



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

## **Accountant's Report by Reporting Accountant**

## 1.0 Preamble

- 1.1 The Council of the Malaysian Institute of Accountants (“MIA”) has approved this Guidance Note for issuance to members for guidance upon the recommendation of the Capital Markets Advisory Committee (“CMAC”).
- 1.2 The MIA would like to extend its appreciation to the Financial Reporting Council, United Kingdom for granting permission to the MIA to use the Standards for Investment Reporting 2000 (“SIR 2000”) as its main reference in developing this Guidance Note.
- 1.3 The Guidance Note provides guidance on the Reporting Accountant’s responsibilities and procedures when preparing an accountant’s report on historical financial information for inclusion in documents prepared in connection with an offer or invitation to subscribe for or purchase any securities of a corporation, a business trust or a real estate investment trust, including any excluded offer or excluded invitation as defined under the Capital Markets and Services Act 2007 and post-listing transactions (“the submission”). The objective of gathering sufficient and appropriate evidence in support of an accountant’s report is to enable the Reporting Accountant to express a Reporting Accountant’s opinion as to whether the financial information presents a true and fair view in accordance with the approved accounting standards, for the purpose of the submission.
- 1.4 An accountant’s report consists of the following:
  - 1) A set of historical financial information of the entity prepared by the directors of the entity; and
  - 2) An independent Reporting Accountant’s opinion on that historical financial information.
- 1.5 The directors of the entity are responsible for the preparation of a true and fair presentation of the financial information prepared in accordance with approved accounting standards as defined in the Financial Reporting Act 1997.
- 1.6 The responsibility of the Reporting Accountant is to perform procedures in accordance with this Guidance Note and express a Reporting Accountant’s opinion as to whether the financial information presents a true and fair view in accordance with the approved accounting standards, for the purpose of the submission.
- 1.7 The Reporting Accountant is not necessarily the statutory auditor of the entity. However, an accountant’s report shall be audited by a professional accountant who is qualified under the Companies Act, 1965 for appointment as an approved company auditor and who is independent of both of the entity and of any other related corporations concerned to the same extent as that required of an auditor under the Companies Act, 1965 and the MIA By-Laws (On Professional Ethics, Conduct and Practice).
- 1.8 The Guidance Note is issued as part of the MIA’s initiatives to promote best practices aimed at achieving the highest standards in reporting. It should be read in conjunction with the respective laws and regulations applicable to capital markets in Malaysia.

## 2.0 Introduction

- 2.1 The nature of the accountant's report is such that the objective of the Reporting Accountant's exercise does not differ in essence from that of an auditor. The underlying guidance of this Guidance Note is that the Reporting Accountant will, in conducting the work necessary to provide the Reporting Accountant's opinion on the historical financial information contained in the accountant's report, perform its own procedures, and/or use the work of the auditor(s), that meet the requirements of ISAs that are relevant to the Reporting Accountant's exercise. The above-mentioned ISAs refer to the approved standards on auditing in Malaysia. The Reporting Accountant applies ISAs on the basis set out in this Guidance Note in the context of the following:
- a) The Reporting Accountant is often reporting on financial information that has been included in, or formed part of, financial statements which have themselves already been subject to audit by an independent auditor. In consequence, there may be available to the Reporting Accountant a body of independent evidence relating to the historical financial information which would not be available to an auditor examining the financial information for the first time; and
  - b) The financial information being examined may relate to accounting periods in circumstances where financial statements for one, and possibly two, subsequent periods have been prepared and audited. These circumstances mean that in assessing risks that may affect the historical financial information in relation to earlier periods the Reporting Accountant has the benefit of information relating to uncertainties affecting the financial information which would not have been available to an auditor auditing the information for the first time.
- 2.2 Given the nature of the accountant's report, the Reporting Accountant does not have the statutory responsibilities of an auditor as set out in the Companies Act, 1965.
- 2.3 This Guidance Note addresses those aspects of the Reporting Accountant's exercise that require the Reporting Accountant to perform procedures directly, for example risk assessment procedures. It also provides guidance on the application of ISAs to the Reporting Accountant's exercise.
- 2.4 The Reporting Accountant may wish to use evidence previously obtained by the auditor who audited the historical financial statements for the relevant period covered by the Reporting Accountant's exercise. Guidance is provided on the steps that the Reporting Accountant undertakes, including initial planning considerations, in order to assess the suitability of the audit evidence for this purpose.
- 2.5 Subject to the considerations set out in this Guidance Note, references in the ISAs to the auditor performing audit procedures or obtaining audit evidence may be read as references to the Reporting Accountant being satisfied that the procedures have been performed, or the evidence has been obtained, either by the Reporting Accountant or an auditor.
- 2.6 Certain requirements of ISAs will not be relevant to the Reporting Accountant's exercise, for example, when a requirement of an ISA is predicated on a continuing relationship between an auditor and the entity being audited, or because of the

