



- Statement that report is restricted to parties that have agreed to procedures to be performed
- Statement that report relates only to elements, accounts, items or financial and non-financial info. specified & doesn't extend to entity's F.S. as whole

SRS 4410 Compilation Engg.

Deals with practitioner's responsibilities when engaged to assist mgt with preparation & presentation of historical financial info. without obtaining any assurance on that info, & report on engg. as per this SRS.

- It applies to compilation engg. for historical financial info.
- Compilation engg. for financial info. other than historical financial info, and non-financial info. can be performed under this Std after necessary adaptation.
- SQC 1 is applicable to all Engg. Stds.
- Since SRS 4410 is also one of Engg Stds, SQC 1 applies to compilation engg. too.

Remember, compilation engg. isn't assurance engg. → hence no expression of opinion.

Engg. Acceptance and Continuance

Practitioner shall not accept engg. unless agreed terms of engg. with mgt & engaging party if different, including: -

- a. Intended use & distribution of financial info, & any restrictions on either its use or its distribution where applicable
- b. Identification of applicable FRF
- c. Objective and scope of compilation engg.
- d. Responsibilities of practitioner, including requirement to comply with relevant ethical requirements
- e. Responsibilities of mgt for: -
 - i) Financial info., and preparation & presentation as per an acceptable FRF
 - ii) DIM of IC to enable preparation of F.S. free from M.M., whether due to fraud/error
 - iii) Accuracy & completeness of records, documents, explns and other info. provided by mgt for compilation engg. &
 - iv) Judgments needed in preparation and presentation of financial info., including those for which practitioner may provide assistance in course of compilation engg.
- f. Expected form and content of report.

Practitioner shall record agreed terms of engg. in an engg. letter or other suitable form of written agreement, prior to performing the engg.

Performing the Engg.

- Practitioner shall obtain understanding of following matters to perform compilation engg: -
 - Entity's business & operations, including a/c system & records &
 - Applicable FRF, including its application in entity's industry
- Compile financial info. using records, documents, explanations & other info, including significant judgments, provided by mgt.
- Discuss with mgt, or TCWG, those significant judgments, for which practitioner has provided assistance in course of compiling financial info.
- Prior to completion of compilation engg, practitioner shall read compiled financial info. in light of understanding of entity's business & operations, & applicable FRF.
- If, in course of compilation engg, practitioner becomes aware that records, documents, explanations or other info, including significant judgments, provided by mgt are incomplete, inaccurate or otherwise unsatisfactory, bring to attention of mgt & request additional or corrected info.
- If unable to complete engg. because mgt has failed to provide records, documents, explanations or other info, including significant judgments, as requested, withdraw from engg, & inform mgt & TCWG of reasons for withdrawing.

Understanding [B&O + FRF] → Compile info. → Discuss → Read → Issues → Withdraw

If practitioner becomes aware during engg. that: -

- Compiled financial info. doesn't adequately refer or describe applicable FRF
 - Amendments required for to compiled financial info. not to be materially misstated or
 - Compiled financial info. is otherwise misleading, practitioner shall propose appropriate amendments to mgt.
- If mgt declines or doesn't permit practitioner to make proposed amendments to compiled financial info., withdraw from engg. & inform mgt and TCWG reasons for withdrawing.
 - If withdrawal not possible, determine applicable professional & legal responsibilities.
 - Obtain acknowledgement from mgt or TCWG that they have taken responsibility for final version of compiled financial info.

Practitioner's Report

An imp. purpose of report is to clearly communicate nature of compilation engg. & practitioner's role & responsibilities. Report is not to express opinion or conclusion on financial info. in any form.

Report shall be in writing and include following elements: -

- Report title
- Addressee(s), as required by terms of engg.
- Statement that practitioner has compiled financial info. based on info. provided by mgt



- d. Description of responsibilities of mgt, or TCWG as appropriate, in relation to compilation engg, and in relation to financial info.
- e. Identification of applicable FRF & if spl. purpose FRF is used, description or reference to spl purpose FRF in financial info.
- f. Identification of financial info., including title of each element of financial info. if it comprises more than one element, & date of financial info. or period to which it relates
- g. Description of practitioner's responsibilities in compiling financial info, including that engg. was performed as per this SRS, & practitioner has complied with ethical requirements
- h. Description of what a compilation engg. entails as per this SRS
- i. Explanations that: -
 - i. Since a compilation engg. is not assurance engagement, practitioner not required to verify accuracy or completeness of info. provided by mgt for compilation &
 - ii. Accordingly, practitioner doesn't express an audit opinion or review conclusion on whether financial info. is prepared as per applicable FRF.
- j. If financial info. is prepared using special purpose FRF, an explanatory para. that: -
 - i. Describes purpose for which financial info. is prepared and, if necessary, intended users, or contains reference to a note in financial info. that discloses this information and
 - ii. Draws attention of readers to fact that financial info. is prepared as per a SPF & as a result, info. may not be suitable for other purposes
- k. Date of practitioner's report
- l. Practitioner's sign
- m. Place of sign

Engagement Level Quality Control

EP shall take responsibility for:

- a. Overall quality of each compilation engg. to which partner is assigned &
- b. Engg. being performed as per firm's quality control policies and procedures

Documentation

Practitioner shall include in engg. documentation: -

- a. Significant matters arising during compilation engg. & how those matters were addressed
- b. A record of how compiled financial info. reconciles with underlying records, documents, explanations and other info, provided by mgt &
- c. Copy of final version of compiled financial info. for which mgt or TCWG has acknowledged their responsibility, and practitioner's report.
- d. May also include in engg. documentation copy of entity's trial balance, summary of significant a/c records or other info. used to perform compilation.

↳ Annual Report (SA-7)

Notes to A/c

During course of performing compilation engg. as per SRS 4410, it becomes known to you that client had suffered theft loss of ₹100 lacs of its inventories over period of time at a storage location visited infrequently. Claim was lodged by client with insurance Co. which was repudiated due to certain technical reasons relating to coverage of policy. Client hasn't preferred a complaint or appeal against said repudiation. Amount is reflected under head "current assets" in trial balance of client. Discuss, how you should proceed to deal with the matter? *prove*

In given case, amount of ₹100 lacs is reflected under head "current assets" in trial balance. Since client's claim has been repudiated and no appeal has been preferred, it is a loss for client and should be dealt accordingly.

Therefore, amendments are required for financial info. not to be materially misstated.

- If practitioner becomes aware during course of engg. that amendments to compiled financial info. are required for it not to be materially misstated or compiled financial information is otherwise misleading, practitioner shall propose appropriate amendments to mgt.
- If mgt declines, or doesn't permit practitioner to make proposed amendments to compiled financial info, practitioner shall withdraw from engg. & inform mgt and TCWG of reasons for withdrawing.
- If withdrawal not possible, determine applicable professional & legal responsibilities.

Don't watch the clock, do what it does. Keep Going.