA 102 (Oct 200

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~~3. When conducting an agreed-upon procedures engagement the assurance practitioner shall comply with this Standard and with the terms of the engagement agreed with the engaging parties.~~

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~~4.~~

Quality Control

~~14. The auditor shall establish and maintain its system of quality control for comfort letter engagements.~~

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~~The auditor shall establish and maintain a system of quality control in accordance with ASQC1.⁴~~

Inability to Comply with this ASAE's Requirements

~~15. Where in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement in this ASAE, the auditor shall:~~

~~(a) if possible, perform appropriate alternative procedures; and~~

~~(b) document in the working papers:~~

~~(i) the circumstances surrounding the inability to comply;~~

~~(ii) the reasons for the inability to comply; and~~

~~(iii) justification of how alternative procedures achieve the objectives of the requirement.~~

~~16. When the auditor is unable to perform the appropriate alternative procedures, the auditor shall consider the implications for the engagement.~~

Professional Scepticism

⁴— See ASQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*.

17. The auditor shall plan and perform an audit with professional scepticism recognising that circumstances may exist that cause the financial information to be materially misstated.

Professional Judgement

18. The auditor shall exercise professional judgement in planning and performing procedures of a negative assurance nature.

Prior auditors

19. Previous auditors of an entity who are requested to issue a comfort letter in respect of the period they previously primarily audited or reviewed shall consider the practicality of agreeing to the request. ~~Given the prior auditor will be unable to perform any procedures on any other information prepared subsequent to the audit or review, including the change period information, and is therefore unable to does not provide any assurance comfort on such information.~~

Incoming auditors (Ref: Para A1)

~~5-20.~~ Auditors who have not previously audited or reviewed the entity's financial report, and who are requested to issue a comfort letter that includes that previous financial report shall consider the practicality of agreeing to the request in terms of and what procedures would be necessary to perform an audit or review on such a reviewed audited or reviewed financial report in order to provide assurance on that financial report give comfort.

Performing the Engagement in Accordance with another Jurisdiction's the Standard of an Overseas Jurisdiction (Ref: Para. A8 - A9)

~~(a) 21.~~ In circumstances where the auditor has been requested to perform and report the comfort letter engagement in in accordance with an applicable Auditing or Assurance the Standard of the overseas another another jurisdiction where the international offering is being made, the auditor shall accept such an engagement, conduct it and issue the comfort letter in accordance with such standard is not precluded from accepting such an engagement, provided that:

~~(a)~~ (a) The auditor obtains sufficient knowledge of the applicable Standards;

~~(a)(b)~~ (b) the auditor complies with the relevant ethical requirements of ASA 102; and

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~~(b)(c)~~ the underlying principles and procedures of the standard enable compliance with this ASAE; ~~and~~

~~(e)~~ the auditor complies with the relevant ethical requirements of ASA-102.

~~Where relevant to the engagement, the auditor shall include in the comfort letter that the engagement has been undertaken by the auditor:~~

~~(i) to provide information to requesting parties in relation to an offering in an overseas jurisdiction; and~~

~~(ii) in accordance with the overseas jurisdiction's standard that is substantially consistent with this ASAE in terms of its underlying principles.~~

~~The auditor shall not accept a comfort letter engagement if the auditor has been requested to perform it in accordance with an overseas jurisdiction's standard that is substantially different from this ASAE in terms of its underlying principles.~~

Inability to Comply with this ASAE's Requirements

~~23 Where in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement in this ASAE, the auditor shall:~~

~~if possible, perform appropriate alternative procedures; and~~

~~document in the working papers:~~

~~the circumstances surrounding the inability to comply;~~

~~the reasons for the inability to comply; and~~

~~justification of how alternative procedures achieve the objectives of the requirement.~~

~~24 When the auditor is unable to perform the appropriate alternative procedures, the auditor shall consider the implications on the auditor's ability to issue the comfort letter to the underwriter and other requesting parties.~~

Engagement Acceptance (Ref: Appendices 1-2)

Preconditions for ~~the Engagement~~ Providing a Comfort Letter (Ref: Para. A2-A5)

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~~25~~22. The auditor shall, prior to agreeing the terms of the engagement, determine whether the responsible party and/or requesting parties:

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~~25~~(a) understand and accept the terms of the engagement, including the auditor's reporting responsibilities;

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~~25~~(b) acknowledge and understand their responsibility for:

(i) the preparation of the offering document in which the financial information that is the subject of the engagement will be presented;

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~~25~~(ii) the preparation and presentation of the financial information in accordance with applicable financial reporting framework included in the offering document;

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(iii) such internal control over the financial reporting process as the responsible party determines is necessary to enable the preparation of financial information that is free from material misstatement; and

~~25~~

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~~25~~conducting the due diligence investigation of the affairs of the entity;

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~~25~~(iv) applying the nature, timing and extent of the procedures to be performed in respect of the change period financial and/or non-financial information. The change period financial information does not extend across the entity's financial reporting periods, and in some jurisdictions is specified as a particular time period and/or ???

~~25~~and/or non-financial information that is the subject of engagement

~~25~~

(c) ~~(e)~~cConfirms that the requesting parties involved in the offering are responsible for:

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~~25(i) e ??? for econducting a due diligence investigation; and (Ref Para:A1)~~

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~~(ii) specifying the nature, timing and extent of procedures to be performed by the auditor in sufficient detail that the auditor will not be required during the course of the engagement to exercise professional judgement in determining or modifying the procedures to be performed or responsible for the sufficiency of such procedures for the requesting parties' purposes.~~

~~25~~

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~~25 ii) responsible for determining the nature timing and extent of procedure to be performed by the auditor and the sufficiency of such procedures for the requesting parties purpose.~~

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~~25(d) will provide the auditor in a timely??? manner with:~~

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~~25(i) access to all information relevant to the financial information;~~

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~~25(ii) any additional information requested by the auditor;~~

~~25(iii) unrestricted access to those within the entity from whom the auditor determines it necessary to obtain evidence, including where appropriate, the responsible party's experts;~~

~~25(iv) representations covering all matters requested by the auditor; and-~~

~~25(v) an that at will update of the auditor with any information the responsible party becomes aware of during the engagement that may imeompact the comfort letters;~~

~~25If the responsible part does not agree to provide a writing representation letter;~~

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~~25a) the auditor shall not~~

~~25~~

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25 Other Factors Affecting Engagement Acceptance

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2523. The auditor shall accept the engagement only when:

25(a) On the basis of preliminary knowledge of the engagement circumstances, nothing has come to the auditor's attention to indicate that:

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25(i) the requirements of the relevant ethical principles described in ASA 102 will not be satisfied;

25(ii) the financial information and offering document does not include information that is unacceptable or misleading for its intended purpose;

25(b) the basis upon which the engagement is to be performed has been agreed through establishing that the preconditions for the engagement are present:

25(c) the auditor is satisfied that the responsible party possesses the necessary professional competencies;

25(d) the auditor is satisfied that the requesting parties are involved in the due diligence investigation of the entity undertaking the offering;

25(e) the auditor is satisfied as to the nature of any type of agreed-upon procedures specified by the requesting parties;

25(f) the auditor has the capabilities, competence and necessary qualifications to perform the engagement; and,

25(g) the auditor believes that the comfort letter will be used for its intended purpose and only by those requesting parties involved in the due diligence investigation of the entity.

24. If the preconditions for the engagement, as set out in paragraph 22 of this ASAE are not present, the auditor shall discuss the matter with the responsible party. If the responsible party does not agree to provide the required representations, the auditor shall not agree to provide a comfort letter and shall discuss with the responsible party and provide another letter which expresses no assurance on any financial information.

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~~38.25. If the preconditions for the engagement cannot be met, the auditor shall not accept the engagement unless required to do so by applicable law or regulation.~~

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~~25The auditor shall agree to perform any non-assurance services in connection with the engagement only in accordance with relevant ethical requirements and applicable professional standards, having particular regard to independence.~~

~~25~~

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~~25The auditor shall take into account the following principles underlying this ASAE before accepting the engagement:~~

~~(a) The underwriter and other requesting parties are solely responsible for determining the sufficiency of the procedures to be performed by the auditor in a comfort letter engagement.~~

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~~(b) The underwriter and other requesting parties will likely rely on any statement made by the auditor in the comfort letter to add credibility to the subject matter of the statement. Therefore, any such statement needs to be appropriately supported.~~

~~(c) In order to make any statement in the comfort letter that is appropriately supported, the auditor needs to possess adequate knowledge of the subject matter.~~

~~(d) The auditor can properly make such a statement only if there are suitable criteria against which to evaluate the subject matter.~~

~~26The auditor shall determine that whether the following criteria have been met before accepting the engagement:~~

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~~(a) The auditor requested to provide the comfort letter is the auditor (existing or incoming) of the entity undertaking the international offering.~~

(i) ~~The auditor shall provide a limited assurance conclusion on the unaudited interim financial statements, and report on any changes, increases or decreases in the selected financial information during the change period in the comfort letter, only when the auditor has performed an audit or review of the previous years' financial statements included in the offering document, and has issued an auditor's report on such financial statements.~~

(ii) ~~The auditor shall provide a limited assurance conclusion on other financial information only when the auditor has performed an audit or review of the financial statements underlying the other financial information.~~

(b) ~~The sole purpose of the auditor in undertaking the engagement is to assist the underwriter and other requesting parties in their due diligence investigation of the affairs of the entity relating to its international offering.~~

~~(7) The requesting parties understand their obligation under the applicable overseas jurisdiction's laws and regulations, including:~~

~~the fact that they are knowledgeable of the due diligence process relating to the overseas international offering; _~~

~~(iii) or~~

~~(ii) the fact that they are conducting an investigation that is substantially similar to that which is performed by requesting parties with due diligence defence, where the requesting parties do not have the due diligence defence under the applicable overseas jurisdiction's laws and regulations.~~

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- ◆ Those charged with governance, being the responsible party, acknowledge, understand and accept their responsibility for:
 - preparing the offering document;
 - preparing and presenting the information in the offering document that is the subject matter of the auditor's comfort letter, including preparing and presenting the financial information in accordance with the applicable financial reporting framework (for historical financial information) or applicable criteria (for prospective financial information);
 - (i) ensuring that the offering document contains adequate disclosures and does not include misleading information about the international offering;
 - providing and assisting the auditor with obtaining unrestricted access to:
 - ◆ all information, such as unaudited financial statements, minutes of meetings, other records and documentation relevant to the preparation and presentation of the information that is the subject matter of the auditor's comfort letter;
 - ◆ those within the entity, and third parties (for example, entity's legal counsel and other specialist service providers to the entity) from whom the auditor determines it necessary to obtain evidence;
 - ◆ a copy of the whole offering document, which will be provided to the auditor at a frequency agreed with those charged with governance; and
 - ◆ any additional information that the auditor may request of those charged with governance for the purpose of the engagement.

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- The underwriter and all the other requesting parties, including those charged with governance:
 - acknowledge, understand and accept their responsibility for:
 2. conducting the due diligence investigation of the affairs of the entity to provide them with reasonable grounds for believing that the offering document does not contain misleading information; and
 3. determining the nature and scope of the procedures that the auditor has to perform in the comfort letter engagement.
 - (ii) acknowledge, understand and agree that:
 - the comfort letter will only be issued to requesting parties who are involved in the due diligence investigation of the entity undertaking an international offering;
 - a comfort letter will not be issued to the requesting parties if they do not provide the auditor with a written representation required in paragraphs 44 and 45 of this ASAE;
 - the requesting parties will not be able to use or place reliance on the comfort letter for purposes other than those for which it was requested by the requesting parties; and
 - the auditor will only provide a limited assurance conclusion and/or report on factual findings regarding the information that is the subject matter of the comfort letter engagement.

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Agreeing on the Terms of the Engagement (Ref: Para. A5-A8)

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~~26.~~ ~~21~~—The auditor shall agree the terms of the ~~comfort letter~~ engagement ~~in writing~~ with ~~the responsible party,~~ and ~~those charged with governance of the entity, the underwriter and and other~~ ~~the~~ requesting parties ~~as appropriate.~~

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~~27.~~ Subject to paragraph 28 of this ASAE, the agreed terms of the ~~audit~~ engagement shall be recorded in an engagement letter or other suitable form of written agreement and shall include:

- ~~(a)~~ the objective and scope of the ~~engagement,~~ ~~audit of the~~ ~~financial report;~~
- ~~(b)~~ the responsibilities of the auditor and management;
- ~~(c)~~ identification of the applicable financial reporting framework for the preparation of the financial ~~information in the offering document~~ ~~report;~~
- ~~(d)~~ reference to the expected form and content of ~~the comfort letter~~ ~~or reports~~ to be issued by the auditor; and
- ~~(e)~~ a statement that there may be circumstances in which a report may differ from its expected form and content.

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~~28.~~ —If law or regulation prescribes in sufficient detail the terms of the ~~audit~~ engagement referred to ~~-in paragraph 27~~ of this ASAE~~above,~~ the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that the responsible party acknowledges and understands its responsibilities, as set out in paragraph 22 of this ASAE.

~~29.~~ The agreed terms of the ~~comfort letter~~ engagement shall include:

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- ~~(a)~~ The ~~nature,~~ objective, ~~and~~ -scope, ~~and timing~~ of the ~~comfort letter~~ engagement, including:

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~~(i) the fact that the engagement is being conducted to assist auditor's understanding of the purpose of the engagement, being to assist the underwriter, those charged with governance and other requesting parties, in their due diligence investigation of the entity undertaking the international offering;~~

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~~(ii) the nature of the underlying transaction giving rise to the offering;~~

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~~(iii) confirmation that the auditor will conduct the engagement in accordance with this ASAE;~~

~~(iv) the nature, source, time period covered, applicable financial reporting framework and type of financial information (whether financial and/or non-financial) included in the offering document and subject of the comfort letter disclosed in the offering document that is the subject matter of the comfort letter, including the time period covered by the financial information;~~

~~(v) that the auditor will not perform an audit or review and accordingly, no audit opinion will be expressed on any financial information included in the comfort letters;~~

~~(vi) acceptance by the auditor of providing a proposed draft of the comfort letter for the responsible party and the requesting parties.~~

~~(ii)~~

~~(iii) the applicable reporting framework used by those charged with governance in preparing and presenting the financial information in the offering document;~~

~~a statement indicating that the auditor shall perform the engagement and report on the results in the comfort letter in accordance with this ASAE; the proposed draft of the comfort letter.~~

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~~including opinion wording and factual findings
wording or change period;~~

(vii) statements that the auditor is not responsible for:

- ◆ ~~the preparation of any the information included in the offering document or the offering document itself;~~
- ◆ ~~use of, or reliance on, the comfort letter by any parties, other than for the purpose for which it is intended;~~
- (iv) ◆ ~~the sufficiency of the comfort letter procedures for the requesting parties' purpose; and~~

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(b) the responsibilities of the auditor, including:

- (i) ~~compliance with relevant ethical requirements, including independence;⁵~~
- (ii) ~~the nature, scope and timing of the procedures to be performed by the auditor on each type of information that is the subject matter of the comfort letter performing assurance procedures on financial information that is the subject matter of the comfort letter;~~
- (iii) ~~performing the requesting parties' detailed agreed-upon procedures for the change period and/or any other financial information;~~
- (ii) ~~the respective roles and responsibilities of each auditor, if there is more than one auditor involved in the engagement;~~
- (iv) ~~the issuance of issuing a written comfort letter which includes to the requesting parties on a timely basis; and~~
- (v) ~~the roles and responsibilities of each auditor involved in the engagement, if there is more than one auditor involved; where applicable, for issuing~~

⁵ See ASA 102.

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a Bring Down²²² Comfort Letter ins respect of certain change period information.

;

the auditor's limited assurance conclusion on the unaudited interim financial statements;

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the auditor's statement as to whether anything has come to their attention relating to changes, increases or decreases in the selected financial information during the change period; and/or

report on factual findings on other information, depending on the circumstances of the engagement;

(iii) the auditor's compliance with relevant ethical requirements, including independence⁶; and

(iv) if the auditor is an incoming auditor of the entity, a summary of additional procedures that the auditor shall perform, including obtaining understanding and sufficient knowledge of the entity, its environment and its internal control over financial reporting;

Comment [AC5]: Deleted as per David Simmon's comment as we do not want to create a contractual obligation for perform additional procedures.

(e) the specific responsibilities of those charged with governance of the entity, of the responsible party, including those set out in including:

(i)(c) those listed in paragraph- 2217~~2522~~(d) of this ASAE; and

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(ii) providing the auditor with a representation letter at the completion of the engagement;

(d) the responsibilities of the underwriter, those charged with governance and other requesting parties, including those listed in paragraph ~~2522(e)~~2217 of this ASAE;

(e) the communication process between the responsible party, the requesting parties, and the auditor, including the form, timing and expected content of such communications; proposed content and format of the comfort letter, including whether the auditor shall provide a

⁶—See ASA 102.

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- ~~limited assurance conclusion and/or a report on factual findings relating to agreed-upon procedures;~~
- ~~(f) — consideration of any applicable laws and regulations of the jurisdiction where the international offering is being made;~~
- ~~(g) — change period, which shall be dependent on the availability of information to be provided by the entity, but ordinarily is not greater than five months after the date of the most recent audited or reviewed financial statements included in the offering documents as determined by the requesting parties;~~
- ~~(e) —~~
- ~~(f) — the auditor's summary of the procedures that have been specified by the requesting parties to be performed by the auditor on the change period information;~~
- ~~(h) — specified assurance auditor's summary of the procedures specified to be performed by the auditor during on the change period information;~~
- ~~(i) — a statement indicating that the auditor is not responsible for:~~
- ~~(i) — the preparation of the offering document, as well as preparation and presentation of the information in the offering document;~~
- ~~(ii) — any compliance that all the requesting parties or third parties may place on the comfort letter other than for the purpose for which the engagement was contracted;~~
- ~~(iii) — the sufficiency of the comfort letter procedures for all the requesting parties' purposes;~~
- ~~(j)(g) — a statement restricting²²² on the restriction of the distribution of the comfort letter to only the addressees named in the comfort letter;~~
- ~~(k)(h) — a statement on the confidentiality of all information included in the comfort letter; and~~
- ~~(l) — key engagement timelines; and~~

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(i) ~~fees, and other~~ such terms or conditions that the auditor determines are appropriate in the circumstances of the engagement.

Draft Comfort Letter (Ref: Para. A9-A12)

30. ~~When comfort letters are requested from more than one auditor, the requirements of this ASAE apply to each auditor. (Ref: Para. A17-A18) When agreed in the terms of engagement, st the auditor shall provide a draft cComfort Lletters to the responsible party and requesting parties in a timely manner.~~

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Changes in the Terms of the Engagement (Ref: Para. A13—A16)

2931. ~~Where the requesting parties request the auditor to change any of the terms of the engagement before completion of the engagement, the auditor shall consider the appropriateness of the request and shall not agree to a change without reasonable justification. The auditor shall not agree to a change in the terms of the engagement where there is no reasonable justification for doing so. If such a change is made, the auditor shall not disregard evidence that was obtained prior to the change.~~

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2932. ~~If the terms of the engagement, the engagement are changed, the auditor and the responsible entity shall agree on, and record the new terms in an engagement letter or other suitable form of written agreement.~~

2933. If the auditor is unable to agree to a change of the ~~terms of the engagement terms~~, and is not permitted by the responsible party to continue the original engagement, the auditor shall:

29(a) ~~w~~Withdraw from the engagement, where possible under applicable law or regulation; and

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29(b) ~~d~~Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners, or regulators.

2934. If the auditor is unable to perform the exact nature, timing or extent of procedures agreed, but alternative procedures can be performed and the requesting party requires those procedures to be performed, then new terms of the engagement shall be agreed with the engaging party in writing.

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~~30~~ When the auditor considers the request for a change in the terms of the engagement without reasonable justification, the auditor shall consider its implications on the performance of the engagement.

~~31~~ Where the terms of the engagement are changed, the auditor shall agree to the new terms with the requesting parties and confirm them in writing.

Planning and Performing the Engagement (Ref. Para. A17-A18)

~~35.~~ The auditor shall consider their understanding of the entity and its environment, including its internal control over financial reporting, previously gained from audits or reviews of the entity's financial reports when planning and performing the engagement. The auditor shall plan the engagement in accordance with:

(a) this ASAE, for comfort letter procedures performed on financial information as a part of the engagement terms;

~~(a)~~ (b) ASRE 241005, for reviews of historical financial information in the form of a financial and/or report; and/or

(c) ASRS 4400, for agreed-upon procedures for

~~36.~~ ~~procedures and/or non-financial as a part of the engagement terms.~~ The auditor shall use professional judgement in planning to determine the nature, timing and extent of procedures to perform, in order to achieve the engagement objectives.

~~37.~~ The auditor's planning considerations shall include in planning:

(a) what the agreed terms of engagement require the auditor to opine on, or report factual findings in the comfort letter;

(b) setting the scope, timing and direction of the engagement;

(c) any previous dealings with the entity obtained through the audit or review of prior period financial report(s);

(d) the type of underlying event(s) or transaction(s) that require the preparation of the offering document and its intended use and distribution;

(e) obtaining an understanding of the financial information and its applicable financial reporting framework, suitable

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for the type of reporting in the comfort letter for limited assurance reporting:

~~(a)(i)~~ that enables the identification and assessment of risks of material misstatement of the financial information; and/or

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~~(a)(ii)~~ for factual findings reporting sufficient to perform procedures in accordance with those requested by the requesting parties.

~~(a)(f)~~ Whether, based on preliminary knowledge obtained through the planning process, the applicable financial reporting framework used in the preparation of the financial information the auditor is to opine on, is not misleading for its intended purpose;

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~~(a)(g)~~ The engagement team resources required for specific engagement areas and how they will be managed, directed and supervised;

~~(a)(h)~~ Whether the use of (an) expert(s) is/are required;

~~(a)(i)~~ Setting materiality levels for evaluating whether any material modifications are required to the financial information'; and

~~32a~~ Assurance engagement risk considerations, when planning the engagement and:

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~~(j)~~ {PL1}

~~A8.~~ establishing limited procedures designed to provide the auditor with a basis to form a limited assurance conclusion on the financial information that is the subject matter of the comfort letter engagement; and/or

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~~establishing and performing agreed upon procedures on which to report factual findings~~ Limited Assurance

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~~33~~ If the auditor has been requested to provide a limited assurance conclusion on the financial information included in the offering document, the

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⁷ The concepts and discussions on materiality in an audit engagement are contained in ASA 320 *Materiality in Planning and Performing an Audit* and may be helpful in determining the materiality levels for comfort letter engagements.

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~~auditor shall obtain an understanding of the financial information and relevant engagement circumstances, sufficient to:~~

- ~~(a) identify and assess the risk of the financial information being materially misstated; and~~
- ~~(b) design and perform evidence gathering procedures.~~

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Assurance Engagement Risk

~~59. The auditor shall consider assurance engagement risk when planning the comfort letter engagement in order to reduce such a risk to an acceptable level, as appropriate in the circumstances of the engagement.~~

~~60. —~~

Materiality

~~35 The auditor shall consider materiality when planning and performing limited assurance procedures designed to provide the auditor with a basis to form a limited assurance conclusion on the financial information that is the subject matter of the comfort letter.~~

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Agreed Upon Procedures

~~The auditor shall plan the engagement so that it will be performed in accordance with the agreed terms of engagement, including the agreed upon procedure.~~
Specific Planning Consideration for an Incoming Auditor

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~~37 The incoming auditor shall obtain an understanding of the entity and its environment, including its internal control over financial reporting, sufficient to plan and conduct the assurance comfort letter engagement in accordance with this ASAE.~~

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Procedures and Evidence **Performing the Engagement** (Ref: Para. A19 -A21)

~~38. 30. — If the auditor has not previously audited or reviewed the entity's financial report, the auditor shall obtain an understanding of the entity and its environment, including its internal control as it relates to the financial information subject matter of the engagement, sufficient to plan and conduct the engagement. (???) guidance required— see ASRE 2400 guidance paragraphs 22-25).⁸~~

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⁸ For related guidance, see ASRE 2400, guidance paragraphs 22-25.

