

VIETNAMESE STANDARD ON RELATED SERVICES

Standard 4410: Engagements to compile financial statements

(Issued together with Circular No. 68/2015/TT-BTC dated May 8, 2015 of the Ministry of Finance)

I/ GENERAL PROVISIONS

Scope of this Standard

01. This Standard deals with responsibilities of certified public accountants, accounting service companies, certified public auditors, firms (*hereinafter referred to as “practitioners”*) when engaged to assist the management with the preparation and presentation of historical financial information without obtaining any assurance on that information, and to report on the engagement to compile financial statement (*hereinafter referred to as “compilation engagement”*) in accordance with this Standard. (Ref: Para. A1-A2)

02. This Standard applies to compilation engagements for historical financial information. This Standard may be applied, adapted as necessary, to compilation engagements for financial information other than historical financial information and to compilation engagements for non-financial information. Hereinafter in this Standard, reference to “historical financial information” means “financial information”. (Ref: Para.A3-A4)

03. When the practitioner is requested to assist the management with preparation and presentation of financial information, appropriate consideration may need to be given to whether the engagement should be undertaken in accordance with this Standard. Factors that indicate that it may be appropriate to apply this Standard, including reporting under this Standard, include whether:

(1) The financial information is required under provisions of applicable law or regulation, and whether it is required to be publicly filed;

(2) External parties other than the intended users of the compiled financial information are likely to associate the practitioner with the financial information, and there is a risk that the level of the practitioner’s involvement with the information may be misunderstood, for example:

(i) If the financial information is intended for use by parties other than the management, or may be provided to, or obtained by, parties who are not the intended users of the information; and

(ii) If the practitioner’s name is identified with the financial information. (Ref: Para.A5)

Relationship with International Standard on Quality Control (ISQC) 1

04. Quality control systems, policies and procedures are the responsibility of the firm. International Standard on Quality Control 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements (ISQC1) applies to firms of professional accountants in respect of a firm's compilation engagements in this Standard (see paragraph 04 of ISQC1). The provisions of this Standard regarding quality control at the level of individual compilation engagements are premised on the basis that the firm is subject to ISQC 1 or requirements that are at least as demanding. (Ref: Para. A6-A11)

The Compilation Engagement

05. The management may request the practitioner to assist with the preparation and presentation of financial information of an entity. The value of a compilation engagement performed in accordance with this Standard to users of financial information results from application of the practitioner's professional expertise in accounting and financial reporting and compliance with professional standards, including relevant ethical requirements, and the clear communication of the nature and extent of the practitioner's involvement with the compiled financial information. (Ref: Para. A12-A15)

06. Since a compilation engagement is not an assurance engagement, a compilation engagement does not require the practitioner to verify the accuracy or completeness of the information provided by the management for the compilation, or otherwise to gather evidence to express an audit opinion or a review conclusion on the preparation of the financial information.

07. The management retains responsibility for the financial information and the basis on which it is prepared and presented. That responsibility includes application by management of the judgment required for the preparation and presentation of financial information, including the selection and application of appropriate accounting policies and, where needed, developing reasonable accounting estimates. (Ref: Para. A12-A13)

08. This Standard does not impose responsibilities of the management or those charged with governance, or override laws and regulations that govern their responsibilities. An engagement performed in accordance with this Standard is conducted on the premise that the management or those charged with governance where appropriate, have agreed certain responsibilities that are fundamental to the performance of the compilation engagement. (Ref: Para. A12-A13)

09. Financial information that is the subject of a compilation engagement may be required for various purposes including:

(a) To comply with mandatory periodic financial reporting requirements established in law or regulation; or

(b) For purposes unrelated to mandatory financial reporting under relevant law or regulation, including for example:

- (1) For management or those charged with governance, prepared on a basis appropriate for their particular purposes (such as preparation of financial information for internal use);
- (2) For periodic financial reporting undertaken for external parties under a contract or other form of agreement (such as financial information provided to a funding body at the request of the donor);
- (3) For transactional purposes, for example to support a transaction involving changes to entity's ownership or financing structure (such as for a merger or acquisition).

10. Different financial reporting frameworks can be used to prepare and present financial information, ranging from a simple entity-specific basis of accounting to established financial reporting standards. The financial reporting framework adopted by management to prepare and present the financial information will depend on the nature of the entity and the intended use of the information. (Ref: Para. A16-A18)

Authority of this Standard

11. This Standard contains the objectives of the practitioner in following the Standard, which provide the context in which the requirements of this Standards are set, and area intended to assist the practitioner in understanding what needs to be accomplished in a compilation engagement.

12. This Standard contains “general provisions”, “content” and “application and other explanatory material”, that are designed to enable readers to understand correctly this Standard.

13. The requirements of “content”, expressed using “shall”, that are designed to enable the practitioner to meet the stated objectives.

14. The “application and other explanatory material” provides further explanation of the requirements and guidance for carrying them out. While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in this Standard that assists in the application of the requirements.

15. *The practitioner shall comply with requirements and guidance of this Standard and the terms of the engagement in conducting compilation engagements.*

The entity (client) and relevant entities shall have adequate knowledge of requirements and guidance of this Standard to cooperate in engagement and deal with relationship related to the arrangement and performance of compilation engagements.

II/ CONTENT

Objectives

16. The practitioner's objectives in a compilation engagement under this Standard are to:

- (a) Applying 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
- (b) Report in accordance with the requirements of this Standards.

