

AGENDA PAPER

Item Number: 4.1
Date of Meeting: 11 August 2008
Subject: Proposed Standard: APES 345 *Reporting on Prospective Financial Information*

Action Required

For Information Only

Purpose

To obtain Board approval to issue the proposed standard APES 345 *Reporting on Prospective Financial Information* to replace the existing F2 *Prospectuses and Reports on Profit Forecasts*.

Background

The current Professional Statement F2 *Prospectuses and Reports on Profit Forecasts* formed part of the Code of Professional Conduct (CPC) that was replaced by the *Code of Ethics for Professional Accountants* (APES 110). As the Code did not contain provisions dealing with prospectuses and reports on profit forecasts, Professional Statement F2 was retained and is applicable for Members in Public Practice. The current version of F.2 was issued in May 2002 by the National Councils of the Institute of Chartered Accountants in Australia and CPA Australia. A project proposal to update Professional Statement F2 was approved by the APES Board in August 2007 and a taskforce was assembled in late 2007. In developing the proposed standard, the taskforce considered international developments in the area such as the *UK Ethical Standard for Reporting Accountants* issued in 2006 by the UK Auditing Practices Board. The taskforce developed the exposure draft which was considered and approved by the Board for public comment in June 2008.

Consideration of Issues

APESB received 6 comment letters from firms, practitioners and the professional accounting bodies. The key issues raised by respondents were;

- Definitions of *Disclosure Document and Reporting Service Engagement and Engagement Period*;
- Scope of the Standard;
- Paragraph 6.3 dealing with providing other professional services at the same time as the *Reporting Service Engagement*;
- Paragraph 8.1 – Member's responsibility to ensure that the *Prospective Financial Information* which is the subject of the Reporting Service Engagement does not contain false or misleading information; and
- New paragraph 8.2 dealing with basis and assumptions of forecast information.

Staff Recommendation

Subject to Board deliberation and editorial comments approve the issue of the proposed Standard APES 345 *Reporting on Prospective Financial Information* to replace the existing F2 *Prospectuses and Reports on Profit Forecasts*.

Material Presented

- Proposed Standard: APES 345 *Reporting on Prospective Financial Information* – Marked up version
- Proposed Standard: APES 345 *Reporting on Prospective Financial Information* – Clean version
- General and specific comments table

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Date: 31 July 2008