

Section D: Reporting obligations

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Reporting obligations

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Differential reporting

The reporting entity concept

The reporting entity concept was adopted by the Australian accounting profession in June 1992 in an attempt to reduce the reporting requirements imposed on certain entities by the application of accounting standards. Under this concept, 'reporting entities' are required to prepare a financial report in compliance with all Accounting Standards and Interpretations, referred to as general purpose financial reports (GPFs). 'Non-reporting entities', however, have the option to prepare special purpose financial reports (SPFRs) in compliance with those Accounting Standards and Interpretations considered necessary to enable the financial reports to meet the special purpose needs of the users.

A 'general purpose financial report' is defined in AASB 101 'Presentation of Financial Statements' as 'a financial report intended to meet the information needs common to users who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs'. A 'special purpose financial report' is 'a financial report other than a general purpose financial report'. Note that the revised AASB101 that is applicable for financial reporting periods beginning on or after 1 January 2009 refers to 'financial statements' and not 'financial reports'.

Identification of reporting entities

A 'reporting entity' is defined in AASB 3 'Business Combinations' Appendix A as 'an entity in respect of which it is reasonable to expect the existence of users who rely on the entity's general purpose financial report for information that will be useful to them for making and evaluating decisions about the allocation of resources. A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries'.

Preparing SPFRs under the Corporations Act 2001

General

SPFRs prepared for a financial year must include:

- (a) financial statements as required by the accounting standards for the period. These comprise a balance sheet, income statement, statement of changes in equity and cash flow statement;
- (b) notes to the financial statements, as required by the Corporations Regulations 2001 and Accounting Standards; and
- (c) a directors' declaration.

Paragraph 6.1 of Miscellaneous Professional Statement APES 205 'Conformity with Accounting Standards', indicates that members of the Australian accounting bodies who are involved in, or are responsible for, the preparation, presentation, audit or review of an entity's Special Purpose Financial Statements (except where the SPFR will be used solely for internal purposes) are to take all reasonable steps to ensure that the Special Purpose Financial Statements and any associated audit report, review report or compilation report states:

- (a) that the financial statements are Special Purpose Financial Statements;
- (b) the purpose for which the Special Purpose Financial Statements have been prepared; and
- (c) the significant accounting policies adopted in the preparation and presentation of the Special Purpose Financial Statements.

Minimum compliance requirements

The following Accounting Standards and Interpretations apply to all entities required to prepare a financial report in accordance with Part 2M.3 of the Corporations Act 2001, irrespective of whether they are reporting entities or not:

- AASB 101 'Presentation of Financial Statements';
- AASB 107 'Cash Flow Statements';
- AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors';
- AASB 1031 'Materiality'; and
- AASB 1048 'Interpretation and Application of Standards'.

What impact does the minimum compliance requirements have on disclosures?

The minimum compliance requirements means that disclosures that are required in the above noted accounting standards have to be included in the financial report.

For any other accounting standards, only the recognition and measurement requirements apply, but the disclosure requirements are not mandatory. Many non-reporting entities include disclosures that are not required because the information is considered to be useful.

For example, this means that a company with property, plant and equipment (PPE) must recognise it in accordance with AASB116 'Property, Plant & Equipment', but are not required to disclose a PPE note in the financial statements. It is however still required to disclose an accounting policy for property, plant and equipment.

Recognition and measurement requirements

In ASIC Regulatory Guide 85 'Reporting requirements for non-reporting entities' (July 2005), the ASIC note that the Accounting Standards provide a framework for determining a consistent definition of 'financial position' and 'profit or loss'. Without such a framework the figures in financial statements would lose their meaning. Financial reports prepared under the Corporations Act 2001 must be prepared within the framework of Accounting Standards to ensure that the following requirements of the Corporations Act 2001 are met:

- the financial report gives a true and fair view (s.297);
- the financial report does not contain false or misleading information (s.1308); and

- dividends are only paid out of profits (s.254T).

Therefore the recognition and measurement requirements of all Accounting Standards and Interpretations must be applied in order to determine profit or loss and financial position. The recognition and measurement requirements of Accounting Standards and Interpretations include requirements relating to depreciation of non-current assets, impairment of goodwill, accounting for income tax, lease accounting, measurements of inventories, recognition and measurement of liabilities for employee benefits, recognition and measurement of financial instruments, and recognition and measurement of provisions. In addition, those Accounting Standards and Interpretations which deal with the classification of items must be applied, for example the provisions of AASB 132 'Financial Instruments: Presentation' concerning the classification of financial instruments as debt or equity.

The ASIC have also issued ASIC Class Order 05/639 (dated 27 July 2005) to ensure that non-reporting entities will be able to take advantage of concessions or other modifications of the recognition and measurement requirements of accounting standards that are available for reporting entities, such as concessions available under AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and transitional provisions or other concessions available under a non-mandatory accounting standard. This relief is available provided that the non-reporting entity takes all reasonable steps to ensure that the relevant report complies with all recognition and measurement requirements as if it were an eligible reporting entity.