Definitions

17. The following terms shall be meanings attributed below for the purpose of this Standard:

- (a) *Applicable financial reporting framework*: the financial reporting framework adopted by management and those charged with governance, where appropriate, in the preparation and presentation of financial information that is acceptable in view of the nature of the entity and the objective of the financial information, or that is required by law or regulation; (Ref: Para. A30-A32)
- (b) *Compilation engagement*: An engagement in which a 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, and reports as required by this Standard. Throughout this Standard, the words "compilation engagement", "compile", "compiling" and "compiled" are understood as engagement to compile financial statement;
- (c) *Engagement partner*: means the legal representative or authorized person of the management of the firm who is responsible for the engagement and signing the practitioner's report (hereinafter referred to as "the practitioner's compilation report") and take broad responsibility for the issued report, or *the person obtaining the accounting practice certificate or audit practice certificate in accordance with law on audit or accounting*;
- (d) *Engagement team*: all engagement partners, *practitioners and staff performing the engagement* and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes external experts engaged by the firm or a network firm;
- (e) *Misstatement*: A difference between the amount, classification, presentation, or disclosure of a reported item in the financial statement, and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

Where the financial information is prepared in accordance with a fair presentation framework, misstatements also include those adjustments of amounts, classifications or disclosures that, in the practitioner's judgment, are necessary for the financial information to be presented fairly, in all material respects, or to give a true and fair view;

(f) *Practitioner*: A professional accountant in public practice who conducts the compilation engagement. The term includes the engagement partner or other members of the engagement team, or, as applicable the firm. Where this Standard expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "practitioner" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant,

(g) *Relevant ethical requirements*: Ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the Code of Ethics for Professional Accountants (excluding Section 290 "Independence - Audit and Review Engagements", and Section 291 "Independence - Other Assurance Engagements" (other than audit and review engagements) in Part B), together with national requirements that are more restrictive. (Ref: Para. A21)

Requirements

Conduct of a Compilation Engagement in accordance with this Standard

18. The practitioner shall have an understanding of the entire text of this Standard, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.

Complying with Relevant Requirements

19. The practitioner shall comply with each requirement of this Standard unless a particular requirement is not relevant to the compilation engagement, for example if the circumstances addressed by the requirement do not exist in the engagement.

20. The practitioner shall not present compliance with this Standard unless the practitioner has complied with all requirements in this Standard relevant to the compilation engagement.

Ethical Requirements

21. The practitioner shall comply with relevant ethical requirements. (Ref: Para. A19-A21)

Professional Judgment

22. The practitioner shall exercise professional judgment in conducting a compilation engagement. (Ref: Para. A22-A24)

Engagement Level Quality Control

23. Engagement partner shall take responsibility for:

- (a) The overall quality of each compilation engagement to which that party is assigned; and
- (b) The engagement being performed in accordance with the firm's quality control policies and procedures, by: (Ref: Para. A25)

(i) Following appropriate procedures regarding acceptance and continuance of client relationships and engagements; (Ref: Para. A26)

(ii) Being satisfied that the engagement team collectively has the appropriate competence and capacities to perform the compilation engagement;

(iii) Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come the engagement partner's attention indicating that members of the engagement team have not complied with relevant ethical requirements; (Ref: Para. A27)

(iv) Directing, supervising and performing the engagement in compliance with professional standards and applicable legal and regulatory requirements; and

(v) Taking responsibility for appropriate engagement documentation being maintained.

Engagement Acceptance and Continuation

Continuance of client relationships, engagement acceptance and agreeing the terms of the engagement

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

(a) The intended use and distribution of the financial information, and any restriction on either its use and its distribution where applicable; (Ref: Para. A20, A28-A29, A32-A33)

(b) Identification of the applicable financial reporting framework; (Ref: Para. A20, A30-A33)

(c) The objective and scope of the compilation engagement; (Ref: Para. A20)

(d) The responsibilities of the practitioner, including the requirements to comply with relevant ethical requirements; (Ref: Para. A20)

(e) The responsibilities of management for: (Ref: Para. A34-A36)

(i) 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;

(ii) The accuracy and completeness of the records, documents, explanations and other information provided by management for the compilation engagement;

(iii) Judgments needed in the preparation and presentation of financial information, including those for which the practitioner provide assistance in the course of the compilation engagement; and (Ref: Para. A22)

(f) The expected form and content of the practitioner's compilation report.

25. The practitioner shall record the agreed terms of engagement in an engagement letter or other suitable form of written agreement, prior to performing the engagement. (Ref: Para. A37-A39)

Recurring Engagements

26. On recurring compilation engagements, the practitioner shall evaluate whether circumstances, including changes in the engagement acceptance considerations, require the terms of engagement to be revised and whether there is a need to remind management of the existing terms of engagement. (Ref: Para. A40)

Communication with Management

27. The practitioner shall communicate with management , as appropriate, on a timely basis during the course of the compilation engagement, all matters concerning the compilation engagement that, in the practitioner's professional judgment, are of sufficient importance to merit the attention of management, as appropriate. (Ref: Para. A41)

Performing the Engagement

The Practitioner's Understanding

28. The practitioner shall obtain an understanding of the following matters sufficient to be able to perform the compilation engagement: (Ref: Para. A22-A44)

(a) The entity's business and operations, including the entity's accounting system and accounting records; and

(b) The applicable financial reporting framework, including its application in the entity's industry.

Compiling the Financial Information

29. The practitioner shall compile the financial information using the records, documents, explanations and other information, including significant judgments, provided by management.

30. The practitioner shall discuss with management , as appropriate, for which the practitioner has provided assistance in the course of compiling the financial information. (Ref: Para. A45)

31. Prior to completion of the compilation engagement, the practitioner shall read the compiled financial information in light of the practitioner's understanding of the entity's business and operations, and of the applicable financial reporting framework. (Ref: Para. A46)

32. If, in the course of the compilation engagement, the practitioner becomes aware that the records, documents, explanations or other information, including significant judgments, provided by management for the compilation engagement are incomplete, inaccurate or otherwise unsatisfactory, the practitioner shall bring that to the attention of management and request the additional or corrected information.

33. If the practitioner is unable to complete the engagement because management has failed to provide records, documents, explanations or other information, including significant judgments, as requested, the practitioner shall withdraw from the engagement and inform management and those charged with governance of the reasons for withdrawing. (Ref: Para. A52)

34. If the practitioner becomes aware during the course of the engagement that:

(a) The compiled financial information does not adequately refer to or describe the applicable financial reporting framework; (Ref: Para. A47);

(b) Amendments to the compiled financial information are required for the financial information not to be materially misstated; or (Ref: Para. A48–A50)

(c) The compiled financial information is otherwise misleading, (Ref: Para. A51)

the practitioner shall propose the appropriate amendments to management.

35. If management declines, or does not permit the practitioner to make the proposed amendments to the compiled financial information, the practitioner shall withdraw from the engagement and inform management and those charged with governance of the reasons for withdrawing. (Ref: Para. A52)

36. If withdrawal from the engagement is not possible, the practitioner shall determine the professional and legal responsibilities applicable in the circumstances.

