

15 March 2017

APESB issues revised APES 315 *Compilation of Financial Information*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 315 *Compilation of Financial Information* (Revised APES 315) to replace the existing APES 315 (Issued February 2015).

The key change in the Revised APES 315 relates to the updating of the reference in paragraph 1.11 to *ASIC Corporations (Audit Relief Instrument) 2016/784* which supersedes ASIC Class Order CO 98/1417 *Audit relief for proprietary companies*.

Please refer to Appendix 1 of this technical update for details of all the revisions. The Revised APES 315 will be effective for Engagements to Compile Financial Information commencing on or after 1 July 2017 with early adoption permitted.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES 315 (Issued February 2015)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 315 *Compilation of Financial Information* which was originally issued in July 2008 and revised in November 2009 and February 2015.

| Paragraph Reference | Revisions |
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| 1.2 | Accounting Professional & Ethical Standards Board Limited (APESB) issues APES 315 <i>Compilation of Financial Information</i> (the Standard), which is effective for Engagements to Compile Financial Information commencing on or after 1 July 2015 ⁷ . Earlier adoption of this Standard is permitted. |
| 1.3 | APES 315 sets the standards for the provision of quality and ethical Professional Services for Members in Public Practice who undertake Engagements to Compile Financial Information. The mandatory requirements of this Standard are in bold-type (black lettering) , preceded or followed by discussion or explanations in normal type (grey lettering). APES 315 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply. |
| 1.11 | This Standard is directed towards Members in Public Practice. However, Members in Business should apply this Standard and its principles to the extent practicable when they compile information for their employers especially in respect of regulatory reporting requirements and Compilation Reports prepared under ASIC Class Order CO 98/1417 Audit relief for proprietary companies <u>ASIC Corporations (Audit Relief Instrument) 2016/784¹</u> . |
| 1.12 | <u>In this Standard, unless otherwise specified, words in the singular include the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not.</u> |
| 2 | <p><u>AASB means the Australian statutory body called the Australian Accounting Standards Board that was established under section 226 of the <i>Australian Securities and Investments Commission Act 1989</i> and is continued in existence by section 261 of the <i>Australian Securities and Investments Commission Act 2001</i>.</u></p> <p><u>Assurance Engagement means an Engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the <u>subject matter information (that is, the outcome of the evaluation measurement or evaluation measurement of an underlying subject matter against criteria).</u></u></p> <p>This includes an Engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements.</p> |

¹ ASIC Corporations (Audit Relief Instrument) 2016/784 supersedes ASIC Class Order 98/1417 *Audit relief for proprietary companies*.

| Paragraph Reference | Revisions |
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| | <p>AUASB means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the <u>Australian Securities and Investments Commission Act 2001</u>.</p> <p>Auditing and Assurance Standards means: (a) the AUASB standards, as described in ASA 100 <i>Preamble to AUASB Standards</i>, ASA 101 <i>Preamble to Australian Auditing Standards</i> and the <i>Foreword to AUASB Pronouncements</i>, issued by the AUASB, and operative from the date specified in each standard; and</p> <p>(b) those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards.</p> <p>Australian Accounting Standards means the Accounting Standards (including Australian Accounting Interpretations) promulgated by the Australian Accounting Standards Board (AASB).</p> <p>Compliance Framework means:</p> <p>a) a financial reporting framework that requires compliance with the requirements of the applicable framework, but does not contain the acknowledgements in respect of a fair presentation framework (refer Applicable Financial Reporting Framework); or</p> <p>b) a framework (not related to financial reporting) used <u>adopted</u> by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.</p> <p>Engagement means an agreement, whether wWritten or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.</p> <p>Engagement Document means the document (i.e. letter, agreement or any other appropriate means) in which the Terms of Engagement are specified in a wWritten form.</p> <p>Member in Business means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or pProfessional bBodies, or a Member contracted by such entities.</p> <p>Professional Bodies means the Institute of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.</p> <p>Writing (or Written) means a mode of representing or reproducing words <u>in a visible form, and includes words in an electronic format capable of being converted to printed text.</u></p> |
| 3.1 | <p>Members in Public Practice undertaking Engagements to Compile Financial Information shall comply with Section 100 <i>Introduction and Fundamental Principles</i> of the Code and relevant legislation <u>laws and regulations</u>.</p> |
| 5.3 | <p>If a Member in Public Practice is of the view that the Applicable Financial Reporting Framework selected by a Client is not appropriate</p> |

