



Attachment to Board Meeting Summary Paper

Subject: ASA Redrafting Project – ASA 800 - Special Considerations – Audits of a Financial Report prepared in accordance with special purpose frameworks (Revised and Redrafted)

Prepared by: AUASB Technical Group

Date: 4 February 2009

Issues

The AUASB is requested to consider and resolve the following issues:

Item #	Issues	Approve? Y/N
1	<p>Issue: Is the proposed treatment of each difference, listed in the Tables of Differences, appropriate?</p> <p>Recommendation: Yes, the treatment is appropriate.</p>	
2	<p>Issue: The application paragraph has been amended to incorporate new terminology used in the ASA. This facilitates the consistency of terminology used in the <i>Corporations Act 2001</i> audits, which use “financial report”, as well as to those audits not required under the Act, which may use “complete set of financial statements”.</p> <p>Aus 0.1 This Auditing Standard applies to:</p> <p>(a) an audit of a special purpose financial report for a financial year, or an audit of a special purpose financial report for a half-year, in accordance with the <i>Corporations Act 2001</i>; and</p> <p>(b) an audit of a financial report or a complete set of financial statements prepared for any other special purpose.</p> <p>Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information prepared in accordance with a special purpose framework.</p> <p>Does the Board agree with this approach?</p> <p>Recommendation: Yes, the approach is appropriate.</p>	

Information

The following matters are brought to the Board's attention for information purposes only:

Item #	Information only Matters	Para. #
1	Requirements and/or Guidance paragraphs in Extant ASA which contained references to Australian ethical body, which have not been retained are listed	N/A
2	Paragraphs that contain "management" or "those charged with governance" references, which have been amended	N/A
	<p>The reason the application paragraph of this Auditing Standard includes a reference to the <i>Corporations Act 2001</i> is as follows:</p> <p>The application of the Act in this area comes from:</p> <ul style="list-style-type: none"> • section 292 (<i>Who has to prepare annual financial reports and director's reports</i>); • section 293 (<i>Small proprietary company – shareholders direction</i>); and • section 294 (<i>Small proprietary company – ASIC direction</i>) • section 295 (<i>Contents of annual financial report</i>) <p>These sections may apply in certain circumstances to small proprietary companies (as defined under the Act), and require the preparation of a financial report. Ordinarily these companies are not required to prepare a financial report under the Act, or Australian Accounting Standards.</p> <p>Section 295 of the Act specifies the contents of the financial report to be in accordance with (Australian) Accounting Standards. Australian Accounting Standards have the long established 'reporting entity' concept in order to determine whether the entity has to prepare a 'general purpose financial report' or a 'special purpose financial report'. These alternative types of a financial report are defined in AASB 101 <i>Presentation of Financial Statements</i> but not in the Act.</p> <p>[Section 292 subsec (1) entities (i.e. disclosing entities, public, large proprietary companies and registered schemes) are 'reporting entities' under Australian Accounting Standards, and therefore prepare a general purpose financial report.]</p> <p>Section 292 subsec (2) entities (i.e. small proprietary companies) are 'non-reporting entities' for the purposes of Australian Accounting Standards, and have no reporting obligations under the Act <u>unless</u> the company receives a direction to prepare a financial report under:</p> <ul style="list-style-type: none"> (i) section 293 (<i>Small proprietary company – shareholders direction</i>); (ii) section 294 (<i>Small proprietary company – ASIC direction</i>); or (ii) section 292 (b) (small proprietary company controlled by a foreign company) [which does not already have its financial statements incorporated as part of the consolidated entity that does lodge] <p>Such a small proprietary company can ordinarily choose the form of financial reporting (i.e. general purpose or special purpose) <u>unless</u> the direction specifies otherwise. In the absence of such a direction, a special purpose financial report is able to be prepared, as this meets the minimum reporting requirements of AASB 101 (the relevant Australian Accounting Standard). Therefore the special purpose financial report of such a small proprietary company (non reporting entity) is in accordance with the Act.</p>	

Conforming Amendments

Item #	ASA (Revised & Redrafted)	Proposed Amendment	Approve? Y/N
1	<i>ASA 101 Preamble</i>	None noted at this point. However, a number of generic changes will have to be made to the <i>Preamble</i> , in due course, that will cover all standards including ASA 800.	
2	<i>Assurance Framework</i>	None noted at this point	
3	<i>Glossary</i>	ASA (redrafted) includes definitions at [para 6] which will have to be included in the Glossary	
4	<i>Foreword</i>	None noted at this point. However, a number of generic changes will have to be made to the <i>Foreword</i> , in due course, that will cover all standards including ASA 800.	
5	<i>Other</i>	There are no conforming amendments required as yet to other standards as a result of ASA 800.	