specific nature of the Reporting Accountant's responsibilities, under applicable regulations, as discussed in this Guidance Note.

- 2.7 This Guidance Note provides guidance to the Reporting Accountant in the context of assessing whether the financial information presents a true and fair view in accordance with the approved accounting standards, for the purposes of the submission. In situations where the entity has a historical record of audited financial statements, the true and fair view in accordance with the approved accounting standards for the purposes of the submission may be a financial reporting framework such as Malaysian Financial Reporting Standards.

### **3.0 Applicability**

- 3.1 This Guidance Note on 'Accountant's Report by Reporting Accountant' is prepared specifically to address the Reporting Accountant's responsibilities and procedures when preparing an accountant's report on historical financial information for inclusion in the submission prepared in connection with an offer or invitation to subscribe for or purchase any securities of a corporation, including any excluded offer or excluded invitation as defined under the Capital Markets and Services Act 2007 and post-listing transactions.

### **4.0 General professional considerations**

- 4.1 The Reporting Accountant shall comply with the ethical requirements set out in the MIA By-Laws (On Professional Ethics, Conducts and Practice) and the relevant ISAs which set out the basic principles and essential procedures that apply to a Reporting Accountant.
- 4.2 Where the evidence used by the Reporting Accountant includes that contained within the audit documentation of an auditor, the Reporting Accountant's documentation identifies the working papers reviewed and the nature of the work performed. Whilst it is not necessary for the Reporting Accountant's documentation to replicate all of the detailed findings contained in the audit documentation, the Reporting Accountant documents the basis on which the auditor addressed the particular risks identified in the Reporting Accountant's risk assessment procedures.
- 4.3 In considering the requirements of ISA 240 "The Auditor's Responsibilities relating to Fraud in an Audit of Financial Statements", the Reporting Accountant will need to assess the effect of these requirements when reporting in terms of the true and fair view in accordance with the approved accounting standards, for the purposes of the submission.

If the Reporting Accountant has identified a fraud or has obtained information that indicates that a fraud may exist, the Reporting Accountant shall communicate these matters on a timely basis to the appropriate level of the entity's management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities. The Reporting Accountant shall also communicate with those charged with governance any other matters related to fraud that are, in the Reporting Accountant's judgment, relevant to their responsibilities. Given the exceptional nature of the circumstances and the need to consider the legal and regulatory requirements, the Reporting Accountant may consider it appropriate to obtain legal advice to determine the appropriate course of action in the

circumstances, the purpose of which is to ascertain the steps necessary in considering the public interest aspects of identified fraud.

Where matters arise which may potentially require disclosure by the Reporting Accountant and the Reporting Accountant is unsure of how to proceed, the Reporting Accountant takes legal advice. Where required by law, the auditors shall report any fraud related matters to the authorities.

