

## TECHNICAL STAFF PAPER

**Subject: ED 05/15 APES GN 41 *Management Representations*  
– Summary and Analysis of Key Issues.**

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### Purpose

The purpose of this paper is to provide:

- A summary of respondents' key issues and comments raised in response to APESB's ED 05/15 APES GN 41 *Management Representations* (APES GN 41); and
- Technical analysis and proposed recommendations to address the key issues.

The respondents' comments have been classified as either general comments or specific comments.

### **Respondents' General Comments**

#### **1. Clarity of APES GN 41's structure**

##### ***Analysis of respondents' comments***

PricewaterhouseCoopers (PwC) is of the view that APES GN 41's structure does not provide:

- a clear start to finish process for a Member in Business to consider when the Member has to prepare or provide Management Representations; and
- the overall considerations a Member in Business should consider before providing specific Management Representations.

PwC is of the view that APES GN 41 be restructured to follow a process from beginning to end, i.e. from considering the purpose and use of the Management Representation through to the final Management Representation being provided.

##### ***Technical analysis***

APES GN 41 focusses on the professional and ethical obligations that a Member in Business should consider when preparing and/or signing Management Representations, rather than the process or specific procedures carried out in conducting the Management Representation process. Accordingly, paragraph 1.1 states that APES GN 41 does not set out the underlying procedures or processes that a Member should follow in order to comply with applicable regulatory or other obligations associated with providing Management Representations.

However, there is merit in the respondents' comments that the structure of APES GN 41 should be enhanced to clarify the overall considerations of a Member in Business when preparing or providing Management Representations. It is proposed that additional guidance be included as new paragraph 4.2 as follows:

**4.2 Management Representations provided to Those Charged with Governance are commonly used by Those Charged with Governance to discharge their obligations to external parties.**

## 2. Use of the word 'should' and language used in the proposed guidance note

### ***Analysis of respondents' comments***

Deloitte and the Australian Institute of Company Directors (AICD) have raised concerns with the word "should" as:

- it is used extensively in APES GN 41;
- it appears to contradict with the statement in paragraph 1.3 which states, "This Guidance Note does not prescribe or create any mandatory requirements"; and
- it appears to create an obligation for Members in Business to follow the processes set out in the proposed APES GN 41.

Chartered Accountants Australia and New Zealand (CA ANZ) also does not support the current version of APES GN 41. CA ANZ is concerned that the language used in APES GN 41 is very strong and more indicative of mandatory procedures that must be performed rather than guidance on how Members in Business may discharge their professional and ethical obligations when providing Management Representations.

Additionally CA ANZ note that the suggested process is onerous. Whilst a Member in Business providing Management Representations is undertaking a professional activity as defined in APES 110 and should comply with the requirements of APES 110, however, the Member is performing a professional activity as an employee or a director of a company and not as an external professional advisor or providing a separate service. CA ANZ is of the view that APES GN 41 needs to be focused on a process that is practical and achievable and does not need to be as complex or extensively documented as for an independent professional advisor.

### ***Technical analysis***

Based on APESB's drafting approach and conventions (refer to APESB's *Due process and working procedures for the development and review of APESB pronouncements*), the word 'shall' denotes a mandatory professional obligation which the Member must comply with, whereas the word 'should' denotes matters that a Member should consider. Thus, the term 'should' does not denote a Member's mandatory professional obligation.

Paragraph 5.2 (f) of APESB's due process document states:

*the word 'should' is used in guidance paragraphs to denote matters that members have a professional obligation to consider when performing an engagement or assignment. In making the determination whether to follow the guidance denoted as "should" or not, the member needs to consider the specific circumstances of the engagement or assignment as well as exercise the member's professional judgement whether the stated guidance is relevant and applicable in the circumstances. It is possible that in certain circumstances the member will be able to achieve the objectives of the guidance by undertaking alternative procedures rather than the stated procedures in the pronouncement or in other circumstances the guidance may not be relevant. Where the member determines that it is appropriate to undertake alternative procedures or not follow the guidance, the member may need to be able to justify the member's actions to the client or employer, the professional body to which the member belongs or where applicable, the relevant regulator*

Paragraph 1.4 of proposed APES GN 41 provides a cross reference for Members in Business to refer to the Due process document which sets out the context in which 'should' is used in APESB pronouncements.

