

15 October 2024

APESB issues revised APES 310 *Client Monies*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 310 *Client Monies* (APES 310) to replace the existing APES 310 (Issued November 2019).

The key changes in the revised APES 310 consist of:

- adding a new paragraph 5.2 to allow the use of an alternative term, such as 'client account' or similar term, instead of 'trust account' in the title of the Trust Account, to assist Members who are experiencing difficulties in opening a bank account which includes the term "Trust Account";
- adding a new paragraph 5.5 to provide a practical option to avoid a situation that might lead to a right of set-off;
- inclusion of a new definition for confidential information and amendments to the definition of assurance engagement to align with APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110); and
- amendments to the template assurance reports (in Appendix 2 and Appendix 3) to incorporate quality management-related conforming amendments, references to APES 110 and to align with the revised ASAE 3100 *Compliance Engagements* issued by the AUASB, which is effective for assurance engagements commencing on or after 15 December 2022.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES 310 will be effective for Engagements commencing on or after 1 April 2025 with early adoption permitted. The guidance document, *Trust Account Information Sheet* has also been updated to reflect changes to APES 310.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

Technical Enquiries:

Mr. Channa Wijesinghe
Chief Executive Officer
Email: channa.wijesinghe@apesb.org.au
Phone: 03 9642 4372

Appendix 1

Revision to APES 310 (Issued November 2019)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 310 *Client Monies* which was originally issued in December 2010 and revised in July 2013, May 2018 and November 2019 (extant APES 310).

Paragraph/Section Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) issues APES 310 Client Monies (the Standard), which is effective for Engagements commencing on or after 1 January 2020 <u>April 2025</u> and supersedes APES 310 issued in May 2018 <u>November 2019</u> . Earlier adoption of this Standard is permitted.
2	<p>Assurance Engagement means an Engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria).</p> <p>This includes an Engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements.</p> <p>(For guidance on Assurance Engagements, see the <i>Framework for Assurance Engagements</i> issued by the AUASB. The <i>Framework for Assurance Engagements</i> describes the elements and objectives of an Assurance Engagement and identifies Engagements to which <i>Australian Auditing Standards (ASAs)</i>, <i>Standards on Review Engagements (ASREs)</i> and <i>Standards on Assurance Engagements (ASAEs)</i> apply.)</p>
2	Confidential Information means any information, data or other material in whatever form or medium (including written, electronic, visual or oral) that is not publicly available.
3.5	A Member in Public Practice who Deals with Client Monies or acts as an Auditor of Client Monies and acquires eConfidential Information in the course of performing a Professional Service for a Client shall comply with Subsection 114 Confidentiality of the Code.
4.2	Subject to paragraphs 4.11, 4.12, 5.245 and 6.9, a Member in Public Practice shall only Deal with Client Monies through a Client Bank Account or a Trust Account and only in accordance with the Client's agreement and/or instructions.
5.1	A Member in Public Practice who Deals with Client Monies shall open a Trust Account at a Financial Institution in the name of the Member or the Member's Firm and include the term 'Trust Account' in its title, unless <u>the circumstances described in paragraph 5.2 apply</u> or the Member has been authorised to operate a Client Bank Account in accordance with Section 6 of this Standard.

Paragraph/Section Reference	Revisions
<u>5.2</u>	<u>After undertaking reasonable efforts, if a Member in Public Practice is unable to open a Trust Account that meets the requirement in paragraph 5.1 to have the term 'Trust Account' in the title, the Member shall instead include the term 'client account' or a similar term in the title.</u>
<u>5.32</u> to <u>5.43</u>	<i>[Paragraphs 5.2 to 5.3 remain unchanged but renumbered as paragraphs 5.3 to 5.4.]</i>
<u>5.5</u>	<u>Where a Financial Institution cannot agree to the terms in paragraph 5.4, the Member in Public Practice shall open a Trust Account at a Financial Institution where the Member or the Firm does not hold any other bank accounts or credit facilities.</u>
<u>5.64</u> to <u>5.86</u>	<i>[Paragraphs 5.4 to 5.6 remain unchanged but renumbered as paragraphs 5.6 to 5.8.]</i>
<u>5.97</u>	Only a Member in Public Practice, or any persons authorised in accordance with paragraph <u>5.108</u>, shall operate the Member's Trust Account.
<u>5.108</u> to <u>5.142</u>	<i>[Paragraphs 5.8 to 5.12 remain unchanged but renumbered as paragraphs 5.10 to 5.14.]</i>
<u>5.153</u>	Subject to paragraph <u>5.242</u>, a Member in Public Practice shall deposit Client Monies into a Trust Account within 3 Business Days of receipt.
<u>5.164</u>	The 3 Business Day period referred to in paragraph <u>5.153</u> commences once the Member in Public Practice is reasonably able to identify the individual Client to whom the funds belong.
<u>5.175</u> to <u>5.2048</u>	<i>[Paragraphs 5.15 to 5.18 remain unchanged but renumbered as paragraphs 5.17 to 5.20.]</i>
<u>5.2149</u>	Where a Member in Public Practice has taken appropriate action in relation to paragraphs <u>5.186</u> , <u>5.197</u> and <u>5.2048</u> , the Member should document the process undertaken.
<u>5.220</u>	A Member in Public Practice shall record the following information for Client Monies received: <ul style="list-style-type: none"> (a) the name of the person or entity from whom Monies were received; (b) the amount of Monies; (c) the Client for whose benefit Monies are held; (d) the purpose for which Monies were received or other description of the Monies; (e) the date on which Monies were received;

