FRA NEWS

No.6/2012

Welcome to this issue of 'TNR FRA News'. Financial Reporting and Auditing (FRA) News ('FRA News') provides partners, staff and clients with a 'heads up' of contemporary financial reporting, auditing and corporate governance developments on a monthly basis. FRA News contains items requiring immediate consideration (**Need to Know**), whereas other items are for general information (**Nice to Know**).

FRA News is prepared by Colin Parker, Principal, GAAP Consulting, and former member of the Australian Accounting Standards Board (2006-2009) with the input of staff of GAAP.com.au Pty Ltd.

In this FRA News, your attention is drawn to the following developments:

Need to know:

- ASIC's Targets for 30 June 2012 Financial Reports
- Revised Valuation Services Standard Issued
- Corporations Legislation Amendment (Audit Enhancement) Act
- Government Amendment to Clarify Shareholder Voting on Executive Pay

Nice to know:

- AASB June Meeting Highlights
- New Form of AFS Licence for Accountants
- IASB Revised Work Plan
- ACNC Taskforce Implementation Report Released
- Shorter PDS Regime Guidance and Relief
- SMSF Auditor Registration
- Improving the Auditor's Report

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Liability limited by a scheme approved under Professional Standards Legislation

ASIC's Targets for 30 June 2012 Financial Reports

Nice to know (Continued):

- Assurance Engagements on Greenhouse Gas (GHG) Statements
- APESB May Meeting Highlights
- Charities Maritime and Aviation Support Program
- Exploring Corporate Treasury – ICAA Paper
- New Guidance to Improve Internal Control
- Managing Complexity in Financial Reporting

"Directors and auditors should focus particularly on: revenue recognition and expense deferral policies; asset values and the disclosure of assumptions; off-balance sheet arrangements; going concern assessments; and disclosures of useful and meaningful information for investors and other users."

ASIC released the results of its reviews of financial reports for years and half-years ended 31 December 2011 and announced its targets for 30 June 2012 financial reports.

Directors and auditors should focus particularly on: revenue recognition and expense deferral policies; asset values and the disclosure of associated assumptions; off-balance sheet arrangements; going concern assessments; and disclosures of useful and meaningful information for investors and other users.

ASIC's reviews at 31 December 2011 covered 120 financial reports of listed entities and those unlisted entities with larger numbers of users. ASIC has made enquiries of a number of entities and a number of material adjustments have been made. ASIC's 12 focus areas for 30 June 2012 financial reports are:

- **Revenue recognition, expense deferral and other comprehensive income:** Directors and auditors should review the revenue recognition policies to ensure that revenue is recognised in accordance with the substance of the underlying transaction and expenses should only be deferred where there is an asset. It is important to ensure that items of income and expense are appropriately allocated between the profit and other comprehensive income;
- **Asset valuations:** Directors should carefully consider asset values and the appropriateness of underlying assumptions, particularly in the context of current economic conditions. A particular focus for ASIC will be companies with substantial assets held in emerging economies. Disclosure of the key assumptions and associated sensitivity analysis require particular attention;
- **Asset valuations – carbon tax:** Entities impacted by the introduction of the carbon tax from 1 July 2012 will need to take this into account when performing their impairment testing of non-current assets;
- **Asset valuations – MRRT:** The minerals resource rent tax will also impact a number of entities from 1 July 2012. Entities affected will need to ensure they obtain the necessary asset valuations if they adopt the market approach to the starting base allowance. Entities adopting this approach will also need to ensure they correctly account for any resultant changes in their deferred tax balances;
- **Off-balance sheet arrangements:** Directors should carefully review the treatment of off-balance sheet arrangements, particularly where the entity has the right to obtain the majority of the benefits of any special purpose entity's activities or any assets transferred to another entity, and who is exposed to the majority of risks. Where arrangements remain off balance sheet, the details of the arrangements and any exposures should be disclosed, together with the reasons why they are not on balance sheet;
- **Going concern:** Directors need to be realistic in their assumptions about the entity's future prospects. Where an entity is assessed to be a going concern, but significant uncertainty exists, the entity must ensure that its financial report adequately discloses the uncertainty and why the directors consider the entity to be a going concern. Directors should continue to review their company's ability to refinance maturing debt and compliance with loan covenants. Auditors should carefully consider their reporting obligations to ASIC where they issue a qualified audit opinion regarding going concern;