Disclosing entities

Disclosing entities vs reporting entities

A reporting entity is an entity where there exist users that rely upon the financial report to make decisions about allocating resources. A disclosing entity is more strictly defined, with certain types of entities falling within the definition. Being a disclosing entity means that there are enhanced disclosure requirements that applies to the entity.

A disclosing entity will always be a reporting entity, but a reporting entity is often not a disclosing entity. For example, a proprietary company with a wide range of shareholders would likely be viewed as a reporting entity, but is not a disclosing entity.

Which entities are disclosing entities?

The Corporate Law Reform Act 1994 introduced enhanced disclosure requirements for disclosing entities, which include:

- listed entities and listed registered schemes;
- entities and registered schemes which raise funds pursuant to a prospectus;
- entities and registered schemes which offer securities other than debentures as consideration for an acquisition of shares in a target company under a takeover scheme; and
- entities whose securities are issued under a compromise or scheme of arrangement.

The following entities are exempt from the enhanced disclosure requirements of the Corporations Act 2001:

- a public authority of a State or Territory or an instrumentality or agency of the Crown in right of a State or Territory;
- a public authority of the Commonwealth or an instrumentality or agency of the Crown in right of the Commonwealth, the relevant traded debt securities of which are guaranteed by the Government of the Commonwealth; and
- an entity exempted by the Regulations or the ASIC.

Disclosing entities are required, inter alia, to comply with:

- (a) the continuous disclosure requirements, which include:
 - a requirement to provide information which, if generally available, would be likely to have a material effect on the price or value of the entity's securities. Listed disclosing entities must immediately make such disclosure to the Australian Stock Exchange (the ASX), while unlisted disclosing entities must make such disclosure to the ASIC as soon as practicable; and
 - for listed entities, a requirement to give the ASX the information needed to correct or prevent a false market in an entity's securities where the ASX considers that there is or is likely to be a false market and asks the entity to give it information to correct or prevent a false market.
- (b) the half-year reporting requirements, which include a requirement to prepare a half-year report, including:
 - a directors' report and directors' declaration, in accordance with Part 2M.3 of the Corporations Act 2001;
 - financial statements, as required by the Accounting Standards; and
 - notes to the financial statements, as required by the Corporations Regulations 2001 and Accounting Standards.

Non-listed disclosing entities must lodge the half-year report with the ASIC within 75 days of the half-year end. Listed disclosing entities must lodge their half-year report with the ASX within 2 months of the half-year end (75 days, for mining exploration entities). The half-year report for listed disclosing entities, prepared in accordance with AASB 134 'Interim Financial Reporting', must be lodged together with the information required by Appendix 4D to the listing rules.

- (c) the annual reporting requirements, which require disclosing entities to prepare a financial report for the financial year in accordance with Part 2M.3 of the Corporations Act 2001. The annual report must be lodged with the ASIC (or ASX for listed disclosing entities) within 3 months of the financial year end.

'Reporting deadlines' on page D14 provides details of Australian reporting deadlines in tabular form.

Large proprietary companies

Preparation of financial reports

Large proprietary companies (as defined below) are required to prepare a financial report in accordance with Part 2M.3 of the Corporations Act 2001 and have the financial report audited.

Definition

A proprietary company is a large proprietary company for a financial year if it satisfies at least 2 of the following conditions:

- (a) the consolidated revenue for the financial year of the company and the entities it controls (if any) is \$25 million; or
- (b) the value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$12.5 million or more; or
- (c) the company and the entities it controls (if any) have 50 or more employees at the end of the financial year.

The full definition of a large proprietary company in s.45A(3) of the Corporations Act 2001 notes that the amounts specified in these definitions may be varied by the Regulations. At the time of printing no variations have been effected by the Regulations.

The definition of a large proprietary company as described above is applicable for all companies with financial years ending on or after 28 June 2007.

Section 45A of the Corporations Act 2001 requires that when counting employees, part-time employees be taken into account as an appropriate fraction of a full-time equivalent. Consolidated revenue and the value of consolidated gross assets are calculated in accordance with the accounting treatment specified by Accounting Standards in force at the relevant time (even if the standards do not otherwise apply to the company).

General purpose vs special purpose financial statements for large proprietary companies

Large proprietary companies must prepare financial statements. To determine whether the financial statements needs to be general purpose or special purpose, depends on whether the company is a reporting entity or not. If the company is a reporting entity, as defined on page D1, a general purpose financial report must be prepared. If the entity is a non-reporting entity, a special purpose financial report would be sufficient.

