

2 December 2019

### **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 March 2017).

The key changes in the revised APES 315 consist of:

- Revisions to reflect the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), issued in November 2018;
- Incorporating a requirement for Members to comply with the responding to Non-compliance with Laws and Regulations (NOCLAR) provisions in the Code; and
- Providing a cross reference to relevant guidance in APES GN 30 *Outsourced Services* for Members who outsource work or engages a third party in a compilation engagement.

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 January 2020 with early adoption permitted.

APESB has incorporated the following interactive PDF features within the revised APES 315:

- Bookmark tab section for contents page;
- Dynamic links to sections and paragraphs;
- Pop-up definitions upon mouse rollover for defined terms; and
- Links to external websites.

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

– ENDS –

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## Appendix 1

### Revision to APES 315 (Issued March 2017)

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 and March 2017 (extant APES 315).

Paragraph Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) <del>issues</del> <u>has revised professional standard</u> APES 315 <i>Compilation of Financial Information (the Standard)</i> , which is effective for Engagements to Compile Financial Information commencing on or after 1 <del>July 2017</del> <u>January 2020 and supersedes APES 315 issued in March 2017</u> . Earlier adoption of this Standard is permitted.
1.5	Members in Public Practice practising outside of Australia shall follow the <del>provisions</del> <u>requirements</u> of APES 315 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.
1.6	Members in Public Practice shall <del>be familiar</del> <u>comply with relevant other applicable</u> Professional Standards and <del>be familiar with relevant</del> <u>guidance notes when providing performing</u> Professional Services. All Members shall comply with the fundamental principles outlined in the Code.
1.9	In applying the requirements outlined in APES 315, Members in Public Practice should be guided not merely by the words but also by the spirit of <del>the</del> <u>this</u> Standard and the Code.
1.11	This Standard is directed towards Members in Public Practice. However, Members in Business should apply this Standard and its principles to the extent practicable when they compile information for their employers, especially in respect of regulatory reporting requirements and Compilation Reports prepared under ASIC Corporations (Audit Relief) Instrument) 2016/784. <sup>1</sup>
Footnote 1	ASIC Corporations (Audit Relief) Instrument) 2016/784 supersedes ASIC Class Order CO 98/1417 Audit relief for proprietary companies.
2	<u>Defined terms are shown in the body of the Standard in title case.</u> For the purpose of this Standard:
2	<b><i>Assurance Engagement</i></b> 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).  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>(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></u>

Paragraph Reference	Revisions
	<u>and Standards on Assurance Engagements (ASAEs) apply.)</u>
2	<b>Code</b> means APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> .
2	<b>Engagement</b> means an agreement, whether <del>Written in Writing</del> or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.
2	<b>Engagement Document</b> means the document (i.e. letter, agreement or any other appropriate means) in which the Terms of Engagement are specified in a <del>Written form</del> <u>Writing</u> .
2	<b>Financial Statements</b> 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 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.
2	<b>Independence</b> <del>is</del> comprises: (a) Independence of mind - the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism. (b) Independence in appearance - the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, <del>weighing all the specific facts and circumstances,</del> that a Firm's, or a member of the <u>an</u> Engagement team's <u>member's</u> , integrity, objectivity or professional scepticism has been compromised.
2	<b>Member in Business</b> means a Member <del>employed or engaged working in an executive or non-executive capacity in such areas such as</del> <u>working in an executive or non-executive capacity in such areas such as</u> commerce, industry, service, the public sector, education, the not-for-profit sector, <u>or in regulatory bodies or professional bodies, who might be an employee, contractor, partner, director (executive or non-executive), owner-manager or volunteer</u> <del>a Member contracted by such entities.</del>
2	<b>Member in Public Practice</b> means a Member, irrespective of functional classification ( <del>e.g. for example,</del> audit, tax or consulting) in a Firm that provides Professional Services. 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 Professional Body.

