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The Chief Executive  
External Reporting Board  
PO Box 11250  
Manners St, Central  
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27 September 2022

Dear Ms Mackenzie

## **Submission on Exposure Draft NZAuASB 2022-3 Proposed Standard on Assurance Engagements SAE 3450 Assurance Over Financial Information Prepared in Connection with a Capital Raising ("Proposed Standard")**

Ernst & Young welcomes the opportunity to offer its views on the Proposed Standard. Overall, we support the External Reporting Board ("XRB") in developing the Proposed Standard given the current lack of an appropriate assurance standard over financial information prepared in connection with a capital raising in New Zealand.

However, we have identified some issues with the Proposed Standard in its current form which we strongly urge the XRB to address prior to finalisation. Those matters are outlined below, and we also attach the following Appendices:

- ▶ Appendix 1: Responses to specific questions raised by XRB
- ▶ Appendix 2: Further detailed comments
- ▶ Appendix 3: General editorial comments

Given the matters raised, we recommend that the XRB work towards reissuing an amended exposure draft of the Proposed Standard for further review and comment.

### **Due Diligence Standards**

We understand that the Proposed Standard has largely been based on the equivalent Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* ("ASAE 3450"). In the Australian market, there are also complementary standards issued by the Australian Professional & Ethical Standards Board in relation to a practitioner's participation in a Due Diligence Committee established by an issuer for a capital markets transaction and associated due diligence reporting which typically accompanies a practitioner's assurance engagement on financial information disclosed in an offer document. These standards include APES 345 *Reporting on Prospective Financial Information Prepared in connection with a Public Document*, APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* and APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*.

There are currently no comparable standards in New Zealand relating to due diligence participation and reporting by a practitioner. This has led to differing market practice in New Zealand in relation to how practitioners navigate their engagement scope and reporting in capital markets transactions with issuers and Due Diligence Committees. We believe it is important for the XRB to give consideration to equivalent requirements and guidance in New Zealand as it seeks to align the requirements and practices of the two jurisdictions where possible and subject to country specific laws and regulations. In our view, this comprehensive approach would promote a more consistent framework in the application and interpretation of the Proposed Standard in relation to both the assurance report and the associated due diligence reporting undertaken by the practitioner.

### **Limited vs. Reasonable Assurance on Financial Information**

The Proposed Standard allows limited assurance to be provided over financial information prepared in connection with a capital raising which we believe reflects an appropriate position in the NZ market. In our view, given the inherent uncertainty around the assumptions being achieved, and that most prospective financial information incorporates best estimate assumptions, there are very few circumstances where an assurance practitioner would be able to provide a reasonable assurance conclusion in relation to the best estimate assumptions. Limited assurance is consistent with current market practice in both Australia and NZ which does not support providing reasonable assurance around any elements of prospective financial information that contain best estimate assumptions given this uncertainty. We fully support the XRB's position of only providing limited assurance conclusions on the financial information disclosed in connection with a capital raising.

### **Interaction with Existing Auditing Standards**

We acknowledge there are existing NZ Auditing Standards which establish specific requirements and provide guidance for assurance practitioners reporting on financial information in connection with a capital raising or reporting on prospective financial information (including International Standards on Review Engagements (NZ) such as NZ 2400 and NZ 2410, in relation to historical information, and ISAE (NZ) 3000 (Revised) in relation to prospective information). However, we support the XRB in developing a stand-alone assurance standard covering both historical and prospective financial information as we believe there are sufficient unique criteria associated with capital raisings and prospective financial information that warrant a separate standard. We also believe the Proposed Standard will increase the consistency of assurance reports provided in these circumstances which we believe is in the public interest.

That being said, we did observe several instances where the requirements have been directly referenced as being a requirement of Review Engagement Standards and ISAE (NZ) 3000 (Revised) only without it being specifically called out as a requirement of the Proposed Standard as well (some examples have been identified in our detailed comments in Appendix 2). The Proposed Standard should first and foremost set out specific requirements in itself and then where applicable, demonstrate the interrelationship in application and other explanatory material, noting that the relationship with other standards has already been covered upfront in paragraph 5 of the Proposed Standard.