Lodgement relief

In accordance with the former s.319(4) of the Corporations Law, which continues to apply in accordance with s.1408(6) of the Corporations Act 2001, (i.e. the 'Grandfather Clause'), large proprietary companies that were classified as 'exempt proprietary companies' as at 30 June 1994 and continue to meet the definition of 'exempt proprietary company' at all times subsequent to 30 June 1994 are relieved from the requirement to lodge a financial report with the ASIC, provided certain conditions are satisfied.

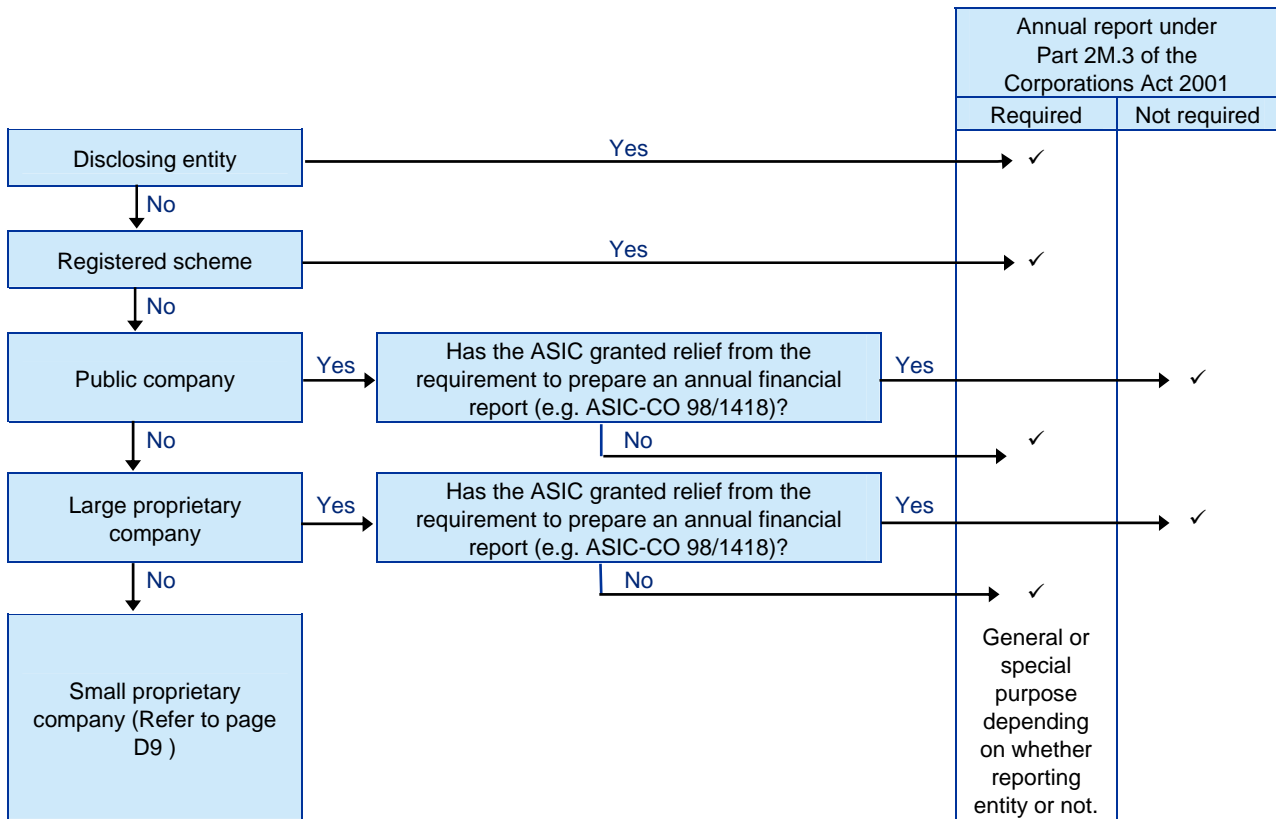
ASIC Class Order 05/638 (dated 13 July 2005), provides similar lodgement relief to large proprietary companies in which an ownership interest is held by a foreign company, provided the ownership interest does not constitute control and certain other conditions are satisfied. To take advantage of this relief, the directors of the large proprietary company must have lodged with the ASIC, within 4 months after the end of the first financial year that ended after 24 April 1997, notification of their intention to adopt Class Order 98/99 (note, Class Order 98/99 is revoked by Class Order 05/638).