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ASIC's Targets for 30 June 2012 Financial Reports (Continued)

- **Current vs. non-current classifications:** Directors should focus on the classification of the entity's assets and liabilities between current and non-current. They should ensure that appropriate systems are in place, have regard to loan maturities and lending covenant breaches, and ensure that the classification is consistent with accounting standards and their understanding of the business;
- **Estimates and accounting policy judgements:** Directors should review the disclosures in the 30 June 2012 financial report to ensure the necessary disclosures are made and are specific to the assets, liabilities, income and expenses of the entity;
- **Financial instruments:** Directors should focus on financial instrument disclosures in particular, then ageing analysis of financial assets that are past due but not impaired, an analysis of impaired financial assets, the methods and significant assumptions used to value financial assets for which there was no observable market data;
- **New accounting standards:** AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements' and AASB 12 'Disclosure of Interests in Other Entities' apply for the first time to financial reporting periods beginning on or after 1 January 2013. For entities with a 30 June year end, the balance sheet at 30 June 2012 will form the opening balances of the first comparative period to which these standards will apply. Entities should be well advanced in determining the impact of these standards and are required to disclose these impacts in their 30 June 2012 financial reports in accordance with AASB 101 'Presentation of Financial Statements';
- **Operating and financial review (OFR):** Directors should ensure that the OFR complies with the law. The director's report of a listed entity must contain information that members of the entity would reasonably require to make an informed assessment of the operations and financial position of the entity, and, except where likely to result in unreasonable prejudice to the entity, business strategies and prospects for future financial years; and
- **Non-IFRS financial information disclosures:** Directors should continue to review non-IFRS financial information disclosures against RG 230 'Disclosing non-IFRS financial information' (December 2011).

Revised Valuation Services Standard Issued

APESB issued a revised APES 225 'Valuation Services' standard that incorporates minor revisions to provide additional guidance to practitioners in respect of the three types of valuation services engagements, particularly the difference between a full scope valuation engagement and a limited scope valuation engagement.

The revised APES 225 will be operative for engagement commencing on or after 1 September 2012 with early adoption permitted.The revised APES 225 will also see the introduction of new professional obligations with respect to engagement terms, which will require members to include in their engagement letters:

- Definitions of the three different types of valuation services engagements and the identification of the type of valuation service engagement the member is performing;
- The relevant limitations of the valuation services engagement; and
- A statement that the engagement will be conducted in compliance with APES 225.

A schematic diagram and new examples have been developed to provide additional guidance for accountants on how to distinguish between different types of valuation services engagements.

Corporations Legislation Amendment (Audit Enhancement) Act

The Corporations Legislation Amendment (Audit Enhancement) Act implements important amendments to Australia's audit quality framework. The Act:

- Allows directors the flexibility to extend the five-year auditor rotation period by up to two years, provided auditor independence and audit quality can be maintained;
- Requires the publication of a transparency report by individual auditors and audit firms that audit more than ten significant entities in a year, thereby ensuring that factual information is publicly available about firms who audit listed and other publicly important entities such as banks and insurance companies; and
- Amends the role of the Financial Reporting Council regarding auditor independence, replacing it with a strategic policy role of advising the Minister and professional accounting bodies on audit quality in Australia.

Where ASIC believes an audit firm has not taken appropriate remedial action to remedy a failure to comply with relevant auditing standards, codes of conduct, or requirements under the Corporations Act 2001, the Act allows ASIC to publish audit deficiency reports.

