

**MUTUAL
RECOGNITION AGREEMENT**

Recommended by

CPA AUSTRALIA

and

The U.S. International Qualifications Appraisal Board

Representing

**The National Association of
State Boards of Accountancy**

and

**The American Institute of
Certified Public Accountants**

Mutual Recognition Agreement

Introduction

The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have jointly established the United States International Qualifications Appraisal Board (U.S. IQAB) to eliminate impediments to reciprocity by serving as the link between the public accounting profession in the United States and the accounting profession in countries seeking mutual recognition of accounting qualifications.

The U.S. IQAB and CPA Australia have achieved consensus on principles of reciprocity to be recommended to CPA Australia and to the individual U.S. State Boards of Accountancy. The recommendations which follow have been approved by the Boards of Directors of NASBA, the AICPA, and CPA Australia.

CPA Australia is empowered to issue the Certified Practising Accountant (CPA) designation to qualified members. The United States has 55 jurisdictions, and their State Boards of Accountancy or their equivalents in each jurisdiction are legislatively empowered to grant the Certified Public Accountant (CPA) designation and license to practice accountancy, subject to the laws and regulations in each jurisdiction. To promote reciprocity, the U.S. IQAB and CPA Australia recommend the adoption of the following principles for the mutual recognition of the Australian CPA and United States CPA designations.

Basis of Recognition

Education, examination, and experience are the principal elements considered in granting the Australian CPA and United States CPA designations to perform the attest function. For CPA Australia, qualifications as a Certified Practising Accountant include the candidate's completion of 1) an approved undergraduate degree accredited by CPA Australia; 2) Completion of the CPA program encompassing three compulsory core segments and three of nine elective segments; and 3) three years of experience supervised by another CPA or member of another body holding equivalent status in Accounting and/or Finance. In the United States, the educational and experience requirements vary among jurisdictions, with all jurisdictions requiring the successful completion of the Uniform CPA Examination.

A member of CPA or FCPA status of CPA Australia in good standing with CPA Australia shall qualify for reciprocity in the United States. This condition explicitly excludes members of CPA or FCPA status of CPA Australia who have obtained their membership through reciprocity granted by CPA Australia.

The U.S. IQAB has reviewed the educational requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the CPA designation in Australia. CPA Australia has reviewed the educational requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the CPA designation in the United States. The following paragraphs set forth the equivalency in each of the three areas of education, examinations, and experience.

Education

The Parties agree that Australian CPAs who hold a three-year baccalaureate degree with an approved major in accounting or a three-year baccalaureate nonaccounting degree with completion of an approved graduate conversion course in accounting, either qualification having been obtained at a university accredited by CPA Australia, plus completion of the CPA Program, shall be considered to have satisfied an education requirement equivalent to the 150-hour education requirement as defined in the Uniform Accountancy Act, Article 5, Rules 5-1 and 5-2, Third Edition, Revised. Such individuals should, therefore, be considered to have satisfied the educational requirements necessary to receive full reciprocity in the U.S. jurisdictions.

The Parties further agree that United States CPAs who have successfully completed a baccalaureate degree at an accredited institution combined with a concentration in accounting or a 150-hour educational requirement as defined by the Uniform Accountancy Act, Article 5, Rules 5-1 and 5-2, Third Edition, Revised, be considered to have satisfied the educational requirements for full reciprocity in Australia.

Examinations

The Parties agree that Australian CPAs who have successfully completed CPA Australia's CPA Program which included the Auditing module and United States CPAs who have successfully completed the U.S. Uniform CPA Examination should not be required to complete the other jurisdiction's examination in order to achieve the professional designation of the jurisdiction into which entry is being sought.

All applicants for reciprocity shall, however, be required to pass an examination or examinations designed to assure that applicants have satisfactory knowledge of relevant local and national legislation, standards and practices in the jurisdiction being entered.

The U.S. IQAB or such other body as the U.S. IQAB may designate from time to time, should periodically review the CPA Australia examination segments including the body of knowledge to be tested, the policies and procedures for its construction, administration, security and oversight to provide assurance to State Boards of Accountancy that the Australian CPA examinations can be relied upon as an appropriate test of the qualifications of Australian CPA candidates. CPA Australia's Professional Education Board or such other body as may be designated from time to time, should complete similar reviews of the U.S. Uniform CPA Examination including the body of knowledge to be tested, the policies and procedures for its construction, administration, security and oversight to provide a similar assurance to CPA Australia that the Uniform CPA examination is an appropriate test of the qualifications of CPA candidates.

Experience

The Parties agree that the completion of a minimum period of accounting experience within the U.S.A. as a requirement for original CPA qualification within the jurisdictions of the United States or within CPA Australia's Mentor Program as a requirement for CPA Australia's CPA qualification will be prescribed as a condition for receiving reciprocity in the Australian or U.S. jurisdiction(s) into which entry is sought.

Ordinarily, the amount and nature of accounting experience must be equivalent to the experience requirement of the jurisdiction granting the reciprocal designation and in Australia must have been obtained under the supervision or direction of an Australian CPA or by a member of another body holding equivalent status, or in the United States in the jurisdiction granting the reciprocal designation. If either the amount or nature of the accounting experience acquired by an applicant in the jurisdiction of original designation does not meet the requirements of the jurisdiction granting the reciprocal designation, the applicant may be permitted to complete prescribed supervised relevant accounting experience in the jurisdiction into which entry is sought before becoming eligible to receive the applicable Australian CPA or United States CPA designation.

Expiration

This agreement shall be in force for a period of five years from the date of consummation and may be renewed or extended through mutual agreement of the Parties.

Termination

The Parties may withdraw their consent to the agreement for just cause.

Berta v. Paddis

On behalf of the U.S. International
Qualifications Appraisal Board

[Signature]
On behalf of CPA Australia

10/28/05

Date

5/12/05

Date