Corporations Act 2001 reporting requirements



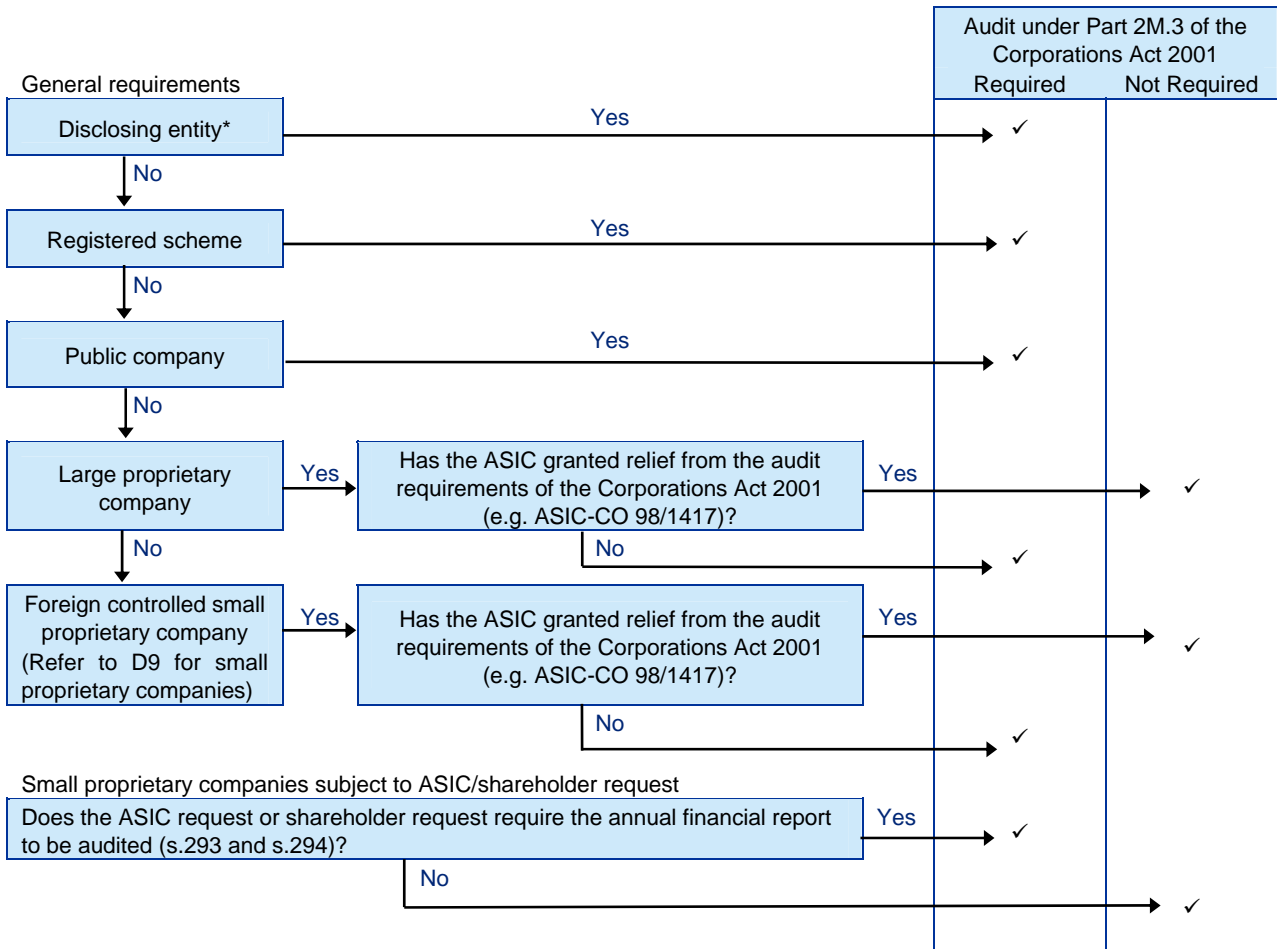
Preparation of an annual report

The following flowchart assists in determining whether an entity is required to prepare an annual report under Part 2M.3 of the Corporations Act 2001.



