

Proposed Standard: APES 225 Valuation Services

[Supersedes APES 225 Valuation Services issued in July 2019]

EXPOSURE DRAFT **xx/23**

ISSUED **XXX 2023**

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Commenting on this Exposure Draft

This Exposure Draft, Proposed Standard APES 225 *Valuation Services*, was developed and approved by the Accounting Professional & Ethical Standards Board Limited (APESB).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. Comments are requested by **XX XXX 2023**.

Comments should be addressed to:

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Melbourne VIC 3000
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E-mail: sub@apesb.org.au

APESB would prefer that respondents express a clear overall opinion on whether the proposed amendments, as a whole, are supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. APESB regards both critical and supportive comments as essential to a balanced view of the proposed amendments.

APESB also invites comments regarding these proposed amendments from small and medium-sized firms.

Request for Specific Comments

APESB is seeking respondents' specific comments and feedback on the questions set out in the section below on the reasons for issuing this Exposure Draft.

Respondents are asked to submit their comments electronically through the APESB website using the link <https://apesb.org.au/current-projects/>.

Please submit comments in both a PDF and Word file. All comments will be considered a matter of public record and will ultimately be posted on the website www.apesb.org.au.

APESB prefers that comments are submitted via its website. However, if there are practical difficulties, comments can also be sent to sub@apesb.org.au or mailed to the address noted above. Whilst APESB prefers formal submissions, we also encourage opinions and comments to be sent via email to sub@apesb.org.au.

Obtaining a copy of this Exposure Draft

This Exposure Draft is available on the APESB website: www.apesb.org.au

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Reasons for issuing Exposure Draft 0X/23

APESB is proposing to revise APES 225 *Valuation Services* (APES 225) for the reasons set out below.

Quality Management Conforming Amendments

In December 2020, the International Auditing and Assurance Standards Board (IAASB) issued new quality management standards, which superseded the IAASB's quality control standards from 15 December 2022. The Auditing and Assurance Standards Board (AUASB) issued Australian equivalents of the IAASB's quality management standards in March 2021. The AUASB Quality Management Standards applied to Australian assurance practices from 15 December 2022.

APESB reissued APES 320 *Quality Control for Firms* as APES 320 *Quality Management for Firms that provide Non-Assurance Services* (reissued APES 320) in February 2022 and became effective from 1 January 2023.

As a result of the finalisation of the above standards, APESB proposes to amend APES 225 for quality management-related conforming amendments, to ensure it remains consistent with the reissued APES 320.

APESB's Technology Project

APESB is undertaking a Technology project to understand how professional accountants use artificial intelligence (AI) and digital technologies and the applicability of APESB's pronouncements to such technologies to determine whether additional professional and ethical obligations or guidance are required.

The International Ethics Standards Board for Accountants (IESBA) issued technology-related revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) on 11 April 2023, which become effective globally from 15 December 2024. APESB anticipates adopting these revisions in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110), subject to APESB's due process and consideration of Australian specific factors and to be effective from 1 January 2025.

Accordingly, APESB's Technology project is concentrating on APESB's standards other than APES 110 with the initial focus on the impact of recent and emerging technologies on APES 215 *Forensic Accounting Services* and APES 225. Recent and emerging technologies include data analytics, artificial intelligence (supervised or unsupervised machine learning), autonomous and intelligent systems, cloud services, robotic process automation, cybersecurity, blockchain and the Internet of Things.

APESB is interested in any examples or use cases of recent and emerging technology that accountants use in valuation services and how this might impact APES 225, for example, where:

- that technology has changed the way services are being offered to clients or employers;
- that technology undertakes significant aspects of the service;
- the use of the technology increases the complexity of the service;
- the accountant relies on the outputs from the technology; or
- the outputs of the technology form part of the valuation report.

Request for Specific Comment 1 – Describe an example(s) or use case(s) of how AI or digital technology is used in valuation services, including where applicable:

- (a) the type of technology used (for example, data analytics, artificial intelligence including supervised or unsupervised machine learning, autonomous and intelligent systems, cloud services, robotic process automation, cybersecurity, blockchain or the internet of things);
- (b) the aspects of the services the technology undertakes and the accountants' role in the use of the technology (such as how the accountant interacts or interfaces with the technology and/or how the accountant impacts or provides inputs to the technology and/or how the accountant uses and/or interprets the outputs of the technology);

- (c) *the opportunities or benefits of using the technology in the services;*
- (d) *the risks or concerns of using the technology in the services; and*
- (e) *any ethical considerations or concerns about using the technology in the services.*

Request for Specific Comment 2 – *Are there any aspects of APES 225 that you believe require revision or development of additional professional obligations to address the use of AI or digital technology in valuation services (either relating to your response to Request for Specific Comment 1 or more generally in relation to the use of AI or digital technology)? Please provide reasons and justification for your response.*

Key requirements and guidance in Exposure Draft 0X/23

This Exposure Draft sets out the proposed amendments to the extant APES 225. The key revisions to APES 225 proposed in ED 0X/23 include the following:

- quality management-related conforming amendments to paragraphs 1.1 and 5.3;
- amendments to paragraph 3.2 to require Members in Business to comply with Section 210 *Conflicts of Interest* of APES 110.
- alignment of wording in paragraphs 3.11 and 3.13 with Section 114 *Confidentiality* of APES 110 regarding a legal, regulatory or professional duty or right to disclose;
- alignment of paragraph 3.13 (which requires a Member to notify the Client, Employer or relevant third party if confidential information is legally provided) with the intent of Whistleblower protection legislation and the approach in the non-compliance with laws and regulations (NOCLAR) provisions of APES 110 on using professional judgement in determining whether to notify;
- amendments to ensure APES 225 accommodates Technology-related revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants on 11 April 2023 that will be incorporated in APES 110 in due course by:
 - including in paragraph 4.3 that Members in Public Practice are required to comply with the requirements of Section 300 *Applying the Conceptual Framework – Members in Public Practice* of APES 110; and
 - a proposed new paragraph 4.4 that Members in Business are required to comply with the requirements of Section 200 *Applying the Conceptual Framework – Members in Business* and Section 220 *Preparation and Presentation of Information* of APES 110; and
- examples of glossaries of terms in general use for Valuation Services in a footnote to paragraph 7.2.

A marked-up version of ED 0X/23 compared to the extant APES 225 can be found [here](#).

Proposed Operative Date

It is proposed that this Standard will be effective for engagements commencing on or after **1 January 2024**.

