

APESB Professional Standards

Wellington, New Zealand

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Overview

- History and structure of the APESB
- Framework of APESB pronouncements
- APESB pronouncements to date
- APESB current projects
- Review of APS 12 Financial Advisory Services
- APESB submission to PJC Inquiry into Financial Products and Services

APESB History

- Established in February 2006 as an initiative of ICAA & CPA Australia
- NIA became a Member in December 2006
- Previously professional and ethical pronouncements were developed by the professional bodies
- Members of the three bodies are required to comply and subject to disciplinary procedures of the relevant professional body

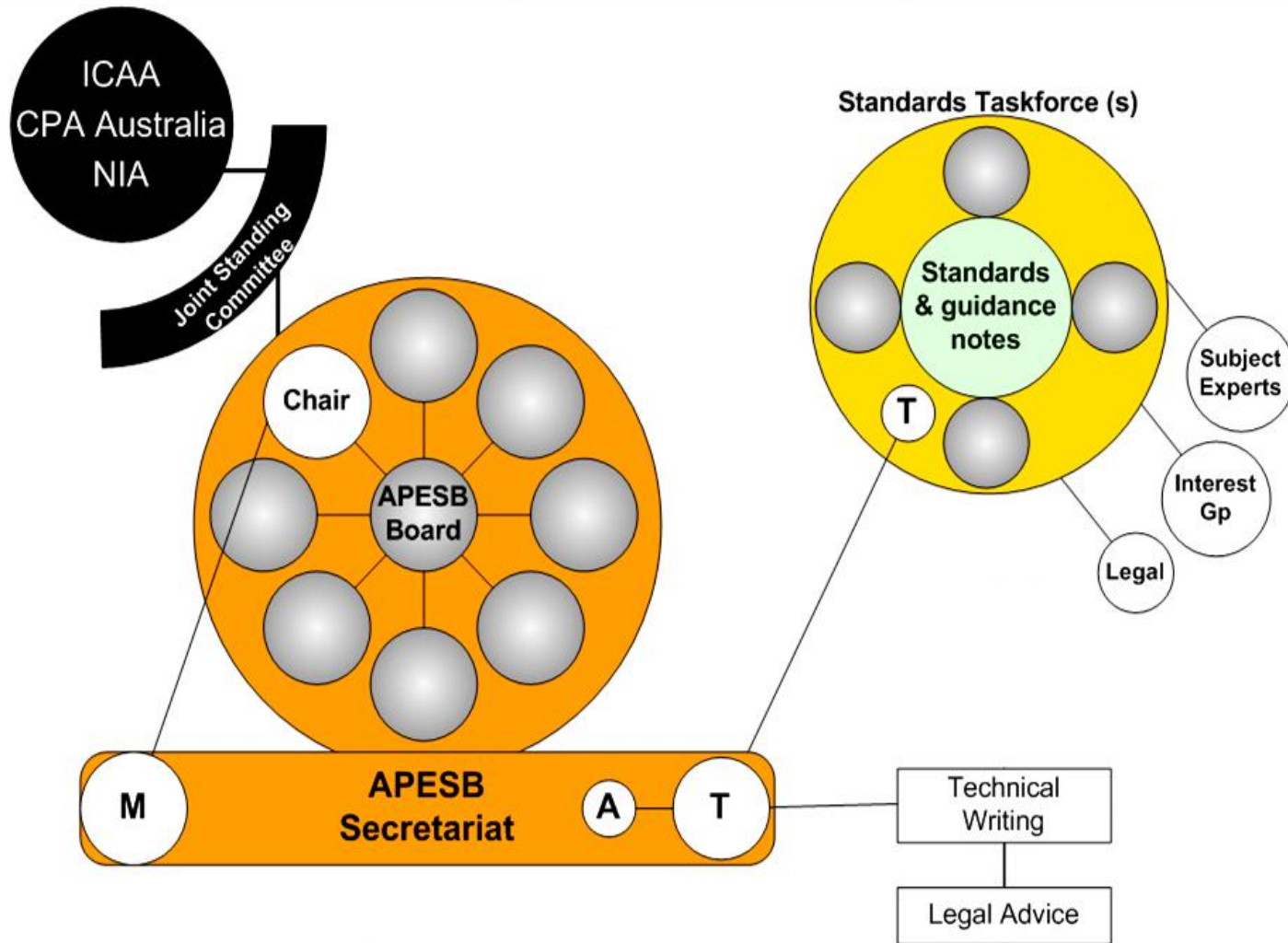
APESB Vision

To be recognised by our stakeholders for our leading contribution in achieving the highest level of professional and ethical behaviour in the accounting profession

Board Composition

- Independent Chair
- Two Directors CPA Australia
- Two Directors ICAA
- One Director NIA

