

28 March 2023

APESB issues revised APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31) to replace the existing APES GN 31 (Issued February 2020).

The key changes in the revised APES GN 31 consist of revisions to reflect the terminology, concepts and principles used in the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* issued in February 2022 (effective 1 January 2023) and Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* issued by the Auditing and Assurance Standards Board in March 2021 (effective 15 December 2022).

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES GN 31 will be effective as at the date of issue.

The revised guidance note is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES GN 31 (Issued February 2020)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* which was originally issued in September 2017 and revised in February 2020.

Paragraph/Section Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional guidance note APES GN 31 <i>Professional and Ethical Considerations relating to Low Doc Offering Sign-offs</i> (the Guidance Note), which is effective from the date of issue and supersedes APES GN 31 issued in <u>February 2020</u> September 2017 .
5.8	Engagement circumstances that either individually or in combination may preclude a Member in Public Practice from issuing a Low Doc Offering Sign-off include: <ul style="list-style-type: none"> (a) The Financial Information to be included in the Low Doc Offering Document is not prepared in accordance with an applicable financial reporting framework and/or the Member in Public Practice is not in a position to provide a conclusion in accordance with ASAE 3450 or other similar standards on Assurance Engagements. (b) The urgency with which the Client wants to raise additional equity through a Low Doc Offering is such that the offer is made in an unduly short time frame (for example, a matter of days rather than weeks) and the due diligence process, including the involvement of and participation by the Client's management, directors, any other advisers, and/or the Member in Public Practice, is restricted by that time frame. (c) The time frame dictates and/or the Client specifies that the Member in Public Practice is to only perform a limited scope of work, such as limited specific due diligence enquiries or agreed-upon procedures undertaken in accordance with ASRS 4400 <i>Agreed-Upon Procedures Engagements to Report Factual Findings</i>. (d) Financial disclosures in the Low Doc Offering Document are limited in form (for example, a small number of non-GAAP measures or ratios) and a Member in Public Practice is unable to provide a review conclusion in accordance with ASAE 3450.
7.1	A Member in Public Practice is required to comply with the requirements of APES 320 <i>Quality <u>Management Control</u> for Firms that provide Non-Assurance Services</i> , or where the Engagement is determined to be an Assurance Engagement, the Member is required to comply with the <u>requirements of ASQM 1.</u> ⁸ A Member should prepare working papers that appropriately document the work performed and conclusions reached in the provision of a Low Doc Offering Engagement.
<u>Footnote 8</u>	<u>Auditing Standard ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> issued by the AUASB.</u>
Appendix 1	Illustrative Examples – amended (minor amendment to Example 3 Analysis)