

**Constituents' Submissions – General Comments**  
**Exposure Draft 02/14: APES 315 Compilation of Financial Information**

*Note: Specific comments relating to APES 315 are addressed in a separate table. This table excludes minor editorial changes.*

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments
1	n/a	PwC	<p><b>Comments on APES 315 Exposure Draft</b></p> <p>Thank you for the opportunity to comment on the APES 315 Compilation of Financial Information Exposure Draft issued in July 2014 (APES 315 ED) and to contribute to the continued improvement of the Australian Accounting Professional &amp; Ethical Standards.</p> <p>Overall we support the approach taken by the Accounting Professional &amp; Ethical Standards Board (APESB) and welcome the enhanced guidance and examples provided in the APES 315 ED. Having reviewed the exposure draft, we do not have any further comments.</p>
2	n/a	WK	<p>Westworth Kemp Consultants values the opportunity to provide feedback into the consultative process surrounding the proposed amendments to APES 315. We are a boutique consultancy specialising in financial reporting, assurance and compliance issues, particularly in the context of litigation and dispute resolution and have on a number of occasions encountered the situation where a member firm has provided compilation services to a failed business. The ensuing litigation is complicated by the addition of an additional layer of professional service provider, being the compilation firm, between the client's bookkeeper and the audit firm.</p> <p>Generally we support the amendments proposed in the exposure draft. The additional definitions bring the standard into line with recent assurance literature and the two new Appendices are helpful in determining the nature of different compilation services.</p>
3	n/a	CPA/Chartered Accountants ANZ	<p><b>Submission on Exposure Draft: APES 315 <i>Compilation of Financial Information</i> (the 'Exposure Draft')</b></p> <p>Thank you for the opportunity to comment on the Exposure Draft of the proposed standard; APES 315 <i>Compilation of Financial Information</i>. CPA Australia and Chartered Accountants Australia and New Zealand (Chartered Accountants ANZ) have considered the Exposure Draft and our comments are set out below.</p> <p>CPA Australia and Chartered Accountants ANZ represent over 250,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia in Australasia and internationally.</p> <p>We support the revision of APES 315 to incorporate additional requirements and guidance, based on the International Auditing and Assurance</p>

**Exposure Draft 02/14: Proposed Revised Standard: APES 315 Compilation of Financial Information**

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments
			<p>Standards Board's (IAASB) revision of ISRS 4410 <i>Compilation Engagements</i>. The Exposure Draft also facilitates what we consider to be the underlying principles of a compilation engagement; that is:</p> <ul style="list-style-type: none"> <li>• Clearly distinguishable from audits and reviews of financial statements (assurance engagements).</li> <li>• Meaningful for users, in the context of the benefit derived from the application of professional expertise in accounting and financial reporting.</li> <li>• Able to be performed on a cost-effective basis.</li> </ul>
4	n/a	CPA/Chartered Accountants ANZ	<p><b>Structure and format</b></p> <p>Where there is an equivalent international standard, our usual preference is an approach which modifies the international standard only where there are compelling reasons to do so for local adoption. In this instance we recognise that the structure and format differs from the corresponding international standard. However, we acknowledge the rationale for APESB using the existing APES 315 format rather than ISRS 4410, and note that the drafting convention taken is in line with the APESB's <i>Due Process and Working Procedures</i> document.</p>
5	n/a	IPA	<p>We thank you for the opportunity to provide comment on ED 02/14 on the proposed changes to "APES 315 Compilation of Financial Information" (APES 315).</p> <p>Overall we support the proposed changes to APES 315 as outlined in the ED 02/14.</p> <p>The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 26,000 members, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office, Australian Securities and Investments Commission and the Australian Prudential Regulation Authority on issues affecting members, the profession and in the public interest.</p>
6	n/a	WK	<p>With the increasing complexity of accounting standards, there may be a knowledge gap between the competencies of the client's bookkeeper who keeps the books of prime entry, often on a system like MYOB, and the qualified member in public practice doing the compilation. The bookkeeper may not in fact know whether they have disclosed to the member all the relevant financial information. For example, when an impairment provision is needed, the raw material to calculate the provision is unlikely to reside within the bookkeeping function, but might lie with management. We have encountered instances under the current standard where accountants doing compilation work have omitted impairment provisions or made inadequate provision, on the basis that the client is responsible for the financial information, when the accountants had been exposed to information that made it clear that assets were impaired.</p>

