



Corporations Amendment Regulations 2004 (No. 7)¹

Statutory Rules 2004 No. 208²

I, PHILIP MICHAEL JEFFERY, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Corporations Act 2001*.

Dated 8 July 2004

P. M. JEFFERY
Governor-General

By His Excellency's Command

ROSS CAMERON
Parliamentary Secretary to the Treasurer

1 Name of Regulations

These Regulations are the *Corporations Amendment Regulations 2004 (No. 7)*.

2 Commencement

These Regulations commence on the date of their notification in the *Gazette*.

3 Amendment of *Corporations Regulations 2001*

Schedule 1 amends the *Corporations Regulations 2001*.

Schedule 1 Amendments

(regulation 3)

[1] After Chapter 2C

insert

Chapter 2G Meetings

Part 2G.2 Meetings of members of companies

Division 6 Proxies and body corporate representatives

2G.2.01 Authentication of appointment of proxy (Act s 250A)

- (1) For subsection 250A (1) of the Act, an electronic authentication of an appointment of a proxy must include:
- (a) a method of identifying the member; and

- (b) an indication of the member's approval of the information communicated.
- (2) If a member appoints a proxy by e-mail or Internet-based voting:
 - (a) the member must be identified by personal details (for example, the member's name, address and date of birth); and
 - (b) the member's approval of the information communicated must be communicated by a form of security protection (for example, the entering of a confidential identification number such as a shareholder registration number or holder identification number).

[2] Chapter 2M, before Part 2M.4

insert

Part 2M.3 Financial reporting

Division 1 Annual financial reports and directors' reports

2M.3.03 Prescribed details (Act s 300A)

- (1) For paragraph 300A (1) (c) of the Act, the following details about a person's remuneration are prescribed:
 - (a) the person's name;
 - (b) each position held by the person in the financial year;
 - (c) if the person has held a position mentioned in paragraph (b) for less than the whole financial year, the date when the person began holding the position and the date (if any) when the person ceased to hold the position;
 - (d) the details mentioned in paragraph 7.1 of the accounting standard for the financial year.
- (2) For paragraph 300A (1) (c) of the Act, the following details relevant to a person's remuneration are prescribed:
 - (a) the person's name;

- (b) the details mentioned in the following paragraphs of the accounting standard for the financial year:
 - (i) paragraph 7.5 (d) (iv);
 - (ii) if there has been an alteration mentioned in paragraph 7.6 — paragraph 7.6;
 - (c) for each bonus or grant mentioned in paragraph 7.5 of the accounting standard:
 - (i) the percentage of the bonus or grant for the financial year that was paid to the person, or that vested in the person, in the financial year; and
 - (ii) the percentage of the bonus or grant for the financial year that was forfeited by the person (because the person did not meet the service and performance criteria for the bonus or grant) in the financial year; and
 - (iii) the financial years, after the financial year to which the report relates, for which the bonus or grant will be payable if the person meets the service and performance criteria for the bonus or grant; and
 - (iv) estimates of the maximum and minimum possible total value of the bonus or grant for financial years after the financial year to which the report relates, measured in accordance with section 6 of the accounting standard;
 - (d) details of payments made to the person (if any) before the person took office as part of the consideration for the person agreeing to hold office, including the monetary value of the payment and the date of the payment.
- (3) The information mentioned in subregulation (1), and the information mentioned in subregulation (2), must be included in separate, clearly identified, sections of the remuneration report.
- (4) In this regulation:
- accounting standard*** means Accounting Standard AASB 1046, *Director and Executive Disclosures by Disclosing Entities*, as in force at the commencement of this regulation.

[3] Part 9.2, before regulation 9.2.01

insert

Division 2 Registration

[4] Regulations 9.2.01, 9.2.02, 9.2.03 and 9.2.04

substitute

9.2.01 Practical experience in auditing (Act s 1280 (2))

For subparagraph 1280 (2) (b) (ii) of the Act, each of the following is prescribed practical experience in auditing:

- (a) during the 5 years immediately before the date of the application, at least 3 000 hours work in auditing under the direction of a registered company auditor, including:
 - (i) appraising the operations of companies and forming opinions on the matters specified in sections 307, 308 and 309 of the Act; and
 - (ii) at least 750 hours spent supervising audits of companies;
- (b) practical experience that, in the opinion of ASIC, is equivalent to the practical experience mentioned in paragraph (a);
- (c) work of the kind and duration mentioned in paragraph (a) that was done under previous laws corresponding to sections 307, 308 and 309 of the Act.