Furthermore, APES GN 41 is similar to other guidance notes prepared by APESB e.g. APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* and APES GN 30 *Outsourced Services* that were originally issued in 2012 and 2013 respectively. To date stakeholders have not raised issues in respect of these issued guidance notes on APESB's issues register.

However, Technical Staff note respondents' comments that some stakeholders' perception is that the language used in APES GN 41 can be interpreted as indicative of mandatory procedures. Technical Staff has now reviewed and made appropriate amendments to APES GN 41 to ensure that there is appropriate flexibility for Members in Business.

We also note that Members in Business may use APES GN 41 without referring to APESB's due process document. Therefore, we propose to provide a description to the term 'should' in paragraph 1.4 of APES GN 21 as follows:

- 1.4 Members in Business using this Guidance Note should refer to APESB's *Due process and working procedures for the development and review of APESB pronouncements (APESB's Due process document)*. The APESB's Due process document provides the meaning of the term 'should' used in this Guidance Note.<sup>1</sup>

<sup>1</sup> Accounting Professional & Ethical Standards Board Limited. *Due process and working procedures for the development and review of APESB pronouncements: Section 5 Drafting Approach*. Paragraph 5.2 (f).

### **3. Rationale of APES GN 41's development**

#### ***Analysis of respondents' comments***

AICD queried the rationale for the development of APES GN 41 and enquired what significant regulatory or ethical failure by Members in Business, relating to the preparation and signing off of Management Representations has compelled APESB to develop this detailed and potentially onerous guidance note.

#### ***Technical analysis***

APES GN 41 was developed as a proactive measure in response to a perceived need for generally accepted practices and practical guidance on Management Representations by Members in Business as:

- although there is guidance available from various sources for Members in Public Practice, there is a lack of specific guidance in respect of Management Representation considerations for Members in Business; and
- it highlights the importance of an effective Management Representation process by linking and clarifying the application of APES 110 *Code of Ethics for Professional Accountants (Code)*'s fundamental principles and any appropriate guidance in APES GN 40 to Management Representations.

### **4. Guidance Note may increase Australian Members' obligations**

#### ***Analysis of respondents' comments***

IPA is of the view that APES GN 41 should have been developed as a standard rather than a guidance note based on the importance of the subject matter.

AICD notes that APES GN 41 deviates from the international pronouncements developed by the International Ethics Standards Board for Accountants as there is no international equivalent. CA ANZ also noted that APES GN 41 is an Australian specific guidance note. They are concerned that APES GN 41 may significantly increase Australian Members' obligations in dealing with Management Representations, in comparison to other countries.

### ***Technical analysis***

The proposed APES GN 41 does not increase Members in Business' obligations as it does not establish new professional requirements or extend any mandatory requirements. APES GN 41 merely provides additional guidance on the application of the Code in respect of:

- matters that Members should consider when preparing and/or signing a Management Representations; and
- enabling Members to access one specific document for guidance on professional and ethical considerations when preparing and/or approving Management Representations.

APES GN 41 has been developed as a guidance note rather than a standard, since it is designed:

- to guide Members in Business in applying and complying with the fundamental principles and mandatory requirements in the Code;
- to enhance Members in Business' knowledge and understanding in applying the Code's fundamental principles to Management Representations, by providing Members with useful guidance; and
- to guide Members in Business in discharging their existing professional obligations.

## **Respondents' Specific Comments**

### **1. Scope of APES GN 41**

#### ***Analysis of respondents' comments***

Both KPMG and Deloitte noted that APES GN 41's title and paragraph 1.1 imply a wide application of Management Representations, but APES GN 41 is limited to dealing with written representations in respect of Financial Statements and Financial Reporting Certifications. IPA has suggested Management Representations in relation to continuous disclosure obligations should be specifically addressed by APES GN 41.

Whilst KPMG appreciates that the examples of external Management Representations is not intended to be a comprehensive list, KPMG notes that the Australian Standards on Assurance Engagements set out requirements for Members in Public Practice to request written representations on subject matters other than historical financial information. Thus, KPMG recommends that APES GN 41 explicitly covers subject matters other than historical financial information.