**Exposure Draft 02/14: Proposed Revised Standard: APES 315 Compilation of Financial Information**

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7	n/a	WK	While a compilation engagement is not an assurance engagement, it is important for practitioners to recognise that they may need occasionally to challenge their client, for example, have they been told everything they need to know and do the client's raw figures require adjustment? In our view, to prevent this unquestioning acceptance of raw client information continuing under the revised standard, an Appendix containing some case studies to assist members in assessing "whether the Compiled Financial Information in respect of the Compilation Engagement is appropriate in form and content and free from Misstatements" and assist with compliance with Section 7 of the new standard would be helpful.
8	n/a	CPA/Chartered Accountants ANZ	If you have any questions regarding this submission, please do not hesitate to contact either Liz Stamford (Chartered Accountants ANZ) <a href="mailto:liz.stamford@charteredaccountantsanz.com">liz.stamford@charteredaccountantsanz.com</a> or Amir Ghandar (CPA Australia) <a href="mailto:amir.ghandar@cpaaustralia.com.au">amir.ghandar@cpaaustralia.com.au</a> .
9	n/a	PwC	Please contact me on 03 8603 3285 should you require any further information.
10	n/a	WK	If you wish to discuss any of these matters further, please contact me at <a href="mailto:stephanie@westworthkemp.com.au">stephanie@westworthkemp.com.au</a> .
11	n/a	IPA	If you would like to discuss our comments, please contact me or our technical adviser, Justin Reid from <i>GAAP Consulting</i> on <a href="mailto:jrconsulting@live.com.au">jrconsulting@live.com.au</a> or 0400 200 009.
12	n/a	MC	<p>Some of the commentary is as follows:</p> <ol style="list-style-type: none"> <li>1. It is a bad time of year to be preparing submissions (my view is this was an excuse but I sense they had no real interest)</li> <li>2. The software companies will provide the necessary amendments to the various reports</li> <li>3. We issue compilation reports because it is system generated (my experience with QA indicates that a significant number of practices still use APS 9)</li> <li>4. Compilation reports are just overregulation and really should not be required (that was an interesting one)</li> <li>5. The accountant's disclaimer is required now on jobs like management bookkeeping assignments every time work is done, where communication through engagement terms with a restriction on distribution was sufficient before. (my view is that management bookkeeping would be an exclusion as it would fall within para 10.3 "information for internal use only" so do not see how this creates additional obligations?)</li> </ol> <p>Channa, my experience from approximately 40 SMPs I have QA reviewed is that most have no or few systems in place to ensure compliance with APES 315 and others. There is a general view that apart from a negative review report from the ICAA that little consequence is received by the SMP. This brings up the issue of training and rolling out the new standard including all the other standards.</p>

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			<p>It is not clear to me the intentions of the professional bodies to educate their members with these changes. I would be interested in your thoughts.</p> <p>I believe the standard is much improved, we just need to get our professionals to embrace it. Good work!</p>

*Staff Instructions:*

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents’ comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order.
- Use acronyms only for respondents. Update the attached table with details of additional respondents.

**RESPONDENTS**

1	CPA/Chartered Accountants ANZ	CPA Australia & Chartered Accountants Australia and New Zealand
2	PwC	PricewaterhouseCoopers
3	IPA	Institute of Public Accountants
4	WK	Westworth Kemp Consultants
5	MC	Michael Cain