



**Guide on Considering the International Standards to be used for
Audits, Reviews, Other Assurance, and Related
Services Engagements**

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PREFACE

This guide has been developed by the South African Institute of Chartered Accountants (SAICA) primarily to seek to give guidance to members and associates on considering the International Standards to be used for Audits, Reviews, Other Assurance, and Related Services Engagements.

This guide does not impose requirements on practitioners beyond those included in the International Standards included and referred to throughout the guide, but also does not change the practitioner's responsibility to comply with the requirements of any standards, codes, other pronouncements and laws and regulations that may be applicable to a particular engagement. Although specific references to various International Standards have been included in the guide, the practitioner is required to have an understanding of the entire text of each applicable standard to assess how it is relevant to a particular engagement and to enable the practitioner to comply with all the requirements of all standards relevant to an engagement.

This guide is not a substitute for reading, understanding and applying the International Standards issued by the International Auditing and Assurance Standards Board (IAASB), as well as the pronouncements of the Independent Regulatory Board for Auditors (IRBA).

Every effort has been made to ensure that the guidance included in this guide is correct. Nevertheless, this guidance is provided to members and associates of SAICA to assist them with particular aspects relating to the subject matter of the guide, and SAICA will have no responsibility to any person for any claim of any nature whatsoever that may arise out of or related to the contents of this guide.

Guide on Considering the International Standards to be used for Audits, Reviews, Other Assurance, and Related Services Engagements

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Note: This guide includes endnotes to clarify or provide additional information in relation to various terms, concepts, requirements and references that have been used.

SCOPE

A practitioner¹ may receive numerous and varied requests to enter into an engagement to provide or issue a report; or to sign a standard format report or certificate from clients or prospective clients. Such requests may also originate from a third party, for example a regulator, the client's bank or an attorney. The practitioner should always consider whether any request for engagement falls within the scope of **the pronouncements**² issued by the International Auditing and Assurance Standards Board (IAASB) that have been adopted and prescribed for use by registered auditors (RAs) in South Africa. These pronouncements are also prescribed for use by SAICA members and associates³.

This guide aims to assist practitioners in deciding whether the engagement falls within the scope of the pronouncements that are currently effective and to determine which pronouncement/(s) apply in a particular case.

There are three main categories contained in the pronouncements for the practitioner to consider in relation to requested engagements:

1. Audits and reviews of historical financial information (to obtain reasonable assurance and limited assurance respectively as a basis for the practitioner's opinion / conclusion) – International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs);
2. Assurance engagements other than audits or reviews of historical financial information (to obtain either reasonable assurance or limited assurance as a basis for the practitioner's opinion / conclusion) – International Standards on Assurance Engagements (ISAEs); and
3. Related services⁴ (no assurance is obtained or expressed) – International Standards on Related Services (ISRSs).

If one of the above three categories are not applicable in the circumstances, the particular engagement falls outside the scope of the pronouncements. Such engagements are beyond the scope of this guide. It is advisable that the practitioner consult with the firm's risk management and/or technical department before accepting engagements that fall outside the scope of the pronouncements. If there is uncertainty, the practitioner should consider obtaining professional and/or legal advice.

It is further advised that should the practitioner decide to accept an engagement that is outside the scope of the pronouncements, care should be taken by the practitioner to ensure that any report issued does not contain wording that could create the impression or imply that an engagement has been performed in accordance with the pronouncements.

Any term used in this guide carries its definition as contained in the glossary of terms to the IAASB's International Standards (Glossary of Terms) or in the relevant pronouncement.

OVERALL CONSIDERATIONS WITH RESPECT TO THE APPLICABILITY OF THE PRONOUNCEMENTS CONCERNED

Each engagement requires the exercising of professional judgement⁵ by the practitioner and should include careful consideration and implementation of the practitioner's / the firm's engagement acceptance and continuance requirements and agreement of the terms of the engagement with the client. Other overall engagement considerations are addressed under separate headings below.

Ethical Considerations⁶

Practitioners are reminded of the requirement for the members of the engagement team, including the engagement quality control reviewer, where applicable, to comply with Parts 1, Part 3 and International Independence Standards (Part 4A and 4B) of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code)⁷.

Quality Control Requirements⁸

Practitioners are reminded of the requirement for a practitioner performing engagements referred to in this guide to be a member of a firm that is subject to ISQC 1, *Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements*.

Preconditions for an Audit⁹ or Review¹⁰ of Historical Financial Statements (or Historical Financial Information)¹¹

In order to establish whether the preconditions for an audit or a review engagement are present, the practitioner shall:

- Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable; and
- Obtain the agreement of management that it acknowledges and understands its responsibility:
 - For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation;
 - For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
 - To provide the practitioner with:
 - Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that the practitioner may request from management for the purpose of the audit or review; and
 - Unrestricted access to persons within the entity from whom the practitioner determines it necessary to obtain evidence.

Preconditions for Assurance Engagements other than Audits or Reviews of Historical Financial Information¹²

The following preconditions for an assurance engagement are relevant when considering whether an assurance engagement is to be accepted or continued:

- The roles and responsibilities of the appropriate parties (that is, the responsible party¹³, the measurer or evaluator¹⁴, and the engaging party¹⁵, as appropriate) are suitable in the circumstances; and
- The engagement exhibits all of the following characteristics:
 - The underlying subject matter¹⁶ is appropriate;
 - The criteria¹⁷ that the practitioner expects to be applied in the preparation of the subject matter information¹⁸ are suitable to the engagement circumstances, including that they exhibit the characteristics described in paragraph 24(b)(ii) (and A45 – A50)¹⁹;

- The criteria that the practitioner expects to be applied in the preparation of the subject matter information will be available to the intended users;
- The practitioner expects to be able to obtain the evidence needed to support the practitioners conclusion;
- The practitioner's conclusion, in the form appropriate to either a reasonable assurance²⁰ engagement or a limited assurance²¹ engagement, is to be contained in a written report; and
- A rational purpose including, in case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance (as further described in paragraph A56).