Paragraph Reference	Revisions
2	<p><b>Misstatement</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>
2	<p><b>Professional Activity</b> means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.</p>
2	<p><b>Those Charged with Governance</b> means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, Those Charged with Governance may <u>might</u> include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.</p>
2	<p><b>Writing (or Written)</b> means a mode of representing or reproducing words in a visible form, and includes words in an electronic format capable of being converted to printed text.</p>
3.1	<p>Members in Public Practice undertaking Engagements to Compile Financial Information shall comply with <del>Section 100 Introduction and Fundamental Principles</del> <u>Part 1 Complying with the Code, Fundamental Principles and Conceptual Framework</u> of the Code and relevant laws and regulations.</p>
3.2	<p>In accordance with Section 100 <del>Introduction and Fundamental Principles</del> <u>Complying with the Code</u> of the Code, Members in Public Practice shall observe and comply with their <del>Member's</del> <u>Member's</u> public interest obligations when they undertake Engagements to Compile Financial Information.</p>
3.3	<p>Members in Public Practice undertaking Engagements to Compile Financial Information shall maintain professional competence and take due care in the performance of their <del>Member's</del> <u>Member's</u> work in accordance with <del>Subsection 130</del> <u>113</u> <del>Professional Competence and Due Care</del> of the Code.</p>
3.6	<p><del>In accordance with Section 140 Confidentiality of the Code, a</del> <u>A</u> Member in Public Practice who acquires confidential information in the course of an Engagement to Compile Financial Information for a Client shall <del>not use that information for any purpose other than the proper performance of that Engagement</del> <u>comply with Subsection 114 Confidentiality of the Code.</u></p>

Paragraph Reference	Revisions
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.
5.5	<b>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 <u>Financial Statements</u> 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.</b>
6.2	<p>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 Engagement</i>:</p> <ul style="list-style-type: none"> <li>(a) 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;</li> <li>(b) 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;</li> <li>(c) the nature of the information to be supplied by the Client;</li> <li>(d) in respect of prospective financial information, the basis of forecasting and key assumptions provided by the Client;</li> <li>(e) where the Member makes assumptions in forecasts, that these assumptions will be brought to the Client's attention;</li> <li>(f) when undertaking a Compilation Engagement in respect of General Purpose Financial Statements or Special Purpose Financial Statements, a statement that the Client is responsible for: <ul style="list-style-type: none"> <li>(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;</li> <li>(ii) the reliability, accuracy and completeness of the accounting records and disclosures provided to the Member; and</li> <li>(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;</li> </ul> </li> <li>(g) 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 from it, will be disclosed to Those Charged with Governance of the Client;</li> <li>(h) the requirement for General Purpose Financial Statements to be prepared in accordance with Australian Accounting Standards;</li> <li>(i) the form and content of any Compilation Report to be issued;</li> <li>(j) the intended use and distribution of the Compiled Financial</li> </ul>

Paragraph Reference	Revisions
	<p>Information, and any restrictions on either its use or its distribution;</p> <p>(k) 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</p> <p>(l) the Member's obligation to comply with relevant Professional Standards.</p> <p><i>An example Engagement Letter is set out in Appendix 3.</i></p>
7.5	<p><u>A Member in Public Practice should consider the guidance in APES GN 30 <i>Outsourced Services</i> if the Member engages or outsources to a third party, either components or all aspects of, the Compilation Engagement. If work in the Compilation Engagement is outsourced, the Member's obligations under this Standard remain the same as if the Member or the Member's staff had performed the work.</u></p>
8.1	<p><b>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:</b></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 <del>compilation of</del> <b>Compiled Financial Information</b>; 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 APES 320 <i>Quality Control for Firms</i>, and any applicable ethical, legal and regulatory requirements.</p>
9.1	<p><b>A Member in Public Practice who undertakes a Compilation Engagement in respect of General Purpose <u>Financial Statements</u> or Special Purpose Financial Statements shall obtain <del>a Written</del> <u>an acknowledgment in Writing</u> from the Client of the Client's responsibility for the reliability, accuracy and completeness of the accounting records and disclosures to the Member of all material and relevant information.</b></p>
9.3	<p>Where a Member in Public Practice undertakes a Compilation Engagement other than those referred to in paragraph 9.1, the Member should assess whether, due to the circumstances of the Engagement, the Member needs to obtain <del>a Written</del> <u>an acknowledgement in Writing</u> from the Client of its responsibility for the reliability, accuracy and completeness of the accounting records and disclosures provided to the Member.</p>
9.4	<p>The acknowledgment referred to in paragraphs 9.1 and 9.3 may be included in other <del>Written</del> representations <u>in Writing</u> from the Client.</p>
10.2	<p><b>Where a Member in Public Practice prepares Compiled Financial Information in respect of a Compilation Engagement, the Member shall, except where paragraphs 10.3 or 10.4 apply, issue a Compilation Report in circumstances where:</b></p> <p>(a) the Member's or the Firm's name is identified with the Compiled Financial Information;</p>

