



Board Meeting Summary Paper

Subject: Guidance Statement – Auditor's Report on the Remuneration Report Pursuant to section 300A of the *Corporations Act 2001*

Date: 23 May 2008

AUASB
AGENDA
ITEM NO.

6

Meeting Date:
2-3 June

2008

Action Required

For Information Purposes Only

Agenda Item Objectives

- To:
- (a) Consider the proposed Guidance Statement *Auditor's Report on the Remuneration Report Pursuant to section 300A of the Corporations Act 2001*; and
 - (b) Approve the Guidance Statement to be issued, subsequent to the issuance of AASB Amending Standard: *Amendments to Australian Accounting Standard – Related Party Disclosures: Key Management Personnel Disclosures by Disclosing Entities*.

Background

Prior to June 2007, listed companies were required under the *Corporations Act 2001* (“the Act”) and *Corporations Regulations 2001* (“Regulations”) to include certain remuneration disclosures from Accounting Standard AASB 124 *Related Party Disclosures*, in both the annual financial report (required under section 296) and the annual directors’ report (required under section 300A).

Regulation 2M.6.04 and Schedule 5B provided relief to listed companies from making the same remuneration disclosures twice, by allowing these companies to *choose* to make the remuneration disclosures in the annual directors’ report only. For this relief to have been available, the company’s auditor was required to form an opinion on whether the AASB 124 disclosures included in the directors’ report complied with AASB 124, and to include a report of this opinion with the report on that audit under section 308 of the Act.

In August 2006, The AUASB issued Auditing Guidance Note *Auditor's Report on AASB 124 Remuneration Disclosures contained in the Annual Directors' Report*. This Guidance Note provided guidance to auditors on the reporting implications where a listed company has opted to make the identified AASB 124 remuneration disclosures in the annual directors’ report and not in the annual financial report. The Guidance Note included example auditor’s reports to illustrate how the audit reporting requirements of the Regulation could be addressed.

This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

On 28 June 2007, the Federal Government's *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007* (Cth) received Royal Assent, bringing into effect a number of important provisions to amend the Act, including:

- Amendments to section 300A (the remuneration report included in the directors' report)
- A new subsection 308(3C) which requires the auditor to *also* express an opinion to members on whether the remuneration report complies with section 300A of the Act.

As a result of the amendments to the Act, the AUASB's August 2006 Guidance Note will not be relevant for reporting periods ending 30 June 2007 and will need to be replaced with proposed Guidance Statement GS 008 *Auditor's Report on the Remuneration Report Pursuant to Section 300A of the Corporations Act 2001*.

The main objective of the proposed Guidance Statement is to provide an illustrative example of an auditor's report that may be used by the auditor reporting on the remuneration report pursuant to section 308(3C) of the Act.

Matters to Consider

The AUASB is requested to consider the matters detailed in the attachment to this Board Meeting Summary Paper (Agenda Item 6.1).

Staff Recommendations

The ATG recommends that the AUASB approve the proposed Guidance Statement for issuance, subject to any amendments that may be necessary as a result of this meeting and the issuance of the AASB's standard to amend AASB 124.

Material Presented

- Agenda Item 6 Board Meeting Summary Paper
- Agenda Item 6.1 Attachment to Board Meeting Summary Paper
- Agenda Item 6.2 Proposed Guidance Statement
- Agenda Item 6.3 Excerpts from the *Corporations Act 2001* (section 300A) and the *Corporations Regulations 2001* (Regulation 2M.3.03)
- Agenda item 6.4 AASB 124 Proposed Amending Standard: *Amendments to Australian Accounting Standard - Key Management Personnel Disclosures by Disclosing Entities* (considered at the AASB's 21-22 May 2008 meeting)
- Agenda Item 6.5 Extant Auditing Guidance Note *Auditor's Report on AASB 124 Remuneration Disclosures contained in the Annual Directors' Report*
- Agenda Item 6.6 Regulatory Impact Analysis

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Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
	Consider and approve proposed Guidance Statement for issuance	Board Approval	AUASB	2-3 June 2008	

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