37. The practitioner shall 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. (Ref: Para. A62)

Documentation

38. The practitioner shall include in the engagement documentation: (Ref: Para. A53–A55)

- (a) Significant matters arising during the compilation engagement and how those matters were addressed by the practitioner;
- (b) A record of how the compiled financial information reconciles with the underlying records, documents, explanations and other information, provided by management; and
- (c) A copy of the final version of the compiled financial information for which management or those charged with governance, as appropriate, has acknowledged their responsibility, and the practitioner's compilation report. (Ref: Para. A62)

The Practitioner's Compilation Report

39. An important purpose of the practitioner's compilation report is to clearly communicate the nature of the compilation engagement, and the practitioner's role and responsibilities in the engagement. The practitioner's report is not a vehicle to express an opinion or conclusion on the financial information in any form.

40. The practitioner's report issued for the compilation engagement shall be in writing, and shall include the following elements: (Ref: Para. A56–A57, A63)

- (a) The report title;
- (b) The addressee(s), as required by the terms of the engagement; (Ref: Para. A58)
- (c) A statement that the practitioner has compiled the financial information based on information provided by management;
- (d) A description of the responsibilities of management, or those charged with governance as appropriate, in relation to the compilation engagement, and in relation to the financial information;
- (e) Identification of the applicable financial reporting framework and, if a special purpose financial reporting framework is used, a description or reference to the description of that special purpose financial reporting framework in the financial information;
- (f) Identification of the financial information, including the title of each element of the financial information if it comprises more than one element, and the date of the financial information or the period to which it relates;

(g) A description of the practitioner's responsibilities in compiling the financial information, including that the engagement was performed in accordance with this Standard, and that the practitioner has complied with relevant ethical requirements;

(h) A description of what a compilation engagement entails in accordance with this Standard;

(i) Explanations that:

(i) Since a compilation engagement is not an assurance engagement, the practitioner is not required to verify the accuracy or completeness of the information provided by management for the compilation; and

(ii) Accordingly, the practitioner does not express an audit opinion or a review conclusion on whether the financial information is prepared in accordance with the applicable financial reporting framework;

(j) If the financial information is prepared using a special purpose financial reporting framework, an explanatory paragraph that: (Ref: A59-A61)

(i) Describes the purpose for which the financial information is prepared and, if necessary, the intended users, or contains a reference to a note in the financial information that discloses this information; and

(ii) Draws the attention of readers of the report to the fact that the financial information is prepared in accordance with a special purpose framework and that, as a result, the information may not be suitable for other purposes;

(k) The date of the practitioner's compilation report;

(l) The practitioner's signature, full name and seal: *The practitioner's compilation report must bear the signature of certified public accountant or certified public auditor who is the legal representative or duly authorized person of the legal representative of the firm. The legal representative or duly authorized person of the legal representative who is entitled to sign the practitioner's compilation report must be an engagement partner of the compilation engagement. Below the signature are full name, number of practice certificate as per the law. Above the signature is the seal of the firm (or branch of the firm) which issues the report;*

If the engagement is undertaken by an individual practitioner who registered accounting service, the practitioner's compilation report must bear the signature of the certified public accountant, and below are full name and number of practice certificate as per the law. Above the signature is the seal of the business entity (if any).

(m) The practitioner's name and address.

41. The practitioner shall date the report on the date the practitioner has completed the compilation engagement in accordance with this Standard. (Ref: Para. A62)

III/ APPLICATION AND OTHER EXPLANATORY MATERIAL

Scope of this Standard

General Considerations (Ref: Para. 1)

A1. In a compilation engagement where the engaging party is someone other than management or those charged with governance of the entity, this Standard may be applied adapted as necessary.

A2. A practitioner's involvement with services or activities in the course of assisting management of an entity with the preparation and presentation of the entity's financial information can take many different forms. When the practitioner is engaged to provide such services or activities for an entity under this Standard, the practitioner's association with the financial information is communicated through the practitioner's compilation report provided for the engagement in the form of Appendix 02 required by this Standard. The practitioner's report contains the practitioner's explicit assertion of compliance with this Standard.

Application to Compilation Engagements Other than for Historical Financial Information (Ref: Para. 2)

A3. This Standard addresses engagements where the practitioner assists management in the preparation and presentation of historical financial information. The Standard may, however, also be applied, adapted as necessary, when the practitioner is engaged to assist management in preparing and presenting other financial information. Examples include:

- (1) Pro forma financial information;
- (2) Prospective financial information, including financial budgets or forecasts.

A4. Practitioners may also undertake engagements to assist management in the preparation and presentation of non-financial information, for example, greenhouse gas statements, statistical returns or other information returns. In those circumstances, the practitioner may apply this Standard, adapted as necessary, as relevant to those types of engagements.

Considerations Relevant to Application of the Standard (Ref: Para. 3)

A5. Mandatory application of this Standard may be specified in national settings for engagements where practitioners undertake services relevant to the preparation and presentation of financial information of an entity (such as in relation to preparation of historical financial statements required for public filing). If mandatory application is not specified, either under law or regulation, or under applicable professional standards or otherwise, the practitioner may nevertheless conclude that applying this Standard is appropriate in the circumstances.

Relationship with ISQC 1 (Ref: Para. 4)

A6. ISQC 1 deals with the firm's responsibilities to establish and maintain its system of quality control for related services engagements, including compilation engagements. Those responsibilities are directed at establishing:

- (1) The firm's quality control system; and
- (2) The firm's related policies designed to achieve the objective of the quality control system and its procedures to implement and monitor compliance with those policies.

A7. Under ISQC 1, the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that:

- (a) The firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
- (b) Reports issued by the firm are appropriate in the circumstances (Ref: Para. 11 of ISQC 1).

A8. A jurisdiction that has not adopted ISQC 1 in relation to compilation engagements may set out requirements for quality control in firms performing such engagements. The provisions of this Standard regarding quality control at the engagement level are premised on the basis that quality control requirements adopted are at least as demanding as those of ISQC 1. This is achieved when those requirements impose obligations on the firm to achieve the aims of the requirements of ISQC 1, including an obligation to establish a system of quality control that includes policies and procedures that address each of the following elements:

- (1) Leadership responsibilities for quality within the firm;
- (2) Relevant ethical requirements;
- (3) Acceptance and continuance of client relationships and specific engagements;
- (4) Human resources;
- (5) Engagement performance; and
- (6) Monitoring.

