

## Agenda Item 1



### International Reporting Issues

#### Objective of Agenda Item

To vote to ballot to expose the proposed SSARS *Considerations for Compilations and Reviews of Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country or Conducted in Accordance With Both SSARSs and Another Set of Compilation or Review Standards* for public comment.

#### Background

At its meeting in November 2016, the ARSC considered a draft of a proposed standard that would:

- Provide requirements and guidance when financial statements are prepared in accordance with a financial reporting framework generally accepted in another country
- Provide requirements when a review is performed in accordance with both SSARSs and another set of review standards
- Preclude the accountant from referencing, in the accountant's review report, the review or audit report of other accountants if such accountant's report is restricted as to use
- Provide guidance when the accountant decides to make reference to the review or audit of other accountants of financial statements of a significant component and the other accountant's review or audit is performed in accordance with standards other than SSARSs or accounting principles generally accepted in the United States of America (GAAS)
- Provide review reporting requirements and guidance when the accountant decides to make reference to the review or audit of other accountants who review or audit the financial statements of a significant component which are prepared using a different financial reporting framework from that used for the financial statements of the reporting entity

The ARSC directed that a revised version of the proposal be drafted that uses AU-C section 910 *Financial Statements Prepared in Accordance With a Financial Reporting Framework*

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*Generally Accepted in Another Country* as a base and show changes in redline to reflect how such a standard would be incorporated in AR-C section 90.

The ARSC also directed that the proposed standard include considerations for compilation engagements and that an appendix addressing differences between a review performed in accordance with AR-C section 90 and ISRE 2400 (Revised) be presented.

## **Issue for Discussion with ARSC**

### **Differences Between a Review Performed in Accordance with AR-C section 90 and ISRE 2400 (Revised)**

Agenda item 1B outlines those requirements that accountants who are engaged to perform a review engagement in accordance with International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements* (ISRE 2400 (Revised)) are required to perform in addition to those requirements in AR-C section 90, *Review of Financial Statements*.

The analysis is purposely aggressive in outlining the differences and many of those differences are not substantive.

### **Action Requested of ARSC**

ARSC is asked to consider the proposed appendix and whether it accurately outlines the additional review procedures that an accountant would be required to perform in order to have performed a review in accordance with ISRE 2400 (Revised).

As requested by the ARSC, staff communicated with the staff of the Technical Issues Committee and the AICPA A&A Technical Hotline. Neither have received practice inquiries regarding compilations performed in accordance with both AR-C section 80 and ISRS 4410 (Revised), *Compilation Engagements*. An outline illustrating the additional required procedures in performing a compilation in accordance with ISRS 4410 (Revised) as not been prepared.

## **Overall Action Item**

### **Action Requested of ARSC**

ARSC is asked to consider the proposed standard and vote to expose for public comment.

## **Agenda Items Presented:**

Agenda item 1A      Draft proposed SSARS *Considerations for Compilations and Reviews of Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country or Conducted in Accordance With Both SSARSs and Another Set of Compilation or Review Standards*

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Agenda item 1B      Draft AR-C Appendix, Reviews Performed in Accordance with International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*

Agenda item 1C      Draft warp material with respect to the exposure draft of the proposed SSARS *Considerations for Compilations and Reviews of Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country or Conducted in Accordance With Both SSARSs and Another Set of Compilation or Review Standards*