

Review of Submissions – Specific Comments  
Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

*Note: General comments relating to Exposure Draft 03/22 are addressed in a separate table. This table excludes minor editorial changes.*

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	Specific Comment 1	CA ANZ & CPAA	<p><b>Attachment</b></p> <p><b><i>Request for Specific Comment 1</i></b></p> <p><b><i>Do you agree with the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align to the terminology in the AASB's SPFS disclosure requirements? Please provide reasons and justification for your response.</i></b></p> <p>We support the APESB's decision not to amend subparagraph 6.1(b) and 6.1(c) to align with the new disclosure requirements contained in AASB 2019-4 and AASB 2022-4. These disclosures introduced by the AASB have been developed to address identified user needs around understanding the content of financial statements which claim, "compliance with Australian Accounting Standards". They are therefore not appropriate for application, on a cost benefit basis, to all other SPFS where there is no user expectation or statement of "compliance with Australian Accounting Standards".</p> <p>However, it is also important to acknowledge that some SPFS in both the for-profit and not-for-profit sectors now have disclosure requirements that go beyond the general disclosure requirements contained in paragraph 6.1 of APES 205. These expanded disclosure requirements are contained in AASB 1054 <i>Australian Additional Disclosures</i> (by way of the amendments made by AASB 2019-4 and AASB 2022-4). Rather than detailing the complicated scope paragraphs of AASB 1054, we believe it would be more helpful if paragraph 6.2 simply referred to the requirements contained in AASB 1054 and made it clear that, if these requirements are complied with, then compliance with paragraph 6.1 is not required.</p> <p>This approach also has the advantage of allowing the AASB to amend the scope of AASB 1054 in the future without requiring further revision to APES 205.</p> <p>A draft revised paragraph 6.2 is set out below.</p>	Yes Proposed para. 6.2

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			<p>6.2 Some Special Purpose Financial Statements prepared under reporting requirements that specify compliance with Australian Accounting Standards are now required by AASB 1054 Australian Additional Disclosures (give footnote reference to paragraph 9A of AASB 1054 for a not-for-profit entity and paragraph 9C of AASB 1054 for a for-profit entity) to include specific additional disclosures. Members who are involved in, or are responsible for, the preparation, presentation, audit, review or compilation of an entity's Special Purpose Financial Statements in these circumstances shall take all reasonable steps to ensure that the disclosures required by AASB 1054 are made in such Special Purpose Financial Statements, rather than the disclosure requirements specified in paragraph 6.1 of APES 205.</p>	
2	Specific Comment 1	DH	<p><b>Request for Specific Comment 1</b>  <b>Do you agree with the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align to the terminology in the AASB's SPFS disclosure requirements? Please provide reasons and justification for your response.</b></p> <p><i>Special purpose financial statement terminology</i></p> <p>I agree with retaining the special purpose financial statements terminology, rather than changing to something along the lines of user-defined financial statements (something I have seen references to given the 'removal' of special purpose financial statements.)</p> <p><i>Failure of intended approach</i></p> <p>I believe that the apparent intention of the proposals will fail. The apparent intention "to avoid unnecessary duplication" appears to be that if accounting standards are followed, then "Path A" (paragraph 6.2) is followed, and if not "Path B" (paragraph 6.1) is followed – with no entity required to follow both "Path A" and "Path B".</p> <p>Entities following accounting standards, and in particular disclosures similar to (but possibly different to) paragraphs 6.1(b) and 6.1(c) include public sector entities preparing special purpose financial statements for audit purposes, for example:</p> <ul style="list-style-type: none"> <li>• Corporations Act registered entities (controlled entities) not required to prepare financial statements under the Corporations Act (i.e. small proprietary companies or small companies limited by guarantee), but prepares special purpose financial statements that are audited under an auditor-general act</li> </ul>	<p>No</p> <p>Yes Proposed para. 6.2</p>