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39. ~~—~~The auditor shall use professional judgement to design and perform procedures:

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(a) ~~Limit negative~~ to identify whether any material modifications are required to the unaudited interim financial statements ~~for them to enable them to be presented in accordance with~~ ~~accordance with~~ the applicable financial reporting framework and/or this ASAE; ~~and/or~~

~~63-~~(b) ~~of a, as specified by the requesting parties, other nominated financial information; a If the auditor is requested to provide a negative limited assurance conclusion nature on other financial information other than financial statements, the auditor shall perform the procedures required in in accordance with:~~

(a)(i) ~~ASRE 2405,⁹ in respect of for a review of historical financial information other than a financial report; or, such as pro forma historical financial information; or~~

(b) ~~ASAE 3000,¹⁰ in respect of for a review of non-historical financial information other than historical financial information, such as forecast or pro forma forecast financial information when such financial information;~~

(ii)

◆ ~~has been obtained from the entity's financial statements, or accounting records that are subject to the entity's internal control over financial reporting;~~
~~or~~

◆ ~~has been derived directly from such financial statements, or accounting records, by analysis or and computation;~~
~~and/or~~

~~38~~

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~~38~~

⁹ ~~See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*.~~

¹⁰ ~~See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.~~

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~~(c) If the auditor is requested to perform on financial information other than financial statements (as specified by the requesting parties).~~

~~3840. If changes or additions to the planned or performed procedures are required that are beyond what the specified requesting parties expect of procedures specified by the requesting parties, the auditor shall discuss with the requesting parties and obtain their written agreement before commencing the procedures. ~~as, and agreed to by the auditor in the terms of engagement shall obtain sufficient appropriate evidence on which to base the limited assurance conclusion, and/or to report on factual findings based on agreed upon procedures.~~~~

Unaudited Interim Financial Statements

~~39 If the auditor is requested to provide a limited assurance conclusion as to whether any material modifications need to be made on the unaudited interim financial statements, for such financial statements to be presented in conformity with the applicable financial reporting framework, the auditor shall perform a review of such financial statements in accordance with ASRE 2410.~~

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Change Period Financial Statements

~~40 If When the auditor is requested to report on whether there are have been changes, increases or decreases in the unaudited or unreviewed financial statements, or selected financial statement account balances, selected financial information during the change period, as compared to the unaudited interim financial statements or corresponding period in the preceding year, the auditor shall perform agreed upon the assurance procedures specified by the requesting parties, which, at a minimum, include:~~

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~~(a) reading of minutes of meetings of shareholders and those charged with governance during the change period;~~

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~~(b) reading of the unaudited financial statements for the change period; and~~

~~enquiry of those charged with governance and its officials who have responsibility for financial reporting matters, as to whether such financial statements have been prepared in accordance with the applicable financial reporting framework used by the entity in preparing and presenting the audited financial statements included in the offering doc~~
Financial Information Other than Financial Statements

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~~41 The auditor shall perform limited assurance procedures and/or agreed upon specified assurance procedures on financial information other than financial statements only when such information:~~

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- ~~(a) has been obtained from the entity's financial statements or accounting records that are subject to the entity's internal control over financial reporting; or~~
- ~~(b) has been derived directly from such financial statements or accounting records by analysis or computation; or~~
- ~~(c) has been the subject of a separate assurance engagement performed in accordance with applicable Australian Auditing and Assurance Standards.¹¹~~

~~42 If the auditor is requested to provide a limited assurance conclusion on financial information other than financial statements, the auditor shall perform the procedures required in:~~

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- ~~(a) ASRE 2405¹², in respect of a review of historical financial information other than a financial report, such as pro forma historical financial information; or~~
- ~~(b) ASAE 3000¹³, in respect of a review of financial information other than historical financial information, such as forecast or pro forma forecast financial information.~~

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~~43 If the auditor is requested to perform agreed upon specified assurance procedures on financial information other than financial statements, the auditor shall perform such procedures specified by and agreed with the underwriter and other requesting parties.~~

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Non-Financial Information

~~agreed to perform specified by the requestin parties the informationContinue or from the information on previous page It has been the subject of a separate assurance~~

¹¹ The Australian Auditing and Assurance Standards comprise Auditing Standards (ASAs), Review Standards (ASREs) and Assurance Standards (ASAEs) issued by the Auditing and Assurance Standards Board (AUASB). The complete suite of these standards are found in the AUASB website at www.auasb.gov.au.

¹² See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*.

¹³ See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

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~~engagement performed in accordance with the AUASB pronouncements¹⁴.~~

41. The auditor shall remain alert throughout the engagement for any event(s), condition(s), transaction(s), and/or error(s) that may:

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(a) ~~c~~Cast doubt over the reliability of information used as evidence for the financial information; and/or

(b) ~~r~~Require:

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(i) discussions with the responsible party or requesting parties in order to resolve, and/or

(ii) changes or additions to planned or performed procedures to resolve.

Using the Work of an Expert (Ref: Para. A22)

42. When using the work of an expert, the auditor shall:

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(a) ~~e~~Evaluate whether the expert has the necessary competence, independence, capabilities, and objectivity for the auditor's purposes;

~~— Evaluate the expert's independence;~~

(b) ~~o~~Obtain a sufficient understanding of the field of expertise of the expert in order to evaluate the expert's work;

(c) ~~d~~Determine if the nature, scope and objectives of the expert's work is adequate for the purposes for the engagement, an in accordance with applicable AUASB Standards;¹⁵ and

(d) determine if the expert's work impacts on the auditor's procedures, or conclusion and/or the report on conclusion on factual findings.

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~~44If the auditor has been requested to perform specified assurance procedures on non-financial information, the The auditor, auditor using their~~

¹⁴ See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*.

¹⁵ See ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*, paragraph 32, and ASA 620 *Using the Work of an Auditor's Expert*.

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~~professional judgement, shall perform the procedures and report factual findings on such financial information only when:~~

~~(a) it has been obtained from accounting records that are subject to internal controls, policies and procedures of which the auditor has knowledge of; or~~

~~(b) it has been the subject of a separate assurance engagement performed in accordance with the Australian Assurance Standards &~~

~~evaluate the nature of the non financial information. On the basis of their evaluation, the auditor shall perform agreed upon procedures and provide comments on non financial information in the comfort letter only when such information:~~

~~Communications with Those Charged with Governance, the and Underwriter and Other Requesting Parties Adjustments Identified by the Auditor (Ref: Para.A23-A24)~~

~~45 The auditor shall establish the process for communicating with those charged with governance, and the underwriter and other requesting parties, including the form, timing and expected content of such communications.~~

~~[PLI] Those Charged with Governance~~

~~46 43. The auditor shall communicate with those charged with governance to the responsible party the following matters, as soon as practicable: ÷~~

~~1. When the auditor is conducting limited assurance procedures on a review of the unaudited interim financial statements, and the auditor determines concludes that material changes modifications have to be made on such financial statements in order for them to be presented in accordance with the applicable financial reporting framework;~~

~~2.(a) When the auditor is conducting limited assurance procedures on certain the financial information, and the auditor determines concludes that it is necessary to make a material adjustment(s) modifications is necessary to be made on to such financial information in order for them it to be presented in accordance with the applicable financial~~

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~~reporting framework or applicable criteria~~
reporting framework; and

(b) ~~a~~Any significant findings ~~relating to the identified engagement~~, or difficulties encountered ~~by the auditor~~ in performing the engagement:¹⁶

~~3.44. And~~ the auditor shall request the responsible party to respond to the matters identified in paragraph 43.36 of this ASAE in a timely basis.

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45. When, in the auditor's professional judgement, the responsible party does not respond appropriately to the auditor's communications, the auditor shall:

(a) re-evaluate the effect that this may have on the reliability of any representations already received and evidence obtained in general; and

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(b) take appropriate actions, including determining the possible effects on the final comfort letter.

46. The auditor needs to inform the responsible party when the auditor has discovered matters that require inclusion in the final comfort letter, but was not previously included in the draft letter provided to the responsible party. If the responsible party decides not to amend the offering document, the auditor shall include the matters in the final comfort letter.

~~47. When, in the auditor's professional judgement, those charged with governance do not respond appropriately to the auditor's auditor's communication within a reasonable period, the auditor shall determine the implications on the auditors conclusions and/or report of factual findings in the comfort letter.~~

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~~47d~~

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~~47~~

¹⁶ The concepts and discussions on findings in an audit engagement are contained in ASA 450 *Evaluation of Misstatements Identified during the Audit*.

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Evaluating the Sufficiency and Appropriateness of Evidence Obtained
(Ref: Para. A25 - A27)

47. The auditor shall evaluate whether they have obtained sufficient appropriate evidence on which to:

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47(a) express a negative assurance conclusion on the financial information, including whether ~~that it: financial information:~~

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47(i) is materially misstated;

47(ii) is prepared in accordance with the applicable financial reporting framework;

47(b) ~~r~~Report on factual findings on the change period financial information; and/or

47(c) ~~r~~Report on factual findings on other information.

Written Representations (Ref: Para. A28-A31)

Responsible Party

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85.48. Where the auditor has not already received written representations in respect of the following matters, the auditor shall request a written representation letter from the responsible party containing the following:

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48(a) ~~a~~Acceptance of the engagement letter terms and ~~including~~ conditions, including the nature of the comfort letter reporting;

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~~48a~~

~~48~~Acknowledgement that the engagement terms included the type of engagement the auditor would conduct and the nature of the comfort letter reporting

~~(a)~~(b) an acknowledgement of the responsible party's responsibilities for:

(i) the selection, preparation and presentation of the financial information ~~historical financial information based on the applicable criteria in~~ accordance with the applicable financial reporting framework;

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- (ii) the selection, preparation and presentation of the financial information (other than that described in (i) above) in accordance with the applicable financial reporting framework;
- ~~(ii)~~(iii) the preparation and issuance of the offering document in which the historical financial information is included in accordance with applicable law or regulation;
- ~~(iii)~~ all other information that is not the subject of the engagement, but which is included in the offering document;
- ~~(iv)~~ for disclosing in the offering document all information required by applicable law or regulation;
- ~~(iv)~~ providing the assurance practitioner/auditor with all requested and relevant information including:
 - ◆ any matter, including any matter, event, adjustment, or transaction that may be relevant to the historical financial information; and,
 - ◆ accepts all financial records as well as access to all requested financial records, related data, documentation and other information requested or necessary for the completion of the engagement;
- ~~(v)~~
- ~~(vi)~~ the application of the entity's recognition and measurement accounting policies have been consistently applied in the preparation of the historical financial information;
- ~~(vii)~~(v) confirmation that the entity has established and maintained an adequate internal controls structure in order to facilitate the preparation of reliable historical financial information;
- ~~(viii)~~(vi) advising the assurance practitioner/auditor of any matter, event, or issue that has arisen or been discovered subsequent to the preparation of the

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financial information that may impact, or require adjustment to, the ~~historical~~ financial information;

~~(ix)~~(vii) providing the ~~assurance practitioner~~ auditor with a listing of all ~~known immaterial adjustments~~, or ~~known~~ uncorrected misstatements, that have not been made ~~to~~ in the ~~historical~~ financial information; together with an acknowledgement that they are responsible for concluding that such ~~adjustments~~ ~~misstatements~~ are immaterial; and

~~(b)~~(c) such other ~~written~~ representations that the ~~assurance practitioner~~ auditor determines ~~are~~ appropriate in the engagement circumstances.

89.49. The date of the representation letter shall be as near as practicable to, but not after, the date of the ~~comfort letter report~~ ~~assurance report~~.

90.50. The ~~assurance practitioner~~ auditor shall evaluate the representations received from the responsible party ~~for their~~ reasonableness and consistency with other information and evidence obtained.

91.51. If one or more of the requested ~~written~~ representations are not provided, or the ~~assurance practitioner~~ auditor has sufficient doubt about the competence, integrity or reliability of those providing the written representations, the ~~assurance practitioner~~ auditor shall:

- (a) discuss the matter ~~as appropriate~~ with the responsible party ~~or requesting parties, as applicable~~;
- (b) evaluate the implications on the reliability of evidence obtained; and
- (c) ~~take appropriate action, including~~ determining the effect on the engagement ~~and comfort letter reporting~~.

52. The auditor shall not provide a comfort letter if a requesting party requests a comfort letter but does not provide the written ~~the legal opinion or representation letter~~. ~~Instead,~~ The auditor may, depending on the engagement circumstances, discuss and agree with the requesting parties to provide an alternate letter. In such a letter, the auditor shall not provide ~~any limited subject of negative~~ assurance on any financial information, but shall report factual findings on the financial information. ~~that is the subject of the engagement term on the financial statements as a whole, or on any of the specified elements, accounts or items thereof.~~

Requesting Parties

(d) _____
(Ref: Para. A45-A47)

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4853. Where the auditor has not already received written representations from the requesting parties in respect of the following matters, the auditor shall ~~such~~ request such a written representation letter containing the following ~~from the requesting parties~~. The auditor shall obtain written representations (either via the engagement letter or a separate representation letter) from those charged with governance regarding its acceptance of ~~its~~ responsibility for:

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(a) ~~a~~ Acknowledgement of the requesting parties' responsibility for conducting a due diligence investigation of the entity's affairs;

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(b) acknowledgement of the requesting parties' responsibility for determining the sufficiency of the procedures performed by the auditor; and

(c) acknowledgement that the requesting parties' due diligence investigation is, or will be, substantially consistent with the due diligence process performed under the applicable law or regulation of the overseas jurisdiction in which the offering is being made.

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~~_____~~ ~~acknowledge of the requesting parties responsibility for and for~~

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(a) ~~an acknowledgement that requesting parties' due diligence investigation is, or will be, substantially consistent with the due diligence process performed under the applicable law or regulation of the overseas jurisdiction in which the offering is being made. An acknowledgement that requesting parties' due diligence investigation is, or will be, substantially consistent with the due diligence process performed under the applicable law or regulation of the overseas jurisdiction in which the offering is being made, preparing the offering document, including the information (financial and non-financial) that is the subject matter of the comfort letter, particularly the unaudited or unreviewed financial statements that have been prepared in accordance with the applicable financial reporting framework;~~

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~~1. selecting or developing, and applying the applicable criteria used in the preparation and presentation of the financial information (other than the unaudited or unreviewed financial statements) in the offering document, including the material assumptions used in the preparation of prospective financial information;~~

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~~1. ensuring that the financial information (as described in paragraph 48(b) of this ASAE) has been properly prepared in accordance with the applicable criteria; and~~

~~providing the auditor with all relevant information and unrestricted access to all records, documentation, relevant parties and sources of information necessary for the completion of the engagement. Subsequent Events (Ref: Para. A32-A35)~~

~~_____ If agreed to under the terms of the engagement, the auditor shall perform the procedures specified by the requesting parties on financial information during the change period, in order to report findings in the comfort letter.~~

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~~49The auditor shall obtain a written representation (either via an arrangement letter, the comfort letter, or a separate representation letter) from the underwriter requesting parties where they acknowledge their responsibility for conducting their due diligence investigation of the entity's affairs, and for determining the sufficiency of the procedures performed by the auditor.~~

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~~50The auditor shall obtain a written representation (either via an arrangement letter, or a separate representation letter) from those requesting parties without the due diligence defence where shall include an they acknowledgement from the requesting parties that they are: their due diligence investigation is, or will be, substantially consistent with the due diligence process performed under the applicable laws or regulations of the overseas jurisdiction where the offering is being made.~~

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~~(a) knowledgeable in respect of a due diligence investigation that would be performed by a party that has due diligence defence under the applicable laws or regulations of an overseas jurisdiction; and~~

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Bring Down Comfort Letter (Ref: Appendix 8)

~~The letter states that the enquiries and other procedures described in the letter did not cover the period from the cut-off date to the date of the letter.~~

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~~51 If the auditor is requested to issue a bring-down comfort letter, the auditor shall update perform the procedures described detailed in the original comfort letter of the change period in accordance with the requirements of this ASAE to enable the preparation of a bring-down comfort letter.~~

~~5255. If the agreed terms of engagement require the auditor to issue a letter subsequent to the comfort letter to report on procedures performed for a new change period, the auditor shall agree perform the new the change period procedures specified by the for the financial information with the requesting parties and confirm the specified procedures to be performed will be those detailed in the comfort letter. update the comfort letter for procedures subsequent to its date of preparation. The auditor shall agree with the underwriter and other requesting parties a new change period for the bring-down comfort lettersuch procedures, and document the agreement in an arrangement letter. The subsequent letter relates only to information in the securities offering as most recently amended.~~

Concluding on the EngagementForming the Assurance Conclusion (Ref: Para. A36)

~~5356. The auditor shall conclude on whether the evidence obtained enables them to express a limited assurance conclusion and/or report on factual findings. form a conclusion about whether the financial information is free from material misstatement. In forming the conclusion, the auditor shall consider:~~

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~~53(a) The auditor's conclusion in paragraph 47 of this ASAE regarding the sufficiency and appropriateness of evidence obtained; and~~

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~~53(b)~~ whether any uncorrected misstatements are material, either individually or in aggregate, to the financial information.

~~5357.~~ If the auditor is unable to obtain sufficient appropriate evidence, a scope limitation exists, and the auditor shall determine whether it is appropriate to continue the engagement. If the auditor has determined it is appropriate to continue the engagement, the auditor shall express a qualified or disclaimer of conclusion, as appropriate.

Completing Requesting Parties Specified Procedures

~~5358.~~ The auditor shall determine if they have completed all the requesting parties' specified procedures have been completed in order to prepare the for the reporting-factual findings report-report.

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Limited Assurance

~~54~~The auditor shall form a conclusion based on the evidence obtained through the work performed as to whether anything has come to their attention which causes them to believe that there are material modifications which need to be made to the unaudited interim financial statements, for such financial statements to be in conformity with the applicable financial reporting framework.

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Agreed-Upon-Specified Assurance Procedures

~~55~~The auditor shall not form a conclusion based on the evidence obtained through the agreed-upon specified assurance procedures performed, but shall provide a report on factual findings.

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Reporting on the EngagementPreparing the Comfort Letter (Ref: Para. A37-A38)

~~5659.~~ The auditor shall provide a written comfort letter to the requesting parties, containing a clear expressions of the auditor's limited assurance conclusion and/or a report on factual findings report on the financial information, relating to the information that is the subject matter of the comfort letter engagement.

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~~60.~~ Where agreed to in the engagement terms appropriate, the auditor shall make reference in the comfort letter to but not repeat a previously issued auditor's report, the report on the audited entity's financial statements included in the offering document.

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~~5661.~~ When the previous auditor's report on the financial statements included in the offering contained an Emphasis of Matter paragraph or Other Matter paragraph addressing matters other than consistency of application of accounting principles, the auditor shall refer to that fact in the comfort letter and discuss the subject matter of the paragraph(s).

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~~s shall be viewed from the elements contained in paragraph 54 of this ASAE in the scope/background section:~~

- ~~i)~~
- ~~ii)~~
- ~~iii)~~

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~~56iv) and others specified in the letter Australian Australian relating~~

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Basic Elements of the Comfort Letter (Ref: Appendices 5 & 6)

~~5762.~~ If the auditor receives the requested written representation letter from the requesting parties, the comfort letter shall include the following basic elements:

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- ~~(a) Date, which is the date when the comfort letter is issued;~~
- ~~(b) Addressees, behaving the responsible party and the such as the underwriter, those charged with governance, and other requesting parties;~~
- ~~(c) Introductory paragraph scope/background section that:~~
 - ~~(i) identifies the responsible party parties and and requesting parties;~~
 - ~~(ii) identifies the purpose of the comfort letter and states that it has been conducted in accordance with this ASAE;~~
 - ~~(iii) states that the comfort letter is being issued in accordance with the agreed engagement terms agreed between the auditor and the underwriter and other requesting parties;~~
 - ~~(iv) where agreed to in the engagement terms applicable states that the auditor has previously issued an auditor's report on a financial report(s) of the~~

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entity for a specified time period, all of which is are included in the offering document;

⊖(v) states that all representations from the responsible partiesparty and/or requesting parties have not been received;

⊖ identifies the purpose for conducting the engagement; and

(vi) where applicable, includes a statements of ??? by the auditor that the auditor understands that the requesting parties:

⊖◆ ~~the who~~ do not have a due diligence defence; that address the following matters:

◆ are The auditor has audited or reviewed the financial statements included in the offering document in accordance with the Australian Auditing and Assurance Standards.

1. The requesting parties who do not have due diligence defence are:

(a)◆ knowledgeable with-in respect to-of the due diligence investigation that would be performed if the offering is being carried out in accordance with the relevant laws and regulations of the overseas jurisdiction where-in which the offering is undertaken; orand

(b)◆ are undertaking an investigation that is substantially similar to that which is performed by requesting parties with under a due diligence defence under their compliance with the relevant laws and regulations of the overseas jurisdiction where-in which the offering is undertaken.

(d) a statement that the firm of which the auditor is a member applies ASQC 1;

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- (e) a statement that the auditor has complied with relevant ethical requirements;
- ~~(f) the auditor's independence declaration, in accordance with relevant professional standards and applicable laws and regulations;~~
- ~~(g) identifies for each type of information that is the subject matter of the comfort letter, including:~~
 - ~~(i) the nature, type and time period covered by the financial information and, where applicable, whether it has been previously audited or reviewed by the auditor;~~
 - ~~(ii) that the auditor has not performed an audit or review of the financial information, and accordingly expresses no opinion on the financial information;~~
 - ~~(iii) the dates and periods of comparison of the cut off period financial information for the comfort letter and the change period information;~~
 - ~~ii) confirms that the auditor has not performed an audit on review of any information that is the subject of the comfort letter engagement and accordingly expresses no opinion on any such information;~~
 - ~~iii) identifies the dates and ??? of comparison of the cut off period information for the comfort letter and the change period information;~~
- ~~○ unaudited interim financial statements and the financial period(s) covered by such financial statements;~~
- ~~○ financial information other than the unaudited interim financial statements, such as pro forma historical and forecast financial information; and~~
- ~~— where applicable, non-financial information;~~
- ~~— A statement as to whether anything has come to the auditor's attention which causes the auditor to believe that there are material modifications that are required to be~~

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~~made to the unaudited financial statements included in the offering document, for such financial statements to be in conformity with the applicable financial reporting framework; and/or~~

~~Where applicable, a statement as to whether anything has come to the auditors attention which causes the auditor to believe that:~~

~~the historical financial information other than that included at (i) above, is not prepared, in all material respects, in accordance with the applicable criteria; or~~

~~the assumptions established by the responsible party do not provide a reasonable basis for the preparation of the non-historical financial information other than that included at (i) above, and that the financial information is not prepared on the basis of such assumptions.~~

(h) ~~a description of the the procedures specified by the requesting parties performed on the selected financial information during the change period;~~

~~and~~

○

● A description of the procedures performed by the auditor, including:

(i) ~~the limited assurance review procedures performed on the unaudited interim financial statements (see paragraph 39 of this ASAE); and~~

(ii) ~~the limited assurance procedures or agreed upon specified assurance procedures performed on financial information other than the unaudited interim financial statements (such as pro forma historical and forecast financial information) and non financial information (see paragraphs 41-44 of this ASAE).~~

● A statement expressing that the procedures described in paragraph 57 (f)(i) of this ASAE were undertaken to form a conclusion as to whether anything has come to the auditor's attention which causes them to believe that there are material modifications that need to be made to the

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~~unaudited financial statements included in the offering document, for such financial statements to be in conformity with the applicable financial reporting framework.~~

- ~~Where applicable, a statement expressing that the limited assurance procedures described in paragraph 57—(f)(ii) of this ASAE were undertaken to form a limited assurance conclusion on the financial information other than the unaudited interim financial statements. Ordinarily, such a conclusion states as to whether anything has come to the auditor's attention which causes the auditor to believe that:~~

~~23. the financial information is not prepared, in all material respects, in accordance with the applicable criteria (for historical financial information); or~~

~~24. the assumptions established by those charged with governance do not provide a reasonable basis for the preparation of the financial information, and that the financial information is not prepared on the basis of such assumptions (for forecast financial information).~~

~~△ description of the specified assurance procedures performed on the selected financial information during the change period;~~

- (a) ~~△ statement as to whether anything has come to the auditor's attention regarding any changes, increases or decreases in the selected financial information during the change period as compared to the most recent unaudited interim financial statements, or the corresponding period in the preceding year;~~

~~(i) If there are changes, increases or decreases, actual or contemplated, and such are disclosed in the offering document, the auditor's conclusion in the comfort letter shall include "except for changes, increases or decreases that the offering document discloses have occurred or may occur";~~

~~(ii) The auditor shall state in the comfort letter the amount of the changes, increases or decreases in the selected financial information during the change period.~~

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the financial information is not prepared on the basis of such assumptions.

