

Meeting Highlights

17 MAY 2012

1. The Board considered the proposed revised ED 02/10 APES 230 *Financial Planning Services* and the accompanying *Explanatory Memorandum* prepared by Technical Staff based on the Board's directions at the November 2011 Board meeting.

The Board noted the issue of the draft Future of Financial Advice (*FoFA*) legislation in March 2012 and the significant redrafting of APES 230 ED and debated the need to issue a revised Exposure Draft. The Board resolved to issue a revised Exposure Draft of APES 230 Financial Planning Services due to:

- the time period that has lapsed since the issue of the initial exposure draft in June 2010;
- the issue of the draft *FoFA* legislation in March 2012; and
- the redrafted approach prohibiting conflicted remuneration such as asset based fees, third party payments and soft dollar benefits. This replaces the previously drafted approach in ED 02/10. However, the original principles of APES 230 ED are maintained in the revised approach.

The Board discussed the following issues:

- the need for specific comment requests on the Exposure Draft in relation to the proposed timing for new clients and existing clients;
- to request respondents comments in respect of practical implementation issues; and
- the importance of providing Members in Business flexibility on the application of the standard.

The Board considered the *Explanatory Memorandum* and directed technical staff to address the following key changes and other editorial amendments:

- explain the threats created to the fundamental principle of professional competence and due care due to conflicted remuneration;
- include emphasis that Members are required to comply with the overriding ethical obligations of APES 110 *Code of Ethics for Professional Accountants*; and
- develop examples in respect of insurance, mortgages and legacy products.

The Board directed technical staff to make changes as discussed and circulate the proposed APES 230 ED *Financial Planning Services* and *Explanatory Memorandum* for the Board's approval out of session.

2. The Board noted the Revision of APES 225 *Valuation Services* and discussed similarities between examples 11 and 19. The Board directed technical staff to redraft the examples and make other minor editorial amendments. The Board agreed to approve the Revision of APES 225 *Valuation Services* by circulation once the outstanding matters were addressed.
3. The Board approved the project proposal to develop guidance on Types of Valuation Reports. The Board considered and agreed that such guidance will be useful for Members who perform Valuation Services.
4. The Board noted the proposed ED 03/12 Revision of APES 215 *Forensic Accounting Services* and discussed a number of issues as follows:
 - differences between opinion evidence and expert evidence and the need to explain this further in the definitions and section 5;
 - the need for the Member to consider objectivity and conflicts of interest throughout a Forensic Accounting engagement; and
 - developing a guidance paragraph on working papers.

The Board directed the technical staff and the taskforce to make the necessary amendments and present a revised proposed APES 215 ED for the Board's consideration.

5. The Board noted the annual review of APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* and discussed the issue of APES 350 opinions in respect of low doc loans. The Board agreed that more information on the issue was required from the stakeholders to make an assessment of the issue. The Board agreed to make further inquiries and revisit the issue at a subsequent meeting.
6. The Board approved the project proposal to revise APES 315 *Compilation of Financial Information* due to recent issue of the equivalent international pronouncement ISRS 4410.
7. The Board noted the international update which incorporated recent IESBA activities, IESBA National Standard Setters meeting and other international developments.
8. The Board approved the project proposal to revise APES 320 *Quality Control for Firms* and to develop a revised pronouncement which focuses on non-assurance services.

This highlights document reports on meetings of the APESB as a service to its constituents. Decisions reported may be changed or modified by the APESB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this document, or for any errors or omissions.