Deloitte proposed to include Management Representations that support compliance reporting obligations such as the Australian Financial Services Licence. Additionally IPA recommended that APES GN 41 include references where external representations are provided to regulators (e.g. Australian Securities & Investments Commission and Australian Prudential Regulation Authority) and representations in respect of continuous disclosure obligations provided by management to the CEO, CFO and/or Those Charged with Governance to enable them to obtain comfort and issue appropriate market announcements.

A CPA Australia Member suggested that paragraph 4.1 should include reference to external certification bodies. CPA Australia noted that paragraph 4.1(d) is expressed in general terms and proposed to include a specific reference to Prospectus Content (section 710 of *Corporations Act 2001* (Corporations Act)) and Product Disclosure Statement Content (section 1013D of Corporations Act), and a footnote reference to the Corporations Act.

### **Technical analysis**

The existing examples of Management Representations provided in paragraph 4.1 of the proposed APES GN 41 encompass subject matters other than Financial Statements and Financial Reporting Certifications, such as prospective financial information, compilation engagement and valuation services. Therefore, the application of APES GN 41 is not limited to Management Representations in respect of Financial Statements and Financial Reporting Certifications.

The examples provided in the proposed APES GN 41 do not purport to include all possible Management Representations. However, we note respondents' comments and propose to expand the examples of external Management Representations in paragraph 4.1 as follows:

4.1 Management Representations provided by Members in Business to Those Charged with Governance or external parties include, but are not limited to:

#### External Management Representations

- (a) written representations provided to Members in Public Practice (e.g. external auditors) in respect of annual Financial Statements and half-year Financial Statements<sup>3,4</sup>;
- (b) written representations provided to Members in Public Practice (e.g. external auditors) in respect of subject matters other than historical financial information<sup>6</sup>;
- (c) written representations provided to Members in Public Practice (e.g. external auditors) to support compliance reporting obligations by insurance companies and Australian Financial Services Licensees<sup>7</sup> (who are regulated by Australian Securities & Investments Commission and/or Australian Prudential Regulation Authority);
- ~~(b)~~(d) Management Representations provided to Members in Public Practice in respect of a compilation engagement;
- ~~(e)~~(e) Management Representations provided to an Employer or Members in Public Practice in respect of a valuation service;
- ~~(d)~~(f) Management Representations provided to an Employer or Members in Public Practice in respect of a due diligence committee e.g. acquisitions, divestments, restructuring or raising finance from capital and debt markets<sup>8</sup>;
- ~~(e)~~(g) Management Representations provided to rating agencies or similar organisations who are performing evaluations of the organisation's financial capacity and stability or governance arrangements;
- ~~(f)~~(h) Management Representations provided to an organisation's financiers or lenders when obtaining, raising or renegotiating finance or in respect of ongoing compliance with loan covenants;
- (i) Management Representations provided to external certification bodies that provide independent confirmation on entities' quality management system (e.g. ISO 9001);

#### Internal Management Representations

- ~~(g)~~(i) Financial Reporting Certifications including Internal Control questionnaires; ~~or~~

- ~~(h)~~(k) declarations provided to the board/audit committee of a local or foreign jurisdiction in accordance with the respective jurisdiction's regulations; or
- (l) Management Representations in respect of continuous disclosure obligations provided by management to the chief executive officer, chief financial officer and/or Those Charged with Governance to enable the respective party to provide disclosures to the market.

<sup>3</sup> *Corporations Act 2001*: sections 295A, 300A and 312.

<sup>4</sup> Auditing and Assurance Standards Board. Auditing Standard ASA 580 *Written Representations*.

<sup>5</sup> Auditing and Assurance Standards Board. ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

<sup>6</sup> Auditing and Assurance Standards Board. Guidance Statement GS 003 *Assurance Requirements for Australian Financial Services Licensees under the Corporations Act 2001*.

<sup>7</sup> *Corporations Act 2001*: sections 710, 1013D.

## 2. Written representations provided to Members in Public Practice in respect of annual and half-year Financial Statements

### ***Analysis of respondents' comments***

KPMG noted that since the most frequent type of Management Representation is written representations provided to Members in Public Practice in respect of annual and half year Financial Statements, they recommend expanding APES GN 41 to include:

- details of representations that the external auditor is required to request from management as set out in Australian Auditing Standards; and
- that a failure to provide Management Representations, could result in the external auditor providing a modified opinion on the Financial Statements.