Early adoption of the revised Standard will be permitted.

APES 225 Valuation Services

[Supersedes APES 225 Valuation Services issued in ~~July~~^{March} 201~~96~~⁹]

Prepared and issued by
Accounting Professional & Ethical Standards Board Limited

REVISED: ~~July~~^{XX} 202~~3~~¹⁹

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1. Scope and application

- 1.1 The objective of APES 225 *Valuation Services* is to specify a Member's professional and ethical obligations in respect of:
- the provision of a Valuation Service to a Client or Employer;
 - the types of Engagement or Assignment that are a Valuation Service;
 - matters a Member in Public Practice must address in the Terms of Engagement;
 - matters to be disclosed in a Valuation Report; and
 - quality ~~management~~~~control~~ and documentation requirements.
- 1.2 Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional standard APES 225 *Valuation Services* (**the Standard**), which is effective for Valuation Services commencing on or after 1 January 2024~~0~~ and supersedes APES 225 issued in July~~March~~ 2019~~8~~. Earlier adoption of this Standard is permitted.
- 1.3 APES 225 sets the standards for Members in the provision of quality and ethical Valuation Services. The mandatory requirements of this Standard are in **bold-type**, preceded or followed by discussion or explanations in normal type. APES 225 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.
- 1.4 **Members in Australia shall follow the mandatory requirements of APES 225 when they provide Valuation Services.**
- 1.5 **Members outside of Australia shall follow the mandatory requirements of APES 225 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.**
- 1.6 **Members shall comply with other applicable Professional Standards and be familiar with relevant guidance notes when performing Professional Activities. All Members shall comply with the fundamental principles outlined in the Code.**
- 1.7 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.
- 1.8 All references to Professional Standards, guidance notes and legislation are references to those provisions as amended from time to time.
- 1.9 In applying the requirements outlined in APES 225, Members should be guided not merely by the words but also by the spirit of the Standard and the Code.
- 1.10 In this Standard, unless otherwise specified, words in the singular include the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not.

2. Definitions

Defined terms are shown in the body of the Standard in title case.

For the purpose of this Standard:

Assignment means an instruction, whether written or otherwise, by an Employer to a Member in Business relating to the provision of Professional Activities by a Member in Business. However, consultations with the Employer prior to such instruction are not part of an Assignment.

Calculated Value means an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability that results from a [Calculation Engagement](#). A Calculated Value may either be a single amount or a range.

Calculation Engagement means an [Engagement](#) or [Assignment](#) to perform a [Valuation](#) and provide a [Valuation Report](#) where the [Member](#) and the [Client](#) or [Employer](#) agree on the [Valuation Approaches](#), [Valuation Methods](#) and [Valuation Procedures](#) the [Member](#) will employ. A Calculation Engagement generally does not include all of the [Valuation Procedures](#) required for a [Valuation Engagement](#) or a [Limited Scope Valuation Engagement](#).

Client means an individual, firm, entity or organisation to whom or to which [Professional Activities](#) are provided by a [Member in Public Practice](#) in respect of [Engagements](#) of either a recurring or demand nature.

Code means APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Conclusion of Value means an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability that results from a [Valuation Engagement](#) or a [Limited Scope Valuation Engagement](#). A Conclusion of Value may either be a single amount or a range.

Contingent Fee means a fee calculated on a predetermined basis relating to the outcome of a transaction or the result of the services performed by the [Firm](#). A fee that is established by a court or other public authority is not a Contingent Fee.

Employer means an entity or person that employs, engages or contracts a [Member in Business](#).

Engagement means an agreement, whether written or otherwise, between a [Member in Public Practice](#) and a [Client](#) relating to the provision of [Professional Services](#) by a [Member in Public Practice](#). However, consultations with a prospective [Client](#) prior to such agreement are not part of an Engagement.

Engagement Document means the document (i.e. letter, agreement or any other appropriate means) in which the [Terms of Engagement](#) are specified in [Writing](#).

Firm means:

- (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) An entity that controls such parties, through ownership, management or other means;
- (c) An entity controlled by such parties, through ownership, management or other means; or
- (d) An Auditor-General's office or department.

Independence comprises:

- (a) Independence of mind - the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism.
- (b) Independence in appearance - the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude that a [Firm's](#), or an [Engagement](#) team member's, integrity, objectivity or professional scepticism has been compromised.

Limited Scope Valuation Engagement means an [Engagement](#) or [Assignment](#) to perform a [Valuation](#) and provide a [Valuation Report](#) where the scope of work is limited or restricted. The scope of work is limited or restricted where the [Member](#) is not free, as the [Member](#) would be but for the limitation or restriction, to employ the [Valuation Approaches](#), [Valuation Methods](#) and [Valuation Procedures](#) that a reasonable and informed third party would perform taking into consideration all the specific facts and

circumstances of the [Engagement](#) or [Assignment](#) available to the [Member](#) at that time, and it is reasonable to expect that the effect of the limitation or restriction on the estimate of value is material.

A limitation or restriction may be imposed by the [Client](#) or [Employer](#) or it may arise from other sources or circumstances. A limitation or restriction may be present and known at the outset of the [Engagement](#) or [Assignment](#) or may arise or become known during the course of a [Valuation Engagement](#). A Limited Scope Valuation Engagement may also be referred to as a “restricted scope valuation engagement” or an “indicative valuation engagement”.

Member means a member of a [Professional Body](#) that has adopted this Standard as applicable to their membership, as defined by that [Professional Body](#).

Member in Business means a [Member](#) working in areas such as commerce, industry, service, the public sector, education, the not-for-profit sector, or in regulatory or professional bodies, who might be an employee, contractor, partner, director (executive or non-executive), owner-manager or volunteer.

Member in Public Practice means a [Member](#), irrespective of functional classification (for example, audit, tax or consulting) in a [Firm](#) that provides [Professional Services](#). This term is also used to refer to a [Firm](#) of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable [Professional Body](#).

Premise of Value means an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation, for example, going concern or liquidation.

Professional Activity means an activity requiring accountancy or related skills undertaken by a [Member](#), including accounting, auditing, tax, management consulting, and financial management.

Professional Bodies means Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.

Professional Services means [Professional Activities](#) performed for [Clients](#).

Professional Standards means all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable [Professional Body](#).

Terms of Engagement means the terms and conditions that are agreed between the [Client](#) and the [Member in Public Practice](#) for the [Engagement](#).

