

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

APES 350 Due Diligence Committees 1st Taskforce Meeting for 2016

MINUTES

9 August 2016, Tuesday
11.30 a.m. – 12.15 p.m.

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairman), Mr. Jeff Cook, Ms. Marina Stuart, Mr Stephen Lomas (Alternate to Claire Cardno), Mr Richard Savage (Alternate to Mark Haberlin), Ms. Kristen Wydell and Dr. John Purcell.

In Attendance:

Mr. Kevin Osborn (Board Member), Ms. Surita Sharma, Ms. Claudia Ganora, and Ms. Jacinta Hanrahan.

Apologies:

Mr Colin Parker and Mr. Jeffrey Luckins.

2. Discussion of APES 350 Low Doc draft paper

The Chairman outlined the background of the development of the APES 350 Low Doc paper (the **Draft paper**). It was noted that the APESB Board determined at the February 2016 meeting to preserve the current format and content of APES 350 *Participation by Members in Public practice in Due Diligence Committees in connection with a Public Document* (APES 350). However, the Board will consider releasing additional guidance or supporting information on this topic to assist practitioners with this issue. To assist with the Board's deliberation process, APESB Technical Staff were requested to prepare a Draft paper on this issue.

The Taskforce discussed the following sections within the Draft paper:

Background

Taskforce members did not raise any significant amendments, but did note minor editorials. Taskforce members agreed to provide these editorials to APESB Technical Staff subsequent to the meeting.

Key features needed to provide due diligence sign-off on a Low Doc engagement

The Taskforce discussed the key features listed in the Draft paper. No additional features were suggested however refinements were requested to the following bullet points:

- Bullet point 1 – 'required work' should be replaced with a reference to assurance procedures;
- Bullet point 2 – the word 'acquirer' being replaced with 'acquiree'; and
- Bullet point 4 – removing the reference to legal advisors providing an opinion.

The last paragraph of this section list the situations where a due diligence sign-off should not be provided. The Taskforce felt this duplicated the next section within the Draft paper and should be moved or deleted.

Features that preclude a due diligence sign-off

The Taskforce noted the features that preclude a due diligence sign-off. The Taskforce requested that the Draft paper not specify a minimum number of due diligence meetings to be held, as the focus should be on the quality of the meeting and associated outputs rather than the number of meetings held.

The Taskforce also noted that the example of a headline profit as limited financial information should be removed.

Key Messages

The Taskforce noted the key messages and suggested minor amendments to clarify the existing points.

Examples

The Taskforce discussed the examples in the Draft paper and noted they were appropriate. However, additional factors could be included in the facts to make the examples more robust. The taskforce also recommended that a qualification should also be drafted to be included in the introduction of the Examples to clearly note its limitations.

The Taskforce did note any additional examples or matters to be included in the Draft paper.

Overall the Taskforce was of the view that the Draft paper would be useful in practice.

3. Other matters for consideration

The Taskforce discussed the annual review of APES 350 that is currently being undertaken by APESB Technical Staff. The Taskforce did not note any matters that should be considered as part of this review.

4. Way forward

APESB Technical Staff will:

- circulate a Word version of the Draft paper to the Taskforce for members to provide further comments and editorials;
- update the Draft paper by incorporating Taskforce's comments;
- present the Draft paper at the August 2016 Board Meeting for the Board's review; and
- seek the Board's approval to continue to develop further the Draft paper, and thereafter provide feedback to the taskforce on the outcome of the Board Meeting.

5. Close of Meeting

The meeting was closed at 12.15 p.m.