

9 March 2023

APESB issues revised APES 315 *Compilation of Financial Information*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 315 *Compilation of Financial Information* (APES 315) to replace the existing APES 315 (Issued Dec 2019).

The key changes in the revised APES 315 consist of:

- Revisions to reflect the terminology, concepts and principles used in the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* issued in February 2022 (effective 1 January 2023) and new quality management standards issued by the Auditing and Assurance Standards Board in March 2021 (effective 15 December 2022);
- Conforming amendments resulting from recent changes to APES 205 *Conformity with Accounting Standards* to amend 'significant accounting policies' to 'material accounting policies'; and
- Inclusion of introductory paragraphs to Appendices 4 and 5.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES 315 will be effective for engagements commencing on or after 1 April 2023, with early adoption permitted.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES 315 (Issued December 2019)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 315 *Compilation of Financial Information* which was originally issued in July 2008 and revised in November 2009, February 2015, March 2017 and December 2019 (extant APES 315).

Paragraph Reference	Revisions
1.1	<p>The objectives of APES 315 <i>Compilation of Financial Information</i> are:</p> <ul style="list-style-type: none"> • to specify that, when performing an Engagement to Compile Financial Information, a Member in Public Practice is required to apply the Member's expertise in accounting and/or financial reporting and, in contrast to an Engagement to perform an audit or review, the Member is not required to verify the accuracy or completeness of the information provided by a Client; • to mandate that a Member in Public Practice plans a Compilation Engagement but recognises that planning procedures depend upon the context of the Compilation Engagement and the specific circumstances of the Client; • to provide guidance to Members in Public Practice when undertaking a Compilation Engagement in respect of General Purpose Financial Statements or Special Purpose Financial Statements; • to specify matters to be considered for inclusion in an Engagement Document; • to specify the professional obligations of a Member in Public Practice in respect of procedures; • to specify the documentation and quality <u>management—control</u> obligations of a Member in Public Practice who performs a Compilation Engagement; • to specify the obligations of a Member in Public Practice to obtain an acknowledgement from the Client in respect of the Client's responsibilities for the financial information or Financial Statements; • to specify the reporting requirements of a Member in Public Practice who undertakes Engagements to Compile Financial Information; and • to mandate that a Member communicates to Those Charged with Governance any significant matters arising from the Compilation Engagement and the impact of subsequent discovery of facts on the Compilation Engagement.
1.2	<p>Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional standard APES 315 <i>Compilation of Financial Information (the Standard)</i>, which is effective for Engagements to Compile Financial Information commencing on or after 1 <u>April 2023</u> January 2020 and supersedes APES 315 issued in <u>December 2019</u> March 2017. Earlier adoption of this Standard is permitted.</p>
1.11	<p>[Footnote 1 of extant APES 315 was amended to italicise the name of the Class Order].</p>
2	<p>APES 320 means APES 320 <i>Quality Management for Firms that provide Non-Assurance Services</i> issued by Accounting Professional & Ethical Standards Board Limited.</p>

Paragraph Reference	Revisions
2	<p>ASQM 1 means Auditing Standard ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> issued by the AUASB.</p>
2	<p>Assurance Engagement means an Engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria).</p> <p>This includes an Engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements.</p> <p>(For guidance on Assurance Engagements, see the <i>Framework for Assurance Engagements</i> issued by the AUASB. The <i>Framework for Assurance Engagements</i> describes the elements and objectives of an Assurance Engagement and identifies Engagements to which <i>Australian Auditing Standards (ASAs)</i>, <i>Standards on Review Engagements (ASREs)</i> and <i>Standards on Assurance Engagements (ASAEs)</i> apply.)</p>
2	<p>Assurance Practice means the assurance division or section of a Firm, encompassing every Assurance Engagement and agreed-upon procedures Engagement² conducted by the Firm, whether or not required to be conducted by a Registered Company Auditor and whether or not conducted by an individual auditor, an audit Firm or an audit company.</p>
Footnote 2	<p>As described in ASRS 4400 <i>Agreed-Upon Procedures Engagements</i>.</p>
2	<p>Financial Statements means a structured representation of historical or prospective financial information, including related notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of <u>material</u> significant accounting policies and other explanatory information. The term can relate to a complete set of Financial Statements, but it can also refer to a single Financial Statement, for example, a statement of financial position or a statement of profit or loss and other comprehensive income and related explanatory notes. The requirements of the financial reporting framework determine the form and content of the Financial Statements and what constitutes a complete set of Financial Statements. For the purposes of this Standard, financial report is considered to be an equivalent term to Financial Statements.</p>
2	<p>Misstatement means a difference between the amount, classification, presentation or disclosure of a reported item in financial information; and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the Applicable Financial Reporting Framework. Misstatements can arise from error or fraud.</p> <p>Where the financial information is prepared in accordance with a fair presentation framework, Misstatements also include those adjustments of amounts, classifications, presentation or disclosures that, in the Member in Public Practice's judgement, are necessary for the financial information to be presented fairly, in all material respects, or to give a true and fair view.</p>