(i) the auditor's negative assurance:

(i) whether anything has come to the auditor's attention which causes the auditor to believe that there are material modifications that are required to be made to the financial statements included in the offering document, for such financial statements to be in conformity with the applicable financial reporting framework; and/or

(ii) where applicable, whether anything has come to the auditor's attention which causes the auditor to believe that:

◆ the financial information other than that included at (i) above, is not prepared, in all material respects, in accordance with the applicable financial reporting framework; or

◆ the assumptions established by the responsible party do not provide a reasonable basis for the preparation of the non-historical financial information other than that included at (i) above, and that the financial information is not prepared on the basis of such assumptions.

(j) the auditor's factual findings on the financial information, containing:

(i) a statement as to whether nothing has come to the auditor's attention regarding any changes, increases, or decreases in selected financial information during the change period, as compared to the corresponding period in the preceding year or other period as defined by the requesting parties;

◆ if there are changes, increases or decreases that are actual or contemplated, disclosed in the offering document, the auditor's conclusion states that "except for changes, increases or decreases that

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the offering document discloses have occurred or may occur"; or

◆ if the changes are not discussed in the offering document, the auditor shall state the amount of the changes, increases or decreases in the selected financial information during the change period, and

(ii) the type and description of the procedures performed by the auditor on each type of financial information.

(k) A statement that the auditor is not responsible for the sufficiency of any procedures performed;

(l) A statement that the comfort letter is restricted to the addressees and is to be used only in connection with the stated purpose of the comfort letter;

(m) A statement that the auditor is not responsible for the sufficiency of all the procedures performed by the auditor. A statement that the auditor is not responsible for any reliance that the requesting parties (as named in the comfort letter) or any other third parties may place on the comfort letter, other than the purpose for which it was issued.;

(t) and the factual findings, including sufficient details of exceptions found.

(p) A statement that the agreed-upon specified assurance procedures performed do not constitute an audit or review and, as such, no assurance is expressed.

(n) A statement that the auditor is not responsible for the sufficiency of any of the procedures performed by the auditor

(c) A statement that the auditor is not responsible for any reliance that the requesting parties (as named in the comfort letter) or any third parties may place on the comfort letter, other than for the purpose for which it was issued.;

(7) A statement that the auditor is not responsible for the sufficiency of all the procedures performed by the auditor.;

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(o) A statement that the comfort letter is restricted to the letter addressees of the letter and is to be used only in connection with the stated purpose of the letter;

(p) The auditor's signature;

(q) The date of the comfort letter; and

(r) The auditor's address.

~~(+)~~63. If the auditor is required by law or regulation to use a specific layout or wording in the comfort letter, the auditor comfort letter shall refer to compliance with this ASAE in such a comfort letter only if the comfort letter includes, at a minimum, each of the elements identified in paragraph 62 of this ASAE.

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Written Representations not received (Ref: Appendix 7)

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64. When the responsible party and/or the requesting parties do not provide the auditor's written representations, the auditor's letter shall be varied from the elements contained in paragraph 62 of this ASAE shall include the following elements:

(a) In the scope/background section:

(i) it is understood and accepted that the auditor has no responsibility for determining the nature, timing or extent of the procedures detailed in the preceding paragraphs as these were specified by the requesting parties;

(ii) the auditor makes no representations to the requesting parties regarding questions of legal interpretation or the sufficiency of the specified procedures detailed in the preceding paragraphs;

(iii) a statement that the specified procedures would not necessarily reveal any material misstatement of the amounts or percentages previously listed in the offering document; and

(iv) a statement that the auditor has confined the procedures performed to those specified by the requesting parties and accordingly, makes no representations regarding the adequacy of disclosures or whether any material facts have been omitted;

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- (v) a statement that the comfort letter relates only to the financial statement items specified and does not extend to any other financial statement of the entity;
- (b) the specified procedures do not constitute an audit or review conducted in accordance with Australian Auditing Standards. If the auditor performed additional procedures, or conducted an audit or review of the entity's financial information in accordance with Australian Auditing Standards, other matters might have come to the auditor's attention that would have been reported;
- (c) the procedures performed do not replace any additional enquiries or procedures that the requesting party would undertake in consideration of the offering;
- (d) the comfort letter is solely for the addressee's information, and to assist in inquiries in connection with the offering document. The comfort letter is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, referred to in whole or in part in the offering document, or any other document, except that reference may be made to it in any list of closing documents relating to the offering of the securities covered by the offering document; and
- (e) where applicable, in accordance with the terms of the engagement, the auditor has no responsibility to update the comfort letter for events and circumstances occurring after the specified date.

(+)

Unmodified and Modified Conclusions

Unmodified conclusions (Ref: Para. A39 ~~Error! Reference source not found.~~ ~~Error! Reference source not found.~~)

65. The assurance practitioner auditor shall express an unmodified conclusion when the assurance practitioner auditor concludes: that, based on the procedures performed, nothing has come to the attention of the auditor that causes the auditor to believe that the unaudited interim financial statements financial information is are not

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prepared, in all material respects, in accordance with the applicable financial reporting framework.

in the case of a reasonable assurance engagement, that the historical financial information is prepared, in all material respects, in accordance with the applicable criteria; or

in the case of a limited assurance engagement, that, based on the procedures performed, nothing has come to the attention of the assurance practitioner/auditor that causes the assurance practitioner/auditor to believe that the historical financial information/audited interim financial statements is/are not prepared, in all material respects, in accordance with the applicable financial reporting framework; and or

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in the case of a limited assurance engagement, that based on the procedures performed, nothing has come to the attention of the auditor that causes the auditor to believe that other financial information is not prepared or presented in all material respects;

in accordance with the applicable standards;

(b) on the basis of the assumptions stated criteria.

Modified conclusions (Ref: Para. A40, A44 ~~Error! Reference source not found. Error! Reference source not found.~~)

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25.66. The assurance practitioner/auditor shall express a modified conclusion when the following circumstances exist and, in the auditor's assurance practitioner's professional judgement, the effect of the matter, is or may be, material:

- (a) when the assurance practitioner's/auditor's conclusion is that the historical financial information/financial information is/are not free from material misstatement. ~~In such cases,~~ the assurance practitioner/auditor shall express a qualified or adverse conclusion;
- (b) when the auditor's assurance practitioner's conclusion is that the effects, ~~or possible effects,~~ of a matter are not so material or pervasive as to require an adverse conclusion or a disclaimer of conclusion. ~~In such cases,~~ the assurance practitioner/auditor shall express a qualified conclusion;
- (c) when there has been a material scope limitation and the possible effect is so material/pervasive and pervasive

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~~material~~ that the ~~assurance practitioner~~ auditor concludes that no level of assurance can be provided. ~~In such cases,~~ the ~~practitioner~~ auditor shall express a qualified conclusion or a disclaimer of conclusion; or

(d) when the ~~auditor~~ ~~assurance practitioner~~ is unable to obtain sufficient appropriate evidence on which to base the conclusion, and the ~~auditor~~ ~~assurance practitioner~~ concludes that the possible effects of the undetected matters, if any, that cause the ~~historical~~ financial information not to be properly prepared, could be material and pervasive, ~~in such cases,~~ the ~~auditor~~ ~~assurance practitioner~~ shall express a disclaimer of conclusion.

67. If the auditor expresses a modified conclusion because of a scope limitation, but is also aware of a matter(s) that causes the financial information to be materially misstated, the auditor shall include in the comfort letter a clear description of both the scope limitation and the matter(s) that causes that the financial information to be materially misstated.

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Preparing the Bring Down Comfort Letter

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68. The auditor shall provide a written bring down comfort letter to the requesting parties, containing a clear expression of the results of the auditor's procedures on the change period financial information.

Basic Elements of the Bring Down Comfort Letter

69. The bring down comfort letter shall include the following elements:-

(a) date the bring down comfort letter is issued;

(b) addressee;

(c) reference to the previously issued comfort letter and the purpose of the bring down comfort letter;

(d) a statement as to whether the auditor reaffirms the statements previously included in the comfort letters;

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(e) details of the updated procedures specified by the requesting parties and performed by the auditor, including when they were performed, and the change period subsequent to the date of the comfort letter to which the procedures relates; and

(f) a statement that the bring down comfort letter is restricted to the addressees and is to be used only in connection with the stated purpose of the letter.

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~~e) details the updated procedures performed by the auditor, and when they were performed the change period subsequent to the date of the Comfort Letter to which the procedures relates; and~~

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~~a) date the bring down letter is issued~~

~~b) addressees;~~

~~d) a statement as to whether the auditor ??? the statements made in the Comfort Letters~~

~~(d) f) a statement that the Bring Down Comfort Letter is restricted to the addressees and is to be used only in connection with the settled purpose of the letter.~~

~~(u) If the assurance practitioner expresses a modified conclusion because of a scope limitation, but is also aware of a matter(s) that causes the financial information to be materially misstated, the assurance practitioner shall include in the assurance report a clear description of both the scope limitation and the matter(s) that causes that the financial information to be materially misstated.~~

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~~(e) Consent to the A statement that the engagement was performed in accordance with this ASAE.~~

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~~26. Reporting on the Engagement in a Form Prescribed by an Overseas Jurisdiction's Standards~~

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~~Inclusion of the Independent Accountant Auditor's Previously Issued Report on a Audited Financial Report in the Offering Document (Ref: Para. A45)~~

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Auditor's Consent

~~6170.~~ ~~If the auditor is~~ ~~The auditor shall consider applicable law or regulation when providing requested to provide written consent by to the responsible party (if asked) in writing to the inclusion of thea previously issued~~ ~~audit or review report on a financial report in the offering document.~~ ~~the auditor shall consider applicable law or regulation in forming their response to such a request.~~ ~~(via a separate consent letter) to the form and context in which the their audit or review reports are included in the offering document.~~

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71. If the auditor intends to give consent, the auditor shall:

- (a) perform procedures to identify any subsequent events that may impact the subject matter of the comfort letters,¹⁷ and
- (b) determine any implications any such identified events may have on the comfort letter.

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~~28.72.~~ ~~In circumstances where~~ Where the auditor considers it inappropriate for their ~~previously issued~~ previously issued audit or review reports to be included in the offering document, the auditor shall:

- ~~1.~~(a) Either not provide consent, or, revoke a previously provided consent prior to the offering documents' release date; and consider the implications to the issuance of the comfort letter; and
- (b) not provide consent; consider the implications to the issuance of for the comfort letter.

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Documentation

73. The auditor shall prepare documentation on a timely basis of all matters that provides a record of the basis for the comfort letter that is sufficient and appropriate evidence to enable an experienced auditor, having no previous connection with the engagement to understand:

- (a) the nature, timing and extent of the procedures performed to comply with this ASAE;

¹⁷ See ASA 560 *Subsequent Events* for a discussion of subsequent events procedures on audit engagements, which may be helpful in determining the extent and nature of subsequent events procedures on comfort letter engagements.

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- (b) the results of the procedures performed, and the evidence obtained; and
2. significant matters arising during the engagement, the conclusion or findings reached thereon, and any significant professional judgements made in reaching such conclusions or findings. r.
- Subsequent Events Subsequent to the Financial Report date (Ref: Para. A56-A62)
- 63 In connection with giving consent, and where required under the applicable laws or regulations, or standards of the overseas jurisdiction, The auditor shall prior to giving consent to identify any ::
1. perform procedures on subsequent events that may impact the subject matter of the comfort letters¹⁸; and
1. determine any implications such events may have on the auditor's audit report included in the offering document, and the comfort letter.
- 64(c) The auditor shall consider their audit risk assessment in determining the nature and extent of the subsequent events procedures.

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¹⁸ See ASA 560 *Subsequent Events* for a discussion of subsequent events procedures on audit engagements, which may be helpful in determining the extent and nature of subsequent events procedures on comfort letter engagements.

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Documentation

65 The auditor shall prepare documentation on a timely basis of all matters that provides sufficient appropriate evidence to support:

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• the such limited assurance conclusion expressed in the comfort letter and/or the report on factual findings; and

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(β) that the comfort letter engagement was performed in accordance with this ASAE.

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(a)

Application and Other Explanatory Material

~~Engagements involving the issuance of comfort letters are ordinarily undertaken by the auditor of an entity incorporated in Australia, which offers its equity or debt securities to the public in the international market. When the entity undertakes an international offering, it engages the services of an underwriter who assists in the listing of its securities on an international stock exchange. Such an international public offering (IPO) is ordinarily made through an offering document in the form of a prospectus.~~

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~~35. [HD6] Law or regulation in many jurisdictions require those charged with governance of the entity undertaking the IPO and the underwriter to ensure that the prospectus contains adequate disclosures regarding the proposed offering, and that it does not contain misleading information. In view of this, the underwriter performs a due diligence investigation of the entity's affairs to comply with such an obligation. This investigation provides the underwriter with a due diligence defence that it has reasonable grounds to believe that the prospectus does not contain misleading information.~~

~~[HD6] Incoming Auditors (Ref: Para 20)~~

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~~The incoming auditor considers whether it is appropriate to reperform review or audit procedures, based on the agreed terms of engagement.~~

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36. _____

A1. _____

_____ Engagements involving the issuance of comfort letters are ordinarily undertaken by the auditor of an entity incorporated in Australia, which offers its equity or debt securities to the public in the international market. When the entity undertakes an international offering, it engages the services of an underwriter who assists in the listing of its securities on an international stock exchange. Such an international public offering (IPO) is ordinarily made through an offering document in the form of a prospectus.

37. _____ Law or regulation in many jurisdictions require those charged with governance of the entity undertaking the IPO and the underwriter to ensure that the prospectus contains adequate disclosures regarding the proposed offering, and that it does not contain misleading information. In view of this, the underwriter performs a due diligence investigation of the entity's affairs to comply with such an obligation. This investigation provides the underwriter with a due diligence defence that it has reasonable grounds to believe that the prospectus does not contain misleading information.

Engagement Acceptance

Preconditions for Providing a Comfort Letter (Ref: Para.22)

A2. _____ As part of its due diligence investigation, the underwriter requesting parties ordinarily requests the auditor of the entity to perform certain procedures as a part of its due diligence investigation on selected information disclosed in the entity's offering document/prospectus and report results by way of issuing a comfort letter. The requesting party/underwriter's request is ordinarily made through the entity, and the auditor's agreement to undertake the engagement is both with the underwriter/requesting party and those charged with governance of the entity/the responsible party.

A3. _____ The comfort letter is ordinarily issued prior to the offering's closing and settlement date. The issuance of the comfort letter is restricted to those parties that have agreed to the procedures to be performed by the auditor since others, unaware of the reasons for the procedures, may misinterpret the results.

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A4. The auditors ordinarily are requested to provide assurance on, or report factual findings or financial information that has been sourced from the entity's accounting records, and/or financial information that forms part of the financial reporting process. In circumstances where the responsible party requests the auditors to provide assurance on, or report factual findings on non-financial information, the auditors may accept such a request when:

- (a) they have the necessary professional expertise relating to the non-financial information; and
- (b) in their professional judgement, such a request is reasonable in the engagement circumstances.

~~The comfort letter is not included in the offering document as it is a private report of the auditor to the underwriter, those charged with governance of the entity and other requesting parties.~~

~~38. An IPO may be made in a single overseas jurisdiction, or it may be a cross border offering. This ASAE applies to both types of IPOs.~~

~~The comfort letter is typically issued prior to the offering's closing and settlement date. The issuance of the comfort letter is restricted to those parties that have agreed to the procedures to be performed by the auditor, since others, unaware of the reasons for the procedures, may misinterpret the results.~~

~~39. The ethical requirements, including independence, applicable to Other Assurance Engagements are defined in ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements¹⁹.~~

~~Assurance Standards of Overseas Jurisdictions (Ref: Para.)~~

~~Agreeing on the Terms of the Engagement (Ref: Paras.26-30)~~

A9. Acknowledgement by the responsible party in writing of their^{via} acceptance of the engagement letter provides evidence that the appropriate relationship exists, that the responsible party^{it} accepts its engagement responsibilities, and establishes a basis for a^{of} common

Comment [AC7]: Deleted as per Sam's comment (not sure what the diff between a single overseas jurisdiction and cross border is, as cross border is other than Oz, i.e. overseas)

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¹⁹ For ethical requirements relating to Other Assurance Engagements, refer to APES 110 Code of Ethics for Professional Accountants, Section 291 Independence—other assurance engagements (Dec 2010) issued by the Accounting Professional & Ethical Standards Board Ltd (APESB) subsequent to ASA 102 (Oct 2009).

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understanding of the responsibility of each party. It also avoids misunderstandings of the agreed terms. (Ref: Para. 23)

A5.

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~~A10.~~A6. In the absence of a written acknowledgement of responsibility by the responsible party of their, via acceptance of the engagement letter, the assurance practitioner/auditor should shall consider whether it is appropriate to accept the assurance engagement. ~~Accepting the assurance engagement may be appropriate when, for example, other sources, such as applicable law, regulation, or a legally-binding contract, acknowledge, or indicate, such may already contain the required acknowledgements of the responsible parties.~~ responsibility. For example, under the *Corporations Act 2001*,²⁰ the directors of an entity are deemed responsible for the financial information included in a public document used in offering securities. In such circumstances, the auditor may be able to accept the engagement.

~~A11.~~A7. The terms of the assurance engagement letter ordinarily includes:
(Ref: Para. 24)

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- (a) — an introductory section that covers the assurance practitioner's understanding of the terms of the engagement including:
 - (i) — the time period covered, the source of the historical financial information, and the type of document the historical financial information will appear in and for who and what purpose it has been prepared;
 - (ii) — the nature of the underlying transaction(s) or event(s) giving rise to the assurance engagement;
 - (iii) — a statement that the assurance practitioner is independent of the responsible party, and of the financial information;
- (b) — outline of the scope of the engagement:
 - (i) — that assurance procedures will be performed on the historical financial information in order for the

²⁰ See Section 717 of the *Corporations Act 2001* for an overview of the procedures for offering securities.

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~~assurance practitioner to be able to issue a particular assurance conclusion; and~~

~~(ii) confirmation that the engagement will be conducted in accordance with this ASAE and if applicable, particular law or regulation (for example the *Corporations Act 2001*) and ethical and other pronouncements of professional bodies to which the assurance practitioner adheres;~~

~~(e)(a) details, by type of financial information, of the procedures that will be performed, distinguishing between those procedures specified by the requesting parties and those set by the auditor. The assurance practitioner/auditor exercises professional judgement in what specific assurance procedures are summarised in the engagement letter, taking into account the nature of the financial/historical financial information, and the engagement circumstances. Procedures include: Examples of procedures that could be included are:~~

~~(i) analytical review procedures;~~

~~(ii) comparisons of consistency in the application of recognition and measurement principles contained in the applicable financial reporting framework as compared to the accounting policies adopted by the entity in the preparation of the historical financial information, and disclosed in the document;~~

~~(iii) review and consideration of key work papers, accounting records and other documents prepared by the responsible party and other experts; and~~

~~(iv) enquiry of, and discussion with, the responsible party, those charged with governance, management, experts, and other parties related to the financial information; and~~

~~(v) examination, on a test basis, of evidence supporting the financial/financial information, including its basis of preparation;~~

~~(d) a statement that the assurance practitioner is not performing an audit, and accordingly no audit opinion will be expressed on the historical financial information;~~

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- ~~(e)~~ — whether the assurance practitioner will have sufficient access to all required financial information in order to form the assurance conclusion;
- ~~(f)~~ — details of the type of wording to be included in the assurance opinion and the assurance conclusion;
- ~~(g)~~ — confirmation that the assurance practitioner will issue an assurance report relating to the historical financial information for inclusion in the document;
- ~~(h)~~ — confirmation that the assurance practitioner will rely on the fact that the responsible party is responsible for:
 - ~~(i)~~ — the preparation and presentation of the historical financial information;
 - ~~(ii)~~ — for the document within which the financial information is included; and
 - ~~(iii)~~ — issuing the document;
- ~~(i)~~ — the expectation that the responsible party will provide written representations;
- ~~(j)~~ — agreement from the responsible party:
 - ~~(i)~~ — to make available to the assurance practitioner historical financial information and any accompanying other information in time to allow the assurance practitioner to complete the engagement in accordance with the proposed timetable; and
 - ~~(ii)~~ — to inform the assurance practitioner of factors that may affect the assurance report, of which the responsible party may become aware during the time period from the date of the assurance report to the date it is issued;
- ~~(b)~~ Terms and conditions may include:
 - ~~(i)~~ documented important deadlines/timelines for the completion of the assurance engagement. This may include deadlines such as the expected date of publication of the document and when the

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~~assurance practitioner's~~ ~~auditor's~~ consent is required;

~~(i)~~ (ii) arrangements regarding the planning and performance of the engagement; including the composition of the engagement team (including any experts);

~~(m)~~ (iii) arrangements for the ~~assurance practitioner~~ ~~auditor~~ to:

~~(i)~~ ~~♦~~ attend meetings such as the due diligence committee meetings (if appropriate under the terms of the ~~assurance~~ engagement);²¹

~~(ii)~~ ~~♦~~ receive draft and final versions of the document in a timely manner when requested;

~~(iii)~~ ~~♦~~ use the service(s) of the responsible party's experts and/or the ~~assurance practitioner's~~ ~~auditor's~~ experts;

~~(iv)~~ ~~♦~~ communicate directly with the entity's external auditor and/or other professional advisers regarding matters relevant to the financial information;

~~(v)~~ ~~♦~~ the form and content of any published consent that the ~~assurance practitioner~~ ~~auditor~~ has agreed to include in the ~~offering~~ document. For example, in respect of public documents prepared in accordance with the *Corporations Act 2001*²² and lodged with the Australian Securities and Investments Commission (ASIC) entities intending to distribute the document in both electronic and paper form, must also obtain the ~~assurance practitioner's~~ ~~auditor's~~ consent in both forms as well;²³ and

²¹ See APES 350 *Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document* (December 2009), issued by the Accounting Professional and Ethical Standards Board.

²² See Section 716 of the *Corporations Act 2001*.

²³ See ASIC Regulatory Guide 107 *Electronic Prospectuses*.

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(e)◆ a request for the responsible party to acknowledge receipt of the engagement letter and to agree to the terms of the engagement contained in the letter.

A12-A8. The responsible party who signs the engagement letter ~~shall~~ should be the ultimate responsible party of the entity, or an authorised representative/officer thereof, recognising that in certain circumstances, the directors of the entity (being those charged with governance) may not be appointed by the stage of agreeing the terms of the engagement or the entity may not be in existence when the engagement commences (for example, a new company structure). In such cases, the ~~assurance practitioner~~ auditor considers whether to update and re-issue the engagement letter terms for a change of responsible party.

