

AGENDA PAPER

Item Number: 6 (a)
Date of Meeting: 19 May 2017
Subject: Annual review of APES 205 *Conformity with Accounting Standards*

Action required For discussion For noting For information

Purpose

In accordance with Accounting Professional & Ethical Standards Board's (APESB) constitution, an annual review and six-month review of APESB pronouncements must be performed to identify and resolve any issues identified by stakeholders.

Background

APESB issued APES 205 in December 2007 and revised APES 205 in October 2015 with an effective date of 1 January 2016.

Consideration of Issues

Technical Staff have completed the following procedures to identify any issues associated with APES 205:

- Consulted with the Professional Bodies and other standard setters to identify whether Members or other stakeholders have raised any issues in respect of APES 205;
- Reviewed the APESB Issues Register for any reported matters for APES 205; and
- Performed an internal technical review of APES 205 including considering the technological neutrality of the Standard.

The issues identified through completion of the above procedures are set out below.

Statement of Accounting Concepts

A Professional Body noted that APES 205 contains references to Statements of Accounting Concepts (in Section 2 *Definitions* and paragraph 4.1). However, there is now only one Statement of Accounting Concept (SAC) as SAC 2 has been withdrawn.

Technical Staff note that the AASB still refer to Statements of Accounting Concepts as a plural and therefore do not suggest amendments to paragraph 4.1. However, the definition of statements of accounting concepts could be revised. The proposed amendment is as follows:

Statements of Accounting Concepts means ~~SAC 1 Definition of Reporting Entity and SAC 2 Objective of General Purpose Financial Reporting~~ issued by the AASB.

As this change is not substantive and will not impact the way the Standard is applied, it is recommended this amendment is included in the next revision of APES 205.

Former Auditing and Assurance Standards Board

[This issue is carried forward from the prior year.]

Some of the definitions in APES 205 contain references to the Auditing Standards (AUSs) issued by the former Auditing and Assurance Standards Board of the Australian Accounting Research Foundation (AuASB) which have now been either re-issued or withdrawn. The AUSs have been completely replaced with pronouncements issued by the AUASB.

Technical Staff therefore propose amendments to the following definitions:

Auditing and Assurance Standards means:

- (a) the AUASB standards, as described in *ASA 100 Preamble to AUASB Standards*, *ASA 101 Preamble to Australian Auditing Standards* and the *Foreword to AUASB Pronouncements*; issued by the AUASB, and operative from the date specified in each standard; ~~and~~
- (b) ~~those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards.~~

~~**AuASB** means the Auditing and Assurance Standards Board which issued Australian auditing and assurance standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia.~~

These revisions to the Definitions section are not expected to affect any other sections in APES 205. It is recommended that these changes be processed at the next revision of APES 205.

Editorial Amendments

Technical Staff noted the following editorials amendments:

- the wording in paragraph 1.7 about the Standard not detracting from any responsibilities imposed by law and regulation could be amended to be consistent with other APESB pronouncements; and
- the definition of 'Financial Statements' could be enhanced by including the sentence 'For the purpose of this Standard, financial report is considered to be an equivalent term to Financial Statements.'

Technical Staff recommend that the editorial amendments be addressed in the next revision of APES 205.

Conclusion and Recommendation

Technical Staff are of the view that the matters identified in the annual review of APES 205 are not substantive or would not impact the manner in which the pronouncement is applied in practice. Therefore APES 205 does not need to be revised in the short term.

Technical Staff recommend that the identified matters be included on the APESB Issues Register for consideration in the next revision of APES 205.

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Date: 1 May 2017