| Paragraph Reference | Revisions |
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| | and the Client is not willing to adopt an appropriate framework, the Member shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and cContinuance of Client rRelationships and sSpecific Engagements</i> of APES 320 <i>Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity. |
| 7.4 | If the Client refuses to provide additional information or process appropriate amendments requested by the Member in Public Practice in the circumstances referred to in paragraph 7.3, the Member shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and cContinuance of Client rRelationships and sSpecific Engagements</i> of APES 320 <i>Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity. |
| 8 | Documentation and Qquality Ccontrol |
| 8.1 | <p>A Member in Public Practice shall prepare working papers in accordance with this Standard that appropriately document the work performed, including aspects of the Compilation Engagement that have been provided in <u>W</u>writing. The documentation prepared by the Member shall:</p> <ul style="list-style-type: none"> (a) provide a sufficient and appropriate record of the procedures performed for the Engagement; (b) identify the sources of significant information the Member has used in the compilation of financial information; and (c) demonstrate that the Engagement was carried out in accordance with this Standard and all other Professional Standards applicable to the Engagement, including policies and procedures established in accordance with APES 320 <i>Quality Control for Firms</i>, and any applicable ethical, legal and regulatory requirements. |
| 8.4 | A Member in Public Practice shall perform sufficient reviews of the Compilation Engagement in accordance with the Firm's policies and procedures established in accordance with <i>Engagement Pperformance</i> of APES 320 <i>Quality Control for Firms</i> prior to issuing the Compilation Report. |
| 9.1 | A Member in Public Practice who undertakes a Compilation Engagement in respect of General Purpose or Special Purpose Financial Statements shall obtain a <u>w</u> Written acknowledgment from the Client of the Client's responsibility for the reliability, accuracy and completeness of the accounting records and disclosures to the Member of all material and relevant information. |
| 9.3 | Where a Member in Public Practice undertakes a Compilation Engagement other than those referred to in paragraph 9.1, the Member should assess whether, due to the circumstances of the Engagement, the Member needs to obtain a <u>w</u> Written acknowledgement from the Client of its responsibility for the reliability, accuracy and completeness of the accounting records and disclosures provided to the Member. |
| 9.4 | The acknowledgment referred to in paragraphs 9.1 and 9.3 may be included in other <u>w</u> Written representations from the Client. |
| 11.2 | Communication should ordinarily be in <u>w</u> Writing. Where the communication occurs orally, a Member in Public Practice should record in the working papers a summary of the significant matters discussed. |

| Paragraph Reference | Revisions |
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| 11.4(c)(iii) | if appropriate, the fact that the Member proposes to withdraw from the Compilation Engagement as a result of the lack of additional information; and/or |
| 11.5 | Where during the performance of a Compilation Engagement a Member in Public Practice obtains information that a fraud, Misstatement or illegal act has occurred and the Member has reason to believe that such an act is the result of actions of Those Charged with Governance of the Client, the Member shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and Continuation of Client Relationships and Specific Engagements of APES 320 Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity. |
| 12.4 | When determining whether the Compiled Financial Information needs to be revised pursuant to paragraph 12.3, the Member in Public Practice should consider inter alia the duration of time between the issue of the Compiled Financial Information and the subsequent discovery of facts referred to in Paragraph 12.1, and the extent to which important decisions based on the Compiled Financial Information are still to be made. |
| 12.6 | If, in the view of the Member in Public Practice, appropriate action is not taken by Those Charged with Governance of the Client, the Member in Public Practice shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and Continuation of Client Relationships and Specific Engagements of APES 320 Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity. |
| Conformity with International Pronouncements | <ul style="list-style-type: none"> • When undertaking a Compilation Engagement in respect of General Purpose or Special Purpose Financial Statements, APES 315 mandates that a Member in Public Practice shall comply with APES 205 <i>Conformity with Accounting Standards</i>. The professional obligation for the Member to comply with APES 205 includes consideration of the going concern basis of preparation of Financial Statements; • Appendix 5 provides an example of an Accountant's Report Disclaimer that can be issued when a Member in Public Practice performs an excluded activity. Excluded activities are referred to in the definition of a <u>Compliance Compilation Engagement</u>. |
| Appendix 2 | Decision tree to determine when a Compilation Report should be issued – Amended |
| Appendix 3 | Example Engagement Letter for a Compilation Report - Amended |
| Appendix 4 | Examples of Compilation Reports - Amended |
| Appendix 5 | Example of an Accountant's Report Disclaimer - Amended |
| Appendix 6 | Summary of revisions to the previous APES 315 (Issued February 2015) - Added |