### ***Technical analysis***

The proposed APES GN 41 is intended to provide Members in Business with matters to consider in respect of their professional and ethical obligations when preparing and/or signing Management Representations, rather than including Management Representation procedures or processes. Therefore a reference has been made to ASA 580 *Written Representations* in paragraph 4.1, instead of reproducing details of this Auditing Standard in APES GN 41.

However, Technical Staff note the respondent's comments that failure to provide Management Representations may result in the external auditor providing a modified opinion on the Financial Statements. Thus we propose to include additional guidance on this matter in paragraph 4.3 as follows:

- 4.3 Where Management Representations are to be provided to an external party, a failure to provide the Management Representations may have implications for the external party's report; or impose a regulatory obligation on the external party to report that the applicable Management Representations have not been provided.

### 3. Communication of significant matters

#### *Analysis of respondents' comments*

KPMG recommended that APES GN 41 includes explicit guidance in respect of the potential effect on Management Representations where matters identified create threats to compliance with the Code's fundamental principles or matters that have a material impact on group Management Representations. Deloitte has also suggested that paragraph 6.4 should address whether there is an obligation to report to an external party (e.g. the police) in the event of a fraud.

#### *Technical analysis*

The International Ethics Standards Board for Accountants (IESBA) is proposing changes to the International Code in respect of Responding to Non-Compliance with Laws and Regulations. In the second half of 2016, IESBA plans to issue the final form of these provisions. APES GN 41 will be referenced to the Code that addresses this matter when it is finalised. However, we note the respondent's comment to consider the potential effect where matters identified by management may create threats to compliance with the fundamental principles of the Code or materially impact on group Management Representations. Accordingly, Technical Staff proposes to include a new paragraph 5.7:

#### Communication of significant matters

5.7 Where a Member in Business identifies any non-compliance with laws and regulations in respect of Management Representations, the Member is required to comply with the Code.

### 4. Relying on the work of others

#### *Analysis of respondents' comments*

KPMG noted that where a Member in Business relies on the work of others to provide Management Representations, the Member should take reasonable steps to be satisfied that such work enables the Member to present the Management Representation in a manner that is fair and honest. They recommend that the paragraph 4.5 be expanded:

- to include further details on the "reasonable steps",
- to consider matters included in ASA 500 *Audit Evidence* paragraph 8, and
- to explicitly state that a Member in Business retains ultimate responsibility for the representations made.

CA ANZ has raised a concern that the language in paragraph 4.5 appear to be using many terms drawn from auditing standards (e.g. relying on the work of others). CA ANZ is of the view that the language is inappropriate as a Member in Business may use the work of others in informing their representation but does not rely on it in the same manner that an external auditor may rely on certain forms of information. They believe that the language is confusing and may imply that a Member in Business should perform the same level of procedures that an auditor performs in relation to such information.

#### *Technical analysis*

APES GN 41 has been drafted by adopting a principles based approach rather than a prescriptive checklist approach. Where appropriate, APES GN 41 provides cross-references to the relevant ethical principles in the Code to avoid duplication of reproducing the material.

Thus, it may be more appropriate that a Member in Business exercises professional judgement to determine the reasonable steps required to meet the Member's obligations set out in paragraph 5.2 as the relevant professional and ethical obligations are provided in section 320 *Preparation and Reporting of Information* of the Code.

However, we agree that the Member in Business is responsible to ensure that the entity's financial records are appropriate whether the financial records are maintained in-house or outsourced to an external party. Although the Member may use the work of others (e.g. internal personnel), the Member is expected to understand the information and apply an inquiring mind.

We also note respondent's comments that the language used in APES GN 41 should be softened. Accordingly, paragraph 5.4 will be revised as follows:

#### ~~Relying on~~ Using the work of others

~~4.5~~5.4 Where a Member in Business ~~relies on~~ uses the work of others (e.g. Management's Expert, Outsourced Service Provider or internal personnel) to provide Management Representations, the Member should ~~take reasonable steps to~~ be satisfied that such work enables the Member to fulfil the obligations set out in paragraph 45.2.

## **5. Work of others include Misstatements or misleading Management Representations**

### ***Analysis of respondents' comments***

PwC noted that paragraph 4.6 may imply that a Member in Business considers performing additional procedures when the work of others includes a Misstatement or a Management Representation is misleading. PwC is of the view that the Member should consider undertaking these procedures in many other circumstances when using the work of others.