Paragraph Reference	Revisions
	<p>(b) <del>E</del>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;</p> <p>(c) 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; or</p> <p>(d) the Compiled Financial Information is required under provisions of applicable law or regulation, or it is required to be publicly filed.</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>
10.10	<p>Where a Member in Public Practice issues a Compilation Report in accordance with paragraph 10.2, 10.6 or 10.7, the Compilation Report shall contain the following:</p> <p>(a) the title of the report;</p> <p>(b) the addressee;</p> <p>(c) a statement that the Compilation Engagement was performed in accordance with this Standard, and that the Member has complied with relevant ethical requirements;</p> <p>(d) an explanatory statement that the Member or the Firm is not independent of the Client (if applicable);</p> <p>(e) identification of the Compiled Financial Information noting that it is based on the financial information provided by the Client (if applicable);</p> <p>(f) the basis of any forecast information and key assumptions (applicable to prospective financial information only);</p> <p>(g) a statement that the Client is responsible for the financial information compiled by the Member;</p> <p>(h) a statement that neither an audit nor a review has been carried out by the Member and that accordingly no assurance is expressed on the Compiled Financial Information;</p> <p>(i) if the Member is reporting on the compilation of Special Purpose Financial Statements, a statement to that effect <del>as well as stating</del> <u>including</u>:</p> <p style="padding-left: 20px;">(i) the specific purpose for which they have been prepared; and</p> <p style="padding-left: 20px;">(ii) 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;</p> <p>(j) the date of the Compilation Report;</p> <p>(k) the Member's or Firm's name, address and signature;</p> <p>(l) an appropriate disclaimer of liability; and</p> <p>(m) 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.</p> <p><i>Examples of Compilation Reports including Compilation Reports in respect</i></p>

Paragraph Reference	Revisions
	<i>of General Purpose <u>Financial Statements</u> and Special Purpose Financial Statements are contained in Appendix 4.</i>
10.11	<b>Where a Member in Public Practice issues a Compilation Report in accordance with paragraph 10.2, 10.6 or 10.7, the financial information compiled by the Member shall contain a reference such as "Unaudited", "Compiled without Audit or Review", or "Refer to Compilation Report" on each page of the Compiled Financial Information.</b>
<u>11.3</u>	<b><u>A Member in Public Practice who becomes aware of instances of non-compliance or suspected non-compliance with laws and regulations during the performance of a Compilation Engagement shall comply with Section 360 Responding to Non-Compliance with Laws and Regulations of the Code.</u></b>
11.43 to 11.65	<i>[Paragraphs 11.3 to 11.5 of the extant APES 315 remain unchanged, but have been renumbered as paragraphs 11.4 to 11.6.]</i>
12.2	<b>A Member in Public Practice who has performed a Compilation Engagement shall assess the impact on the Compiled Financial Information of facts discovered subsequent to the date of the Compilation Report, discuss the matter with the Client, and take action appropriate in the circumstances. The Member shall document the reasons for the action taken by the Member.</b>
12.4	When determining whether the Compiled Financial Information needs to be revised pursuant to paragraph 12.3, the Member in Public Practice should consider <del>inter alia</del> , among other things, the duration of time between the issue of the Compiled Financial Information and the subsequent discovery of facts referred to in paragraph 12.1, and the extent to which important decisions based on the Compiled Financial Information are still to be made.
	<b><i>Conformity with International Pronouncements</i></b> – amended
Appendix 2	<b>Decision tree to determine when a Compilation Report should be issued</b> – amended
Appendix 3	<b>Example Engagement Letter for a Compilation Engagement</b> – amended
Appendix 4	<b>Examples of Compilation Reports</b> – amended
Appendix 5	<b>Example of an Accountant's Report Disclaimer</b> – amended
Appendix 6	<b>Summary of revisions to the previous APES 315 (Issued in March 2017)</b> – amended