

AGENDA PAPER

Item Number: 5(b)
Date of Meeting: 29 November 2016
Subject: Annual review of APES 225 *Valuation Services*

Action required **For discussion** **For noting** **For information**

Purpose

In accordance with Accounting Professional & Ethical Standards Board's (APESB) constitution, an annual review of APES 225 *Valuation Services* (APES 225) has been performed to identify and resolve any issues identified by stakeholders.

Background

APESB originally issued APES 225 in July 2008. Since then APES 225 has been revised in May 2012 and December 2015. The 2015 revised version became effective for Valuation Engagements or Assignments that commenced on or after 1 April 2016.

Consideration of Issues

Technical Staff have completed the following procedures to identify any issues associated with APES 225:

- Consulted with the Professional Bodies to identify whether Members or other stakeholders have raised any issues with the Professional Bodies in respect of APES 225;
- Consulted with other relevant stakeholders and taskforce members for any issues;
- Reviewed the APESB Issues Register to identify whether stakeholders have reported any matters in relation to APES 225; and
- Performed an internal technical review of APES 225.

The issues identified as a result of completion of the above procedures are set out below.

Standard of Value

A stakeholder has raised the issue that the Standard of Value was not included in the matters required to be clearly communicated in a Valuation Report (paragraph 5.2 of APES 225).

Standard of Value, defined as “the identification of the type of value being utilised in a specific Engagement; for example, fair market value, fair value, investment value” in the International Glossary of Business Valuation Terms, is an important component of a Valuation and its communication in a Valuation Report enhances its quality.

Technical Staff agrees with the inclusion of Standard of Value in the matters communicated in a Valuation Report and proposes to include its definition in APES 225.

Laws and Regulations

Paragraph 3.1 of the standard currently requires Members to comply with Section 100 of the Code and relevant law. This paragraph could be updated to refer to both laws and regulations.

Other matters

There are no current issues on the Issues Register in relation to APES 225.

Recommendation

Technical Staff recommend that amendments to APES 225 identified as part of the annual review be addressed in the next planned revision of the Standard.

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Date: 11 November 2016