

**Constituents' Submissions – Specific Comments Table**  
**Exposure Draft 03/15: Revision of APESB pronouncements (ED 03/15)\_APES 225 Valuation Services**

*Note: General comments relating to ED 03/15 are addressed in a separate table. This table excludes minor editorial changes.*

Item No.	Paragraph in Exposure Draft	Respondent	Respondents' Comments
1	1.1	CPA A	<p>In the primary objectives in paragraph 1.1 the following are listed:</p> <ul style="list-style-type: none"> <li>• 'the types of Valuation Services that can be provided to a Client or Employer;' and</li> <li>• 'matters to be disclosed in a Valuation Report and the nature and extent of evidence required to support the Valuation Report'.</li> </ul> <p>CPA Australia is of the view that APES 225 does not and should not prescribe what types of valuation services can be provided and suggests that the first objective be deleted.</p> <p>Similarly, in relation to evidence we are of the view that 'nature and extent' may be understood as requirements of the content of the evidence. The standard refers to the qualitative characteristics of the evidence. However, we are not convinced that this represents a primary objective of the standard and suggest the inclusion of only:</p> <ul style="list-style-type: none"> <li>• matters to be disclosed in a Valuation Report</li> </ul>
2	4.2	CPA A	<p>Paragraph 4.2 replaces the requirement 'to include' with the requirement 'to document' the content listed in points (a) to (f). We are of the view that the extant requirement to include is more accurate and better aligned with paragraph 4.1, as APES 305 <i>Terms of Engagement</i> offers additional guidance that is not included in paragraph 4.2 of the standard. The requirement to document may be seen as not encouraging or even allowing the inclusion of the guidance contained in APES 305 <i>Terms of Engagement</i> and may further be seen as contradicting paragraph 4.1.</p>
3	4.6 and 4.7	CPA A	<p>Paragraph 4.6 provides guidance on reliance on information provided by others, specifically the Client, its management or a third party; and defines these as 'the relevant party'. We are of the opinion that a distinction between information provided by the Client or its management and a third party is necessary and can lead to a more effective and efficient approach to information provided by another party.</p> <p>If the Client is the third party, then it is unclear who would form the first two parties.</p>

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			<p>We also note that paragraph 4.6 of APES 305 <i>Terms of Engagement</i> includes:</p> <p><b>“Relative responsibilities:</b> Responsibilities agreed upon, detailing those acknowledged to be the responsibility of:</p> <p>(a) the Member in Public Practice, including reference to relevant confidentiality requirements and the impact of them on the quality review program of the relevant professional body to which the Member in Public Practice belongs;</p> <p>(b) the Client, noting the fact that the Client is responsible for the completeness and accuracy of information supplied to the Member in Public Practice; and</p> <p>(c) any third party.”</p> <p>We are of the view that this paragraph in APES 305 <i>Terms of Engagement</i> addresses the issue sufficiently and we are unsure of the need to explicitly address the issue in the standard with the additions of paragraphs 4.6 and 4.7.</p> <p>However, if the Board is of the view that the issue needs to be explicitly addressed in this standard, the following can be added in paragraph 4.6:</p> <p>Where a Member in Public Practice has relied on information provided by the Client, its management or a third party, the Member should consider requesting a written representation from that party, which confirms that the information provided is accurate and complete in all material respects.</p> <p>We are not convinced of the value of the review of the draft valuation report and its mention in the representation report in relation to information provided by a relevant party.</p> <p>If the Board is convinced that the addition of paragraphs 4.6 and 4.7 is necessary, then we would urge it to consider the following:</p> <p>In essence, Paragraph 4.6 states that if the client or its management provided information that has been relied upon, then the Member in Public Practice should consider providing the draft report to the Client or its management - but only with the consent of the Client and subject to the Terms of Engagement. We think that this requirement is obsolete as it asks the Member to gain permission from an entity to provide information to that same entity, and as mentioned earlier, it can be better addressed in the terms of engagement.</p> <p>Further, paragraph 4.7 refers to reliance on a representation. Given that paragraph 4.6 discusses reliance on information and requesting a written representation, we are of the view that paragraph 4.7 should refer to reliance on information, as the</p>

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			<p>representation is not providing the information but it is about the quality of the information.</p> <p>Finally, the proposed paragraph 4.7 may contradict the spirit of Section 210 Professional Appointment of the Code, which requires the assessment of the appropriateness of reliance on information rather than an assumption that information is reliable.</p>

*Staff Instructions:*

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents' comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order. Use acronyms only for respondents. Update the attached table with details of additional respondents.

**RESPONDENTS**

1	CPA A	CPA Australia
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