



Annual Review of APES 315 *Compilation of Financial Information*

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1. Executive Summary

1.1. Background

Accounting Professional and Ethical Standards Board (APESB) issued APES 315 *Compilation of Financial Information* (the Standard) in July 2008, and the revised Standard in November 2009 with an effective date of 01 January 2010.

1.2. Reason for this report

In accordance with APESB's constitution, an annual review needs to be performed on each professional standard. This report presents a review of the issues reported to APESB and proposed recommendations to address the identified issues.

1.3. Issues identified

The concerns raised by stakeholders are summarised below.

Carry forward issue from the 2010 Annual Review

During the 2010 Annual Review of APES 315, a stakeholder commented that the term "accounting expertise" contained within paragraph 4.1 and the example compilation reports in Appendix 1 of APES 315 is onerous and misleading.

The Board considered this issue during the 2010 Annual Review process and noted that the IAASB was in the process of revising the International equivalent ISRS 4410. Accordingly, the Board determined to wait until the international revision was complete before taking any further action. ISRS 4410 was reissued in March 2012 at which point the Board decided to revise APES 315 in accordance to ISRS 4410 to reflect current national and international best practices and address the stakeholder's concerns with the extant standard.

New Issues

Stakeholders have not reported any additional matters in respect of APES 315.

1.4. Summary of Recommendations

The following is a summary of the recommendations or actions taken in respect of the identified issues.

Carry forward issue from the 2010 and 2011 Annual Reviews

The terminology in APES 315 be revised in a manner consistent with ISRS 4410 (*Revised*) *Compilation Engagements* to address the issue noted by the stakeholder. This project is expected to be completed during 2013.

2. Review of Issues

Carry forward issue from the 2010 Annual Review:

A Stakeholder reported the following issues in respect of the use of the term “accounting expertise” in APES 315:

- the use of an undefined term such as “accounting expertise” in paragraph 4.1 and in the example compilation reports in the Appendix 1 of APES 315 can be problematic, particularly in disputes or litigation; and
- the use of “accounting expertise” is contradictory to paragraph 8.2 of APES 315.

In addition, the stakeholder raised the following questions and observations:

- Why is ‘accounting expertise’ not defined?
- Why use ‘accounting expertise’? Why not use “relevant accounting knowledge” & then the accountant needs to be able to demonstrate the knowledge/skill used was relevant/appropriate to the engagement under scrutiny (not answer to a lawyer’s interpretation of “accounting expertise”)
- Why does the APES 315 example report, in relation to accounting expertise specify the tasks of “collect, classify & summarise”? Surely any obligation in respect of skills & knowledge should be to the overall compilation engagement, not just 3 (undefined) aspects (that may or may not cover the entire engagement).
- Why use words in an example report (‘accounting expertise’) that is not defined in the standard?

2011 Update

The IAASB released an exposure draft on the Proposed *International Standard on Related Services 4410 (Revised) Compilation Engagements*. The exposure draft no longer makes reference to the use of "accounting expertise to collect, classify and summarise" rather refers to "applying expertise in accounting" which is considered to be less onerous. The stakeholder who originally reported the issue has commented that he is more comfortable with the revised wording in the International equivalent.

2012 Update

APESB Technical Staff confirmed with the IAASB Technical staff that the release date for ISRS 4410 (Revised) has been pushed back to early March 2012. The marked-up revised ED from the December 2011 meeting was published on the IAASB website and contained the revised wording of “applying expertise in accounting” throughout the document including in the illustrative practitioner’s compilation reports.

2013 Update

The Board agreed to revise APES 315 due to the issue of the revised ISRS 4410 in May 2012. The project was delayed due to completion of other APESB projects which had a higher priority. The project has now recommenced in April 2013.

Impacted Stakeholders

Members in Public Practice, Firms and professional accounting bodies.

Recommendation

The terminology in APES 315 be revised in a manner consistent with ISRS 4410 *(Revised) Compilation Engagements* to address the issue noted by the stakeholder.