

AGENDA PAPER

Item Number: 8.5
Date of Meeting: 12th February 2008
Subject: Proposed Standard: APES 315 *Compilation of Financial Information* (Formerly APS 9)

Action Required**For Information Only**

Purpose

To obtain Board approval to issue an exposure draft on the proposed standard APES 315 *Compilation of Financial Information* for public comment.

Background

The predecessor Standard APS 9: Statement on Compilation of Financial Reports was issued in May 1996 to establish the responsibility of Members who undertake Engagements to compile financial reports. Since that time there has been significant change to the financial reporting framework and regulatory regime in Australia as well as developments in international equivalents which has necessitated a review and reissue of this Standard.

An exposure draft was prepared and presented in November 2007. ISRS 4410 *Engagements to Compile Financial Statements* (ISRS 4410) issued at the international level was used as the base for the Australian standard. The Board's view was that whilst the substance of the standard was considered appropriate, language and phrasing used was not and in certain instances some paragraphs were unnecessary. Accordingly, it was agreed that a revised draft be presented to this meeting incorporating the feedback received from the November meeting.

Consideration of Issues

A number of amendments were made to the draft standard presented to the Board in November 2007 with details of the significant changes provided below:

- Due to the number of changes made in the proposed standard (APES 315), the prefix "Aus" was removed and the conformity paragraph redrafted to state that the basic principles and essential procedures of the Australian standard are consistent with ISRS 4410. Details of items unique to APES 315 are then listed.

- Paragraph 1.9 of the original draft was deleted. The content could be interpreted to read that an example compilation report was provided. Further, the content of paragraph 1.2 was considered adequate, with no loss of information resulting from the deletion of the previous 1.9.
- Paragraph Aus4.1 of the November 07 draft was deleted. Due to the prevalence of the term “financial statements” throughout accounting & auditing standards and the fact that it is a defined term, the examples provided by paragraph Aus4.1 were considered unnecessary.
- “Compilation of Financial Information” was originally a defined term however this was changed to “Compiled Financial Information” which is more prevalent in the standard and therefore more usefully defined.
- Paragraph 14 of the November 07 draft was deleted as its content did not provide any additional information on the mandatory requirement paragraph (now paragraph 11).
- Paragraph 23 of the November 07 draft attempted to address reporting on compilation engagements and the requirements when the compiled information was subsequently subjected to an audit or review. The manner in which it was drafted was misleading and confusing requiring the text to be rewritten in section 11 (specifically paragraphs 11.2 – 11.4).
- The key additional requirements that are in the proposed ED compared to the International equivalent are:
 - Reporting on a compilation engagement when the compiled information is subsequently subjected to an audit or review (Para. 11.2 – 11.4);
 - Communication of significant matters (Section 12); and
 - Subsequent discovery of facts (Section 13).

Staff Recommendation

The Board consider the revised version and approve the issue of the exposure draft subject to final editorial comments.

Material Presented

- Proposed Standard: APES 315 Compilation of Financial Information (Formerly APS 9)
- Comparison of APES 315 with ISRS 4410, APS 9 and NZ SES 2

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Date: 31 January 2008