- 4.4 In applying ISAs 240 “The Auditor’s Responsibilities relating to Fraud in an Audit of Financial Statements”, 250 “Considerations of Laws and Regulations in an Audit of Financial Statements”, 260 “Communication with Those Charged with Governance”, 265 “Communicating Deficiencies in Internal Control to Those Charged with Governance and Management” and 450 “Evaluation of Misstatements Identified during the Audit”, the Reporting Accountant considers who, in relation to the submission, should be regarded as a person charged with governance. Where the entity has already formed an audit committee, the Reporting Accountant communicates with the audit committee in accordance with the guidance set out in this Guidance Note. In the absence of an audit committee those responsible for governance will usually be the directors of the entity.
- 4.5 The underlying guidance of this Guidance Note is that the Reporting Accountant will, in conducting the work necessary to provide the accountant’s report, perform its own procedures and/or use of work of the auditor(s) that met requirements of ISAs that are relevant to the Reporting Accountant’s work. This will be a re-audit engagement where the Reporting Accountant’s opinion is arrived at independently of any audit opinion previously given on the financial information.

## **5.0 Planning**

- 5.1 The Reporting Accountant should perform and document risk assessment procedures to support the Reporting Accountant’s exercise.
- 5.2 A Reporting Accountant may consider:
- a) Any previous modifications to the opinion in the auditor’s report on underlying financial statements or emphasis of matter or other matters paragraphs and their potential impact on the approach to the Reporting Accountant’s exercise.
  - b) The nature of adjustments to previously published historical financial information which may be proposed by the preparer of the historical financial information (for example as a result of changing the financial reporting framework) and the sources of evidence to support an examination of the adjustments.
  - c) Staffing, including relevant experience and skills linked to documents reporting, and sources of consultation.
  - d) Liaison with the auditor and arrangements for terms of access to the audit documentation, or equivalent evidence if maintained in machine readable form.
  - e) The nature and timing of procedures to support any decision to rely on audit evidence obtained by the auditor.
  - f) Whether the financial reporting framework applicable to the audited financial statements is the same as that applicable to the financial information contained in the submission.
  - g) Whether there are any special circumstances concerning the appointment, resignation or reporting responsibilities of the auditor.
  - h) Whether there is evidence of any limitation having been placed on the work of the auditor.

- i) Whether corrections or adjustments to subsequent financial statements indicate possible inadequacies in the audits of earlier periods.
- 5.3 Where the Reporting Accountant is considering using audit evidence obtained by an auditor as part of the evidence for the Reporting Accountant's exercise, the Reporting Accountant should consider the professional qualification, independence and professional competence of the auditor and the quality control systems applied by the audit firm to that engagement.
- 5.4 Matters that the Reporting Accountant considers include:
- a) The integrity and experience of the auditor.
  - b) Whether the auditor was required to comply with MIA By-Laws (On Professional Ethics, Conducts and Practice), Malaysia approved International Standard on Quality Control 1, ISAs or equivalent standards.

## **6.0 Understanding of the entity, its environment and risk assessment**

- 6.1 The Reporting Accountant should obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the historical financial information covered by the accountant's report whether due to fraud or error, and sufficient to design and perform further procedures. As part of this risk assessment the Reporting Accountant should determine whether any of the risks identified are, in the Reporting Accountant's judgment, significant risks.
- 6.2 Such an understanding is ordinarily obtained by:
- a) Meeting the directors and management of the entity;
  - b) Visiting the entity's premises;
  - c) Discussing the financial information and recent results with management;
  - d) Applying analytical procedures to the financial information; and
  - e) Obtaining from management an understanding of the principal transaction flows, internal controls and reporting arrangements of the business.
- 6.3 If this process indicates that there are factors which may give rise to a modification of the Reporting Accountant's opinion or an emphasis of matter and other matter paragraphs then such factors are reported immediately to those responsible for the submission, usually the directors, and any other responsible parties.
- 6.4 In considering areas of risk in relation to the periods for which historical financial information is presented, the Reporting Accountant has regard to the probability that misstatements in earlier periods, if they exist, are likely to have been detected in subsequent periods. Account is also taken of the fact that other uncertainties, particularly those affecting subjective matters in the historical financial information, may have been resolved with the passage of time.
- 6.5 When performing the risk assessment, the Reporting Accountant should take into account the evidence obtained from all other relevant work performed in connection with the submission.
- 6.6 The Reporting Accountant may be undertaking other relevant work related to the transaction giving rise to the accountant's report. For example, a comfort letter on a statement of sufficiency of working capital.