Valuation means the act or process of determining an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability by applying [Valuation Approaches](#), [Valuation Methods](#) and [Valuation Procedures](#). A Valuation does not involve the verification of information in respect of the business, business ownership interest, security, intangible asset, or other asset or liability being valued.

Valuation Approach(es) means a general way(s) of determining an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability using one or more [Valuation Methods](#).

Valuation Engagement means an [Engagement](#) or [Assignment](#) to perform a [Valuation](#) and provide a [Valuation Report](#) where the [Member](#) is free to employ the [Valuation Approaches](#), [Valuation Methods](#), and [Valuation Procedures](#) that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the [Engagement](#) or [Assignment](#) available to the [Member](#) at that time. Where a [Member](#) has entered into a Valuation Engagement but during the course of performing the Valuation Engagement the [Member](#) becomes aware of a limitation or restriction that, if it had been known at the time the [Engagement](#) or [Assignment](#) was entered into, would have made the [Engagement](#) or [Assignment](#) a [Limited Scope Valuation Engagement](#) then the Valuation Engagement will become a [Limited Scope Valuation Engagement](#).

Valuation Method(s) means, within **Valuation Approaches**, a specific way(s) to determine an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability.

Valuation Procedures means the act, manner and technique of performing the steps of a **Valuation Method**.

Valuation Report means any written or oral communication by the **Member** containing a **Conclusion of Value** or a **Calculated Value**.

Valuation Service means a service provided by a **Member** to a **Client** or **Employer** in performance of a **Valuation Engagement**, **Limited Scope Valuation Engagement** or a **Calculation Engagement**.

Writing means a mode of representing or reproducing words in a visible form and includes words in an electronic format capable of being converted to printed text.

3. Fundamental responsibilities of Members

- 3.1. A **Member** providing a **Valuation Service** shall comply with Part 1 *Complying with the Code, Fundamental Principles and Conceptual Framework* of the **Code** and relevant laws and regulations.
- 3.2. **A Member providing a Valuation Service**~~Members in Public Practice~~ shall comply with **Section 210 Conflicts of Interest (for Members in Business) or Section 310 Conflicts of Interest (for Members in Public Practice)** of the **Code**.

Public interest

- 3.3. In accordance with Section 100 *Complying with the Code* of the **Code**, a **Member** shall observe and comply with the **Member's** public interest obligations when providing a **Valuation Service**.

Professional Independence

- 3.4. When a **Member in Public Practice** is engaged to perform a **Valuation Service** which requires **Independence** or purports to be independent, the **Member** shall comply with **Independence** as defined in this Standard.
- 3.5. A **Member in Public Practice** shall not act as an advocate in respect of a **Valuation Service** which requires **Independence** or purports to be independent.

Professional competence and due care

- 3.6. A **Member** providing a **Valuation Service** shall maintain professional competence and take due care in the performance of the **Member's** work in accordance with Subsection 113 *Professional Competence and Due Care* of the **Code**.
- 3.7. Where a **Valuation Service** or part thereof requires the consideration of matters that are outside a **Member's** professional expertise, the **Member** shall seek expert assistance or advice from a suitably qualified third party on those matters outside of the **Member's** professional expertise or decline the **Valuation Service**. The **Member** shall disclose in any **Valuation Report** or other relevant communications the extent of the reliance upon the advice of such a third party.

Commented [JR1]: To address APESB Issues Register 225.1:
Technical staff note that Section 3 of APES 225 refers specifically to Members in Public Practice when dealing with conflicts of interest. Consideration should be given to whether this section should contain guidance for Members in Business.

- 3.8. When planning to use the work of a suitably qualified third party, a Member shall assess the professional competence and objectivity of the third party, the engagement terms of the third party, and on completion the appropriateness and reasonableness of the work performed.
- 3.9. In undertaking a Valuation Service, a Member should consider the contents of any guidance in respect of Valuation matters issued by the Professional Bodies and appropriate regulatory authorities.

Confidentiality

- 3.10. A Member who acquires confidential information in the course of performing a Valuation Service for a Client or Employer shall comply with Subsection 114 Confidentiality of the Code.
- 3.11. Unless the Member has a legal, regulatory or professional duty or right to obligation of disclosure, a Member shall not convey any information relating to a Client's or Employer's affairs to a third party without the Client's or Employer's permission.
- 3.12. Where a Client has given a Member in Public Practice permission to disclose confidential information to a third party, it is preferable that this permission is in Writing. Where oral permission is obtained, a contemporaneous note should be made and kept on file by the Member recording the relevant details of the Client's approval.
- 3.13. Where a Member provides confidential information in accordance with a legal, regulatory or professional duty or right to obligation of disclosure, the Member shall consider whether it is appropriate to inform the Client, Employer or relevant third party, either before disclosing the confidential information, or as soon as practicable thereafter, provided that there is no legal prohibition against such notification.

4. Professional Engagement and other matters

- 4.1. A Member in Public Practice shall document and communicate the Terms of Engagement to provide a Valuation Service to a Client in an Engagement Document in accordance with APES 305 Terms of Engagement.
- 4.2. A Member in Public Practice shall include the following in the Engagement Document:
- (a) a statement as to which type of Engagement the Member has been engaged to perform (if that has been determined at the date of the Engagement Document);
 - (b) the definitions of a Valuation Engagement, a Limited Scope Valuation Engagement and a Calculation Engagement;
 - (c) for a Valuation Engagement, a statement that if the Member becomes aware during the course of performing the Valuation of a limitation or restriction that could have a material impact on the estimate of value, then the Engagement will become a Limited Scope Valuation Engagement;
 - (d) for a Calculation Engagement, a statement as to which Valuation Approaches, Valuation Methods and Valuation Procedures the Member has been engaged to perform;
 - (e) for a Valuation Service which requires Independence or purports to be independent, a statement confirming the Member's Independence and the Member's compliance with the Independence requirements of this Standard; and

Commented [JR2]: To address APESB Issues Register 225.2:
Technical Staff note that paragraphs 3.11 and 3.13 in APES 225 relating to confidentiality currently refer to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 Confidentiality of APES 110.

Commented [JR3]: To address APESB Issues Register 225.3:
Technical Staff note that paragraph 3.13 in APES 225 requires a Member to notify the Client, Employer or relevant third party if they provide confidential information in accordance with a legal, regulatory or professional obligation of disclosure. This requirement also does not align with the intent of the Whistleblower protection legislation to allow disclosures to be made confidentially. Consideration should be given to whether the approach used in the NOCLAR provisions requiring the application of professional judgement in determining whether to inform the client, employer or relevant third party could be used.

