

AGENDA PAPER

Item Number: 10
Date of Meeting: 14 September 2012
Subject: Proposed ED 04/12 GN 20 *Scope and Extent of Work for Valuation Services*

Action Required

For Information Only

Purpose

To obtain the Board's approval to issue ED 04/12: APES GN 20 *Scope and Extent of Work for Valuation Services* for public comment.

Background

APESB issued APES 225 *Valuation Services* (APES 225) in July 2008 with an effective date of 1 January 2009. APES 225 sets out mandatory requirements and guidance for Members who provide Valuation Services. In May 2012 APESB issued a revised version of APES 225 which clarifies the three different types of Valuation Engagements and also incorporated additional examples to demonstrate the distinction between the three types of engagements.

ICAA's Business Valuation Special Interest Group (BVSIG) has proposed that APESB develop Guidance Notes to further assist valuation practitioners. In January 2011 it was proposed that the first guidance note should be focused on Valuations for Financial Reporting, due to the convergence of international financial reporting standards and the ensuing demand for related services.

In completing the first draft of the proposed APES GN 21 *Valuations for Financial Reporting* (re-numbered) a further need was identified to provide valuation practitioners guidance that would assist them in determining the appropriate type of valuation report to produce, based on the particular circumstances of the Valuation Service, and that this guidance should be issued ahead of the proposed *Valuations for Financial Reporting* guidance note.

The proposed APES GN 20 *Scope and Extent of Work for Valuation Services* (APES GN 20) aims to provide further guidance to members to comply with the requirements of APES 225 *Valuation Services*. APES GN 20 is based on the the discussion paper developed by the Canadian Institute of Business Valuators (CICBV) in March 2012 which is titled *Guidance on Types of Valuation Reports*.

Consideration of Issues

The proposed APES GN 20 provides guidance to Members in respect of:

- Scope and extent of work including extent of review, analysis and corroboration;
- Consideration of six categories of areas of work;
- Context of a Valuation Service;
- Reporting and disclosure obligations; and
- Documentation.

Refer to the attached proposed APES GN 20 *Scope and Extent of Work for Valuation Services*.

Staff Recommendation

Subject to the Board's editorial comments, the Board approve the issue of Exposure Draft 04/12 APES GN 20 *Scope and Extent of Work for Valuation Services* for public comment.

Material Presented

- Attachment 10 (a) ED 04/12 GN 20 *Scope and Extent of Work for Valuation Services*;
- Attachment 10 (b) *Discussion Paper – Guidance on Types Valuation Reports – Canadian Institute of Chartered Business Valuators (CICBV)*
- Attachment 10 (c) Draft Minutes of 7th Meeting of *Valuation Services Taskforce*

Authors: Channa Wijesinghe
Margareth Lioe

Date: 30 August 2012