A9. Within the context of the firm's system of quality control, engagement teams have a responsibility to implement quality control procedures applicable to the engagement.

A10. Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm's system of quality control. For example, the engagement team may rely on the firm's system of quality control in relation to:

- (1) Competence of personnel through their recruitment and formal training;
- (2) Maintenance of client relationships through acceptance and continuance systems;
- (3) Adherence to legal and regulatory requirements through the monitoring process.

In considering deficiencies identified in the firm's system of quality control that may affect the compilation engagement, the engagement partner may consider measures taken by the firm to rectify the situation that the engagement partner considers are sufficient in the context of that compilation engagement.

A11. A deficiency in the firm's system of quality control does not necessarily indicate that a compilation engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner's compilation report was not appropriate.

The Compilation Engagement

Use of the Terms "Management" and "Those Charged with Governance" (Ref: 5, 7 - 8)

A12. The respective responsibilities of management and those charged with governance will differ between jurisdictions, and between entities of various types. These differences affect the way the practitioner applies the requirements of this Standard regarding management or those charged with governance. Accordingly, the phrase "management and, where appropriate, those charged with governance" used in various places throughout this Standard is intended to alert the practitioner to the fact that different entity environments may have different management and governance structures and arrangements.

A13. Various responsibilities relating to the preparation of financial information and external financial reporting fall to either management or those charged with governance according to factors such as:

- (1) The resources and structure of the entity;
- (2) The respective roles of management and those charged with governance within the entity as set out in relevant law or regulation or, if the entity is not regulated, in any formal governance or accountability arrangements established for the entity (for example, as recorded in contracts, or a constitution or other type of document by which an entity is established).

In many small entities, there is often no separation of the management and governance roles for the entity, or those charged with governance of the entity may also be involved in managing the entity. In most other cases, especially in larger entities, management is responsible for execution of the business or activities of the entity and reporting thereon, while those charged with governance have oversight of management. In larger entities, those charged with governance will often have or assume responsibility for approving the financial information of the entity, particularly when it is intended for use by external parties. In large entities, often a subgroup of those charged with governance, such as an audit committee, is charged with certain oversight responsibilities. In some jurisdictions, the preparation of financial statements for an entity in accordance with a specified framework is the legal responsibility of those charged with governance, and in other jurisdictions it is a management responsibility.

Involvement in Other Activities Relating to Preparation and Presentation of Financial Information (Ref: Para. 5)

A14. The scope of a compilation engagement will vary depending on the circumstances of the engagement. However, in every case it will involve assisting management in the preparation and presentation of the entity's financial information in accordance with the financial reporting framework, based on information provided by management. In some compilation engagements, management may have already prepared the financial information itself in a draft or preliminary form.

A15. A practitioner may also be engaged to undertake certain other activities on behalf of management, additional to the compilation engagement. For example, the practitioner may be requested to also collect, classify and summarize the underlying accounting data of the entity and process the data in the form of accounting records through to production of a trial balance. The trial balance would then be used as the underlying information from which the practitioner can compile the financial information that is the subject of a compilation engagement undertaken in accordance with this Standard. This is often the case for smaller entities that do not have well-developed accounting systems, or entities that prefer to outsource the preparation of accounting records to external providers. This Standard does not address such additional activities that the practitioner may perform to assist management in other areas, in advance of compiling the entity's financial statements.

Financial Reporting Frameworks (Ref: Para. 10)

A16. The financial information may be prepared in accordance with a financial reporting framework designed to meet:

- (1) The common financial information needs of a wide range of users (that is, a "general purpose financial reporting framework"); or
- (2) The financial information needs of specific users (that is, a "special purpose financial reporting framework").

The requirements of the applicable financial reporting framework determine the form and content of the financial information. The financial reporting framework may, in some cases, be referred to as the "basis of accounting."

A17. Examples of commonly used general purpose financial reporting framework are:

- (1) Vietnam's Accounting Standards and Vietnam's Accounting System applicable to financial reporting framework;
- (2) Accounting system for small and medium-sized enterprises;

A18. Examples of special purpose financial reporting frameworks that may be used, depending on the particular purpose of the financial information, are:

(1) The tax basis of accounting used in a particular jurisdiction to prepare financial information to fulfill tax compliance obligations;

(2) For entities not required to use an established financial reporting framework:

(i) A basis of accounting used in the financial information of a particular entity that is appropriate for the intended use of the financial information and the entity's circumstances (for example, use of the cash basis of accounting with selected accruals, such as accounts receivable and accounts payable, leading to a balance sheet and income statement; or use of an established financial reporting framework that is modified to suit the particular purpose for which the financial information is prepared);

(ii) The cash basis of accounting leading to a statement of receipts and disbursements (for example, for the purpose of allocating the excess of cash receipts over disbursements to the owners of a rental property; or to record movements in the petty cash fund of a club).

Ethical Requirements (Ref: Para. 21)

A19. Part A of the Code of Ethics for Professional Accountants establishes the fundamental principles of professional ethics that practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are:

- (a) Integrity;
- (b) Objectivity;
- (c) Professional competence and due care;
- (d) Confidentiality; and
- (e) Professional behavior.

Part B of the Code of Ethics for Professional Accountants illustrates how the conceptual framework is to be applied in specific situations. In complying with the Code of Ethics for Professional Accountants, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and appropriately addressed.

Ethical Considerations Regarding the Practitioner's Association with Information (Ref: Para. 21, 24(a)–(d))

A20. Under the Code of Ethics for Professional Accountants, para 110.2, part A in applying the principle of "integrity", a professional accountant is required to not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:

- (a) contains a materially false or misleading statement;

(b) contains statements or information furnished recklessly; or

(c) omits or obscures information required to be included where such omission or obscurity would be misleading.

When a professional accountant becomes aware that the accountant has been associated with such information, the accountant is required by the Code of Ethics for Professional Accountants to take steps to be disassociated from that information.

Independence (Ref: Para. 17(g), 21)

A21. Notwithstanding that Section 290, “Independence—Audit and Review Engagements” and Section 291, “Independence—Other Assurance Engagements (other than Audit and Review Engagements)” in Part B of the Code of Ethics for Professional Accountants do not apply to compilation engagements, national ethical codes or laws or regulations may specify requirements or disclosure rules pertaining to independence.

