

AGENDA PAPER

Item Number: 8.7
Date of Meeting: 12th February 2008
Subject: Development of Guidance Note APES GN31 Operation of Trust Accounts

Action Required

For Information Only

Purpose

To obtain Board approval to update the guidance note on the operation of trust accounts at the same time the standard (APES 325 *Member's Trust Accounts*) relating to trust accounts is developed.

Background

APS 10 *Trust Accounts* was issued in December 2003 by the National Councils of the Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants (CPA Australia) to establish the responsibility of members who hold or receive Trust Money. Further in December 2003, to assist members with APS 10 compliance, the Institute of Chartered Accountants in Australia and CPA Australia jointly issued GN3 – Operation of Trust Accounts.

In May 2007, the Board approved a project proposal for the re-development and rebranding of Miscellaneous Professional Statement APS 10 as APES 325 *Member's Trust Accounts*. Following this, an exposure draft was prepared and presented in August 2007. The Board's view was that the pronouncement contained mainly procedural matters and did not contain principles similar to other APESB pronouncements. As a result, the matter has been referred to the professional bodies for further consideration.

Consideration of Issues

The Professional Bodies will propose an approach that will assist in the development of APES 325. In addition, the proposed standard needs to address topics that have been raised in the APESB issues register by stakeholders. It is important that any requirements and guidance on the application of APES 325 be consistent in both approach and content of the guidance note. Therefore we believe it is appropriate to review GN 3: Operation of Trust Accounts at the same time the standard is being developed.

Staff Recommendation

Review and redevelop GN 3 *Operation of Trust Accounts* as APES GN 31 *Operation of Trust Accounts* to ensure the matters noted in the guidance note are appropriate and consistent with the proposed standard APES 325 *Members Trust Accounts*. This process should take place at the same time as the development of APES 325.

Material Presented

None

Author: Rozelle Azad

Date: 31 January 2008