Guidance for the completion of relevant documentation when applying the Conceptual Framework Approach. Consider

Section R120.5:

When applying the conceptual framework, the professional accountant shall:

1. Exercise professional judgment; section (120.5 A1 to 120.5 A3)
2. Remain alert for new information and to changes in facts and circumstances; and
3. Use the reasonable and informed third party test described in paragraph 120.5 A4.

The reasonable and informed third party test is a consideration by the professional accountant about whether the same conclusions would likely be reached by another party. Such consideration is made from the perspective of a reasonable and informed third party, who weighs all the relevant facts and circumstances that the accountant knows, or could reasonably be expected to know, at the time the conclusions are made. The reasonable and informed third party does not need to be an accountant but would possess the relevant knowledge and experience to understand and evaluate the appropriateness of the accountant’s conclusions in an impartial manner.

Section 120.11

The professional accountant shall form an overall conclusion about whether the actions that the accountant takes, or intends to take, to address the threats created will eliminate those threats or reduce them to an acceptable level. In forming the overall conclusion, the accountant shall:

1. (a) Review any significant judgments made or conclusions reached; and

(b) Use the reasonable and informed third party test.

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| **Steps to be taken:**1. **Identify threats** to compliance with the five fundamental principles
2. **Evaluate the threats** identified
3. **Address the threats** by eliminating or reducing them to an acceptable level.

**Fundamental principles to be considered:**1. Integrity
2. Objectivity
3. Professional Competence and Due Care
4. Confidentiality
5. Professional Behaviour
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| **Threats identified** | **Safeguards – describe or N/A** |
| Self-Interest |  |
| Self-Review |  |
| Advocacy |  |
| Familiarity |  |
| Intimidation |  |

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| Describe the relevant facts surrounding the issue on which a decision needs to be made? |
| Describe the ethical issues that you feel are involved here |
| Describe the fundamental principles that are involved in this issue |
| Describe the procedures that you followed to arrive at a decision |
| Set out alternatives that you have considered which may be available to address the ethical issue of concern |
| Your conclusion |

**Note:** Document also any discussion you have held concerning the resolution with relevant parties