Professional Judgment (Ref: Para. 22, 24(e)(iii))

A22. Professional judgment is essential to the proper conduct of a compilation engagement. This is because interpretation of relevant ethical requirements and the requirements of this Standard, and the need for informed decisions throughout the performance of a compilation engagement, require the application of relevant knowledge and experience to the facts and circumstances of the engagement. Professional judgment is necessary, in particular, when the engagement involves assisting management of the entity regarding decisions about:

(1) The acceptability of the financial reporting framework that is to be used to prepare and present the financial information of the entity, in view of the intended use of the financial information and the intended users thereof;

(2) The application of the applicable financial reporting framework, including:

(i) Selection of appropriate accounting policies under that framework;

(ii) Development of accounting estimates needed for the financial information to be prepared and presented under that framework; and

(iii) Preparation and presentation of financial information in accordance with the applicable financial reporting framework.

The practitioner’s assistance to management is always provided on the basis that management or those charged with governance, as appropriate, understand the significant judgments that are reflected in the financial information, and accept responsibility for those judgments.

A23. Professional judgment involves the application of relevant training, knowledge and experience, within the context provided by this Standard and accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the compilation engagement.

A24. The exercise of professional judgment in individual engagements is based on the facts and circumstances that are known to the practitioner up to the date of the practitioner's report on the engagement, including:

- (1) Knowledge acquired from performance of other engagements undertaken for the entity, where applicable (for example, taxation services);
- (2) The practitioner's understanding of the entity's business and operations, including its accounting system, and of the application of the applicable financial reporting framework in the industry in which the entity operates;
- (3) The extent to which the preparation and presentation of the financial information requires the exercise of management judgment.

Engagement Level Quality Control (Ref: Para. 23(b))

A25. The actions of the engagement partner and appropriate messages to the other members of the engagement team, in taking responsibility for the overall quality on each engagement, emphasize the importance to achieving the quality of the engagement of:

- (a) Performing work that complies with professional standards and regulatory and legal requirements;
- (b) Complying with the firm's quality control policies and procedures as applicable; and
- (c) Issuing the practitioner's compilation report for the engagement in accordance with this Standard.

Acceptance and continuance of client relationships and specific engagements (Ref: Para. 23(b)(i))

A26. ISQC 1 requires the firm to obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client.

Information that assists the engagement partner in determining whether acceptance or continuance of client relationships and compilation engagements is appropriate may include information concerning the integrity of the principal owners, key management and those charged with governance. If the engagement partner has cause to doubt management's integrity to a

degree that is likely to affect proper performance of the engagement, it may not be appropriate to accept the engagement.

Compliance with Relevant Ethical Requirements in Conducting the Engagement (Ref: Para. 23(b)(iii))

A27. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. This Standard sets out the engagement partner's responsibilities with respect to the engagement team's compliance with relevant ethical requirements.

Engagement Acceptance and Continuation

Identifying the Intended Use of the Financial Information (Ref: Para. 24(a))

A28. The intended use of the financial information is identified with reference to applicable law, regulation, or other arrangements established concerning the provision of financial information of the entity, bearing in mind the financial information needs of parties internal or external to the entity who are the intended users. Examples are financial information required to be provided by an entity in connection with undertaking transactions or financing applications with external parties such as suppliers, banks or other providers of finance or funding.

A29. The practitioner's identification of the intended use of the financial information also involves understanding such factors as the particular purpose(s) of management, or those charged with governance, where applicable, that are intended to be served through requesting the compilation engagement, and those of the engaging party where different. For example, a grant funding body may require the entity to provide financial information compiled by a professional accountant to obtain information about certain aspects of an entity's operations or activities, prepared in a specified form, to support provision of a grant or continuation of an existing grant.

Identification of the Applicable Financial Reporting Framework (Ref: Para. 17(a), 24(b))

A30. The decision about the financial reporting framework that management adopts for the financial information is made in the context of the intended use of the information as described in the agreed terms of engagement, and the requirements of any applicable law or regulation.

A31. The following are examples of factors that indicate it may be relevant to consider whether the financial reporting framework is acceptable:

- (1) The nature of the entity, and whether it is a regulated form of entity, for example, whether it is a profit-oriented business enterprise, a public sector entity or a not-for-profit organization;
- (2) The intended use of the financial information and the intended users. For example, the financial information could be intended to be used by a wide range of users or, alternatively, could be for use by management or by certain external users in the context of a particular purpose specified as part of agreeing the terms of the compilation engagement;

(3) Whether the applicable financial reporting framework is prescribed or specified, either in applicable law or regulation, or in a contract or other form of agreement with a third party, or as part of governance or accountability arrangements adopted voluntarily by the entity;

(4) The nature and form of the financial information that is to be prepared and presented under the applicable financial reporting framework, for example, a complete set of financial statements, a single financial statement, or financial information presented in another format agreed between parties to a contract or other form of agreement.

Relevant Factors When Financial Information Is Intended for a Particular Purpose (Ref: Para. 24(a)–(b))

A32. The engaging party generally agrees the nature and form of financial information that is intended for a particular purpose with the intended users, for example as specified under the financial reporting provisions of a contract or a project grant or as needed to support the entity's transactions or activities. The relevant contract may require use of an established financial reporting framework, such as a general purpose financial reporting framework established by an authorized or recognized standard-setting body or by law or regulation. Alternatively, the parties to the contract may agree on the use of a general purpose framework with modifications or adaptations that fit their particular needs. In that case, the applicable financial reporting framework may be described in the financial information and in the practitioner's compilation report as being the financial reporting provisions of the specified contract rather than with reference to the modified financial reporting framework. In such cases, notwithstanding that the compiled financial information may be made more broadly available, the applicable financial reporting framework is a special purpose framework, and the practitioner is required to comply with the relevant reporting requirements of this Standard.

A33. When the applicable financial reporting framework is a special purpose financial reporting framework, the practitioner is required by this Standard to record any restrictions on either the intended use or distribution of the financial information in the engagement letter, and to state in the practitioner's report that the financial information is prepared using a special purpose financial reporting framework, and as a result may not be suitable for other purposes.

Responsibilities of Management (Ref: Para. (24(e))

A34. Under this Standard, the practitioner is required to obtain the agreement of management, or where applicable those charged with governance, on management's responsibilities in relation to both the financial information and the compilation engagement as a condition precedent to accepting the engagement. In smaller entities, management, or those charged with governance where applicable, may not be well-informed about what those responsibilities are, including those arising in applicable law or regulation. In order to obtain management's agreement on an informed basis, the practitioner may find it necessary to discuss those responsibilities with management in advance of seeking management's agreement on its responsibilities.

