

12 February 2015

### **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* (Revised APES 315) to replace the existing APES 315 (Issued November 2009).

Please refer to Appendix 1 of this technical update for details of the revisions. The revised APES 315 will be effective for Engagements to Compile Financial Information commencing on or after 1 July 2015 with early adoption permitted.

The revised standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au)

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## Appendix 1

### Revision to APES 315 (Revised November 2009)

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.

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"> <li>• <u>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;</u></li> <li>• <u>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;</u></li> <li>• <u>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;</u></li> <li>• <u>to specify matters to be considered for inclusion in an Engagement Document;</u></li> <li>• <u>to specify the professional obligations of a Member in Public Practice in respect of procedures;</u></li> <li>• <u>to specify the documentation and quality control obligations of a Member in Public Practice who performs a Compilation Engagement;</u></li> <li>• <u>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;</u></li> <li>• <u>to specify the reporting requirements of a Member in Public Practice who undertakes Engagements to Compile Financial Information; and</u></li> <li>• <u>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.</u></li> </ul>
1.42	<p>Accounting Professional &amp; Ethical Standards Board Limited (APESB) issues <del>professional standard</del> APES 315 <i>Compilation of Financial Information (the Standard)</i>, which is effective for Engagements to Compile Financial Information commencing on or after <del>01 January 2010</del> <u>1 July 2015</u>. Earlier adoption of this Standard is permitted.</p>
1.23	<p>APES 315 sets the standards for <del>Members in Public Practice who undertake Compilation Engagements</del> in the provision of quality and ethical Professional Services <u>for Members in Public Practice who undertake Engagements to Compile Financial Information</u>. The mandatory requirements of this Standard are in <b>bold-type (black lettering)</b>, preceded or followed by discussion or explanations in <u>normal type (grey type lettering)</u>. APES 315 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.</p>
1.34	<p><b>Members in Public Practice in Australia shall follow the mandatory requirements of APES 315 when they undertake Professional Services</b></p>

	<del>to Clients that are Compilation Engagements to Compile Financial Information.</del>
1.910	This Standard is directed towards Engagements to <del>compile</del> prepare historical or prospective financial information. <del>However, the</del> Standard should <u>also</u> be applied to the extent practicable for Engagements to <del>compile</del> <u>prepare</u> non-financial information.
1.11	This Standard is directed towards Members in Public Practice. However, Members in Business should apply this Standard <u>and its principles</u> to the extent practicable when they compile information for their employers especially in respect of regulatory reporting requirements and Compilation Reports prepared under ASIC Class Order CO 98/1417 <i>Audit relief for proprietary companies</i> .
2	<p><b><u>Applicable Financial Reporting Framework</u></b> means <del>in respect of an Engagement to prepare Financial Statements,</del> the financial reporting framework adopted by <u>management and, where appropriate, Those Charged with Governance in the preparation of the financial report that is acceptable in view of the nature of the entity and the objective of the financial report, or that is required by law or regulation.</u></p> <p><u>The term <i>fair presentation framework</i> means a financial reporting framework that requires compliance with the requirements of the framework and:</u></p> <p>(a) <u>Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or</u></p> <p>(b) <u>Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances.</u></p> <p><u>In the context of financial reporting, the term <i>Compliance Framework</i> means a financial reporting framework that requires compliance with the requirements of the applicable framework, but does not contain the acknowledgements in (a) or (b) above.</u></p> <p><b><u>Assurance Engagement</u></b> means <u>an Engagement in which a Member in Public Practice expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.</u></p> <p><u>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.</u></p> <p><b><u>Auditing and Assurance Standards</u></b> means:</p> <p>(a) <u>the AUASB standards, as described in ASA 100 <i>Preamble to AUASB Standards</i>, ASA 101 <i>Preamble to Australian Auditing Standards</i> and the <i>Foreword to AUASB Pronouncements</i>, issued by the AUASB, and operative from the date specified in each standard; and</u></p> <p>(b) <u>those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards.</u></p>

**Australian Accounting Standards** means the Accounting Standards (including Australian Accounting Interpretations) promulgated by the Australian Accounting Standards Board (AASB).

