

### Section 320

#### ~~Preparation and Reporting~~ **Presentation** of Information

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### **Section 320**

#### **Presentation of Information**

320.1 Professional accountants in business are ~~often~~ involved in the preparation and ~~reporting~~presentation of information ~~that may be either made public or used by other to stakeholders both~~ inside ~~or~~ and outside the employing organization. Such ~~information may stakeholders include~~ financial or management information, for example, forecasts, those charged with governance, investors, regulators, lenders and budgets, financial statements, management's discussion~~other creditors.~~

~~This information may assist stakeholders in understanding and analysis, and the management letter of representation provided to the auditors during the audit~~evaluating aspects of the entity's financial statements. A professional accountant in business ~~shall prepare or present such information fairly, honestly organization's state of affairs and in accordance with relevant professional standards so that the information will be understood in its context~~making decisions concerning the organization. This includes financial and non-financial information that may be made public or used for internal purposes.

Examples include:

- Operating and performance reports
- Decision support analyses
- Budgets and forecasts
- Information provided to the internal and external auditors
- Risk analyses
- General and special purpose financial statements
- Tax returns
- Reports filed with regulators and for legal compliance purposes
- Management letter of representation

320.2 A professional accountant ~~in business who has responsibility for the preparation~~is responsible for recording, maintaining, preparing or approval of the general purpose financial statements of an employing organization~~presenting information, shall be satisfied that those financial statements are presented~~do so in a manner that is fair and honest. This includes:

- Not preparing or presenting information in a manner that is intended to mislead or is intended to influence contractual or regulatory outcomes inappropriately;
- Not omitting information where such omission would render the information misleading, and

- Presenting the information in accordance with the relevant reporting framework, where applicable financial reporting standards.

~~320.3 A professional accountant in business shall take reasonable steps to maintain information for which the professional accountant in business is responsible in a manner that:~~

- ~~(a) Describes clearly the true nature of business transactions, assets, or liabilities;~~
- ~~(b) Classifies and records information in a timely and proper manner; and~~

~~Represents~~This responsibility involves taking reasonable steps to:

- ~~(c)~~• Represent the facts accurately and completely in all material respects;

~~320.4 Threats to compliance with the fundamental principles, for example, self-interest or intimidation threats to integrity, objectivity or professional competence and due care, are created where a professional accountant in business is pressured (either externally or by the possibility of personal gain) to prepare or report information in a misleading way or to become associated with misleading information through the actions of others.~~

~~320.5 The significance of such threats will depend on factors such as the source of the pressure and the corporate culture within the employing organization. The professional accountant in business shall be alert to the principle of integrity, which imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Where the threats arise from compensation and incentive arrangements, the guidance in section 340 is relevant.~~

~~320.6 The significance of any threat shall be evaluated and safeguards applied when necessary to eliminate the threat or reduce it to an acceptable level. Such safeguards include consultation with superiors within the employing organization, the audit committee or those charged with governance of the organization, or with a relevant professional body.~~

- 320.7 Where it is not possibleDescribe clearly the true nature of business transactions or activities; and
- Classify and record information in a timely and proper manner.

320.3 Preparing or presenting financial information often involves the use of discretion. Preparing or presenting such information fairly and honestly requires the Professional Accountant not to use such discretion in a manner that is intended to mislead, including when:

- Determining estimates. For example over- or under-accruing for warranty expenses or changing amortization rates or useful lives or residual values of fixed assets in order to manipulate income.
- Selecting a particular accounting method among two or more alternatives permitted under the applicable financial reporting framework. For example the selection of capitalization or depreciation methods, or selection of one method from among alternative revenue recognition methods in order to manipulate income.
- Determining the timing of transactions. For example, timing revenue transactions in order to manipulate current income.

- Determining the structuring of transactions. For example, structuring financing transactions in order to ~~reduce the threat~~ manipulate the statement of financial position or the cash flow statement.

320.4 An important factor for the professional accountant to an acceptable level, a professional accountant in business consider is having regard to the purpose for which the information is to be used, the context in which it is provided and the audience to whom it is addressed. For example, when preparing or presenting financial information such as pro-forma reports, supplementary measures, budgets or forecasts, the inclusion of estimates, approximations and assumptions may be necessary to enable those who may rely on such information to form their own judgments.

320.5 In cases where the professional accountant relies on the work of others, the professional accountant shall take reasonable steps to be satisfied that such work enables the professional accountant to fulfill the obligations set out in paragraph 320.2.

#### **Dissociation from Misleading Information**

320.6 A professional accountant shall refuse to be or to remain associated with information the professional accountant determines is misleading. AThe professional accountant shall take steps to be dissociated from that information.

Such steps include consulting the employing organization's policies and procedures (for example an ethics policy) regarding how such matters should be addressed internally, and discussing concerns that the information is misleading with the professional accountant's supervisor and/or the appropriate higher level(s) of management within the professional accountant's organization or those charged with governance.

320.7 If, after discussing such concerns with the supervisor and/or appropriate higher level(s) of management within the employing organization or those charged with governance, the professional accountant in business may have been unknowingly associated with misleading information. Upon becoming aware of this, concludes that appropriate action was not taken (for example, the information was not corrected), the professional accountant in business shall take steps to be disassociated from that information. In determining whether there is a requirement to report the circumstances outside the may consider one or more of the following steps:

- Consulting legal counsel regarding the professional accountant's and the employing organization's responsibilities.
- Consulting with a relevant professional body.
- Determining whether any responsibilities exist to communicate to third parties, including users of the information, regulatory authorities or the employing organization's external accountant.

320.8 If the professional accountant concludes that appropriate action was still not taken by the employing organization, the professional accountant in business mayshall consider obtaining legal advice. In addition, the professional accountant may consider whether to resign. accountant's continuing relationship with the employing organization.

320.9 The professional accountant is encouraged to document the facts, the accounting principles, or other relevant professional standards involved and the communications and parties with whom these matters were discussed.

320.10 Where threats to compliance with the fundamental principles relating to the presentation of information arise from financial interests, compensation and incentives linked to financial reporting and decision making, the guidance in section 340 is relevant.