

5 September 2011

Public Interest Entity to be defined in the Australian context

The Accounting Professional and Ethical Standards Board (APESB) is considering amendments to the definition of Public Interest Entities in APES 110 *Code of Ethics for Professional Accountants* (the Code) and the inclusion of Australian specific provisions.

The existing Code defines Public Interest Entities as listed companies or other entities that must conduct audits in compliance with the same auditor independence requirements as listed companies, in accordance with regulation or legislation.

The additional Australian provisions being considered would (i) deem that certain organisations subject to APRA's prudential standards are Public Interest Entities and (ii) require audit firms to determine whether other organisations should be treated as Public Interest Entities, taking into consideration the nature of the business, its size and the number of employees.

APESB Chair Kate Spargo said: "After issuing a consultation paper in June on the proposed amendments to the definition of Public Interest Entities, the Board received 12 submissions which were considered in the development of the proposed amendments.

"We feel it is important to also take the Australian context into account by providing guidance on Australian entities which are, or are likely to be Public Interest Entities.

"The use of a broader definition of Public Interest Entities would ensure all organisations with a significant public interest element would be subject to stricter auditor independence requirements such as mandatory partner rotation," said Ms Spargo.

The proposed amendments are currently at the exposure draft stage with comments invited by 10 October 2011. APESB aims to have any amended provisions relating to Public Interest Entities operating from 1 January 2013.

Details of how to provide a submission are available on the APESB website www.apesb.org.au

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Notes to Editors: The APESB is an independent body that sets the code of ethics and professional standards by which members of Australia's three professional accounting bodies are required to abide.