**Client** means an individual, firm, entity or organisation to whom or to which Professional ~~Services~~ Activities are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

**Compilation Engagement** means an Engagement to Compile Financial information in which a Member in Public Practice applies professional expertise in accounting and financial reporting to assist Those Charged with Governance in the preparation and presentation of financial information in accordance with an Applicable Financial Reporting Framework, without undertaking to express any assurance on the information. A Compilation Engagement may involve preparation of Financial Statements or compilation of other financial information.

Excluded activities which fall outside the scope of a Compilation Engagement include:

- (a) preparation of a taxation return and financial information prepared solely for inclusion in the taxation return;
- (b) analysis of figures provided by a Client, in order to report to the Client. For example, providing advice on a Client's proposed purchase of another entity, using the other entity's Financial Statements;
- (c) relaying information to a Client, without collection, classification or summarisation of the information; and
- (d) Assurance Engagements.

Where a Member in Public Practice performs activities which are excluded from the scope of a Compilation Engagement, such as the preparation of Financial Statements which are to be used as a basis to prepare an entity's taxation return, the Member should issue an Accountant's Report Disclaimer.

A decision tree schematic to assist Members determine whether an Engagement is a Compilation Engagement is included in Appendix 1.

**Compile(d) Financial Information** means a presentation of historical or prospective financial information ~~in a specified form, without undertaking to express any assurance on the information.~~ For the purposes of this Standard Compiled Financial Information includes Financial Statements.

**Compliance Framework** means

- a) a financial reporting framework that requires compliance with the requirements of the applicable framework, but does not contain the acknowledgements in respect of a fair presentation framework (refer Applicable Financial Reporting Framework); or
- b) a framework (not related to financial reporting) used by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.

**Financial Statements** means a structured representation of historical or prospective financial information, ~~which ordinarily includes explanatory 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 significant accounting policies and other explanatory information. The term can ~~refer~~ relate to a complete set of Financial Statements, but it can also refer to a single ~~F~~financial ~~S~~statement, for example, a statement of financial position, or a statement of 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, ~~the term~~ financial report is considered to be an equivalent term to Financial Statements.

- Firm** means (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) An entity that controls such parties through ownership, management or other means;
- (c) An entity controlled by such parties through ownership, management or other means; or
- (d) An Auditor-General's office or department.

**General Purpose Financial Statements** means a financial report prepared in accordance with a General Purpose Framework ~~those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.~~

**General Purpose Framework** means a financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a Compliance Framework.

**Independence means is:**

- (a) Independence of mind - the state of mind that permits the ~~provision~~ expression of a conclusion ~~an opinion~~ without being affected by influences that compromise professional judgement, ~~thereby~~ allowing an individual to act with integrity, and exercise objectivity and professional scepticism, ~~and~~
- (b) Independence in appearance - the avoidance of facts and circumstances that are so significant ~~that~~ a reasonable and informed third party, ~~having knowledge of all relevant information, including any safeguards applied,~~ would reasonably be likely to conclude, weighing all the specific facts and circumstances, that a Firm's, or a member of the Engagement team's, integrity, objectivity or professional scepticism ~~had~~ has been compromised.

**Member** means a member of a ~~p~~Professional ~~b~~Body that has adopted this Standard as applicable to their membership, as defined by that ~~p~~Professional ~~b~~Body.

**Member in Business** means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or ~~P~~professional ~~B~~bodies, or a Member contracted by such entities.

**Member in Public Practice** means a Member, irrespective of functional classification (e.g. audit, tax, or consulting) in a Firm that provides Professional Services. ~~The~~This term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable ~~p~~Professional ~~b~~Body.

	<p><b><u>Misstatement</u></b> 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> <p><b><u>Professional Activity</u></b> means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.</p> <p><b><u>Professional Bodies</u></b> means the Institute of Chartered Accountants Australia, CPA Australia and the Institute of Public Accountants.</p> <p><b><u>Professional Services</u></b> means Professional Activities performed for Clients services requiring accountancy or related skills performed by a Member in Public Practice including accounting, auditing, taxation, management consulting and financial management services.</p> <p><b><u>Professional Standards</u></b> means all Standards issued by Accounting Professional &amp; Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.</p> <p><b><u>Special Purpose Financial Statements</u></b> means Financial Statements other than General Purpose Financial Statements 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 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.</p> <p><b><u>Special Purpose Framework</u></b> means a financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a Compliance Framework.</p> <p><b><u>Those Charged with Governance</u></b> include those persons accountable for ensuring that means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity achieves its objectives with regard and obligations related to reliability of the accountability of the entity. This includes overseeing the financial reporting effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. process. For some entities in some jurisdictions, Those Charged with Governance may include management only when it performs such functions personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.</p>
3.1	<p><b>Members in Public Practice undertaking <u>Compilation Engagements to Compile Financial Information</u> shall comply with Section 100 <i>Introduction and Fundamental Principles</i> of the Code and relevant legislation.</b></p>