A13. ~~Draft Comfort Letter (Ref: Para.30) Appendix 2 provides an illustrative example engagement letter for an assurance engagement relate to a corporate fundraising.~~

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A9. Acceptance by the responsible party of the draft comfort letter (and subsequently by acceptance of the comfort letter in final form) is an indication to the auditor that the responsible party considers the procedures described to be sufficient for the responsible party's purposes. Clearly describing the procedures to be followed by the auditor in the comfort letter avoids misunderstanding about the basis on which the auditor's comments have been made and assists the responsible party in deciding whether the procedures performed are sufficient for the responsible party's purposes.

~~The requesting party will expect the accountants to furnish a comfort letter of a scope to be specified in the underwriting agreement. By providing a draft comfort letter early in the process, the auditor has the opportunity to clearly show the requesting-responsible party what they may expect to receive from the auditor. To the extent possible, the draft deals with all matters to be covered in the final letter and uses exactly the same terms as those to be used in the final letter, subject to the understanding that the confirmation in the final letter cannot be determined until the procedures underlying it have been performed. The draft comfort letter is identified as a draft to avoid giving the impression that the procedures described therein have been performed. Thus, the requesting party therefore also has the opportunity to discuss further with the auditor the procedures that the auditor expects to perform and to request any additional procedures that the requesting party may desire. If the additional~~

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procedures ~~pertain relate~~ to matters ~~relevant to within~~ the auditor's professional competence, and the auditor ~~is willing agrees~~ to perform them, a revised draft may be prepared.

A10.

~~Acceptance by the requesting party of the draft comfort letter (and subsequently by acceptance of the comfort letter in final form) is an indication to the auditor that the requesting party considers the procedures described to be sufficient for the requesting party's purposes. Clearly describing the procedures to be followed by the auditor in the comfort letter avoids misunderstanding about the basis on which the auditor's comments have been made and assists the requesting party in deciding whether the procedures performed are sufficient for the requesting party's purposes.~~

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A11. The following is an example of a paragraph that may be placed in the draft comfort letter for identification and explanation of its purposes and limitations.

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This draft is furnished solely for the purpose of indicating the form of letter that we would expect to be able to furnish [name of requesting party] in response to their request, ~~the matters expected to be covered in the letter, and the nature of the procedures that we would expect to carry out with respect to such matters.~~ Based on our discussions with [name of requesting party], it is our understanding that the procedures outlined in this draft letter are those they wish us to follow. Unless [name of requesting party] informs us otherwise, we shall assume that there are no additional procedures they wish us to follow. The text of the letter itself will depend, of course, on the results of the procedures, which we would not expect to complete until shortly before the letter is given and in no event before the cut-off date indicated therein.

~~Situations may exist in which more than one auditor is involved in the audit of the financial statements of a business and in which the reports of more than one auditor appear in the registration statement. For example, certain significant divisions, branches, or subsidiaries may be audited by component auditors.~~

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~~Comfort letters are requested occasionally from more than one auditor, for example, in connection with securities offerings to be used in the subsequent sale of shares issued in recently effected mergers and from predecessor auditors. In such circumstances, it is the client's responsibility, at the earliest practicable date, to inform any other auditors who may be involved about any letter that may be requested of them and arrange for them to receive a draft of the underwriting agreement so that they may make arrangements at an early date for the preparation of a draft of their letter and for the performance of their procedures. The client or requesting party is also responsible for arranging for a copy of the comfort letters of component auditor in draft and final form to be provided to the auditor of the group financial statements.~~

A12. The auditor ordinarily meets with the requesting party and/or responsible party before the terms of engagement are agreed to discuss the procedures they require the auditor to perform in respect of certain information and for the change period information.

Changes in the Terms of the Assurance Engagement (Ref: Para. ~~Error!~~ Reference source not found, 31-34)

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~~A14:~~A13. Any change in agreed terms proposed by the responsible party throughout the ~~assurance~~ engagement ~~shall~~should be

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appropriately justified to the ~~assurance practitioner's~~ auditor's satisfaction before the ~~auditor assurance practitioner~~ agrees to the changes. Examples of when requests from the responsible party may be received include a change to reflect a change in circumstances ~~affected the need for the service, or~~ a misunderstanding of the nature of the ~~assurance~~ services to be provided. The ~~auditor assurance pra~~ ~~ctitioner~~ considers the implications of the proposed change on the conduct and reporting of the engagement, as well as any evidence that was obtained prior to the change.

~~A15.~~A14. A change in circumstances that affects the entity's requirements, or a misunderstanding concerning the nature of the ~~auditor's comfort letters~~ service originally ~~agreed~~ requested may be considered a reasonable basis for requesting a change in the engagement ~~terms~~.

~~A16.~~A15. Certain proposed changes to the agreed terms by the responsible party that may be unacceptable to the ~~auditor assurance practitioner~~, and ordinarily would not be justified or agreed to, include:

- (a) a change that affects the intended users' needs, or a misunderstanding concerning the nature of the ~~assurance~~ engagement;
- (b) a change that relates to ~~historical~~ financial information that is incorrect, incomplete or otherwise unsatisfactory;
- (c) limiting time available to perform the engagement, ~~;~~ preventing access to all relevant documents or persons requested; or
- (d) not providing documents when requested, leading to time constraints that make the satisfactory completion of the ~~assurance~~ engagement by the date required unachievable.

~~A17.~~ It is important that all changes agreed to by the responsible party and the ~~auditor assurance practitioner~~ be documented and approved in writing to ensure no misunderstanding of what has been agreed.

~~A16.~~

[Planning the Engagement \(Ref: Para. 35-37\)](#)

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~~A18, A17.~~ The agreed terms of the ~~individual~~ engagement determine the nature, timing and extent of procedures to be performed by the ~~auditor~~~~assurance practitioner~~. The following planning activities assist the ~~auditor~~ ~~assurance practitioner~~ in this process: ~~(Ref: Para 29)~~

- ~~(a) — The extent of the assurance practitioner's understanding of the entity (which may have been gained from experience in conducting the prior audit(s) or review(s) of its financial report(s)):~~
 - ~~(i) — whether the entity is in a start up phase, or has been in operation for a number of years. If the entity is in start up phase, the assurance practitioner ordinarily expands their planning activities so as to be able to obtain sufficient knowledge and understanding in order to meet the requirements of the engagement and this ASAE;~~
 - ~~(ii) — the size and complexity of the entity including its ownership, management structure, and financial resources;~~
 - ~~(iii) — the nature and extent of its operations, industry type, and geographical locations in which it trades;~~
 - ~~(iv) — the economic and economic environment within which it operates including whether its business is cyclical or seasonal;~~
 - ~~(v) — applicable law and regulation primarily affecting its operations;~~
 - ~~(vi) — industry specific accounting practices;~~
 - ~~(vii) — key accounting practices/policies used which have a material impact on the entity's financial reporting results (for example asset valuations, taxation) and its applicable financial reporting framework;~~
 - ~~(viii) — its key strategies for establishing and maintaining profitable operations;~~
 - ~~(ix) — the types of audit or review report conclusions previously issued by the entities' auditors;~~

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~~(x)~~ — the type of adjustments made to the historical financial information. For example, to restate the provision accounts or depreciation charges; and

~~(b)~~(a) whether the auditor assurance practitioner has previously performed an audit or review of the entity's ~~previous period~~ financial reports:

(i) if this is the case, the auditor assurance practitioner would ordinarily have acquired an understanding of the entity and its operations. This understanding would include knowledge of the entity's management skills and resources, information technology systems (including financial systems). This understanding would need to be updated to ensure it has not changed in the current time period; or

(ii) if this is not the case, the auditor assurance practitioner ~~ordinarily~~ expands their planning activities so as to be able to obtain sufficient knowledge and understanding ~~in order to meet the requirements of this ASAE of the entity and its environment sufficient to plan and conduct the engagement in accordance with this ASAE.~~

~~(e)~~(b) obtaining an understanding of the ~~historical~~ financial information, appropriate to the engagement:

(i) understanding the source of the ~~historical~~ financial information (audited/reviewed financial information or otherwise), and whether any of the source information has been subject to a prior audit or review:

- ◆ ~~In~~ certain engagement circumstances however, the auditor assurance practitioner does not need to obtain a detailed understanding of the historical financial information. For example, where the engagement relates to a takeover or merger transaction, where the auditor assurance practitioner has no access to the one of the parties financial information, or other entity to be merged, as appropriate, other than that available in the public domain;

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- ◆ understanding the applicable criteria used and time period covered;
- ◆ understanding the requirements of applicable law or regulation;
- (ii) understanding the significant accounting policies, used by the entity in the preparation of the historical financial information, particularly the recognition and measurement policies; including the process for their selection and application;
- ~~(d)~~ ~~obtaining an understanding of whether comparative information is to be included in the document, and whether it will be restated;~~
- ~~(e)~~(c) reading minutes of meetings and other documentation (such as key contracts or agreements) supporting key decisions or issues that impact the engagement;
- ~~(f)~~(d) obtaining an understanding of the other information included in the offering document to assess whether it is consistent with the ~~historical~~ financial information;
- ~~(g)~~(e) developing expectations for use when performing analytical procedures;
- ~~(h)~~(f) the nature and extent of experts or other specialised skills involvement required for the engagement.²⁴ An expert may be internal (a partner or staff in the auditor assurance practitioner's firm or network firm) or external to the firm. There may be circumstances when the auditor assurance practitioner may require the services of an expert, particularly when obtaining sufficient appropriate evidence to support the auditor assurance practitioner's conclusion. For example, when determining the determining the suitability of applicable criteria used by the responsible party in preparing the historical financial information;
- ~~(i)~~(g) the nature, timing, and extent of communications that will be required with the responsible party, and third party experts, and other advisors;

²⁴ The concepts and discussions on using the work of experts relevant to an audit engagement are contained in ASA 620 *Using the Work of an Auditor's Expert*, and may be useful to auditors assurance practitioners when determining their responsibilities when using the work of experts in assurance engagements.

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~~(j)(h)~~ mMateriality considerations and assessment in respect of the financial information. However, ordinarily materiality is considered in terms of both quantitative and qualitative factors, such as relative magnitude, the nature, and extent of the effect of these factors on the auditor assurance practitioner's evaluation of the financial information, and the intended users' interests.²⁵

(i) In determining materiality, the auditor assurance practitioner needs to use professional judgement to understand and assess these factors, and how they might influence the decisions of intended users of the historical financial information in evaluating the prospects of the entity.

(ii) Materiality considerations reduce the risk of expressing an inappropriate conclusion.

~~(iii)~~ Refer Appendix 3 for examples of the quantitative and qualitative factors of materiality.

~~(k)(i)~~ aAssurance engagement risk. This risk comprises inherent risk, control risk and detection risk²⁶ and the auditor assurance practitioner considers these risk components in terms of the engagement circumstances; in particular the nature of the historical financial information and whether a reasonable or limited assurance conclusion is sought. These considerations are then reflected in the extent of the planned procedures to be performed and the evidence-gathering process.

A18. The auditor's knowledge of the entity's internal control over financial reporting is necessary, regardless of whether the auditor is requested to perform negative assurance procedures or agreed-upon procedures. Incoming auditors, unlike existing auditors, do not have such a pre-existing knowledge and are therefore required to obtain sufficient knowledge of the actual controls over financial reporting that is, in their professional judgement, appropriate to the engagement circumstances.

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²⁵ The concepts and discussions on establishing materiality relevant to an audit engagement are contained in ASA 320 *Materiality in Planning and Performing an Audit*, which may be useful to auditors assurance practitioners when determining materiality in the conduct of an assurance engagement.

²⁶ The concepts and discussions on assurance engagement risk relevant to an audit engagement are contained in ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, which may be useful to auditors assurance practitioners when determining assurance engagement risk in the conduct of a n assurance comfort letter engagement.

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~~(1) — Fraud risk considerations (where applicable).~~

~~A19. — As detailed in ASAE 3000,²⁷ the suitability of the applied criteria used by the responsible party ordinarily has particular characteristics that the auditor assurance practitioner is able to use in their evaluation of whether the applicable criteria has been applied by the responsible party. These characteristics include relevance, completeness, reliability, neutrality, and understand ability. When dealing with historical financial information prepared for use in a corporate fundraising, the responsible party ordinarily develops specific criteria to meet their requirements. (Ref. Para. Error! Reference source not found.)~~

Performing the Engagement (Ref: Para. 38-41)

Assurance Procedures

~~A20. A19. — When designing and performing assurance procedures, the auditor assurance practitioner considers the adequacy, relevance and reliability of the information obtained to be used as evidence.²⁸ The nature, timing and extent of procedures, and evidence required, depends on the agreed terms of the assurance engagement, the type of assurance to be obtained, and the auditor assurance practitioner's professional judgement. The procedures involved ordinarily include: (Ref: Para. 3033)~~

- ~~(a) — assessing the suitability of the recognition and measurement accounting policies used as applicable criteria for the preparation of the historical financial information;~~
- ~~(b) — assessing the appropriateness and suitability of any adjustments made compared to the applicable criteria;~~
- ~~(c) — if comparative information is included:
 - ~~(i) — compare how it is prepared to the entity's historical financial information;~~
 - ~~(ii) — ensure any restatements made are appropriate;~~~~

²⁷ — See ASAE 3000, paragraphs 35-39 (inclusive).

²⁸ The concepts and discussions on obtaining evidence relevant to an audit engagement are contained in ASA 500 *Audit Evidence* which may be useful to auditors assurance practitioners when determining the extent of the evidence required to be obtained in the conduct of an assurance comfort letter engagement.

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- ~~(d) — reviewing other relevant financial information available in the public domain for consistency with the historical financial information;~~
- ~~(e) — assessing applicable internal control over the information systems used to capture and record the historical financial information, and the expertise of the persons responsible for these systems;~~
- ~~(f) — evaluating materiality in terms of both qualitative and quantitative factors;~~
- ~~(g) — making enquires of the responsible party, other experts and relevant parties;~~
- ~~(h) — reviewing the entity's work papers accounting records and other documents;~~
- ~~(i) — developing expectations for use when performing analytical procedures;~~
- ~~(j) — designing and performing further assurance procedures to reduce assurance engagement risk to an appropriate level;~~
- ~~(k) — evaluating evidence, including the reasonableness of the responsible party's oral and written representations; and~~
- ~~(l) — the adequacy of historical financial information disclosures included in the document.~~

~~A21-A20.~~ When the ~~auditor assurance practitioner~~ obtains oral representations from the responsible party in respect of matters supporting the financial information, the ~~auditor assurance practitioner~~ ordinarily: ~~(Ref: Para. 3033)~~

- (a) Evaluates ~~their~~ reasonableness and consistency of the oral representations with other evidence obtained, including other representations.
- (b) Considers whether those making the representations can be expected to be well informed on the particular matters.

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- (c) Obtains appropriate corroborative evidence.²⁹
- (d) Documents the key aspects of the oral representation.

~~A22. If the engagement terms include the auditor assurance practitioner performing a review of the historical financial information, the nature, timing, and extent of review procedures to be carried out may be influenced by various factors, including: (Ref: Para. 3134)~~

- ~~(a) if the entity's financial report has already been audited or reviewed, and if so;~~
- ~~(i) whether the audit or review was conducted in accordance with Australian Auditing Standards; and~~
- ~~(ii) whether a modified opinion was expressed in the auditor's report;~~
- ~~(b) whether the historical financial information included in the document is consistent with that of the prior period audited or reviewed historical financial information. For example, such comparatives may have been restated and/or adjusted by the responsible party to ensure consistency of basis of preparation. There may also be cases where the omission of comparatives may be appropriate when a major event or transaction (e.g. restructuring) has occurred since the comparative time period);~~
- ~~(c) whether the source (an audited or reviewed financial report) and time period covered by the historical financial information is appropriate under the applicable criteria. The evaluation of the appropriateness of the source and the time period used shall should include an assessment of whether there are any inconsistencies with the applicable criteria;~~
- ~~(d) whether the preparation of the historical financial information is consistent with the recognition and measurement requirements of Australian Accounting Standards (or other applicable financial reporting framework);~~
- ~~(e) whether there is a need to make adjustments previously considered immaterial in the prior period audit or review of the financial report;~~
- ~~(f) responses by the responsible party, the entity's management, the entity's external auditor (if another assurance practitioner auditor~~

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²⁹ The concepts and discussions on corroborative evidence relevant in investigating unusual fluctuations relevant to an audit engagement are contained in Auditing ASA 520 *Analytical Procedures*, and may be helpful in determining appropriate corroborative evidence in a ~~comfort letter assurance~~ engagement.

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~~audited the financial report) and other experts, to enquiries made by the auditor/assurance practitioner.²⁰ Such enquires may relate to whether there were:~~

- ~~(i) any changes in accounting policies, financial reporting practices and other reporting requirements that occurred during the time period under examination;~~
- ~~(ii) any adjustments required to convert the basis of the financial report presentation from an overseas jurisdiction's generally accepted accounting principles to Australian Accounting Standards (or other applicable Australian reporting framework);~~
- ~~(iii) any unadjusted audit differences from the most recently audited or reviewed financial report that may be material for the purposes of the document;~~
- ~~(iv) the treatment of any provisions and other significant accounting estimates (such as asset revaluations) in the financial report; and~~
- ~~(v) any significant transactions with related parties, such as assets that have been purchased from an associated entity.~~

~~_____~~
~~_____~~
A21. Comfort letter engagements, by their nature and scope of procedures performed, are ordinarily a combination of:

- (a) ~~limited~~negative assurance procedures on financial information with the nature, timing and extent of procedures specified by the requesting parties~~negative~~. For example, the auditor may be ordinarily requested to perform ~~limited~~negativespecified procedures, and express a ~~limited~~negative assurance conclusion on interim financial statements included in an offering document; and
- (b) ~~procedures determined by the requesting parties in respect of selected financial information during the change period. As a result of these procedures, the auditor makes a statement in the comfort letter as to whether anything has~~

²⁰ ~~The concepts and discussions on using the work of another auditor or internal auditor relevant to an audit engagement are contained in Auditing Standard ASA 600 *Special Considerations Audits of a Group Financial Report (including the Work of Component Auditors)* and Auditing Standard ASA 610 *Using the Work of Internal Auditors* which may be helpful in considering the work of other auditors applicable to an assurance engagement.~~

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come to the auditor's attention relating to any changes, increases, or decreases, in the selected financial information during the change period.~~/or~~

~~non-financial~~ In relation to paragraph A32(a), the auditor is not responsible for determining the nature and extent of procedures in a comfort letter engagement. The responsibility for determining the sufficiency of the procedures performed by the auditor rests solely on the requesting parties, ordinarily the underwriter in an initial public offering.

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Using the Work of an Expert (Ref: Para. 42-46)

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~~A23.~~A22. The ~~auditor~~ assurance practitioner needs to consider the following when using the work of an ~~assurance practitioner's~~ expert:
~~the following:~~

- (a) the nature of the matter, and the risks of material misstatement to which the expert's work relates;
- (b) the significance of that expert's work in the context of the engagement;
- (c) the ~~auditor~~ assurance practitioner's knowledge of and experience with previous work performed by that expert;
- (d) the extent of review of the expert's work by the ~~auditor~~ assurance practitioner; and
- (e) the results/findings of the experts work.

Adjustments Identified by the Assurance Practitioner Auditor (Ref: Para. 43-46)

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~~A24.~~A23. The ~~assurance practitioner~~ auditor ~~shall~~ should communicate ~~communicates~~ matters relating to the historical financial information, that in ~~their~~ the auditor's professional judgement require the responsible party to make a material adjustment to the ~~historical~~ financial information. Such communications may be made orally or in writing, and ~~should~~ shall should be done as soon as the matter is identified to enable the responsible party to investigate the matter(s). The responsible party is then able to advise the ~~assurance practitioner~~ auditor of the ~~ir~~ findings and provide supporting evidence, as well as ~~their decision on~~ whether they will make the adjustment to the ~~historical~~ financial information. The ~~auditor~~ assurance practitioner is then able to evaluate the evidence provided

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to consider if the responsible parties decision on the adjustment is acceptable, ~~to the auditor assurance practitioner.~~ (Ref: Para. 3637)

A25. In circumstances where the responsible party does not make adjustment and the ~~auditor assurance practitioner~~ disagrees with the decision, the ~~auditor assurance practitioner~~ considers the implications for the ~~assurance comfort letter report.~~ (Ref: Para. 3738)

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A24.

Evaluating the Sufficiency and Appropriateness of Evidence Obtained
(Ref: Para. 4739-39)

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~~A26.~~A25. The ~~assurance practitioner~~ ~~auditor~~ uses professional judgement in determining the sufficiency and appropriateness of the evidence obtained based on the procedures performed. Evidence obtained by the ~~auditor assurance practitioner~~ that is in quantity is a measure of the sufficiency of the evidence, whilst the quality of that evidence obtained is a measure of its appropriateness; that is, its relevance and its reliability.³¹

~~A27.~~A26. If the ~~auditor assurance practitioner~~ identifies that the ~~historical~~ financial information may be materially misstated, or its disclosure in the ~~offering~~ document is potentially misleading, the ~~auditor assurance practitioner~~ carries out additional procedures, or performs more extensive procedures to enable them to form a conclusion, including whether a modified conclusion is required.

A28. For the purposes of expressing a ~~a limited negative~~ assurance conclusion, the ~~auditor assurance practitioner~~ obtains sufficient appropriate evidence primarily through enquiry and analytical procedures on the ~~historical~~ financial information ~~to be able to draw a conclusion.~~

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A27.

Written Representations (Ref: Para. 48-53)

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³¹ The concepts and discussions on evidence relevant to an audit engagement are contained in Auditing Standard ASA 500 *Audit Evidence*, and may be helpful in determining the evidence applicable to a ~~comfort letters assurance~~ engagement.

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A29.

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Responsible Party

~~A30.~~~~A28.~~ The ~~assurance practitioner~~ ~~auditor needs to~~ requests to ~~receive, and obtain,~~ a written representation letter from the responsible party at the completion of the ~~assurance~~ engagement.³² The ~~auditor~~ ~~assurance practitioner~~ ordinarily provides the responsible party with a specific list of matters requiring the responsible party's representations. Such matters may be already be contained in documentation reviewed by the ~~auditor~~ ~~assurance practitioner~~, including minutes of meetings, ~~and~~ written acceptance of the engagement terms, ~~and DDC reports,~~ and therefore the ~~auditor~~ ~~assurance practitioner~~ only needs to request the inclusion of such matters in the written representation letter if the ~~auditor~~ ~~assurance practitioner~~ considers it appropriate in the engagement circumstances. Examples of matters may include an acknowledgement by the responsible party of:

- (a) the agreed terms of the ~~assurance~~ engagement;
- (b) the ~~responsible party's~~ responsibility for:
 - (i) the preparation of the ~~historical~~ financial information for the time periods stated, in accordance with the applicable criteria that was selected and determined by them;
 - (ii) all other information included in the document, other than reports prepared by experts who have provided ~~their~~ consent for ~~their~~ inclusion;
 - (iii) the overall ~~offering~~ document;
 - (iv) the establishment and maintenance of proper internal control related to financial reporting;
 - (v) the maintenance of proper financial records and systems which facilitate the preparation of the financial information;

³² The concepts and discussions on obtaining written representations relevant to an audit engagement are contained in Auditing Standard ASA 580 *Written Representations*, and may be helpful in determining the form and content of written representations applicable to an ~~comfort letter~~ ~~assurance~~ engagement.