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			<ul style="list-style-type: none"> <li>• ACNC registered entities (controlled entities) not required to prepare financial statements under the ACNC Act (i.e. small registered entity), but prepares special purpose financial statements that are audited under an auditor-general act</li> <li>• Trusts (that are not registered under either the Corporations Act or ACNC Act) (controlled entities) that prepare special purpose financial statements under their trust deed.</li> </ul> <p>While special purpose financial statements, such entities listed above will likely comply with the relevant requirements of AASB 108 for disclosure of accounting policies. If audited, the auditor's report will include an emphasis of mater paragraph describing "the purpose for which the financial report is prepared".</p> <p>APES 205 should be drafted such that compliance with AASB 101 paragraph 117 (as modified by AASB 2019-1) or AASB 1060 paragraph 95 (as modified by AASB 2019-6) is sufficient to comply with APES 205 paragraph 6.1(c).</p> <p>A similar exemption should be given for APES 205 paragraph 6.1(b).</p> <p><i>Wording introduced by the AASB SPFS Disclosure Requirements (AASB 2019-4 and AASB 2022-4).</i></p> <p>I agree with not amending APES 205 paragraphs 6.1(b) and 6.1(c) to the new requirements.</p> <p>I believe that my suggestion above, that compliance with AASB 101 (as amended) and AASB 1060 (as amended) means compliance with paragraph 6.1(c) should be sufficient – with a similar amendment for paragraph 6.1(b).</p> <p>While there has been criticism of how SPFRs are prepared, particularly for financial statements prepared under legislation, I agree with the APESB not imposing additional disclosures beyond those the AASB is requiring.</p>	No
3	Specific Comment 1	Deloitte	<p><b>APPENDIX A – RESPONSE TO REQUESTS FOR SPECIFIC COMMENT</b></p> <p><b>Request for Specific Comment 1–Do you agree with the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align to the terminology in the AASB's SPFS disclosure requirements? Please provide reasons and justification for your response.</b></p>	

**Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards**

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			<p>Whilst we acknowledge and understand the Board’s rationale for not amending subparagraphs 6.1(b) and (c) of APES 205, we do not agree with the proposal.</p> <p>We believe that the requirements of APES 205 <i>Conformity with Accounting Standards</i> (APES 205) should be consistent with the requirements of Australian Accounting Standards. We believe that the proposals in the Exposure Draft could lead to confusion among preparers and users of special purpose financial statements, and may result in inconsistency between SPFS prepared under different frameworks.</p> <p>We appreciate that the disclosures required in SPFS in accordance with AASB 1054 <i>Australian Additional Disclosures</i> are more extensive than required by APES 205. We do not believe it is necessary for APES 205 to fully align with all of the requirements in AASB 1054, but believe where there is commonality in required disclosures, the wording should be consistent. Set out below are our suggested treatment of the various disclosure requirements of AASB 1054 (for for-profit entities):</p> <table border="1" data-bbox="656 762 1832 1356"> <thead> <tr> <th data-bbox="656 762 1249 799">AASB 1054 requirement</th> <th data-bbox="1249 762 1832 799">Suggested approach in APES 205</th> </tr> </thead> <tbody> <tr> <td data-bbox="656 799 1249 962">Statutory basis or other reporting framework, if any, under which the financial statements are prepared, and the basis on which the decision to prepare SPFS was made</td> <td data-bbox="1249 799 1832 962">This is equivalent to the purpose for which the SPFS have been prepared required under paragraph 6.1(b) of APES 205 and accordingly, we do not expect any implications in practice if the wording in APES 205 was aligned with AASB 1054.</td> </tr> <tr> <td data-bbox="656 962 1249 1225">Information about the material accounting policies applied in the SPFS, including information about changes in those accounting policies</td> <td data-bbox="1249 962 1832 1225">This is more explicit than the current requirements in paragraph 6.1(c) of APES 205, particularly the requirement to discuss information about changes in accounting policies. We would support adopting (simplified) language that is consistent with the wording with AASB 1054 so that entities within the scope of the AASB 1054 requirements could meet both requirements simultaneously.</td> </tr> <tr> <td data-bbox="656 1225 1249 1356">Disclosures regarding compliance with the recognition and measurement requirements of Australian Accounting Standards</td> <td data-bbox="1249 1225 1832 1356">Whilst this disclosure is supportable for entities exempted from the requirement to prepare general purpose financial statements under Australian Accounting Standards, due to the broad</td> </tr> </tbody> </table>	AASB 1054 requirement	Suggested approach in APES 205	Statutory basis or other reporting framework, if any, under which the financial statements are prepared, and the basis on which the decision to prepare SPFS was made	This is equivalent to the purpose for which the SPFS have been prepared required under paragraph 6.1(b) of APES 205 and accordingly, we do not expect any implications in practice if the wording in APES 205 was aligned with AASB 1054.	Information about the material accounting policies applied in the SPFS, including information about changes in those accounting policies	This is more explicit than the current requirements in paragraph 6.1(c) of APES 205, particularly the requirement to discuss information about changes in accounting policies. We would support adopting (simplified) language that is consistent with the wording with AASB 1054 so that entities within the scope of the AASB 1054 requirements could meet both requirements simultaneously.	Disclosures regarding compliance with the recognition and measurement requirements of Australian Accounting Standards	Whilst this disclosure is supportable for entities exempted from the requirement to prepare general purpose financial statements under Australian Accounting Standards, due to the broad	<p>No</p> <p>Yes Para. 6.1(c)</p> <p>No</p>
AASB 1054 requirement	Suggested approach in APES 205											
Statutory basis or other reporting framework, if any, under which the financial statements are prepared, and the basis on which the decision to prepare SPFS was made	This is equivalent to the purpose for which the SPFS have been prepared required under paragraph 6.1(b) of APES 205 and accordingly, we do not expect any implications in practice if the wording in APES 205 was aligned with AASB 1054.											
Information about the material accounting policies applied in the SPFS, including information about changes in those accounting policies	This is more explicit than the current requirements in paragraph 6.1(c) of APES 205, particularly the requirement to discuss information about changes in accounting policies. We would support adopting (simplified) language that is consistent with the wording with AASB 1054 so that entities within the scope of the AASB 1054 requirements could meet both requirements simultaneously.											
Disclosures regarding compliance with the recognition and measurement requirements of Australian Accounting Standards	Whilst this disclosure is supportable for entities exempted from the requirement to prepare general purpose financial statements under Australian Accounting Standards, due to the broad											

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				range of SPFS that might be prepared in accordance with APES 205 only, we do not suggest that equivalent requirements be introduced into APES 205.	No
			Information about consolidation and equity accounting where the entity has interests in other entities	We believe that this information would be useful in some form in all SPFS. The AASB's research when developing AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> indicated clear deficiencies in reporting the basis of preparation in SPFS. The Illustrative Examples to AASB 1054 indicate that "information about the accounting for subsidiaries and investments in associates and joint ventures is fundamental for a user's understanding of the scope of the financial statements". For this reason, we believe this information could be useful to include in SPFS to which APES 205 is applied.	
			We recommend the Board consider the above suggestions in finalising the proposals in the Exposure Draft.		
4	Specific Comment 1	IPA	<p style="text-align: right;"><b>Attachment</b></p> <p><b>IPA response to APESB Exposure Draft 03/22 – Request for Specific Comments</b></p> <p><b>Comment 1</b>  <b>Do you agree with the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align to the terminology in the AASB's SPFS disclosure requirements? Please provide reasons and justification for your response.</b></p> <p>IPA supports the APESB's approach based on practical expediency, as the proposals relate to AASB requirements that are already applicable, and for the reasons<sup>1</sup> provided in ED 03/22 for not making the amendments.</p>		No