Audit of the annual financial report

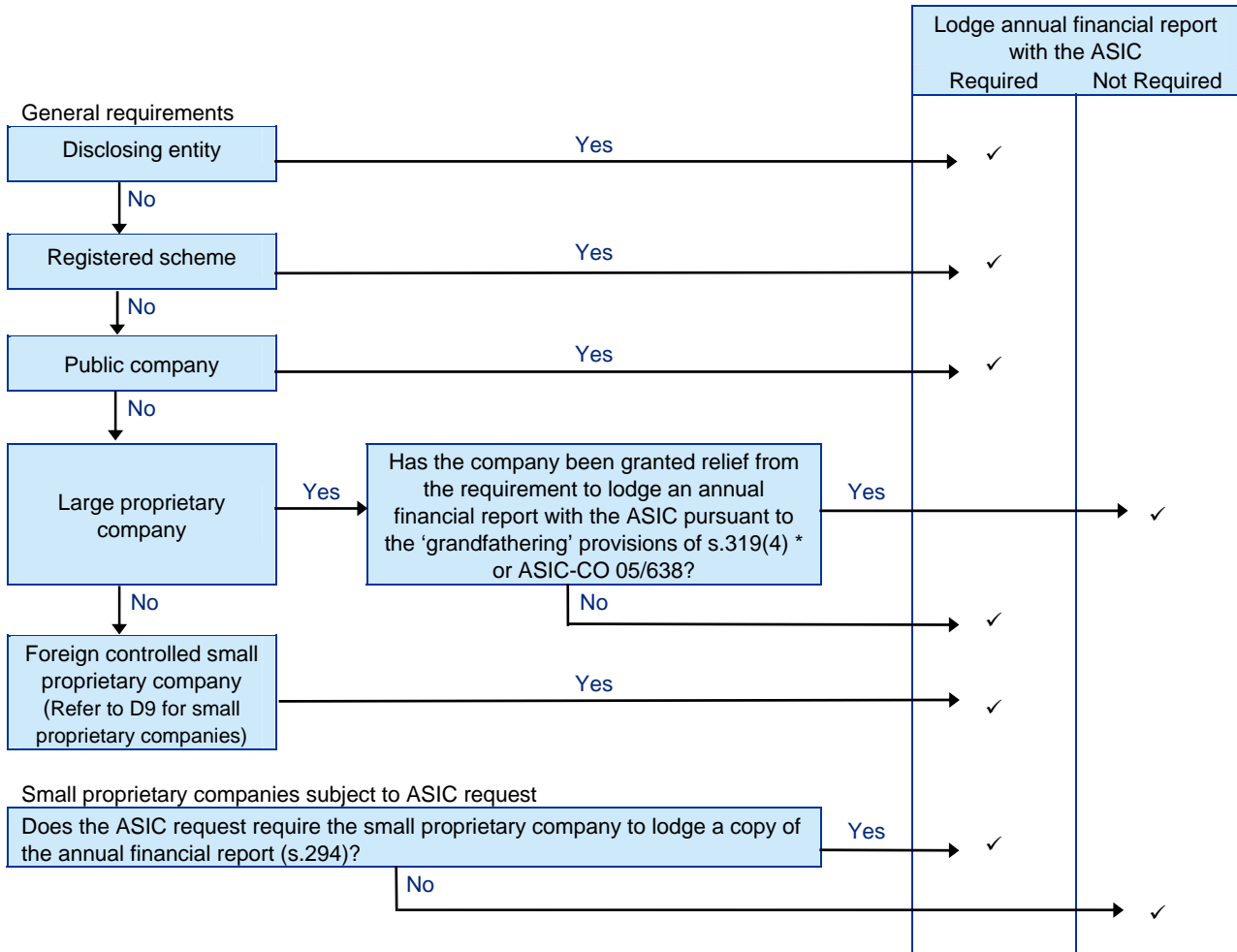
Having determined that an entity is required to prepare an annual report under Part 2M.3 of the Corporations Act 2001, the following flowchart assists in determining whether the annual financial report is required to be audited under Part 2M.3 of the Corporations Act 2001.



* Effective for financial years beginning on or after 28 June 2007, if the directors' report for the financial year includes a remuneration report, the auditor must also report to members on whether the auditor is of the opinion that the remuneration report complies with s.300A of the Corporations Act 2001.

Lodgement of the annual report with the ASIC

Having determined that an entity is required to prepare an annual report under Part 2M.3 of the Corporations Act 2001, the following flowchart assists in determining whether the annual report is required to be lodged with the ASIC.



* In accordance with the 'grandfathering' provisions of the former s.319(4) of the Corporations Law, which continues to apply in accordance with s.1408(6) of the Corporations Act 2001, a large proprietary company is not required to lodge an annual financial report with the ASIC provided:

- the company was an exempt proprietary company on 30 June 1994;
- the company continues to meet the definition of 'exempt proprietary company' (as in force at 30 June 1994) at all times since 30 June 1994;
- the company was a large proprietary company at the end of the first financial year after 9 December 1995;
- the company's financial statements for the financial year ending during 1993 and each later financial year have been audited before the deadline; and
- within 4 months after the end of the first financial year after 9 December 1995, the company lodged with the ASIC a notice that the company has applied for the lodgement relief granted by s.319(4).