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- (c) providing all information requested by the ~~auditor~~ assurance practitioner;
- (d) any uncorrected misstatements are immaterial, either individually or in aggregate to the ~~historical~~ financial information; and that all such misstatements have been previously advised to the ~~assurance practitioner; and auditor;~~ and
- (e) providing all material financial information, financial records and related data, and all other information relevant to financial information related to the engagement (for example fraud, errors, regulatory issues or communications);~~;~~
- ~~(f) confirming the going concern basis of preparation of the historical financial information is appropriate in the document; and~~
- ~~(g) that there are no material changes to the historical financial information between the date of the assurance report and the relevant date.~~

~~A31-~~A29. Oral or written representations made by the responsible party cannot replace other evidence the ~~auditor~~ assurance practitioner could reasonably expect to be available. For example, relevant minutes of meetings of the Board of Directors, or a published statement by the Board of Directors acknowledging responsibility for the preparation and presentation of ~~historical~~ financial information, may be considered appropriate sufficient evidence under the circumstances. To the extent the other evidence obtained is inconsistent with the responsible party's oral or written representations, the ~~auditor shall~~ assurance practitioner should investigate and evaluate such inconsistencies, with a view to obtaining sufficient appropriate evidence. In such cases, additional procedures may be required in order to achieve this.

~~A32-~~A30. If the responsible party does not provide a ~~written~~ such a representation letter, or refuses to provide it, the ~~auditor~~ assurance practitioner needs to consider the implications of this on the ~~assurance engagement~~ comfort letter report. Having no written representation letter from the responsible party ~~ordinarily~~ ordinarily results in the auditor being unable to provide a comfort letter. In such circumstances the ~~at~~ auditor may be able to provide a letter reporting factual findings. may result in a qualified conclusion or a disclaimer of conclusion in the assurance report on the basis of a limitation on the scope of the assurance engagement. The ~~auditor~~

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~~assurance practitioner~~ may also include a restriction paragraph on the distribution of, or use of, the ~~assurance~~ report. (Ref: ~~Para. 52~~)

A31. An inability to obtain sufficient appropriate evidence regarding a matter that has, or may have, a material effect on the evaluation of the ~~historical~~ financial information ~~in the document~~, when such evidence would ordinarily be available, constitutes a limitation on the scope of the ~~auditor assurance engagement~~, even if a written representation from the responsible party has been received by the ~~auditor assurance practitioner~~ on the matter. (Ref: ~~Para. 4252~~)

Subsequent Events (Ref: Para. 54)

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A32. The auditor may be requested to perform specified procedures by the requesting parties on selected financial information during the change period between the date of the comfort letter procedures and the dates of the latest interim financial conformation. The purpose of these procedures is to determine whether there are changes, increases or decreases in the selected financial information during the change period, such as changes in the share capital, increases in long-term debt or decreases in net current assets or other specified financial statement items that occur during the change period that one not already decided in the offering document. The procedures may also relate to decreases in net sales during the change period as compared to the corresponding period in the preceding year. The auditor does not comment and provide any assurance on the reason for the changes in the selected financial information.

A33. The assurance procedures the auditor performs on selected financial information during the change period, as specified by the requesting parties, ordinarily include:

- (a) reading of minutes of meetings of shareholders and those charged with governance during the change period;
- (b) reading of the unaudited or unreviewed financial statements for the change period; and
- (c) enquiry of the responsible party, as to whether such financial statements have been prepared in accordance with the applicable financial reporting framework used by the entity in preparing and presenting the audited financial statements included in the offering document;

to enable the auditor to conclude whether anything has come to the auditor's attention that a change, increase, or decrease has occurred during the offering.

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A34. In evaluating the change period financial information, the auditor compares the change period to the entire period and not to portions of that period. A decrease during one part of the period may be offset by an equal or larger increase in another part of the period; however, because no decrease for the period as a whole existed, the comfort letter would not report the decrease occurring during one part of the period.

A35. Change period financial information may be compared to:

- (a) the unaudited interim financial statements; or
- (b) the corresponding period financial information in the preceding year, in accordance with this ASAE.

Forming the Assurance Conclusion (Ref: Para. 56-57)

~~A33-A36. (Ref: Para. 47-48) The assurance practitioner's auditor's~~
evaluation of the sufficiency and appropriateness of the evidence obtained during the assurance engagement takes account of:

- ~~(a) the source of the financial information and what assumptions, if any, have been made that affects its basis of preparation;~~
- ~~(b) the planned negative assurance type of conclusion required level on the historical financial information;~~
- ~~(c) whether sufficient appropriate evidence has been obtained to support the auditor's assurance practitioner's conclusion;~~
- ~~(d) the auditor's assurance practitioner's assessment of whether any uncorrected misstatements or adjustments are material, individually or in aggregate, to the historical financial information; and~~
- ~~(e) whether the entity has complied with the recognition and measurements principles of the applicable financial reporting framework (which in Australia is ordinarily those contained in applicable Australian Accounting Standards); and~~

~~whether the historical financial information includes adequate disclosure of the applicable criteria selected and applied in its preparation.~~

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A34. —

~~Appendix 4 provides an illustrative written representation letter. (Ref: Para. 52)~~

Preparing the Comfort Letter (Ref: Para. 59-61)

A37. The ~~comfort~~ letter ~~ordinarily~~ is ~~ordinarily~~ dated on or shortly after the ~~responsible party's underwriting agreement~~ ~~engagement representation letter~~ is signed ~~and before the~~ ~~finalisation of the offering document.~~

A38. The ~~underwriting agreement~~ ~~engagement letter~~ ordinarily specifies the date, often referred to as the cut-off date, to which certain procedures described in the letter are to relate, for example, ~~a date five days before~~ ~~the before date of~~ ~~the of~~ ~~letter~~ ~~the comfort letter~~. A factor in considering whether to accept the engagement is whether the period between the cut-off date and the date of the letter provides sufficient time to allow the auditor to perform the procedures and prepare the letter.

~~Comments included in an earlier letter that relate to information in the securities offering as most recently amended may be incorporated by reference in a subsequent letter. (Ref: Para. 54(a) and A65)~~

Unmodified and Modified Conclusions

Unmodified conclusions (Ref: Para. ~~Error! Reference source not found.~~65)

~~A35.~~A39. Appendices 5 & 6 ~~x 5~~ contains ~~an~~ illustrative examples of ~~an~~ unmodified conclusions in ~~an assurance report.~~ ~~a comfort letter.~~

Modified conclusions (Ref: Para. ~~Error! Reference source not found.~~ ~~Error! Reference source not found.~~ 66-67)

~~A36.~~A40. When the ~~assurance practitioner~~ ~~auditor~~ expresses a modified conclusion in the ~~assurance report~~ ~~comfort letter~~, the reasons for the modification ~~shall~~ ~~should~~ be properly described, with the effects appropriately quantified and disclosed in the ~~assurance~~ ~~comfort letter~~ ~~report~~.

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~~A37,A41.~~ Appendixes 5 & 6~~5~~ contains an illustrative examples of a modified conclusion³³ in a ~~an assurance report~~ comfort letter.

~~A38,A42.~~ A qualified conclusion is expressed when:

- (a) the ~~auditor assurance practitioner~~ concludes that misstatement, individual or in aggregate are material but not pervasive to the ~~prospective~~ financial information;
- (b) matters have come to the ~~assurance practitioner's auditor's~~ attention that cause the ~~auditor's assurance practitioner~~ to believe that the prospective financial information is not prepared, in all material respects, in accordance with the applicable criteria financial reporting ??? framework;
- (c) the ~~auditor assurance practitioner~~ is unable to obtain sufficient appropriate evidence on which to base a conclusion, but concludes that the possible effects on the ~~prospective~~ financial information of undetected misstatements, if any could be material but not pervasive to the ~~prospective~~ financial information; or
- (d) the ~~auditor assurance practitioner~~ determines there has been a material scope limitation regarding the possible adjustments to the ~~prospective~~ financial information that might have been determined to be necessary had the limitation not existed.

A qualified conclusion is expressed as being “except for” the effects, or possible effects, of the matter to which the qualification relates.

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~~A39,A43.~~ An adverse conclusion is expressed when the ~~auditor assurance practitioner~~ concludes (having obtained sufficient appropriate evidence) that misstatements, individually or in aggregate, are both material and pervasive to the ~~prospective~~ financial information. In these circumstances, the ~~auditor assurance practitioner~~ ordinarily concludes that a qualification is not adequate to disclose the misleading or incomplete nature of the ~~prospective~~ financial information. The form of the adverse conclusion is ordinarily that the ~~prospective~~ financial information is not prepared fairly in all material respects, in accordance with the applicable financial reporting framework ~~applicable criteria~~. (Ref: Para. 58(a))

³³ The concepts and discussions on modifications to the opinion relevant to an audit engagement are contained in Auditing Standard ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*, and may be helpful in determining the nature, type and opinion wording of modifications applicable to a comfort letter assurance engagement.

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A40. — An disclaimer of conclusion is expressed when the auditor assurance practitioner is unable to obtain sufficient appropriate evidence on which to base a conclusion, and concludes that the possible effects on the financial information of undetected misstatements, if any, could be both material and pervasive to the prospective financial information. (Ref: Para. 58(e))

A44.

Consent to the Inclusion of the Assurance Auditor's Report on a Financial Report in the Offering in a Public Document (Ref: Para. 70-72141-142)

~~A41. — For assurance reports in connection with a document prepared in accordance with the *Corporations Act 2001*, the assurance practitioner/auditor is required to consent to the form and context in which the assurance report is included in that public document.³⁴ Consequently, the auditor assurance practitioner ordinarily reads all other information included in the public document to consider whether it contains any material inconsistencies or material misstatements of fact as compared to the prospective financial information.~~

~~A42-A45.~~ There may be some circumstances where the auditor assurance practitioner does not consider it appropriate to provide ~~the~~ consent. For example:

- (a) where there are material inconsistencies between the prospective financial information and other information which remain uncorrected by the responsible party;
- (b) where there are material misstatements of fact between the prospective financial information and other information which remain uncorrected by the responsible party; or

— where the auditor assurance practitioner does not consider the assurance comfort letter report will be used for the intended purpose.

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³⁴ — See Section 716 of the *Corporations Act 2001*.

~~Subsequent Events between the date of the comfort letter procedures and the dates of the latest claim financial conformation or other specified financial statement items that one not already decided in the offering document~~Comments regarding subsequent changes typically relate to whether, during the change period, there has been any

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40. ~~The auditor shall consider their audit risk assessment in determining the nature and extent of the subsequent events procedures.~~

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~~In commenting on subsequent changes, the auditor may use terms such as *change*, *increase*, or *decrease*. Terms such as *adverse* are not clearly understood and may cause the comments on subsequent changes to be ambiguous.~~

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~~The comparison for the change period relates to the entire period and not to portions of that period. A decrease during one part of the period may be offset by an equal or larger increase in another part of the period; however, because no decrease for the period as a whole existed, the comfort letter would not report the decrease occurring during one part of the period.~~

~~When more than one auditor is involved, there may be no decreases in the consolidated financial statement items despite the fact that decreases have been mentioned by the component auditor. In such a case, the auditor of the group financial statements may comment that there were no decreases in the consolidated financial statement items by making a statement that "nothing came to our attention regarding the consolidated financial statements as a result of the specified procedures (which, so far as the related company was concerned, consisted solely of reading the other accountants' letter) that caused us to believe that...."~~

A43.

A44.

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~~The requesting party occasionally requests that the auditor repeat in the comfort letter the report on the audited financial statements included in the registration statement. Because~~

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of the significance of the date of the auditor's report, the auditor is not permitted to agree to this request.

This ASAE recognises that the assurance standards of certain overseas jurisdictions have significantly influenced the manner by which comfort letter engagements have been performed by auditors at the international level. In particular, this ASAE recognises that many of the key concepts and principles of these overseas assurance standards have been adopted by Australian auditors when performing comfort letter engagements. On this basis, this ASAE has been written with its underlying principles being substantially consistent with those of overseas assurance standards that have extensively influenced the conduct of comfort letter engagements at the international level.

Certain overseas jurisdictions use internationally accepted protocols. For example, the guidance issued by the International Capital Market Association (ICMA) is widely used in European jurisdictions.

Requesting Parties (Ref: Para. ...)

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In international private placements, or international offerings of debt securities issued or backed by government entities, the requesting party may be a financial intermediary, such as an investment bank acting as an agent in bringing together the seller and the buyer(s). In the case of an international acquisition or merger transaction, the buyer, the seller or both may be the requesting parties. In these international transactions, the auditor may be requested to issue a comfort letter in respect of certain information included in the offering document, which may be an information circular or an offering memorandum. This e-mail address is being protected from spambots. You need JavaScript enabled to view it

This ASAE recognises that the requesting parties in the international transactions described in paragraph A2 may not have the due diligence defence set out in many overseas laws and regulations. This ASAE permits the auditor to issue a comfort letter to such requesting parties only if they provide the auditor with the representation letter that complies with the requirements of this ASAE.

Ref: Para.

A45. The auditor lends credibility to the information that forms part of the subject matter of the engagement and the comfort letter. It is therefore critical that the statements of the auditor in the comfort

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~~letter relate only to matters to which the auditor has professional competence. It would be inappropriate for the auditor to include statements in the comfort letter relating to information subject to legal interpretation, or information that requires scientific interpretation such as engineering data.~~

Knowledge of Internal Control Over Financial Reporting (Ref: Para. —)

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~~The auditor is required to have adequate knowledge of the entity's internal control over financial reporting, regardless of whether the auditor is requested to perform limited assurance procedures or specified assurance procedures.~~

~~It would not be appropriate for the auditor to perform procedures on financial information relating to a period for which they did not have knowledge of the entity's internal control over financial reporting. This is particularly true in circumstances where the auditor is an incoming auditor and the offering document included financial information from reporting periods where the entity was audited by an auditor other than the incoming auditor.~~

Comment [AC8]: Should this not be in the requirements, instead of the additional material?

Types of Procedures Performed in Comfort Letter Engagements (Ref: Para. —)

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A46. ~~Comfort letter engagements, by their nature and scope of procedures performed, are ordinarily a combination of:~~

~~limited assurance procedures that enable the auditor to express a limited assurance conclusion on certain financial information included in the offering document. For example, the auditor is ordinarily requested to perform limited assurance procedures and express a limited assurance conclusion on the unaudited interim financial statements included in the offering document;~~

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~~(a) specified assurance procedures determined by the requesting parties in respect of selected financial information during the change period. As a result of these procedures, the auditor makes a statement in the comfort letter as to whether anything has come to their attention relating to any changes, increases or decreases in the selected financial information during the change period; and~~

~~(b) specified assurance procedures determined by the requesting parties in respect of other information included~~

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~~in the offering document, which result in the auditor reporting on factual findings.~~

~~The auditor is not responsible for determining the nature and extent of procedures in a comfort letter engagement. The responsibility for determining the sufficiency of the procedures performed by the auditor rests solely on the requesting parties, ordinarily the underwriter in an international public offering.~~

Subsequent Changes (Ref: Para. ___)

~~The auditor may be requested to perform specified assurance procedures on selected financial information during the change period. The purpose of these specified assurance procedures is to determine whether there are changes, increases or decreases in the selected financial information during the change period, such as changes in the share capital, increases in long-term debt or decreases in net current assets that occur during the change period. They may also relate to decreases in net sales during the change period as compared to the corresponding period in the preceding year. The auditor does not comment and provide any assurance on the reasons for the changes in the selected financial information.~~

~~The assurance procedures that the auditor performs on selected financial information during the change period, as specified by the requesting parties, ordinarily include:~~

- ~~— reading of minutes of meetings of shareholders and those charged with governance during the change period;~~
- ~~— reading of the unaudited or unreviewed financial statements for the change period; and~~
- ~~— enquiry of those charged with governance and its officials who have responsibility for financial reporting matters, as to whether such financial statements have been prepared in accordance with the applicable financial reporting framework used by the entity in preparing and presenting the audited financial statements included in the offering document.~~

Non-financial information (Ref: Para. ___)

~~The auditor does not ordinarily provide comments in the comfort letter regarding non-financial information. In rare circumstances, however, the auditor may agree to perform specified assurance procedures and report on factual findings on non-financial~~

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~~information. In these circumstances, the auditor needs to exercise a high degree of professional judgement to determine whether they are able to do so.~~

~~The auditor has to bear in mind that when reporting factual findings on the non financial information in the comfort letter, the auditor adds a measure of credibility to such information. In most circumstances, the auditor may be requested to perform mechanical procedures on the non financial information, such as counting, measuring, or observing. The auditor performing the mechanical procedures and reporting on factual findings based on such procedures may be unnecessary, as the requesting parties can obtain the same level of comfort by performing the procedures themselves.~~

A47. ~~Examples of non financial information on which statements from the auditor in the comfort letter may be inappropriate are the proposed use of proceeds from the offering and measurement of floor area of the manufacturing facilities.~~

Conformity with International Standards on ASAE Assurance Engagements

~~There is no corresponding equivalent International Standard on Assurance Engagements for *Comfort Letters for Requesting Parties in Connection with International Offerings*.~~

Appendix 1

(Ref. Para.22-29)

**EXAMPLE ENGAGEMENT LETTER – U.S.
STYLE**

The following illustrative letter includes example terms of engagement that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves the public securities offering in the United States of America

[The Board of Directors / Audit Committee]
[Company Limited]
[Address]

The Lead Manager and Dealers
[Addressee]

[Date]

Dear Sirs

Introduction

1. This engagement letter sets out the scope and limitations of the work to be performed by [auditor] (“we” or “us”) in connection with the above transaction, namely the proposed issue of [] (“the Issue”) which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, [the Lead Manager] (“the Lead Manager”), the other Managers (as defined in Paragraph 2 below) and ourselves.

Addressees

2. This engagement letter is addressed to the directors of the Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this engagement letter on their behalf. Their legal names are set out in

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Appendix 1 to this engagement letter and, together with the Lead Manager, are referred to in this engagement letter as "the Managers".

3. By signing and accepting the terms of this engagement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this engagement letter on the relevant Manager's behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.
4. Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this engagement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this engagement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this engagement letter as "the Managers".

Comfort Letter

5. We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx Auditors' Comfort Letters, issued by the Australian Auditing and Assurance Standards Board.
6. The Lead Manager confirms that, in connection with the proposed Issue, it is aware of guidance relating to due diligence issued by the International Capital Market Association from time to time, which will be followed by it in connection with the proposed issue.
7. Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 6 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose.

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8. For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs 9, 10, 28, 33 and 34 of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this engagement letter or the comfort letter was undertaken negligently.
9. Any comfort letter issued pursuant to this engagement letter will not have been provided in accordance with the professional standards of [Insert jurisdiction] and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in [Insert jurisdiction] and, in the event of any such use in [Insert jurisdiction], we accept no responsibility in this regard.
10. Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.
11. Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 7. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).
12. Nothing in Paragraphs 9 and 11 shall prevent you from disclosing our comfort letter to your professional advisers or as may be required by law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.
13. Other than to those who have validly accepted this engagement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.

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14. You may only rely on information and comments set out in our comfort letter on the basis of this engagement letter.

Work and procedures

15. Our work will, where appropriate, be conducted in accordance with ASAE 34xx Auditors' Comfort Letters, issued by the Australian Auditing and Assurance Standards Board. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.
16. We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [date of last audited balance sheet]. The procedures we will use to perform the work set out in this engagement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.
17. The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.
18. We will only carry out those verification procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this engagement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with Australian Auditing Standards, other matters might

come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.

19. In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.
20. Any opinions expressed on financial information outside the context of this engagement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this engagement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.
21. Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

Contents of the Comfort Letter

22. We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.
23. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.]
24. Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial

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information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]

25. For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.

Drafts

26. During the course of the engagement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.

Audit Opinion

27. The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.

Meetings

28. It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation we shall have no liability to you in contract or in tort (including negligence) for our answers.

29. Unless otherwise specifically agreed between the parties, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this engagement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.

Timetable

30. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue]. We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this engagement or with meeting the timetable as soon as any problems arise.]

Other Terms and Conditions

31. [Insert other terms and conditions that are applicable in the engagement circumstances].

Yours faithfully

Partner

Firm

Acknowledgement and Acceptance

We acknowledge receipt of this letter and agree with the terms of your engagement set out therein:

..... Director Date

for and on behalf of

Issuer

..... Director Date

for and on behalf of

Lead Manager

Appendix 2

(Ref. Para.22-29)

EXAMPLE ENGAGEMENT LETTER – NON U.S.
STYLE

The following illustrative letter includes example terms of engagement that can be tailored for specific engagement circumstances.

Illustration 2: The offering involves the public securities offering outside the United States of America

[The Board of Directors / Audit Committee]
[Company Limited]
[Address]

The Lead Manager and Dealers
[Addressee]

[Date]

Dear Sirs

Introduction

1. This engagement letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue of [] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an offering circular [in accordance with the [insert name of relevant stock exchange] (the "Offering Circular"). This letter is written in the context of the respective roles of the directors of the Issuer, the Lead Manager ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.

Addressees

2. This engagement letter is addressed to Eurobond Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this engagement letter on their behalf. Their legal names are set out in

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Appendix 1 to this engagement letter and, together with the Lead Manager, are referred to in this engagement letter as "the Managers".

3. By signing and accepting the terms of this engagement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this engagement letter on the relevant Manager's behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.
4. Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this engagement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this engagement letter on behalf of the relevant Manager. The revised managers referred to in Appendix 1 (as revised pursuant to this paragraph 4) shall then, together with the Lead Manager, be referred to in this engagement letter as "the Managers".

Comfort Letter

5. We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx *Auditors' Comfort Letters*, issued by the Australian Auditing and Assurance Standards Board.
6. Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that the Lead Manager undertakes, or procures to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding arising out of or in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and shall not be relied on by you for any other purpose.
7. For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs [8, 9, 27] of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of or in connection

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- with the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this engagement letter or the comfort letter was undertaken negligently.
8. Any comfort letter issued pursuant to this engagement letter will not have been provided in accordance with the professional standards of [Insert jurisdiction] and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in [Insert jurisdiction] and, in the event of any such use in [Insert jurisdiction], we accept no responsibility in this regard.
9. Our work and findings shall not in any way constitute advice or recommendations. Our work will be conducted in accordance with practices and with the level of skill and care expected of a professional accountant in the context of similar services in [Australia] and we accept no liability in relation to any advice or recommendations regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.
10. Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 6. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).
11. Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers, who has a legitimate need to know and on a strictly confidential basis, or as may be required by law or regulation or the requirements of a regulatory body, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties, on a strictly confidential basis, where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.
12. Other than to those who have validly accepted this engagement letter, we will not accept any responsibility or liabilities (including without limitation, those arising from negligence or otherwise) to

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any party to whom our comfort letter is shown or into whose hands it may come.

13. You may only rely on information and comments set out in our comfort letter on the basis of this engagement letter.

Work and Procedures

14. Our work will, where appropriate, be conducted in accordance with ASAE 34xx *Auditors' Comfort Letters* issued by the Australian Auditing and Assurance Standards Board. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.

15. We have not carried out an audit examination in accordance with Australian Auditing Standards of any financial information relating to the Issuer for any period subsequent to [date of last audited balance sheet]. The procedures we will use to perform the work set out in this engagement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.

16. The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.

17. We will only carry out those verification procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this engagement letter and/or recorded in the comfort letter with due skill, care and attention. If

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we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in [Australia], other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed Issue.

18. In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.
19. Any opinions expressed on financial information outside the context of this engagement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this engagement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.
20. Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

Contents of the Comfort Letter

21. We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.
22. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so

that we can provide you with a revised draft for your further consideration and approval.]

23. Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]
24. For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.

Drafts

25. During the course of the arrangement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.

Audit Opinion

26. The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.

Meetings

27. It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation we shall have no liability to you in contract or in tort (including negligence or otherwise) for our answers.
28. Unless otherwise specifically agreed, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on

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the proposed Issue. In connection with our work pursuant to this engagement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.

Timetable

29. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.]. We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]

Other Terms and Conditions

30. [Insert other terms and conditions that are applicable in the engagement circumstances].