3.2	In accordance with Section 100 <i>Introduction and Fundamental Principles</i> of the Code, Members in Public Practice shall observe and comply with their public interest obligations when they undertake <u>Compilation Engagements to Compile Financial Information</u> .
3.3	Members in Public Practice undertaking <u>Compilation Engagements to Compile Financial Information</u> shall maintain professional competence and take due care in the performance of their work in accordance with Section 130 <i>Professional Competence and Due Care</i> of the Code.
3.5	Where a Member in Public Practice is not independent, the Member shall make an <u>explanatory</u> statement to that effect in the Compilation Report.
3.6	In accordance with Section 140 <i>Confidentiality</i> of the Code, a Member in Public Practice who acquires confidential information in the course of an <u>Compilation Engagement to Compile Financial Information</u> for a Client shall not use that information for any purpose other than the proper performance of that Engagement.
4	<b>Objectives of a Compilation Engagement</b>
4.1	<del>The objective of a Compilation Engagement is for the Member in Public Practice to use accounting expertise, as opposed to auditing expertise, to collect, classify and summarise financial information. This will ordinarily entail reducing detailed data to a manageable and understandable form without a requirement to test the assertions underlying that information. The procedures employed are not designed and do not enable the Member to express any assurance on the financial information.</del>
4.2	<del>A Compilation Engagement may involve the preparation of Financial Statements (which may or may not be a complete set of Financial Statements). It may also involve compilation of other financial information without the compilation of Financial Statements.</del>
4.3	<del>Activities which fall outside the scope of APES 315 include: (a) preparation of a taxation return and financial information prepared solely for inclusion in the taxation return; (b) analysis of figures provided by a Client, in order to report to the Client. For example, providing advice on a Client's proposed purchase of another entity, using the other entity's Financial Statements; (c) relaying information to a Client, without collection, classification or summarisation of the information.</del>
<b>54.1</b>	<b>A Member in Public Practice shall plan the Compilation Engagement to ensure that the Engagement is conducted in accordance with this Standard and all applicable Professional Standards, laws and regulations.</b>
4.2	<u>Appropriate planning depends on the nature of the Compilation Engagement and the particular circumstances of the Client. This can vary from a standard list of limited procedures used in generating a pro forma set of Financial Statements to a complex plan to understand particular events or transactions of a larger entity that requires the application of a Member in Public Practice's professional judgement.</u>

Heading to Section <u>65</u>	<b><u>General Purpose or Special Purpose Financial Statements Applicable Financial Reporting Framework</u></b>
5.1	Subject to the Terms of Engagement, a Member in Public Practice may provide advice to assist a Client to determine the Applicable Financial Reporting Framework. However, the Member should ensure that the Client is aware that it is the Client's responsibility to determine the Applicable Financial Reporting Framework to be adopted taking into consideration the intended use of the financial information as described in the agreed Terms of Engagement, and the requirements of any applicable law or regulation.
5.2	<p>A Member in Public Practice should consider the following factors that indicate whether the Applicable Financial Reporting Framework adopted by a Client is appropriate:</p> <ul style="list-style-type: none"> <li>(a) <u>the nature of the Client and the regulations that apply to the entity;</u></li> <li>(b) <u>the intended use of the financial information as described in the agreed Terms of Engagement and the requirements of any applicable law or regulation;</u></li> <li>(c) <u>the intended users;</u></li> <li>(d) <u>whether the Applicable Financial Reporting Framework is prescribed or specified, either in applicable law or regulation, or in a contract or other form of agreement with a third party, or as part of governance or accountability arrangements adopted voluntarily by the Client; and</u></li> <li>(e) <u>the nature and form of the financial information that is to be prepared and presented under the Applicable Financial Reporting Framework.</u></li> </ul>
5.3	<b><u>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 320 <i>Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity.</u></b>
6.1 <u>5.4</u>	<b>When undertaking a Compilation Engagement in respect of General Purpose Financial Statements or Special Purpose Financial Statements, a Member in Public Practice shall comply with the requirements of APES 205 <i>Conformity with Accounting Standards</i>.</b>
5.5	<b><u>Where a Member in Public Practice assists the Client with significant judgements regarding amounts or disclosures when undertaking a Compilation Engagement in respect of General Purpose or Special Purpose Financial Statements, the Member shall discuss those judgements with the Client and Those Charged with Governance (if applicable) to ensure that they understand the significant judgements reflected in the Financial Statements and accept their responsibility for those judgements.</u></b>
76.1	<b>A Member in Public Practice shall document and communicate the Terms of Engagement in accordance with APES 305 <i>Terms of Engagement</i>.</b>
76.2	<del>In addition to the <i>General contents of an Engagement Document</i> of APES 305 <i>Terms of Engagement</i>,</del> a A Member in Public Practice who is engaged to perform a Compilation Engagement should consider the following matters for inclusion in the Engagement Document in addition to the <i>General contents of an Engagement Document</i> of APES 305 <i>Terms of</i>



