



CONNELLY & KOSHY
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

NEW STANDARD FOR FINANCIAL STATEMENTS / FINANCIAL INFORMATION

Applicable to corporations who prepare annual financial statements that are accompanied with a “notice to reader” report (i.e., where financial statements are not subject to audit or “review” procedures), the Auditing and Assurance Standards Board (AASB) has recently issued a new standard on compilation engagements. It is called *Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements*.

Compilation engagements are a set of financial information (formally “Notice to Reader”) that includes the balance sheet, income statement, statement of retained earnings and notes to this information.

We will make every effort to ensure that, notwithstanding changes to required procedures, our fees remain reasonable; however, if there is an increase, we will inform you individually.

Purpose of this Notice..

- When Is the Standard Effective?
- What Changes Can You Expect in a Compilation Engagement?
- What is The Basis of Accounting That Must Be Described?

When is the standard effective?

CSRS 4200, Compilation Engagements, is effective for compiled financial information for periods ending on or after December 14, 2021.

What changes can you expect in a Compilation Engagement?

This will include additional discussion relating to potential users of the financial information, a discussion about the *basis of accounting*, an updated engagement letter and a revised compilation engagement report.

What is the basis of accounting that must be described?

Your compiled financial information will now include a note describing the basis of accounting applied. The purpose of the description of the basis of accounting is to assist users in understanding how the compiled financial information is prepared. Examples of bases of accounting commonly encountered in compilation engagements are:

- a cash basis of accounting
- a cash basis of accounting with selected accruals and accounting estimates

We will assist you in describing the basis of accounting your company employs.

Regards,

Connelly & Koshy

November 11, 2021