Yours faithfully

Partner

Firm

Acknowledgement and Acceptance

We acknowledge receipt of this letter and agree with the terms of your engagement set out therein:

..... Director Date

for and on behalf of

Issuer

..... Director Date

for and on behalf of

Lead Manager

Appendix 3

(Ref. Para. 48-53)

EXAMPLE REPRESENTATION LETTER

(Responsible Party Comfort Letter)

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The following illustrative letter includes an example representation letter provided by the responsible party in respect of an auditor's comfort letter that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves the public securities offering.

[Date]

[Name of Member Firm]

[Address]

Dear Sirs

In connection with the auditor comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [Date] relating to the [company] and its subsidiaries (the "Group") the board of directors makes the following representations.

Significant change in financial and trading position

We have made available to you the management accounts of the Group for the period to [Date] being the most recently available and all minutes of the meetings of the board of directors and [identify any other bodies] held since [last balance sheet date] to [the cut-off date] (the "cut-off date") [together with the related board papers].

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We confirm that:

1. the unaudited management accounts to [Date] and [previous year] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Group for the year ended [Year];
2. The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above:

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3. There are no matters of which we are aware which will be reported as non-operating exceptional items other than as follows: [];
4. Save as described below we are not aware of any increases in [] or decreases in [] as at the cut-off date as compared to the amounts shown in the [insert date of latest] audited financial statements of the Group nor increase in [] or decrease in [] for the period from [insert date of first day after end of last audited financial statements] up to the cut-off date.
5. The Board are not aware of any matters to which attention should be drawn in the statement on page [] of [[proof] of] the Offering Circular that there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since the date of its last published annual accounts.

Contingent liabilities attributable to financial instruments

We have made available to you a schedule of contingent liabilities relating to financial instruments existing at [cut-off date] which would be disclosed were financial statements be prepared as of that date and we confirm that we are not aware of any such other contingent liabilities that would be expected to be disclosed.

Other financial Information

The [describe document] which has been used as a basis for the [describe information in the circular] has been [prepared/derived] from the Group's accounting records.

General

During the course of your work you been provided with all of the information and explanations which we believe may be relevant to your work and there are no other matters of which you should be aware.

Yours faithfully

For and on behalf of the directors of [Client]

Appendix 4

(Ref. Para. 48-53)

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EXAMPLE REPRESENTATION LETTER

(Requesting Parties Comfort Letter)

The following illustrative letter includes an example representation letter provided by the requesting parties related to an auditor's Comfort Letter that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves the public securities offering.

[Date]

[Name of Member Firm]

[Address]

Dear Sirs

~~-[Name of financial intermediary], as principal or agent, in the placement of [identify securities] to be issued by [name of issuer], will be reviewing certain information relating to [issuer] that will be included (incorporated by reference in the document [if appropriate, the document should be identified], which may be delivered to investors and utilized by them as a basis for their investment decision. This review process, applied to the information relating to the issuer, is (will be) substantially consistent with the due diligence review process that we would perform if this placement of securities were being registered pursuant to the Securities Act of 1933 (the "Act"). We are knowledgeable with respect to the due diligence review process that would be performed if this placement of securities were being registered pursuant to the Act.~~ We hereby request that you deliver to us a "comfort" letter concerning the financial statements of the issuer and certain statistical and other data included in the offering document. We will contact you to identify the procedures we wish you to follow and the form we wish the comfort letter to take.

This letter is solely for the information and use of [legal name of firm] in issuing a comfort letter in connection with the offering of securities described above and it is not to be used, circulated, quoted or otherwise referred to, in whole or in part, in the Document.

(Financial Intermediary)

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~~Letter originator~~
~~Job Title Should Be In Italics~~

Draft

Appendix 5

(Ref. Para. 48-53)

EXAMPLE REPRESENTATION LETTER

(Bring Down Comfort Letter)

The following illustrative letter includes an example representation letter provided by the responsible party related to an auditor's Bring Down Comfort Letter, and that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves the public securities offering.

[Date]

[Name of Member Firm]

[Address]

Dear Sirs

In connection with the auditors' comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [Date] relating to the [company] and its subsidiaries (the "Group") the board of directors makes the following representations.

Significant change in financial and trading position

We have made available to you:

1. The management accounts of the Group for the period to [Date] being the most recently available;
2. all minutes of the meetings of the board of directors and [identify any other bodies] held since [last balance sheet date] to [the cut-off date] (the "cut-off date") [together with the related board papers].

We confirm that:

3. the unaudited management accounts to [Date] and [previous year] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the

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- audited consolidated financial statements of the Group for the year ended [Year];
4. The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above;
 5. There are no matters of which we are aware which will be reported as non-operating exceptional items other than as follows: [];
 6. Save as described below we are not aware of any increases in [] or decreases in [] as at the cut-off date as compared to the amounts shown in the [insert date of latest] audited financial statements of the Group nor increase in [] or decrease in [] for the period from [insert date of first day after end of last audited financial statements] up to the cut-off date.
 7. The Board are not aware of any matters to which attention should be drawn in the statement on page [] of [proof] of] the Offering Circular that there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since the date of its last published annual accounts.
 8. To the best of our knowledge and belief, no events or transactions have occurred since the date[s] of our previous letter[s] or are pending [other than those reflected or disclosed in the filing] that would have a material effect on the audited financial statements [and the unaudited interim financial information] [included or incorporated by reference] in the [appropriate filing] or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements [or the unaudited interim financial information] in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.
 9. Also, no information has come to our attention since the date[s] of our previous letter[s] and no events or transactions have occurred or are pending [other than those reflected or disclosed in the filing] that adversely affect our previous report on the effectiveness of the Company's internal control over financial reporting as of [the most recent balance sheet date], or that are of such significance in relation to the Company's internal control over financial reporting to require mention in the (appropriate filing)].
 10. In addition, there have been no changes in the design or operation of internal control over financial reporting since the date[s] of our previous letter[s] that have materially affected, or are reasonably

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likely to materially affect, the Company's internal control over financial reporting.

11. [When changes in the design or operation of internal control over financial reporting have occurred, replace the above paragraph with the following] In addition, we have identified and communicated to you all changes in the design or operation of internal control over financial reporting since the date[s] or our previous letter[s] that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Contingent liabilities attributable to financial instruments

We have made available to you a schedule of contingent liabilities relating to financial instruments existing at [cut-off date] which would be disclosed were financial statements be prepared as of that date and we confirm that we are not aware of any such other contingent liabilities that would be expected to be disclosed.

Other financial Information

The [describe document] which has been used as a basis for the [describe information in the circular] has been [prepared/derived] from the Group's accounting records.

General

During the course of your work you been provided with all of the information and explanations which we believe may be relevant to your work and there are no other matters of which you should be aware.

Yours faithfully

For and on behalf of the directors of [Client]

Appendix 61

(Ref: Para. 62-)

EXAMPLE COMFORT LETTER – U.S. STYLE

(Representation Letter provided)

The following illustrative letter represents an example US Style comfort letter that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves the public securities offering in the United States of America. in the United States of America.
30 June 20X1

[The Board of Directors / Audit Committee]

[Company Limited]

[Address]

[Sponsors/Managers Limited] The Lead Manager and Dealers

[Addressee]

[Date]

Dear Sirs:

PROPOSED [insert type of offering] ISSUE BY [insert issuer name] (“the Issuer”)

We report in accordance with our letter of arrangement dated XXX
2009 [Date].

We have audited, in accordance with generally accepted auditing standards in Australia (“AGAAS”), Australian Standards on Assurance Engagements ASAE 3xxx Auditors' Comfort Letters issued by the Auditing and Assurance Standards Board, the consolidated balance sheets of [insert client] and its controlled entities (the “Company”) as at December 31, 2005, 2006 and 2007 [Date], and the consolidated income statements, statements of changes in equity and cash flow statements for each of the three years in the period ended December 31, 2005, 2006 and 2007 [Date], included in the Offering Circular (as defined herein) for the sale of US\$1,000,000,000 of [x]% Notes due [2018] and US\$500,000,000 of [x]% Notes due [2038] [Insert Details], (collectively, the “Securities”) of [insert client] to non-U.S. persons

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outside the United States of America pursuant to Regulation §§ under the U.S. Securities Act of 1933, as amended, (the "Securities Act"). Our reports with respect thereto are included in the Offering Circular. We have also reviewed in accordance with AGAAS [PPL], ASAE 3xxx Auditors' Comfort Letters

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the unaudited consolidated balance sheets of the Company as at June 30, 2007 and 2008 [Date], and the related consolidated income statements, statements of changes in equity and cash flow statements for the six-month periods ended June 30, 2007 and 2008 [Date], included in the offering circular. The preliminary offering circular dated XXX 2009 [Date] is referred to herein as the "Offering Circular."

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This letter is being furnished in reliance upon your representation to us that:

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(a) You are knowledgeable with respect to the due diligence review process that would be performed if this placement of the Securities was being registered pursuant to the Securities Act; and

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(b) In connection with the offering covered by the Offering Circular, the review process you have performed is substantially consistent with the due diligence review process that you would have performed if this placement of the Securities were being registered pursuant to the Securities Act.

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This letter is intended to be used only by the addressees of this letter in connection with the offer or sale of the Securities outside the United States of America. It is not to be used in the United States of America.

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In connection with the Offering Circular:

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1. We are independent auditors with respect to the Company under the Australian *Corporations Act 2001* and the Accounting Professional Standards Ethics Board's APES 110, *Code of Ethics for Professional Accountants*.

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2. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2007 [Date]. The purpose (and therefore the scope) of our audit for the year ended December 31, 2007 [Date] was to enable us to express our opinion on the financial statements as at December 31, 2007 [Date] and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on: the unaudited consolidated balance sheets at June 30, 2007 and 2008 [Date]; the unaudited consolidated

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income statements, statements of changes in equity and cash flow statements for the six-month periods ended June 30, 2007 and 2008[Date], included in the Offering Circular; or the financial position, results of operations, or cash flows as of any other date or for any period subsequent to December 31, 2007[Date].

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3. For purposes of this letter, we have read the minutes of the 2008 meetings of the shareholders, the Board of Directors, the Audit and Risk Committee, the Nominations Committee, the Human Resources & Compensation Committee and the Sustainability Committee of the Company, as set forth in the minute books through to September xx, 2008[Date], officials of the Company having advised us that minutes of all such meetings through that date were set forth therein, and have carried out other procedures to September xx, 2008[Date] as follows (our work did not extend to the period from September xx, 2008[Date] to September xx, 2008 inclusive[Date]):

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(a) a. With respect to the six-month periods ended June 30, 2007 and 2008, [Date] we have performed the procedures specified by the Australian Auditing and Assurance Standards Board for a review of interim financial information as described in ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* on the unaudited consolidated balance sheets at June 30, 2007 and 2008[Date] and the unaudited consolidated income statements, statements of changes in equity and cash flow statements for the six-month periods ended June 30, 2007 and 2008[Date], included in the Offering Circular.

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(b) b. With respect to the period from July 1, 2008 to August 31, 2008[Date], we have:

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(i) Read the unaudited consolidated financial statements for July and August of both 2007 and 2008[Date] furnished to us by the Company, and agreed the amounts contained therein to the Company's accounting records, Company officials having advised us that no such financial statements as of any date or for any period subsequent to August 31, 2008[Date] were available; and

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(ii) Inquired of Company officials who have responsibility for financial and accounting matters as to whether the unaudited consolidated financial statements referred to under b(i) are stated on a

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basis substantially consistent with that of the audited financial statements included in the Offering Circular.

The foregoing procedures do not constitute an audit or review conducted in accordance with Australian Auditing Standards ~~AGAAS~~. Also, they would not necessarily reveal matters of significance with respect to comments in the following paragraphs. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

4. Nothing came to our attention as a result of the foregoing procedures that caused us to believe that:

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(a) a. Any material modifications should be made to the unaudited financial statements described in ~~3(a)3.a.~~ above, included in the Offering Circular, for them to be in conformity with Australian Accounting Standards for interim financial statements; or

(b) b. At ~~August 31, 2008~~ [Date] there was any change in issued and fully paid shares, increase in long-term debt, increase in total liabilities, increase in net current liabilities, or any decrease in total equity of the Company as compared with amounts shown in the ~~June 30, 2008~~ [Date] unaudited consolidated balance sheet, included in the Offering Circular, or for the period from ~~July 1, 2008~~ [Date] to ~~August 31, 2008~~ [Date], there were any decreases, as compared with the corresponding period in the preceding year, in revenue from continuing operations or net profit, except in all instances for increases or decreases that the Offering Circular discloses have occurred or may occur.

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5. As mentioned under ~~3(b)3.b.~~ above, Company officials have advised us that no financial statements as of any date or for any period subsequent to ~~August 31, 2008~~ [Date] are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after ~~August 31, 2008~~ [Date] have, of necessity, been even more limited than those with respect to the periods referred to in 3. above. We have inquired of certain Company officials who have responsibility for financial and accounting matters (the "Persons Responsible for Financial and Accounting Matters") as to whether, at ~~September 8, 2008~~ [Date], there was any change in issued and fully paid shares or increase in long-term debt of the Company as compared with the amounts shown on the ~~June 30, 2008~~ [Date] unaudited consolidated balance sheet included in the Offering Circular.

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6. On the basis of these inquiries and our reading of the minutes identified in 3. above, nothing came to our attention that caused us to believe that at ~~XXX 2009~~[Date] there was any change in issued and fully paid shares or increase in long-term debt of the Company as compared with the amounts shown in the ~~June 30, 2008~~[Date] unaudited consolidated balance sheet, included in the Offering Circular.

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The foregoing procedures do not constitute an audit or review conducted in accordance with AGAAS Australian Auditing Standards. Also, they would not necessarily reveal matters of significance with respect to comments in this paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

7. At your request, we have also read the items identified by you on the attached selected pages of the Offering Circular and have performed the following procedures, which were applied as indicated with respect to the items explained below. Certain dollar amounts and percentages included in the Offering Circular have been rounded or truncated as deemed appropriate by the Company. In all instances where we noted agreement of dollar and other amounts or ratios, such agreement is after giving consideration of such rounding or truncating.

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~~A Scope to be determined based on final Offering Circular.~~
8. We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction.

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9. Our audits of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above and, accordingly, we express no opinion thereon.

10. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in paragraph 6. above; also, such procedures would not necessarily reveal any material misstatement of the information identified in paragraph 6. above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Offering Circular and make no representations

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regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

11. This letter is solely for the information of the addressees and to assist the Initial Purchasers in conducting and documenting their investigation of the affairs of the Company in connection with the offering of the Securities covered by the Offering Circular and is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the registration, purchase or sale of securities, nor is it to be filed with or referred to in whole or in part of the Offering Circular or any other document, except that reference may be made to it in the Purchase Agreement or in any list of closing documents pertaining to the offering of the securities covered by the Offering Circular.

Yours faithfully

Partner

Firm

Appendix ~~71~~

(Ref: Para. 62-)

**EXAMPLE COMFORT LETTER – NON U.S.
STYLE**

(Representation Letter provided)

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The following illustrative letter represents an example Non-US Style comfort letter that can be tailored for specific engagement circumstances.

Illustration 1: The offering involves ~~at~~ the public securities offering in the United States of America in the United States of America.

30 June 20X1

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[The Board of Directors / Audit Committee]

[Company Limited]

[Address]

[Sponsors/Managers Limited] The Lead Manager and Dealers

[Addressee]

[Date]

Dear Sirs:

PROPOSED [insert type of offering] ISSUE BY [insert issuer name] (“the Issuer”)

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We attach as Appendix I a copy of the Offering Circular entitled [*insert name*] and dated [*insert date*] which we have initialled for identification purposes. We attach as Appendix II a copy of the arrangement engagement letter dated [*insert date*] (the “Arrangement-Engagement Letter”), the terms of which have been agreed between us, are deemed to have been incorporated in this comfort letter and govern the matters addressed by this comfort letter and its use. The terms of the Arrangement-Engagement Letter

³⁵ — If the bond is guaranteed, separate arrangement letters may be necessary for the Issuer and the Guarantor or amendments will need to be made throughout the comfort letter to refer to the Guarantor as well as to the Issuer. In the event of any other support or keepwell arrangements, the parties may agree that a separate arrangement letter may be necessary in respect of the entity providing such support.

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are amended by the terms of this comfort letter to the extent expressly set out herein.

This letter is addressed to the Directors of the Issuer, to the Lead Manager (“the Lead Manager”) and to each of the [*other managers whose names are set out above*] [*the Managers identified in Appendix 1 of the [Engagement Arrangement Letter](#)*] who have agreed to participate in the proposed issue of [*the Securities*] (“the Issue”) provided they have validly authorised the Lead Manager to accept the [Engagement Arrangement Letter](#) on their behalf. Together with the Lead Manager, they are referred to as “the Managers”.

This letter is furnished solely for the private information of its addressees in the context of the due diligence procedures that you undertake, or ~~intend procure~~ to be undertaken, ~~pursuant to the guidance relating to due diligence issued by the International Capital Market Association from time to time~~ in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular on the basis set out in the [Engagement Arrangement Letter](#). Accordingly this letter is addressed to you for that purpose and may not be relied on by you or used for any other purpose, nor be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).

We will not accept any responsibility to any other party to whom our letter is shown, or into whose hands it may come (including any Manager who has not validly authorised the Lead Manager to accept the [Engagement Arrangement Letter](#)).

In accordance with the terms of the [Engagement Arrangement Letter](#) referred to above we have read the sections of the Offering Circular identified below.

[We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx *Auditors' Comfort Letters*, issued by the Australian Auditing and Assurance Standards Board.](#)

Financial Information

On pages [*insert pages*], the Offering Circular sets out certain financial information for the [*three*] years [*and six/three months*] ended [*insert dates*] of the Issuer. We have read this information and have compared it with that shown in the audited financial statements [*and the unaudited published interim financial statements for the [six/three] months ended [date]*] of the Issuer. We confirm that this financial information has been accurately

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Proposed Standard on Assurance Engagements ASAE 34XX
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extracted from the audited financial statements for the relevant years [or, as the case may be, the published reviewed interim financial statements for such period].

Other Financial Information

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For the purposes of this letter, we have also read the items that you have identified as indicated on the attached copy of the Offering Circular [by the symbols explained below]³⁶ and confirm that the relevant items have been accurately extracted or derived from their respective sources or have been correctly calculated as follows:

- (a) Compared to the audited financial statements of the Issuer at [*insert date*] and found them to be in agreement.
- (b) Compared to and found to be in agreement with [*describe document*] which the Issuer has represented was [*prepared/derived*] from the accounting records. We have not traced the information to the accounting records themselves.
- (c) Recomputed the [*percentages/ratios etc.*] and found them to be correctly calculated.³⁷

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Changes in Financial Position

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For the purpose of this letter, we have performed the following ~~negative/limited~~ procedures:

1. (1) We have:

- (a) read the minutes of meetings of [*identify bodies*] of the Issuer held since [*insert the date of its last published annual financial statements*] as set out in minute books at [*insert date*] (the "cut off date") (*together with/excluding*) the papers provided to the board for that meeting³⁸), which the directors have advised us are complete; and

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(a)

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³⁶ ~~The method of identification shall be agreed between the parties.~~

³⁷ ~~These procedures are illustrative only.~~

³⁸ ~~Where practicable, on appropriate terms and provided sufficient time is available, the accountants may agree to review the papers provided to the board at board meetings.~~

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(b) read the [insert date of latest] unaudited management accounts for the [insert number of months] months ended [insert date] (the “[Month, this year] management accounts”) (which the directors have advised us are the most recent management accounts available) and the corresponding unaudited management accounts from the previous year (the “[Month, last year] management accounts”).

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Our objective in reading the documents referred to in Paragraphs 1(a) and (b) above is to identify those matters which, in our view, might, prima facie, be expected to impact the figures and ratios set out in Paragraph (3) below. In the case of the minutes referred to in Paragraph (1) (a) above, our objective is also to identify such matters in those minutes from which it is evident without further enquiry that the events reported or decisions of the Board [will/would] be given accounting recognition in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in the next published financial statements of the Issuer following the date of this letter [if those financial statements were being prepared in accordance with Australian Accounting Standards] (being matters that will be disclosed under Paragraph (5) (c) below).

2. (2) We have made enquiries of [give name and positions of directors, managers and other staff of the Issuer with responsibility for financial and accounting matters to whom enquiries were addressed] (the “Persons Responsible for Financial and Accounting Matters”) as to whether:

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(a) (a) those matters identified by us in the course of the work undertaken pursuant to Paragraph (1) above have been reflected in the [month, this year] management accounts upon which the figures and ratios referred to in Paragraph (3) below are based; and

(b) the [Month, this year] management accounts have been prepared and presented on a basis consistent with the accounting policies normally adopted by the Issuer and applied in preparing the [insert date of latest] audited financial statements.

3. (3) We have compared the amounts shown in Appendix III prepared by management of the Issuer, (the “Schedule”), relating to [specify items³⁹ e.g. revenue, profits before tax, net interest

³⁹ Consideration should be given to any special items having regard to the Issuer’s business to be included in the list of financial measures which the accountants would ordinarily consider and on which they would report to the Managers in accordance with the terms of this arrangement

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expense, depreciation of fixed assets, share capital, long-term debt, net current assets, total current assets and total current liabilities] to the *[month, this year]* management accounts, *[month, last year]* management accounts or *[insert date of latest]* audited financial statements as appropriate and found them to be in agreement. [We have recomputed the ratios set out in the schedule on the bases set out therein and found them to be correctly calculated.]

4. (4) — The procedures described above do not constitute an audit or review made in accordance with any generally accepted auditing standards. Nor do they provide any assurance that the *[month, this year]* management accounts have been prepared on a basis consistent with the *[month, last year]* management accounts, that such management accounts have been prepared in a reliable manner or that either have been prepared on a basis consistent with the *[insert date of latest]* audited financial statements. Consequently, our procedures would not necessarily reveal matters of significance with respect to the comments made in the following Paragraphs and we make no representations as to the sufficiency for your purposes of any such procedures.

5. (5) — Solely on the basis of the foregoing procedures we note and draw to your attention:

(a) [Insert findings in relation to the matters referred to in Paragraph (3) above which are relevant to the conclusion in Paragraph (6) below;]

(b) [Insert changes, if any, identified in the basis of preparing or presenting the accounts reviewed or, if there are none, state this; and]

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(c) [Insert matters revealed by the minutes of the Issuer from which it is evident without further enquiry that the events reported or decisions of the Board will be given accounting recognition [in accordance with the applicable professional guidance referred to in the final Paragraph of Paragraph (1)] in the next published financial statements of the Issuer following the date of this letter or, if there are none, state this.]

6. (6) — [Except for the matter(s) detailed in Paragraph (5) above], ~~nothing~~ [n/a] nothing came to our attention as a result of the foregoing procedures that caused us to believe that:

letter.

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(a) at [insert date of latest management accounts] there were any decreases in the [specify items e.g. share capital, net current assets, total current assets] or increase in [specify items e.g. long-term debt, current liabilities] of the Issuer compared with the corresponding figures in the [insert date of latest] audited financial statements; and

(b) in the period from [insert date of first day after end of last audited financial statements] to [date of latest management accounts] there was any decrease in [specify items e.g. revenue, profit before tax] or increase in [specify items e.g. interest expense, costs of goods sold], compared to the corresponding period in the preceding year as shown in the [month, last year] management accounts.

7. (7) Since the Directors have advised us that no financial statements have been prepared up to any date subsequent to [insert date of latest management accounts], the procedures carried out by us with respect to changes in financial statement items after [insert date of latest management accounts] have of necessity been even more limited than those carried out for the period up to that date. Up to the cut off date, we have made enquiries of the pPersons rResponsible for fFinancial and aAccounting mMatters identified in Paragraph (2) above as to:

(a) (a) whether there has been any decrease in [specify items e.g. share capital, net current assets, net assets [same items as in Paragraph (6)]] or increase in [specify items e.g. long term debt [same items as in Paragraph (6)]] at the cut off date as compared with the amounts shown in the [insert date of latest] audited financial statements of the Issuer; and

(b) whether for the period from [insert date of first day after end of last audited financial statements] up to the ~~cut~~ ~~off~~ ~~cut-off~~ date there have been any decreases in [specify items e.g. revenue, profit before tax [same items as in Paragraph (6)]] as compared with the corresponding period in the preceding year.