In appropriate cases, the Act also allows ASIC to communicate its concerns directly with an audited company.

The Federal Government also released draft Regulations for public comment, which specifies the contents of annual transparency reports for auditors.

The Regulations prescribe the contents of annual transparency reports for audit firms or authorised audit companies, and operate in conjunction with the Corporations Legislation Amendment (Audit Enhancement) Act.

Amendment to Clarify Shareholder Voting on Executive Pay

The Federal Government has acted on the issue of undirected proxies in the shareholder vote on remuneration with the passage of amending legislation by Parliament. Last year, the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 was passed to strengthen Australia's remuneration framework.

One of the reforms under the Act addressed conflicts of interest by prohibiting key management personnel and their closely related parties from voting on remuneration matters.

An exception was provided to allow the chair of an annual general meeting to vote undirected proxies where the shareholder provides informed consent for the chair to exercise the proxy.

The Government's intention on this matter is clearly set out in the Act and its associated material; however there was some confusion as to whether this exception also applied to the non-binding vote on remuneration.The amendment clarifies the matter in time for the upcoming AGM season.

The amendment clarifies that the chair of an AGM will be able to exercise undirected proxies for the non-binding remuneration vote, where a shareholder provides their express authorisation to the chair in accordance with the requirements of the ASX Listing Rules for meetings.

AASB June Meeting Highlights

Highlights of 6-7 June meeting of the AASB included:

- **Disclosures on Transition to AASB 9:** A ballot draft of the Amending Standard will be voted on out-of-session voting;
- **Revision of AASB 1048 Interpretation of Standards:** Considered a draft revised version of AASB 1048, amended to refer to AASB and UIG Interpretations that are mandatory for periods ending on or after 30 June 2012; decided to reissue AASB 1048 and to vote out-of-session;
- **Income from Transactions of NFP Entities:** Decided that the comment period for the forthcoming ED should not exceed four months;
- **Control in the NFP Public and Private Sectors:** Decided to finalise the draft ED out of session;
- **Financial Reporting Implications of a Carbon Tax:** Continued its discussion of the financial reporting implications of the carbon pricing mechanism for both emitter entities and the Commonwealth Government during the fixed price phase. The staff papers are intended to draw out for constituents various financial reporting issues that may arise during the fixed price phase and possible accounting treatments in respect of those issues based on current Australian Accounting Standards. The papers will be published on the AASB website;
- **General Hedge Accounting:** Decided to notify constituents of the release of the forthcoming IASB staff 'fatal flaw' draft IFRS for general hedge accounting via an AASB website alert, and to place the IASB staff draft on the AASB website;
- **Financial Reporting by Superannuation Entities:** Considered comments received through submissions on ED 223 'Superannuation Entities';
- **Not-for-Profit Entities within the General Government Sector:** Considered Part 2 of the collation of comments on ED 212;
- **Related Party Disclosures by NFP Public Sector Entities:** Reviewed the submissions on ED 214 'Extending Related Party Disclosures to the Not-for-Profit Public Sector';
- **Recently Approved Documents:** Since its April meeting, approved ED 225 'Annual Improvements to IFRSs 2010 – 2012 Cycle'; and
- **Next Meeting (25-26 July):** Anticipated agenda topics include: Not-for-Profit Entities within the General Government Sector; Related Party Disclosures by NFP Public Sector Entities; Service Concession Arrangements – Grantors; Income from Transactions of NFP Entities; Superannuation Entities; Financial Instruments, including hedge accounting; Income Tax – Substantive Enactment; Revenue from Contracts with Customers; Leases; IASB ED 'Annual Improvements 2010-2012'; and IPSASB ED 'Financial Statement Discussion & Analysis'.

New Form of AFS Licence for Accountants

Minister for Financial Services and Superannuation Bill Shorten announced a new form of financial advice licence that will significantly increase the availability of financial advice for all Australians.