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			<p>However, IPA is of the view that where possible, aligning requirements and consistencies of terminologies between standards would assist users in applying the requirements. Consequently, IPA suggest that:</p> <ul style="list-style-type: none"> <li>• The APESB assess the impact of such alignment as a post-implementation review of the issued APES 205 and/or when the AASB finalises its Not-For-Profit Private Sector Financial Reporting Framework project for Tier 3 reporting with the view of aligning the requirements and terminologies and</li> <li>• In the interim, to assist users in applying the requirements, the revised APES 205 include a footnote noting the difference in terminologies between APES 205 and the AASB's SPFS disclosure requirements. This footnote would be similar to footnotes 1 and 2 (on pages 6 and 7 of ED 03/22) for the Statement of Accounting Concepts 1.</li> </ul> <p>.....</p> <p><sup>1</sup>“Aligning the requirements would create consistency between the respective standards and might benefit Members that deal with entities subject to either APES 205 or the AASB SPFS disclosures. However, this would impact all other entities that are only required to comply with APES 205, potentially resulting requirements are deficient.” (page iv)</p>	
5	Specific Comment 1	KPMG	<p><b>Appendix</b></p> <p><b>Request 1</b></p> <p><i>Do you agree with the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align to the terminology in the AASB's SPFS disclosure requirements? Please provide reasons and justification for your response.</i></p> <p><i>Response</i></p> <p>We do <b>not support</b> the proposed approach not to amend. We would recommend that the wording in paragraph 6.1 line up with the terminology used by the AASB in AASB 2022-6 <i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities</i> (AASB 2022-6) and AASB 2019-4 <i>Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements</i> (AASB 2019-4).</p> <p>In summary we would recommend that paragraph 6.1 contain the following.  “... shall take all reasonable steps to ensure that the special purpose financial statements and any associated audit report, review report or compilation report clearly identifies:”</p>	No

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			<p>(a) that the financial statements are special purpose financial statements</p> <p>(b) the basis on which the decision to prepare special purpose financial statements was made</p> <p>(c) the material accounting policies applied in the special purpose financial statements, including information about changes in those policies</p> <p>(d) for those material accounting policies applied and disclosed in the financial statements that do not comply with all the recognition and measurements requirements in Australian Accounting Standards – disclose an indication of how it does not comply; or if such an assessment has not been made, disclose that fact</p> <p>(e) whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards.</p> <p>We have not recommended including the disclosures around investments in subsidiaries, associates or joint ventures as we believe that this will be apparent from disclosure (e) above.</p> <p><u>Why?</u></p> <p>The AASB conducted extensive research of financial statements users and other reporting framework stakeholders as a prelude to the removal of the ‘reporting entity concept’ with three of the more significant papers being:</p> <ul style="list-style-type: none"> <li>– AASB <i>Evidence-Informed Standard-Setting Framework</i> (May 2018)</li> <li>– AASB research Report 11 <i>Review of Special Purpose Financial Statements: Large and medium-Sized Australian Charities</i> (September 2019)</li> <li>– AASB research Report 12 <i>Financial Reporting Practices of For-Profit Entities Lodging Special Purpose Financial Statements</i> (August 2019).</li> </ul> <p>This research evinced users’ clear views on the importance of understanding the recognition and measurement basis of preparation used in special purpose financial statements. It also noted that there were many deficiencies in clearly reporting the basis of preparation for special purpose financial statements prepared at the time of the respective research reports.</p> <p>Based on the completed research the AASB remained concerned about the lack of transparency of special purpose financial statements that continue to refer to Australian Accounting Standards. The AASB formed a</p>	