- 6.7 If other relevant work has been performed by another firm, the Reporting Accountant requests the entity to provide access to the documentation of such work. If the Reporting Accountant is not allowed access to such documentation, the Reporting Accountant considers the implications on the accountant's report.

## **7.0 Materiality**

- 7.1 The Reporting Accountant determines both materiality and performance materiality for the purposes of the Reporting Accountant's work independently from the auditor, if any, who had previously audited the underlying financial statements, and accordingly the Reporting Accountant's determination of materiality and performance materiality may differ from that of the auditor. In determining materiality and performance materiality for the purposes of reporting on historical financial information, the Reporting Accountant considers the context in which the opinion is to be expressed by the Reporting Accountant.

## **8.0 The Reporting Accountant's procedures**

- 8.1 The Reporting Accountant should perform procedures to obtain sufficient appropriate evidence as to whether the work of an auditor, which the Reporting Accountant plans to use, is adequate for the Reporting Accountant's purposes. Where the Reporting Accountant, concludes that the auditor's work is not adequate, does not have access to the auditor's audit documentation, or an audit has not previously been performed, the Reporting Accountant should perform procedures that compensate for this. The procedures of the auditor and the Reporting Accountant, taken together, should comply with the requirements of ISAs unless:
- a) An entire ISA is not relevant to the Reporting Accountant's engagement; or
  - b) A particular requirement is:
    - (i) Conditional and the condition does not exist; or
    - (ii) Predicated on the concept of a recurring engagement or an ongoing relationship with a client which is usually not relevant to engagements to report on an document.
- 8.2 In approaching the procedures to be performed in response to the assessed risk of material misstatement at the assertion level, the Reporting Accountant considers the extent to which the procedures that the Reporting Accountant wishes to perform have previously been performed by an auditor. Where such procedures have been performed by an auditor, the Reporting Accountant may, subject to the considerations discussed in this Guidance Note, use the evidence obtained by the auditor from those procedures as part of the Reporting Accountant's own evidence.
- 8.3 When the Reporting Accountant intends to use audit evidence obtained by the auditor, it should evaluate whether the audit procedures performed by the auditor adequately respond to the Reporting Accountant's assessment of the risks (including significant risks) of material misstatement of the financial information to be included in the submission.

8.4 The Reporting Accountant's procedures should include:

- a) Examining material adjustments from previously published historical financial statements made during the course of preparing the historical financial information and considering the responsible party's basis for satisfying itself that the adjustments are necessary and whether they have been correctly determined;
- b) Evaluating whether all necessary adjustments to previously published historical financial statements have been made; and
- c) Where the information is based on previously published financial statements, comparing the historical financial information to those financial statements and assessing whether the information has been accurately extracted therefrom.

8.5 In certain areas, use of the work of the auditor may be the only practicable means of obtaining the evidence necessary to support the Reporting Accountant's opinion. The timing of the Reporting Accountant's own work will inevitably be dictated by the timing of the preparation of the historical financial information and the related documents and this may be some time after the end of the periods to which the report relates.

## **9.0 Evidence**

9.1 The Reporting Accountant reconsiders the matters considered at the planning stage as described in paragraphs 5.2 and 5.4.

9.2 Where the financial information to be reported on has previously been subject to audit, the audit documentation will be a useful source for the evidence which the Reporting Accountant may need to support its opinion on the financial information.

9.3 If planning to use the work of the auditor, the Reporting Accountant considers whether:

- a) The work of the auditor was conducted to an appropriate materiality level; and
- b) The auditor appears to have complied with the approved standards on auditing in Malaysia that were applicable to the auditor's work.

