

Media Release

23 May 2007

Proposed amendment to 'network firms' exposure draft released for comment

The Accounting Professional & Ethical Standards Board (APESB) has released an exposure draft of a proposed amendment to the definition and application of 'network firms' in *section 290: Independence – Assurance Engagements of APES 110 Code of Ethics for Professional Accountants [the Code]*. This proposed change is in line with the latest version of the Code issued by the International Ethics Standards Board for Accountants (IESBA).

According to the new definition, a firm will be considered part of a 'network' when there is a larger structure aimed at co-operation and one or more of the following facts and circumstances apply:

- profit or cost sharing among the firms
- share common ownership, control or management
- common quality control policies and procedures
- common business strategy
- use of a common brand name
- sharing of significant part of professional resources.

Mr Stuart Black, member of the APESB, said that introducing more rigorous definition around the term 'network' is in the public interest as it will give confidence of auditor independence, which in turn bolsters public confidence in accounting and auditing processes.

The exposure draft can be downloaded from the APESB website www.apesb.org.au. Printed copies are available on request. Comments are requested by 31 August 2007 and can be emailed to sub@apesb.org.au or mailed to:

The Manager
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The APESB is responsible for setting the Code of Ethics and professional standards with which members of CPA Australia, the Institute of Chartered Accountants in Australia (ICAA), and the National Institute of Accountants (NIA), are required to abide.

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