

## Agenda Item 1C



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# EXPOSURE DRAFT

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## PROPOSED STATEMENT ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES

*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  
STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES AND ANOTHER SET  
OF COMPILATION OR REVIEW STANDARDS*

**May 1, 2017**

**Comments are requested by July 13, 2017**

**Prepared by the AICPA Accounting and Review Services Committee for comment from persons interested in  
review and reporting issues**

**Comments should be addressed to Mike Glynn at [mike.glynn@aicpa-cima.com](mailto:mike.glynn@aicpa-cima.com)**



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Proposed Statement on Standards for Accounting and Review Services <i>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 SSARs and Another Set of Compilation or Review Standards</i> .....	8

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## EXPLANATORY MEMORANDUM

### Introduction

This memorandum provides background on the proposed Statement on Standards for Accounting and Review Services (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*.

The proposed SSARS will result in a new AR-C section 100. That new AR-C section will:

- 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

Additionally, the proposed SSARSs includes amendments to paragraph .06 of AR-C section 70, *Preparation of Financial Statements*; paragraph .05 of AR-C section 80, *Compilation Engagements*; and paragraphs .05 and .78-.79 of AR-C section 90, *Review of Financial Statements (AICPA, Professional Standards)*. Those amendments will:

- Revise the definition of *financial reporting framework* included in SSARSs to clarify the term *fair presentation framework*. The clarified definition is consistent with the definition included in the auditing literature.
- 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, in the accountant's review report, to the review or audit report 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 auditing standards 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

### Background

The ARSC determined that SSARSs should include requirements and guidance when an accountant is engaged to perform a compilation or review of financial statements prepared in accordance with a financial reporting framework generally accepted in another country or in accordance with both SSARSs and another set of compilation or review standards.

Additionally, subsequent to the issuance of SSARS No. 21, certain practice issues were identified that accountants may encounter with respect to using the work of other accountants as part of the accountant's review of financial statements. ARSC determined to revise AR-C section 90 to provide requirements and guidance in those situations.

### **Format of the Exposure Draft**

This exposure draft is presented in columnar format in which requirements and related application guidance are presented side-by-side instead of in the more customary sequential presentation. This approach has been efficient for the ARSC in developing and reviewing the proposed SSARSs, and it is used here for the benefit of respondents. The resulting SSARSs will be issued in the traditional format.

### **Effective Date**

It is anticipated that the proposed SSARS will be effective for compilations and reviews of financial statements for periods ending on or after December 15, 2018.

### **Changes From Existing Standards**

The proposed SSARS:

- Adds AR-C section 100 to provide requirements and guidance when:
  - financial statements are prepared in accordance with a financial reporting framework generally accepted in another country
  - a compilation or review is performed in accordance with both SSARSs and another set of compilation or review standards
- Adds paragraph .79 to AR-C section 90 to 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
- Adds paragraph .A128 to AR-C section 90 to 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 GAAS
- Adds paragraphs .81 and .A129 to AR-C section 90 to 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
- Adds an appendix to AR-C summarizing substantive differences between ISRE 2400 (Revised) and SSARSs to assist the accountant in planning and performing an engagement in accordance with ISRE 2400 (Revised).

ARSC is not proposing any other modifications to SSARSs.

### **Guide for Respondents**

ARSC is seeking comments on the specific request for comment on whether respondents would find value in a high level analysis of the differences between AR-C section 90 and ISRE 2400 (Revised) as posed in the preceding "Changes From Existing Standards" section of this document.

Additionally, ARSC requests comments on specific paragraphs in the proposed SSARS. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and (when appropriate) make specific recommendations for any suggested changes to wording. When a respondent agrees with proposals in the exposure draft, it will be helpful for ARSC to be made aware of this view, as well.

Written comments on the exposure draft will become part of the public record of the AICPA and will be available for public inspection at the AICPA offices after December 16, 2016, for a period of one year. Responses should be sent to Mike Glynn at [mglynn@aicpa.org](mailto:mglynn@aicpa.org) by December 16, 2016.

### **Comment Period**

The comment period for this exposure draft ends on July 13, 2017.

**Accounting and Review Services Committee**  
(2016–2017)

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