9.4 The Reporting Accountant accepts evidence in audit documentation as being prima facie truthful and genuine, but in considering that evidence adopts an attitude of professional scepticism, whether the documentation was produced by an auditor from the Reporting Accountant's own firm or by another auditor. However, with respect to audit documentation from the Reporting Accountant's own firm, the Reporting Accountant is more familiar with the detailed quality control procedures that will have been applied in the conduct of the audit. The application of professional scepticism will include considering the evidence contained in the audit documentation in the light of the understanding of the entity and its environment, including its internal control and such other evidence as the Reporting Accountant obtains directly.

9.5 The extent to which independent testing of the evidence obtained by the auditor (for example, re-performance of tests performed by the auditor) will be necessary is a matter for the Reporting Accountant's judgment on the basis of the information available at the time, including the Reporting Accountant's evaluation of the auditor's work.



- 9.6 The Reporting Accountant should evaluate the quality of the audit evidence obtained by the auditor that the Reporting Accountant intends to rely on. Where the Reporting Accountant concludes that such audit evidence is either not sufficient or is inappropriate for the purposes of the Reporting Accountant's exercise the Reporting Accountant should obtain evidence directly. Where the evidence is not available, the Reporting Accountant considers the implications for its accountant's report.
- 9.7 Where the Reporting Accountant intends to rely on internal controls the Reporting Accountant performs tests of control when unable to rely on the auditor's tests of such internal controls. This is likely to arise when the auditor:
- a) has not performed tests of those internal controls; or
  - b) has performed tests of internal controls but the internal controls have subsequently changed.
- 9.8 Where relevant information is not available from the audit documentation, the Reporting Accountant will need to obtain the relevant evidence directly. The audit documentation is unlikely, for example, to contain information concerning post balance sheet events up to the date of signing the accountant's report or to contain evidence relating to any adjustments made to the financial statements in preparing the historical financial information contained in the accountant's report.

## **10.0 Obtaining access to information in audit documentation**

- 10.1 When the entity's auditor, or former auditor, is not appointed as the Reporting Accountant, the auditor will be aware that the Reporting Accountant may need access to information contained in the audit documentation. The auditor or former auditor may, in accordance with relevant professional guidance, make the audit documentation available to Reporting Accountants for the purpose of work under this Guidance Note.
- 10.2 Access may be granted only on the basis that the auditor accepts no responsibility or liability to the Reporting Accountant in connection with the use of the audit documentation by the Reporting Accountant. This has no effect on the Reporting Accountant's judgment regarding the extent to which reliance is placed on such audit documentation.
- 10.3 In cases where the Reporting Accountant is not able to obtain access to information in audit documentation, the Reporting Accountant will have no option other than to obtain the relevant evidence directly.
- 10.4 Irrespective of whether the Reporting Accountant has access to the auditor's documentation, the Reporting Accountant seeks to obtain, either from the directors or from the auditor, copies of all relevant communications sent by the auditor to those charged with governance of the entity, including those required to be sent by approved standards on auditing in Malaysia at the time, and copies of any responses to such communications made by management. A relevant communication would, for example, be one that discussed internal control and other weaknesses.

## **11.0 Events occurring up to the date of the accountant's report**

- 11.1 Unless an event after the reporting period indicates that there has been an error in the preparation of the historical financial information in an earlier period, the

Reporting Accountant will only consider the impact of post balance sheet events occurring up to the date of the accountant's report on the final period presented.

## **12.0 Events occurring between the date of the accountant's report and the completion date of the transaction**

- 12.1 If, in the period between the date of the accountant's report and the completion date of the transaction, the Reporting Accountant becomes aware of events and other matters which, had they occurred and been known at the date of the accountant's report, might have caused it to issue a different report or to withhold consent, the Reporting Accountant should discuss the implications of them with those responsible for the submission and take additional action as appropriate.
- 12.2 After the date of the accountant's report, the Reporting Accountant has no obligation to perform procedures or make enquiries regarding the historical financial information included in the submission.
- 12.3 If, as a result of discussions with those responsible for the submission concerning a subsequent event that occurred prior to the completion date of the transaction, the Reporting Accountant is either uncertain about or disagrees with the course of action proposed, the Reporting Accountant may consider it necessary to take legal advice with respect to an appropriate course of action.