Commented [JR4]: To address APESB Issues Register 225.2 - refer paragraph 3.11.

(f) a statement that the **Valuation Service** will be conducted in accordance with this Standard.

4.3. A **Member in Public Practice** who is approached by a potential **Client** to undertake a **Valuation Service** shall comply with the requirements of [Section 300 Applying the Conceptual Framework – Members in Public Practice](#) and [Section 320 Professional Appointments](#) of the Code.

4.4. [A Member in Business who is approached by the Member's Employer to undertake a Valuation Service](#) shall comply with the requirements of [Section 200 Applying the Conceptual Framework – Members in Business](#) and [Section 220 Preparation and Presentation of Information of the Code](#).

4.4.4.5. A **Member in Public Practice** who has engaged the services of a third party in connection with the performance of a **Valuation Service**, such as a valuer of property, plant and equipment, shall not disclose the opinion or the name of that third party without the prior consent of that party unless the **Member** has a legal obligation of disclosure.

4.5.4.6. A **Member** shall gather sufficient and appropriate evidence by such means as inspection, inquiry, computation and analysis to provide reasonable grounds that the **Valuation Report** and the conclusions therein are properly supported.

When determining the extent and quality of evidence necessary the **Member** shall exercise professional judgement, considering the nature of the **Valuation**, the type of **Valuation Service** and the use to which the **Valuation Report** will be put.

4.6.4.7. **Members** are referred to APES GN 20 *Scope and Extent of Work for Valuation Services* for guidance in determining the scope and extent of work that may be appropriate for the type of **Valuation Service** being provided.

4.7.4.8. Subject to the [Terms of Engagement](#) and paragraph 3.11, a **Member in Public Practice** who has relied on information provided by the **Client**, its management, or a third party, should consider requesting a representation in [Writing](#) from the relevant party that:

- (a) the relevant party has reviewed the draft **Valuation Report** or extract thereof;
- (b) the facts upon which the draft **Valuation Report** or extract thereof is based are correct and no material relevant facts have been omitted;
- (c) the historical financial information upon which the draft **Valuation Report** or extract thereof is based is complete, accurate, and reliable;
- (d) the assumptions upon which the draft **Valuation Report** or extract thereof is based are reasonable; and
- (e) there are no other matters, in the opinion of the **Client**, its management or a third party, which should be brought to the **Member's** attention.

4.8.4.9. Where a **Member** relies on a representation made by a relevant party, the **Member** is making an assumption that the matter represented is true, unless the **Member** has independently gathered sufficient and appropriate evidence to provide reasonable grounds that the matter represented is supported.

4.9.4.10. Where a **Member** becomes aware of instances of non-compliance with laws and regulations when performing a **Valuation Service**, the **Member** shall comply with [Section 260 Responding to Non-Compliance with Laws and Regulations \(for Members in Business\)](#) or [Section 360 Responding to Non-Compliance with Laws and Regulations \(for Members in Public Practice\)](#) of the Code.

Commented [JR5]: To ensure that APES 225 will capture changes to APES 110 in due course resulting from the recent IESBA technology-related revisions.

Commented [JR6]: Proposed new paragraph to ensure that APES 225 will capture changes to APES 110 in due course resulting from the recent IESBA technology-related revisions.

5. Reporting

- 5.1. Generally when a **Member in Public Practice** provides a **Valuation Service**, the **Member** should prepare a written **Valuation Report**. However, this Standard recognises that a **Member** may issue a **Valuation Report** orally where instructed to do so by the **Member's Client** or where there are circumstances that would justify issuing a **Valuation Report** orally rather than in **Writing**.
- 5.2. Where a **Member in Public Practice** prepares a **Valuation Report in Writing** in respect of a **Valuation Service**, the **Valuation Report** shall clearly communicate:
- (a) The name of the party engaging the **Member**;
 - (b) A description of the business, business ownership interest, security, intangible asset, or other asset or liability being valued;
 - (c) The date at which the value has been determined;
 - (d) The date on which the **Valuation Report** has been issued;
 - (e) The purpose for which the **Valuation Report** has been prepared;
 - (f) The name and qualifications of the **Member(s)** responsible for the **Valuation**;
 - (g) The scope of the **Valuation**, including any limitations or restrictions;
 - (h) The standard of value used in the **Valuation** and its definition;
 - (i) The **Premise of Value** adopted in the **Valuation** (for example, going concern premise or liquidation premise);
 - (j) Whether the **Valuation** was undertaken by the **Member** acting independently or not;
 - (k) The **Valuation Approach(es)**, **Valuation Method(s)** and **Valuation Procedures** adopted in determining the estimate of value and a description of how they were applied;
 - (l) The specific information on which the **Member** has relied and the extent to which it has been reviewed (for example, the documents reviewed, the individuals interviewed, the facilities visited, the reports of other experts relied upon, and management representations);
 - (m) A description of the material assumptions applied in the **Valuation** and the basis for those assumptions;
 - (n) A **Conclusion of Value** for a **Valuation Engagement** or a **Limited Scope Valuation Engagement**, or a **Calculated Value** for a **Calculation Engagement**;
 - (o) All qualifications that materially affect the **Conclusion of Value** or **Calculated Value**;
 - (p) For a **Limited Scope Valuation Engagement**, that if a **Valuation Engagement** had been performed the results may have been different;
 - (q) For a **Calculation Engagement**, that if a **Valuation Engagement** had been performed the results may have been different;
 - (r) Where a **Member** has prepared a **Valuation Report** requiring **Independence** or purporting to be independent, that the compensation to be paid to the **Member** is not contingent on the conclusion, content or future use of the **Valuation Report**; and
 - (s) That the **Valuation Service** was conducted in accordance with this Standard.
- 5.3. Where a **Member in Public Practice** communicates the **Valuation Report** orally, the **Member** shall communicate the elements noted in paragraph 5.2, as appropriate in the circumstances, and document the oral communication, the reasons for issuing an oral report and the work performed in accordance with this Standard and the **Firm's** policies

and procedures established under *Documentation of the system of quality management* ~~control~~ of APES 320 *Quality Management* ~~Control~~ for Firms that provide *Non-Assurance Services*.

5.4. In addition to the minimum requirements of a **Valuation Report** set out in paragraph 5.2, the **Member in Public Practice** shall consider including the following information in a **Valuation Report**, as appropriate:

- (a) A description of other **Valuation Approaches** or **Valuation Methods** considered and the reasons why they were not considered relevant for the **Valuation**;
- (b) Sufficient details of the **Valuation** calculations to allow a reader to understand how the **Member** determined the **Conclusion of Value** or **Calculated Value**;
- (c) A summary of relevant financial information; and
- (d) A summary of the relevant industry.