Agreeing on the Terms of an Audit or Review or Other Assurance Engagement

The practitioner is required to agree the terms of the engagement with management or those charged with governance, or otherwise with the engaging party (as appropriate in the circumstances of the engagement) prior to performing the engagement, and to ensure that the agreed terms of the engagement are recorded in an engagement letter or other suitable form of written agreement.²²

Defining the Terms of an Agreed-Upon Procedures Engagement²³

The practitioner should ensure with representatives of the entity and, ordinarily, other specified parties who will receive copies of the report of factual findings, that there is a clear understanding regarding the agreed-upon procedures and the conditions of the engagement. Matters to be agreed include the following:

- Nature of the engagement including the fact that the procedures performed will not constitute an audit or a review and that accordingly no assurance will be expressed;
- Stated purpose for the engagement;
- Identification of the financial information to which the agreed-upon procedures will be applied;
- Nature, timing and extent of the specific procedures to be applied;
- Anticipated form of the report of factual findings;
- Limitations on distribution of the report of factual findings. When such limitation would be in conflict with the legal requirements, if any, the practitioner would not accept the engagement.

Defining the Terms of a Compilation Engagement²⁴

The practitioner shall not accept the engagement unless the practitioner has agreed the terms of engagement with management, and the engaging party if different, including:

- The intended use and distribution of the financial information, and any restrictions on either its use or its distribution where applicable;
- Identification of the applicable financial reporting framework;
- The objective and scope of the compilation engagement;
- The responsibilities of the practitioner, including the requirement to comply with relevant ethical requirements;
- The responsibilities of management for:
 - The financial information, and for the preparation and presentation thereof, in accordance with a financial reporting framework that is acceptable in view of the intended use of the financial information and the intended users;

- The accuracy and completeness of the records, documents, explanations and other information provided by management for the compilation engagement; and
- Judgements needed in the preparation and presentation of the financial information, including those for which the practitioner may provide assistance in the course of the compilation engagement; and
- The expected form and content of the practitioner's report.

CONSIDERATIONS OF LAWS AND REGULATIONS AND OTHER REQUIREMENTS

The practitioner is at all times required to apply professional judgement to any additional considerations derived from any laws or regulations, or professional pronouncements (including codes of conduct, engagement standards, guides, circulars, statements and the like) applicable to the engagement that are not necessarily addressed in this guide.

TABLE

The table below outlines the distinction between Audit engagements, Review engagements, Other Assurance engagements, Agreed-Upon Procedures engagements and Compilation engagements, based on the following elements:

- Engagement objective/(s)
- Applicable standard/(s)
- Example/(s)
- Work effort – Obtaining evidence; Performing the engagement
- The Auditor's / Practitioner's Report
- Designation of the practitioner signing the report

Audit of general purpose financial statements (Reasonable assurance engagement)					
Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement ²⁵	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
<p>In a reasonable assurance engagement, the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioners' opinion on the outcome of the measurement or evaluation of the underlying subject matter against the criteria. (International Framework for Assurance Engagements (Framework), Para. 14).</p> <p>In terms of ISA 200 Para. 11, the overall objectives of the auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework, and to report on the financial statements and communicate as required by the ISAs, in accordance with the auditor's findings.</p>	<p>ISA 100 – 700 series²⁶</p> <p>Applicable when the subject matter is historical financial information²⁷</p>	<p>Audit of general purpose financial statements to obtain reasonable assurance on the fair presentation of the financial statements (e.g. financial statements prepared in accordance with International Financial Reporting Standards (IFRS))</p>	<p>In terms of the International Framework for Assurance Engagements (Framework):</p> <p>Sufficient appropriate evidence is obtained as part of the engagement process to enable the practitioner to express an opinion (i.e. reasonable assurance) on the subject matter information; this includes:</p> <p>(Framework, Para. 76 – 78, with additional information from the ISA's as indicated)²⁸</p> <ul style="list-style-type: none"> • Obtaining an understanding of the underlying subject matter and other engagement circumstances; • Identifying and assessing the risks of material misstatement in the subject matter information; • Designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the assurance practitioner's conclusion; • Obtaining audit evidence by performing <i>further procedures</i> in response to the assessed risks of material misstatement (also refer to the previous bullet point) using a combination of²⁹: <ul style="list-style-type: none"> ○ Inspection; ○ Observation; ○ Confirmation; ○ Recalculation; ○ Re-performance; ○ Analytical procedures; and ○ Inquiry • Evaluating the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempting to obtain further evidence. 	<ul style="list-style-type: none"> • The practitioner's conclusion is expressed in the positive form that conveys the practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter (Framework, Para. 84). • E.g. when a fair presentation framework is applicable: "In our opinion, the financial statements present fairly, in all material respects, [...] in accordance with [the applicable financial reporting framework]"; • E.g. when a compliance framework is applicable: "In our opinion, the financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework]". 	<p>Registered Auditor³⁰</p>

