



# Grant Thornton

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## **Corporations Amendment (Corporate Reporting Reform) Bill 2010**

Grant Thornton Australia Limited (Grant Thornton) appreciates the opportunity to provide comments to Treasury on the Corporations Amendment (Corporate Reporting Reform) Bill 2010 and our response reflects our position as auditors and business advisers both to listed companies, privately held businesses, and not-for-profit organisations.

Grant Thornton supports each of the Bill's proposals apart from allowing an audit review to be conducted by other than a registered company auditor.

The specific audit skills required to be able to conduct an audit review require an experienced auditor and Grant Thornton believes that this can only be met by a registered company auditor, as is the current requirement for a Corporations Act audit. The expertise required to conduct an audit review is no less to that needed to conduct an audit, and it could be argued is greater as there is a lower level of knowledge of the operations being audit reviewed.

The reasoning given in the Explanatory Material to the Bill for allowing a non registered company auditor to undertake an audit review is in Grant Thornton's opinion flawed. No evidence is provided as to why there are not already sufficient registered company auditors available to conduct audits or audit reviews, particularly as such audits are currently being conducted by registered company auditors. The reduction in regulatory burden on limited by guarantee companies is already covered by the Bill's proposals to eliminate an audit for 47% of all limited by guarantee companies according to the statistics contained in the Explanatory Material, and the number of companies that are able to have an audit review conducted represents only 7% of companies.

Grant Thornton is also disappointed that there is no proposal to exempt small non-listed public companies from financial reporting and auditing requirements. At present small proprietary companies do not have Corporations Act reporting requirements if they meet 2 of 3 tests (revenues less than \$25M, assets less than \$12.5M and less than 50 employees). It makes no sense to require small public companies with revenues of say less than \$1M to prepare Corporations Act audited financial statements, and Grant Thornton believes that such relief should be provided, or at least allow the shareholders to have such an option.

If you require any further information or comment, please contact Keith Reilly.

Yours sincerely

GRANT THORNTON AUSTRALIA LIMITED



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