5.5. A **Member in Business** who undertakes a **Valuation Service** should prepare a **Valuation Report** taking into consideration the requirements and guidance of paragraphs 5.1 to 5.4 of this Standard, as appropriate and to the extent practicable.

5.6. **Members** are referred to APES GN 21 *Valuation Services for Financial Reporting* for guidance on matters to be disclosed in a **Valuation Report** when providing a **Valuation Service** for Financial Reporting.

6. Documentation

6.1. A **Member** performing a **Valuation Service** shall prepare working papers that appropriately document the work performed, including the basis on which, and the method by which, any calculations, determinations or estimates used in the provision of the **Valuation Service** have been made.

7. Use of a glossary of business valuation terms

7.1. When issuing a **Valuation Report**, a **Member** shall clearly define the **Valuation** terms used.

7.2. **Members** are encouraged to use, as far as practicable, terms that are in general use for Valuation Services.¹ ~~Members are referred to the *International Glossary of Business Valuation Terms* which are included in the valuation standards of the American Institute of Certified Public Accountants and the Canadian Institute of Chartered Business Valuers.~~

8. Professional fees

8.1. A **Member in Public Practice** providing **Valuation Services** shall be remunerated for such **Professional Services** by way of professional fees computed in accordance with Section 330 *Fees and Other Types of Remuneration* of the **Code**.

Commented [JR7]: To address APESB Issues Register 225.4: Technical Staff have identified the need to consider the impact on APES 225 from changes to APES 320 and the issue of AUASB's quality management standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements.

¹ For example, the *International Valuation Glossary – Business Valuation* published by the American Society of Appraisers, Chartered Business Valuers Institute, Royal Institution of Chartered Surveyors and Saudi Authority for Accredited Valuers and the glossary used by the International Valuation Standards Council in the *International Valuation Standards*.

- 8.2. A **Member in Public Practice** shall not enter into a **Contingent Fee** arrangement or receive a **Contingent Fee** for a **Valuation Service** which requires **Independence** or purports to be independent.

Conformity with International Pronouncements

The International Ethics Standards Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 225.

Appendix 1 – Schematic and Examples

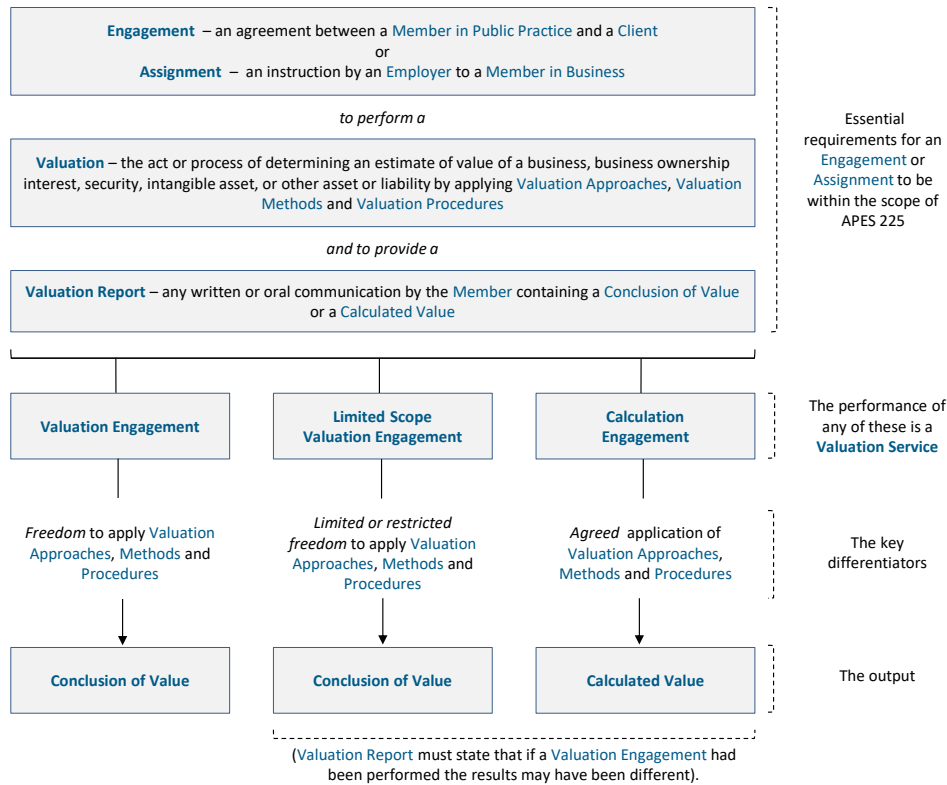
*This Appendix contains a schematic and some examples to assist or determine whether a particular service is a **Valuation Service** for the purposes of APES 225 and, if so, whether the **Engagement** or **Assignment** is a **Valuation Engagement**, **Limited Scope Valuation Engagement**, or **Calculation Engagement**.*

***Members** are cautioned that the determination of whether a particular service is a **Valuation Service** under this Standard is a matter to be judged based on the particular facts and circumstances. The examples contained in this Appendix are provided for illustrative purposes only and are not intended to be, and cannot be, all inclusive. The examples are not a substitute for reading the full text of APES 225 and applying the Standard to the particular circumstances to determine whether the **Member** is providing a **Valuation Service**. In all of the examples presented below it is assumed that there are no unmentioned facts which would be relevant to the consideration as to whether the service provided is a **Valuation Service**.*

***Members** should also consider whether they need to hold an Australian Financial Services License (AFSL) to be able to perform the relevant **Valuation Service**. This is a matter for the **Member** to determine in accordance with applicable laws and regulations. The examples in this Appendix do not address this matter as the focus is on determining the type of **Valuation Services** in accordance with this Standard.*

Schematic

The following schematic provides an overview of what constitutes a Valuation Service and what differentiates the three types of Engagement or Assignment.