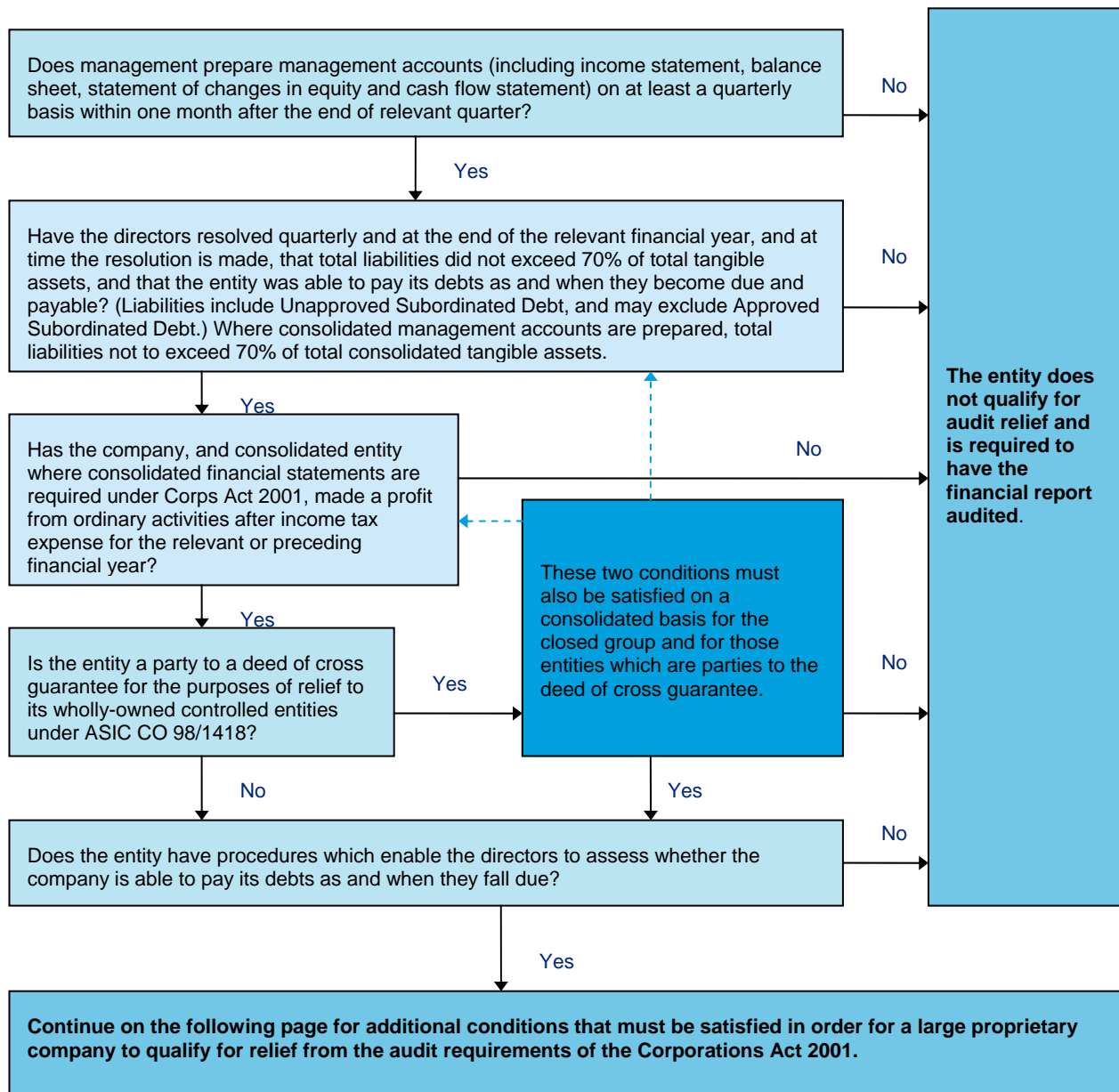
Audit relief for large proprietary companies

ASIC Class Order 98/1417 (dated 13 August 1998) relieves large proprietary companies that were not audited for a financial year ending during 1993, or in any later financial year, from the audit requirements of the Corporations Act 2001 provided certain conditions are satisfied. This applies to financial years ending on or after 1 July 1998.

The relief does NOT apply to large proprietary companies that are:

- large 'grandfathered' proprietary companies under the former s.319(4) of the Corporations Law (Refer to D6)
- disclosing entities
- borrowers in relation to debentures
- guarantors of borrowers in relation to debentures
- a financial services licensee.

To qualify for the audit relief the following conditions must be satisfied:

