

Appendix 3

Compilation Engagements

In accordance with SES-2 Compilation of Financial Information (in addition to terms in Appendix 1) that, as part of this engagement:

1. We will prepare our financial statement in accordance with standards and guidelines issued by CAANZ in accordance with the reporting framework set out in the engagement agreement. This basis of reporting will be disclosed in the financial statements together with any significant departures from that basis. Significant departures will be noted in the compilation report (an example of which is included below).
2. We will not audit, review, or carry out any other checks on the accuracy or completeness of the information you provide. It is up to you to give us accurate and complete information.
3. We will not take active steps to identify weaknesses in your systems, errors, illegal acts or other irregularities. However, should become aware or suspicious of omissions or irregularities, we will report it to you.
4. We will deliver financial statements to the applicable individual, partners of a partnership, directors of a company and trustees of a trust. It is up to you to provide copies to other interested parties (or advise us to).
5. It is not a professional requirement to be independent before carrying out compilation work. However, we will outline any other relationship in our compilation report.
6. That we will include a Compilation Report and Disclaimer which will appear on the financial statements we prepare (an example of which is included below).
7. That any financial information we prepare is subject to these qualifications (see Clause 5 of Appendix I).

Example COMPILATION REPORT to the directors/partners/trustees/proprietor

Reporting scope

On the basis of information that you provided we have compiled, in accordance with "Service engagement Standard Number 2: Compilation of Financial Information", the financial statements of [Entity1] for year ended xxxxxx as set out the following pages.

These statements have been prepared in accordance with the X

Departure from reporting framework (if required)

We draw attention to Note X of the financial statements. There is a departure from the identified financial reporting framework in that XXXX.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence (modified as required)

We have no involvement with XYZ other than the preparation of the financial statements and related tax returns from the information provided.

Disclaimer of liability statement (default – removed as appropriate)

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information. We have not performed an audit or review engagement on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of, and for the purposes of, our client only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person.