The new limited Australian Financial Services Licence is expected to see up to 10,000 accountants become licensed and able to provide a much broader range of financial advice than they were previously able to.

In addition to being able to advise on self-managed superannuation (SMSF) funds and superannuation generally, licence holders will be able to give "class of product advice" on basic deposit products, general and life insurance, securities, and simple managed investment schemes.

The new licence does not allow specific product recommendations but is designed to enable accountants and any financial advisers who may hold this licence to provide more strategic and low-cost forms of financial advice. A streamlined transition period that will be available for accountants between 1 July 2013 and 1 July 2016.

These arrangements will make it easier for accountants to transition into the AFSL regime in recognition of their existing professional qualifications.

IASB Revised Work Plan

The IASB released a revised work plan updated the expecting timing of various due process steps in its projects; this will impact Australian reporting entities. A number of expected timing of some projects has been deferred or clarified, and the IASB has formally added a project on IAS 8 'Operating Segments' effective date and transition methods. The following is a summary of the changes in the revised work plan (1 June 2012):

- **Limited reconsideration of IFRS 9 (classification and measurement):** The target date for the exposure draft is now expected in the fourth quarter of 2012 (previously second half of 2012);
- **Micro hedge accounting:** The target date for Discussion Paper rather than an Exposure Draft remains the second half of 2012;
- **Annual improvements 2010-2012:** The target completion date for this cycle of annual improvements (exposure draft recently issued) is the first quarter of 2013; and
- **Investment entities:** A target completion date for the finalised IFRS on the proposed exemption from consolidation for certain investment entities is the second half of 2012.

The work plan confirms the following milestones are expected to be reached by the end of June:

- **Agenda consultation:** Release of a Feedback Statement;
- **General hedge accounting:** Review draft of finalised IFRS;
- **IFRS 10 (Consolidations) transition guidance:** Finalised amendment; and
- **Post-implementation review of IFRS 8:** Release of a Request for Information.

The leasing proposals are set for re-exposure in the fourth quarter of 2012; the IASB is currently considering submissions on revenue which is expected to continue into 4th quarter.

ACNC Taskforce Implementation Report Released

In her first act as the Australian Government's nominee as Commissioner of the Australian Charities and Not-for-profits Commission (ACNC), Susan Pascoe AM released the 'ACNC Taskforce Implementation Report'.

The report outlines five key action areas that will underpin the ACNC's functions: registering entities; developing a reporting framework (report-once, use-often); going online (one-stop shop); helping charities and the public (guidance and education) and; engaging with stakeholders.

The report set out details of the new registration process and provided information on the introduction of a 'charity passport'.

The charity passport will be a set of data on individual charities that the ACNC will collect under registration and reporting requirements so that charities will only have to report that data once.

The 'passport' will be found on an online register with various 'viewing' or 'clearance' levels, according to the report.

It is expected the ACNC legislation will be introduced this year with the new Commissioner taking office effective from 1 October 2012.

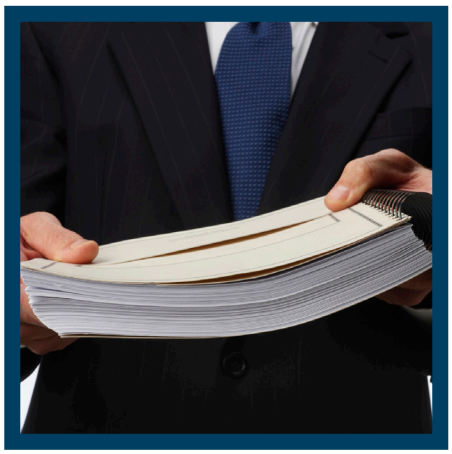
The ACNC will be operating as an independent statutory body located in Melbourne.