The pPersons rResponsible for fFinancial and aAccounting mMatters identified in Paragraph (2) above confirmed that [~~save for the matters set out in Paragraph (5) above and save for [insert changes communicated by persons responsible for financial and accounting matters];~~] they were not aware of any such increase in [specify items] or decreases in any of the other items in Paragraph (7) (a) or (b) above. On the basis of the responses to these enquiries and our reading of the minutes as described in Paragraph (1) above,

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nothing has come to our attention which causes us to believe that [, *save for the matters set out in Paragraph (5)(a) above,*] there has been any such increase or decrease.

General

Any opinions expressed on financial information outside the context of the Engagement Arrangement Letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of the Engagement Arrangement Letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer. Save as may be expressly recorded in this letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

~~This letter should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any jurisdiction other than Australian Auditing Standards issued by the Australian Auditing Standards Board.~~

Our work did not extend to the period from the ~~cut-off~~ date to the date of this letter.

This comfort letter may only be relied upon in respect of the matters to which it refers and as of its date. In relying upon this comfort letter, you agree (save as otherwise expressly agreed in the Engagement Arrangement Letter) that we have no responsibility to and we will not perform any work subsequent to the date of this comfort letter nor to consider, monitor, communicate or report any events or circumstances which may occur or may come to light subsequent to the date of this letter.

~~This letter is not issued in accordance with the provisions of the American Institute of Certified Public Accountants, Statement on Auditing Standards No. 72, "Letters for Underwriters and Certain Other Requesting Parties", as that standard is not required for such letters issued under Australian Auditing Standards.~~ This letter is not intended to be relied on in the jurisdiction of the United States of America and we accept no responsibility for any use that you may make of it in the United States of America. Subject always to the previous sentence, it may be disclosed, referred to and/or produced as provided for in paragraph 10 of the Arrangement-Engagement Letter.

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Yours faithfully

Partner

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Appendix 8

(Ref: Para. 64)

EXAMPLE AUDITORS' LETTER – U.S. STYLE

(No Representation Letter Received)

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The following illustrative letter represents an example U.S. Style auditor's comfort letter that can be tailored for specific engagement circumstances.

Illustration 2: The offering involves the public securities offering.

[The Board of Directors / Audit Committee]
[Company Limited]
[Address]

The Lead Manager and Dealers
[Addressee]

[Date]

Dear Sirs

Dear Ladies and Gentlemen:

We have audited the consolidated financial statements of ~~The Blank Company, Inc. (the company [the company])~~ and subsidiaries, which ~~comprise the consolidated balance sheets as of December 31, 20X5 and 20X4~~ [date].

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~~and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each year in the three year period ended December 31, 20X5, and the related notes to the consolidated financial statements, all included in the offering circular for \$30,000,000 of notes due June 30, 20Z6.~~ Our report with respect thereto is included in the offering circular. The offering circular dated [date] ~~June 30, 20X6~~, is herein referred to as the *offering circular*.

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We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx *Auditors' Comfort Letters*, issued by the Australian Auditing and Assurance Standards Board.

~~We are independent certified public accountants with respect to the company under Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings.~~

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We have not audited any financial statements of the company as of any date or for any period subsequent to [date]December 31, 20X5; although, we have conducted an audit for the year ended [date]December 31, 20X5, the purpose (and, therefore, the scope) of the audit was to enable us to express our opinion on the consolidated financial statements as of [date]December 31, 20X5, and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited ~~condensed consolidated balance sheet financial statements~~ as of [date]March 31, 20X6.

1. ~~At your request, we have read the minutes of meetings of the stockholders, the board of directors, and [include other appropriate committees, if any] of the company as set forth in the minute books at [date], officials of the company having advised us that the minutes of all such meetings through that date were set forth therein and having discussed with us the unapproved minutes of meetings held on [dates], we have carried out other procedures to [date], as follows:~~

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~~and the unaudited condensed consolidated statements of income, stockholders' equity, and cash flows for the three-month periods ended March 31, 20X6 and 20X5, included in the offering circular, or on the financial position, results of operations, or cash flows as of any date or for any period subsequent to December 31, 20X5.~~

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1. ~~At your request, we have read the 20X6 minutes of meetings of the stockholders, the board of directors, and [include other appropriate committees, if any] of the company as set forth in the minute books at June 25, 20X6, officials of the company having advised us that the minutes of all such meetings through that date were set forth therein and having discussed with us the unapproved minutes of meetings held on [dates]; we have carried out other procedures to June~~

~~25, 20X6 (our work did not extend to the period from June 26, 20X6 to June 30, 20X6, inclusive), as follows:~~

(a) ~~a.~~ With respect to the [three-month] periods ended [date]March 31, 20X6 and 20X5, we have:—

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(i) ~~(i)~~ Read the unaudited ~~condensed consolidated balance sheet financial statements~~ as of [date]March 31, 20X6. Officials of the company have advised us that no financial statements as of any date or for any period subsequent to [date]May 31, 20X6, were available.

(ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether the unaudited condensed

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consolidated financial statements referred to in (a)(i) are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular. Those officials stated that the unaudited condensed consolidated financial statements are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements.

(b) ~~b.~~ With respect to the period from ~~[date] April 1, 20X6~~ to ~~[date] May 31, 20X6~~, we have:

~~(i)~~ Read the unaudited condensed consolidated financial statements of the company for ~~April and May of both 20X5 and 20X6~~ ~~[date]~~, furnished us by the company, and agreed the amounts included therein with the company's accounting records. Officials of the company have advised us that no financial statements as of any date or for any period subsequent to ~~[date] May 31, 20X6~~, were available. ~~[if applicable: The financial information for April and May is incomplete in that it omits the statements of cash flows and other disclosures.]~~

(i) _____

~~(ii)~~ ~~(ii)~~ Inquired of certain officials of the company who have responsibility for financial and accounting matters whether (1) the unaudited condensed consolidated financial statements referred to in (b)(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular, (2) at ~~[date] May 31, 20X6~~, there was any change in the capital stock, increase in long-term debt, or any decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the ~~[date] March 31, 20X6~~, unaudited condensed consolidated balance sheet included in

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the offering circular, and (3) for the period from [date] April 1, 20X6 to [date] May 31, 20X6, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales, or in the total or per-share amounts of income before extraordinary items or of net income.

Those officials stated that:

◆ ~~(1)~~ the unaudited condensed consolidated financial statements referred to in (b)(ii) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular,

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◆ ~~(2)~~ at [date] May 31, 20X6, there was no change in the capital stock, no increase in long-term debt, and no decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the [date] March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular, and

◆ ~~(3)~~ there were no decreases for the period from [date] April 1, 20X6 to [date] May 31, 20X6, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per-share amounts of income before extraordinary items or of net income.

◆

— As mentioned in 1(b), company officials have advised us that no financial statements as of any date or for any period subsequent to [date] May 31, 20X6, are available; accordingly, the

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_____ procedures carried out by us with respect to changes in financial statement items after ~~[date] May 31,~~

(c) ~~20X6~~, have, of necessity, been even more limited than those with respect to the periods referred to in 1(a) and 1(b). We have inquired of certain officials of the company who have responsibility for financial and accounting matters whether (i) at ~~[date] June 25, 20X6~~, there was any change in the capital stock, increase in long-term debt, or any decreases in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown on the ~~[date] March 31, 20X6~~, unaudited condensed consolidated balance sheet included in the offering circular or (ii) for the period from ~~[date] April 1, 20X6 to June 25, 20X6~~, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per-share amounts of income before extraordinary items or of net income.

Those officials referred to above stated that (i) at ~~[date] June 25, 20X6~~, there was no change in the capital stock, no increase in long-term debt, and no decreases in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown on the ~~[date] March 31, 20X6~~, unaudited condensed consolidated balance sheet, and (ii) there were no decreases for the period from ~~[date] April 1, 20X6 to [date] June 25, 20X6~~, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per-share amounts of income before extraordinary items or of net income.

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2. ~~_____ and the unaudited condensed consolidated statements of income, stockholders' equity, and cash flows.~~ For purposes of this letter, we have also read the items identified by you on the attached copy of the securities offering and have performed the following procedures, which were applied as indicated with respect to the symbols explained below:

(a) _____ Compared the amount with the ~~XYZ (Predecessor Company)~~ financial statements for the period indicated and found them to be in agreement.

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(b) _____ Compared the amount with the ~~Predecessor Company XYZ (Predecessor Company)~~ financial

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statements for the period indicated included in the securities offering and found them to be in agreement.

(c) Compared the amount with ~~ABC~~ [Company]'s financial statements for the period indicated included in the securities offering and found them to be in agreement.

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(d) Compared with a schedule or report prepared by the Company and found them to be in agreement.

3. Our audits of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, nor for any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.

3.

4. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated in paragraphs 1 to 3 above; rather, the procedures enumerated therein are those the requesting party asked us to perform. Accordingly, we make no representations regarding questions of legal interpretation² or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs; also,

4. such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above as set forth in the offering circular. Further, we have addressed ourselves solely to the foregoing data and make no representations regarding the adequacy of disclosures or whether any material facts have been omitted. This letter relates only to the financial statement items specified above and does not extend to any financial statement of the company taken as a whole.

5. The foregoing procedures do not constitute an audit conducted in accordance with ~~Australian~~ generally accepted ~~A~~ auditing ~~S~~ standards. Had we performed additional procedures or had we conducted an audit or a review of the company's ~~March 31, April 30, or May 31, 20X6 and 20X5~~ [date], condensed consolidated financial statements in accordance with generally accepted auditing standards established by the ~~American Institute of Certified Public~~

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~~Accountants~~, other matters might have come to our attention that would have been reported to you.

~~6.~~ ~~6.~~—These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.

~~7.~~ ~~7.~~—This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the offering circular, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the offering document or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the offering document.

~~8.~~ ~~8.~~—We have no responsibility to update this letter for events and circumstances occurring after ~~[date]~~.

~~June 25, 20X6.~~

~~Yours faithfully~~

~~Partner~~

~~Firm~~

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~~of the company for the three-month periods ended March 31, 20X6 and 20X5, included in the offering circular, and agreed the amounts included therein with the company's accounting records as of March 31, 20X6 and 20X5, and for the three-month periods then ended.~~

~~(ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether the unaudited condensed consolidated financial statements referred to in (a)(i) are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular. Those officials stated that the unaudited condensed consolidated financial statements are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements.~~

~~b. With respect to the period from April 1, 20X6 to May 31, 20X6, we have—~~

~~(i) Read the unaudited condensed consolidated financial statements of the company for April and May of both 20X5 and 20X6, furnished us by the company, and agreed the amounts included therein with the company's accounting records. Officials of the company have advised us that no financial statements as of any date or for any period subsequent to May 31, 20X6, were available. [if applicable: The financial information for April and May is incomplete in that it omits the statements of cash flows and other disclosures.]~~

~~(ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether (1) the unaudited condensed consolidated financial statements referred to in (b)(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular, (2) at May 31, 20X6, there was any change in the capital stock, increase in long-term debt, or any decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular, and (3) for the period from April 1, 20X6 to May 31, 20X6, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales, or in the total or per-share amounts of income before extraordinary items or of net income.~~

~~Those officials stated that (1) the unaudited condensed consolidated financial statements referred to in (b)(ii) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular, (2) at May 31, 20X6, there was no change in the capital stock, no increase in long-term debt, and no decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular, and (3) there were no decreases for the period from April 1, 20X6 to May 31, 20X6, as compared with the corresponding period in the preceding year, in~~

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~~consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income.~~
~~c. As mentioned in 1(b), company officials have advised us that no financial statements as of any date or for any period subsequent to May 31, 20X6, are available; accordingly, the~~

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~~procedures carried out by us with respect to changes in financial statement items after May 31, 20X6, have, of necessity, been even more limited than those with respect to the periods referred to in 1(a) and 1(b). We have inquired of certain officials of the company who have responsibility for financial and accounting matters whether (i) at June 25, 20X6, there was any change in the capital stock, increase in long term debt, or any decreases in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown on the March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular or (ii) for the period from April 1, 20X6 to June 25, 20X6, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income.~~

~~Those officials referred to above stated that (i) at June 25, 20X6, there was no change in the capital stock, no increase in long term debt, and no decreases in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown on the March 31, 20X6, unaudited condensed consolidated balance sheet, and (ii) there were no decreases for the period from April 1, 20X6 to June 25, 20X6, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income.~~

~~2. For purposes of this letter, we have also read the items identified by you on the attached copy of the securities offering and have performed the following procedures, which were applied as indicated with respect to the items explained below:~~

- ~~Compared the amount with the XYZ (Predecessor Company) financial statements for the period indicated and found them to be in agreement.~~
- ~~Compared the amount with the XYZ (Predecessor Company) financial statements for the period indicated included in the securities offering and found them to be in agreement.~~
- ~~Compared the amount with ABC Company's financial statements for the period indicated included in the securities offering and found them to be in agreement.~~
- ~~Compared with a schedule or report prepared by the Company and found them to be in agreement.~~

~~3. Our audits of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, nor for any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.~~

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~~4. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated in paragraphs 1—3 above; rather, the procedures enumerated therein are those the requesting party asked us to perform. Accordingly, we make no representations regarding questions of legal interpretation² or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs; also,~~

~~such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above as set forth in the offering circular. Further, we have addressed ourselves solely to the foregoing data and make no representations regarding the adequacy of disclosures or whether any material facts have been omitted. This letter relates only to the financial statement items specified above and does not extend to any financial statement of the company taken as a whole.~~

~~5. The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Had we performed additional procedures or had we conducted an audit or a review of the company's March 31, April 30, or May 31, 20X6 and 20X5, condensed consolidated financial statements in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants, other matters might have come to our attention that would have been reported to you.~~

~~6. These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.~~

~~7. This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the offering circular, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the offering document or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the offering document.~~

~~8. We have no responsibility to update this letter for events and circumstances occurring after June 25, 20X6.~~

~~We have audited the consolidated balance sheets of [Company Limited] (the Issuer) and subsidiaries as of []], and the consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended [31 December 20x0], and the related financial statement schedules all included in the prospectus entitled [] and dated []. Our reports with respect thereto are also included in that prospectus for our reports with respect thereto (which contain an explanatory paragraph that describes [describe limitation]) are also included in the prospectus]. The prospectus, as amended on [30 June 20x1], is herein referred to as the prospectus.)~~

~~This letter is being furnished in reliance upon your representation to us that:~~

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~~(a) You are knowledgeable with respect to the due diligence review process that would be performed if this placement of securities were being registered pursuant to the Securities Act of 1933 (the Act).~~

~~In connection with the offering of bonds, the review process you have performed is substantially consistent with the due diligence review process that you would have performed if this placement of securities were being registered pursuant to the Act.~~

~~This letter is being furnished in accordance with the terms of the engagement letter dated [XX, 20x1] (the "Engagement Letter"), which have been agreed between us and govern the matters addressed by this comfort letter and its use in connection with the sale of the securities outside of the United States and the letter is also being furnished in connection with the offering of the securities in the United States.~~

~~In connection with the prospectus —~~

- ~~1. We are independent certified public accountants with respect to the Issuer under the requirements of the [insert relevant code] issued by [relevant professional body].~~
- ~~2. We have not audited any financial statements of the Issuer as of any date or for any period subsequent to [31 December 20x0]; although we have conducted an audit for the year ended [31 December 20x0], the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the consolidated financial statements as of [31 December 31 20x0], and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited condensed consolidated balance sheet as of [31 March 20x1], and the unaudited condensed consolidated statements of income, changes in equity, and cash flows for the [] month periods ended [March 31, 20x1 and 20x0], [included in the prospectus,] or on the financial position, results of operations, or cash flows as of any date or for any period subsequent to [31 December 20x0].~~
- ~~3. For purposes of this letter, we have read the [20x1] minutes of meetings of the shareholders, the board of directors, and [include other appropriate committees, if any] of the Issuer and its subsidiaries held since [date of its last published financial statements] as set forth in the minutes books at [23 June 20x1], officials of the Issuer having advised us that the minutes of all such meetings through that date were set forth therein; we have carried~~

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out other procedures to [23 June 20x1], as follows (our work did not extend to the period from [24 June 20x1], to [28 June 20x1], inclusive):

- (a) With respect to the [three] month period ended [31 March 20x1], we have:
- (i) Performed the procedures specified by the [] for a review of interim financial information as described in [], on the unaudited condensed consolidated balance sheet as of [] [31 March 20x1], and unaudited condensed consolidated statements of income, statement of changes in equity, and cash flows for the [three] month periods ended [31 March 2006].

With respect to the period from [1 April 20x1], to [31 May 20x1], we have:

Read the unaudited consolidated financial statements of the Issuer and subsidiaries for [April] and [May] of both [20x0] and [20x1] furnished to us by the Issuer, officials of the Issuer having advised us that no such financial statements as of any date or for any period subsequent to [31 May 20x1], were available.

Inquired of certain officials of the Issuer who have responsibility for financial and accounting matters whether the unaudited consolidated financial statements referred to in b(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the prospectus.

The foregoing procedures do not constitute an audit conducted in accordance with [] issued by the []. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes.

4. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that —

Any material modifications should be made to the unaudited condensed consolidated financial statements described in 3a(i), [included in the

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~~prospectus], for them to be in conformity with accounting principles generally accepted in [Australia], [except that the detailed disclosure notes required by AASB 134 "Interim Financial Reporting" have not been presented].~~

- (i) ~~At [31 May 20x1], there was any change in the [issued share capital], increase in [long term debt], or decrease in [net current assets or shareholders' equity] of the consolidated companies as compared with amounts shown in the [31 March 20x1], consolidated balance sheet included in the prospectus, or~~

~~As mentioned in 3b, Issuer officials have advised us that no consolidated financial statements as of any date or for any period subsequent to [31 May 20x1], are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after [31 May 20x1], have, of necessity, been even more limited than those with respect to the periods referred to in 3. We have inquired of certain officials of the Issuer who have responsibility for financial and accounting matters whether (a) at [23 June 20x1], there was any change in the [issued share capital], increase in [long term debt] or any decreases in [net current assets or shareholders' equity] of the consolidated companies as compared with amounts shown on the [31 March 20x1], consolidated balance sheet included in the prospectus or (b) for the period from [1 April 20x1], to [23 June 20x1], there were any decreases, as compared with the corresponding period in the preceding year, in [consolidated turnover or in the total or per share amounts of profit before taxation]. On the basis of these inquiries and our reading of the minutes as described in 3, nothing came to our attention that caused us to believe that there was any such change, increase, or decrease, except in all instances for changes, increases, or decreases that the prospectus discloses have occurred or may occur.~~

~~For the purposes of this letter we have, at your request, also read the items identified by you on the attached pages of the Prospectus, in respect of which one of the following tests were applied in each case as indicated by the corresponding letter (i.e. reference to the relevant sub paragraph below) shown against the items:~~

~~[# — Compared to the [historical financial information] of the Group for the three years ended [31 December 20w8, 20w9 and 20x0] as set out on pages [] to [] of the prospectus, as applicable, and found them to be in agreement.~~

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~~^ Compared to and found to be in agreement with the applicable summary schedules which the management of the Company has represented were derived from the accounting records. We have not traced the information to the accounting records themselves.~~

~~π Recomputed the percentages/ratios etc. and found them to be arithmetically accurate. We make no representation as to the appropriateness of the rate applied.~~

~~For purposes of the above symbols, the following definitions apply:~~

~~— The phrase “compared” means compared and found to be in agreement unless otherwise noted. Such agreed amounts or percentages are deemed to be in agreement if differences are attributable to rounding.~~

~~• The phrase “recomputed” means recalculated to determine mathematical accuracy and compared the result to the amount shown and found the amounts to be in agreement unless otherwise noted. Such recomputed amounts or percentages are deemed to be in agreement if differences are attributable to rounding.~~

~~— Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.~~

~~— It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in paragraph 6; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the prospectus and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.~~

~~5. ABC Partners is a world-wide organisation of separate individual partnerships and companies. This comfort letter is between you and this firm only. In the course of providing the services referred to in this letter this firm may, at our discretion, have drawn on the resources of other ABC Partners member partnerships or companies~~

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~~("other ABC Partners firms"). Except as stated below, any partner, director or employee of any other ABC Partners firm who deals with you in connection with the services does so on behalf of the firm alone. This firm accepts responsibility for the actions of any partner, director or employee of any other ABC Partners firm assisting in the provision of the services. The terms of this letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights (whether in contract or tort or otherwise) which any party to this letter may otherwise have acquired as a result of fraudulent or dishonest actions or inactions by any other ABC Partners firm or any partners, directors or employees thereof.~~

~~The provisions of paragraph [9] are stipulated by this firm expressly for the benefit of other ABC Partners firms, their partners, directors and employees (together "the beneficiaries"). The Issuer and the underwriters agree that each of the beneficiaries shall have the right to rely on that paragraph as if they were parties to this letter. Each ABC Partners firm which agrees to assist in the provision of the services does so in reliance on the protections afforded to it by paragraphs [9 and 10], the benefit of which we formally accept on their behalf.~~

~~This letter should not be relied on as if the procedures documented herein have been performed in accordance with the standards and practice of any professional body in any jurisdiction other than the professional standards applicable in the [Australia].~~

6. ~~This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the Issuer in connection with the offering of the securities covered by the prospectus, and it is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the prospectus or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the prospectus.~~

~~Yours truly~~

~~Partner~~

Appendix 92

(Ref: Para.-55)

**EXAMPLE ENGAGEMENT BRING DOWN
COMFORT LETTER**

The following illustrative letter includes ~~example terms of engagement~~ a bring down comfort letter and that can be tailored for specific engagement circumstances.

~~Illustration 1:~~ The offering involves a public securities offering issued subsequently to the original comfort letter. ~~The offering involves the issue of eurobonds in the United Kingdom.~~

~~[The Board of Directors / Audit Committee]
[Company Limited]
[Address]~~

~~The Lead Manager and Dealers
[Addressee]~~

~~[Date]~~

~~Dear Sirs **Private and confidential**~~

~~The Directors [Date]
[Eurobond Issuer]
[Address]~~

~~The Lead Manager and the other Managers
(as defined in paragraph 2 below)
[Address]~~

~~Dear Sirs~~

~~[Proposed] Eurobond Issue by Eurobond Issuer ("the Issuer")~~

~~**Introduction**~~

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~~_____ This arrangement letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue of _____ (“the Issue”) which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, the Lead Manager (“the Lead Manager”), the other Managers (as defined in Paragraph 2 below) and ourselves.~~

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Addressees

~~_____ This arrangement letter is addressed to the directors of Eurobond Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this arrangement letter on their behalf. Their legal names are set out in Appendix 1 to this arrangement letter and, together with the Lead Manager, are referred to in this arrangement letter as “the Managers”.~~

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~~_____ By signing and accepting the terms of this arrangement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this arrangement letter on the relevant Manager’s behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.~~

~~_____ Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this arrangement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this arrangement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this arrangement letter as “the Managers”.~~

Comfort Letter

~~_____ The Lead Manager confirms that, in connection with the proposed Issue, it is aware of guidance relating to due diligence issued by the International Capital Market Association from time to time, which will be followed by it in connection with the proposed issue.~~

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~~Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose.~~

~~For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs 8, 9, 27, 32 and 33 of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this arrangement letter or the comfort letter was undertaken negligently.~~

~~Any comfort letter issued pursuant to this arrangement letter will not have been provided in accordance with the professional standards of the US American Institute of Certified Public Accountants and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in the United States and, in the event of any such use in the United States, we accept no responsibility in this regard.~~

~~Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.~~

~~Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 6. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).~~

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~~Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers or as may be required by law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.~~

~~Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.~~

~~You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.~~

Work and Procedures

~~Our work will, where appropriate, be conducted in accordance with [ASAE 34XX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions]. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.~~

~~We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [date of last audited financial report]. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.~~

~~The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to~~

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seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.