Audit of special purpose financial statements, or a single financial statement or specific elements, accounts or items of a financial statement (Reasonable assurance engagement)					
Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement ³¹	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
<p>In a reasonable assurance engagement, the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioners' opinion on the outcome of the measurement or evaluation of the underlying subject matter against the criteria. (Framework, Para. 14).</p> <p>In terms of ISA 200 Para. 11, the overall objectives of the auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework, and to report on the financial statements and communicate as required by the ISAs, in accordance with the auditor's findings.</p>	<p>ISA 800(R) and ISA 805(R)³²</p> <p>Applicable when the subject matter is historical financial information</p> <p>Note:</p> <p>The ISAs in the 100 – 700 series apply to an audit of financial statements.</p> <p>The ISA 800 series deals with special considerations in the application of ISA 100 – 700 (ISA 800(R), Para. 1; ISA 805(R), Para.1)</p>	<ul style="list-style-type: none"> • Audit of special purpose financial statements to obtain reasonable assurance on the presentation of the financial statements in accordance with a special purpose financial reporting framework (e.g. a complete set of financial statements prepared in accordance with the provisions of a contract); • Audit of a single financial statement, or a specific element or account or item of a financial statement to obtain reasonable assurance on the presentation of the subject matter information in accordance with the basis of accounting or financial reporting provisions that are applicable in the circumstances (e.g. an accounts receivables schedule prepared in accordance with the financial reporting provisions of a regulator) 	<p>In terms of the International Framework for Assurance Engagements (Framework):</p> <p>Sufficient appropriate evidence is obtained as part of the engagement process to enable the practitioner to express an opinion (i.e. reasonable assurance) on the subject matter information; this includes:</p> <p>(Framework, Para. 76 – 78, with additional information from the ISA's as indicated)³³</p> <ul style="list-style-type: none"> • Obtaining an understanding of the underlying subject matter and other engagement circumstances; • Identifying and assessing the risks of material misstatement in the subject matter information; • Designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the assurance practitioner's conclusion; • Obtaining audit evidence by performing <i>further procedures</i> in response to the assessed risks of material misstatement (also refer to the previous bullet point) using a combination of³⁴: <ul style="list-style-type: none"> ○ Inspection; ○ Observation; ○ Confirmation; ○ Recalculation; ○ Re-performance; ○ Analytical procedures; and ○ Inquiry • Evaluating the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempting to obtain further evidence. 	<ul style="list-style-type: none"> • The assurance practitioner's conclusion is expressed in the positive form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter (Framework, Para. 84). • E.g. "In our opinion, the financial statements are prepared, in all material respects, in accordance with [the special purpose reporting framework]". 	Registered Auditor

Assurance engagements other than audits or reviews of historical financial information (Reasonable assurance engagement)

Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
<p>In a reasonable assurance engagement, the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioners' opinion on the outcome of the measurement or evaluation of the underlying subject matter against the criteria. (Framework, Para. 14).</p> <p>In terms of ISAE 3000 (Revised) Para. 10, the objectives of the practitioner are to obtain reasonable assurance about whether the subject matter information is free from material misstatement, to express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys a reasonable assurance opinion and describes the basis for the opinion, and to communicate further as required by the standard and any other relevant ISAEs.</p>	<p>ISAE 3000(R)³⁵</p> <p>Applicable when the subject matter is something other than historical financial information</p>	<ul style="list-style-type: none"> • An engagement on attorney trust accounts to obtain reasonable assurance on compliance of the attorneys trust accounts with specific sections of the Attorneys Act, No. 53 of 1979 and the Rules for the Attorneys' Profession. • An engagements on the controls at a service organisation to obtain reasonable assurance on whether, in all material respects, based on suitable criteria the system description fairly presents the system as designed and implemented, the controls related to the control objectives were suitably designed and the controls tested operated effectively throughout the specified period. 	<p>In terms of the International Framework for Assurance Engagements (Framework):</p> <p>Sufficient appropriate evidence is obtained as part of the engagement process to enable the practitioner to express an opinion (i.e. reasonable assurance) on the subject matter information; this includes:</p> <p>(Framework, Para. 76-78)³⁶</p> <ul style="list-style-type: none"> • Obtaining an understanding of the underlying subject matter and other engagement circumstances; • Identifying and assessing the risks of material misstatement in the subject matter information; • Designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the assurance practitioner's conclusion; • Obtaining evidence by performing <i>further procedures</i> in response to the assessed risks of material misstatement (also refer to the previous bullet point) using a combination of³⁷: <ul style="list-style-type: none"> ○ Inspection; ○ Observation; ○ Confirmation; ○ Recalculation; ○ Re-performance; ○ Analytical procedures; and ○ Inquiry • Evaluating the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempting to obtain further evidence. 	<ul style="list-style-type: none"> • The assurance practitioner's conclusion is expressed in the positive form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter (Framework, Para. 84). • E.g. "In our opinion, the [subject matter] is prepared, in all material respects, in accordance with [applicable criteria]". • E.g. "In our opinion, the [subject matter] was maintained, in all material respects, in compliance with [applicable criteria]". 	Registered Auditor

