

**Structure of the Code—General Redrafting Guidelines<sup>1</sup>****December 2014**

The following are general guidelines regarding redrafting of the Code. They have been prepared by IESBA Staff in connection with the project to improve the structure of the Code and are not intended to be comprehensive.

**I. General Matters Pertaining to the Structure of the Code Project**

1. Avoid changing meaning when redrafting unless approved by the Board.
2. Alert the Board to matters that the Task Force believes require Board decision, for example, whether a matter could potentially involve a substantive change that would go beyond the scope of the restructuring project.
3. The disposition of the material of the Code needs to be capable of being tracked. Generally, proposed changes should be shown by way of mark-up of the text. However, if the mark-up becomes incomprehensible, a table of concordance should be used (see Appendix).

**II. General Drafting Conventions****Introductory Section (Including Purpose Subsection)**

4. Include in the introductory section only that material which is necessary to clarify the purpose/context/scope of the section.
5. Avoid lengthy exposition of the topic in the introductory section to minimize the potential for confusion over the status of such material. Consider the following:
  - Can any material beyond what is necessary in the introductory paragraphs be subsumed in application material relating to a requirement?
  - Can it be included in a section in the application material, referenced from the general scope paragraph?

**Requirements (Including Prohibitions)**

6. Care is needed not to weaken the code by deleting existing requirements. However, a requirement may be considered for deletion if it is clearly unnecessary to the substance or understandability of the Code (for example, if it is already covered by another requirement). It may also be considered for deletion if it can be covered through cross referencing to the overarching requirements of the conceptual framework, provided that there is no loss of substance and specificity.
7. Limit inclusion of 'essential' explanatory material in the requirements section to those instances where it is necessary to clarify the scope of a requirement.

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<sup>1</sup> This set of guidelines is a working reference document for staff drafting purposes.

### **Application Material Drafting Points**

8. The main consideration related to the application material of the redrafted Code is whether any sentences or paragraphs need to be broken up or further streamlined (e.g., bullet points) to improve readability.
9. The present tense should not be used in the application material for actions that the professional accountant should take that are not otherwise mandated by pre-existing requirements.
10. Be careful not to extend a requirement within the application material. E.g., if a requirement says: "The professional accountant shall (do something)", and the application material says: "(Doing something) includes doing X, Y and Z." If it is important to the clarity of the requirement, then include it as part of the requirement. If it is strictly guidance, then use appropriate qualifiers (e.g., (Doing something) may include consideration of such matters as, for example...).
11. In order to avoid using the present tense consider the following:
  - If it simply paraphrases a new or existing requirement in the Code, is it needed at all, or can a cross reference suffice?
  - Can 'may' or 'for example' be inserted to highlight the action as a suggested or possible procedure? For example, "Given the exceptional nature of the circumstances, the professional accountant may consider it appropriate to seek legal advice when deciding whether to withdraw from an engagement..." or "Examples of matters that the professional accountant may consider include [X, Y, Z]."
12. Not all requirements need application material. However, in some cases, the development of guidance (even if only a few sentences) may be appropriate (particularly when something has been elevated as a requirement), provided that doing so does not represent a substantive change to the Code.

### **Cross-References**

13. Where relevant, reference requirements and related application material to each other.
14. Place cross references at the end of the paragraph, or at the end of a component of a requirement (that is, where a requirement has more than one component and there is application material related to that component, the cross reference should be made at that point; this also helps tighten the cross reference).

### **Definitions**

15. Consider whether a term needs to be included in the definitions section based on whether it is essential to the understanding of the Code. If so, include it in the definitions section.
16. Consider whether a term might be included in the "terms used in this section" paragraph if the term is intended to have a meaning that is different from its normally understood meaning.
17. Consider whether the wording is a definition or a description of what the term might include. A signal as to whether something is descriptive is when the section of the Code states that the [term] includes [this or that].
18. Repeating terms that are already included in a definition should be avoided. E.g., "those charged with governance" is sufficient and it is unnecessary to add "of the organization, such as a board of directors or the audit committee."

## **General**

19. Use “consider” when the professional accountant is required to think about several matters, or when it may be appropriate for the professional accountant to do so, but not necessarily to arrive at a particular determination.
20. Use “evaluate” when the professional accountant has to assess and weigh the significance of a matter.
21. Use “determine” when the professional accountant has to conclude and make a decision.
22. Whenever possible, use the active voice instead of the passive voice.
23. Use cross references to the conceptual framework to improve succinctness and avoid repetition of stock phrases.
24. Consider deleting or redrafting material to the extent substance and context are not lost; that is, avoid material that is unnecessarily discursive or duplicative of material elsewhere (e.g., consider replacing with a cross reference).
25. Consider whether a word is known to be difficult to translate and consider alternative wording or define.
26. Aspire to a reading grade for each section of the Code equivalent to not more than a university graduate level;<sup>2</sup> and consider whether long paragraphs/sentences can be split into two or more paragraphs/sentences; or whether the use of bullet points would assist in readability.
27. Use sub-lettering (e.g., (a), (b)) when expressing a complete list – this is usually the case when dealing with lists in the requirements section. Use bullet points when expressing a list that is not intended to be complete. This is usually the case when dealing with lists of examples in the application and other explanatory material section. Use sub-lettering/bullet points wherever possible.
28. Avoid using qualifiers in the application material relating to the activities of the professional accountant such as “ordinarily,” “generally,” “normally” and “usually” where these might create ambiguity as to whether they should form part of the requirements.
29. Defined terms should be colored blue and underlined the first time that they appear in each paragraph.
30. Terms which have a particular meaning explained within the Code are colored blue and underlined with a dotted underline the first time that they appear in each paragraph. For ease of reference, these terms are included within the definitions section with a cross reference to where the description first appears in the Code.
31. Terms which are explained at the beginning of each section are shown in blue, bold and underlined text the first time that they appear in each paragraph.
32. Avoid using:
  - The word “deem.”
  - Superfluous adjectives.
  - Archaic terms, e.g., herein, heretofore.

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<sup>2</sup> Staff will use available electronic analysis tools in conjunction with a plain English editor.

## **Formatting**

33. Heading styles to be used, starting from a main section heading (e.g., requirements), are as follows:

**12 Point, Bold (e.g., Requirements)**

**10 Point, Bold**

*10 Point, Italicized*

10 Point, Plain Text

10 Point, plain text

10 Point, indented plain text

## APPENDIX

### Table of Concordance

#### Restructured Code Illustrative Examples compared to 2014 Handbook

Restructured		2014 Handbook		Comments
000	.001			New
000	.002			New
000	.003			New
000	.004	100	.2	
000	.005			New
000	.006			New
000	.007	100	.2	
000	.008	100	.2	
000	.009	100	.3	
000	.010	100	.4	
000	.011	100	.11	
000	.012			New
000	.013			New
000	.014			New
000	.015			New
000	.016			New
000	.017			New
000	.018			New
000	.019			New
100	.000			New
100	.001	100	.1	First part of existing 100.1 included here/new purpose paragraph
100	.002			New purpose paragraph
100	.003	100	.1	Last part of existing 100.1 included here
100	.004	100	.10	
100	.005	100	.5	