9.2.02 Prescribed universities and institutions (Act ss 1280 (2A) and 1282 (2))

For paragraph 1280 (2A) (a) and subparagraph 1282 (2) (a) (ii) of the Act:

- (a) the universities mentioned in Part 1 of the table are prescribed; and
- (b) the institution mentioned in Part 2 of the table is prescribed.

Part 1 University

101	Australian Catholic University
102	Australian National University
103	Bond University
104	Central Queensland University
105	Charles Darwin University
106	Charles Sturt University
107	Curtin University of Technology
108	Deakin University
109	Edith Cowan University
110	Griffith University
111	Flinders University of South Australia
112	James Cook University
113	La Trobe University
114	Macquarie University
115	Monash University
116	Murdoch University
117	Queensland University of Technology
118	Royal Melbourne Institute of Technology University
119	Southern Cross University
120	Swinburne University of Technology
121	University of Adelaide
122	University of Ballarat
123	University of Canberra
124	University of Melbourne
125	University of Newcastle
126	University of New England
127	University of New South Wales
128	University of Notre Dame Australia
129	University of Queensland

Part 1 University

- 130 University of South Australia
 - 131 University of Southern Queensland
 - 132 University of Sydney
 - 133 University of Tasmania
 - 134 University of Technology, Sydney
 - 135 University of the Sunshine Coast
 - 136 University of Western Australia
 - 137 University of Western Sydney
 - 138 University of Wollongong
 - 139 Victoria University
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Part 2 Institution

- 201 Avondale College
-

9.2.03 Prescribed courses (Act s 1280 (2A))

For paragraph 1280 (2A) (c) of the Act, the courses prescribed are:

- (a) the following courses conducted by The Institute of Chartered Accountants in Australia:
 - (i) Financial Reporting and Assurance in the CA Program;
 - (ii) Accounting 2 in the Professional Year Program;
 - (iii) Audit and EDP Module in the Professional Year Program;
 - (iv) an audit module in the Professional Year Program conducted before 1986 that is equivalent to a course mentioned in subparagraph (i), (ii) or (iii); and
- (b) the Assurance Services and Auditing in the CPA Program course conducted by CPA Australia; and

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- (c) the following courses conducted by, or on behalf of, the National Institute of Accountants:
- (i) Issues in Auditing and Professional Practice in the Graduate Certificate in Professional Accounting, offered by the University of New England in conjunction with the National Institute of Accountants;
 - (ii) Issues in Auditing and Professional Practice in the Degree of Master of Commerce (Professional Accounting), offered by the University of New England in conjunction with the National Institute of Accountants.

9.2.04 Prescribed bodies (Act s 1282 (2))

For subparagraph 1282 (2) (a) (i) of the Act, the bodies mentioned in the table are prescribed.

Item	Body
1	American Institute of Certified Public Accountants
2	Association of Chartered Certified Accountants (United Kingdom)
3	Canadian Institute of Chartered Accountants
4	Institute of Chartered Accountants of New Zealand
5	The Institute of Chartered Accountants in England and Wales
6	The Institute of Chartered Accountants in Ireland
7	The Institute of Chartered Accountants of Scotland

[5] **After regulation 9.2.07**

insert

Division 2A Conditions on registration

9.2.08 Kinds of conditions (Act s 1289A)

For subsection 1289A (1) of the Act, the following kinds of conditions are specified:

- (a) conditions relating to the minimum amount and nature of continuing or other professional education that must be undertaken by a registered company auditor;
- (b) conditions relating to the periodic or other review of the audit and audit-related work of a registered company auditor as part of a quality assurance or review program;
- (c) conditions relating to having a current policy of professional indemnity insurance for claims against a registered company auditor in relation to audits conducted under the Act;
- (d) conditions relating to establishing and maintaining a system for resolving complaints made against a registered company auditor by audit clients in relation to audits conducted under the Act.