## **13.0 Going concern**

- 13.1 References to a material uncertainty related to events or conditions that may cast significant doubt about the ability of the entity to continue as a going concern that is relevant at the time the accountant's report is signed, and which will not be resolved by a satisfactory outcome to the transaction to which the submission relates, will be included in the accountant's report immediately after the Reporting Accountant's opinion on the financial information.
- 13.2 Where the material uncertainty, related to events or conditions that may cast significant doubt about the ability of the entity to continue as a going concern, will be resolved if the outcome of transactions to which the submission containing the report relates is satisfactory (for example the successful raising of money through a share issue or shareholder approval of a transaction), the Reporting Accountant will consider whether adequate disclosure of that matter or uncertainty is made in a note to the historical financial information.

## **14.0 Representations**

- 14.1 The Reporting Accountant obtains appropriate written representations from the directors of the entity.
- 14.2 Representations additional to those pursuant to ISAs that a Reporting Accountant may consider for incorporation in the letter of representation include:
- Confirmation from the directors of the entity that they are responsible for the preparation of the historical financial information.
  - Confirmation that any adjustments made to historical financial statements for the purposes of preparing the historical financial information are necessary, have

been correctly determined and that there are no other adjustments that are necessary.

## **15.0 Joint Reporting Accountants**

- 15.1 When joint Reporting Accountants are appointed, the division of work as between them is a matter for agreement. The arrangements between the joint Reporting Accountants may form part of the engagement letter. Irrespective of any such arrangement, the joint Reporting Accountants are jointly and severally responsible for the report to be given. Each of the joint Reporting Accountants participates in the planning of the engagement and they agree upon the scope of work and any changes subsequently found to be necessary thereto. Each of the joint Reporting Accountants has regard to the considerations set out in this Guidance Note in respect of using the work of an auditor in determining the extent to which it is appropriate to rely on the evidence obtained by the other Reporting Accountants or the extent to which they consider it necessary to carry out their own work. Each of the joint Reporting Accountants reviews the work of the other to the extent considered necessary and records the results of that review. A common record of documentation is normally maintained.

## **16.0 Reporting**

- 16.1 The Reporting Accountant's opinion is usually expressed in terms of whether, for the purpose of the relevant submission, the financial information presents a true and fair view in accordance with the approved accounting standards as at the date of the opinion.
- 16.2 When there is a limitation on the scope of the Reporting Accountant's work, the Reporting Accountant considers whether the limitation results in a lack of sufficient appropriate evidence necessary to form an opinion. When the possible effect is, in the opinion of the Reporting Accountant, material to the financial information, there will be insufficient evidence to support an unqualified opinion. The nature of the work of Reporting Accountants is such that in the absence of reliable contemporary evidence relating to significant accounts and balances it may not be possible to form an opinion on the financial information. This might be the case where there has been no audit of the underlying financial information in the past or where the auditor has given a qualified opinion because of a limitation in the scope of work.
- 16.3 As a consequence of the purpose for which financial information is presented and the importance which may be attached to it by readers of the submission, a Reporting Accountant does not normally agree to be associated with financial information where a disclaimer of opinion needs to be given on the information for the entire period.
- 16.4 In an accountant's report, the Reporting Accountant should include the following items:
- a) Title to indicate that it is Reporting Accountant's opinion on the historical financial information contained in the an accountants' report of the entity;
  - b) Addressee as required by the circumstances of the engagement;
  - c) Introductory paragraph identifying the matters to which the Reporting Accountant's opinion relates to;
  - d) Directors responsibility;

- e) Reporting Accountant's responsibility;
- f) A clear expression of Reporting Accountant's opinion;
- g) Name and signature of the Reporting Accountant;
- h) Reporting Accountant's address; and
- i) Date of the Reporting Accountant's opinion.

