

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

APES 330 *Insolvency Services* Taskforce Meeting

MINUTES

**Tuesday, 21 August 2018 2.00 p.m. – 2.40 p.m and
Thursday, 23 August 2018 2.00 p.m. – 2.20 p.m.**

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairman), Ms. Kim Arnold, Ms. Robyn Erskine, Ms. Natasha McHattan, Ms. Karen McWilliams, Mr. John Purcell and Ms. Julie Williams.

In Attendance:

Mr. John Cahill (Board Member), Ms. Jacinta Hanrahan, Mr. Vijay Kumar, and Mr. Benjamin Collins.

Apologies:

Mr. Stephen Longley.

2. Proposed revisions to APES 330 *Insolvency Services*

The Chairman noted that APESB have fast-tracked the development of the revised APES 330 *Insolvency Services* (APES 330) in order to align with ARITA's proposed timeline for their new Code of Professional Practice (the ARITA Code).

The Taskforce considered the proposed amendments to APES 330 including the following key items:

Re-ordering of extant material

The content of the extant APES 330 in Section 4 *Professional Independence* and Section 8 *Professional Fees and Expenses* has been re-ordered to improve navigation and readability. The Taskforce agreed with this approach.

The Chairman explained that the proposed APES 330 cross-references to APES 110 have been updated to reflect the restructured APES 110 currently under exposure. Cross-references to the extant APES 110 have been shifted to footnotes to ensure that APES 330 can be used during the transition phase as well as post 1 January 2020 when the new Code becomes effective.

Amendment to the definition of Inducements

The Taskforce discussed the decision to change the extant definition of Inducements to fall in line with the proposed changes to APES 110, which now includes a broader definition of Inducements. The Chairman explained that the current definition of Inducements in APES 330 has been retained as guidance material. The Taskforce agreed with this proposed approach.

New guidance material on necessary and proper remuneration

The Taskforce agreed with the proposed inclusion of the new appendix which includes information on necessary and proper remuneration, as long as the material was considered as guidance.

The Taskforce considered whether additional material could be included on standard format for fee disclosure in this appendix. However, it was noted that this was quite prescriptive compared to the existing APES 330.

The Taskforce questioned whether APES 330 should include a template for a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI). This suggestion was unanimously agreed to by the Taskforce with a Member noting it would promote consistency in the format of the DIRRI in the market place.

The ARITA representative agreed to provide to the APESB the template of the DIRRI in the ARITA Code.

Removal of extant requirements now included in laws and regulations

The Chairman noted removal of requirements which are now included in relevant legislation. The Taskforce agreed to the removal of this material.

3. Other matters for consideration

The Taskforce considered the issue raised by ARITA regarding whether the current requirements in relation to a DIRRI in APES 330 adequately explains the purpose of a DIRRI and whether it requires the disclosure of all relevant relationships. This issue was raised by ARITA as they have noticed that relationships with certain parties, such as creditor activist groups, should be disclosed in a DIRRI.

The Taskforce considered potential options to address this issue and agreed that there should be an overarching requirements paragraph about the purpose of the DIRRI and the relevant relationships that should be disclosed.

In addition, the Taskforce agreed a new declaration is to be included in the DIRRI that all relevant relationships to the creditors assessment of the Member's Independence are included in the DIRRI.

4. Way forward

APESB Technical Staff will:

- update the proposed revised standard, where appropriate, to incorporate the Taskforce comments;
- present the proposed revisions to the Standard at the September 2018 Board Meeting for the Board's review; and
- provide feedback to the taskforce on the outcome of the Board Meeting.

5. Close of Meeting

The August 21 meeting was closed at 2.40 p.m., and the August 23 meeting closed at 2.20p.m.