Paragraph Reference	Revisions
2	<i>Special Purpose Financial Statements</i> means a complete set of Financial Statements, including the related notes, and an assertion statement by those responsible for the financial report, prepared in accordance with a Special Purpose Framework. The related notes ordinarily comprise a summary of material significant accounting policies and other explanatory information. The requirements of the Applicable Financial Reporting Framework determine the format and content of a financial report prepared in accordance with a Special Purpose Framework.
5.3	If a Member in Public Practice is of the view that the Applicable Financial Reporting Framework selected by a Client is not appropriate and the Client is not willing to adopt an appropriate framework, the Member shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific Engagements</i> of APES 320³ Quality Control for Firms in determining whether to continue acting for the Client in a professional capacity.
Footnote 3	<u>Where the Compilation Engagement is undertaken by a Member in Public Practice in an Assurance Practice, the Member may determine that the Assurance Practice's responses (policies or procedures) designed and implemented in accordance with <i>Acceptance and Continuance of Client Relationships and Specific Engagements</i> of ASQM 1 are at least as demanding as APES 320.</u>
7.4	If the Client refuses to provide additional information or process appropriate amendments requested by the Member in Public Practice in the circumstances referred to in paragraph 7.3, the Member shall consider the Firm's policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific Engagements</i> of APES 320 Quality Control for Firms in determining whether to continue acting for the Client in a professional capacity.
8.	Documentation and quality <u>management control</u> control
8.1	<p>A Member in Public Practice shall prepare working papers in accordance with this Standard that appropriately document the work performed, including aspects of the Compilation Engagement that have been provided in Writing. The documentation prepared by the Member shall:</p> <ul style="list-style-type: none"> (a) provide a sufficient and appropriate record of the procedures performed for the Engagement; (b) identify the sources of significant information the Member has used in the Compiled Financial Information; and (c) demonstrate that the Engagement was carried out in accordance with this Standard and all other Professional Standards applicable to the Engagement, including policies and procedures established in accordance with APES 320⁴ Quality Control for Firms and any applicable ethical, legal and regulatory requirements.
Footnote 4	<u>Where the Compilation Engagement is undertaken by a Member in Public Practice in an Assurance Practice, the Member may determine that the Assurance Practice's responses (policies or procedures) designed and</u>

Paragraph Reference	Revisions
	implemented in accordance with ASQM 1 are at least as demanding as <u>APES 320</u> .
8.4	A Member in Public Practice shall perform sufficient reviews of the Compilation Engagement in accordance with the Firm’s policies and procedures established in accordance with <i>Engagement performance of APES 320</i>⁵ Quality Control for Firms prior to issuing the Compilation Report.
<u>Footnote 5</u>	<u>Where the Compilation Engagement is undertaken by a Member in Public Practice in an Assurance Practice, the Member may determine that the Assurance Practice’s responses (policies or procedures) designed and implemented in accordance with <i>Engagement Performance</i> of ASQM 1 are at least as demanding as APES 320.</u>
11.6	Where during the performance of a Compilation Engagement a Member in Public Practice obtains information that a fraud, Misstatement or illegal act has occurred and the Member has reason to believe that such an act is the result of actions of Those Charged with Governance of the Client, the Member shall consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific Engagements of APES 320</i> Quality Control for Firms in determining whether to continue acting for the Client in a professional capacity.
12.6	If, in the view of the Member in Public Practice, appropriate action is not taken by Those Charged with Governance of the Client, the Member in Public Practice shall consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific Engagements of APES 320</i> Quality Control for Firms in determining whether to continue acting for the Client in a professional capacity.
Conformity with International Pronouncements	<p>APES 315 and ISRS 4410</p> <p>The basic principles and essential procedures of APES 315 and of ISRS 4410 (Revised) <i>Compilation Engagements</i> issued by the International Auditing and Assurance Standards Board (IAASB) are consistent except for the matters noted below:</p> <p>...</p> <ul style="list-style-type: none"> • In relation to quality <u>management control</u> matters, APES 315 refers to <u>APES 320-Quality Control for Firms, and where applicable ASQM 1;</u> <p>...</p> <p><i>[All other items on the extant list of conformity with ISRS 4410 (Revised) Compilation Engagements in extant APES 315 remain unchanged].</i></p>
Appendix 3	Example Engagement Letter for a Compilation Engagement – amended
Appendix 4	Examples of Compilation Reports – amended
Appendix 5	Example of an Accountant’s Report Disclaimer – amended