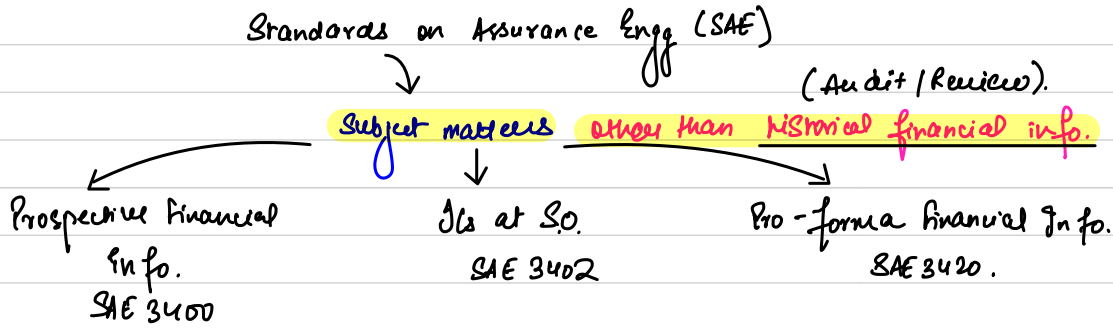
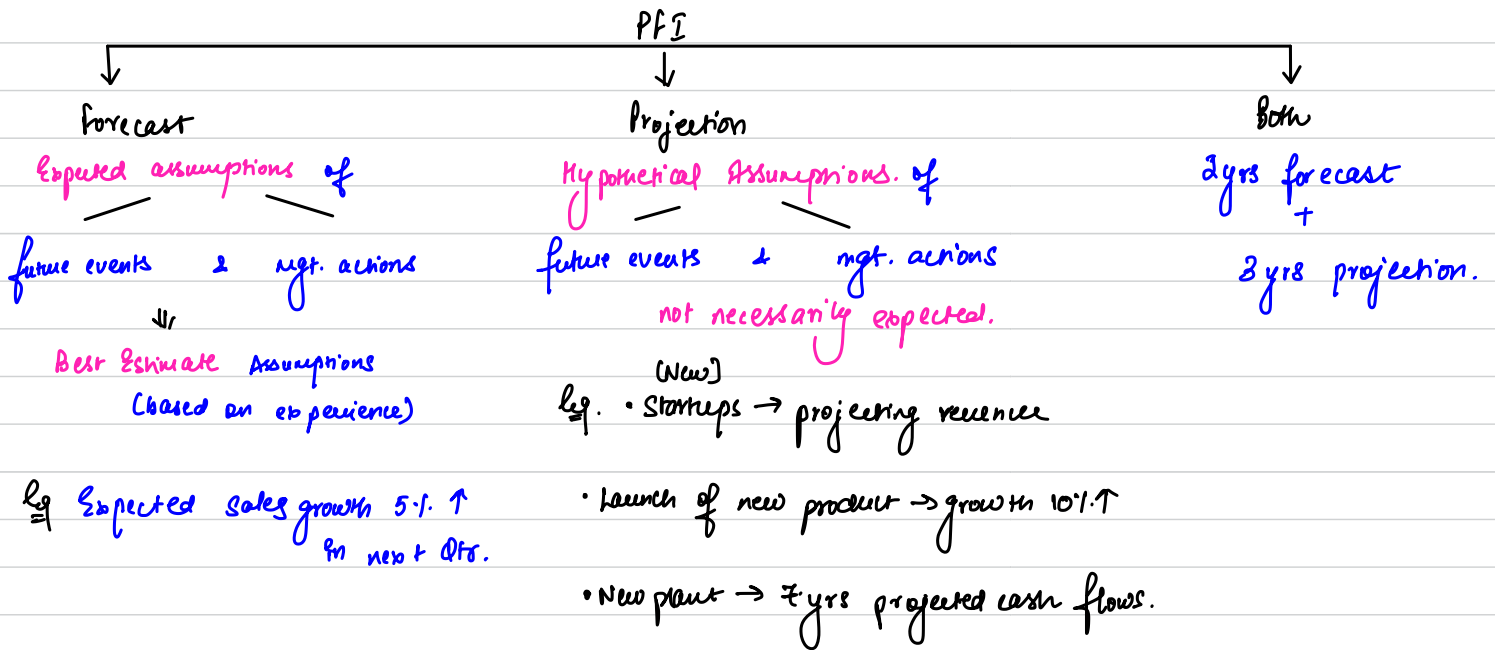


- Audit Assurance Engg** means engg:
- auditor expresses opinion
  - practitioner expresses conclusion
  - about evaluation of subject matter against criteria  
FR. AF&R
  - to enhance confidence of intended users.  
Shareholders.



SAE 3400: Examination of Prospective Financial Info. (PFI).

PFI? Financial info. based on Assumptions about:  
future events & possible actions by entity.