The Commissioner will initially be responsible for:

- Determining charitable and public benevolent institution status for all Commonwealth purposes;
- Providing education and support to the sector;
- Beginning the implementation of a 'report-once, use-often' general reporting framework for charities; and
- Establishing a public information portal with a searchable database on charities.

The appointment of Ms Pascoe now completes the ACNC leadership team who comprise: David Locke, Assistant Commissioner, Charity Services; Murray Baird, Assistant Commissioner, General Counsel; Jennifer Dobell, Director Business Services; Rachel Smith, Director Advice Services; Jan Sharrock, Director Communications; Sallyann Stonier, Director Registration; Shirley Southgate, Director Legal and Accounting; Andrew Sealey, Director Compliance; Sue Woodward, Director Policy and Education; and Jon Reid, Chief Accountant.

Shorter PDS Regime Guidance and Relief



ASIC issued guidance to assist issuers of superannuation products and simple managed investment schemes comply with the shorter product disclosure statement (PDS) regime.

The shorter PDS regime commenced fully on 22 June 2012 and is designed to make PDSs shorter and simpler, and help consumers compare financial products more easily.

Issuers of new products have been required to comply with the regime since 22 June 2011 and other product issuers have been able to voluntarily opt-in.

ASIC has published 'Shorter PDSs: Complying with requirements for superannuation products and simple managed investment schemes' (INFO 155) to provide concise guidance for industry on technical issues related to implementation of the new shorter PDS regime.

ASIC has also updated 'Shorter PDS regime: Superannuation, managed investment schemes and margin lending (INFO 133)' to reflect the amendments to the transition period implemented by the Corporations Legislation Amendment Regulations 2011 (No.2).

ASIC will also provide interim class order relief from the shorter PDS regime for multifunds, superannuation platforms and hedge funds. This relief only comes into effect once the class order has been registered.

The relief in Class Order [CO 12/749] means that issuers of these products will remain subject to the disclosure provisions under Chapter 7 of the Corporations Act.

This relief is for an interim period only pending a future Government decision on the appropriate regulation of these products.

ASIC's relief applies on an interim basis for 12 months, and may be reviewed earlier upon the making of regulations by Government.

To reflect the new shorter PDS regime, ASIC has updated:

- **Regulatory Guide 91 'Horse racing and breeding schemes':** RG 91 relates to horse racing and breeding schemes and the shorter PDS regime does not apply as these schemes do not fall within the definition of a simple managed investment scheme;
- **Regulatory Guide 160 'Time-sharing schemes':** RG 160 explains our approach to regulating time-sharing schemes under the Corporations Act. The shorter PDS regime does not apply as these schemes do not fall within the definition of a simple managed investment scheme; and
- **Regulatory Guide 173 'Disclosure for on-sale of securities and other financial products':** RG 173 explains our approach to granting relief from the on-sale of securities and other financial products provisions in the Corporations Act.

SMSF Auditor Registration

The Minister for Financial Services and Superannuation Bill Shorten announced further details of SMSF auditor registration.

Auditors will need to meet the following requirements to be registered as an SMSF auditor:

- Hold a tertiary accounting qualification that includes an audit component or have successfully completed study in audit as part of a professional accounting body program;
- Meet a fit and proper test;
- Hold professional indemnity insurance;
- Have 300 hours of SMSF audit experience in the three years prior to registration, subject to transitional arrangements; and
- Pass a competency exam, subject to transitional arrangements.

Auditors will be able to apply for registration from 31 January 2013. All auditors must be registered with ASIC by 1 July 2013 to conduct SMSF audits after this time. **Continued page 8**

SMSF Auditor Registration (Continued)

Auditors required to sit the competency exam will be able to do so from 1 July 2013 and will have until 30 June 2014 to complete the exam and become fully registered. The competency exam will be developed by the ASIC in consultation with industry.

Transitional arrangements have been developed for existing SMSF approved auditors to give recognition to highly experienced, competent auditors.