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			<p>view that disclosures of the extent of compliance or otherwise with the recognition and measurement requirements in Australian Accounting Standards was necessary to satisfy the needs of financial statements users. This measurement would:</p> <ul style="list-style-type: none"> <li>– assist in improving the transparency and consistency of special purpose financial statements</li> <li>– enable users to determine whether they need additional information to meet their needs in terms of assessing an entity's financial position and performance.</li> </ul> <p>When the AASB exposed the requirements contained in AASB 2019-4 and AASB 2022-6 the feedback from a majority of respondents agreed with the proposed basis of preparation disclosure requirements and confirmed that they held a believe that they would increase the transparency and comparability of special purpose financial statements.</p> <p>A further benefit identified as part of the exposure process is that providing adequate information to enable users to confidently assess an entity's level of compliance with recognition and measurement requirements in Australian Accounting Standards – or be alerted to areas where this has not been assessed and is therefore unclear – would better support users in identifying where additional information is required.</p> <p>In exposing the AASB requirements comment was also sought around the cost/benefit of the basis of preparation disclosure requirements. A majority of respondents expressed a view that overall, the benefits to financial statement users would outweigh the costs of providing the disclosures. Specifically, they agreed that the required <b>disclosures where not unduly burdensome and believed they would require minimal additional effort.</b></p> <p>We support the AASB research findings, and the stakeholder feedback received as part of exposing the AASB requirements. We believe the benefits outweigh the costs.</p> <p>We would support an option for entities to disclose that they have not assessed whether or not the accounting policies disclosed in the special purpose financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards where it would place an undue burden. This still will highlight potential instances of non-compliance with recognition and measurement requirements to users, as well as potential governance issues. Users may then seek additional information if required.</p> <p>We do not believe the other disclosures identified above [(a), (b), (c), and (e)] would be an unreasonable burden.</p>	

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			<p>We note that a vast majority of entities which prepare special purpose financial statements (including public sector) use Australian Accounting Standards as a basis to develop their respective reporting practices.</p> <p>If an entity prepares special purpose financial statements and specifically includes an audit report, review report or compilation report then it would be reasonable to conclude that there are financial statement users independent of management.</p> <p>We do not see why the above requirements would not be applied to any entity type preparing special purpose financial statements (be it private or public sectors, for-profit or not-for-profit sectors). The research conducted by the AASB considered many types of stakeholders and users of financial statements.</p> <p>We acknowledge there may be different user requirements for financial statements of different entity types. However, and importantly, we believe that an understanding of the basis of preparation and why that basis is considered appropriate to meets user needs is fundamental to all – no matter whether the entity is in the private or public sector, for-profit or not-for-profit sector.</p> <p>For comments on the use of the term 'material accounting policies' refer to Request 2 below.</p>	
6	Specific Comment 2	CA ANZ & CPAA	<p><b>Request for Specific Comment 2</b></p> <p><b><i>Do you agree with the APESB's approach to not amend subparagraphs 6.1(c) of APES 205 to align to the terminology in AASB 2021-2 and AASB 2021-6? Please provide reasons and justification for your response.</i></b></p> <p>No. We recommend that the APESB use consistent terminology with that of Australian Accounting Standards (AAS) where relevant. The term "significant accounting policies" has been removed from AAS and replaced with the term "material accounting polices" from 1 January 2023. There is international consensus that the latter term is more readily understood by preparers, auditors and users and results in the provision of more meaningful information. Therefore, we suggest using the term "material accounting policies" in subparagraph 6.1(c).</p>	Yes Para. 6.1(c)
7	Specific Comment 2	DH	<p><b>Request for Specific Comment 2</b></p> <p><b><i>Do you agree with the APESB's approach to not amend subparagraphs 6.1(c) of APES 205 to align to the terminology in AASB 2021-2 and AASB 2021-6? Please provide reasons and justification for your response.</i></b></p>	No

