

AGENDA PAPER

Item Number: 2
Date of Meeting: 5 June 2019
Subject: Proposed revised APESB pronouncements (ED 01/19)

Action required **For discussion** **For noting** **For information**

Purpose

To obtain the Board's approval, subject to the Board's review comments and editorials, to issue the revised:

- APES 210 *Conformity with Auditing and Assurance Standards* (APES 210);
- APES 215 *Forensic Accounting Services* (APES 215);
- APES 220 *Taxation Services* (APES 220);
- APES 225 *Valuation Services* (APES 225);
- APES 305 *Terms of Engagement* (APES 305);
- APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document* (APES 345);
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350);
- APES GN 20 *Scope and Extent of Work for Valuation Services* (APES GN 20);
- APES GN 21 *Valuation Services for Financial Reporting* (APES GN 21); and
- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31).

Background

The Board approved a [project plan](#) in March 2018 to revise all APESB pronouncements to incorporate changes required due to the release of the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

The restructured Code was issued by the APESB in November 2018.

In March 2019, APESB released the first exposure draft relating to this project (ED 01/19 *Revision of APESB Pronouncements*) with revisions proposed to ten pronouncements. The comment period for the exposure draft closed on 17 April 2019.

Consideration of Issues

APESB received three submissions from stakeholders, and an additional comment by a stakeholder via email, and they are tabulated in the General Comment tables and the Specific Comments tables (for each pronouncement commented on) in Agenda Items 2(a) to 2(g).

Stakeholders were generally supportive of the proposed revisions to the pronouncements. The key issues raised by stakeholders in the submissions and how these responses have been addressed are noted below by pronouncement.

APES 220 Taxation Services

A respondent requested the inclusion of guidance relating to promoter penalties in relation to Tax Schemes and arrangements (refer to Agenda Item 2(b)). Technical Staff propose to include a footnote to make reference to the relevant legislation and legal precedents that Members should be aware of.

Refer to Agenda Item 2(h) for the marked up version of the restructured APES 220.

APES 225 Valuation Services

The key issue considered in relation to APES 225 was the scope of the standard. A concern had been raised that some Valuation Engagements conducted by Members would not be covered by the existing definition of Valuation. To address this matter, the exposure draft proposed an amended definition of Valuation which included tangible assets.

Feedback received during the exposure draft process (refer to Agenda Item 2(c)) highlighted that tangible assets may not be the appropriate term to include in the definition of Valuation. Technical Staff have consulted with the Valuation Services Taskforce in relation to this issue (refer to Agenda Item 2(l) for minutes of the taskforce meeting).

It was agreed that the definition of Valuation should be amended to cover Valuation Engagements that do not meet the extant definition of Valuation, however, the amendment would include the term 'other asset or liability' rather than refer to 'tangible assets'.

Refer to Agenda Item 2(i) for the marked up version of the restructured APES 225.

APES 350 Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document

There were a couple of editorial matters raised in relation to APES 350 during the exposure draft process (refer to Agenda Item 2(e)). The matters, while not substantive, did request additional guidance in relation to when Members are required to hold an Australian Financial Services Licence (AFSL) and relevant guidance issued by the AASB in relation to Materiality.

Technical Staff were of the view that this guidance would be useful to Members and have incorporated footnotes into the standard to address these matters.

The marked up version of the restructured APES 350 is included in these papers as Agenda Item 2(j).

APES GN 20 Scope and Extent of Work for Valuation Services

APESB did receive comments in relation to APES GN 20 from the exposure draft process (refer to Agenda Item 2(f)). However, Technical Staff and the taskforce were of the view that no changes were required to APES GN 21 for the comments received.

Consequential amendments are required to APES GN 20 to reflect the amended definition of Valuation (as proposed in the revised APES 225).

Refer to Agenda Item 2(k) for the marked up version of the restructured APES GN 20.

No change from ED 01/19 version

There are six pronouncements which Technical Staff believe can be issued based on the versions presented to the Board in ED 01/19. The six pronouncements are APES 210, APES 215, APES 305, APES 345, APES GN 21 and APES GN 31.

APESB did receive specific comments in relation to APES 345 and APES GN 21, which are set out in Agenda Items 2 (d) and 2(g) respectively. However, no changes are proposed to these pronouncements for the comments received.

As no further changes are proposed to these pronouncements, Technical Staff have not reproduced them in this agenda paper. Please refer to Agenda Item 3 of the February 2019 Board Meeting for the restructured versions of APES 210, APES 215, APES 305, APES 345, APES GN 21 and APES GN 31.

Recommendation

Subject to the Board's review comments, the Board approve the issue of the revised APES 210, APES 215, APES 220, APES 225, APES 305, APES 345, APES 350, APES GN 20, APES GN 21 and APES GN 31.

Materials Presented

Agenda Item 2(a)	General Comments Table – ED 01/19
Agenda Item 2(b)	Specific Comments Table (ED 01/19) in relation to APES 220
Agenda Item 2(c)	Specific Comments Table (ED 01/19) in relation to APES 225
Agenda Item 2(d)	Specific Comments Table (ED 01/19) in relation to APES 345
Agenda Item 2(e)	Specific Comments Table (ED 01/19) in relation to APES 350
Agenda Item 2(f)	Specific Comments Table (ED 01/19) in relation to APES GN 20
Agenda Item 2(g)	Specific Comments Table (ED 01/19) in relation to APES GN 21
Agenda Item 2(h)	Revised APES 220 <i>Taxation Services</i> (marked-up)
Agenda Item 2(i)	Revised APES 225 <i>Valuation Services</i> (marked up)
Agenda Item 2(j)	Revised APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document</i> (marked up)
Agenda Items 2(k)	Revised APES GN 20 <i>Scope and Extent of Work for Valuation Services</i> (marked up)
Agenda Item 2(l)	Minutes of APES 225 Taskforce Meeting – 3 May 2019

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Date: 21 May 2019