

AGENDA PAPER

Item Number: 10.13
Date of Meeting: 16 -17 November 2010
Subject: Proposed Guidance Note APES GN 40 *Members in Business*

Action Required

For Information Only

Purpose

To provide a project status update to the Board, and seek high level review comments from the Board on the preliminary draft of APES GN 40 *Members in Business* (APES GN 40). The proposed APES GN 40 will replace the existing GN 1 *Members in Business Guidance Statement*.

Background

APESB initiated a project in late 2008 to replace the existing GN 1 *Members in Business Guidance Statement* with the proposed APES GN 40. Thus project was delayed due to other APESB commitments during 2009 and 2010.

APESB's engagement with Members in Business to date indicates that there is a low level of awareness of APESB Standards within the business community. This is partly due to the focus of the previous professional standards being on Members in Public Practice rather than on Members in Business.

APESB in its development process of the APES series included Members in Business where applicable in the standards development process (i.e. APES 215 *Forensic Accounting Services* and APES 220 *Taxation Services*). However, as historically there were very few professional standards applicable to Members in Business, the level of awareness of Members in Business has continued to be low.

Consideration of Issues

The Members in Business taskforce has met three times since inception and has developed the proposed guidance note APES GN 40. Taskforce members recently considered a number of issues associated with the development of the proposed guidance note.

The taskforce was of the view that it is important to incorporate the principles of AES 110 into the proposed GN. This is particularly vital given that a large number of Members in Business are less likely to read APES110 given its length and focus on auditor independence.

A key element of the proposed guidance note, as currently drafted, is the case study scenarios.

Some of the case studies have been adapted from the following publications:

- *Shades of Grey –Ethical decisions* by The Institute of Chartered Accountants of Scotland; and
- *Guidance on ethical matters for members in business* by the Association of Chartered Certified Accountants (ACCA).

The taskforce believes that the case study scenarios provide the Member in Business with a point of reference when they encounter an ethical dilemma and will assist the Member to take appropriate ethical decisions taking into account the fundamental principles of the Code.

Staff Recommendation

APES Board to note the progress of the project to date and provide Staff with high level comments on the preliminary draft of the proposed APES GN 40.

Material Presented

- Preliminary draft of the proposed guidance note APES GN40 *Members in Business*;
- Minutes of Taskforce meeting held on 25 June 2010;
- Draft Minutes of Taskforce meeting held on 22 October 2010.

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Date: 1 November 2010