

27 October 2015

### **APESB issues revised APES 305 *Terms of Engagement***

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 305 *Terms of Engagement* (Revised APES 305) to replace the existing APES 305 (Issued March 2013).

Please refer to Appendix 1 of this technical update for details of the revisions. The revised APES 305 will be effective for Engagements commencing on or after 1 January 2016 with early adoption permitted.

The revised standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au)

– ENDS –

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## Appendix 1

### Revisions to existing APES 305 (March 2013)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 305 *Terms of Engagement* which was originally issued in December 2007 and revised in June 2009 and March 2013.

Paragraph Reference	Revisions
1.1	<p>The objectives of APES 305 <i>Terms of Engagement</i> are to specify a Member in Public Practice's professional and ethical obligations in respect of:</p> <ul style="list-style-type: none"> <li>• <u>documentation and communication of the Terms of Engagement to a Client;</u></li> <li>• <u>matters to be included in an Engagement Document; and</u></li> <li>• <u>circumstances in which an Engagement Document should be reissued in respect of a recurring Engagement; and</u></li> <li>• <u>limitation of liability schemes.</u></li> </ul>
1.4 <del>2</del>	<p>Accounting Professional &amp; Ethical Standards Board Limited (APESB) <del>issues</del> <u>has revised professional standard</u> APES 305 <i>Terms of Engagement</i> (<b>the Standard</b>), which is effective for Engagements commencing on or after 1 <del>July 2013</del> <u>January 2016</u> and supersedes APES 305 <i>Terms of Engagement</i> issued in <del>December 2007 and revised in June 2009</del> <u>March 2013</u>. <del>Early</del> <u>Earlier</u> adoption of this Standard is permitted.</p>
1.2 <del>3</del>	<p>APES 305 sets the standards in respect of Terms of Engagement for Members in Public Practice in the provision of quality and ethical Professional Services to Clients. The mandatory requirements of this Standard are in <b>bold-type (black lettering)</b>, preceded or followed by discussion or explanations in normal type (<del>grey lettering</del>). In some instances there are specific standards applicable to Members in Public Practice issued by other standard setting bodies or specific requirements of statutes in respect of Terms of Engagement, for example ASA 210: <i>Agreeing the Terms of Audit Engagements</i> issued by the Auditing and Assurance Standards Board which governs audit Engagements. Compliance with these other standards or statutes should result in compliance with APES 305.</p>
1.8 <del>9</del>	<p>In applying <u>the requirements outlined in</u> APES 305, Members in Public Practice should be guided not merely by the words but also by the spirit of <u>this</u> <del>the</del> Standard and the Code.</p>
1.10	<p><u>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.</u></p>
2	<p><b>Client</b> means an individual, firm, entity or organisation to whom or to which Professional <del>Services</del> <u>Activities</u> are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.</p>

	<p><b>Firm</b> means:</p> <ul style="list-style-type: none"> <li>(a) a sole practitioner, partnership, corporation or other entity of professional accountants;</li> <li>(b) an entity that controls such parties, through ownership, management or other means;</li> <li>(c) an entity controlled by such parties, through ownership, management or other means; or</li> <li>(d) an Auditor-General's office or department.</li> </ul> <p><b>Member</b> means a member of a <u>Professional Body</u> that has adopted this Standard as applicable to their membership, as defined by that <u>Professional Body</u>.</p> <p><b>Member in Public Practice</b> means a Member, irrespective of functional classification (e.g., audit, tax, or consulting) in a Firm that provides Professional Services. <del>The</del> <u>This</u> term is also used to refer to a Firm of Members in Public Practice and means a practice entity <u>and a participant in that practice entity</u> as defined by the applicable <u>Professional Body</u>.</p> <p><b>Professional Activity</b> means <u>an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.</u></p> <p><b>Professional Bodies</b> means <u>Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.</u></p> <p><b>Professional Services</b> means <del>services requiring accountancy or related skills</del> <u>Professional Activities performed for Clients by a professional accountant including accounting, auditing, taxation, management consulting and financial management services.</u></p> <p><b>Professional Standards</b> means <u>all Standards issued by Accounting Professional &amp; Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.</u></p>
4.6	<p><i>Relative responsibilities:</i> Responsibilities agreed upon, detailing those acknowledged to be the responsibility of:</p> <ul style="list-style-type: none"> <li>(a) the Member in Public Practice, including reference to relevant confidentiality requirements and the impact of them on the quality review program of the relevant <u>Professional Body</u> to which the Member in Public Practice belongs;</li> <li>(b) the Client, noting the fact that the Client is responsible for the completeness and accuracy of information supplied to the Member in Public Practice; and</li> <li>(c) any third party.</li> </ul>
<b>Appendix 1</b>	Summary of revisions to the previous APES 305 (Issued March 2013) – Amended