

Technical Alert

25 October 2022

APES 205 *Conformity with Accounting Standards* revised to address AASB changes

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of revised APES 205 *Conformity with Accounting Standards* to address recent financial reporting amendments made by the Australian Accounting Standards Board (AASB).

The AASB has removed the application of the 'Reporting Entity' concept and thus the ability to prepare Special Purpose Financial Statements (SPFS) for certain for-profit private sector entities, and increased SPFS disclosure requirements for certain not-for-profit and for-profit private sector entities.

The key revisions to APES 205 to address the AASB amendments consist of:

- amendments to paragraph 4.1 to remove the reference to the AASB's *Framework for the Preparation and Presentation of Financial Statements*;
- changing 'significant accounting policies' to 'material accounting policies' in the definitions of Financial Statements and Special Purpose Financial Statements and subparagraph 6.1(c);
- a new paragraph 6.2 to require professional accountants to take reasonable steps to ensure that an entity's SPFS comply with applicable Australian Accounting Standards; and
- new footnotes to the definitions of Reporting Entity and Statement of Accounting Concepts 1 to highlight that the assessment of whether an entity is a Reporting Entity no longer applies to certain entities.

APESB has produced an accompanying Basis for Conclusions to assist stakeholders to understand the background to the revisions to APES 205, which includes a 'GPFS & SPFS Disclosure Requirements Decision Tree' in Appendix 1 that illustrates how the AASB amendments are expected to apply in practice.

The revised APES 205 will be effective from **1 January 2023**, with earlier adoption permitted.

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