

Ms Kate Spargo  
The Chairperson  
Accounting Professional & Ethical Standards Board  
Level 7, 600 Bourke Street  
Melbourne VIC 3000

PricewaterhouseCoopers  
ABN 52 780 433 757

Darling Park Tower 2  
201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Telephone +61 2 8266 0102  
Facsimile +61 2 8286 0102  
www.pwc.com/au

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Dear Kate

**Proposed Revision of APES 110 Code of Ethics for Professional Accountants**

Thank you for the opportunity to comment on the Accounting Professional and Ethical Standard Board's ("APESB") consultation paper on the proposed revision of *APES 110 - Code of Ethics for Professional Accountants*.

**General Principle**

As a general principle, we believe that minimal changes should be made to global standards so as to avoid unnecessary complexity. As the revised code of Ethics for Professional Accountants issued by the International Federation of Accountants has been through a lengthy and extensive international consultation process, we believe there should be no changes to the global standard other than those where there is a compelling public interest reason.

**Response to questions posed in consultation paper**

*Question 1*

**(a) Mixture of mandatory requirements and guidance - In accordance with drafting conventions, should the revised APES 110 be formatted so that mandatory requirements appear in separate paragraphs to guidance?**

We believe that given the nature of the standard, there will be practical challenges in splitting the global standard into mandatory requirements and supporting guidance.

The splitting of the standard into mandatory and guidance sections will mean that the standard will not align with the global standard in terms of content and presentation. This may cause confusion for international readers of the Australian standard. This will also add complexity for accountants working with an international client base.

We accept that not to split the revised standard into mandatory and guidance sections will be inconsistent with other standards issued by the APESB however, this of itself, may not be sufficient to justify changing a recognised global standard.

*Question 1*

- (b) Defined terms – should the revised APES 110 use IFAC defined terms, used defined terms tailored to the Australian environment, or, where applicable, use defined terms which are consistent with those used in Australian Auditing Standards?**

We believe that the revised APES 110 should use the IFAC defined terms without any tailoring to the Australian environment unless there is a regulatory requirement to do so. As indicated above the level of change to the global standard should be minimised to avoid unnecessary complexity.

*Question 1*

- (c) Capitalisation of defined terms – should defined terms be differentiated from non-defined terms by capitalising defined terms in the revised APES 110?**

We believe that some readers of the revised APES 110 may find the capitalisation or bolding of defined terms useful.

*Question 1*

- (d) Definition of “public interest entity” – should the revised APES 110 use the IFAC definition or “public interest entity” or provide guidance on the application of the IFAC definition in the Australian context or redefine this term in the Australian context?**

For the reasons outlined earlier in this letter we believe that the revised APES 110 should adopt the IFAC definition. It may be appropriate to issue guidance on the factors to take into account when deciding whether an entity is a “public interest entity” under (b) of the definition after consultation with the various stakeholders.

Rather than delay the re-issue of APES 110 this guidance could be issued outside the standard setting process.

*Question 2*

- Should specific references to the Corporation Act 2001 and Australian Auditing Standards be incorporated into the revised APES 110 where relevant?**

We do not believe that it is necessary to include references to the Corporations Act 2001 in the revised APES 110 as this information is readily available elsewhere.

Based on our prior experience, the inclusion of the Corporations Act 2001 requirements in the standard may give rise to an inconsistency where there is a delay in making changes to APES 110 when changes are made to the Corporations Act. It also raises the question as to why other independence requirements e.g. APRA requirements are not also included in APES 110.

As there is convergence between Australian and International Auditing Standards we believe that it is not necessary to include any references to Australian Auditing Standards in the revised APES 110.

*Question 3*

**Do you believe sections 290 and 291 should be presented in their current form in the revised APES 110 or should they be restructured to remove duplication where possible?**

We believe that sections 290 and 291 should be presented in the current form (i.e. two separate and fully contained sections) so that users of the revised standard understand fully the applicable independence requirements. To remove “duplication” in the revised APES 110 will mean that independence requirements pertaining to a particular type of engagement are dispersed throughout the revised APES 110 which increases the risk that a reader may not fully understand the extent of the applicable independence requirements.

We look forward to the board issuing an exposure draft of the revised APES 110 and welcome the opportunity to be involved in the consultation process.

In the meantime please do not hesitate to contact me if you require any further information.

Yours faithfully

*Niamh Scanlon*

Niamh Scanlon  
Partner