

Financial Literacy - Deloitte's Checklist January 2012

Date:

Name of Director

A director is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are reasonably comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuers financial statements. It is not necessary for a member to have a comprehensive knowledge of AIFRS (Australian International Financial Reporting Standards) to be considered financially literate.

Some criteria to consider in determining whether or not a member is financially literate include:-

	YES	NO
The ability to read, understand, and analyse (in a basic way) the financial statements and the notes to the financial statements.	☐	☐
The ability to understand accounting policies, estimates and judgments when these are explained by management and the external auditor.	☐	☐
Understand the company's business and any unique features related to it and its operations that may impact the accounting policies	☐	☐
A knowledge and understanding of the strategies that have been adopted by the company and the risks inherent in any transformation strategies	☐	☐
An ability to understand the company's risk environment	☐	☐