Subject: Comments on Proposed International Standard on Review Engagements 2410 (Revised) — Review of Interim Financial Information Performed by the Independent Auditor of the Entity

Dear Sir/Madam,

We refer to the Exposure Draft of the proposed International Standard on Review Engagements 2410 (Revised) and welcome the opportunity to comment.

We respond as a preparer, not as a practitioner. We are a non-bank finance company subject to prudential regulation and to periodic reporting obligations, and our interim financial information is subject to review by our independent auditor. Our comments are limited to the practical effects of the proposals on entities in our position.

We support the objectives of the project, in particular the clearer distinction between a review engagement and an audit, and the enhanced transparency of the review report. Our comments are set out below.

1. Distinction between a review and an audit

We support the proposed clarification. We recommend the standard also state explicitly what a review does not require. In practice, the absence of such a statement is the main source of scope expansion, and the resulting effort and cost are borne by the entity rather than by the practitioner.

2. Expected credit losses

For finance companies, expected credit losses under IFRS 9 are the most significant judgement reflected in interim financial information. We recommend the standard, or accompanying application material, address the expected extent of procedures over expected credit loss models at interim dates. Without this, treatment varies between practitioners and produces inconsistent effort, cost and timing for comparable entities.

3. Proportionality

The proposed requirements relating to risk assessment and documentation should remain capable of scaled application. Many entities within the scope of the standard operate lean finance functions, and requirements framed for large listed groups become disproportionate at a smaller scale without a corresponding increase in the value of the assurance obtained.

4. Reporting timetable

Interim reporting operates within statutory deadlines set by securities and prudential regulators. We recommend the Board consider the effect of any extended procedures on the time available to complete interim reporting, as the timetable, rather than the procedures themselves, is the binding constraint for preparers.

5. Effective date

We recommend an effective date that allows at least one full reporting cycle after issuance, so that preparers and practitioners can agree scope, timing and documentation expectations before first application.