Furthermore, we note that the reference in paragraph 11 of the Proposed Standard refers to Review Engagement Standards which apply to financial statements only, rather than review of historical financial information which may be in a form other than a financial report - to illustrate ASAE 3450 for example makes a specific reference to ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* however we understand that NZ does not have an equivalent standard. This makes cross-referencing difficult for the purposes of the Proposed Standard as the historical financial information has been assessed against NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* which is not directly comparable given the historical financial information is not in the same form as a set of financial statements, and as noted below only comprises selected financial information (some of which may be non-GAAP).

### **Consistency with Equivalent Australian Standard**

We understand that the Proposed Standard has been prepared with significant reliance on ASAE 3450. We also note that the Proposed Standard has adopted a more streamlined structure and simplified language to make it easier to understand and interpret than may be the case in ASAE 3450.



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However there are several areas where we believe it would be more beneficial for the Proposed Standard to maintain consistency with ASAE 3450:

- ▶ Definitions outlined in paragraph 10 of the Proposed Standard for assumptions, pro forma adjustments, prospective financial information and stated basis of preparation are not consistent with ASAE 3450. In these cases, we don't believe there should be any differences in the meaning attributed to these given there are no market or regulatory differences in how they would be interpreted in Australia versus NZ. Further, the contextual reference as to who is responsible for these has also been removed, for example ASAE 3450 makes it clear that the assumptions, base financial information and pro forma adjustments are determined by the responsible party (usually the Directors of the IPO vehicle) whereas the Proposed Standard is silent on this potentially making it open to interpretation. Further, the definition of responsible party appears more limited than ASAE 3450.
- ▶ ASAE 3450 establishes requirements and provides application and other explanatory material in respect of areas such as Quality Control, Professional Scepticism, Professional Judgement, Documentation, Other Information Included in the Document and Inability to Comply with the Requirements of the Proposed Standard or other NZ Standards. No equivalent requirements or guidance exists in the Proposed Standard in respect of these areas.
- ▶ ASAE 3450 includes a cross reference to existing auditing standards on matters such as going concern, subsequent events and use of experts. This allows the assurance practitioner to refer to those standards for further guidance and application material.

Paragraphs 51(i) and (j) under the Proposed Standard require compliance statements of professional and ethical standards, including independence, to be made in the assurance report by the assurance practitioner. Whilst this is not a requirement under ASAE 3450 or ISAE (NZ) 3000 (Revised), in this instance we concur with this proposed requirement which will contribute to consistency across the market.

We recommend that the XRB further reassess the consistency of requirements, application and other explanatory material under the Proposed Standard with ASAE 3450, where appropriate.

### Relevant Accounting Framework

Unlike ASAE 3450, the Proposed Standard does not define the "stated basis of preparation" with reference to an acceptable accounting framework as set by the accounting bodies/ regulators which would be appropriate for the responsible party to apply in its preparation of the financial information to be published in connection with a capital raising. For prospective financial information, given the responsible entity is required to prepare these in accordance with Financial Reporting Standard 42 *Prospective Financial Statements* (FRS-42), this is an important aspect to make clear in the Proposed Standard and gives the assurance practitioner a basis for its limited assurance conclusion. It would be helpful for the XRB to also provide guidance as part of the definition of the "stated basis of preparation" in the Proposed Standard on what would be appropriate in respect of historical, pro forma historical and pro forma prospective financial information.

We note that there are material differences in market practice between Australia and New Zealand around disclosures of, and consequently the assurance provided on, financial information which need to be considered in drafting the Illustrative Engagement Letter and Assurance Report set out in Appendices 1 and 3 of the Proposed Standard. In Australia, the financial information upon which assurance is provided is limited to historical, pro forma historical, prospective and pro forma prospective financial information which have been prepared in accordance with an acceptable accounting framework but which may be published as part of a much, wider financial information disclosures within an offer document such as reconciliation tables of pro forma financial information to statutory information and to non-GAAP measures, key operating and financial metrics together with accounting policies. In each case, the financial information "tables" on which assurance is provided represent primary statements such as an income statement, cash flow statement or balance sheet which have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (and/or IFRS), which is consistent to ASIC's expectations covered in Regulatory Guide (RG) 228 *Prospectuses: Effective*



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*Disclosure for Retail Investors and RG 230 Disclosing Non-IFRS Financial Information.* This results in historical and prospective (both statutory and pro forma) financial information sitting side by side in the same or adjacent tables for multiple periods. None of the supplementary reconciliation tables in the financial information section, nor individual financial statement line items and key metrics, are included in the scope (and consequently conclusion) of the assurance report issued by the assurance practitioner.