	<p><u>Engagement:</u></p> <ul style="list-style-type: none"> <li>(a) <u>the nature of the Engagement including the fact that neither an audit nor a review will be carried out by the Member and that accordingly no assurance will be expressed;</u></li> <li>(b) <u>the fact that the Engagement cannot be relied upon to disclose errors, illegal acts or other irregularities, for example, fraud or defalcations that may exist;</u></li> <li>(c) <u>the nature of the information to be supplied by the Client;</u></li> <li>(d) <u>in respect of prospective financial information, the basis of forecasting and key assumptions provided by the Client;</u></li> <li><del>(e) key assumptions relating to prospective financial information provided by the Client;</del></li> <li><del>(fe) in the event that where the Member makes assumptions in forecasts that these assumptions will be brought to the Client's attention;</del></li> <li><del>(gf) when undertaking a Compilation Engagement in respect of General Purpose Financial Statements or Special Purpose Financial Statements, a statement fact that the Client is responsible for:</del> <ul style="list-style-type: none"> <li><del>(i) the form and content of the financial information in accordance with an Applicable Financial Reporting Framework that is acceptable in view of the intended use and users of the financial information;</del></li> <li><del>(ii) the reliability, accuracy and completeness of the information supplied accounting records and disclosures provided to the Member and that an acknowledgement of such will be required in accordance with paragraph 14; and</del></li> <li><del>(iii) the judgements needed in the preparation and presentation of the financial information, including those for which the Member may provide assistance in the course of the Compilation Engagement;</del></li> </ul> </li> <li><del>(hg) the basis of accounting set out in the Applicable Financial Reporting Framework on which the financial information is to be compiled and the fact that it, and any known departures there from it, will be disclosed to Those Charged with Governance of the Client;</del></li> <li><del>(ih) the requirement for General Purpose Financial Statements to be prepared in accordance with Australian Accounting Standards;</del></li> <li><del>(i) the form and content of any Compilation Report to be issued;</del></li> <li><del>(j) the intended use and distribution of the information, once eCompiled Financial Information, and any restrictions on either its use or its distribution;</del></li> <li><del>(k) form of any Compilation Report to be issued; and</del></li> <li><del>(hk) the nature of any disclaimer or limitation of liability clause between the Member and the Client or the Member and any user of the Compiled Financial Information; and</del></li> <li><del>(l) the Member's obligation to comply with relevant Professional Standards.</del></li> </ul> <p><u>An example Engagement Letter is set out in Appendix 3.</u></p>
87.1	<p>Depending on the Terms of Engagement and the nature of the Engagement, a A Member in Public Practice who undertakes a Compilation Engagement should obtain a <del>general knowledge</del> sufficient understanding of the Client's business and, its operations of the Client and should be familiar with the accounting principles and practices of the industry in which the</p>

