

Project Proposal – Revision of APES 315 *Compilation of Financial Information*

Introduction

To revise APES 315 *Compilation of Financial Information* (the Standard) due to the issue of the revised ISRS 4410 *Compilation Engagements* by the IAASB.

Background

APES 315 was issued in July 2008, then revised and re-issued in November 2009. An annual review of the Standard was completed in January 2011 and as part of this review, stakeholders raised areas of concern that proposed amendments to APES 315.

In 2009 the International Auditing and Assurance Standards Board (IAASB) commenced a project to update ISRS 4410 *Compilation Engagements* and as a result the APESB determined to defer updating APES 315 until finalisation of the international standard. The international standard ISRS 4410 (*Revised*) *Compilation Engagements* was released in March 2012.

The revised ISRS 4410 contains the following key changes:

- The addition of detailed factors indicating when it may be appropriate to apply the standard;
- Amendment of the standard to include the term “basis of accounting”;
- A newly included definition of the term “misstatement” and explanations that clarify the concept of materiality;
- Increased explanatory detail relating to the nature of the engagement;
- Relocation of explanations relating to the applicable financial reporting framework to the introductory section of the standard;
- Strengthened communication of the purpose of the practitioner’s report and the practitioner’s role and responsibilities in a compilation engagement, including the specific addition of a statement that the practitioner’s report is not a vehicle to express an opinion or conclusion on the financial information in any form;
- Removal of the guidance for practitioners when advising management of the applicable financial reporting framework;
- Addition of a new requirement to obtain acknowledgement from management or those charged with governance that they have taken responsibility for the final version of the compiled financial information;

- Amendment of the illustrative report to state that the practitioner has complied with ethical requirements and applied the practitioner's expertise in accounting and financial reporting to assist management in the preparation and presentation of financial information;
- Deletion of previous reporting requirements in the standard which enables the structure of the compilation report to be clearly differentiated from an assurance engagement report; and
- Addition of references to national ethical codes or laws and restrictions that may specify disclosure requirements pertaining to independence.

Project Objective: To develop a revised standard that enhances the quality and comprehensibility of APES 315, and facilitates Members' application of the principles therein.

- Project Steps:**
- Invite stakeholders (particularly from the SMP sector) to participate in a taskforce to revise APES 315. The task force should consist of the APESB Technical Director, and at least 1 representative from the professional bodies. There has been one issue raised by Members since the Standard was issued and this has been addressed in the revised international Standard.
 - APES Board Member Stuart Black will function as an observer on the taskforce.
 - Conduct task force meetings between July 2012 and October 2012 to discuss the approach and develop the exposure draft.
 - Develop an exposure draft for the Board review taking into consideration the revised ISRS 4410.
 - Present the exposure draft to the APES Board for consideration at the November 2012 Board meeting.
 - Release the exposure draft for public comment on both specific issues highlighted and also general comments on the document as a whole.
 - Consider respondents' comments and their impact on the exposure draft and amend as required.
 - Prepare a basis of conclusions document detailing key issues that were identified and considered during the development of the pronouncement.
 - Present the final pronouncement and basis of conclusions document to the Board for approval at the May 2013 Board meeting.
 - Release the pronouncement in May 2013 and upload the pronouncement and basis of conclusions document onto the APESB website.
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Project Structure:

- Board – provide feedback and oversee development of the pronouncement
- APESB Technical Director – assemble task force, provide technical support, assume the role of principal drafting editor of the pronouncement, provide guidance to the task force on APESB policies and procedures
- Task Force – provide APESB with advice on development and drafting of pronouncement
- APESB Secretariat – provide administrative support to the taskforce

Resource Requirements:

- Teleconference facilities, Travel of APESB staff (as required) and taskforce members (by invitation only), printing and stationary.
- It is estimated that the staff time on this project will be approximately 4 weeks.

- Budgeted taskforce costs for 6 taskforce meetings:

Conference calls \$300 per unit	\$1,800
Travel & accommodation \$1,000 per unit	\$4,000
Sundry expenses \$200 per unit	\$800
Total Budgeted Costs	<u>\$6,600</u>

Timeline:

May 2012	Approve project proposal
June 2012	Assemble task force
July 2012	Conduct initial task force meeting
July 2012 – Oct 2012	Develop exposure draft
Nov 2012	Present exposure draft to Board for approval
Dec 2012	Release exposure draft for a 60-90 day comment period
March 2013	Collate feedback received
April 2013	Revise pronouncement taking into consideration feedback received and prepare basis of conclusions
May 2013	Present final pronouncement and basis of conclusions to Board for approval
May/June 2013	Issue pronouncement

Impact on other APESB pronouncements

None noted.

Impact on accounting, auditing or other relevant standards

None noted.

Related legislative developments

None noted.

Related international developments

IAASB has recently released a revised ISRS 4410 *Compilation Engagements*. This updated document will be considered during the development of the revised APES 315 to ensure consistency with international best practice.

Benefits of developing the pronouncement

Revision of APES 315 will address previous issues reported by stakeholders and ensure consistency with international standards.