Your name | firm name

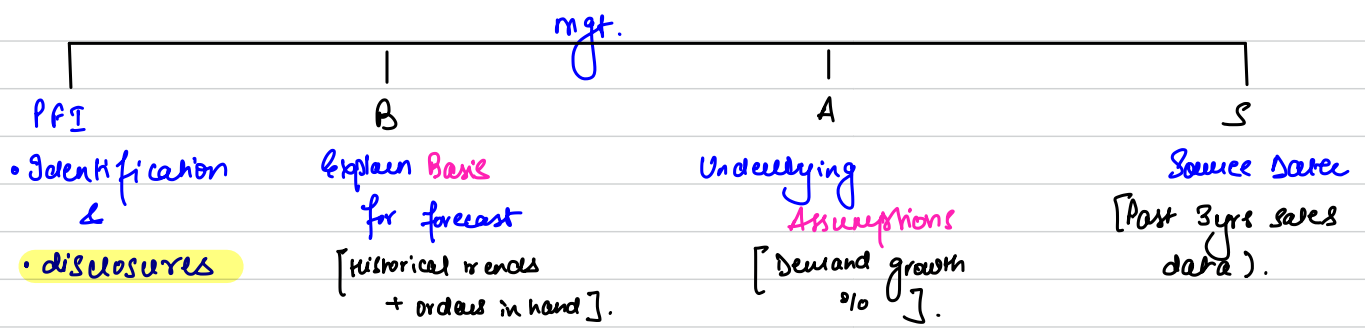
Clause (3) Part I Second Schedule. Report on EOE [Estimate of Earnings].

contingent on future trans"

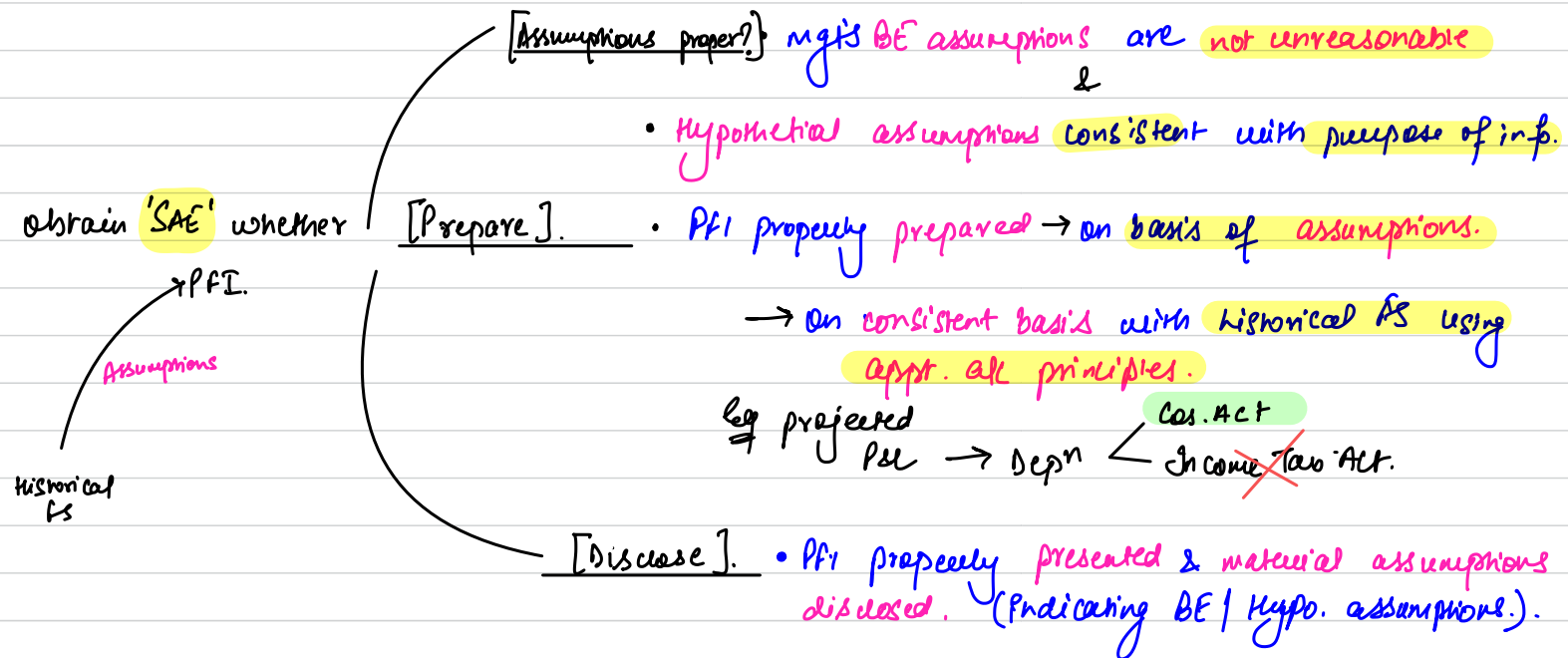
believe → vouch for accuracy of forecast.

**Basis of forecast**  
Assumptions + Don't vouch for accuracy of forecast.  
Source of info

## Responsibility for preparation & presentation of PFI



## Duty of members examining PFI



⚠ opinion [PFI results → achieved?]. No, °° events/actions. have not occurred.

⇒ Evidence to support assumptions is future oriented & speculative.

## Precautions before Accepting such Engrg [sm].

consider?

1. Intended use of info.
  - Bank loan?
  - Raise equity?
2. Info. for general / limited distribution
3. Period covered. [Next 5 years].
4. Elements to be included in info. (BAS).
5. Nature of Assumptions (BE / Hypo)



10/11

# NTE of Examination procedures [5M].

Matters?

Engg. Team

1. Knowledge obtained in previous engg.
2. ET experience with business & industry & reporting of PFI.

Mgt.

3. Competence in preparing PFI.
4. Extent to which PFI is affected by mgt's judgment.

Business

5. Stability of earnings business.