

Media Release

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New valuation services standard to improve business valuations

A new professional standard that will create certainty for business and the accounting profession about how to conduct and report on valuation services, was issued today by the Accounting Professional & Ethical Standards Board (APESB).

The standard, APES 225 *Valuation Services*, was created in response to calls from the accounting profession for greater guidance on how to conduct and report on valuation services.

APESB Chairperson Kate Spargo said: "Valuation services have been a real growth area for accountants since the introduction of International Financial Reporting Standards (IFRS) in 2005. This is principally because most companies are now required to estimate the fair value of their assets and liabilities when preparing financial reports."

"Accountants play a vital role in assisting businesses to apply fair value accounting and meet their obligations under IFRS," Ms Spargo said.

"Given that fair value accounting is a relatively new and growing area of business for accountants both in Australia and internationally, there are differing understandings among businesses and accounting firms about what constitutes a valuation service and how to report on them.

The new standard applies to members of the professional accounting bodies in Australia who perform an engagement or assignment that estimates the value of a business, business interest, security or intangible asset for numerous purposes, including sales transactions, financing, taxation, financial reporting, mergers and acquisitions, management and financial planning and litigation.

"The APESB developed the valuation standard to improve the consistency, transparency and quality of practice among professional accountants who perform valuation services. The new standard will help both business and the accounting profession to produce consistent valuation reports.

"Consistent reporting is also very important from an investor perspective, as investors need to be able to compare different valuation reports."

The Business Valuation Special Interest Group of the Institute of Chartered Accountants in Australia has provided input in to the development of this professional standard.

APES 225 specifies accountants' mandatory requirements in business and public practice in areas including independence, professional engagement requirements and minimum reporting requirements for a valuation report. It includes a range of scenarios that spell out exactly when accountants need to adhere to the standard

The new standard is effective from 1 January 2009, with early adoption permitted. It will be enforced by the three Australian professional accounting bodies.

The standard is now available on the APESB website at www.apesb.org.au

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Notes to Editors: The APESB is an independent body that sets the code of ethics and professional standards by which members of Australia's three professional accounting bodies are required to abide.