In contrast, in New Zealand there is a standalone set of prospective financial information prepared in accordance with Financial Reporting Standard 42 *Prospective Financial Statements*, which include primary statements as well as assumptions and notes to the prospective financial statements. The issuer may then disclose in the offer document selected historical, pro forma historical, prospective and pro forma prospective financial information presented in tabular form representing individual financial statement line items as well as non-GAAP key metrics such as revenue, EBITDA and associated reconciliations, net profit after tax/ (loss after tax), net cash flows from operating activities, total assets, cash and cash equivalents, total liabilities, total debt and total debt including leases. These individual line items are ordinarily extracted or derived from the published prospective financial statements, annual and/ or interim financial reports but do not represent "full" primary statements. Each individual financial statement line item or non-GAAP measure on its own, in our view, does not meet the recognition and measurement requirements of an acceptable accounting framework, except perhaps to the extent that they meet the requirements of Financial Reporting Standard 43 *Summary Financial Statements* ("FRS 43"). We note however that the requirements of FRS 43 differ from the disclosure requirements under the Financial Markets Conduct Regulations and do not consider non-GAAP or pro forma financial information.

Given these differences in financial information disclosure between Australia and NZ, and noting that many NZ offers/ listings are made in both jurisdictions, it would be beneficial to have consistency in the stated basis of preparation in the Proposed Standard for historical, pro forma historical and pro forma prospective financial information. This allows the basis of preparation for such financial information to be more aligned to Australian market practice in that it is prepared and/ or presented in accordance with an acceptable accounting framework which can be supplemented by disclosure of individual financial statement line items, non-GAAP measures and reconciliations which are relevant in the NZ market. We believe this approach will also facilitate consistency in the assurance being provided on the historical, pro forma historical and pro forma prospective financial information between the two jurisdictions. We recommend that the XRB reassess the nature and scope of the assurance being proposed on the financial information disclosed in light of the intricacies of the Australian and NZ market disclosures.

We also note that complimentary to the assurance report issued and included in the Offer Register, it is customary for the practitioner to provide a due diligence report to the responsible party (the Directors of the IPO/transaction vehicle and typically also a Due Diligence Committee) in respect of its review of financial information and financial (and tax) due diligence undertaken. We think the broader aspects of financial information which are non-GAAP and not included in an assurance report are legitimate subjects for the practitioner to perform due diligence upon and to separately report and agree terms of reference in relation to.

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We welcome the opportunity to contribute to the improvement of auditing standards on Assurance Engagements that will continue to drive the quality and consistency of such services in NZ. We would be pleased to discuss our comments with members of the New Zealand Auditing and Assurance Standards Board and its staff. If you wish to do so, please contact either Andrew Taylor on (09 348 8038) or Simon Brotherton on (09 348 6609).

Yours sincerely

Simon Brotherton  
Assurance Professional Practice Director - NZ

Andrew Taylor  
Partner - Strategy and Transactions

## Appendix 1 Responses to Specific Questions Raised by the External Reporting Board

**1. Do you agree with the scoping of the proposed SAE as described in paragraph 10 of this ITC? If not, please explain why not.**

- ▶ No. Whilst the proposed SAE has an intentionally narrow scope in terms of the types of capital raisings and transactions it may apply to, we believe that the principles of the proposed SAE can also be applied to financial information which may be prepared but not necessarily published for similar capital raising transactions.
- ▶ The proposed SAE could for example be used for the purpose of providing private limited assurance reports on financial information to the directors of the entity and as such, we believe the Proposed Standard can have an expanded scoping.

**2. Do you agree that the assurance practitioner should provide a limited assurance conclusion only on the types of financial information covered by the assurance report? If not, please explain why not.**

- ▶ Yes, we agree that the assurance practitioner should provide a limited assurance conclusion only on the types of financial information covered by the assurance report.
- ▶ However, we do see a concern with elements of the illustrative assurance report in Appendix 3, see our cover letter for further comments on this.

**3. Do you agree that the proposed SAE should not include, as a precondition for engagement acceptance, that the assurance practitioner is also the auditor of the entity, if assurance is sought over historical financial information? If not, please explain why not.**

- ▶ Yes, we agree that being an auditor of the entity should not be a precondition for engagement acceptance regardless of whether assurance is sought over historical financial information.