16.5 Where the financial information has been prepared in accordance with a recognised financial reporting framework such as "Malaysian Financial Reporting Standards" the Reporting Accountant's opinion is expressed in terms of the financial information giving a true and fair view in accordance with that framework (see Appendix 2 for an illustration).

## **17.0 Other information**

17.1 The Reporting Accountant's opinion is arrived at independently of any audit opinion previously given on the financial statements which form the basis for the financial information to be reported on. It is not part of the Reporting Accountant's role to explain (where this is the case) why the Reporting Accountant's opinion differs from the opinion of the auditor. In some cases, however, there may be an obligation on an entity to disclose details of modified opinions contained in auditor's reports prepared by the statutory auditor. In such cases, the Reporting Accountant considers the disclosures made by the entity relating to such modified opinions and whether any matters disclosed might give rise to questions as to how the Reporting Accountant has dealt with matters giving rise to the modified opinions. If the Reporting Accountant is not satisfied with the disclosures, the Reporting Accountant discusses the matter with those responsible for the submission and ensures that the appropriate information is included by the entity or is included in the accountant's report. Where the audit has been undertaken by another firm, the Reporting Accountant does not normally refer to the name of the auditor in the accountant's report.

## **18.0 Comparatives**

18.1 The Reporting Accountant is required to opine on each period included in the historical financial information to which the reporting requirement relates. As a consequence the financial information does not constitute either "comparative information", "corresponding figures" or "comparative financial statements" as contemplated by ISA 710 "Comparative Information – Corresponding Figures and Comparative Financial Statements". Accordingly ISA 710 "Comparative Information – Corresponding Figures and Comparative Financial Statements" is not relevant to the work of the Reporting Accountants.

## **19.0 Effective Date of this Guidance Note**

19.1 This Guidance Note is effective on 1 November 2016.

## Appendix 1

## List of ISAs that is Not Relevant to Reporting Accountant's Exercise

No.	ISA	Rationale
1.	ISA 710 – Comparative Information	<p>The Reporting Accountant is required to opine on each period included in the historical financial information to which the reporting requirement relates. As a consequence the financial information does not constitute either “comparative information”, “corresponding figures” or “comparative financial statements” as contemplated by ISA 710 “Comparative Information – Corresponding Figures and Comparative Financial Statements”. Accordingly, ISA 710 “Comparative Information – Corresponding Figures and Comparative Financial Statements” is not relevant to the work of the Reporting Accountants.</p>

## Appendix 2

**Example of a Reporting Accountant's opinion on the historical financial information prepared in accordance with Malaysian Financial Reporting Standards (all reporting periods of historical financial information ended/ending prior to 15 December 2016)**

[Addressee]

[Date]

Dear Sirs

**Reporting Accountant's Opinion on the financial information contained in the accountant's report of [name of entity]**

We have audited the financial information of [name of entity] which comprises [specify the financial statements] for the [specify periods] as set out in pages [specify page number] to [specify page number]. This historical financial information has been prepared for inclusion in the [describe Document] to [shareholders] of [name of entity]. This report is required by [Relevant Regulation] and is given for the purpose of complying with that [paragraph] and for no other purpose.

**Directors' Responsibility for the Financial Information**

The Directors of [name of entity] are responsible for preparing the financial information in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

**Reporting Accountant's Responsibility for the Audit of Financial Information**

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our work in accordance with the approved standards on auditing in Malaysia. We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial information gives, for the purposes of inclusion in the *[describe Document]* to *[shareholders]* of *[name of entity]*, a true and fair view of the financial position of *[name of entity]* as at *[specify dates]* and of its financial performance and cash flows for the *[specify periods]* in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other matter**

*[Contents of this section vary depending on the nature of the Reporting Accountant's other reporting responsibilities under the relevant regulation]*

*[Signature in the name of the Reporting Accountant's firm]*

*[Number of Reporting Accountant's firm, e.g.AF:1238]*

Chartered Accountants

*[Signature and personal name of the Reporting Accountant]*

*[License Number of Reporting Accountant, e.g.No.1234/10/16(J)]*

Chartered Accountant