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Dear Mrs O'Sullivan

Consultation on amendments to the APB Ethical Standards for Auditors

We welcome the opportunity to respond to the APB's consultation on proposed amendments to the APB Ethical Standards for Auditors.

Tax services provided on a contingency fee basis

We welcome the proposed extension of the transitional period to 31 December 2014.

Whilst this extension may provide enough time for the historic claims to which the contingent fees relate to be finally determined, and for the related fees either to crystallise or lapse, there is no guarantee that this will be the case as this is outside the control of taxpayers and their advisers. We therefore suggest that the APB should revisit this matter towards the end of 2013 so that the merits of a further extension may be considered by the Board.

Disclosure of auditor remuneration regulations

We welcome the considerable simplification of the illustrative template.

We recognise that the item "Non-audit services in respect of the audited entity provided to a third party" was included in the illustrative template in the Appendix to the December 2010 version of ES 1. We acknowledge that the audit partner is required to consider the implication of those fees when considering auditor independence. However, on reflection we have significant concerns about the inclusion of this line item, which is additional to the disclosures required by the draft regulations, in the illustrative recommendations. Our reasons are as follows

- The fees for services provided to a third party in respect of an audited entity have no relevance to the accounts of that entity.
- The existence of the services to which the fees relate may be commercially confidential, for example if transaction-related services were provided in respect of an audited entity's financial information to a prospective acquirer of that entity and

the transaction did not proceed. Similar confidentiality considerations will also be relevant if such services continue to be provided to a third party in respect of an audited entity at the time that the audit firm is required to report fee information to that entity.

- The fee arrangements for services to a third party are commercially confidential between the audit firm and the third party, even if services in respect of an audited entity were (or are being) provided to the third party with the full knowledge of the audited entity.

We therefore believe strongly that the APB should not recommend the disclosure of this information and that the line item should be deleted from the revised illustrative template.

Should you require any clarification or explanation of this response, please contact Peter Rowley (0207 728 2725 or at peter.m.rowley@uk.gt.com).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Peter Rowley', is written over a faint, light blue circular watermark logo.

Grant Thornton UK LLP