**4. Is the interrelationship between the proposed SAE and the relevant review engagement standards, for assurance over the historical financial information, clear? If not, please explain why not and provide suggestions on how this could be clearer.**

- ▶ The interrelationship between the proposed SAE and the relevant review engagement standards is clear at the start of the proposed SAE (i.e. paragraphs 1 to 11) however we believe that this clarity may potentially be lost as you read through the rest of the proposed SAE.

As an example, agreeing the terms of the engagement and planning and performing the engagement (paragraphs 15 to 17) all refer to requirements being "... in accordance with ISAE (NZ) 3000 (Revised) and Review Engagements Standards, as applicable ...". This implies that these are not requirements of the proposed SAE but come about because of the interrelationship with these standards which is not appropriate in our view. These paragraphs should first and foremost describe the specific requirements of the Proposed Standard and then where applicable, demonstrate the interrelationship in application and other explanatory material given the relationship with other standards has already been covered upfront in paragraph 5 of the Proposed Standard.

**5. Is paragraph A11 sufficiently clear as to the difficulties the assurance practitioner might encounter when assurance is sought over historical financial information and the assurance practitioner is not also the auditor of the entity? If not, please explain why not and provide further examples.**

- ▶ In our view paragraph 11 has acknowledged that there may be issues where the assurance practitioner is not the auditor of the historical financial information, but this may be of limited benefit as it has not provided clarity to the assurance practitioner on how to go about managing these difficulties.
- ▶ Paragraph 11 has simply stated the obvious in terms of a list of matters to consider without guidance as to how to determine what additional procedures may be required by the assurance practitioner - this may need to be cross referenced to application and other explanatory material later in the Proposed Standard which may be useful in navigating these challenges.
- ▶ We believe it would be helpful to further outline considerations where the historical financial information has been subject to audit by another practitioner including the nature of procedures to be undertaken and the materiality level applied, in determining the requirement for further assurance procedures.

**6. Do you agree with the proposal to include the name of the lead assurance practitioner in the assurance report? If not, please explain why not.**

- ▶ In our view, the requirement for the lead assurance practitioner to be named should be consistent with the requirement in NZ ISA (700) Revised in relation to the audit report on the financial statements, ie if the entity is or will become a FMC entity with Higher Accountability then the assurance practitioner should be named.

**7. In your view, are the required procedures consistent with a limited assurance engagement? If not, please identify the requirements and explain why, in your opinion they are not consistent with a limited assurance engagement.**

- ▶ Overall, we agree that the required procedures are largely consistent with a limited assurance engagement.
- ▶ In respect of prospective financial information, the required procedures outlined in paragraphs 32, 34, 36 and 37 appear long and in some cases, repetitive. Similar procedures are being described multiple times for assumptions, time periods and stated basis of preparation. We recommend that the procedures could be streamlined further in respect of prospective financial information.
- ▶ Similarly, the guidance on pro forma historical and pro forma prospective financial information could also easily be dealt with a cross reference and the guidance on whether the base financial information has previously been subject to audit or review and differing stated basis of preparation from current vs base financial information has been covered multiple times across different paragraphs.



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**8. In your view, are there any other procedures that should be required? Please describe the procedures and why, in your view, those procedures should be required.**

- ▶ In paragraph 17, recommend that a procedure be included for “assessing assurance engagement risk” for consistency with ASAE 3450.
- ▶ In paragraphs in 20-23, recommend that consideration of the nature of the entity and the environment it operates in is included as this is pertinent to the assessment of engagement risk.
- ▶ In paragraph 23, recommend that the type of offer document in which the financial information will be included or published as part of be considered as well.
- ▶ In paragraph 23(h), recommend that after the competence of the preparers of the financial information, state “including the extent to which the financial information may be affected by judgement.”

**9. Do you agree with the proposed effective date for engagements commencing on or after 15 December 2023, with early adoption permitted? If not, please explain why not.**

- ▶ Yes, we consider the proposed effective date and permissibility of early adoption to be appropriate subject to the matters raised herein being sufficiently addressed with further updates to the proposed SAE in advance of issuance.
- ▶ We don't believe an additional 12 months is required for implementation once the Proposed Standard is issued given to a large extent the principles covered in the Proposed Standard are already being applied in the market, with significant reliance on ASAE 3450.