	Client operates and with the form and content of the financial information that are appropriate in the circumstances.
<b>9.17.2</b>	<b>A Member in Public Practice shall <del>consider</del> <u>assess</u> whether the Compiled Financial Information in respect of the Compilation Engagement is appropriate in form and content and free from <del>obvious material m</del>misstatements.</b>
<b>8.27.3</b>	<p><del>Other than as noted in this Standard, a Member in Public Practice is not ordinarily required to: <u>Where a Member in Public Practice forms the view that the information supplied by a Client includes a Misstatement, the Member shall consider performing the following procedures or other alternative procedures:</u></del></p> <p>(a) <del>making</del> <u>any</u> inquiries of management to assess the reliability, <u>accuracy</u> and completeness of the information provided;</p> <p>(b) <u>assessing</u> internal controls; <u>or</u></p> <p>(c) <u>verifying</u> any <u>relevant</u> matters; or <u>information.</u></p> <p><del>(d) <u>verify any explanations.</u></del></p> <p><u>In the absence of forming the view that the information supplied by the Client includes a Misstatement, the Member is not required to consider performing these procedures.</u></p>
<b>8.3</b>	<del>A Member in Public Practice who, on reasonable grounds, forms the view that the information supplied by the Client is materially false or misleading or the Client has omitted material information, shall consider performing the procedures noted in paragraph 8.2 and request the Client to provide any additional information required to complete the Engagement.</del>
<b>87.4</b>	<del>If the Client refuses to provide the additional information as or process appropriate amendments requested under by the Member in Public Practice in the circumstances referred to in paragraph 87.3 or, having performed the procedures noted in paragraph 8.2, the Member in Public Practice concludes that the information supplied by the Client is materially false or misleading, 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 <i>Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity.</del>
<b>8.5</b>	<del>A Member in Public Practice shall perform sufficient reviews of the Compilation Engagement in accordance with Section 130 <i>Professional Competence and Due Care</i> of the Code and the Firm's policies and procedures established in accordance with <i>Engagement Performance</i> of APES 320 <i>Quality Control for Firms</i> prior to issuing the Compilation Report.</del>
<b>9</b>	<b>Misstatements</b>
<b>9.1</b>	<del>A Member in Public Practice shall consider whether the Compiled Financial Information is appropriate in form and content and free from obvious material misstatements.</del>
<b>9.2</b>	<p>In this Standard, material misstatements include the following:</p> <p>(a) <del>material mistakes in the application of the Applicable Financial Reporting Framework or an alternative financial reporting</del></p>

	<p>framework;</p> <p>(b) <del>non-disclosure of the financial reporting framework and any material departures there from; and</del></p> <p>(c) <del>non-disclosure of significant matters.</del></p>
9.3	<p><del>For the purpose of paragraph 9.2(a) examples of alternative financial reporting frameworks that may be applied to the presentation of Compiled Financial Information include, but are not limited to:</del></p> <p>(a) <del>a tax basis of accounting;</del></p> <p>(b) <del>the cash receipts and disbursements basis of accounting for cash flow information;</del></p> <p>(c) <del>the financial reporting provisions established by a regulator to meet the requirements of that regulator; and</del></p> <p>(d) <del>the financial reporting provisions of a contract, for example a loan agreement or trust deed.</del></p>
9.4	<p><del>If a Member in Public Practice forms the view, on reasonable grounds, that there are material misstatements in the Compiled Financial Information, the Member shall take all reasonable steps to agree appropriate amendments with the Client.</del></p>
9.5	<p><del>If such amendments are not made as requested under paragraph 9.4 and the Compiled Financial Information is considered to be misleading, 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 Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity.</del></p>
<b>Heading to Section 108</b>	<b>Documentation and Quality Control</b>
408.1	<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> <p>(a) provide a sufficient and appropriate record of the procedures performed for the Engagement;</p> <p>(b) identify the sources of significant information the Member has used in the compilation of financial information; and</p> <p>(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 <i>APES 320 Quality Control for Firms</i>, and any applicable ethical, legal and regulatory requirements.</p>
8.2	<p><u>A Member in Public Practice who performs a Compilation Engagement should consider including in the Member's working papers a copy of the Client's working papers that the Member used to perform the Compilation Engagement.</u></p>
8.3	<p><u>A Member in Public Practice who performs a Compilation Engagement should document how the Compiled Financial Information reconciles with the underlying records, documents, explanations and other information provided by the Client.</u></p>