APESB Functional Structure

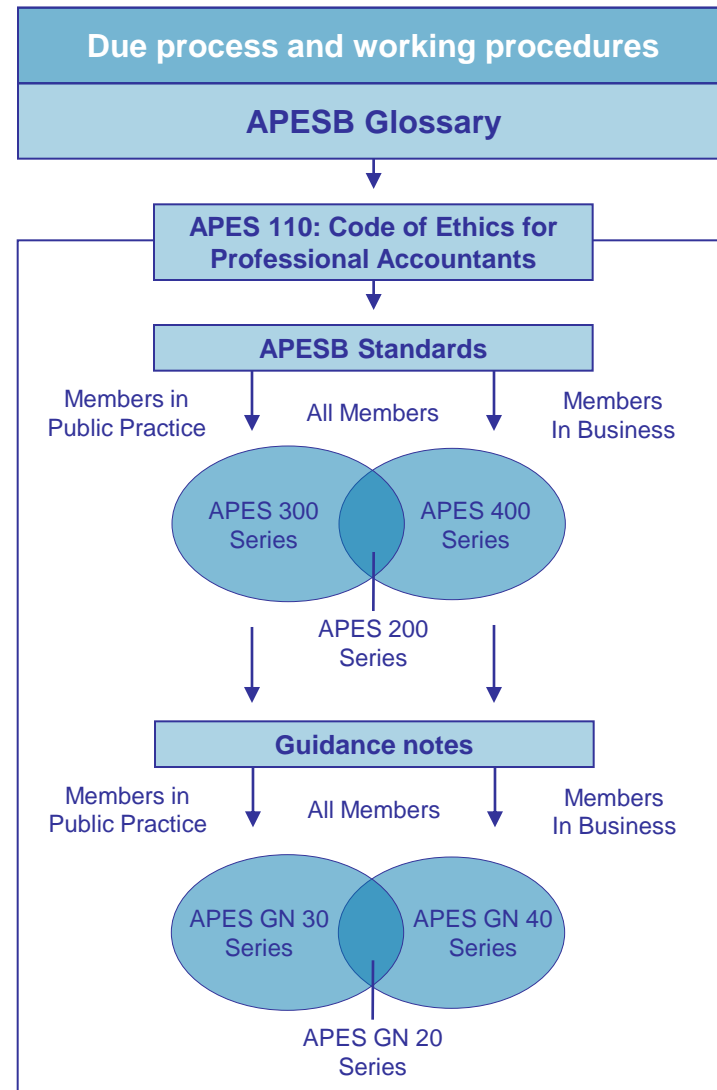


Framework of APESB pronouncements

- **Conceptual Framework**
 - Principles based
 - Mandatory for professional accountants

- **Standard**
 - Introduces principles
 - Mandatory requirements in black letter
 - Guidance and/or explanation in grey letter

- **Guidance notes**
 - Do not introduce new principles
 - Guidance on a specific matter on which the Principles are already stated in a Standard
 - Guidance is only in grey letter



APESB Pronouncements to date

All members

- APES 110 Code of Ethics
- APES 205 Conformity with Accounting Standards
- APES 210 Conformity with Auditing Standards
- APES 215 Forensic Accounting Services
- APES 220 Taxation Services
- APES 225 Valuation Services

APESB Pronouncements to date

Members in Public Practice

- APES 305 Terms of Engagement
- *APES 310 ED Client Monies (Project in progress)*
- APES 315 Compilation of Financial Information
- APES 320 Quality Control for Firms
- *APES 330 ED Insolvency Services (Standard to be issued shortly)*
- APES 345 Reporting on Prospective Financial Information
- APES 350 ED Due Diligence Committees (Project in progress)

APESB current projects

- APES 310 ED Client Monies (Project in progress)
- APES 330 ED Insolvency Services (Standard to be issued late Sept)
- APES 350 ED Due Diligence Committees (Project in progress)
- Financial planning rewrite of APS 12
- Code of Ethics

APES 310 Client Monies – Proposed ED

- Update of APS 10 Trust Accounts
- Reviewed NZICA PS-2 and incorporating appropriate additional provisions
- Will include Client Bank Accounts similar to PS-2
- Separate section for the Auditor of the Trust Accounts

APES 330 Insolvency Services – Proposed Standard

- Update of APS 7 Insolvency Services
- Standard developed in consultation with IPA
- The corporate regulator has provided input
- Significant rewrite of professional independence and fees
- The Board will be reviewing minor editorial comments and proposed to issue it by late September

APES 350 Due Diligence Committees – Proposed Standard

- New proposed Standard dealing with a Member in Public Practice's professional obligations as member, observer or reporting person on a DDC
- Australian specific standard due to the due diligence defence available under the Corporations Act
- Provides requirements and guidance in respect of the different roles that a Member may play on a DDC
- Provides what should be included in a Due Diligence Sign-off
- Proposed standard to be issued in late 2009

Review of APS 12 Financial Advisory Services

APESB Consultation paper – Taskforce views

- Application to all Members
- Consider the different kinds of financial advisory services
- Definition of financial advice to be expanded
- The fiduciary obligations of the Member to be considered
- Remuneration structures based on commissions, % of FUM or any other structure that encourage sale of products or FUM to be discouraged
- Remuneration disclosure requirements including the alternative remuneration schedule in APS 12 to be carried forward

APESB Submission to the PJC Inquiry into Financial Products and Services

- Role played by commission arrangements
- Appropriateness of information and advice provided
- The general regulatory environment
- ASIC's submission to the PJC

For more information visit:

www.apesb.org.au

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