## Appendix 2 - Further Detailed Comments on the Proposed Standard

Section/ Paragraph	Topic	Comment
9	Objectives	Recommend that the requirement in 9(c) is made consistent with ASAE 3450 - "to communicate <b>in accordance with the assurance practitioner's findings</b> as <b>otherwise</b> required by this SAE."
10	Definitions	<p>Recommend that the Proposed Standard definitions are consistent with ASAE 3450, specifically in respect of assumptions, base financial information, pro forma adjustments and stated basis of preparation. The context of who provides or determines these items should also be specified as part of the definition, i.e. the responsible party. This is particularly important given the definition of responsible party appears to be more limited than ASAE 3450.</p> <p>The definition of prospective financial information appears odd in that it states that external users are not able to require it or contract for the preparation of special reports to meet their specific information needs. There is no legal or regulatory requirement to prepare prospective financial information which in our view should be included only by the responsible party where the directors believe that there are reasonable and supportable grounds to include it in order for investors to make an informed decision regarding their potential investment. The definition linking it to a requirement or contractual obligation by external users does not make sense in light of the circumstances under which it may be prepared and published by an issuer.</p>
10/ Various	Definitions	The terms "base historical financial information" and "base financial information" have been used throughout the Proposed Standard however a definition is only included for the latter.
15	Agreeing the Terms of the Engagement	Recommend this includes a responsibly for determining the applicable time period of the financial information as part of 15(d).
15-17, 48	<p>Agreeing the Terms of the Engagement</p> <p>Planning and Performing the Engagement</p> <p>Forming the Assurance Conclusion</p>	Refer to requirements being "... in accordance with ISAE (NZ) 3000 (Revised) and Review Engagement Standards, as applicable ...". This implies that these are not requirements of the proposed SAE but come about because of the interrelationship with these standards which is not appropriate in our view. These paragraphs should first and foremost describe the requirements of the proposed SAE and then where applicable, demonstrate the interrelationship in application and other explanatory material noting that the relationship with other standards has already been covered upfront in paragraphs 5 to 6 of the Proposed Standard.





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Section/ Paragraph	Topic	Comment
20-23	Understanding the source and basis of preparation of the Financial Information and Other Engagement Circumstances	Recommend we include consideration of the nature of the entity and the environment it operates in as part of the requirements.
32	Prospective financial information	The use of the words “extracted” in relation to prospective financial information does not seem logical as the responsible party “prepares” the prospective financial information on the basis of best-estimate assumptions. Prospective financial information is not able to be extracted from an appropriate source in the same way that historical financial information may be “extracted” from previously audited or reviewed financial statements.
24, 26, 31, 38	Pro Forma Historical Financial Information  Pro Forma Historical Prospective Financial Information	Need to ensure that the language used to describe procedures and the procedures themselves are consistent in principle for both pro forma historical and pro forma prospective financial information. This is important given the basis for designing and executing the procedures for both are similar in that pro forma adjustments are based on a set of events and/ or transactions determined by the responsible party.  This consistency is important to establish in the Proposed Standard as in principle the interpretation and execution of procedures by the assurance practitioner should be the same in this case.
42	Written Representations - Prospective financial information	Recommend that the responsible party also acknowledge their responsibility for determining the best-estimate assumptions on which the prospective financial information is based and that the assumptions are reasonable and supportable.
46-47	Going concern considerations	We recommend that this requirement be specifically extended to address that an assessment is also made of whether going concern is an issue assuming the capital raising is successful. We note that in the application and other explanatory material in paragraph A65 there is an implication that the going concern assumption ordinarily applies for historical financial information only however in our view, going concern should be considered in light of the capital raising overall as well.



