

27 October 2015

### ***APESB issues revised APES 345 Reporting on Prospective Financial Information prepared in connection with a Public Document***

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document* (Revised APES 345) to replace the existing APES 345 (Issued November 2008).

Please refer to Appendix 1 of this technical update for details of the revisions. The revised APES 345 will be effective for Engagements commencing on or after 1 January 2016 with early adoption permitted.

The revised standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au)

– ENDS –

#### **Technical Enquiries:**

Mr Channa Wijesinghe  
Technical Director  
Email: [channa.wijesinghe@apesb.org.au](mailto:channa.wijesinghe@apesb.org.au)  
Phone: 03 9642 4372

## Appendix 1

### Revisions to existing APES 345 (November 2008)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document* which was originally issued in November 2008.

Paragraph Reference	Revisions
1.1	<p>The objectives of APES 345 <i>Reporting on Prospective Financial Information prepared in connection with a Public Document</i> are to specify a Member in Public Practice's professional and ethical obligations in respect of:</p> <ul style="list-style-type: none"> <li>• fundamental responsibilities of the Member who performs a Reporting Service Engagement;</li> <li>• compliance with applicable Independence requirements;</li> <li>• consideration of relationships and the provision of other Professional Services that create threats to the Member's ability to comply with the fundamental principles;</li> <li>• reporting and documentation;</li> <li>• communication with Those Charged with Governance; and</li> <li>• the impact of any litigation between the Client or its related entities and the Firm.</li> </ul>
1.4 <del>2</del>	<p>Accounting Professional &amp; Ethical Standards Board Limited (APESB) <del>issues</del> <u>has revised</u> professional standard APES 345 <i>Reporting on Prospective Financial Information prepared in connection with a Disclosure Public Document (the Standard)</i>, which is effective for Engagements commencing on or after 01 <del>July 2009</del> <u>January 2016</u> and supersedes APES 345 issued in November 2008. Earlier adoption of this Standard is permitted.</p>
1.2 <del>3</del>	<p>APES 345 sets the standards for Members in Public Practice in the provision of quality and ethical Professional Services in respect of Reporting Service Engagements. The mandatory requirements of this Standard are in <b>bold-type (black lettering)</b>, preceded or followed by discussion or explanations in normal type (<del>grey lettering</del>). APES 345 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.</p>
1.7 <del>8</del>	<p>All references to Professional Standards, <u>guidance notes and legislation</u> are references to those provisions as amended from time to time.</p>
1.8 <del>9</del>	<p>In applying the requirements outlined in APES 345, Members in Public Practice should be guided not merely by the words but also by the spirit of <u>this the Standard and the Code</u>.</p>
1.11	<p>In this Standard, unless otherwise specified, words in the singular include <u>the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not</u>.</p>

**Acceptable Level** means a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the Member in Public Practice at that time, that compliance with the fundamental principles is not compromised.

**Assurance Engagement** means an Engagement in which ~~a conclusion is expressed by a Member in Public Practice~~ aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the ~~evaluation or measurement or evaluation of a~~ an underlying subject matter against criteria).

This includes an Engagement in accordance with the Framework for Assurance Engagements issued by the ~~Auditing and Assurance Standards Board (AUASB)~~ or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements.

**AUASB** means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the Australian Securities and Investments Commission Act 2001.

**Client** means an individual, firm, entity or organisation to whom or to which Professional ~~Services~~ Activities are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

**Contingent Fee** means a fee calculated on a predetermined basis relating to the outcome of a transaction or the result of the services performed by the Firm. A fee that is established by a court or other public authority is not a Contingent Fee.

**Engagement Team** means all ~~personnel~~ Partners and staff performing an the Engagement, including and any experts individuals contracted engaged by the Firm ~~in connection with that~~ or a Network Firm who perform procedures on the Engagement. This excludes External Experts engaged by the Firm or a Network Firm.

**External Expert** means an individual (who is not a Partner or a member of the professional staff, including temporary staff, of the Firm or a Network Firm) or organisation possessing skills, knowledge and experience in a field other than accounting or auditing, whose work in that field is used to assist the Member in obtaining sufficient appropriate evidence.

**Financial Interest** means an interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.

**Firm** means:

- (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) An entity that controls such parties, through ownership, management or other means;
- (c) An entity controlled by such parties, through ownership, management or other means; or
- (d) An Auditor-General's office or department.

**Independence** means is:

- (a) Independence of mind – the state of mind that permits the ~~provision~~ expression of an opinion a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism; ~~and~~.
- (b) Independence in appearance – the avoidance of facts and circumstances that are so significant that a reasonable and informed third party, ~~having knowledge of all relevant information, including any safeguards applied,~~ would reasonably be likely to conclude, weighing all the specific facts and circumstances, ~~that~~ a Firm's, or a member of the Engagement Team's, integrity, objectivity or professional scepticism ~~had~~ has been compromised.