Examples

No.	Title	Conclusion
1	Valuation of equity for capital gains tax	Valuation Engagement
2	Valuation of equity where industry not analysed	Limited Scope Valuation Engagement
3	Valuation Engagement becomes Limited Scope Valuation Engagement	Limited Scope Valuation Engagement
4	Valuation of equity for capital gains tax where Valuation date is eight years ago and information lost	Limited Scope Valuation Engagement
5	Valuation of equity for capital gains tax where records are sparse	Valuation Engagement
6	Valuation of equity for capital gains tax with limited time	Limited Scope Valuation Engagement
7	Valuation of shareholding for capital gains tax with assumption on the value of all equity	Limited Scope Valuation Engagement
8	Valuation of shareholding for capital gains tax with assumptions on the value of all equity and percentage discounts for the lack of control and marketability	Calculation Engagement
9	Valuation of Employer's intangible assets for tax consolidation	Valuation Engagement
10	Valuation of intellectual property for a Client	Valuation Engagement
11	Limited scope Valuation for mergers and acquisitions advice	Limited Scope Valuation Engagement
12	Estimate of price for advice on sale of a company	Not a Valuation Service
13	Limited scope Valuation of Employer's business for potential sale	Limited Scope Valuation Engagement
14	Limited scope Valuation for estate planning advice	Limited Scope Valuation Engagement
15	Valuation assumptions for estate planning advice	Not a Valuation Service
16	Independent expert report for takeover offer	Valuation Engagement
17	Independent expert report for scheme of arrangement	Valuation Engagement
18	Independent expert report for the compulsory acquisition of securities	Valuation Engagement
19	Audit procedures on Valuation assertions	Not a Valuation Service
20	Audit procedures on Client's Valuations	Not a Valuation Service
21	Limited scope Valuation of Employer's business	Limited Scope Valuation Engagement
22	Opinion as receiver and manager on realisable value of business	Not a Valuation Service
23	Opinion as expert witness on lost profits	Not a Valuation Service
24	Opinion as expert witness on value of business	Valuation Engagement

Example 1 Valuation of equity for capital gains tax

Facts: A **Member in Public Practice** is engaged to perform a **Valuation** as at today's date of the issued share capital of a company for the purpose of capital gains tax and to provide a written report to the **Client**. There is no restriction or limitation placed on the **Member** in choosing the appropriate procedures or approach to use.

Analysis: This is a **Valuation Service**. The **Member** has been engaged to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**.

Example 2 Valuation of equity where industry not analysed

Facts: The facts are the same as for Example 1 except that the scope of work is limited in that the **Member** is instructed not to perform any analysis of the industry within which the business of the company operates. In the absence of this instruction the **Member** would have considered it appropriate to perform an analysis of the industry. The lack of analysis on the industry would reasonably be considered to have a material impact on the estimate of value.

Analysis: This is a **Valuation Service**. The **Member** has been engaged to perform a **Valuation** where the scope of work is limited or restricted, and to provide a **Valuation Report**, which constitutes a **Limited Scope Valuation Engagement**.

Example 3 Valuation Engagement becomes Limited Scope Valuation Engagement

Facts: The facts are the same as for Example 1 except that after agreeing the **Terms of Engagement**, which provides for a **Valuation Engagement**, during the course of performing the **Valuation** the **Member** becomes aware of a limitation. The **Member** intended to value the equity in the company using the income approach and for that purpose intended to estimate the company's expected future cash flows. The **Member** made relevant enquiries of the **Client** for the purpose of estimating the expected future cash flows. However, the **Client** decided not to respond to the **Member's** enquiries but instead instructed the **Member** to adopt the **Client's** existing forecast of cash flows so as to contain professional costs.

Analysis: This is a **Valuation Service**. The **Member** was initially engaged to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**. The **Client's** subsequent instruction to adopt the **Client's** existing forecast of cash flows amounts to a limitation on the scope of work because it restricts the **Member's** freedom to employ the **Valuation Procedures** that are reasonable and appropriate taking into consideration all relevant facts and circumstances of the **Engagement** and the instruction could have a material impact on the estimate of value. Accordingly, from that moment the **Engagement** ceased to be a **Valuation Engagement** and became a **Limited Scope Valuation Engagement**.

Example 4 Valuation of equity for capital gains tax where Valuation date is eight years ago and information lost

Facts: The facts are the same as for Example 1 except that the valuation date is eight years ago and there is less information available now due to the subsequent destruction of many documents in accordance with the company's document retention policy and the departure of key staff. Despite this, there are some relevant documents, including financial statements for the three years up to the valuation date. The relative lack of information means that the **Member** is not able to choose the **Valuation Approaches** and **Valuation Methods** that the **Member** would otherwise consider appropriate, and is not able to apply **Valuation Procedures** to the extent to which the **Member** would otherwise consider appropriate.

Analysis: This is a **Valuation Service**. The **Member** has been engaged to perform a **Valuation** and provide a **Valuation Report**. A hypothetical seller and a hypothetical buyer standing at the valuation date eight years ago would have had more information available to them than the **Member** has now for the purpose of performing a **Valuation** at a date eight years ago. The scope of work is limited or restricted

because the relative lack of information restricts the Member's freedom to choose and apply Valuation Approaches, Valuation Methods and Valuation Procedures. Accordingly, the Engagement is a Limited Scope Valuation Engagement.

Example 5 Valuation of equity for capital gains tax where records are sparse

Facts: The facts are the same as for Example 1 except that the company maintains records that are very sparse (albeit compliant with legal requirements).

Analysis: This is a Valuation Service. The Member has been engaged to perform a Valuation and provide a Valuation Report. The sparse nature of the company's records does not amount to a limitation or restriction on scope because a hypothetical seller and a hypothetical buyer do not have any better information available to them. The fact of the sparse records is a characteristic of the company being valued and, therefore, is something that will be reflected in the estimate of value. The Engagement is a Valuation Engagement.

Example 6 Valuation of equity for capital gains tax with limited time

Facts: The facts are the same as for Example 1 except that the Member is required to deliver a Valuation Report within a period of time that is too short to allow the Member to perform all of the Valuation Procedures that the Member otherwise considers appropriate.

Analysis: This is a Valuation Service. The Member has been engaged to perform a Valuation and provide a Valuation Report. The scope of work is limited or restricted because the short timeframe restricts the Member's freedom to choose and apply Valuation Procedures. Hence the Engagement is a Limited Scope Valuation Engagement.

Example 7 Valuation of shareholding for capital gains tax with assumption on the value of all equity

Facts: A Member in Public Practice is engaged to perform a Valuation of a shareholding in a company for the purpose of capital gains tax and to provide a written report to the Client. The Member is instructed to assume a particular figure for the value of all of the issued share capital of the company.