Whereas, CA ANZ note that paragraph 4.6(c) seems to be drawn from an audit approach as it refers to a Member in Business being required to reassess suspected Misstatements or potentially misleading representations on an ongoing basis. CA ANZ does not believe that the concept applies in this instance or how a Member could practically achieve this.

### ***Technical analysis***

The proposed APES GN 41 has been developed by adopting a principles based approach and may not describe all circumstances in which the work of others is used.

We also note that:

- the primary responsibility of the prevention and detection of fraud rests with the governing body and management<sup>1</sup>; and
- an external auditor is required to obtain Management Representations from management and where appropriate, Those Charged with Governance that the impact of uncorrected Misstatements identified in an audit are immaterial (individually and in aggregate) to the Financial Statements.

Therefore, Members in Business should consider assessing the significance of suspected Misstatements or potentially misleading Management Representations:

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<sup>1</sup> Auditing and Assurance Standards Board. ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*: Paragraph 4.



- as part of their responsibility to perform an ongoing evaluation of the possibility of fraud, errors and non-compliance with laws and regulation risks that covers the whole entity (e.g. by performing periodic reviews of the general ledger, subsidiary ledgers, reconciliations, management accounts, comparing actual results against budgets and forecasts and reviewing journal entries); and
- in order to provide Management Representations that the effects of uncorrected Misstatements are insignificant and there are no risks of material Misstatement in the Financial Statements.

## **6. Management Representation considerations at the entity level**

### ***Analysis of respondents' comments***

PwC noted that although the matters included in paragraph 5.1 are relevant to a Member in Business's overall responsibility, it does not provide any specific guidance in relation to the provision of Management Representations.

Deloitte noted that:

- paragraph 5.1(a) may be impractical for a Member depending on a business's size and complexity, and be interpreted that the Member is personally responsible for the processing of all transactions; and
- the terms "Management Representations Checklist" (paragraph 5.1 (d)) and "Management Representation Process" (paragraph 6.2) are used without explaining or introducing the concepts more fully.

### ***Other comments***

At the APESB Board Meeting held on 11 November 2015, a board member recommended that Technical Staff consider including performance arrangements as an identified threat to the Member in Business's ability to comply with the Code's fundamental principles.

### ***Technical analysis***

Paragraph 6.1 (of proposed APES GN 41) is intended to assist Members in Business apply the Code's fundamental principles when preparing Management Representations at the entity level by:

- providing guidance on a Member's professional and ethical obligations rather than elaborating on a Management Representations process; and
- adopting a principles based approach as compared to a prescriptive checklist approach.

Therefore, APES GN 41 is not intended to focus on the Management Representations process or a Management Representations checklist.

However, we note:

- respondent's comment that paragraph 6.1 could be enhanced by ensuring that the guidance may be applied by Members based on their roles and responsibilities; and
- Board member's recommendation to include performance arrangements in paragraph 6.2 as an additional circumstance that may create a threat to compliance with the Code's fundamental principles.

Accordingly, we propose the following amendments to paragraphs 6.1 (a), 6.1 (d) and 6.2:

5.1 6.1 A Member in Business who prepares or ~~who is responsible for~~ reviews Management Representations at the entity level should consider ~~take~~ taking reasonable steps to:

- ~~(a)~~ (a) ~~record, classify and maintain information in a timely manner that:~~
  - ~~(i) describes the true nature of business transactions, assets or liabilities; and~~
  - ~~(ii) represents the facts, accurately and completely in all material respects.~~
- ~~(b)~~ (a) ~~where the entity is part of a group,~~ communicate the group policies and procedures (including any changes) in respect of financial reporting to the entity's personnel in a timely manner, where the entity is part of a group.
- ~~(c)~~ (b) oversee or obtain comfort regarding the recruitment and selection process of finance personnel who possess the relevant skills and expertise to perform their tasks with integrity and objectivity.
- ~~(d)~~ (c) develop the competence of personnel who are ~~to complete~~ involved in the Management Representations ~~checklist~~ process that includes:
  - (i) continuing professional development on Professional Standards, legal obligations and other regulations (e.g. insider trading, corporate governance, applicable accounting, and auditing and assurance standards);
  - (ii) providing relevant work experience to continuously develop their skills, and
  - (iii) coaching of junior personnel by more experienced personnel.