8.54	A Member in Public Practice shall perform sufficient reviews of the Compilation Engagement in accordance with <del>Section 130 Professional Competence and Due Care of the Code</del> and the Firm's policies and procedures established in accordance with <i>Engagement Performance of APES 320 Quality Control for Firms</i> prior to issuing the Compilation Report.
449.1	A Member in Public Practice who undertakes a Compilation Engagement in respect of General Purpose or Special Purpose Financial Statements, shall obtain an <u>written</u> acknowledgment from the Client of <u>its the Client's</u> responsibility for the reliability, accuracy and completeness of the accounting records and disclosures to the Member of all material and relevant information.
9.2	The Member in Public Practice should inform the Client that the Client <u>retains responsibility for the financial information in respect of the Compilation Engagement and the basis on which it is prepared and presented. That responsibility includes application by the Client of the judgement required for the preparation and presentation of the financial information, including the selection and application of appropriate accounting policies and, where needed, developing reasonable accounting estimates.</u>
44.29.3	<del>Where a</del> A Member in Public Practice <del>who</del> undertakes a Compilation Engagement other than those referred to in paragraph 944.1, <del>the Member</del> should <u>assess whether, due to the circumstances of the Engagement, the Member needs to obtain an written acknowledgement from the Client of its responsibility for the reliability, accuracy and completeness of the financial information accounting records and disclosures provided to the Member of all material and relevant information.</u>
44.39.4	The acknowledgment referred to in paragraphs 449.1 and 44.29.3 may be <del>provided by</del> <u>included in other written</u> representations from the Client <del>which cover the accuracy and completeness of the underlying accounting data and the complete disclosure of all material and relevant information to the Member in Public Practice.</del>
10.1	A Member in Public Practice should clearly communicate in a Compilation Report the nature of the Compilation Engagement and the Member's role <u>and responsibilities in respect of the Engagement without expressing an opinion or conclusion on the Compiled Financial Information in any form.</u>
42.110.2	<del>When</del> <u>Where</u> a Member in Public Practice prepares Compiled Financial Information <u>in respect of a Compilation Engagement</u> , the Member shall, <u>except where paragraphs 10.3 or 10.4 apply</u> , issue a Compilation Report, <del>subject to the requirements of paragraph 12.3</del> , in circumstances where:  <ul style="list-style-type: none"> <li>(a) <u>the Member's or the Firm's name is identified with the Compiled Financial Information;</u></li> <li>(b) <u>the Compiled Financial Information is for external use; or External parties other than the intended users of the Compiled Financial Information are likely to associate the Member with the Compiled Financial Information, and there is a risk that the level of the Member's involvement with the information may be misunderstood;</u></li> <li>(c) <u>it is more likely than not that the intended users of the Compiled Financial Information may not understand the nature and scope of the Member's involvement with that information;</u> or</li> </ul>

	<p>(d) <u>the Compiled Financial Information is required under provisions of applicable law or regulation, or it is required to be publicly filed.</u></p> <p><i>A decision tree schematic to assist Members determine when a Compilation Report should be issued is included in Appendix 2.</i></p>
42-210.3	<p><del>Generally when</del> <u>Where</u> a Member in Public Practice compiles financial information for internal use <u>only</u> by <u>a</u> the Client, <del>this Standard does not mandate the issue of a Compilation Report. In these circumstances the use of the Compiled Financial Information is restricted. In these circumstances</del> <u>the Member should</u> include a reference that specifies that such Compiled Financial Information is “Restricted for internal use” or similar on each page of the Compiled Financial Information.</p> <p>(a) <u>issue an Accountant’s Report Disclaimer; and</u>  (b) <u>on each page of the Compiled Financial Information include a reference such as “These financial statements are unaudited and are restricted for internal use only and should be read in conjunction with the attached Accountant’s Report Disclaimer”.</u></p> <p><i>An example Accountant’s Report Disclaimer is included in Appendix 5.</i></p>
42-310.4	<p><del>Where the Client has engaged another Member in Public Practice practitioner to audit or review the Compiled Financial Information in accordance with Australian auditing standards applicable to audit or review Engagements</del> <u>Auditing and Assurance Standards</u>, the Member in Public Practice undertaking the Compilation Engagement shall <del>consider</del> <u>assess</u> the need to issue a Compilation Report. Where the Member decides not to issue a Compilation Report the Member shall document the rationale for that decision.</p>
42-410.5	<p>In the circumstances described in paragraph 42-310.4, if an audit or review report has been issued <u>by another practitioner</u>, this <del>will</del> <u>overrides</u> the need for the Member in Public Practice to issue a Compilation Report, <u>except where paragraph 10.6 applies.</u></p>
42-510.6	<p><del>Where the circumstances described in paragraph 42-310.4 apply and,</del> <u>but</u> the scope of the Compilation Engagement extends to significant subject matter not covered under the <del>audit or review</del> <u>Assurance Engagement</u>, the Member in Public Practice shall issue a Compilation Report for the subject matter not covered under the <del>audit or review</del> <u>Assurance Engagement</u>.</p>
10.7	<p><u>Where a Member in Public Practice issues a Compilation Report in relation to Financial Statements which are prepared in accordance with a regulation or contract, the Member shall describe in the Compilation Report the purpose for which the Financial Statements are prepared or refer to a note in the Financial Statements that contains that information.</u></p>
10.8	<p>The information referred to in paragraph 10.7 is necessary to avoid misunderstandings when the Financial Statements are used for purposes other than those for which they were intended. The note to the Financial Statements may also describe any significant interpretations of the contract or regulation on which the Financial Statements are based.</p>
10.9	<p><u>Where Financial Statements purport to be prepared in accordance with a contract or a regulation and the Member in Public Practice forms the view that the Financial Statements do not adequately describe significant interpretations of the contract or the regulation on which the Financial Statements are based, the Member shall</u></p>