We will only carry out those verification procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in [the relevant country], other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.

In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.

Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.

Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

Contents of the Comfort Letter

We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort

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~~letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.~~

~~———— We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.]~~

~~———— Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]~~

~~———— For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.~~

Drafts

~~———— During the course of the arrangement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.~~

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Audit Opinion

~~———— The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.~~

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Meetings

~~———— It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation~~

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~~we shall have no liability to you in contract or in tort (including negligence) for our answers.~~

~~Unless otherwise specifically agreed between the parties, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this arrangement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.~~

Timetable

~~7. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.] We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]~~

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Applicable law and jurisdiction

~~This arrangement letter shall be governed by, and construed in accordance with, [specify country (other than the US) whose laws govern the Subscription Agreement] law. The Courts of [specify country (other than the US) whose laws govern the Subscription Agreement] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.~~

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Fees

~~Our fees will be the responsibility of and will be paid by the Issuer.~~

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Other Terms and Conditions

~~_____ In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees, or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this letter.~~

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~~_____ The terms and conditions, which are attached as Appendix 2, also form part of this arrangement letter. These terms and conditions shall apply, as indicated in such terms and conditions, to the Issuer and the accountants, save that Paragraphs [] and [] shall apply to all the addressees of this arrangement letter.~~

~~_____ In the event of any inconsistency between this arrangement letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.~~

Prohibition on Assignment

~~_____ No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent, provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.~~

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Entire Agreement

~~_____ This arrangement letter and the Appendices to it constitute the entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.~~

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Yours faithfully

Partner

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Acknowledgement and Acceptance

We acknowledge receipt of this letter and agree with the terms of your engagement set out therein:

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Director _____ Date

for and on behalf of Issuer

Director _____ Date

for and on behalf of Lead Manager _____

Draft

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Appendix 1

Names of the Managers

~~(Subject always to compliance with the requirements of Paragraph 2 of the arrangement letter)~~

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Appendix 2

~~[Insert terms of business]~~

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Appendix 3

~~[Text of the Draft Comfort Letter]~~

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~~This draft is furnished solely for the purpose of indicating the form of letter that we would expect to be able to provide pursuant to this arrangement letter, the matters expected to be covered in the letter, and the nature of the procedures that we would expect to carry out with respect to such matters. The procedures outlined in this draft letter have been discussed between and agreed by the Issuer, the Lead Manager and us. Unless further procedures are agreed, we shall assume that there are no additional procedures for us to follow. The text of the letter itself will depend, of course, on the results of the procedures, which we would not expect to complete until shortly before the letter is given and in no event before the cut-off date indicated therein.~~

We refer to our letter of [insert date] relating to the [Offering Memorandum] dated [insert date] of Client Company Limited (the "Company"). We reaffirm as of the date hereof, and as though made on the date hereof, all statements made in that letter, except that for the purposes of this letter:

1. The registration statement to which this letter relates is as amended on [effective date].

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2. The reading of minutes described in [paragraph number] of that letter has been carried out through [the new ~~cut-off~~ date].

3. The procedures and inquiries covered in [paragraph number] of that letter were carried out to [the new ~~cut-off~~ date] (our work did not extend to the period from [date of letter], inclusive).

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4. The period covered in [paragraph number] of that letter is changed to the period from [Date] officials of the Company having advised us that no such financial statements as of any date or for any period subsequent to [Date], were available.

The references to [Date], in [paragraph number] of that letter are changed to [Date].

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5.

6. This letter is solely for the information of the addressees and to assist the [manager/agent] in conducting and documenting their investigation of the affairs of the Company in connection with the offering of securities covered by the [Offering Memorandum], and it is not to be used, circulated, quoted or otherwise referred to for any purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to in whole or in part in the [Offering Memorandum] or any other document, except that reference may be made to it in the Purchase Contract, or in any list of closing documents pertaining to the offering of the securities covered by the [Offering Memorandum].

Yours faithfully

Partner

Firm

~~In connection with the comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [200X] relating to the company and its subsidiaries (the "Group") the board of directors makes the following representations.~~

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~~**Significant change in financial and trading position.**~~

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~~We have made available to you:~~

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~~The management accounts of the Group for the period to [— 200X] being the most recently available;~~

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~~all minutes of the meetings of the board of directors and [identify any other bodies] held since [last balance sheet date] to [the cut off date] (the "cut off date") [together with the related board papers].~~

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~~We confirm that:~~

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The the unaudited management accounts to [] and [previous year] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Group for the year ended [];

-management accounts have been prepared on the same basis and applying the same accounting policies as for the statutory accounts of the Group for the year ended [——— 200X];and

The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above:
[]

There are no matters of which we are aware which will be reported as non-operating exceptional items in accordance with paragraph 20 of Financial Reporting Standard No 3 in the financial statements for the year ended [next year end] [other than as follows:
[]] and;

Save as described below we are not aware of any increases in [] or decreases in [] as at the cut off date as compared to the amounts shown in the [insert date of latest] audited financial statements of the Group nor increase in [] or decrease in [] for the period from [insert date of first day after end of last audited financial statements] up to the cut off date.the Board are not aware of any matters to which attention should be drawn in the statement on page [] of [[proof [] of] the Offering Circular that there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since the date of its last published annual accounts.To the best of our knowledge and belief, no events or transactions have occurred since the date[s] of our previous letter[s] or are pending [other than those reflected or disclosed in the filing] that would have a material effect on the audited financial statements [and the unaudited interim financial information] [included or incorporated by reference] in the [appropriate filing] or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements [or the unaudited interim financial information] in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.

[Also, no information has come to our attention since the date[s] of our previous letter[s] and no events or transactions have occurred or are pending [other than those reflected or disclosed in the filing] that adversely affect our previous report on the effectiveness of the Company's internal control over financial reporting as of [the most recent balance sheet date], or that are of such significance in relation to the Company's internal control over financial reporting to require mention in the (appropriate filing)]. (B)
In addition, there have been no changes in the design or operation of internal control over financial reporting since the date[s] of our previous letter[s] that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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~~[When changes in the design or operation of internal control over financial reporting have occurred, replace the above paragraph with the following.] In addition, we have identified and communicated to you all changes in the design or operation of internal control over financial reporting since the date[s] or our previous letter[s] that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.~~

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~~[]~~
Contingent liabilities attributable to financial instruments
We have made available to you a schedule of contingent liabilities relating to financial instruments existing at [cut off date] which would be disclosed were financial statements be prepared as of that date and we confirm that we are not aware of any such other contingent liabilities that would be expected to be disclosed.

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Other financial information
The [describe document] which has been used as a basis for the [describe information in the circular] has been [prepared/derived] from the Group's accounting records.

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General
During the course of your work you been provided with all of the information and explanations which we believe may be relevant to your work and there are no other matters of which you should be aware.
Yours faithfully

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For and on behalf of the directors of [Client]ple

Introduction
This arrangement letter sets out the scope and limitations of the work to be performed by Ernst & Young ("we" or "us") in connection with the above transaction, namely the proposed issue of [] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange⁴⁰ or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, [the Lead Manager] ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.

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Addressees

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⁴⁰Where the bonds will be listed on a Stock Exchange, the name of the relevant exchange should be inserted. It is understood that this form of arrangement letter may be used in the case of unlisted bond issues for which an Offering Circular or Information Memorandum is available.

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~~This arrangement letter is addressed to the directors of the Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this arrangement letter on their behalf. Their legal names are set out in Appendix 1 to this arrangement letter and, together with the Lead Manager, are referred to in this arrangement letter as “the Managers”.~~

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~~By signing and accepting the terms of this arrangement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this arrangement letter on the relevant Manager’s behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.~~

~~Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this arrangement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this arrangement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this arrangement letter as “the Managers”.~~

Comfort Letter

~~The Lead Manager confirms that, in connection with the proposed Issue, it is aware of guidance relating to due diligence issued by the International Capital Market Association from time to time, which will be followed by it in connection with the proposed issue.~~

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~~Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose.~~

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~~For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs 8, 9, 27, 32 and 33 of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this arrangement letter or the comfort letter was undertaken negligently.~~

~~Any comfort letter issued pursuant to this arrangement letter will not have been provided in accordance with the professional standards of the US American Institute of Certified Public Accountants and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in the United States and, in the event of any such use in the United States, we accept no responsibility in this regard.~~

~~Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.~~

~~Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 6. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).~~

~~Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers or as may be required by law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.~~

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~~Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.~~

~~You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.~~

Work and procedures

~~Our work will, where appropriate, be conducted in accordance with [any applicable professional guidance or, if none, the Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom]. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.~~

~~We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [date of last audited balance sheet]. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.~~

~~The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.~~

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~~We will only carry out those verification⁴¹ procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in [the relevant country], other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.~~

~~In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter⁴² and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.~~

~~Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.~~

⁴¹ ~~Verification in this context involves seeking internal or external evidence to corroborate the information provided to the accountants pursuant to the procedures agreed upon in the Arrangement Letter, for example, by checking data to source documentation or other internal material and/or seeking independent evidence or confirmation from sources external to or from third parties unconnected with either the Issuer or its Group. Verification does not imply any review of the reliability of the source documentation or other material.~~

⁴² ~~It is acknowledged that the accountants may be asked to read and comment upon references to US or other GAAP in the Offering Circular or, subject to agreement of terms, provide other services in connection with the financial information contained in the Offering Circular.~~

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~~Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.~~

Contents of the Comfort Letter

~~We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort letter.]⁴⁹ Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.~~

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~~We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.]⁵~~

~~Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]⁵~~

~~For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any~~

⁴⁹ The first draft of the arrangement letter will include the form of comfort letter in Appendix 3. The final arrangement letter will include these sentences if it predates the issuance of the comfort letter. If the arrangement letter and the comfort letter are signed contemporaneously, these sentences will be omitted.

Proposed Standard on Assurance Engagements ASAE 34XX
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~~opinion or other conclusion as to the current overall financial position of the Issuer.⁴⁴~~

Drafts

~~During the course of the arrangement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.~~

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Audit Opinion

~~The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.^{45 46}~~

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Meetings

~~It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence~~

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⁴⁴ ~~If specific procedures and appropriate terms (e.g. as to timing) are agreed between all parties, the accountants may undertake additional work (for example in relation to the Issuer's current overall financial position).~~

⁴⁵ ~~This clause is not intended to preclude either (1) existing audited accounts from being incorporated by reference, or (2) reference being made in the Offering Circular to the fact that the accounts have been audited and have received an unqualified opinion.~~

⁴⁶ ~~Where the inclusion of an auditors' report in the Offering Circular, and the auditors' consent to such inclusion, is agreed between the parties to the arrangement letter or is required by law or regulation, the auditors will prepare and expect to issue a letter giving their consent to the inclusion in the Offering Circular of that audit report, the references to it and to their name in the form and context in which they are included [and, where the issue is to be listed on an EU-Regulated market their acceptance of responsibility in accordance with the Prospectus Rules].~~

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~~of such written confirmation we shall have no liability to you in contract or in tort (including negligence) for our answers⁴⁷.~~

~~Unless otherwise specifically agreed between the parties, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this arrangement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.~~

Timetable

~~[We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.]⁴⁸ We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]~~

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Applicable law and jurisdiction

~~This arrangement letter shall be governed by, and construed in accordance with, [specify relevant Australian State⁴⁹] law. The Courts of [specify relevant Australian State] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim~~

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⁴⁷ ~~If specific matters are discussed which the Managers wish to be able to rely upon in accordance with this arrangement letter, the Issuer and the Lead Manager should arrange for them to be confirmed in writing by the accountants. If the accountants are willing to confirm such matters in writing, further work and an extension of the terms of arrangement are likely to be required.~~

⁴⁸ ~~It may not be appropriate to include this sentence if the arrangement letter is signed contemporaneously with the comfort letter.~~

⁴⁹ ~~An Australian State must be inserted here so that we can obtain the benefit of the ICAA scheme.~~

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~~that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.~~

Fees

~~Our fees will be the responsibility of and will be paid by the Issuer.~~

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Other Terms and Conditions

~~In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees, or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this letter.~~

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~~The terms and conditions, which are attached as Appendix 2, also form part of this arrangement letter. These terms and conditions shall apply to all the addressees of this arrangement letter and us, save that sections 7, 8, 17(e), 21, 29, 30, 31, and 36 shall not apply to the Managers.⁵⁰~~

~~In the event of any inconsistency between this arrangement letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.~~

Prohibition on Assignment

~~No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent.~~

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⁵⁰ *It is not intended that such standard terms and conditions should in any way detract from the nature of the relationship between the parties as set out in paragraphs 6 to 9 inclusive of, or the work to be undertaken pursuant to, this letter. It is acknowledged that the agreement by Managers to any provision*

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~~provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.~~

Entire Agreement

~~This arrangement letter and the Appendices to it constitute the entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.~~

Yours faithfully
[_____] Partner
Ernst & Young

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Acknowledgement and Acceptance

We acknowledge receipt of this letter and agree with the terms of your engagement set out therein:

..... Director Date

.....
..... for and on behalf of
..... Issuer

..... Director Date

.....
..... for and on behalf of
..... Lead Manager

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Introduction

1. This arrangement letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue of [] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an offering circular [in accordance with the [insert name of relevant stock exchange⁵⁴]] (the "Offering Circular"). This letter is written in the context of the respective roles of the directors of the Issuer, the Lead Manager ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.

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Addressees

2. This arrangement letter is addressed to Eurobond Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this arrangement letter on their behalf. Their legal names are set out in Appendix 1 to this arrangement letter and, together with the Lead Manager, are referred to in this arrangement letter as "the Managers".

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3. By signing and accepting the terms of this arrangement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this arrangement letter on the relevant Manager's behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority.

⁵⁴ Where the securities will be listed on a Stock Exchange, the name of the relevant exchange should be inserted. It is understood that this form of arrangement letter may be used in the case of unlisted bond issues for which an Offering Circular or Information Memorandum is available.

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4. Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this arrangement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this arrangement letter on behalf of the relevant Manager. The revised managers referred to in Appendix 1 (as revised pursuant to this paragraph 4) shall then, together with the Lead Manager, be referred to in this arrangement letter as "the Managers".

Comfort Letter

5. The Lead Manager confirms that, in connection with the proposed Issue, it is aware of guidance relating to due diligence issued by the International Capital Market Association from time to time, which will be followed by it in connection with the proposed Issue.

If offerings will be made under both 144A filings and Reg S, the following paragraph will be used to replace the above paragraph 5:

_____ as Lead Manager, will be reviewing certain information relating to the Company that will be included in the Offering Circular, which may be delivered to investors and utilised by them as a basis for their investment decision. This review process, applied to the information relating to the issuer, is [will be] substantially consistent with the due diligence review process that we would perform if this offering were being registered pursuant to the US Securities Act of 1933 (the Act). Managers are knowledgeable with respect to the due diligence review process that would be performed if this offering were being registered pursuant to the Act.

6. Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that the Lead Manager undertakes, or procures to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding arising out of or in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and shall not be relied on by you for any other purpose.

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~~7. For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs [8, 9, 27, 32 to 36] of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the Managers incur to an investor arising out of or in connection with the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this arrangement letter or the comfort letter was undertaken negligently.~~

~~8. Any comfort letter issued pursuant to this arrangement letter will not have been provided in accordance with the professional standards of the American Institute of Certified Public Accountants and accordingly should not be relied upon in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rule of law in the United States and, in the event of any such use in the United States, we accept no responsibility in this regard.~~

~~If offerings will be made under both 144A filings and Reg S, the following paragraph will be used to replace the standard US exclusionary wording set out in paragraph 8 above:~~

~~This letter sets out the entire arrangements between us in connection with the use outside the United States in the offering or sale of the securities of the comfort letter to be provided by us in connection with Offering. This letter does not apply to and shall have no effect on the rights or obligations of the Company, Managers (as defined above) or ourselves in connection with the use of the comfort letter within the United States in connection with the offering or sale of the Shares in the United States.~~

~~9. Our work and findings shall not in any way constitute advice or recommendations. Our work will be conducted in accordance with practices and with the level of skill and care expected of a professional accountant in the context of similar services in [Australia] and we accept no liability in relation to any advice or recommendations regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Managers (or any person connected to the Managers or any one of them) in the capacity of investor or in providing investment advice to their clients.~~

~~10. Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 6. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence~~

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~~in any contract or other communication between the Issuer and/or the Managers, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Managers).~~

~~11. Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers, who has a legitimate need to know and on a strictly confidential basis, or as may be required by law or regulation or the requirements of a regulatory body, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties, on a strictly confidential basis, where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.~~

~~12. Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility or liabilities (including without limitation, those arising from negligence or otherwise) to any party to whom our comfort letter is shown or into whose hands it may come.~~

~~13. You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.~~

Work and Procedures

~~14. Our work will, where appropriate, be conducted in accordance with the professional standards applicable in Australia. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.~~

~~15. We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [date of last audited balance sheet]. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.~~

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~~16. The procedures that we plan to conduct have been discussed between and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.~~

~~17. We will only carry out those verification⁵² procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in [Australia], other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed Issue.~~

~~18. In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter⁵³ and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.~~

⁵² Verification in this context involves seeking internal or external evidence to corroborate the information provided to the accountants pursuant to the procedures agreed upon in the Arrangement Letter, for example, by checking data to source documentation or other internal material and/or seeking independent evidence or confirmation from sources external to or from third parties unconnected with either the Issuer or its Group. Verification does not imply any review of the reliability of the source documentation or other material.

⁵³ It is acknowledged that the accountants may, subject to agreement of terms, provide other services in connection with the financial information contained in the Offering Circular.

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~~19. Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.~~

~~20. Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.~~

Contents of the Comfort Letter

~~21. We will prepare and expect to issue a comfort letter addressed to the Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort letter.]⁵⁴ Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.~~

~~[22. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.]⁵⁵~~

~~[23. Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]⁶~~

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⁵⁴ ~~The first draft of the arrangement letter will include the form of comfort letter in Appendix 3. The final arrangement letter will include these sentences if it predates the issuance of the comfort letter. If the arrangement letter and the comfort letter are signed contemporaneously, these sentences will be omitted.~~

⁵⁵ ~~If specific procedures and appropriate terms (e.g. as to timing) are agreed between all parties, the accountants may undertake additional work (for example in relation to the Issuer's current overall financial position).~~

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~~24. For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.~~

Drafts

~~25. During the course of the arrangement we may show drafts of, or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.~~

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Audit Opinion

~~26. The Issuer may not include our audit opinion in the Offering Circular without our prior written approval⁵⁶⁻⁵⁷.~~

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Meetings

~~27. It [will be] [has been] necessary for us to receive copies of the draft Offering Circular as it [is] [was] produced and it [may be] [has been] necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related matters [are] [have been] discussed. We [shall answer] [have answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation we shall~~

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⁵⁶This clause is not intended to preclude either (1) existing audited accounts from being incorporated by reference, or (2) reference being made in the Offering Circular to the fact that the accounts have been audited and have received an unqualified opinion

⁵⁷Where the inclusion of an auditors' report in the Offering Circular, and the auditors' consent to such inclusion, is agreed between the parties to the arrangement letter or is required by law or regulation, the auditors will prepare and expect to issue a letter (addressed to the same parties as the addressees of this letter) giving their consent to the inclusion in the Offering Circular of that audit report, the references to it and to their name in the form and context in which they are included [and, where the issue is to be London listed, their authorisation of the contents of their report for the purpose of section 152(1)(c) of the Financial Services Act 1986].

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~~have no liability to you in contract or in tort (including negligence or otherwise) for our answers.⁵⁸~~

~~28. Unless otherwise specifically agreed, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this arrangement letter, we may release to the Managers and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.~~

Timetable

~~29. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.]⁵⁹ We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]⁶⁰~~

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Applicable Law and Jurisdiction

~~30. This arrangement letter shall be governed by, and construed in accordance with the law of [New South Wales, Australia].~~

~~The Courts of [New South Wales, Australia] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.~~

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Fees

~~31. Our fees will be the responsibility of and will be paid by the Issuer.~~

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Other Terms and Conditions

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⁵⁸ If specific matters are discussed which the Managers wish to be able to rely upon in accordance with this arrangement letter, the Issuer and the Lead Manager should arrange for them to be confirmed in writing by the accountants. If the accountants are willing to confirm such matters in writing, further work and an extension of the terms of arrangement are likely to be required.

⁵⁹ It may not be appropriate to include this sentence if the arrangement letter is signed contemporaneously with the comfort letter.

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~~32. In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees, or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the face of the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this letter.~~

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~~33. [Name of Partner], Partner of Deloitte Touche Tohmatsu in [Australia ("DTT/Australia"), will be in charge of this engagement, while [name of manager], manager of DTT/Australia, will be responsible for controlling the engagement on a day to day basis. A team of professionals from DTT/Australia, and/or other member firms of Deloitte Touche Tohmatsu, their subsidiaries or affiliates may support the engagement as we see fit. We reserve the right to change personnel involved in the engagement.~~

~~34. Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms/members, each of which is a legally separate and independent entity. "Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu, a Swiss Verein ("DTT Verein"). Each member firm/member provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTT Verein helps coordinate the activities of the member firms but does not itself provide services to clients. DTT Verein and the member firms/members are separate and distinct legal entities, which cannot obligate the other entities. DTT Verein and each DTT Verein member firm/member are only liable for their own acts or omissions, and not those of each other. Each DTT Verein member firm/member is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in their territories through subsidiaries, affiliates and/or other entities.~~

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35. This engagement letter is between you and DTT/Australia only. In the course of providing the services DTT/Australia may, at its discretion, draw on the resources of other DTT Verein member firms, members, partnerships, companies or their subsidiaries and affiliates ("other Deloitte Firms"). Any partner, director or employee of any other Deloitte Firms who deals with you in connection with our services does so on behalf of DTT/Australia alone. DTT/Australia accepts responsibility for the actions of any partner, director or employee of any other Deloitte Firms assisting in the provision of our services as set out above.

36. The provisions of Paragraph [35] above have been stipulated by DTT/Australia expressly for the benefit of other Deloitte Firms, their partners, directors and employees (together "the Beneficiaries"). You agree that each of the Beneficiaries shall have the right to rely on Paragraphs [33 to 36] as if they were parties to this arrangement letter. Each of the other Deloitte Firms which may agree to assist in the provision of our services does so in reliance on the protections afforded to it by Paragraphs [35 and 36], the benefit of which we formally accept on their behalf.

37. The terms and conditions, which are attached as Appendix 2, also form part of this arrangement letter. These terms and conditions shall apply, as indicated in such terms and conditions, to us, the Issuer and the Manager (as the case may be).

38. In the event of any inconsistency between this arrangement letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.

Prohibition on Assignment

39. No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent, provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.

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Counterparts

40. This arrangement letter may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and as if the signatures on the counterparts were on a single copy of this arrangement letter.

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Entire Agreement

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41. This arrangement letter and the Appendices to it constitute the entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.

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Yours faithfully,

Accepted on behalf of the Board of Directors of [INSERT NAME OF ISSUER]

Signed: _____ Date: _____
_____ Authorised Signatory
Name: _____ Position: _____

Accepted on behalf of the Board of Directors of [INSERT NAME OF LEAD MANAGER] for itself and for and on behalf of the Managers:

Signed: _____ Date: _____
_____ Authorised Signatory
Name: _____ Position: _____

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The following wording may be included as a footnote if requested: "It is recognized that what is substantially consistent may vary from situation to situation and may not be the same as that done in a registered offering of the same securities for the same issuer; whether the procedures being, or to be, followed is substantially consistent will be determined by the requesting party on a case by case basis."