

## BASIS FOR CONCLUSIONS AuG-6, Examination of a Financial Forecast or Projection Included in a Prospectus or Other Public Offering Document, AuG-16, Compilation of a Financial Forecast or Projection

June 2020

This Basis for Conclusions has been prepared by staff of the Auditing and Assurance Standards Board (AASB). It relates to, but does not form part of, Assurance and Related Services Guideline [\(AuG\) 6, Examination of a Financial Forecast or Projection Included in a Prospectus or Other Public Offering Document](#), or [AuG-16, Compilation of a Financial Forecast or Projection](#), (the Guidelines).

### Purpose of this Basis for Conclusions

This Basis for Conclusions provides a brief summary of the AASB's objectives in including a notice in the Guidelines and approval steps for this project. This information is set out below.

### Background

The AASB included a notice in the Guidelines in response to changes the Accounting Standards Board (AcSB) made to the status of FUTURE-ORIENTED FINANCIAL INFORMATION, Section 4250. Section 4250 was previously included in Part V of the CPA Canada Handbook – Accounting. As of March 1, 2020, Part V has been removed from the CPA Canada Handbook – Accounting. The CPA Canada Standards and Guidance Collection has been expanded to include the content from former Section 4250 as non-authoritative guidance, titled *Future-oriented Financial Information*. The Guidelines include a notice to alert readers of this change and the need to adapt the Guidelines as necessary in the circumstances but are otherwise unchanged.

The AASB approved including the notice in the Guidelines in March 2020. The Auditing and Assurance Standards Oversight Council confirmed that the Board followed due process in including the notice in the Guidelines prior to their issuance in the Handbook.

### Public Interest Considerations

The key public interest considerations for including the notice in the Guidelines are:

- Practitioners conducting engagements in accordance with the Guidelines need to be aware of the correct status of the content of former Section 4250, which is referenced extensively in the Guidelines as a standard of the AcSB.
- The Guidelines should continue to reference former Section 4250 as this content is generally accepted in Canada as an appropriate framework to use even though the content is now non-authoritative.

### Significant Matters

#### Nature and Scope of the Revisions to the Guidelines

1. The AASB considered different options for revising the Guidelines based on the change in status of former Section 4250. These included whether the Guidelines should be withdrawn or significantly revised, for example, by removing all references in the Guidelines to former Section 4250. In considering different options, the AASB noted the following:
  - (a) Withdrawing the Guidelines would mean that practitioners who are asked to perform these engagements would have no access to the AASB's authoritative pronouncements, which may lead to such engagements not being accepted or not being performed on a consistent basis.
  - (b) The AcSB has indicated that it thinks that the guidance from former Section 4250 will help entities in the measurement, presentation and disclosure of future-oriented financial information. The AASB also notes that former Section 4250 is recognized by regulators and other stakeholders as an acceptable framework for preparing future-oriented financial information in Canada. Accordingly, the AASB believes that it is helpful for the Guidelines to continue to refer to former Section 4250. Removing such references may lead to preparers and practitioners using other, less-accepted frameworks.
  - (c) The AASB is not aware of issues with the Guidelines in practice and a notice will cause minimal disruption for stakeholders. It is also a timely response to the change in status of former Section 4250.
2. The AASB concluded that including a notice in the Guidelines, but without otherwise changing them, is the preferred option.

#### Consideration of Exposure

3. In concluding that alerting readers of the Guidelines to the change in status of former Section 4250 is an appropriate action to take, the AASB also noted that:

- (a) obtaining input from stakeholders on the notice would be unlikely to change the AASB's decision; and
- (b) stakeholders are unlikely to respond to a request for comment as the need for change is self-evident.

Accordingly, the AASB decided not to expose the notice for comment.

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