	<b><u>modify the Compilation Report.</u></b>
<b><u>12.610.10</u></b>	<p>Where a Member in Public Practice issues a Compilation Report in accordance with paragraph <del>10.2, 10.6 or 10.7</del><del>12.1 or 12.5</del>, the Compilation Report shall contain the following:</p> <ul style="list-style-type: none"> <li>(a) <del>a the title of the report;</del></li> <li>(b) <del>an the addressee;</del></li> <li>(c) a statement that the <u>Compilation Engagement</u> was performed in accordance with this Standard, <u>and that the Member has complied with relevant ethical requirements;</u></li> <li>(d) <del>where relevant, an explanatory statement that the Member or the Firm is not independent of the Client (if applicable);</del></li> <li>(e) identification of the Compiled Financial Information noting that it is based on the financial information provided by the Client (if applicable);</li> <li>(f) the basis of any forecast information <u>and key assumptions (applicable to prospective financial information only);</u></li> <li>(g) <del>key assumptions (applicable to prospective financial information only);</del></li> <li>(gh) a statement that the Client is responsible for the financial information compiled by the Member;</li> <li>(hi) a statement that neither an audit nor a review has been carried out <u>by the Member</u> and that accordingly no assurance is expressed on the Compiled Financial Information;</li> <li>(ij) <del>if applicable, identification that the Member is reporting on a the compilation of Special Purpose Financial Statements, a statement to that effect as well as stating:</del> <ul style="list-style-type: none"> <li>(i) <del>and the specific purpose for which they have it has been prepared; and</del></li> <li>(ii) <u>that the Special Purpose Financial Statements are only suitable for the purpose they have been prepared and may not be suitable for any other purpose;</u></li> </ul> </li> <li>(k) <del>if applicable, a paragraph drawing attention to the disclosure of material departures from the applicable financial reporting framework;</del></li> <li>(j) the date of the Compilation Report;</li> <li>(m) <del>the Member's or Firm's address;</del></li> <li>(kn) the Member's or Firm's name, <u>address</u> and signature;</li> <li>(le) an appropriate disclaimer of liability; <u>and</u></li> <li>(m) <u>a description of the responsibilities of management or Those Charged with Governance of the Client, as appropriate, in relation to the Compilation Engagement, and in relation to the financial information.</u></li> </ul> <p><i><u>Examples of Compilation Reports including Compilation Reports in respect of General Purpose and Special Purpose Financial Statements are contained in Appendix 4.</u></i></p>
<b><u>12.710.11</u></b>	<p>Where a Member in Public Practice issues a Compilation Report in accordance with paragraph <del>12.1</del><del>10.2, 10.6 or 12.5</del><del>10.7</del>, the financial information compiled by the Member shall contain a reference such as "Unaudited", "Compiled without Audit or Review", or "Refer to</p>