5.2 6.2 During the Management Representation process, a Member in Business may encounter circumstances that may create threats to compliance with the fundamental principles of the Code. These circumstances include:

- (a) business transactions or activities that impair or might impair the entity's and group's good reputation;
- (b) potential accounting and tax transactions or arrangements which may not be in accordance with applicable legal and regulatory requirements;
- (c) arrangements which involve documents or accounting entries that are intended to misrepresent a transaction or which is dependent upon its lack of disclosure for its effectiveness; ~~or~~
- (d) potential unethical conduct, or non-compliance with applicable legal and regulatory obligations; or-
- (e) participation in incentive compensation arrangements that may influence decisions made by the Member.

In these circumstances, the Member in Business is required to comply with the Code and should consider ~~take~~ taking appropriate action in accordance with the entity's or group's policies and procedures, or alternatively inform Group Management or Those Charged with Governance to enable them to take appropriate action to eliminate the threat or reduce the threat to an acceptable level.

## 7. Financial Reporting Certification considerations (controlling entity and board/audit committee levels)

### Analysis of respondents' comments

PwC noted that the use of the words "should perform" throughout the document implies the need for a Member to perform specific procedures that may be unnecessary in a particular entity's circumstances.

Deloitte is also concerned that paragraph 7.5 may suggest that obtaining a Financial Reporting Certification from the CEO and CFO is sufficient for a Member in Business who is part of Those Charged with Governance, to satisfy their obligations under the *Corporations Act 2001* in respect of the financial report.

### **Technical analysis**

In accordance with APESB's due process document, the term 'should' does not imply a Member's mandatory professional obligation. However, we agree with respondents' comments that the phrase 'should perform' may be interpreted as being authoritative.

We also agree that obtaining a Financial Reporting Certification does not reduce Those Charged with Governance's obligation for ensuring that the Financial Statements comply with the Corporations Act.

Those Charged with Governance may use a Financial Reporting Certification to obtain assurance from a CEO and CFO that the declaration provided is based on:

- a sound system of risk management and internal control; and
- that the system is operating effectively in all material respects in relation to financial reporting risks.

Therefore, the proposed amendments to paragraphs 7.5 and 8.5 are:

~~6.5~~ 7.5 A Member in Business should consider performing an assessment of how the organisation's Internal Control environment and the financial reporting framework support the group's Financial Reporting Certification.

~~7.5~~ 8.5 A Member in Business who ~~is at board or audit committee level that relies on the~~ reviews a Financial Reporting Certification in respect of an entity's ~~to meet the Member's responsibility for the~~ Financial Statements, should consider performing an assessment to determine the quality, reliability and effectiveness of Management Representations.

## 8. Documentation

### **Analysis of respondents' comments**

Deloitte noted that the documentation requirements are more akin to the expectations of an auditor rather than a Member who is an employee or on the Board of Directors. PwC is concerned that the documentation requirements in paragraph 8.1 are unduly onerous, particularly for senior Members as they are required to prepare working papers to support the Management Representations.

## **Technical analysis**

The term 'should' used in section 9 *Documentation* represents matters for a Member in Business to consider when taking reasonable steps to comply with the financial reporting requirements of the Corporations Act (including the requirement to keep proper books and records).

However, we note respondents' concerns in respect of the guidance on documentation and note that the proposed paragraph 9.1 in APES GN 41:

- may not be reflective of all Members roles and responsibilities as an employee; and
- may imply that Members are required to prepare working papers to support Management Representations.

Accordingly paragraph 9.1 will be updated as follows:

8.4 9.1 A Member in Business who ~~is preparing~~ prepares and/or ~~signing~~ signs Management Representations should ~~prepare working papers~~ consider whether the entity maintains appropriate documentation that appropriately ~~document~~ supports the work performed and conclusions reached, ~~including for example~~ the basis, method, calculations, determinations or estimates used in the provision of ~~this~~ a Professional Activity to the Member's Employer.

## **Summary**

Subject to some respondents comments on the style of language used in the Guidance Note, the majority were supportive of providing guidance to Members in Business in respect of Management Representation considerations. The marked-up APES GN 41 depicts the amended version of the proposed guidance note incorporating editorials to address the respondents' comments.