

In this KLiP, we will continue with:

## 5. Financial Interests

Things to bear in mind by different parties when they hold financial interests in an entity.

A. Close family member	B. Other individuals
<p>A self-interest threat might be created if a team member knows that a close family member has a direct or material indirect financial interest in the assurance client.</p> <p>Factors to consider are:</p> <ul style="list-style-type: none"><li>- The nature of the relationship between the assurance team member and close family member.</li><li>- Whether the financial interest held is direct or indirect.</li><li>- The materiality of the financial interest.</li></ul> <p>Examples of actions to eliminate the threat include:</p> <ul style="list-style-type: none"><li>- Having the close family member dispose of, as soon as practicable all the financial interest or enough of them so that the remaining interest is no longer material.</li><li>- Removing the individual from the assurance team.</li></ul> <p>An example of an action that might be safeguard to address the threat is,</p> <ul style="list-style-type: none"><li>- Having an appropriate reviewer review the work of the assurance team member.</li></ul>	<p>A self-interest threat might be created if an assurance team member knows that the financial interest is held by an individual such as:</p> <ul style="list-style-type: none"><li>- Partners and professional employees of the firm or their immediate family member;</li><li>- Individuals with a close personal relationship with an assurance team member.</li></ul> <p>An example of an action to eliminate the threat is,</p> <ul style="list-style-type: none"><li>- Removing the assurance team member with personal relationship from the team.</li></ul> <p>Examples of actions that might be safeguards to address the threat include:</p> <ul style="list-style-type: none"><li>- Excluding the assurance team member from taking any significant decision concerning the engagement</li><li>- Having an appropriate reviewer review the work of the assurance team member.</li></ul>

With this we come to the end of the KLiP. We will discuss Loans and Guarantees, in the next KLiP.

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