Analysis: This is a Valuation Service. The Member has been engaged to perform a Valuation and provide a Valuation Report where the scope of work is limited or restricted in that the Member is instructed to assume the value of all of the issued share capital. Otherwise the Member is free to apply the Valuation Approaches, Valuation Methods and Valuation Procedures the Member considers appropriate in determining an estimate of value of the shareholding. This freedom means the engagement is not a Calculation Engagement. The Engagement is a Limited Scope Valuation Engagement because the scope of work is limited or restricted.

Example 8 Valuation of shareholding for capital gains tax with assumptions on the value of all equity and percentage discounts for the lack of control and marketability

Facts: The facts are the same as for Example 7 except that in addition to being instructed to assume a particular figure for the value of all of the issued share capital of the company, the Member is instructed to assume particular percentage discounts for the lack of control and marketability associated with the shareholding.

Analysis: This is a Valuation Service. The Member has been engaged to perform a Valuation and provide a Valuation Report where the scope of work is limited or restricted in that the Member is instructed to assume the value of all of the issued share capital and to assume certain percentage discounts for the lack of control and marketability associated with the shareholding. The Engagement is a Calculation Engagement because the Member and the Client have agreed the Valuation Approaches, Valuation Methods and Valuation Procedures the Member will apply, thereby eliminating the Member's freedom to choose. The performance of the Calculation Engagement is a Valuation Service.

Example 9 Valuation of Employer's intangible assets for tax consolidation

Facts: A **Member in Business** is assigned by the **Member's Employer** to perform a **Valuation** of the intangible assets of a company acquired by the **Employer** for the purpose of tax consolidation and to provide a written report to the **Employer**.

Analysis: This is a **Valuation Service**. The **Member** has been engaged to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**.

Example 10 Valuation of intellectual property for a Client

Facts: A **Member in Public Practice** is engaged to perform a **Valuation** of the intellectual property of a **Client**, which the **Client** uses internationally. There is no restriction or limitation placed on the **Member** in terms of choosing the appropriate **Valuation Approaches**, **Valuation Methods**, and **Valuation Procedures** to perform the **Valuation**. The **Member** considers that the extent to which the intellectual property is protected by law in the countries in which it is used is material to the **Valuation**. The **Client** has informed the **Member** that it has not obtained legal advice to determine the strength of its legal rights over the intellectual property in each jurisdiction. The **Client** has instructed the **Member** to assume that the **Client** has legally enforceable rights in each jurisdiction.

Analysis: This is a **Valuation Service**. The **Member in Public Practice** has been engaged to perform a **Valuation** and to provide a **Valuation Report**. The **Member** is free to employ the **Valuation Approaches**, **Valuation Methods**, and **Valuation Procedures** the **Member** deems appropriate. Accordingly, this is a **Valuation Engagement**. However, the **Valuation Report** must disclose the material assumption the **Member** is instructed to make regarding the status of the legal rights over the intellectual property.

Example 11 Limited scope Valuation for mergers and acquisitions advice

Facts: A **Member in Public Practice** is engaged to provide mergers and acquisitions advice to a **Client** contemplating a potential acquisition of a business. Part of the instructions includes performing an indicative **Valuation** of the target business and providing an oral **Valuation Report**.

Analysis: This is a **Valuation Service** to the extent of the indicative **Valuation**. The **Member** has been engaged to perform an indicative **Valuation** and to provide a **Valuation Report**, which constitutes a **Limited Scope Valuation Engagement**.

Example 12 Estimate of price for advice on sale of a company

Facts: A **Member in Public Practice** is engaged to provide advice and assistance with respect to the sale of a company. As part of the sale process the **Member** is asked to provide generic valuation statistics and parameters relevant to the industry in which the company operates.

Analysis: This is not a **Valuation Service**. Even if some **Valuation Procedures** are conducted the **Member** has not been engaged to perform a **Valuation** or to provide a **Valuation Report**. The **Member** has been engaged to provide ancillary services related to the sale of a company.

Example 13 Limited scope Valuation of Employer's business for potential sale

Facts: A **Member in Business** is assigned by the **Member's Employer** to perform an indicative **Valuation** of a business owned by the **Employer** for the purpose of its potential sale and to provide an oral report to the **Employer**.

Analysis: This is a **Valuation Service**. The **Member** has been assigned to perform a **Limited Scope Valuation** and to provide a **Valuation Report** to the **Member's Employer**, which constitutes a **Limited Scope Valuation Engagement**.

Example 14 Limited scope Valuation for estate planning advice

Facts: A **Member in Public Practice** is engaged to provide estate planning advice. As a required input to providing that advice, the **Member** performs an indicative **Valuation** of a business and provides an oral **Valuation Report** to the **Client**.

Analysis: This is a **Valuation Service** to the extent of performing the indicative **Valuation** of the business and providing the **Valuation Report**, which constitutes a **Limited Scope Valuation Engagement**.

Example 15 Valuation assumptions for estate planning advice

Facts: A **Member in Public Practice** is engaged to provide tax advice in respect of an estate planning **Engagement**. As part of the estate planning process, the **Member** provides assumptions of values of the assets to assess the potential tax consequences. The **Member** is not involved in determining the value of the estate.

Analysis: This is not a **Valuation Service**. Even if some **Valuation Procedures** are conducted the **Member** has not been engaged to perform a **Valuation** or to provide a **Valuation Report**. The **Member** has been engaged to provide tax advice in respect of estate planning.

Example 16 Independent expert report for takeover offer

Facts: A **Member in Public Practice** is engaged by a **Client** who is the target of a takeover offer to prepare an independent expert report on whether the takeover offer is “fair and reasonable”. As noted in paragraph RG 111.11 of ASIC’s Regulatory Guide 111 *Content of Expert Reports*, an offer is “fair” if “the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer”. The **Member** will perform a **Valuation** of the securities for the purpose of assessing if the offer is “fair”. In accordance with section 640 of the *Corporations Act 2001*, the independent expert’s report will accompany the target’s statement that will be sent to the shareholders of the **Client**.

Analysis: This is a **Valuation Service** to the extent of performing the **Valuation** of the securities and providing the **Valuation Report**. Although the **Member** has been engaged to express an opinion on whether the takeover offer is “fair and reasonable”, the accepted meaning of “fair” (as stated in ASIC’s Regulatory Guide 111) clearly implies that a **Valuation** is to be performed. Thus the **Member** has been engaged, in part, to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**.