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			<p>I agree with not amending APES 205 paragraph 6.1(c) from “significant accounting policies” to “material accounting policies”. While a change, given the recent change in accounting standards, has an appeal, I believe there will be unintended consequences.</p> <p>Technically, the change in accounting standards is from “significant accounting policies” to “material accounting policy information”. That is, the change in wording is not to “material accounting policies”. This change is expected to change reporting practices. Given the intention of the APESB is not to change existing practice for entities not required to change under the accounting standards, I agree that the existing APES 205 terminology should be retained.</p> <p>I believe that my suggestion above, that compliance with AASB 101 (as amended) and AASB 1060 (as amended) means compliance with paragraph 6.1(c) should be sufficient.</p>	
8	Specific Comment 2	Deloitte	<p><b>Request for Specific Comment 2—Do you agree with the APESB's approach to not amend subparagraphs 6.1(c) of APES 205 to align to the terminology in AASB 2021-2 and AASB 2021-6? Please provide reasons and justification for your response.</b></p> <p>We suggest that the Board reconsider this proposal.</p> <p>The proposal to retain the reference to “significant accounting policies” rather than “material accounting information” could:</p> <ul style="list-style-type: none"> <li>• Create difficulties and diversity in interpretation, particularly as the “significant accounting policies” concept is eliminated from accounting concepts in general purpose financial statements in Australia and globally</li> <li>• Require preparers to develop additional knowledge to apply the concept of “significant accounting policies” only for the purposes of SPFS prepared in accordance with APES 205, which will become more acute as time progresses</li> <li>• Result in more voluminous and non-specific accounting policy disclosure being included in SPFS when compared to general purpose financial statements prepared under Australian Accounting Standards, which may be counterintuitive and unhelpful to users of SPFS.</li> </ul>	Yes Para. 6.1(c)

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			Accordingly, we recommend that the Board consider introducing the “material accounting policy information” concept into APES 205 in a manner suggested in our response to Request for Specific Comment 1 above.	
9	Specific Comment 2	IPA	<p><b>Comment 2</b>  <b>Do you agree with the APESB's approach to not amend subparagraphs 6.1(c) of APES 205 to align to the terminology in AASB 2021-2 and AASB 2021-6? Please provide reasons and justification for your response.</b></p> <p>IPA supports APESB’s approach for similar reasons and suggestions in Comment 1.</p>	No
10	Specific Comment 2	KPMG	<p><b>Request 2</b>  <i>Do you agree with the APESB's approach to not amend subparagraphs 6.1(c) of APES 205 to align to the terminology in AASB 2021-2 and AASB 2021-6? Please provide reasons and justification for your response.</i></p> <p><i>Response</i></p> <p>We do <b>not support</b> the proposed approach not to amend. We would recommend that ‘<b>material</b> accounting policies’ is used in preference to ‘significant accounting policies’.</p> <p><u>Why?</u></p> <p>‘Material’ or material information is a term which is widely used, well defined and understood by financial statement users and preparers. In contrast ‘significant’ is a term which is not defined and, in our view, has different interpretations by financial statement users and preparers in different sectors – particularly private and public sectors.</p> <p>In our experience when assessing if an accounting policy is material there is focus on both quantitative and qualitative factors. When assessing significant accounting policies the focus is more on the quantitative considerations. There is the potential for some accounting policies to be qualitatively important but numerically being relatively small.</p> <p>We believe given the widely accepted definition of ‘material’ and the frequency of use, changing from ‘significant’ will promote greater consistency in judgements and will generally result in lower compliance costs across all sectors.</p>	Yes Para. 6.1(c)
11	Specific Comment 3	CA ANZ & CPAA	<b>Request for Specific Comment 3</b>	

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			<p><b><i>Do you believe there are other entity types than those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205? Please provide reasons and justification for your response.</i></b></p> <p>We believe that it is important that all entities preparing SPFS are required to provide information about the nature of those SPFS as set out in paragraph 6.1. We also acknowledge that, in determining the scope of the additional disclosures required by AASB 1054 for some SPFS, the AASB has carefully sought to balance preparer cost with user need. Therefore, we do not support any alteration to that scope within APES 205 at this time.</p> <p>However, we note that the AASB is currently undertaking framework reform for the not-for-profit sector and this, and the completion of a post-implementation-review of the AASB's for-profit reforms, may necessitate a reconsideration of the requirements of paragraphs 6.1 and 6.2 when these projects are concluded.</p>	No
12	Specific Comment 3	DH	<p><b><i>Request for Specific Comment 3</i></b>  <b><i>Do you believe there are other entity types than those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205? Please provide reasons and justification for your response.</i></b></p> <p>As I included under Specific Comment 1, there will be various public sector entities complying with accounting standards that provide equivalent disclosures to paragraphs 6.1(b) and 6.1(c).</p> <p>That was not a complete list of entities affected. The AASB Research Report 10 “Legislative And Regulatory Financial Reporting Requirements”, September 2019, 2<sup>nd</sup> edition includes numerous references to NFP and other entities required to prepare financial statements complying with accounting standards under legislation.</p> <p>I also believe that private sector for-profit entities will often comply with accounting standards equivalent to (but not the same wording) as those paragraphs for “voluntarily” prepared financial statements (e.g. for banks).</p> <p>I believe that exemption from APES 205 paragraphs 6.1(b) and 6.1(c) should be based on compliance with the equivalent accounting standard disclosures, and not by the type of entity.</p>	Yes Proposed para. 6.2