A35. If management does not acknowledge its responsibilities in the context of a compilation engagement, the practitioner is not able to undertake the engagement, and it is not appropriate for the practitioner to accept the engagement unless required to do so under applicable law or regulation. In circumstances where the practitioner is nevertheless required to accept the engagement, the practitioner may need to communicate with management about the importance of these matters and the implications for the engagement.

A36. The practitioner is entitled to rely on management to provide all relevant information for the compilation engagement on an accurate, complete and timely basis. The form of the information provided by management for the purpose of the engagement will vary in different engagement circumstances. In broad terms, it will comprise records, documents, explanations and other information relevant to the compilation of the financial information using the applicable financial reporting framework. The information provided may include, for example, information about management assumptions, intentions or plans underlying development of accounting estimates needed to compile the information under the applicable financial reporting framework.

Engagement Letter or Other Form of Written Agreement (Ref: Para. 25)

A37. It is in the interests of both management, and the engaging parties where different, and the practitioner that the practitioner sends an engagement letter to management and, where applicable, to the engaging parties prior to performing the compilation engagement, to help avoid misunderstandings with respect to the compilation engagement. An engagement letter confirms the practitioner's acceptance of the engagement and confirms such matters as:

- (1) The objectives and scope of the engagement, including the understanding of the parties to the engagement that the engagement is not an assurance engagement;
- (2) The intended use and distribution of the financial information, and any restrictions on its use or distribution (where applicable);
- (3) The responsibilities of management in relation to the compilation engagement;
- (4) The extent of the practitioner's responsibilities, including that the practitioner will not express an audit opinion or a review conclusion on the financial information;
- (5) The form and content of the report to be issued by the practitioner for the engagement.

Form and Content of the Engagement Letter

A38. The form and content of the engagement letter may vary for each engagement. In addition to the matters required by this Standard, an engagement letter may make reference to, for example:

- (1) Arrangements concerning the involvement of other practitioners and experts in some aspects of the compilation engagement;

(2) Arrangements to be made with the predecessor practitioner, if any, in the case of an initial engagement;

(3) The possibility that management or those charged with governance, as appropriate, may be requested to confirm in writing certain information or explanations conveyed orally to the practitioner during the engagement;

(4) Ownership of the information used for purposes of the compilation engagement, distinguishing between documents and information of the entity provided for the engagement and the practitioner's engagement documentation, having regard to applicable law and regulation;

(5) A request for management, and the engaging party if different, to acknowledge receipt of the engagement letter and to agree to the terms of the engagement outlined therein.

Illustrative Engagement Letter

A39. An illustrative engagement letter for a compilation engagement is set out in Appendix 1 to this Standard.

Recurring Engagements (Ref: Para. 26)

A40. The practitioner may decide not to send a new engagement letter or other written agreement each period. However, the following factors may indicate that it is appropriate to revise the terms of the compilation engagement, or to remind management or the engaging party, where applicable, of the existing terms of the engagement:

(1) Any indication that management or the engaging party, where applicable, misunderstands the objective and scope of the engagement;

(2) Any revised or special terms of the engagement;

(3) A recent change of senior management of the entity;

(4) A significant change in ownership of the entity;

(5) A significant change in nature or size of the entity's business;

(6) A change in legal or regulatory requirements affecting the entity;

(7) A change in the applicable financial reporting framework.

Communication with Management and Those Charged with Governance (Ref: Para. 27)

A41. The appropriate timing for communications will vary with the circumstances of the compilation engagement. Relevant circumstances include the significance and nature of the matter and any action expected to be taken by management or those charged with governance. For example, it may be appropriate to communicate a significant difficulty encountered during the engagement as soon as practicable if management or those charged with governance are able to assist the practitioner to overcome the difficulty.

Performing the Engagement

The Practitioner's Understanding (Ref: Para. 28)

A42. Obtaining an understanding of the entity's business and its operations, including the entity's accounting system and accounting records, is an ongoing process that occurs throughout the compilation engagement. The understanding establishes a frame of reference within which the practitioner exercises professional judgment in compiling the financial information.

A43. The breadth and depth of the understanding the practitioner has or obtains about the entity's business and operations is less than that possessed by management. It is directed at the level that is sufficient for the practitioner to be able to compile the financial information under the terms of the engagement.

A44. Examples of matters the practitioner may consider in obtaining an understanding of the entity's business and operations and the applicable financial reporting framework include:

- (1) The size and complexity of the entity and its operation;
- (2) The complexity of the financial reporting framework;
- (3) The entity's financial reporting obligations or requirements, whether they exist under applicable laws and regulation, under the provisions of a contract or other form of agreement with a third party, or in the context of voluntary financial reporting arrangements;
- (4) The level of development of the entity's management and governance structure regarding management and oversight of the entity's accounting records and financial reporting systems that underpin the preparation of financial information of the entity;
- (5) The level of development and complexity of the entity's financial accounting and reporting systems and related controls;
- (6) The nature of the entity's assets, liabilities, revenues and expenses.

Compiling the financial information

Significant Judgments (Ref: Para.30)

A45. In some compilation engagements, the practitioner does not provide assistance to management with significant judgments. In other engagements, the practitioner may provide such assistance, for example, in relation to a required accounting estimate or helping management with its consideration of appropriate accounting policies. Where assistance is provided, discussion is needed so that management and those charged with governance, as appropriate, understand the significant judgments reflected in the financial information, and accept their responsibility for those judgments.

Reading the Financial Information (Ref: Para. 31)

A46. The practitioner's reading of the financial information is intended to assist the practitioner in fulfilling the practitioner's ethical obligations relevant to the compilation engagement.

Proposing Amendments to the Financial Information

Reference to or description of the applicable financial reporting framework (Ref: Para. 34(a))

A47. There may be circumstances when the applicable financial reporting framework is an established financial reporting framework with significant departures therefrom. If the description of the applicable financial reporting framework in the compiled financial information makes reference to the established framework with significant departures, the practitioner may need to consider whether the reference to the established framework is misleading in the circumstances of the engagement.

