

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

**APES 225 Valuation Services
1st Taskforce Meeting for 2019**

MINUTES

**3 May 2019, Friday
11.00 a.m. – 12.00 p.m.**

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairman), Mr. Richard Stewart OAM, Mr. Brendan Halligan, Mr Tapan Parekh, Mr Jim McDonald, Mr. Alan Max and Mr. Sean Collins.

In Attendance:

Mr. Brian Morris (Board Member) and Ms. Jacinta Hanrahan.

Apologies:

Ms Josephine Haste.

2. Discussion of proposed revisions to APES 225

The Chairman outlined the background to the revision of APES 225, which was primarily to align with the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

The Taskforce discussed the following key matters:

Definition of Value & the scope of APES 225

Taskforce members considered the proposed amendment to the definition of Valuation.

The Taskforce discussed the historical development of APES 225, the original intent of the standard and its scope. Taskforce members were of the view that the current standard would cover 99% of the valuation engagements that Members would undertake and changing the definition of valuation would capture the additional engagements. However, Taskforce members were concerned about the impact of using the term 'tangible assets'.

The Taskforce discussed the restrictions imposed on who can value tangible assets such as property, buildings, plant and equipment, which Members in Public Practice may not have. The Taskforce considered whether APES 225 should apply in addition to these requirements, in the circumstances where Members do have the skills and qualifications to undertake these valuation engagements. The Taskforce were not opposed to this, as they recognised that APES 225 sets out professional obligations rather than dealing with technical aspects of valuations. Taskforce Members, therefore, did not agree with a scope exclusion for land and property.

The Taskforce Members considered an option of including a guidance paragraph in the scope and application section of the standard that would encourage Members who are undertaking valuation engagements in relation to tangible assets to apply the provisions of APES 225 to the extent practicable. However, there was concern that this would not be a mandatory requirement – Members would have to elect to adopt the relevant APES 225 provisions.

Based on the options considered, the Taskforce agreed that changing the definition of Valuation was the preferred option, however, the term ‘tangible assets’ should be replaced with ‘other assets and liabilities’.

APESB Technical Staff are to draft the amendments and circulate them to the Taskforce for their consideration.

Consideration of when an AFSL is required

The Taskforce discussed the proposed change to APES 225 to include a footnote referring to guidance on when an AFSL is required. The Taskforce were of the view that the footnote is not required and should be removed from APES 225.

3. Proposed revisions to APES GN 21

The Taskforce considered the submissions received in relation to APES GN 21. The Taskforce agreed with the comments proposed by APESB Technical Staff and were of the view that no further changes were required to APES GN 21.

3. Other matters for consideration

No further matters were raised for consideration.

4. Way forward

APESB Technical Staff will:

- update the proposed APES 225 and associated specific comments table to incorporate the Taskforce’s comments;
- circulate the revised versions to the Taskforce for members to provide editorials;
- present the proposed revised APES 225, APES GN 20 and APES GN 21 at the June 2019 Board Meeting for the Board’s review; and
- seek the Board’s approval to issue the revised pronouncements.

5. Close of Meeting

The meeting was closed at 12.00 p.m..