Auditors who sign off 20 or more audits in the 12 month period prior to applying for registration will not be required to sit a competency exam to become registered as an SMSF auditor.

Additionally, existing SMSF auditors who have signed off an SMSF audit within a 12 month period will be exempt from the hours based experience requirement when registering.

Registered auditors will be required to meet ongoing professional obligations including: undertaking a minimum amount of Continuing Professional Development training every three years; complying with APES 110 – Code of Ethics for Professional Accountants.

Improving the Auditor's Report

The International Auditing and Assurance Standards Board (IAASB) issued a key milestone consultation document in its work to enhance the communicative value of the auditor's report on financial statements. The IAASB's 'Invitation to Comment: Improving the Auditor's Report' sets out the indicative direction of the board's future standard-setting proposals to improve how and what auditors report in accordance with International Standards on Auditing (ISAs). The ITC features a revised auditor's report that illustrates the application of the IAASB's suggested improvements. The ITC also provides the IAASB's rationale for the suggested improvements, together with a discussion of their potential value and impediments, and in what areas feedback is sought. The Invitation to Comment includes the following key proposals:

- **Auditor commentary:** Additional information would be included in the auditor's report to highlight matters that, in the auditor's judgement, are likely to be most important to users' understanding of the audited financial statements or the audit. This information would be required for public interest entities (PIEs);
- **Going concern:** The auditor's report would contain the auditor's conclusion on the appropriateness of management's use of the going concern assumption in preparing the financial statements and an explicit statement as to whether material uncertainties in relation to going concern have been identified. The report would also include a description of management's responsibilities with respect to going concern;
- **Other information included with the financial statements:** The report would have an auditor statement as to whether any material inconsistencies between the audited financial statements and other information have been identified based on the auditor's reading of other information, and specific identification of the information considered by the auditor; and
- **Other matters:** Further suggestions to provide clarity and transparency about audits performed in accordance with ISAs, including the ordering of the items in the auditor's report (prominently displaying the auditor's opinion), disclosure of the engagement partner's name in the auditor's report, an explicit statement of compliance with relevant ethical requirements, disclosure about the involvement of other auditors in the audit, enhancements to the description of the auditor's responsibility to explain more fully the concept of a risk-based audit and address fraud, internal control and other matters.

At the heart of the suggested improvements is the need for transparency on matters specific to the audited financial statements and the audit that was performed. A proposed new section in the auditor's report, "Auditor Commentary," is envisaged to be the mechanism by which auditors may call attention to matters that are, in the auditor's judgment, likely to be most important to the users' understanding of the audited financial statements or the audit. There are also suggested improvements with respect to new statements regarding going concern and other information in documents containing the audited financial statements, the description of the responsibilities of the auditor and key features of the audit itself, and enhancement to the format of the report.

The AUASB plans to host a number of roundtables in Australia the coming months during the public comment period, to obtain the views and comments of Australian constituents on the consultation document.

Assurance Engagements on Greenhouse Gas (GHG) Statements

The International Auditing and Assurance Standards Board (IAASB) released new International Standard on Assurance Engagements (ISAE) 3410 'Assurance Engagements on Greenhouse Gas (GHG) Statements'. This new standard addresses an increasingly relevant global assurance service in support of reliable emissions reporting, whether for regulatory compliance purposes or undertaken on a voluntary basis to inform investors, consumers, and others.

New ISAE 3410 addresses practitioners' responsibilities in identifying, assessing, and responding to risks of material misstatement when engaged to report on GHG statements. It sets out requirements and guidance on the work effort and reporting responsibilities of practitioners for both reasonable and limited assurance engagements, as demand for both is increasingly evident in the marketplace. The ISAE is applicable to a broad range of situations, from emissions from electricity used at a single office, to emissions from complex physical or chemical processes at several facilities across a supply chain.