Amendment for material misstatements, and for the information not to be misleading (Ref: Para. 34(b)–(c))

A48. The practitioner's consideration of materiality is made in the context of the applicable financial reporting framework. Some financial reporting frameworks discuss the concept of materiality in the context of the preparation and presentation of financial information. Although financial reporting frameworks may discuss materiality in different terms, they generally explain that:

(1) Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial information;

(2) Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and

(3) Judgments about matters that are material to users of the financial information are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

A49. If present in the applicable financial reporting framework, such a discussion provides a frame of reference for the practitioner in understanding materiality for the purpose of the compilation engagement. If not present, the above considerations provide the practitioner with a frame of reference.

A50. The practitioner's perception of the needs of users of the financial information affects the practitioner's view of materiality. In this context, it is reasonable for the practitioner to assume that users:

- (1) Have a reasonable knowledge of business and economic activities and accounting, and a willingness to study the financial information with reasonable diligence;
- (2) Understand that financial information is prepared and presented to levels of materiality;
- (3) Recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment and the consideration of future events; and
- (4) Make reasonable economic decisions on the basis of the information in the financial information.

A51. The applicable financial reporting framework may include the premise that the financial information is prepared on the going concern basis. If the practitioner becomes aware that uncertainties exist regarding the entity's ability to continue as a going concern, the practitioner may, as appropriate, suggest a more appropriate presentation under the applicable financial reporting framework, or appropriate disclosures concerning the entity's ability to continue as a going concern, in order to be in compliance with that framework, and to avoid the financial information being misleading.

Conditions that Require the Practitioner to Withdraw from the Engagement (Ref: Para. 33, 35)

A52. In circumstances addressed by the requirements of this Standard where withdrawal from the engagement is necessary, the responsibility to inform management and those charged with governance of the reasons for withdrawing provides an opportunity to explain the practitioner's ethical obligations.

Documentation (Ref: Para. 38)

A53. The documentation required by this Standard serves a number of purposes, including the following:

- (1) Providing a record of matters of continuing relevance to future compilation engagements;
- (2) Enabling the engagement team, as applicable, to be accountable for its work, including recording the completion of the engagement.

A54. The practitioner may consider also including in the engagement documentation a copy of the entity's trial balance, summary of significant accounting records or other information that the practitioner used to perform the compilation.

A55. In recording how the compiled financial information reconciles with the underlying records, documents, explanations and other information provided by management for the purpose of the compilation engagement, the practitioner may, for example, keep a schedule showing the reconciliation of the entity's general ledger account balances to the compiled financial information, including any adjusting journal entries or other amendments to the financial information that the practitioner has agreed with management in the course of the engagement.

The Practitioner's Compilation Report (Ref: Para. 40)

A56. The written report encompasses reports issued in hard copy format and those issued using an electronic medium.

A57. When the practitioner is aware that the compiled financial information and the practitioner's report will be included in a document that contains other information, such as a financial report, the practitioner may consider, if the form of presentation allows, identifying the page numbers on which the financial information is presented. This helps users to identify the financial information to which the practitioner's report relates.

Addressees of the Report (Ref: Para. 40(b))

A58. Law or regulation may specify to whom the practitioner's report is to be addressed in the particular jurisdiction. The practitioner's report is normally addressed to the party who engaged the practitioner under the terms of the engagement, ordinarily the management of the entity.

Financial Information Prepared Using a Special Purpose Financial Reporting Framework (Ref: Para. 40(j))

A59. Under this Standard, if the financial information is prepared using a special purpose financial reporting framework, the practitioner's report is required to draw the attention of readers of the report to the special purpose financial reporting framework used in the financial information, and to state that the financial information may therefore not be suitable for other purposes. This may be supplemented by an additional clause that restricts either the distribution or use, or both, of the practitioner's report to the intended users only.

A60. Financial information prepared for a particular purpose may be obtained by parties other than the intended users, who may seek to use the information for purposes other than those for which the information was intended. For example, a regulator may require certain entities to provide financial statements prepared using a special purpose financial reporting framework, and those financial statements to be on public record. The fact of the wider availability of those financial statements to parties other than the intended users does not mean the financial statements would then become general purpose financial statements. The practitioner's

statements required to be included in the practitioner's report are needed to draw readers' attention to the fact that the financial statements are prepared under a special purpose financial reporting framework, and may not, therefore, be suitable for other purposes.

Restriction on Distribution and Use of the Practitioner's Report

A61. The practitioner may consider it appropriate to indicate that the practitioner's report is intended solely for the specified intended users of the financial information. Depending on the law or regulation of the particular jurisdiction, this may be achieved by restricting either the distribution or use, or both, of the practitioner's report to the intended users only.

Completion of the Compilation Engagement and Dating of the Practitioner's Report (Ref: Para. 37, 38, 41)

A62. The process that exists within the entity for the approval of the financial information by management, or by those charged with governance as appropriate, is a relevant consideration for the practitioner when completing the compilation engagement. Depending on the nature and purpose of the financial information, there may be an established approval process that management or those charged with governance are required to follow, or that is prescribed in applicable law and regulation, for the preparation and finalization of financial information or financial statements of the entity.

Illustrative Reports (Ref: Para. 40)

A63. Appendix 2 to this Standard contains illustrations of practitioners' compilation reports incorporating the required elements of the report.

(Ref: Para. 25, A37, A39)

ILLUSTRATIVE ENGAGEMENT LETTER FOR A COMPILATION ENGAGEMENT

The following is an example of an engagement letter for a compilation engagement that illustrates the relevant requirements and guidance contained in this Standard. It will need to be adapted according to the requirements and circumstances of individual compilation engagements. It is drafted to refer to the compilation of financial statements for a single reporting period and would require adaptation if intended or expected to apply to a recurring engagement as described in para. 26 of this Standard. It may be appropriate to seek legal advice that any proposed letter is suitable.

This engagement letter illustrates the following circumstances:

(1) The financial statements are to be compiled for sole use by the management of a company (ABC Company), and use of the financial statements will be restricted to management. Use and distribution of the practitioner’s report is also restricted to management;

(2) The compiled financial statements will comprise only the balance sheet of the company as at December 31, 20X4 and the income statement for the year then ended, without notes. Management has determined that the financial statements be prepared on an accrual basis as described.

**THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness**

No./HDDVTH

[Location], [date].....