[6] **After Part 9.2**

insert

Part 9.2A Authorised audit companies

Division 1 Registration

9.2A.01 Application for registration as authorised audit company (Act s 1299A)

For subsection 1299A (2) of the Act, the information is:

- (a) the following information about the applicant:
 - (i) the applicant's name;
 - (ii) the applicant's ABN or ACN;
 - (iii) the address of the applicant's registered office;
 - (iv) the address of the principal place at which the applicant proposes to practise as an auditor;
 - (v) the address of each other place (if any) at which the applicant proposes to practise as an auditor; and
- (b) the following information about each director of the applicant:
 - (i) the director's name and address;
 - (ii) the director's registration number as a registered company auditor; and
- (c) the following statements:
 - (i) a statement to the effect that none of the directors of the applicant have been disqualified from managing a company under Part 2D.6 of the Act;
 - (ii) a statement to the effect that each share in the applicant is held and beneficially owned by an individual or by the legal personal representative of an individual;
 - (iii) a statement of whether the applicant's constitution allows a share in the applicant to be held and beneficially owned by a person other than an individual or the legal personal representative of an individual;

- (iv) a statement to the effect that a majority of the votes that may be cast at a general meeting of the applicant attach to shares in the applicant that are held and beneficially owned by individuals who are registered company auditors;
- (v) a statement to the effect that the applicant is not an externally-administered body corporate; and
- (d) the name and address of each person who performs a chief executive officer function (within the meaning of section 295A of the Act) in relation to the applicant; and
- (e) the following details about the applicant's professional indemnity insurance policy for claims that may be made against the applicant in relation to the audit of companies and registered schemes under the Act:
 - (i) the insurer's name;
 - (ii) the policy number;
 - (iii) the terms and conditions of the policy.

9.2A.03 Annual statements by authorised audit company (Acts 1299G)

- (1) For subsection 1299G (1A) of the Act, the information is:
 - (a) whether the information about the company on the Register of Authorised Audit Companies under section 1299E of the Act is correct; and
 - (b) a statement of whether the company has, at all times in the relevant period, met the requirements of paragraphs 1299B (a), (b), (c) and (e) of the Act; and
 - (c) if the company has not, at all times in the relevant period, met the requirements of paragraphs 1299B (a), (b), (c) and (e) of the Act — details about the way in which the company did not meet the requirements; and
 - (d) the following details about the company's professional indemnity insurance policy for claims that may be made against the applicant in relation to the audit of companies and registered schemes under the Act:
 - (i) the insurer's name;
 - (ii) the policy number;

- (iii) the terms and conditions of the policy; and
- (e) information about criminal proceedings (if any) that have been taken against the company in the relevant period; and
- (f) for each director of the company and each employee of the company who is a registered company auditor, details of criminal or disciplinary proceedings (if any) that have been taken against the director or employee in the relevant period (including exclusion from practice as an auditor or liquidator or suspension of registration as an auditor or liquidator); and
- (g) a statement of whether the company has resigned or been removed from office as an auditor during the relevant period; and
- (h) if the company has resigned or been removed from office as an auditor during the relevant period, the following details about each resignation or removal:
 - (i) the name and ACN of the corporation, registered scheme, disclosing entity or financial services licensee being audited;
 - (ii) the date of the company's resignation or removal from office;
 - (iii) the reason for the company's resignation or removal from office; and
- (i) a statement of whether a director or employee of the company has resigned or been removed from office as a liquidator during the relevant period; and
- (j) if a director or employee of the company has resigned, or has been removed from office as a liquidator, during the relevant period, the following details about each resignation or removal:
 - (i) the name and ACN of the corporation, registered scheme, disclosing entity or financial services licensee being liquidated;
 - (ii) the date of the resignation or removal from office;
 - (iii) the reason for the resignation or removal from office; and

- (k) a list of the 10 audits, including the approximate dollar value of the fees, for which the company has received the highest audit engagement fees in the relevant period.

- (2) In this regulation:

relevant period means the period of 12 months to which the statement relates under subsection 1299G (1) of the Act.

[7] **After Part 10.2**

insert

**Part 10.5 Transitional provisions
relating to the *Corporate Law
Economic Reform Program
(Audit Reform and Corporate
Disclosure) Act 2004***

**10.5.01 Adoption of auditing standards made by accounting
profession before commencement (Act ss 1455 (1)
and (3))**

- (1) For subsections 1455 (1) and (3) of the Act:
- (a) a standard (as in force from time to time) mentioned in the table has effect, for the purposes of the Act, as if it had been made by the AUASB under section 336 of the Act on 1 July 2004; and
 - (b) a standard mentioned in Part 1 of the table has effect as if it specified that it applies to a financial reporting period ending on or after 1 July 2004; and
 - (c) a standard mentioned in Part 2 of the table has effect as if it specified that it applies to a financial reporting period beginning on or after 15 December 2004.