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Section/ Paragraph	Topic	Comment
51(o)	Consent to the inclusion of the assurance report	A separate section on consent is included in the Independent Limited Assurance Report. Market practice is for the assurance practitioner to issue a separate consent letter to the entity. We do not believe that a consent section is appropriate in the assurance report and we recommend it be removed. It is circular to state that consent has been provided in the assurance report and then provide a separate consent letter in itself. The assurance practitioner should be consenting separately to inclusion of the assurance report.
A4	Definitions	In our view, the assurance report may also be referred to as an Independent Limited Assurance Report as well as an Investigating Accountant's Report.
A28	Understanding the Source and Basis of Preparation of the Financial Information and Other Engagement Circumstances	Introduces for the first time a concept of "suitability of criteria" in the 2 <sup>nd</sup> bullet point which in our view is not relevant in the Proposed Standard. The assessment should be against the stated basis of preparation only which is consistent with the requirements of the Proposed Standard.
A29	Understanding the Source and Basis of Preparation of the Financial Information and Other Engagement Circumstances	The concept of "subject matter information" and reference to sustainability report in this paragraph does not make sense and is considered inappropriate given the scope of the Proposed Standard is only in respect of assurance over financial information in connection with a capital raising.
A36	Pro Forma Financial Information	<p>In the 3<sup>rd</sup> bullet point, there is a reference to stated basis of preparation being an entity's accounting policies. In our view, this is a very narrow interpretation of what a stated basis of preparation may represent and does not take into consideration what an acceptable accounting framework is in the context of published financial information. We recommend, consistent to our earlier comment, that the definition of a stated basis of preparation be expanded to provide illustrative examples of what is an acceptable accounting framework both from a regulatory and market practice perspective.</p> <p>We also recommend that reference is included to assessing the materiality level applied in relation to the audit or review of the historical financial statements as compared to the materiality level assessed for the purposes of the limited assurance engagement.</p>



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Section/ Paragraph	Topic	Comment
Appendix 1, 2 and 3	Illustrative Engagement Letter, Representation Letter and Assurance Report	<p>The scope and consequently, the conclusion on, the historical financial information, pro forma historical financial information and pro forma prospective financial information on which assurance is being provided differs to ASAE 3450 as it implies that non-GAAP information is covered by the opinion which we do not consider appropriate. For example, in respect of prospective financial information, the scope and conclusion with regard to the EBITDA reconciliation and selected financial information included in the offer document is non-GAAP and therefore not appropriate (refer also to comments in respect of due diligence reporting in our cover letter).</p> <p>In Australia, only a set of financial information that has been prepared under an acceptable, accounting framework such as IFRS and which reflect primary statements like an income statement, balance sheet or cash flow statement qualify as an appropriate, stated basis of preparation. Individual line items, non-GAAP measures and reconciliations are considered supplemental disclosures and are not covered by the assurance report.</p> <p>We believe that the XRB should give further consideration to the scope and conclusion statements for the historical, pro forma historical, prospective and pro forma prospective financial information illustrated in these Appendices having regard to the above matters. As outlined in our earlier comments, we believe that the XRB may wish to align the stated basis of preparation, and consequently the assurance given, between Australia and NZ market practices.</p>

### Appendix 3- General Editorial Comments on the Proposed Standard

Paragraph	Topic	Comment
10 (f) and (g)	Definitions	Recommend consistency checks be performed on the Proposed Standard, for example 10(f) refers to generally accepted accounting principles whilst 10(g) refers to NZ generally accepted accounting practice.
12	Requirements	The assurance practitioner shall not represent compliance with this SAE unless the assurance practitioner has complied with the requirements of <del>both</del> this SAE, <del>and</del> ISAE (NZ) 3000 (Revised) and/or Review Engagement Standards, as applicable.
13	Preconditions for the Assurance Engagement	In addition to the requirements of ... (a) the preparation of the financial information in accordance with the stated basis of preparation, including the selection of the financial information and <del>determining</del> the applicable time to be covered by the financial information ...
14	Preconditions for the Assurance Engagement - Prospective Financial Information	Reference to paragraph 12 within should be changed to paragraph 13. 14(b) faithfully represent the assumptions <del>and information</del> on which the prospective financial information is based. The same edit is recommended in paragraph A3.
17	Planning	Remove full stop after the words "as applicable" in the opening sentence.
26	Pro Forma Prospective Financial Information	Reference to paragraph 23 within should be changed to paragraphs 23 and 25. 26(a) states that consideration be made of whether the base financial information has been previously audited or reviewed - this should be removed or at a minimum remove reference to "audited" as the base used to prepare pro forma prospective information would typically be prospective financial information which would never have been previously audited (and rarely reviewed previously). 26(d) should state that "any recent changes in the entity's business activities and how they affect the pro forma <del>prospective</del> financial information."
30(a)(ii)	Designing and Performing Procedures	Reference to "unaudited or unreviewed" - recommend this be changed to "audited or reviewed annual or interim financial report respectively" given this arises where there is an annual or interim financial report.
30(c)(iv)	Designing and Performing Procedures	If any part of the financial information has been previously audited or reviewed, that it agrees to those audited or reviewed <del>records</del> <del>financial statements</del> .
"31"	Pro forma historical financial information	Numbering in the Proposed Standard currently states "10" but this paragraph appears to be "31".