Paragraph/Section Reference	Revisions
	<p>(f) the form in which Monies were received; and</p> <p>(g) in relation to Client Monies of a kind referred to in paragraph 5.242, the location where the Monies are held.</p>
5.231	<p>A Member in Public Practice shall issue an acknowledgement to the Client within 21 Business Days or as otherwise agreed with the Client containing the details specified in paragraph 5.220 and stating that the Member has deposited the Client Monies into a Trust Account.</p>
5.242	<p>A Member in Public Practice who receives Client Monies that are not capable of being deposited into a Financial Institution shall safeguard the Monies against unauthorised use, record details in an appropriate register, and issue an acknowledgement to the Client within 21 Business Days containing the details specified in paragraph 5.220.</p>
5.253	<p>Client Monies that are not capable of being deposited into a Financial Institution may include promissory notes or a coin collection. In such circumstances, the requirements of paragraphs 4.1 and 5.242 apply.</p>
5.264 to 5.320	<p><i>[Paragraphs 5.24 to 5.30 remain unchanged but renumbered as paragraphs 5.26 to 5.32.]</i></p>
5.331	<p>A Member in Public Practice shall keep Records in such a manner as to disclose clearly:</p> <p>(a) the details of all transactions involving Client Monies, including:</p> <ul style="list-style-type: none"> (i) details of all Client Monies paid direct to the Client, or to a third party nominated by the Client; (ii) details of all cheques received and endorsed by the Member for disbursement to the Client, or to a third party nominated by the Client; (iii) details of all electronic funds transfers of Monies received, and of Monies transferred direct to the Client, or to a third party nominated by the Client; and (iv) details of any errors in transactions involving Client Monies; <p>(b) the details and basis of calculation of all interest earned on Client Monies held in a Trust Account and that the interest has been applied by the Member in accordance with paragraph 5.134; and</p> <p>(c) the financial position of a Member's Trust Account and the Client Monies therein.</p>
5.342 to 5.353	<p><i>[Paragraphs 5.32 to 5.33 remain unchanged but renumbered as paragraphs 5.34 to 5.35.]</i></p>

Paragraph/Section Reference	Revisions
5.364	<p>A Member in Public Practice shall issue the statements referred to in:</p> <ul style="list-style-type: none"> (a) paragraphs 5.353(a) and 5.353(b) within 25 Business Days; (b) paragraph 5.353(c) within 30 Business Days of the Applicable Year-End Date or if the circumstances described in paragraphs 5.353(c)(i) and (ii) apply then an alternative reporting period not exceeding 90 Business Days from the Applicable Year-End Date; and (c) paragraph 5.353(d) within 5 Business Days.
6.9	<p>A<u>When</u> a Member in Public Practice who receives Client Monies that are not capable of being deposited into a Client Bank Account is required to comply with, the requirements of paragraphs 4.1 and 5.242 <u>apply</u>.</p>
8.10	<p>An Auditor of Client Monies shall report to the auditee's Professional Body within 10 Business Days of becoming aware of any material:</p> <ul style="list-style-type: none"> (a) failure by a Member in Public Practice to comply with paragraphs 5.153, 5.264, 6.2 or 6.10 of this Standard; (b) uncorrected error reflected in a statement issued by a Financial Institution; or (c) circumstances where Client Monies have not been transacted or maintained in accordance with this Standard.
Appendix 2	Example of a Reasonable Assurance Engagement Report¹ - Amended
Appendix 3	Example of a Limited Assurance Engagement Report² - Amended
Appendix 4	Amended