COMPILATION ENGAGEMENT

(Re: Compilation of financial statements for financial year ending on.... of)

- Pursuant to the Civil Code No. 33/2005/QH11 dated June 14, 2005;
- Pursuant to the Law on Commerce No. 36/2005/QH11 dated June 14, 2005;
- Pursuant to the Law on Independent Audit No. 67/2011/QH12 dated March 29, 2011;

· Pursuant to the Government's Decree No. 17/2012/ND-CP dated March 13, 2012 on guidelines for certain articles of the Law on Independent Audit;

· Pursuant to Vietnam's Standards on Related Services 4410 - Engagements to compile financial statements;

This engagement is established by and between:

PARTY A:

Representative:

Position:

(According to Letter of Authorization No.dated.....) (for Deputy Director)

Address:

Email:; Tel; Fax:

TIN:

Account No.

At bank:

PARTY B: XYZ AUDIT FIRM

Representative:

Position:

(According to Letter of Authorization No.dated.....) (for Deputy Director)

Address:

Email:; Tel; Fax:

TIN:

Account No.

At bank:

ARTICLE 1: CONTENT

On the basis of information that you will provide, Party B will assist Party A in the preparation and presentation of the following financial statements: the balance sheet as at December 31, 20x4 and the income statement for the year then ended, on the historical cost basis, reflecting all cash transactions with the addition of trade accounts payable, trade accounts receivable less an allowance for doubtful accounts, inventory accounted for on an average cost basis, current income taxes payable as at the reporting date, and capitalization of significant long-lived assets at historical cost amortized over their estimated useful lives on the straight-line basis.

These financial statements will not include explanatory notes, other than a note describing the basis of accounting as set out in this engagement letter.

The purpose for which the financial statements will be used is to provide full-year financial information showing the entity's financial position of Party A at the financial reporting date of December 31, 20x4 and financial performance for the year then ended. The financial statements will be solely for your use, and will not be distributed to other parties.

ARTICLE 2: RESPONSIBILITIES OF PARTIES

Responsibilities of Party A

The compilation engagement to be performed of Party B is conducted on the basis that the management, where appropriate, and those charged with governance of Party A acknowledges and understands that Party A has the following overall responsibilities:

- (a) Responsibility for financial statements and the preparation and presentation thereof in accordance with a financial reporting framework that is acceptable in view of the intended use of the financial statements and the intended users;
- (b) Responsibility for the accuracy and completeness of the records, documents, explanations and other information Party A provides to Party B for the purpose of compiling the financial statements;
- (c) Responsibility for the judgment needed in the preparation and presentation of the financial statements, including those for which we may provide assistance in the course of the compilation engagement;
- (d) Enable personnel of Party B to perform their tasks at the office of Party A;
- (e) Pay fees and other charges (if any) in full to Party B as established in Article 4 of this engagement.

The compilation engagement shall be conducted in the principle that Party A understands the role of Party B is to assist Party A in preparation and presentation of financial statements under financial reporting framework applied by Party A. Party B will perform the compilation engagement in accordance with Vietnam's Standards on Related Services 4410 - Engagements to compile financial statements.

Responsibilities of Party B

Party B will perform the compilation engagement in accordance with Vietnam's Standards on Related Services 4410 - Engagements to compile financial statements. This Standard requires that, in undertaking this engagement, Party B complies with the relevant ethical requirements, including integrity, objectivity, professional competence and due care. For that purpose, Party B is required to comply with relevant ethical requirements.

The compilation engagement is conducted on the basis of application of accounting expertise and preparation of financial statements to assist Party A in preparation and presentation of financial information. Since a compilation engagement is not an assurance engagement, Party B may not require Party A to verify the accuracy or completeness of the information provided by Party A for the compilation, or otherwise to gather evidence to express an audit opinion or a review conclusion on the preparation of the financial information.

Party B shall notify Party A of contents and plan to perform the engagement, assign certified public accountants or certified public auditors and qualified assistants to perform the work prescribed in Article 1.

Party B shall perform the compilation engagement following the principles of objectivity and data security. Accordingly, Party B may not disclose to any third party without consent of Party A, except as required by law and relevant regulations, or above information has been made public by regulatory agencies or published by Party A.

ARTICLE 3: THE PRACTITIONER'S COMPILATION REPORT

As part of our engagement, Party B will issue ... set of practitioner's compilation report attached to the financial statements in Vietnamese, ... set of practitioner's compilation report enclosed with financial statements in (English).

The practitioner's compilation report shall be made in writing, including contents as provided for in Vietnam's Standard on Related Services 4410 - Engagement to perform agreed-upon procedures regarding financial information, and relevant laws and regulations.

This report will describe the financial statements and the work we performed for this compilation engagement [see attached]. This report will also note that the use of the financial statements is restricted to the purpose set out in this engagement letter, and that use and distribution of Party B's report provided for the compilation engagement is restricted to the management of Party A.

ARTICLE 4: FEE AND METHOD OF PAYMENT

Fee

Total fee payable to the engagement set out in Article 1 is: VND (in words:).

The fee is inclusive of (or exclusive of) travel, accommodation costs and other costs and exclusive of VAT 10%.

Term of payment (as agreed):

The fee shall be paid by wire transfer to the account of Party B.

Party B will issue a VAT invoice to Party A upon the completion of the engagement, in accordance with applicable taxation law.

ARTICLE 5: UNDERTAKING

Parties undertake to abide by all terms and conditions stated in the engagement. Any difficulty arising out of or in connection with this engagement shall be communicated to each other for resolution. Any change shall be notified in writing (or via email) according to the above-mentioned address.

The performance of agreed-upon procedures is expected to be completed in days after effective date of this engagement (or commencement date of the engagement).

Any dispute arising out of or in connection with this engagement shall be settled through amicable arrangement or in accordance with the Civil Code of the Socialist Republic of Vietnam and the economic court chosen by the parties.

ARTICLE 6: EFFECT, LANGUAGE AND DURATION

This engagement shall be made in copies (... copies in Vietnamese and copies in (English), each party shall keep ... copies in Vietnamese and copies in (English) with the same legal validity and take effect from the date on which this engagement bears all signatures and seals of both parties.

This engagement shall be automatically terminated after Party A and Party B have completely performed their obligations.

Representative of Party A

COMPANY

Director

(Signature, full name, seal)

Representative of Party B

XYZ AUDIT FIRM

Director

(Signature, full name, seal)

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