Item	AUS No.	Title
Part 1		
101	104	Glossary of Terms
102	202	Objective and General Principles Governing an Audit of a Financial Report
		<i>Note</i> This standard was issued in July 2002.
103	204	Terms of Audit Engagements
104	206	Quality Control for Audit Work
105	208	Documentation
106	210	The Auditor's Responsibility to Consider Fraud and Error in an Audit of a Financial Report
107	212	Other Information in Documents Containing Audited Financial Reports
108	214	Auditing in a CIS Environment
109	218	Consideration of Laws and Regulations in an Audit of a Financial Report
110	302	Planning
111	304	Knowledge of the Business
112	306	Materiality and Audit Adjustments
113	402	Risk Assessments and Internal Controls
		<i>Note</i> This standard was issued in July 2002.
114	404	Audit Implications Relating to Entities Using a Service Entity
115	502	Audit Evidence
		<i>Note</i> This standard was issued in October 1995.
116	504	External Confirmations
117	506	Existence and Valuation of Inventory
118	508	Inquiry Regarding Litigation and Claims
119	510	Initial Engagements - Opening Balances
120	512	Analytical Procedures
121	514	Audit Sampling & Selective Testing Procedures

Item	AUS No.	Title
122	516	Audit of Accounting Estimates
123	518	Related Parties
124	520	Management Representations
125	522	Audit Evidence Implications of Externally Managed Assets of Superannuation, Provident or Similar Funds
126	524	The Auditor's Use of the Work of the Actuary and the Actuary's Use of the Work of the Auditor in Connection with the Preparation and Audit of a Financial Report
127	526	Auditing Fair Value Measurements & Disclosures
128	602	Using the Work of Another Auditor
129	604	Considering the Work of Internal Auditing
130	606	Using the Work of an Expert
131	702	The Audit Report on a General Purpose Financial Report
132	704	Comparatives
133	706	Subsequent Events
134	708	Going Concern
135	710	Communication with Management on Matters Arising from an Audit
136	802	The Audit Report on Financial Information Other than a General Purpose Financial Report
137	902	Review of Financial Reports

Part 2

201	202	Objective and General Principles Governing an Audit of a Financial Report <i>Note</i> This standard was issued in February 2004.
202	402	Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatements <i>Note</i> This standard was issued in February 2004.

Item	AUS No.	Title
203	406	The Auditor's Procedures In Response to Assessed Risks
204	502	Audit Evidence
<i>Note</i> This standard was issued in February 2004.		

(2) In this regulation:

financial reporting period, for a company, registered scheme or disclosing entity, means a financial year or a half-year for which the company, registered scheme or disclosing entity must prepare a financial report.

Note Under section 292 of the Act, a disclosing entity, public company, large proprietary company or registered scheme must prepare a financial report for each financial year. Under section 302 of the Act, a disclosing entity must prepare a financial report for each half-year. Section 323D of the Act deals with financial years and half-years.

[8] Schedule 1, items 147 and 153

omit

[9] Schedule 2, forms 903A and 907

omit

Notes

- These Regulations amend Statutory Rules 2001 No. 193, as amended by 2001 Nos. 208, 318 and 319 (rr 7.9.10 and 7.9.11 were disallowed by the Senate on 16 September 2002); 2002 Nos. 15, 16 (rr 7.9.10, 7.9.11 (1), 7.9.11 (1) (a), 7.9.11 (1) (b) and 7.9.11 (2) were disallowed by the Senate on 16 September 2002), 41, 53, 126, 145, 182, 265 and 282; 2003 Nos. 31, 48, 85, 126, 127, 194, 202, 282 (Sch 3, items [1] to [4], [6], [8] and [9] were disallowed by the Senate on 24 March 2004), 367, 368 and 369; 2004 Nos. 10, 25, 26, 36, 145 and 149.
- Notified in the *Commonwealth of Australia Gazette* on 9 July 2004.