

Accounting Alert

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ASX Issues Enhanced Disclosure Response Document

A number of important changes to the ASX Listing Rules will soon be in operation. These changes, arising from submissions made to the ASX's Enhanced Disclosure Exposure Draft include: the intention to abolish the standard form Appendix 4B; and the intention to reduce reporting periods from 75 days to two months.

Periodic Disclosure Requirements

Half-Year Reporting

All changes to the half-year reporting requirements apply for periods ending on or after 30 June 2003.

Information Requirements

The requirement to provide an Appendix 4B will be replaced with a requirement to provide the statutory half-year report (prepared in accordance with the Corporations Act 2001 and AASB 1029 "Interim Financial Reporting"). Additional information to be submitted with the statutory half-year report is set out in the newly developed Appendix 4D. This information includes: a summary of the highlights of the entity's results; and dividends for the period and certain details on entities over which control has been gained or lost, associates and joint ventures.

Foreign Companies

Foreign companies will be required to provide:

- Half-year reports prepared in accordance with their own jurisdiction,
- Any additional information required by Australian law, and
- The information required to be included in the Appendix 4D.

Appendix 4B will no longer be used in making periodic disclosures to the ASX.

Half-year reporting information will need to be provided to the ASX within two months of period end.

Entities will be required to provide "management discussion and analysis" on the results

Preliminary financial reports for periods ending on or after 30 June 2004 must be submitted within two months of reporting date.

If an entity fails to lodge the statutory accounts with the ASIC by the due date, the securities of the company will be suspended from trading.

Timing

Half-year reporting information will need to be lodged with the ASX within two months of period end, rather than the current 75 days.

Preliminary Financial Report (Annual Reporting)

Information Requirements

The requirement to provide an Appendix 4B will be replaced with a requirement to provide the newly developed Appendix 4E. The Appendix 4E will include a statement of financial performance, statement of financial position, statement of cashflows, movements of capital and other items required by the current Appendix 4B. Entities will also be required to provide "management discussion and analysis" on the results.

Once the preliminary final report has been issued, if circumstances arise, or information comes to light, that materially affects the information in a preliminary final report, there must be immediate disclosure of this information to the ASX. Such information or circumstances must also be disclosed in the annual statutory financial report.

Timing of Disclosures

Consistent with the current deadlines, the preliminary final report must be provided within 75 days of the end of the accounting period for periods ending before 30 June 2004. Preliminary financial reports for periods ending on or after 30 June 2004 must be submitted within two months of reporting date.

Change in Balance Date

Information Requirements

In situations where an entity has an "annual reporting period" longer than twelve months, Appendix 4F will be required to be submitted within two months of the discarded year end date. Appendix 4F requirements will reflect the ASX position that such a reporting period should be treated as an interim reporting period for the purposes of AASB 1029. These disclosures are only slightly less detailed than the requirements of Appendix 4D.

Failure to Lodge Statutory Accounts

If an entity has failed to lodge statutory accounts with ASIC by the due date (i.e. 75 days after half-year end, or three months after year end), the ASX is introducing automatic suspension from quotation on the trading day after the date on which the accounts were due. This replaces the previous deadline of 17 weeks after year-end.

All foreign companies will be required to provide the ASX with the documents that a registered foreign company would be required to give to ASIC.

Foreign Companies

All foreign companies will be required to provide the ASX with the documents that a registered foreign company would be required to give to ASIC under s.601CK(1) of the Corporations Act 2001. Those documents are:

- A balance sheet;
- A cash flow statement; and
- A profit and loss statement,

for the last financial year as required to be prepared in the place of origin of the entity.

These documents must be provided at least once in every calendar year and at intervals of not more than 15 months.

ASX will also modify Guidance Note 4 on Foreign Entities so as to include a policy on the foreign accounting standards acceptable to the ASX and the issue of reconciliation statements. Broadly, the ASX will accept any accounting standards together with a reconciliation of the standards to IAS or AASB.

Lodgement of documents

The ASX will make electronic lodgement of documents compulsory for all listed companies by 1 July 2003.

The ASX will make electronic lodgement of documents via ASX Online compulsory for all listed companies by 1 July 2003.

The existing facsimile facilities will be retained as a back-up mechanism. However, any documents lodged by fax after 1 March 2003 will incur a charge of \$38.50.

Corporate Governance Practices

The ASX intends to amend the rules in respect of corporate governance for the first financial year commencing after 1 January 2003.

Disclosure

The rules will require that the report note any departures from best practice recommendations and include reasons for the departure.

A change will be made to the current requirement to disclose the main corporate governance practices in place during the period. The change will require reporting by reference to the best practices recommendations determined by the ASX Corporate Governance Council ("the Council"). The rules will require that the report will note any departures from those best practice recommendations and include reasons for the departure.

Audit Committees

Audit committees will be required for all companies comprising the All Ordinaries Index.

Audit committees will be required for all companies comprising the All Ordinaries Index (Top 500). The composition, operation and responsibility of the audit committee will be required to comply with the best practice recommendations set by the Council.



The ASX may publish correspondence between it and an entity.

Continuous Disclosure Requirements

False Market and Confidentiality

The ASX will introduce Rule 3.1B which will require an entity to give relevant information where the ASX considers there is or is likely to be a false market, and asks an entity to give information to correct or prevent a false market.

The confidentiality exception to the continuous disclosure requirements will clarify that the requirement will not be satisfied where the ASX determines the information is no longer confidential.

ASX Power to Publish

The ASX will introduce a new listing rule to enable it to publish correspondence between it and an entity if it is considered essential that publication is necessary for an informed market, and the ASX has reserved the right to publish the information.

Further Information

Copies of the ASX Response Document and initial Exposure Draft can be found at www.asx.com.au.

For further information please contact your local Deloitte office, or contact our lead National Technical Partner, Bruce Porter, on (03) 9208-7490 or by e-mail bruporter@deloitte.com.au.

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