**Member** means a member of a Professional Body that has adopted this Standard as applicable to their membership, as defined by that Professional Body.

**Member in Public Practice** means a Member, irrespective of functional classification (e.g., audit, tax, or consulting) in a Firm that provides Professional Services. ~~The~~ This term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable ~~p~~Professional ~~b~~Body.

**Network** means a larger structure:

- (a) That is aimed at co-operation; and
- (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.

**Network Firm** means a Firm or entity that belongs to a Network.

**Product Disclosure Statement** means a statement as defined in Part 7.9 Chapter 7 of the *Corporations Act 2001*.

**Professional Activity** means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.

**Professional Bodies** means Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.

**Professional Services** means Professional Activities ~~services~~ requiring accountancy or related skills performed for Clients ~~by a Member in Public Practice including accounting, auditing, taxation, management consulting and financial management services.~~

**Professional Standards** means all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable ~~p~~Professional ~~b~~Body.

**Public Document** means a Disclosure Document, Product Disclosure Statement or other documentation provided to shareholders, unit holders or holders of a relevant interest in an entity (or which is provided to management of an entity) in relation to a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* or a takeover or compulsory acquisition under Chapter 6 of the *Corporations Act 2001*.

	<p><b>Reporting Service Engagement</b> means an Engagement in which a Member in Public Practice prepares a report on or in connection with Prospective Financial Information where such Prospective Financial Information or part thereof and the related report are included in a <u>Disclosure Public Document</u>.</p> <p><b>Those Charged with Governance</b> <del>means the includes those person(s) or organisation(s) (for example, a corporate trustee) accountable for ensuring that the entity achieves its objectives, with regard to reliability responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties process. For some entities in some jurisdictions, Those eCharged with eGovernance may include management only when it performs such functions personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.</del></p>
3.6	<p><b>Where a Reporting Service Engagement is an Assurance Engagement, the Member in Public Practice shall comply with Section 290 Independence – <u>Audit and Review Engagements</u> or Section 291 Independence – <u>Other Assurance Engagements</u> of the Code, as applicable.</b></p>
3.11	<p>In undertaking a Reporting Service Engagement, a Member in Public Practice should consider the contents of any guidance in respect of such services issued by the pProfessional accounting bBodies and appropriate regulatory authorities.</p>
4.4	<p><b>A Member in Public Practice shall gather sufficient and appropriate evidence by such means as inspection, inquiry, computation and analysis to ensure that the conclusions, for which the Member is responsible, are properly supported. When determining the extent and quality of evidence necessary, the Member shall exercise professional judgement, considering the nature of the Reporting Service Engagement, Terms of the Engagement and the use to which the <u>Disclosure Public Document</u> will be put.</b></p>
5.2	<p>Threats to the fundamental principles may be created by any of the following interests or relationships:</p> <ul style="list-style-type: none"> <li>• Financial Interests;</li> <li>• Loans and guarantees;</li> <li>• Close business relationships with the Client;</li> <li>• Employment relationships with the Client; <u>or</u></li> <li>• Family and personal relationships.</li> </ul>
8.2	<p><b>A Member in Public Practice shall take all reasonable steps in accordance with the terms of Engagement, to ensure that the <u>Disclosure Public Document</u> clearly states the basis(es) and key assumptions used in forecasting the Prospective Financial Information.</b></p>
8.3	<p><b>If, subsequent to the issue of a <u>Disclosure Public Document</u>, the Member in Public Practice finds that information on which the Reporting Service Engagement is based contains false or misleading information or omits material information, the Member shall take all reasonable steps to ensure that the Client takes appropriate action to inform anyone who received the previously issued <u>Disclosure Public Document</u> of the situation.</b></p>

9.2	<p>Matters communicated will generally include the key elements of the Member in Public Practice's consideration of significant matters such as:</p> <ul style="list-style-type: none"> <li>• The principal threats, if any, to objectivity and Independence identified by the Member, including consideration of relationships between the Firm and the Client, its related entities and directors and any other entities directly involved in the transaction which is the subject of the <u>Disclosure Public Document</u>;</li> <li>• Any safeguards adopted and the reasons why they are considered to be effective;</li> <li>• The overall assessment of threats and safeguards; and</li> <li>• Information about the general policies and processes within the Firm for maintaining objectivity and Independence.</li> </ul>
10.1	<p><b>A Member in Public Practice undertaking a Reporting Service Engagement shall be remunerated for such <u>Professional s</u>Services by way of professional fees computed in accordance with Section 240 <i>Fees and Other Types of Remuneration of the Code.</i></b></p>
<b>Appendix 1</b>	<p>Summary of revisions to the previous APES 345 (Issued November 2008) – Added</p>