Example 17 Independent expert report for scheme of arrangement

Facts: A **Member in Public Practice** is engaged by a **Client** who is the target of a friendly takeover to be achieved by way of a scheme of arrangement, to prepare an expert’s report on whether a scheme of arrangement is “in the best interest of the members of the company” in accordance with clause 8303 of Schedule 8 of the *Corporations Regulations 2001*. As noted in paragraph RG 111.19 of ASIC’s Regulatory Guide 111 *Content of Expert Reports*, in such a case the expert is expected to provide an opinion as to whether the proposal is “fair and reasonable” as that phrase is understood for the purpose of section 640 of the *Corporations Act 2001*. The **Member** will perform a **Valuation** of the securities for the purpose of assessing if the offer is “fair”. The expert’s report will, if the court directs, accompany the explanatory statement and notice of meeting sent to shareholders of the company.

Analysis: This is a **Valuation Service** to the extent of performing the **Valuation** of the securities and providing the **Valuation Report**. Although the **Member** has been engaged to express an opinion on whether the proposal is “in the best interests of the members of the company”, accepted practice (as stated in ASIC’s Regulatory Guide 111) implies that a **Valuation** is to be performed. Thus the **Member** has been engaged, in part, to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**.

Example 18 Independent expert report for the compulsory acquisition of securities

Facts: A **Member in Public Practice** is engaged by a **Client** who has acquired 90% of the securities of a particular class of a company and wishes to issue a notice to acquire compulsorily the balance of the securities. The **Member** is engaged to provide an expert's report under section 667A of the *Corporations Act 2001* on whether "the terms proposed in the notice give a fair value for the securities concerned". In accordance with section 664C, a copy of the expert's report will be sent to each holder of securities.

Analysis: This is a **Valuation Service**. The **Member** has been engaged to perform a **Valuation** and to provide a **Valuation Report**, which constitutes a **Valuation Engagement**.

Example 19 Audit procedures on Valuation assertions

Facts: A **Member in Public Practice** is engaged to perform an audit. The **Member** will perform procedures to test the valuation assertions (as described in Australian Auditing Standard ASA 500 *Audit Evidence*) of the financial statement balances as part of the audit **Engagement**. The results of these procedures will be documented in the **Member's** working papers and will not be communicated to the **Client**.

Analysis: This is not a **Valuation Service**. The **Member** has not been engaged to perform a **Valuation** or to provide a **Valuation Report**. The **Member** has been engaged to perform an audit and the procedures to test the valuation assertions (as described in the Auditing Standards) are only performed as part of the audit **Engagement**.

Example 20 Audit procedures on Client's Valuations

Facts: A **Member in Public Practice** is engaged to perform an audit. The **Member** will audit/review the valuation models or calculations prepared by the **Client** to test assets (including goodwill) for impairment as part of the **Member's** audit procedures in accordance with Auditing Standards. The procedures performed will be documented in the **Member's** working papers and will not be communicated to the **Client**.

Analysis: This is not a **Valuation Service**. The **Member** has not been engaged to perform a **Valuation** or to provide a **Valuation Report**. The **Member** has been engaged to perform an audit and the procedures to test impairment are only performed as part of the audit **Engagement**.

Example 21 Limited scope Valuation of Employer's business

Facts: A **Member in Business** is assigned to perform an indicative **Valuation** of the business of the **Employer** as part of the **Employer's** procedures in respect of testing assets (including goodwill) for impairment for financial reporting purposes.

Analysis: This is a **Valuation Service**. The **Member** has been assigned to perform an indicative **Valuation** and to provide a **Valuation Report** which constitutes a **Limited Scope Valuation Engagement**.

Example 22 Opinion as receiver and manager on realisable value of business

Facts: A **Member in Public Practice** is engaged by a secured creditor as a receiver and manager of the assets and undertaking of a company. In reporting to the **Client** the **Member** expresses an opinion on the amount that might be realised from the sale of the company's business.

Analysis: This is not a **Valuation Service**. Even if some **Valuation Procedures** are conducted the **Member** does not perform a **Valuation** and is not engaged to provide a **Valuation Report**. The **Member** has been engaged to perform an insolvency service and the opinion was expressed as part of performing that service.

Example 23 Opinion as expert witness on lost profits

Facts: A **Member in Public Practice** is engaged to act as an expert witness in litigation and to express an opinion on the quantum of damages suffered by the plaintiff as a result of an alleged wrong-doing by the defendant. The **Member** is instructed that the damages are to be determined by reference to lost profits and that the court must award damages as a once-off lump sum. In performing this task, the **Member**:

- (a) will calculate the lost profits caused by the alleged wrong-doing by comparing the profits that the plaintiff would have earned but for the alleged wrong-doing with the profits that the plaintiff will earn given the alleged wrong-doing; and
- (b) will calculate the present value of those lost profits.

The **Member** will provide a written report and may later give oral evidence at the court hearing.

Analysis: This is not a **Valuation Service** because the **Member** has not been engaged to perform a **Valuation** (i.e. the **Member** has not been engaged to determine an estimate of value of a business, business ownership interest, security, intangible asset, or other asset or liability).

Example 24 Opinion as expert witness on value of business

Facts: A **Member in Public Practice** is engaged to act as an expert witness in litigation and to express an opinion on the quantum of damages suffered by the plaintiff as a result of an alleged breach of contract by the defendant. The **Member** is instructed that the damages are to be determined by reference to the value of the plaintiff's business before the alleged breach of contract and the **Member** is instructed to express an opinion on that value. The **Member** will provide a written report and may later give oral evidence at the court hearing.

Analysis: This is a **Valuation Service** because the **Member** has been engaged to perform a **Valuation** and to provide a **Valuation Report** which constitutes a **Valuation Engagement**. It is a **Valuation** because the **Member** has been engaged to determine an estimate of value of a business by applying **Valuation Approaches**, **Valuation Methods** and **Valuation Procedures**.

Appendix 2 – Summary of revisions to the previous APES 225 (Issued ~~July~~^{March} 2019~~8~~)

APES 225 *Valuation Services* was originally issued in July 2008 and revised in May 2012, December 2015, ~~and~~ March 2018 ~~and~~ July 2019 (extant APES 225). APES 225 has been revised by APESB in ~~XXX~~ July 20~~23~~¹⁹. A summary of the revisions is given in the table below.

Table of revisions*

Paragraph affected	How affected
1.1	Amended
1.2	Amended
3.2	Amended
3.11	Amended
3.13	Amended
4.3	Amended
4.4	Added
4.5 to 4.10 – Paragraphs 4.4 to 4.9 of extant APES 225	Relocated
5.3	Amended
7.2	Amended
Appendix 1	Amended

* Refer Technical Update 20~~23~~¹⁹/X4