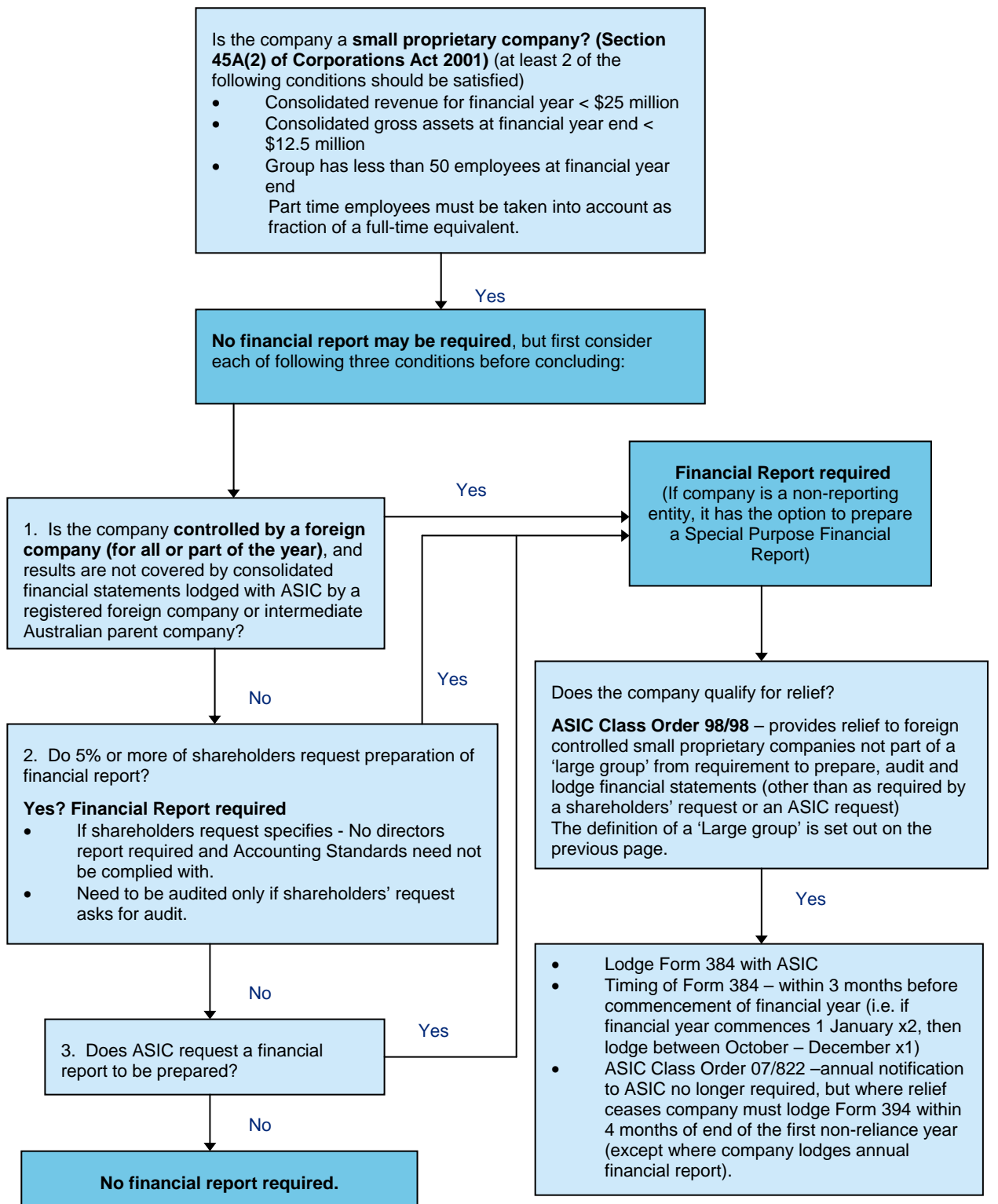


In addition to all the conditions being satisfied on the previous page, ALL the below conditions must be satisfied in order for a large proprietary company to qualify for relief from the audit requirements of the Corporations Act 2001.

- All directors and all shareholders must resolve an audit is not required.
- Formal notification of resolution to be lodged with ASIC (Form 382).
- Timing of resolutions and lodgement with ASIC – during period beginning 3 months before commencement of the Relevant Financial Year and ending one month after commencement of financial year.
- Shareholders must have been provided (either in notice of meeting or in material accompanying a circular resolution) before so resolving, with a statement by the directors stating whether, in their opinion, the cost of having financial statements audited outweighs the benefits of the audit and setting out the reasons for the decision.
- Written notice that an audit is required has not been received.
- Directors' declaration for each financial year ending on or after 1 July 1998 (including the Relevant Financial Year) must include an unqualified statement that there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- The year end financial statements must be prepared by a prescribed accountant (which may be an employee of the company) in accordance with Miscellaneous Professional Statement APS 9 'Statement on Compilation of Financial Reports' and must be accompanied by a compilation report prepared in accordance with APS 9 (replaced by APES 315 from 01/01/2009).
- Where a shareholder or person who is owed Approved Subordinated Debt requests a copy of the management accounts or a directors' resolution regarding the above items, the company must make these available to the requesting party.
- The financial report and the directors' report for the Relevant Financial Year and the immediately preceding financial year must substantially comply with Chapter 2M of the Corporations Act 2001.
- The company must lodge its financial report and the directors' report for the Relevant Financial Year and the immediately preceding financial year with the ASIC in accordance with the requirements of the Corporations Act 2001.
- The directors' report must include a statement that the financial report has not been audited, in reliance on ASIC CO 98/1417, and that the requirements of this Class Order have been complied with.

