



General purpose financial statements

ATO Second Commissioner, Jeremy Hirschhorn, recently gave a speech on large market tax advisers and referred to the Big-4 as 'systemically important firms' <https://www.ato.gov.au/Media-centre/Speeches/Other/Reflections-on-being-a-large-market-tax-adviser/>

Question 1

Does Deloitte agree that it is a systemically important firm?

*The **Statement of Accounting Concepts 1 (SAC 1): Definition of the Reporting Entity** forms part of the accounting standards.*

We agree that Deloitte is a systemically important firm.

Question 2

Does Deloitte prepare its own accounts—undertake internal accounting—in accord with SAC 1? SAC 1 establishes the concept of a reporting entity, and requires reporting entities to issue general purpose financial statements to provide for the information needs of dependent users. Entities are defined as being:

any legal, administrative, or fiduciary arrangement, organisational structure or other party having the capacity to deploy scarce resources in order to achieve objectives. The Concept of the Reporting Entity is defined as: all entities (including economic entities) in respect of which it is reasonable to expect the existence of users dependent on general purpose financial reports for information...

Deloitte is a Partnership and therefore prepares its financial statements in accordance with documents, regulations and laws that govern it.

Question 3

Does Deloitte meet the definition of a reporting entity?

Deloitte is not a corporation and does not have any external reporting requirement. As noted in Question 2, Deloitte is a Partnership and therefore prepares its financial statements in accordance with documents, regulations and laws that govern it.

Question 4

Does Deloitte issue general purpose financial statements?

Deloitte is not a reporting entity and therefore prepares its financial statements in accordance with the requirements of its governing documents.