

DRAFT IMPACT ANALYSIS FOR CURRENT TEXT SECTION 310

Current Standard	Proposed Change	Impact	Party Impacted	Direction & Magnitude	Duration of Impact
310.1 – A professional accountant in business shall comply with the fundamental principles. There may be times, however, when a professional accountant’s responsibilities to an employing organization and professional obligations to comply with the fundamental principles are in conflict. A professional accountant in business is expected to support the legitimate and ethical objectives established by the employer and the rules and procedures drawn up in support of those objectives. Nevertheless, where a relationship or circumstance creates a threat to compliance with the fundamental principles, a professional	This paragraph is deleted due to the guidance being covered elsewhere in the Code: Sentences 1 and 2 of the paragraph are already covered in sentence 1 of paragraph 100.5 of the Code[which states: “A professional accountant shall comply with the following fundamental principles:” – the fundamental principles are then listed.] Sentence 3 of the paragraph is covered by paragraph 300.4 of the Code [which states: “A professional accountant in business has a responsibility to further the legitimate aims of the accountant’s employing organization. This Code does not seek to hinder a professional accountant in business from properly fulfilling that responsibility, but	The deletion of the paragraph streamlines the Code for the professional accountant in business and all other users of the Code. The deletion creates efficiency for the user by removing guidance that is redundant.	Professional accountants in business and all others users of the Code.	Low impact – there are no new requirements as a result of the proposed change for professional accountants in business. Low impact – there is no other impact for all other users of the Code except for the streamlining of the Code.	Continuing

accountant in business shall apply the conceptual framework approach described in Section 100 to determine a response to the threat.	addresses circumstances in which compliance with the fundamental principles may be compromised.”]Sentence 4 of the paragraph is covered in paragraph 100.6 of the Code [which states: “The circumstances in which professional accountants operate may create specific threats to compliance with the fundamental principles... Therefore, this Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles.”]				
310.2 - As a consequence of responsibilities to an employing organization, a professional accountant in business may be under pressure to act or behave in ways that could create threats to compliance with the fundamental principles.	This paragraph is deleted due to the following reasons: Sentence 1 and the lead in sentence to the examples are a general description of pressure. Bullet points 1 and 2 are covered in Sections 130, Due Professional Care, and 150, Professional Behavior of	The deletion of the paragraph streamlines the Code for the professional accountant in business and all other users of the Code. The deletion creates efficiency for the user by	Professional accountant in business and all others users of the Code	Low impact – there are no new requirements as a result of the proposed change for professional accountants in business. . Low impact – there is no other impact for all other users of	Continuing

<p>Such pressure may be explicit or implicit; it may come from a supervisor, manager, director or another individual within the employing organization. A professional accountant in business may face pressure to:</p> <ul style="list-style-type: none"> • Act contrary to law or regulation. • Act contrary to technical professional standards. • Facilitate unethical or illegal earnings management strategies • Lie to others, or otherwise intentionally mislead (including misleading by remaining silent) others, in particular: <ol style="list-style-type: none"> 1. The auditors of the employing organization; or 2. Regulators • Issue, or otherwise 	<p>the Code. Bullet point 3 is covered in paragraph 320.4 of the Code which states: “Threats to compliance with the fundamental principles, for example, self-interest or intimidation threats to objectivity or professional competence and due care, are created where a professional accountant in business is pressured (either externally or by the possibility of personal gain) to become associated with misleading information or to become associated with misleading information through the actions of others.”</p> <p>Bullet points 4 and 5 are covered by Section 110, Integrity, which states: “The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships.” and</p> <p>“A professional accountant shall not knowingly be</p>	<p>removing guidance that is redundant in the Code.</p>		<p>the Code except for the streamlining of the Code.</p>	
---	--	---	--	--	--

<p>be associated with, a financial or non-financial report that materially misrepresents the facts, including statements in connection with, for example:</p> <ol style="list-style-type: none"> 1. The financial statements; 2. Tax compliance; 3. Legal compliance; or 4. Reports required by securities regulators. 	<p>associated with reports, returns, communications or other information where the professional accountant believes that the information</p> <ul style="list-style-type: none"> • Contains a materially false or misleading statement • Contains statements or information furnished recklessly; or • Omits or obscures information required to be included where such omission or obscurity would be misleading.” 				
<p>310.3 - The significance of any threats arising from such pressures, such as intimidation threats, shall be evaluated and safeguards applied when necessary to eliminate them or reduce them to an acceptable level. Examples of such safeguards include:</p> <ul style="list-style-type: none"> • Obtaining advice, where appropriate, from within the employing 	<p>This paragraph is deleted due to the fact that overall, the safeguards approach to any threat is thoroughly covered in Section 100 of the Code. Specifically, paragraphs 100.17 through 100.22 deal with ethical dilemmas and such threats and specifically mentions to seek legal advice or consulting with those charged with governance of an organization. Finally, paragraph 100.22 states that a professional</p>	<p>The deletion of the paragraph streamlines the Code for the professional accountant in business and all other users of the Code. The deletion creates efficiency for the user by removing guidance that is redundant in the Code.</p>	<p>Professional accountant in business and all others users of the Code.</p>	<p>Low impact – there are no new requirements as a result of the proposed change for professional accountants in business. . Low impact – there is no other impact for all other users of the Code except for the streamlining of the Code.</p>	<p>Continuing</p>

organization, an independent professional advisor or a relevant professional body. <ul style="list-style-type: none">• Using a formal dispute resolution process within the employing organization.• Seeking legal advice	accountant shall consider removing him or herself from the engagement team or organization if a conflict cannot be resolved. It should also be noted that “intimidation threats” as mentioned in paragraph 310.3 is also addressed in paragraph 320.4.				
--	--	--	--	--	--