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13	Specific Comment 3	Deloitte	<p><b>Request for Specific Comment 3—Do you believe there are other entity types than those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205? Please provide reasons and justification for your response.</b></p> <p>While we acknowledge that there are differences between SPFS due to their very nature, APES 205 has to date ensured consistency in critical disclosures in financial statements and we recommend the Board consider retaining this objective and outcome. The proposals would also result in different requirements for for-profit and not-for-profit entities which may cause additional uncertainty in application.</p> <p>We believe the requirements should be straightforward so to be easy to understand and apply. Creating complexity in the scope of the SPFS disclosure requirements in APES 205 to mirror the manner in which the Australian Accounting Standards Board has implemented the removal of SPFS for the majority of for-profit private sector entities may cause confusion among preparers. Due to the vast array of non-legislative reporting mandates encountered in practice, we have also seen complexity in applying the scope of the SPFS disclosure requirements in AASB 1054 (and the entities impacted by AASB 2020-2) and this complexity would then be also introduced into APES 205 if the Exposure Draft proposals were implemented. This could undermine the Board's objective of not imposing additional compliance costs on preparers of SPFS prepared in accordance with APES 205.</p> <p>Accordingly, we do not support exempting some SPFS from the requirements in APES 205 and do not believe any exemption proposals should be extended in scope. This ensures that preparers of SPFS are aware they must comply with APES 205 in all SPFS, except the current exemption for SPFS to be used solely for internal purposes.</p> <p>However, we would support the Board including commentary in the finalised pronouncement to the effect that entities that are required to comply with the relevant disclosures in AASB 1054 would simultaneously meet the requirements of APES 205.</p>	Yes Proposed para. 6.2
14	Specific Comment 3	IPA	<p><b>Comment 3</b> <b>Do you believe there are other entity types than those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205? Please provide reasons and justification for your response.</b></p>	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			IPA is not aware of other entity types in addition to those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205.	
15	Specific Comment 3	KPMG	<p><b>Request 3</b></p> <p><i>Do you believe there are other entity types than those listed in proposed paragraph 6.2 of APES 205 that should be scoped-out of the SPFS disclosure requirements in APES 205? Please provide reasons and justification for your response.</i></p> <p><i>Response</i></p> <p>We do <b>not support</b> the inclusion of paragraph 6.2. We would recommend that paragraph 6.2 is removed.</p> <p><u>Why?</u></p> <p>Consistent with our view in Request 1 we believe that the requirements in the amended paragraph 6.1 should be applied by <b>all entities</b> that prepare special purpose financial statements – private or public sectors, for-profit or not-for-profit sectors.</p> <p>If an entity prepares special purpose financial statements and specifically includes an audit report, review report or compilation report then it would be reasonable to conclude that there are financial statement users independent of management.</p> <p>While there may be different user requirements for financial statements of entities in different sectors – we believe that an understanding of the basis of preparation and why that basis is considered appropriate to meets user needs is fundamental to all.</p>	Yes Proposed para. 6.2
16	Section 2 Definition of Assurance Engagement	KPMG	<p><b>Other</b></p> <p>We have no further comment on the proposed changes around: <i>[note the above wording is repeated in SC 18]</i></p> <p>.....</p> <p>– changes in the definition of ‘assurance engagement’.</p>	No
17	Section 2 Definitions of General Purpose Financial	Deloitte	<p><b>Other matters</b></p> <p>We wish to draw the Board’s attention to the following editorial suggestions:</p>	

