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| Module | FINANCIAL REPORTS |
| Jurisdictions | CTH, NSW, VIC, SA, TAS, WA, NT, QLD, ACT |
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Module Scope

Does your organisation have financial reporting requirements?

Does your organisation understand how to conduct an audit of a financial report in accordance with the auditing standards?

Does your organisation understand how to respond to anomalies in an audit?

Module Application

The FINANCIAL REPORTS – ACCOUNTING AND AUDITING module provides information to organisations on what their reporting and report auditing requirements are, and how to comply with them.

The module's coverage is focussed on the following core compliance sources:

- reporting obligations under Chapter 2M of the Corporations Act 2001(Cth)
- the Australian Accounting Standards (the Accounting Standards)
- the Australian Auditing Standards (the Auditing Standards)

Organisations must be familiar with their reporting requirements to ensure investors, creditors, analysts, stakeholders, regulators and others are armed with transparent and fairly presented information about its financial position, financial performance and cash flows. Organisations must also be across the report auditing requirements to ensure the information contained in financial reports and underlying records are verified by an auditor. The FINANCIAL REPORTS – ACCOUNTING AND AUDITING is designed to be an indispensable resource for compliance and risk officers to understand and help achieve best practice compliance with the reporting and auditing requirements.

Specific topics covered in detail by the module include:

- how to prepare, distribute and lodge financial reports in compliance with Australian Accounting Standards, unless an exemption applies
- how to meet special reporting obligations for Commonwealth, superannuation, not-for-profit and country-by-country entities
- how to prepare financial statements in compliance with the Accounting Standards, including all required statements, disclosures and accounting practices
- how to account for financial instruments, assets and liabilities, and disclose these in financial statements
- how to account for corporate acquisitions, group arrangements and other interests in external entities, and disclose these in financial statements
- how to gather and analyse sufficient audit evidence
- how to conduct an audit of a financial report in accordance with the auditing standards
- how to respond to anomalies in an audit
- how to audit special entities, including AFS licensees, ADIs, SMSFs and other organisations

The FINANCIAL REPORTS – ACCOUNTING AND AUDITING module covers key Accounting Standards and Auditing Standards and offers practical guidance to ensure these obligations are complied with by implementing and maintaining adequate systems, controls and policies throughout the organisation.

Failure by an organisation to comply with the Accounting Standards may involve a breach of reporting obligations created by Chapter 2M of the Corporations Act 2001 (Cth), which include civil and criminal penalties for directors. This may also involve a breach of the organisation's constitution (or equivalent document), potentially exposing it to civil litigation.

Failure by an auditing organisation to conduct an audit in accordance with the Auditing Standards is a strict liability offence carrying separate financial penalties for individuals and organisations, with harsher penalties (including imprisonment for individuals) for offences committed knowingly. ASIC or APRA may also take action against an auditor, including cancelling or suspending an auditor's registration, if an auditor conducts various other prohibited conduct. For audit companies, ASIC has the power to cancel or suspend the company's registration.

The FINANCIAL REPORTS – ACCOUNTING AND AUDITING module covers the role and responsibilities of an organisation. It does not cover the role or actions to be taken by consumers in the event of a breach of regulations or obligations by an organisation.

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