

Not-for-Profit Financial Management

Course outline

Acknowledgements

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Course Outline

All directors (and officers) require a reasonable understanding of a company's financial statements in order to effectively undertake their respective roles and meet their statutory and common law duties.

The decision of the Federal Court of Australia in ASIC v Healey [2011] FCA 717 (the Centro case) reinforced the courts' view that directors of companies have a statutory duty to maintain a reasonable level of financial literacy, in order to understand and present the true financial position of the company or group. They are expected to ask relevant questions and to ascertain further information, when necessary. The Centro case is of critical importance to officers and directors of all types of organisations, not just public listed ones.

This course focuses on the following areas:

- reviewing a company's financial statements within the context of the International Financial Reporting Standards (IFRS)
- preparing questions to obtain any additional information required by a director or officer
- fulfilling the supervisory role required by a board member.

An important role of directors is to make judgments in relation to an organisation's solvency, and how its funds have been managed, but these specific aspects are covered in limited detail in this course.

The **aim** of this course is to show how to analyse the performance of a company using its three financial statements.

The **key** objectives are to:

- outline the legal frameworks NFP entities operate within
- outline the accounting concepts and principles upon which the preparation of financial statements are based
- recognise how accounting standards create some limitations in the preparation of financial statements
- understand links between the financial statements
- help you understand the context relevant to your own organisation.

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- 6.1 Financial statements
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