Engagement to review historical financial information (Limited assurance engagement)					
Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
<p>In a limited assurance engagement, the assurance practitioner reduces assurance engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. (Framework, Para. 15).</p> <p>Also refer to the objectives of the different engagements as per the standards referred to in the next column (and the related endnotes).</p>	<p>ISRE 2400(R)³⁸ or ISRE 2410³⁹</p> <p>Applicable when the subject matter is historical financial information</p>	<ul style="list-style-type: none"> Independent review undertaken on financial statements required in terms of statutory⁴⁰ or contractual obligations Review of the financial information of a component of a group, as requested by the group auditor Review of the interim financial statements of an entity performed in terms of ISRE 2410 where the practitioner also performs the audit of the entity's annual financial statements 	<p>In terms of ISRE 2400(R)⁴¹:</p> <ul style="list-style-type: none"> The practitioner performs primarily inquiry⁴² and analytical procedures⁴³ to obtain sufficient appropriate evidence as the basis for a conclusion on the financial statements as a whole (ISRE 2400(R) Para. 7). The practitioner designs and performs inquiry and analytical procedures to address all material items in the financial statements, including disclosures, and to focus on addressing areas in the financial statements where material misstatements are likely to arise (ISRE 2400(R) Para. 47). If the practitioner becomes aware of a matter that causes the practitioner to believe the financial statements may be materially misstated, the practitioner designs and performs additional procedures, as the practitioner considers necessary, to enable the practitioner to conclude on the financial statements as a whole (ISRE 2400(R) Para. 8, 57) 	<ul style="list-style-type: none"> The practitioner's conclusion is based on the practitioner obtaining limited assurance. The practitioner's report includes a description of the nature of the review engagement as context for the readers of the report to be able to understand the conclusion. In a review of financial statements the practitioner expresses an unmodified conclusion when the practitioner is able to conclude that nothing has come to the practitioner's attention that causes the practitioner to believe that the financial statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework (ISRE 2400(R) Para. 6, 72-85). E.g. when a fair presentation framework is applicable: "Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, [...] in accordance with [the applicable financial reporting framework]". 	<p>Registered Auditor, CA(SA), or AGA(SA)</p> <p>[Subject to any laws or regulations or other pronouncements that determine which practitioners may perform a particular review engagement]</p> <p>^{44 45}</p>

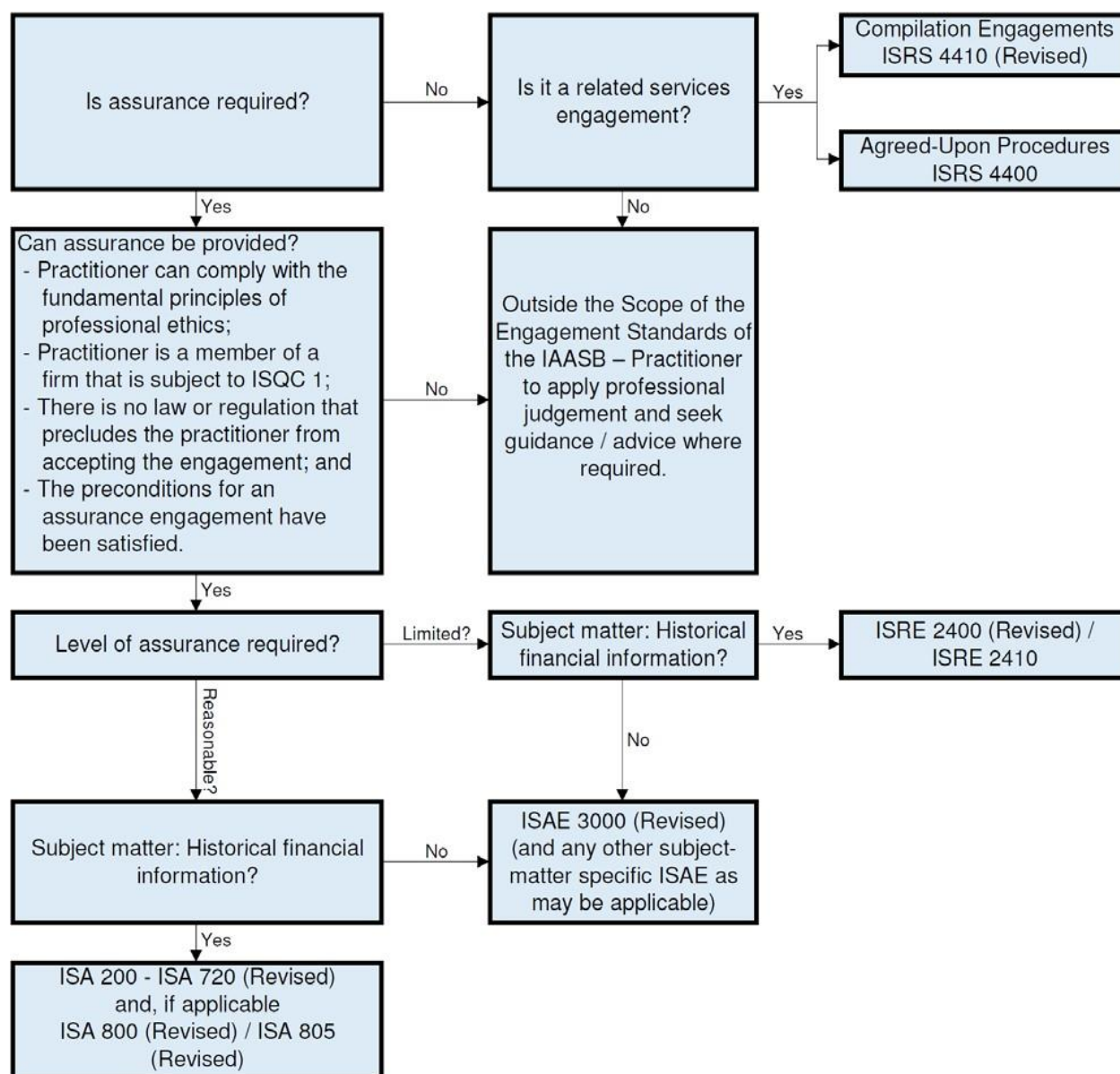
Assurance engagements other than audits or reviews of historical financial information (Limited assurance engagement)

Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
<p>In a limited assurance engagement, the assurance practitioner reduces assurance engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. (Framework, Para. 15).</p> <p>In terms of ISAE 3000(R) Para. 10, the objectives of the practitioner are to obtain limited assurance about whether the subject matter information is free from material misstatement, to express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys a limited assurance conclusion and describes the basis for the conclusion, and to communicate further as required by the standard and any other relevant ISAEs.</p>	<p>ISAE 3000(R)⁴⁶</p> <p>Applicable when the subject matter is something other than historical financial information</p>	<ul style="list-style-type: none"> • The ISAE 3000(R) element of a medical schemes engagement to obtain limited assurance on compliance of the scheme with the Medical Schemes Act of South Africa • Engagements on incentive schemes to obtain limited assurance on compliance with the requirements of the incentive scheme • A limited assurance engagement on selected key performance indicators disclosed in a sustainability report prepared in accordance with an entity's reporting criteria 	<p>In terms of ISAE 3000(R)⁴⁷:</p> <p>Sufficient appropriate evidence is obtained as part of the engagement process to enable the practitioner to express a limited assurance conclusion on the subject matter information; this includes:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the underlying subject matter and other engagement circumstances; • Considering the process used to prepare the subject matter information; • Identifying areas where a material misstatement of the subject matter information is likely to arise; • Designing and performing procedures to address the areas identified in the previous bullet point; • When considered necessary⁴⁸, designing and performing additional procedures to obtain further evidence until the practitioner is able to conclude on the subject matter information as a whole. <p>The nature, timing and extent of procedures in a limited assurance engagement are limited relative to a reasonable assurance engagement. The practitioner chooses a combination of procedures to obtain limited assurance in the circumstances of the engagement, which may include inspection, observation, confirmation, recalculation, re-performance, analytical procedures and inquiry⁴⁹.</p>	<ul style="list-style-type: none"> • The assurance practitioner's conclusion is expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe that the subject matter information is materially misstated (ISAE 3000(R) Para. 69 (l)(iii)). • E.g. "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that [the entity] has not complied, in all material respects, with [applicable criteria]". • E.g. "Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that [subject matter] is not prepared, in all material respects, in accordance with [applicable criteria]". 	<p>Registered Auditor, CA(SA) or AGA(SA)</p> <p>[Subject to any laws or regulations or other pronouncements that determine which practitioners may perform a particular limited assurance engagement] 50</p>

Agreed-upon procedures engagements (No assurance is obtained or expressed (i.e. this is not an assurance engagement))					
Engagement objective/(s)	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
In an agreed-upon procedures engagement, the practitioner carries out procedures of an audit nature to which the practitioner and the entity and any appropriate third parties have agreed and reports the practitioner's factual findings.	ISRS 4400	<ul style="list-style-type: none"> • Factual findings report on costs claimed under a Grant Agreement • Factual findings with respect to identified compliance and/or other matters as required by a financial institution providing funding • Factual findings on earnings level obtained in accordance with an acquisition agreement • Factual findings report in relation to a certificate for a loan to a company for conveyancing purposes 	<ul style="list-style-type: none"> • The practitioner should carry out the procedures agreed upon and use the evidence obtained as the basis for the report of factual findings (ISRS 4400 Para. 15). • The procedures applied may include the following (ISRS 4400 Para. 16): <ul style="list-style-type: none"> ○ Inquiry and analysis ○ Re-computation, comparison and other clerical accuracy checks ○ Observation ○ Inspection ○ Obtaining confirmations • Appendix 2 to ISRS 4400 is an example report which contains an illustrative list of procedures which may be used as a part of a typical agreed-upon procedures engagement. 	<ul style="list-style-type: none"> • The practitioner issues a Report of Factual Findings relating to the identified subject matter or subject matter information. No assurance is expressed in such report (ISRS 4400 Para. 5). • Users of the report assess the procedures and findings reported on themselves and draw their own conclusions from the practitioner's work (ISRS 4400 Para. 5). • The report is restricted to those parties that have agreed to the procedures to be performed so as to avoid misinterpretation of the results (ISRS 4400 Para. 6) • The report needs to describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed (ISRS 4400 Para. 17 – 18). 	Registered Auditor, CA(SA), or AGA(SA) [Subject to any laws or regulations or other pronouncements that determine which practitioners may perform a particular agreed-upon procedures engagement] 51

Compilation engagements (No assurance is obtained or expressed (i.e. this is not an assurance engagement))					
Objective	Applicable standard/(s)	Example/(s)	Work effort – Obtaining evidence; Performing the engagement	The Auditor's / Practitioner's Report	Designation of the practitioner signing the report
In a compilation engagement the practitioner applies accounting and financial reporting expertise to assist management in the preparation and presentation of financial information in accordance with an applicable financial reporting framework based on information provided by management, and issues a Compilation Report in respect of the engagement.	ISRS 4410(R)	<ul style="list-style-type: none"> • Compilation of a company's financial statements in accordance with the financial reporting standards applicable to its particular category in terms of regulation 27 of the Companies Regulations, 2011. • Compilation of financial statements using a basis of accounting specified in a contract • Compilation of financial statements using a basis of accounting specified by management of an entity for financial information required for management's own purposes 	<p>In compiling the financial statements / financial information, the practitioner is required to (ISRS 4410(R) Para. 28 – 37):</p> <ul style="list-style-type: none"> • Obtain an understanding of the entity's business and operations, including the entity's accounting system and accounting records, and the applicable financial reporting framework (and its application in the entity's industry). • Compile the financial information using the records, documents, explanations and other information, including significant judgements, provided by management. • Discuss with management, or those charged with governance as appropriate, those significant judgements for which the practitioner has provided assistance in the course of compiling the financial information. • Read the compiled financial information in light of the practitioner's understanding of the entity's business and operations, and of the requirements of the applicable financial reporting framework. • Bring to the attention of management and request additional or corrected information, if, in the course of the compilation engagement, the practitioner becomes aware of records or information that are incomplete, inaccurate or otherwise unsatisfactory. • Follow the specific requirements in the standard when the practitioner becomes aware that the financial reporting framework is not adequately described, or that amendments are required for the financial information not to be materially misstated or that the financial information is otherwise misleading, or when management has failed to provide the practitioner with the records, documents, explanation or other information as requested. • Obtain an acknowledgement from management or those charged with governance, as appropriate, that they have taken responsibility for the final version of the compiled financial information. 	<ul style="list-style-type: none"> • The practitioner prepares and issues a compilation report that is required to clearly communicate the nature of the compilation engagement, and the practitioner's role and responsibilities in the engagement (ISRS 4410(R) Para. 39). • The practitioner's compilation report is not a vehicle to express an opinion or conclusion on the financial information in any form (ISRS 4410(R) Para. 39). • The practitioner's compilation report is required to be in writing and include the elements as per ISRS 4410(R) Para. 40. Appendix 2 to ISRS 4410(R) contains illustrative examples of compilation reports. 	<p>Registered Auditor, CA(SA), or AGA(SA)</p> <p>[Subject to any laws or regulations or other pronouncements that may determine when or under what circumstances a particular practitioner may perform a compilation engagement]</p> <p>52</p>

