

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**  
**1<sup>st</sup> Taskforce Meeting of APES GN 21 *Valuation Services for Financial Reporting***

**MINUTES**

**23<sup>rd</sup> January 2015, Friday, 3 p.m. – 4 p.m.**

**Teleconference**

**1. Present and Apologies**

Present:

Mr. Channa Wijesinghe (Chairman), Mr. Richard Stewart, Mr. Tapan Parekh, Mr. Brendan Halligan, Mr. Alan Max and Dr. Eva Tsahuridu.

In Attendance:

Ms. Saras Shanmugam.

Apologies:

Mr. Harley McHutchison (Board Member).

**2. Technical Staff Paper on proposed APES GN 21**

The Chairman informed the taskforce that Jim McDonald has stepped down as IPA's nominee and the IPA is yet to nominate a new taskforce member.

**3. Benefits of developing proposed APES GN 21 for the profession**

The Chairman explained that the proposed APES GN 21 project initially commenced due to the importance of International Financial Reporting Standards to the financial reporting process and the increased use of fair value in the financial reporting process. During the process of drafting APES GN 21, the Canadian Institute of Chartered Business Valuators (CICBV) had developed Practice Bulletin No. 3 *Guidance on Types of Valuation Reports*. This led to the development of APES GN 20 *Scope and Extent of Work for Valuation Services* (APES GN 20) in the first instance.

The Professional Bodies' education and Continuing Professional Development programs have recognized the increasing sophistication of Valuation Services. CAANZ has also introduced the Business Valuation Specialisation framework and a formal certification process in a similar manner to the CICBV where there is a formal specialisation for valuation practitioners.

A taskforce member also commented that the development of APES GN 21 will meet different Members' expectations and provides a framework for auditors, Valuation practitioners and Clients.

#### **4. Taskforce views on the current key sections and other matters to consider**

The taskforce considered the current key sections of the proposed APES GN 21 and agreed that the subject matters that address the following areas are appropriate:

- Business combinations and purchase price allocations;
- Impairment of goodwill and intangible assets;
- Share-based payments; and
- Financial instruments.

A taskforce member suggested that the proposed APES GN 21 incorporate a section on the reporting and disclosure obligations in respect of superannuation entities.

The Chairman noted that relevant cross references to APES GN 20 should be added since the proposed APES GN 21 is being developed subsequent to APES GN 20.

#### **5. Other Matters**

A taskforce member commented that a guidance note should only provide additional guidance on corresponding subject matters in APES 225 *Valuation Services*. The taskforce member also sought clarity on how APES GN 21 provides guidance to Members In Public Practice to comply with their professional and ethical obligations.

Some taskforce members explained that APES GN 21 further clarifies the application of APES 225 to Valuation Services in respect of specific Valuation Engagements and assists Members to comply with the mandatory requirements established in APES 225. APES GN 21 provides guidance on a Member's professional and ethical obligations in these areas.

The Chairman added that the development of APES GN 21 is most likely to benefit sole practitioners and SMPs who perform Valuation Services.

#### **6. Way forward**

Taskforce members will:

- develop a new section on disclosure obligations in respect of Valuations for superannuation entities; and
- review the proposed APES GN 21 to ensure the adequacy of its professional reporting and disclosure obligations for Valuation Engagements for Financial Reporting.

APESB Technical Staff will:

- focus on the drafting requirements of the proposed APES GN 21; and
- circulate the updated proposed APES GN 21 for the taskforce's consideration.

The next taskforce meeting will be scheduled in due course.

#### **7. Close of Meeting**

The meeting was closed at 4 p.m.