

Annual review of APES 315 Compilation of Financial Information

Prepared by

Channa Wijesinghe & Rozelle Azad
Technical Staff

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1. Executive Summary

1.1. Background

APESB issued APES 315 *Compilation of Financial Information* in July 2008 with an effective date of 1 January 2009. APES 315 replaced APS 9: *Statement on Compilation of Financial Reports*. In December 2009 APESB issued a revision of APES 315 *Compilation of Financial Information* with an effective date of 1 January 2010. The revision took into consideration comments received during the six monthly review process.

1.2. Reason for this report

In accordance with the constitution of the APESB, an annual review needs to be performed on each professional standard. This report presents a review of the issues reported to the APESB and proposed recommendations to address the identified issues.

1.3. Issues identified

The concerns raised by stakeholders are summarised below.

Carry forward issue from the 2010 Annual Review:

At the 2010 annual review of APES 315, a stakeholder commented that the term “accounting expertise” contained within paragraph 4.1 and the example compilation reports in Appendix 1 of APES 315 is onerous and misleading.

The Board considered this issue during the 2010 Annual Review process and noted that the IAASB was in the process of revising the International equivalent ISRS 4410. Accordingly, the Board determined to wait until the international revisions were complete before taking any further action. Stakeholders have again raised this issue for the purpose of the 2011 Annual Review. Please refer to the body of this report for a detailed discussion of the issue.

New Issues

Stakeholders have not reported any additional matters in respect of APES 315.

1.4. Summary of Recommendations

The following is a summary of the recommendations or actions taken in respect of the identified issues.

Carry forward issue from the 2010 Annual Review:

The APES Board continue to monitor this issue in light of the IAASB Exposure Draft on the Proposed *International Standard on Related Services 4410(Revised) Compilation Engagements* (ISRS 4410). Once the IAASB completes its revision of ISRS 4410, the Board to review and revise APES 315 *Compilation of Financial Information*, as appropriate.

2 Review of Issue

Carry forward issue from the 2010 Annual Review:

Stakeholders reported the following issues related to the use of the term “accounting expertise” in APES 315:

- the use of an undefined term such as “accounting expertise” in paragraph 4.1 and in the example compilation reports in the Appendix 1 of APES 315 can be problematic, particularly in disputes or litigation.
- the use of “accounting expertise” is also contradictory to paragraph 8.2 of APES 315.
- The questions/observations of the stakeholder are as follows:
 - Why is ‘accounting expertise’ not defined?
 - Why use ‘accounting expertise’? Why not use “relevant accounting knowledge” & then the accountant needs to be able to demonstrate the knowledge/skill used was relevant/appropriate to the engagement under scrutiny (not answer to a lawyer’s interpretation of “accounting expertise”)
 - Why does the APES 315 example report, in relation to accounting expertise specify the tasks of “collect, classify & summarise”? Surely any obligation in respect of skills & knowledge should be to the overall compilation engagement, not just 3 (undefined) aspects (that may or may not cover the entire engagement).
 - Why use words in an example report (‘accounting expertise’) that is not defined in the standard?

2011 Response

The IAASB has released an exposure draft on the Proposed *International Standard on Related Services 4410 (Revised) Compilation Engagements*. The exposure draft no longer makes reference to the use of "accounting expertise to collect, classify and summarise" rather refers to "applying expertise in accounting" which is considered to be less onerous. The stakeholder who

originally reported the issue has commented that he is more comfortable with the revised wording in the International ED.

Impacted Stakeholders

Members in Public Practice, Firms and professional accounting bodies.

Recommendation

It is recommended that the Board continue to monitor this issue and retain it on the issues register pending the finalisation of the proposed revision of ISRS 4410. Once the IAASB completes its revision of ISRS 4410, the Board review and revise APES 315 *Compilation of Financial Information*, as appropriate.