The AUASB issued a new Standard on Assurance Engagements ASAE 3410 'Assurance on Greenhouse Gas Statements', which conforms to ISAE 3410. ASAE 3410 is effective for reporting periods commencing on or after 1 July 2012, which coincides with the first reporting period for emitters liable for carbon units under the Australian Government's Clean Energy Scheme. Early adoption of the standard is permitted.

APESB May Meeting Highlights

Highlights of APESB 17 May Meeting included:

- **Valuation Services:** Approved the revision of APES 225 'Valuation Services';
- **Financial Planning Services:** Considered the proposed revised ED 02/10 APES 230 'Financial Planning Services' and the accompanying Explanatory Memorandum, and decided to issue a revised Exposure Draft of APES 230 'Financial Planning' that will be approved out-of-session;
- **Valuation Reports:** Approved the project proposal to develop guidance on types of valuation reports;
- **Forensic Accounting Services:** Noted the proposed ED 03/12 'Revision of APES 215 Forensic Accounting Services' and directed staff to make the necessary amendments and present a revised proposed APES 215 ED for the Board's consideration;
- **Due Diligence Committees:** Noted the annual review of APES 350 'Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document' and discussed the issue of APES 350 opinions in respect of low doc loans;
- **Compilations:** Approved the project proposal to revise APES 315 'Compilation of Financial Information' due to recent issue of the equivalent international pronouncement ISRS 4410; and
- **Quality Control:** Approved the project proposal to revise APES 320 'Quality Control for Firms' and to develop a revised pronouncement which focuses on non-assurance services.

Charities Maritime and Aviation Support Program

Charities provide an important service to communities around Australia, including air and sea rescue services. To support this vital service, the Federal Government has opened the Charities Maritime and Aviation Support (CMAS) Program for registrations. Under the CMAS Program, eligible charities will receive financial assistance to cover the cost increase associated with the effective carbon price on aviation and maritime fuels purchased for eligible transport activities. To be eligible to apply for assistance under the CMAS Program, a charity must meet all of the following eligibility requirements:

- Be a registered charity;
- Be endorsed as a Deductible Gift Recipient (DGR) by the Commissioner of Taxation; and
- The maritime and/or aviation activities must be in respect to the DGR status.

For more information about eligibility for the CMAS Program, and to access the Guidelines and application form, please visit the **AusIndustry website**, or call the AusIndustry Hotline on 13 28 46, or email **hotline@ausindustry.gov.au**.

Exploring Corporate Treasury – ICAA Paper

For different organisations corporate treasury can encompass a number of different areas, including cash flow forecasting and management, loans, investment decisions and even risk management. The Institute's latest publication '20 issues on increasing significance of corporate treasury' discusses how entities can maximise their use of the corporate treasury function and why it is so significant. Areas of focus include: governance; cash management and liquidity, and risk management. The publication was produced in conjunction with the Association of Corporate Treasurers in the United Kingdom and is the seventh in the ICAA's Business Briefing Series.

New Guidance to Improve Internal Control

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants issued new International Good Practice Guidance 'Evaluating and Improving Internal Controls in Organisations', highlighting areas where the practical application of existing internal control standards and frameworks often fails in many entities.

The new guidance will assist professional accountants in business as they work with their organisations to continuously evaluate and improve internal control, and ensure that it is an integrated part of the organisation's systems of governance and risk management. Better integrated internal controls can save the organisation time and money while helping to create and preserve value.

Managing Complexity in Financial Reporting

The Financial Reporting Council (FRC) released a report 'Managing Complexity in Financial Reporting' that explores the issue of complexity and makes recommendations of what might be done within the global accounting framework to address complexity concerns, including making better use of information technology (including XBRL), addressing legal impediments and urging the IASB to undertake reforms.

Internet

Copies of 'FRA NEWS' are available on the internet at www.tnr.com.au

Queries

For further information or assistance, please contact your TNR Audit & Assurance Partner or Manager.

The information provided in this publication was provided by Colin Parker FCA, former member of the AASB.

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