

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**  
**MINUTES OF THE 6<sup>th</sup> MEETING OF THE VALUATION SERVICES TASKFORCE**

**23 March 2012 10.00 – 11:30 AM**

**Teleconference**

## **1. Present and Apologies**

### Present

Mr Channa Wijesinghe (Chairman), Mr Alan Max, Mr Richard Stewart, Mr Tapan Parekh (alternate to Mark Pittorino), and Dr Mark Shying.

### In Attendance

Mr Harley McHutchison and Mr Robert Nickel

## **2. Minutes of Previous Meeting**

The minutes of the 5<sup>th</sup> APES GN 20 Valuation Service Taskforce meeting held on the 24<sup>th</sup> of January 2012 were accepted without amendment.

## **3. Proposed amendments to APES GN 20**

Mr Harley McHutchison suggested that GN 20 and APES 225 should be reviewed concurrently to ascertain whether some provisions are better placed in one or the other document. Mr McHutchison suggested that paragraphs 4.6 and 5.3 should be reviewed for application and for appropriate placement. Paragraphs 3.1 and 3.2 were noted as potentially duplicating APES 225.

### (i) Definitions

Mr McHutchison queried whether there was a better way to deal with the definitions, as most of them were from APES 225. Mr Channa Wijesinghe discussed the potential use of a glossary for definitions. The Taskforce noted that this was not currently an appropriate way forward. Another option discussed was to note that some of the definitions are from APES 225.

Mr Mark Shying expressed concerns that the AASB definitions may become outdated and thus render the GN 20 outdated. Mr Wijesinghe explained that the short form of definitions was employed with reference to the title of the AASB standard where the definition was taken and that this approach is consistent with referencing throughout APESB standards, for example when referring to the Corporations Act.

### (ii) Action Items

- Technical Staff is to revise the title of the Guidance Note to “Valuation **Services**”
- A Taskforce member to research whether the Guidance Note can be applicable to Forestry valuations – reference to standard AASB 141

### (iii) Amendments

The Taskforce proposed the following amendments be taken up:

- Extend exclusions under Paragraph 1.9 to include “inventory, pension liabilities, and property, plant & equipment”
- A Taskforce member questioned the level of detail in some of the paragraphs, in particular 4.2 v) and 4.4 (1<sup>st</sup> dot point). The concerns raised were that the detail included was not exhaustive and did not cover material that would be categorised under all Valuation Services or Methods, e.g. that the details listed for 4.4 were limited to the “capitalised earnings” method and omits details from the

“discounted cash flows, net assets and liquidation” methods. A Taskforce member suggested it would be preferable to reduce the level of detail in a guidance note.

- The Taskforce agreed to review sections 4 and 5 in order to ascertain what the best level of detail is for these sections and whether it makes sense to split these sections according to which type of Valuation Service was being performed.
- The Taskforce suggested amendments to limit paragraph 4.2 and remove 4.4
- The Taskforce suggested reviewing the document for use of “should” since it is a guidance note and instead using the term “might”.
- A taskforce member agreed to provide suggested amendments to paragraph 5.3 considering the context where an auditor is reviewing the Valuation work.

#### **4. Revision of APES 225**

The Taskforce discussed the tables containing respondents’ general and specific comments on the proposed revised APES 225 and noted the following key items:

- Consideration of matters of Professional Independence for Members in Business;
- Including additional requirements for documenting terms of engagement and reporting for Calculation Engagements; and
- Valuation Engagements in the context of an audit and potential impacts on disclosure requirements.

Technical Staff agreed to process the editorial amendments as documented in the general and specific tables and recirculate to the taskforce prior to the May 2012 Board meeting.

#### **5. Way Forward**

Mr Richard Stewart proposed that it may be necessary to have guidance notes that precede the current GN 20 since GN 20 *Valuation for Financial Reporting* is a specific subject matter and there could be use for a more general piece of guidance on determining the appropriate type of Valuation Service to perform (Refer to Other Business below).

Mr Richard Stewart will provide his proposed written amendments to APESB Technical Staff to update the proposed guidance note. APESB technical staff will make necessary amendments and circulate the proposed guidance note to all Taskforce members.

It was agreed that the Taskforce will have a future meeting to discuss the guidance note and then present it at the August 2012 Board meeting for the APESB’s consideration (this was originally to be the May 2012 Board meeting but has been deferred by unanimous agreement).

#### **6. Other Business**

Mr Richard Stewart proposed that the Taskforce members should review a recent exposure draft released by the Canadian Institute of Business Valuators which provides guidance material on how to determine what type of valuation report is most appropriate in specified circumstances and what extent of review and analysis is necessary in producing the applicable type of report.

#### **7. Closing of Meeting**

The meeting was closed at 11:20am.