ANNEXURE A – Schematic presentation of different engagements



ENDNOTES

¹ For the purposes of this guide, the term **practitioner** refers to a chartered accountant (SA) (CA(SA)) or Associate General Accountant (SA) (AGA(SA)), who places professional services at the disposal of the public for reward, including Registered Auditors (RAs) in those cases where the CA(SA) is also registered with the Independent Regulatory Board for Auditors (IRBA). When the **practitioner** operates his/her business in the form of a firm, the term refers to the individual or the firm as required by the context.

² For purposes of this guide the term **pronouncements** refers to the Engagement Standards issued by the International Auditing and Assurance Standards Board (IAASB) for audits, reviews, other assurance and related services engagements.

³ SAICA members and associates in public practice are required by SAICA, as part of their membership obligations, to use and apply the International Standards issued by the IAASB as may be relevant to the professional services they provide (and which are permissible for them to provide under applicable laws and regulations). Also, refer to Section 113 of the SAICA Code of Professional Conduct (Revised November 2018).

⁴ Comprise agreed-upon procedures and compilations (Glossary of Terms)

⁵ All of the pronouncements concerned discuss professional judgment, except ISRS 4400, *Engagements to perform agreed-upon procedures regarding financial information*. However, ISRS 4400 requires the practitioner to comply with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) (ISRS 4400 Para. 7). The IESBA Code requires the practitioner, among other fundamental principles, to exercise professional competence and due care when performing a non-assurance engagement (IESBA Code, section R113.1 and 113.1 A1). Therefore, the exercising of professional judgment by the practitioner is relevant to an ISRS 4400 engagement in the context of performing the engagement with professional competence and due care.

⁶ References in the pronouncements pertaining to compliance with relevant ethical requirements:

- a. ISQC 1 Para. 20 (All firms performing audits and reviews of financial statements, and other assurance and related services engagements)
- b. ISA 220 Para. 9-11 (Audits – Financial statements and other historical financial information)
- c. ISRE 2400 (Revised) Para. 21 (Review engagements – Historical financial information)
- d. ISAE 3000 (Revised) Para. 3 (Assurance engagements – Other than historical financial information)
- e. ISRS 4400 Para. 7 (Agreed-upon procedures engagements)
- f. ISRS 4410 (Revised) Para. 4 (Compilation engagements)

⁷ SAICA has adopted the International Code of Ethics for Professional Accountants (including International Independence Standards) as released by the International Ethics Standards Board for Accountants' (IESBA) in 2018 in its entirety. SAICA is a member of the International Federation of Accountants (IFAC) and has adopted the International Code of Ethics for Professional Accountants with the permission of IFAC. SAICA, however, have included additional guidance to assist in the local application of certain requirements applicable to all SAICA members and associates. Those members, i.e. CAs(SA) who are RAs are also required to comply with the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018).

⁸ Relevant references to the pronouncements:

- a. ISQCs are to be applied for all services falling under the IAASB's Engagement Standards (Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, Para. 9)
- b. ISQC 1 (entire text) (Audits and reviews of financial statements, and other assurance and related services engagements)
- c. ISA 220 (entire text) (Audits of financial statements)
- d. ISRE 2400 (Revised) Para. 4 (Review engagements – Historical financial information)
- e. ISRE 2410 Para. 5 (Review Engagements – Interim financial information)
- f. ISAE 3000 (Revised) Para. 3 (Assurance engagements – Other than historical financial information)
- g. ISRS 4410 (Revised) Para. 4 (Compilation engagements)

⁹ The preconditions for an audit engagement are addressed in ISA 210, Para. 6, A2 – A21

¹⁰ The preconditions for a review engagement in accordance with ISRE 2400 (Revised) are contained in paragraph 30 of the standard. These preconditions are consistent with those for an audit engagement (as per ISA 210, Para. 6), with the exception of ISRE 2400 (Revised), Para. 30(a) where the following is added: "including, in the case of special purpose financial statements, obtaining an understanding of the purpose for which the financial statements are prepared and of the intended users".

¹¹ The practitioner obtains **reasonable assurance** in an audit engagement conducted in accordance with the ISAs. In this context reasonable assurance means a high, but not absolute, level of assurance (Glossary of Terms).

