Agenda Item
2-D.1

Revision of Part C, Phase 2— Proposed Sections 420 and 906
(Clean)

PART 4A – INDEPENDENCE FOR AUDITS AND REVIEWS

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Section 420
Gifts and Hospitality

Introduction

420.1   Firms are required to comply with the fundamental principles, be independent and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence.

420.2   Accepting gifts and hospitality from an audit client might create self-interest, familiarity or intimidation threats to compliance with the fundamental principles and threats to independence.

420.3   Section 420 sets out a requirement relevant to applying the conceptual framework to accepting gifts and hospitality from an audit client.

Requirement and Application Material

R420.4   In addition to complying with the requirements relating to the offering or accepting of inducements set out in Section 340, a firm, network firm or audit team member shall not accept gifts and hospitality from an audit client, unless the value is trivial and inconsequential.

Part 4B – INDEPENDENCE FOR OTHER ASSURANCE ENGAGEMENTS

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Section 906

Gifts and Hospitality

Introduction

906.1   Firms are required to comply with the fundamental principles, be independent and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence.

906.2   Accepting gifts and hospitality from an assurance client might create self-interest, familiarity or intimidation threats to compliance with the fundamental principles and threats to independence.

906.3   Section 906 sets out a requirement relevant to applying the conceptual framework to accepting gifts and hospitality from an assurance client.

Requirements and Application Material

R906.4   In addition to complying with the requirements relating to the offering or accepting of inducements set out in Section 340, a firm or an assurance team member shall not accept gifts and hospitality from an assurance client, unless the value is trivial and inconsequential.