



Grant Thornton

Ms Kate Spargo
Chairperson
Accounting Professional and Ethical Standards Board
Level 7, 600 Bourke Street
Melbourne VIC 3000

By E-mail: sub@apesb.org.au

21 October 2010

Grant Thornton Australia Limited
ABN 41 127 556 389

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@grantthornton.com.au
W www.grantthornton.com.au

Dear Kate

EXPOSURE DRAFT ED 02/10 OF PROPOSED STANDARD: APES 230 FINANCIAL ADVISORY SERVICES

Grant Thornton Australia Limited (Grant Thornton) appreciates the opportunity to comment on the Accounting Professional and Ethical Standards Board's (APESB) ED 02/10 Proposed Standard APES 230, and we have separately contributed to the submission made by the accounting profession (Australian Public Policy Committee which is constituted by the 3 Australian accounting bodies and the seven major accounting firms that includes Grant Thornton).

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses.

Grant Thornton does not support the release of ED 02/10 APES 230 as an APES standard, and instead believe that ED 02/10 should be deferred until the Government's forthcoming 'The Future of Financial Advice' (FoFA) legislation is settled, to ensure that there are no significant inconsistencies between the legislation and APES 230 that have not been subject to careful consideration by both the Government and the accounting profession.

In particular:

- a Grant Thornton believes that the definitions of 'Client' and 'Financial Advice' are too broad and will capture advice that does not cover fiduciary relationships that have been subject to adverse public criticism. In particular it is clear that the forthcoming FoFA legislation that the Government has announced as a result of public criticism of commission based remuneration, will be much narrower, and this will stop on-going members of the accounting profession from continuing to provide high quality ethically based professional advice that adds value to clients and stakeholders, for no good reason. Examples of advice that we believe should

continue to be able to be provided by members include areas such as: advice to superannuation funds; asset allocation; taxation; valuations; business broking; insurance; real estate; and business structuring.

- b The 'Fiduciary Relationship' definition and application needs to be further considered as there does not necessarily need to be restrictions on remuneration, particularly when it is acceptable industry and business practice to charge on say a commission, asset basis, referral, and success fees by way of example, which have not been subject to any adverse public criticism, and consequently is not part of the proposed FoFA legislative response.
- c The proposed operative date of 1 July 2011 should be deferred so as to enable members to re-assess their business operations and membership of the accounting bodies. Our concern is that some current members will find the proposed requirements of APES 230 un-commercial and therefore resign their membership of the accounting bodies which will confuse the market place as most current members provide a professional and well accepted service to the public. We instead suggest that the operative date be tied in with the FoFA legislative timetable which at this time is intended to be from 1 July 2012. We also believe that as with any new standards, the APES 230 requirements should not be retrospective.

If you require any further information or comment, please contact me.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly
National Head of Professional Standards