

In this KLiP, we will cover the last topic of the International Code of Ethics/ EP100.

14. Reports that Include a Restriction on Use and Distribution (Assurance Engagements Other than Audit and Review Engagements)

When a firm intends to issue a report on an assurance engagement which includes a restriction on use and distribution, the independence requirements set out in Part 4B shall be eligible for the modifications that are permitted by this section, but only if:

- a) The firm communicates with the intended users of the report regarding the modified independence requirements that are to be applied in providing the service; and
- b) The intended users of the report understand the purpose, subject matter information and limitations of the report and explicitly agree to the application of the modifications.

The intended users of the report might obtain an understanding of the purpose, either directly, or indirectly through a representative who has authority to act for the intended users, in establishing the nature and scope of the engagement. It also allows the firm to obtain the agreement of the intended users to the modified independence requirements.

Things to bear in mind when a firm holds Financial Interests, Loans and Guarantees, Close Business, Family and Personal Relationships.

When the firm performs an eligible assurance engagement:

- a) The relevant provision needs to be applied only to the members of the engagement team, and their immediate and close family members;
- b) The firm shall identify, evaluate and address any threats to independence created by interests and relationships between the assurance client and the following team members;
 - (i) Those who provide consultation regarding technical or industry specific issues, transactions or events; and
 - (ii) Those who provide quality control for the engagement, including those who perform the engagement quality control review; and
- c) The firm shall evaluate and address any threats that the engagement team has reason to believe are created by interests and relationships between the assurance client and others within the firm who can directly influence the outcome of the assurance engagement.

When the firm performs an eligible assurance engagement, the firm should bear in mind that they shall not hold a material direct or a material indirect financial interest in the assurance client.

With this KLiP, we come to the end of the training for International Code of Ethics or EP100.

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