

Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

Review of Submissions – General Comments Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

Note: Specific comments relating to Exposure Draft 03/22 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	N/A	ACNC	<p>ACNC submission – Proposed Standard: APES 205 Conformity with Accounting Standards</p> <p>The Australian Charities and Not-for-profits Commission (ACNC) welcomes the Accounting Professional & Ethical Standards Board's (APESB) invitation to comment on an exposure draft on proposed amendments to APES 205 Conformity with Accounting Standards (APES 205).</p> <p>About the ACNC and the charity sector</p> <p>The ACNC is the federal charities regulator with the following statutory objects – to:</p> <ol style="list-style-type: none"> 1. maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; 2. support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and 3. promote the reduction of unnecessary regulatory obligations on the Australian not-for profit sector. <p>The ACNC regulates more than 59,000 charities in Australia which are a subset of the not-for profits sector (charities must be not-for-profits, but most not-for-profits are not charities).</p> <p>The ACNC is careful to balance each of our legislative objects and has considered them in responding to the proposed amendments to APES 205.</p> <p>Our comments are focused on the impact of the proposed amendments on charities.</p>	No
2	N/A	CA ANZ & CPAA	<p>APESB ED 03/22 Proposed Standard: APES 205 Conformity with Accounting Standards</p> <p>As the representatives of over 300,000 professional accountants in Australia, New Zealand and around the world, CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ) thank you for the opportunity to comment on the above Exposure Draft (ED).</p>	No
3	N/A	DH	<p>APES205 Conformity with Accounting Standards - Exposure Draft 03/22</p> <p>I am pleased to make this submission on APES205 Conformity with Accounting Standards - Exposure Draft 03/22.</p>	No

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Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

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			<p>I have extensive experience in accounting advice on Australian and International Financial Reporting Standards across a wide range of clients, industries and issues in the for-profit, not-for-profit, private and public sectors.</p> <p>My clients have included listed companies, unlisted and private companies, charitable and not-for-profit organisations, federal, state and local government departments and agencies in the public sector, and government owned corporations (government business enterprises). I also have some commercial, standard setting and academic experience.</p>	
4	N/A	Deloitte	<p>APESB Exposure Draft 03/22 Proposed Standard: APES 205 Conformity with Accounting Standards</p> <p>Deloitte is pleased to respond to the Accounting Professional & Ethical Standards Board ('APESB' or 'Board') Exposure Draft 03/22 <i>Proposed Standard: APES 205 Conformity with Accounting Standards</i> (the 'Exposure Draft').</p>	No
5	N/A	IPA	<p>Re: Exposure Draft 03/22 Proposed Standard: APES 205 Conformity with Accounting Standards</p> <p>Thank you for the opportunity to comment on Exposure Draft 03/22 <i>Proposed Standard: APES 205 Conformity with Accounting Standards</i>.</p>	No
6	N/A	KPMG	<p>Exposure Draft, Proposed Standard APES 205 Conformity with Accounting Standards</p> <p>We are pleased to have the opportunity to comment on Exposure Draft 03/22 – Proposed Standard APES 205 <i>Conformity with Accounting Standards</i> (ED APES 205).</p>	No
7	N/A	PwC	<p>APES 205: Conformity with Accounting Standards</p> <p>We welcome the opportunity to provide comments on the proposed revisions to APES 205 Conformity with Accounting Standards.</p>	No
8	N/A	CA ANZ & CPAA	<p>CPA Australia and CA ANZ support a revision of APES 205 <i>Conformity with Accounting Standards</i>, in light of the recent financial reporting framework reforms introduced by the Australian Accounting Standards Board (AASB) through:</p> <ul style="list-style-type: none"> • <u><i>AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements</i></u> (AASB 2019-4), 	No

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			<ul style="list-style-type: none"> <u>AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</u> (AASB 2020-2), and <u>AASB 2022-4 Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities</u> (AASB 2022-4). <p>As communicated to the AASB during the development of these reforms, it remains essential that the costs of any additional reforms to the requirements imposed on members involved in the preparation of special purpose financial statements (SPFS) do not outweigh the benefits.</p> <p>Therefore, we support the APESB's decision not to align the general disclosure requirements for SPFS within APES 205 to those being applied to some SPFS by the AASB's amending standards AASB 2019-4 and AASB 2022-4. These additional disclosure requirements introduced by the AASB are a proportionate response to the information needs of users who have sought "compliance with Australian Accounting Standards" as part of their reporting needs and should not be imposed on all others who prepare SPFS.</p>	
9	N/A	Deloitte	We appreciate the opportunity to comment on the Exposure Draft and welcome the Board's action in this area. We are supportive of the Board aligning professional requirements with recent changes to Australian Accounting Standards to ensure Members are aware of those changes when they prepare, present, audit, review or compile financial statements.	No
10	N/A	KPMG	In general, we acknowledge the need for the guidance in APES 205 to be revisited considering the Australian Accounting Standards Board (AASB) removal of the 'reporting entity concept' for a majority of for-private private sector entities. Refer to the Appendix for further discussion and comment on the three requests made in ED APES 205.	Refer to SC5, SC10 & SC15
11	N/A	CA ANZ & CPAA	Nevertheless, we do consider that there are some minor necessary amendments to APES 205 that will ensure all members involved in the production of SPFS clearly understand what minimum disclosures should apply to these SPFS and what those requirements entail going forward. Our suggestions in this regard are explained in our responses to the request for specific comments in the ED in the Attachment to this letter.	Refer to SC1, SC6 & SC11
12	N/A	Deloitte	However, we believe that the proposals could be further enhanced by more closely aligning the requirements of APES 205 <i>Conformity with Accounting Standards</i> (APES 205) with the requirements of Australian Accounting Standards. We believe that the proposals in the Exposure Draft could lead to confusion among preparers and users of special purpose financial statements, and may result in inconsistency between SPFS prepared under different frameworks.	Refer to SC3, SC8 & SC13

Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

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			<p>While we acknowledge that there are differences between SPFS due to their very nature, APES 205 has to date ensured consistency in critical disclosures in financial statements and we recommend the Board consider retaining this objective and outcome. Accordingly, we do not support extending the exemption from the SPFS disclosure requirements beyond the existing exemption in APES 205 for SPFS to be used solely for internal purposes.</p> <p>Additionally, the proposed requirement to retain the reference to “significant accounting policies” rather than “material accounting information” is likely to create difficulties in interpretation, particularly in the medium term as the “significant accounting policies” concept is eliminated from accounting concepts globally.</p> <p>Our detailed comments on the specific matters for comments are attached in Appendix A and other comments for the Board to consider in Appendix B.</p>	
13	N/A	Deloitte	<p>APPENDIX B – OTHER COMMENTS</p> <p>In addition to our comments elsewhere in this letter, we wish to bring the following matters to the Board’s attention.</p> <p>Member’s responsibilities in respect of general purpose financial statements</p> <p>We believe the Board should consider whether specific requirements should be introduced or noted in APES 205 in respect of member’s responsibilities where an entity is required to prepare general purpose financial statements under an Australian legislative or non-legislative requirement.</p> <p>APES 205 currently has requirements in respect of the reporting entity concept and where general purpose financial statements are purported as complying with the Australian Financial Reporting Framework, and in respect of departures required by legislation, ministerial directive or other government authority that requires a departure from Australian Accounting Standards. However, it does not impose a positive obligation on members to ensure that general purpose financial statements are prepared when required by legislation, ministerial directive or other government authority, or in respect of non-legislative requirement to prepare financial statements in accordance with Australian Accounting Standards (unless exempted by those standards).</p>	No
14	N/A	IPA	<p>However, IPA is of the view that where possible, alignment of requirements and the consistencies of terminologies between standards would assist users in applying the requirements. Some suggestions to assist the APESB in achieving this is contained in IPA’s response to the specific comments in the Attachment to this letter.</p>	Refer to SC4, SC9 & SC14

Exposure Draft 03/22: Proposed Standard APES 205 Conformity with Accounting Standards

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15	N/A	ACNC	If you have queries about this submission, please contact our Reporting team at Reporting@acnc.gov.au .	No
16	N/A	CA ANZ & CPAA	If you have any questions about our submission, please contact either Ram Subramanian (CPA Australia) at ram.subramanian@cpaaustralia.com.au or Amir Ghandar (CA ANZ) at amir.ghandar@charteredaccountantsanz.com .	No
17	N/A	Deloitte	Please contact me at +61 2 9322 5304 or aliswhite@deloitte.com.au if you wish to discuss any of our comments.	No
18	N/A	IPA	If you have any queries with respect to our comments or require further information, please do not hesitate to contact me at vicki.stylianou@publicaccountants.org.au or on mobile 0419 942 733.	No
19	N/A	KPMG	We would be pleased to discuss our comments with members of the APESB or its staff. If you wish to do so, please contact myself on (02) 9455 9744.	No
20	N/A	PwC	Should you need any further information, please feel free to contact myself on the number below or Meina Rose on 0432 320 540.	No
21	N/A	Deloitte	<p>Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.</p> <p>Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation” serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.</p> <p>Liability limited by a scheme approved under Professional Standards Legislation.</p> <p>Member of Deloitte Asia Pacific Limited and the Deloitte organisation.</p>	No
22	N/A	IPA	<p>About the IPA</p> <p>The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business</p>	No

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			and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.	
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RESPONDENTS

1	ACNC	Australian Charities and Not-for-profits Commission
2	CA ANZ & CPAA	Chartered Accountants Australia and New Zealand & CPA Australia
3	DH	David Hardidge
4	Deloitte	Deloitte Touche Tohmatsu
5	IPA	Institute of Public Accountants
6	KPMG	KPMG
7	PwC	PricewaterhouseCoopers