



## ***Annual Review of APES 205 Conformity with Accounting Standards***

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## **1. Executive Summary**

### **1.1. Background**

The Accounting Professional and Ethical Standards Board (APESB) issued APES 205 *Conformity with Accounting Standards* in December 2007 with an effective date of 1 July 2008. APES 205 replaced APS 1 *Conformity with Accounting Standards and UIG Consensus Views*.

### **1.2. Reason for this report**

In accordance with the constitution of the APESB, a review needs to be performed on an annual basis after a new standard is effective. This report presents a review of the issues reported to the APESB and a proposed course of action to address the issues.

### **1.3. Issue identified**

The Australian Accounting Standards Board (AASB) has approved a differential reporting regime in Australia.

### **1.4. Summary of Recommendations**

It is recommended that:

1. APESB commence a project in 2011 to update APES 205 to bring it into alignment with the new differential reporting regime in Australia.

## **2 Review of Implementation Issues**

### **2.1 The Australian Accounting Standards Board (AASB) has approved a differential reporting regime in Australia.**

#### **Issue**

The AASB approved a differential reporting regime to take effect in Australia from 1 July 2013. Under the differential reporting regime the basis for preparation of general purposes financial statements will be based on tiers that an entity belongs to. Under the existing regime all Reporting Entities are required to prepare general purpose financial statements.

#### **Analysis of the issue**

APES 205 imposes obligations on members in respect of the Reporting Entity concept. APES 205 specifies that a member has a mandatory obligation to take all reasonable steps to prepare a general purpose financial report in respect of a Reporting Entity. With the introduction of AASB 1053 *Application of Tiers of Australian Accounting Standards* the basis of determining which entities prepares general purpose financial reports will be based on these tiers and not on the Reporting Entity Concept.

#### **Impacted Stakeholders**

Members of the professional accounting bodies who are involved in the preparation, audit, review or compilation of financial statements.

#### **Recommendation**

APESB commence a project in 2011 to update APES 205 to bring it into alignment with the new differential reporting regime in Australia.