

## AR Section 9200

# Reporting on Comparative Financial Statements: Accounting and Review Services Interpretations of Section 200

### 1. Reporting on Financial Statements That Previously Did Not Omit Substantially All Disclosures

**.01 Question**—Paragraph .30 of section 200, *Reporting on Comparative Financial Statements*, states that an accountant who has compiled, reviewed, or audited financial statements that do not omit substantially all of the disclosures required by an applicable financial reporting framework may subsequently compile financial statements for the same period that do omit substantially all of those disclosures when they are to be presented in comparative financial statements. In these circumstances, section 200 requires the accountant's compilation report to include an additional paragraph indicating (a) the nature of the service rendered with respect to the financial statements that previously did not omit substantially all disclosures and (b) the date of the accountant's previous report.

**.02** When the accountant has previously audited such financial statements, the accountant may have issued a modified opinion on the financial statements (a qualified opinion, an adverse opinion, or a disclaimer of opinion; see AU-C section 705, *Modifications to the Opinion in the Independent Auditor's Report*). What effect, if any, should this have on the accountant's compilation report on the comparative financial statements? Also, when the accountant has previously compiled or reviewed such financial statements, what effect should a modification to the accountant's compilation or review report have on the accountant's compilation report on the comparative financial statements?

**.03 Interpretation**—If financial statements that omit substantially all disclosures are compiled from financial statements that the accountant has previously audited, the accountant's compilation report on the comparative financial statements should indicate whether the accountant modified the opinion on the audited financial statements, and the substantive reasons therefor. Similarly, if the accountant issued a modified compilation or review report or a report containing any paragraphs emphasizing a matter regarding the financial statements on financial statements that previously did not omit substantially all disclosures, the accountant's reference to that report in the accountant's compilation report on the comparative financial statements should include a description or a quotation of any modifications of the standard report and of any paragraphs emphasizing a matter regarding the financial statements.

**.04** Statements on Standards for Accounting and Review Services do not require an accountant to modify the standard compilation report for an uncertainty or an inconsistency in the application of an applicable financial reporting framework. When the accountant's compilation report on comparative financial statements that omit substantially all of the disclosures required by the applicable financial reporting framework includes a reference to a previous audit report that includes an emphasis-of-matter paragraph describing an uncertainty, users may assume, in the absence of an indication to the contrary,

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that the uncertainty has been resolved. Thus, in such circumstances, in accordance with paragraph .25 of section 80, *Compilation of Financial Statements*, the accountant may emphasize the uncertainty in a separate paragraph of that portion of the accountant's report that relates to the financial statements for the current period.

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