The practitioner obtains **limited assurance** in a review engagement conducted in accordance with ISRE 2400 (Revised). In this context limited assurance means the level of assurance obtained where engagement risk is reduced to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in accordance with the ISRE. The combination of the nature, timing and extent of evidence gathering

procedures is at least sufficient for the practitioner to obtain a meaningful level of assurance. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the financial statements (Glossary of Terms).

¹² ISAE 3000 (Revised), Para. 24 – 25 , A35 – A56

¹³ The party/(ies) responsible for the underlying subject matter (Glossary of Terms)

¹⁴ The party/(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or evaluator possesses expertise in the underlying subject matter (Glossary of Terms)

¹⁵ The party/(ies) that engages the practitioner to perform the assurance engagement (Glossary of Terms)

¹⁶ The phenomenon that is measured or evaluated by applying the criteria (Glossary of Terms)

¹⁷ The benchmarks used to measure or evaluate the underlying subject matter. The “applicable criteria” are the criteria used for the particular engagement (Glossary of Terms)

¹⁸ The outcome of the measurement or evaluation of the underlying subject matter against the criteria, that is, the information that results from applying the criteria to the underlying subject matter (Glossary of Terms)

¹⁹ Suitable criteria exhibit the following characteristics:

- a) **Relevance:** Relevant criteria result in subject matter information that assists decision-making by the intended users.
- b) **Completeness:** Criteria are complete when subject matter information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter information. Complete criteria include, where relevant, benchmarks for presentation and disclosure.
- c) **Reliability:** Reliable criteria allow reasonably consistent measure or evaluation of the underlying subject matter including, where relevant, presentation and disclosure, when used in the similar circumstances by different practitioners.
- d) **Neutrality:** Neutral criteria result in subject matter information that is free from bias as appropriate in the engagement circumstances.
- e) **Understandability:** Understandable criteria result in subject matter information that can be understood by the intended users.

²⁰ **Reasonable assurance** refers to the level of assurance obtained in conducting a reasonable assurance engagement; i.e. an assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner’s conclusion. The practitioner’s conclusion is expressed in a form that conveys the practitioner’s opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria (ISAE 3000 (Revised), Para. 12(a)(i)(a)).

²¹ **Limited assurance** refers to the level of assurance obtained in conducting a limited assurance engagement; i.e. an assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner’s professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users’ confidence about the subject matter information to a degree that is clearly more than inconsequential (ISAE 3000 (Revised), para. 12(a)(i)(b)).

²² Relevant references to the pronouncements:

- a. ISA 210 Para. 9 – 17, A22 – A35
- b. ISRE 2400 (Revised) Para. 36 – 41, A52 – A62
- c. ISAE 3000 (Revised) Para. 27 – 29, A57 – A59

²³ ISRS 4400 Para. 9

²⁴ ISRS 4410 (Revised), Para. 24 (and the related A-paragraphs indicated in the standard)

²⁵ The practitioner’s work effort in terms of obtaining evidence and performing the engagement to achieve the engagement objective/(s) and enabling the practitioner to issue the appropriate report for the engagement must be in accordance with the evidence-gathering process or the specific procedures (as may be applicable) as described in the relevant pronouncement/(s).

²⁶ The auditor is required to comply with all ISAs relevant to the audit, and shall not represent compliance with ISAs in the auditor’s report unless the auditor has complied with the requirements of all ISAs relevant to the audit (ISA 200, Para. 18 – 20).

²⁷ **Historical financial information** means information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past (Glossary of Terms).

²⁸ The audit evidence-gathering process is encapsulated in the ISAs, from ISA 200 to ISA 720 (Revised).

²⁹ In the context on an audit of financial statements, *further audit procedures* comprise tests of controls, when required by the ISAs or when the auditor has chosen to do so; and substantive procedures, including tests of details and substantive analytical procedures (ISA 500, Para. 6, read together with A1 – A25). The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level; the auditor's assessment of the identified risks at the assertion level provides a basis for considering the appropriate audit approach for designing and performing further audit procedures (refer to ISA 330, Para. 6, A4 – A8).

Assertions are defined as representations by management, explicit or otherwise, that are embodied in the financial statements, as used by the auditor to consider the different types of potential misstatements that may occur (Glossary of Terms).

³⁰ Registered Auditor means an individual or firm registered as an auditor with the Independent Regulatory Board for Auditors (IRBA).

³¹ The practitioner's work effort in terms of obtaining evidence and performing the engagement to achieve the engagement objective/(s) and enabling the practitioner to issue the appropriate report for the engagement must be in accordance with the evidence-gathering process or the specific procedures (as may be applicable) as described in the relevant pronouncement/(s).

³² ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in accordance with Special Purpose Frameworks; ISA 805 (Revised), Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement.

³³ The audit evidence-gathering process is encapsulated in the ISAs, from ISA 200 to ISA 720 (Revised), as well as the special considerations in ISA 800 (Revised) or ISA 805 (Revised), as applicable in the circumstances.

³⁴ In the context on an audit of financial statements or a single financial statement or specific elements, accounts or items of a financial statement, *further audit procedures* comprise tests of controls, when required by the ISAs or when the auditor has chosen to do so; and substantive procedures, including tests of details and substantive analytical procedures (ISA 500, Para. 6, read together with A1 – A25). The auditor shall design and perform further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level; the auditor's assessment of the identified risks at the assertion level provides a basis for considering the appropriate audit approach for designing and performing further audit procedures (refer to ISA 330, Para. 6, A4 – A8).

Assertions are defined as representations by management, explicit or otherwise, that are embodied in the financial statements, as used by the auditor to consider the different types of potential misstatements that may occur (Glossary of Terms).

