

AGENDA PAPER

Item Number: 1
Date of Meeting: 11 August 2015
Subject: Exposure Draft 02/15 Review of respondents' comments on revision of APES Standards primarily due to changes in the Code (ED 02/15)

Action required **For discussion** **For noting** **For information**

Purpose

To provide the Board with an evaluation of the respondents' comments on the Exposure Draft 02/15 *Revision of APESB Pronouncements* (ED 02/15) that comprises of the following pronouncements:

- APES 205 *Conformity with Accounting Standards*;
- APES 210 *Conformity with Auditing and Assurance Standards*;
- APES 220 *Taxation Services*;
- APES 305 *Terms of Engagement*;
- APES 325 *Risk Management for Firms*;
- APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document*;
- APES GN 30 *Outsourced Services*; and
- APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business*.

Background

Accounting Professional and Ethical Standards Board (APESB) issued ED 02/15 on 23 June 2015 for a 35-day comment period. The majority of proposed revisions to the APESB pronouncements identified in ED 02/15 were due to amendments made to APES 110 *Code of Ethics for Professional Accountants* (2013), matters noted in the issues register and other matters noted by stakeholders.

Consideration of Issues

The comment period closed on 27 July 2015 and APESB received three submissions from an accounting firm and Professional Bodies. Technical Staff have prepared an analysis of the respondents' general and specific comments (refer Agenda Items 1 (a) and 1 (b)). The key matters raised in the submissions are:

Editorials in respect of the objectives of each pronouncement

A respondent has developed specific proposals in respect of the objectives of each pronouncement for the Board's consideration. These proposals express the objectives in a succinct manner and are mainly editorial in nature. Technical Staff have reviewed the proposals and are supportive of the majority of the proposals of the respondent.

Further details of these proposals are in the specific comments table as depicted below.

Pronouncements (paragraph 1.1)	Specific Comments Table Item No
APES 205	12
APES 210	16
APES 220	17
APES 305	19
APES 325	20
APES 345	21
APES GN 30	22
APES GN 40	23

Definition 'Assurance Engagement' in APES 205 and APES 210 (Specific Comment Item No.1)

A respondent has recommended that the definition of 'Assurance Engagement' in APES 205 and APES 210 should be revised to be consistent with the latest pronouncements of the AUASB (and IAASB) which has a revised definition of an Assurance Engagement and was issued subsequent to the issue of the IESBA Code and APES 110 in Australia.

Technical Staff agree with the respondent's comment and note that the amended definition has been incorporated in AUASB's recently issued Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Definition 'Financial Statements' in APES 205 (Specific Comment Item No.2)

Respondents have requested that the definition of 'Financial Statements' in APES 205 be consistent with the AUASB's Glossary in Australia. We note that the current definition is consistent with the Australian Code, which is aligned with the International Code except for the additional text that equates Financial Statements to a financial report.

Technical Staff agree with the respondent's proposal to delete this additional text as we acknowledge that the term 'financial report' has a specific meaning in respect of *Corporations Act 2001* financial reports.

Other editorials and enhancements to the pronouncements proposed by the respondents have been addressed by Technical Staff as noted in Specific Comment Items No. 3,5,6,10,11 and 18.

Staff Recommendations

The Board note the key matters raised in the Submissions.

Subject to the Board's review comments, Technical Staff recommend the incorporation of the editorials noted in the specific comments table in the proposed pronouncements.

Material Presented

Agenda Item 1 (a) ED 02/15 General Comments Table;
Agenda Item 1 (b) ED 02/15 Specific Comments Table; and
Agenda Item 1 (c) Extract of Standard on Assurance Engagements ASAE 3000.

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Date: 3 August 2015