



Six monthly review of APES 205 *Conformity with Accounting Standards* issued in December 2007

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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 six months 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

APESB was aware of the issue noted below at the time of issuing APES 205 in December 2007:

1. The Australian Accounting Standards Board (AASB) is working on a project on the differential reporting regime in Australia which may result in changes to the Reporting Entity concept.

1.4. Summary of Recommendations

It is recommended that:

1. APESB monitor the AASB's project on the differential reporting regime, and if and when it results in changes to the Reporting Entity concept then make consequential amendments to APES 205.

2 Review of Implementation Issues

2.1 The Australian Accounting Standards Board (AASB) is working on a project on the differential reporting regime in Australia.

Issue

Depending on the outcomes of AASB's project on the differential reporting regime in Australia, it is possible that there may be changes to the Reporting Entity concept.

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.

If the AASB makes changes to the existing differential reporting regime which impacts the Reporting Entity, then APESB would need to make consequential amendments APES 205.

Impacted Stakeholders

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

Recommendation

APESB continue to monitor the AASB's project on the differential reporting regime, and if and when it results in changes to the Reporting Entity concept then make consequential amendments to APES 205.