	<b>Compilation Report" on each page of the Compiled Financial Information.</b>
<b>4311.1</b>	<b>A Member in Public Practice shall communicate to Those Charged with Governance of the Client any significant matters arising from the Compilation Engagement on a timely basis.</b>
4311.2	Communication should ordinarily be in writing. Where the communication occurs orally, a Member in Public Practice should record in the working papers a summary of the significant matters discussed.
<b>4311.3</b>	<b>If <u>during the performance of a Compilation Engagement</u>, the Member in Public Practice obtains information that indicates that a <del>material</del> fraud, <del>material</del> <del>m</del>Misstatement or illegal act has occurred, the Member shall communicate these matters as soon as practicable to Those Charged with Governance of the Client.</b>
4311.4	Matters which <del>should be communicated by</del> the Member in Public Practice should communicate include: <ul style="list-style-type: none"> <li>(a) <del>material</del> <del>m</del>Misstatements identified during the Compilation Engagement and the appropriate amendments agreed with the Client in respect of the <del>m</del>Misstatements;</li> <li>(b) additional information sought by the Member as a result of information supplied which contained <del>material</del> <del>m</del>Misstatements or was otherwise unsatisfactory;</li> <li>(c) if additional information sought by the Member is not supplied: <ul style="list-style-type: none"> <li>(i) the effect that the lack of additional information may have on the Compiled Financial Information;</li> <li>(ii) the effect of the lack of additional information on the Member's report; and</li> <li>(iii) if appropriate, the fact that the Member proposes to withdraw from the Compilation Engagement as a result of the lack of additional information;</li> </ul> </li> <li>(d) any other matters that, in the Member's opinion, are significant in the context of the Compilation Engagement.</li> </ul>
<b>4311.5</b>	<b>Where <u>the during the performance of a Compilation Engagement a</u> Member in Public Practice obtains information that a <del>material</del> fraud, <del>m</del>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 Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity.</b>
4412.1	Subsequent to the completion of <del>the a</del> <u>a</u> Compilation Engagement, <del>the a</del> <u>a</u> Member in Public Practice may become aware of facts that existed at the date of completion of the Compilation Engagement which may have caused the Member to believe that information supplied was <del>materially</del> false or misleading, had the Member been aware of such facts.
<b>4412.2</b>	<b>A Member in Public Practice <u>who has performed a Compilation Engagement</u> shall <u>consider assess</u> the impact of <del>subsequent discovery of facts</del> <u>subsequent discovery of facts</u> on the Compiled Financial Information <u>of facts discovered subsequent to the date of the Compilation Report</u>, discuss the matter with the Client, and take action appropriate in the circumstances. The Member shall document the reasons for the</b>

	action taken by the Member.
<b>4412.3</b>	<b>If the Member in Public Practice believes that the Compiled Financial Information referred to in paragraph 4412.2 needs to be revised, the Member shall take all reasonable steps to ensure that advise the Client to takes the necessary steps to inform anyone who received the previously issued Compiled Financial Information of the situation.</b>
4412.4	When determining whether the Compiled Financial Information needs to be revised pursuant to paragraph 4412.3, the Member in Public Practice should consider inter alia the duration of time between the issue of the Compiled Financial Information and the subsequent discovery of facts referred to in Paragraph 4412.1, and the extent to which important decisions based on the Compiled Financial Information are still to be made.
<b>4412.5</b>	<b>If, in the view of the Member in Public Practice becomes aware that, the Client has not taken appropriate action in terms of paragraph 4412.3, the Member shall notify Those Charged with Governance of the Client.</b>
<b>4412.6</b>	<b>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 Quality Control for Firms</i> in determining whether to continue acting for the Client in a professional capacity.</b>
	<i>Examples of suggested Compilation Reports in respect of General Purpose and Special Purpose Financial Statements are contained in Appendix 1</i>
<b>Conformity with International Pronouncements</b>	Amended
<b>Appendix 1</b>	Decision tree to determine whether an Engagement is a Compilation Engagement – Added
<b>Appendix 2</b>	Decision tree to determine when a Compilation Report should be issued – Added
<b>Appendix 3</b>	Example Engagement Letter for a Compilation Engagement – Added
<b>Appendix 4</b>	Existing Appendix 1 – Examples of Compilation Reports – Amended
<b>Appendix 5</b>	Summary of revisions to the previous APES 315 (issued November 2009) – Added