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
	Statements and Reporting Entity		<ul style="list-style-type: none"> <li>We believe that the footnotes attached to references to SAC 1 <i>Definition of the Reporting Entity</i> could also be applied to the definition of Reporting Entity</li> <li>The Board could give consideration to changing the definitions of Reporting Entity and General Purpose Financial Statements to be references to relevant pronouncements where those items are defined (i.e. SAC 1 and the two Conceptual Frameworks currently in place). This would eliminate the potential for differences in definitions.</li> </ul>	Yes Definition of Reporting Entity  No
18	Section 2 Definition Reporting Entity & paragraph 4.1	KPMG	<p><b>Other</b> We have no further comment on the proposed changes around: <i>[note the above wording is repeated in SC 16]</i></p> <ul style="list-style-type: none"> <li>updates for changes in Statement of Accounting Concepts 1 <i>Definition of the Reporting Entity</i></li> </ul>	No
19	Para. 6.1 & 6.2	ACNC	<p>In line with the ACNC's third statutory object, we agree that ACNC registered charities should be excluded from the obligations listed in paragraph 6.1 of APES 205 via the insertion of sub-paragraph 6.2(c).</p> <p>The exposure draft includes the following text under sub-paragraph 6.2(c):</p> <p><i>an entity that is required to prepare financial reports in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013.</i></p> <p>We recommend that sub-paragraph 6.2(c) be reworded as follows:</p> <p><i>an entity that is registered with the Australian Charities and Not-for-profits Commission.</i></p> <p>Under the <i>Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016</i> (Cth), we accept financial reports prepared for other government agencies as meeting our own requirements. This Regulation is currently in force up until the 2023-24 financial year.</p> <p>Our suggested update to sub-paragraph 6.2(c) resolves this issue and provides clarity to accounting professionals.</p>	Yes Proposed para. 6.2

**Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards**

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
20	Para. 6.1	IPA	IPA supports the APESB's approach to not amend subparagraphs 6.1(b) and (c) of APES 205 to align the terminologies in the AASB's special purpose financial statements disclosure requirements. The IPA's support is based on practical expediency, as the proposals relate to AASB requirements that are already applicable, and for the reasons provided in ED 03/22 for not making the amendments.	No
21	Para. 6.1	PwC	<p>We also agree that subparagraphs 6.1(b) and (c) do not need to be aligned with the AASB's SPFS disclosure requirements. While aligning the requirements would create consistency, we believe this is not necessary as preparers of SPFS applying APES 205 are not required to comply with Australian Accounting Standards, and therefore, do not apply the provisions of AASB 1054 <i>Australian Additional Disclosures</i>.</p> <p>However, we do recommend replacing the term 'significant' with the term 'material' in subparagraph 6.1(c) of APES 205, consistent with the changes made by AASB 2021-2 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates</i>. Amending the terminology to <i>material</i> will remove the ambiguity associated with the undefined term 'significant', enabling preparers to refer to the materiality concepts in the AASBs and provide them with a framework to determine which policies should be disclosed. It will also avoid any confusion that could arise as a result of the different terminology being used.</p>	Yes Para. 6.1(c)
22	Para. 6.2	PwC	We agree that the entity types listed in proposed paragraph 6.2 of APES 205 should be excluded from the scope and are not aware of any additional entities which should be scoped out of the Special Purpose Financial Statements (SPFS) disclosure requirements in APES 205.	No

**RESPONDENTS**

1	ACNC	Australian Charities and Not-for-profits Commission
2	CA ANZ & CPAA	Chartered Accountants Australia and New Zealand & CPA Australia
3	DH	David Hardidge
4	Deloitte	Deloitte Touche Tohmatsu
5	IPA	Institute of Public Accountants
6	KPMG	KPMG
7	PwC	PricewaterhouseCoopers