³⁵ ISAE 3000 (Revised) is the overarching standard that applies to all assurance engagements other than audits and reviews of historical financial information (both reasonable assurance engagements and limited assurance engagements). Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, that ISAE applies in addition to ISAE 3000 (Revised) (ISAE 3000 (Revised) Para. 1, 5). Subject-matter specific ISAE's include:

- a. ISAE 3400, The Examination of Prospective Financial Information (combination of reasonable assurance and limited assurance)
- b. ISAE 3402, Assurance Reports on Controls at Service Organisations (a reasonable assurance engagement);
- c. ISAE 3410, Assurance Engagements on Greenhouse Gas Statements (a reasonable assurance engagement or a limited assurance engagement); and
- d. ISAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus (a reasonable assurance engagement).

³⁶ The assurance evidence-gathering process is encapsulated in ISAE 3000 (Revised), as well as any subject-matter specific ISAE that may be applicable in the circumstances of the engagement.

³⁷ *Further procedures* – Procedures performed in response to assessed risks of material misstatement, including tests of controls (if any), tests of details and analytical procedures (Glossary of Terms).

³⁸ ISRE 2400 (Revised) is applicable when a practitioner other than the independent auditor of the entity is engaged to perform a review of historical financial statements (or of historical financial information). In terms of ISRE 2400 (Revised) Para. 14, the objectives of the practitioner are to obtain limited assurance, primarily by performing inquiry and analytical procedures, about whether the financial statements as a whole are free from material misstatement, thereby enabling the practitioner to express a conclusion on whether anything has come to the practitioner's attention that causes the practitioner to believe the financial statements are not prepared, in all material respects, in accordance with an applicable financial reporting framework, and report on the financial statements as a whole and communicate, as required by the standard.

³⁹ ISRE 2410 is applicable when the independent auditor of the entity is engaged to perform a review of interim financial information (or of historical financial information other than interim financial information). In terms of ISRE 2410 Para. 7, the objective of the review engagement is to enable the auditor to express a conclusion whether, on the basis of the review, anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with an applicable financial reporting framework.

⁴⁰ For specific requirements relating to an independent review engagement undertaken on a company's financial statements, refer to regulation 29 of the Companies Regulations, 2011.

⁴¹ The assurance evidence-gathering process is encapsulated in ISRE 2400 (Revised) or ISRE 2410, depending on the nature of the particular review engagement.

⁴² For purposes of ISRE 2400 (Revised), **inquiry** consists of seeking information of knowledgeable persons from within or outside the entity (ISRE 2400 (Revised) Para. 17(e)).

⁴³ For purposes of ISRE 2400 (Revised), **analytical procedures** mean evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount (ISRE 2400 (Revised) Para. 17(a)).

⁴⁴ In accordance with the requirements of regulation 29(4) of the Companies Regulation, 2011, the independent review of a company's annual financial statements may be performed by a Registered Auditor or a CA(SA) irrespective of the company's public interest score; however an AGA(SA) is only permitted to perform an independent review of a company whose public interest score is less than 100.

⁴⁵ Note that a review engagement in accordance with ISRE 2410 can only be performed by a Registered Auditor, since such engagement involves the review of an entity's interim financial information performed by the entity's external auditor (i.e. the auditor appointed to audit the entity's full period financial statements).

⁴⁶ Refer to endnote 35, above.

⁴⁷ The assurance evidence-gathering process is encapsulated in ISAE 3000 (Revised), as well as any subject-matter specific ISAE that may be applicable in the circumstances of the engagement.

⁴⁸ If the practitioner becomes aware of a matter/(s) that causes the practitioner to believe that the subject matter information may be materially misstated, the practitioner is required to design and perform additional procedures to obtain further evidence until the practitioner is able to conclude that the matter is not likely to cause the subject matter information to be materially misstated, or determine that the matter/(s) causes the subject matter information to be materially misstated (ISAE 3000 (Revised) Para. 49L).

⁴⁹ In some cases there may be a subject-matter specific ISAE that establishes that sufficient appropriate evidence for that type of limited assurance engagement is, for example, obtained primarily through analytical procedures and inquiries. In the absence of such a determination, the procedures for gathering sufficient appropriate evidence may comprise any combination of procedures as stated here. Determining the nature, timing and extent of procedures is a matter of professional judgment and will vary from one engagement to the next (Framework Para. 76-77, 79; ISAE 3000 (Revised) Para. A108 – A112).

⁵⁰ **Audit** is defined in the Auditing Profession Act (Act 26 of 2005) and includes an **audit of financial statements**, as well as any other examination of financial and other information, prepared in accordance with suitable criteria, with the objective of expressing *an opinion* on such financial and other information. The latter is interpreted to include **reasonable assurance engagements** such as those that would be performed in accordance with ISAE 3000 (Revised) and other subject-matter specific ISAEs. It excludes **limited assurance engagements** such as those that would be performed in accordance with ISAE 3000 (Revised) and other subject-matter specific ISAEs where the practitioner is required to express *a limited assurance conclusion* (as opposed to an opinion). Therefore, limited assurance engagements are not limited only to Registered Auditors.

⁵¹ Since an ISRS 4400 engagement is not an assurance engagement where an opinion is expressed, these types of engagements are not restricted to Registered Auditors.

⁵² Since an ISRS 4410 (Revised) engagement is not an assurance engagement where an opinion is expressed, these types of engagements are not restricted to Registered Auditors. It is important to note that a Registered Auditor will only be able to undertake a compilation engagement for a client if he/she has not been engaged to perform an audit of those same financial statements; or otherwise only as may be allowed in terms of PART 4A of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) and any laws or regulations that may be applicable in the circumstances (e.g. the Companies Act, section 90(2)).