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Paragraph	Topic	Comment
31(e)	Pro forma historical financial information	Determining whether the resultant pro forma historical financial information reflects the results of <del>the</del> applying the pro forma adjustments to the base financial information.
32(a)	Prospective financial information	Make inquiries of the responsible party, experts and relevant parties on the nature <del>of the</del> and source of the prospective financial information.
43	Written Representations - Pro forma prospective financial information	Reference to paragraph 40 within should be changed to paragraphs 40 and 42.
51(a)	Preparing the Assurance Report - Assurance Report Content	A title that clearly indicates the report is an independent <b>limited</b> assurance report.
51(f)	Preparing the Assurance Report - Assurance Report Content	If the <del>stated basis of preparation assurance report</del> is available only to specific users, or is relevant only to a specific purpose, ...
A5	Definitions	Base financial information may <del>not</del> or may not have been previously audited or reviewed.
A9	Preconditions for the Assurance Engagement	... The only exception to this is respect of reports by other parties, including experts, which are included, by consent, in the <del>published financial information offer document</del> .
A15	Pro Forma Financial Information	In the 3 <sup>rd</sup> bullet point, "There is insufficient time <del>to</del> in which to conduct the engagement to enable the expression of assurance on the pro forma historical financial information itself."
A37	Pro Forma Financial Information	There is a reference to ISAE (NZ) but the number and title of the specific auditing standard that it's referring to is missing.
A43	Prospective Financial Information	Change "extracted" to "derived" as this may better represent the source of the financial information in this case.  In several other paragraphs, in our view "extracted and/ or derived" may be appropriate to add instead of "extracted" only given in some case it's not always be possible to easily extract the financial information from the base financial information.
A54	Prospective Financial Information	Reference to 33(b)(v) should be changed to 34(b)(v).
A75	Consent	In the first sentence "audit" report should be changed to "assurance" report.
Appendix 1	Illustrative Engagement Letter	In the first paragraph, change "confirms" to "confirm" and "proposed published financial information" to "proposed published offer document" (noting examples given for the latter are PDS or online Registry Entry).  There is a reference to paragraphs "a to d" in section 1, titled "Financial information" but there are no such listed paragraphs in the body of the letter.



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Paragraph	Topic	Comment
		In some places, the tense used in the letter may need to be reassessed given these are proposed scope of services and procedures have not yet been completed for example, use of "consider" rather than "considered" and "will not express an audit opinion" instead of "do not express an audit opinion" (both on page 55).
Appendix 1	Illustrative Engagement Letter	<p>Page 56, reference to "our assurance reports" should be changed to "our independent limited assurance report".</p> <p>Under the "Written Representations" section (page 56) - the first paragraph refers to "our review and limited assurance engagements", these are not two separate procedures and/ or engagements, the limited assurance engagement is the review of the Financial Information itself. Also, on page 57 the second paragraph refers to both "our Investigating Accountant's Report and limited assurance report on the Financial Information" which is in fact the same report.</p> <p>Under the "Consent" section, use of Independent Limited Assurance Report vs. Investigating Accountant's Report above - recommend that the report name is consistent throughout the letter.</p>
Appendix 2	Illustrative Representation Letter	<p>Consistent to our comment on Appendix 1, the reference to "published financial information" throughout the letter should be to "published offer document" (noting examples given are for PDS or online Registry Entry).</p> <p>On page 60, the 7<sup>th</sup> bullet refers to the provision of material financial information, financial records, related data and other information with respect to historical and pro forma historical financial information only however this should apply to all financial information under review, i.e. including prospective financial information.</p>
Appendix 3	Illustrative Assurance Report	<p>Recommend the title be changed to "Investigating Accountant's Independent Limited Assurance Report" or simply "Independent Limited Assurance Report".</p> <p>Page 65, the title "information subject to assurance" would be better titled as "Limited assurance scope" or "Scope of Financial Information under review".</p> <p>Page 69, under "Disclaimer", the word "use" should be changed to "us" in the second last line.</p> <p>We recommend that the sections on "Our Responsibility" and "Our Limited Assurance Engagement" be combined together given the content is related and can be merged.</p>