Small proprietary companies

Financial report preparation, audit and lodgement



Audit Relief

ASIC Class Order 98/1417 provides relief to foreign controlled small proprietary companies, that were not audited in 1993 or any subsequent year except for a financial year which ended after 9 December 1995 and before 24 April 1997, from the audit requirements of the Corporations Act 2001 provided certain conditions are satisfied. The Class Order relieves foreign controlled small proprietary companies from the audit requirements of the Corporations Act 2001 for any financial year ending on or after 1 July 1998 (defined as the 'Relevant Financial Year') provided certain conditions are satisfied – refer large proprietary companies 'audit relief' (page D7).

Small proprietary companies that are controlled by a foreign company

On page D9 is a flowchart setting out the preparation, audit and lodgement requirements for small proprietary companies. In order to provide additional detail on the flowchart, set out below is information on whether a foreign controlled small proprietary company would qualify for relief under ASIC Class Order 98/98.

When a company is a foreign controlled small proprietary company that is not part of a 'large group', it may qualify for relief from preparing a financial report under ASIC Class Order 98/98. The definition of a 'large group' for the purpose of identifying whether ASIC Class Order 98/98 applies is as follows:

A 'group' is a 'large group' when, on a combined basis, the 'group' satisfies at least 2 of the following conditions for the financial year of the company in question:

- (a) the combined revenue of the group for the relevant financial year is \$25 million or more;
- (b) the combined value of the gross assets of the group at the end of the relevant financial year is \$12.5 million or more; and
- (c) the group has 50 or more employees (part time employees being counted as an appropriate fraction of a full-time equivalent) at the end of the financial year.

The full definition of a large group in the class order notes that the amounts specified may be varied to any other amount prescribed for the purposes of paragraph 45A(2) of the Corporations Act 2001.

Where 'group' is defined to comprise:

- (a) the company in question;
- (b) any entity which controlled the company and which was incorporated or formed in Australia, or carries on business in Australia;
- (c) any other entities ('the other entities') controlled by any foreign company which controls the company in question, which are incorporated or formed in Australia or carry on business in Australia; and
- (d) any entities which are controlled by the company in question or the other entities (these entities can be Australian or foreign entities).

Combining financial statements is a process similar to consolidation except that it only includes the entities which fall within the definition of 'group'.

Wholly-owned subsidiaries

Directors' report

All wholly-owned subsidiaries of companies incorporated in Australia need not include the information required by s.300(10) of the Corporations Act 2001 in the directors' report.

Financial report preparation, lodgement and audit relief

ASIC Class Order 98/1418 (dated 13 August 1998) exempts certain wholly-owned subsidiaries from the requirements to prepare a financial report and directors' report, have the financial report audited, distribute the financial report, directors' report and auditors' report to members, lay the reports before an annual general meeting, lodge the reports with the ASIC, and, in certain cases, appoint an auditor.

The relief is only available where:

- (a) the parent entity of the company has a financial year which ends on the same date as the financial year of the company;
- (b) the company is a public company, large proprietary company or a small proprietary company to which s.292(2)(b) applies;
- (c) the company is not a borrower in relation to debentures, a disclosing entity or a financial services licensee;
- (d) the parent entity of the company is not a small proprietary company;
- (e) except in relation to a Deed of Cross Guarantee lodged with ASIC before 1 July 2004 – a company holds office as trustee under the Deed of Cross Guarantee;
- (f) except in relation to a Deed of Cross Guarantee lodged with ASIC before 1 July 2004 – if the person holding office as trustee under the Deed of Cross Guarantee is a Group Entity within the meaning of that Deed, another person that is a company holds office as alternative trustee under that Deed;
- (g) the company and every other entity (if any) in the closed group is party to a deed of cross guarantee, an original of which has been lodged with the ASIC. Deeds lodged with the ASIC on or after 1 July 2004 must be accompanied by a Certificate by a lawyer as to the preparation, execution and enforceability of the Deed.
- (h) the directors, of the company and each other entity that is a party to the deed of cross guarantee, sign a statement, that immediately prior to the execution of the deed of cross guarantee, there were reasonable grounds to believe that each entity would be able to pay its debts as and when they fall due;
- (i) the directors of the company have resolved that the company should obtain the benefit of this Class Order;

The main conditions of the Class Order are:

- (a) the parent entity prepares consolidated financial statements which include additional information in relation to the deed of cross guarantee and depending on the entities consolidated, include in a note to the financial statements a detailed balance sheet and income statement, opening and closing retained profits, dividends provided for or paid, and transfers to and from reserves, for those entities party to the deed of cross guarantee.

- (b) the directors of the parent entity sign a statement, within 4 months of year end, that there are reasonable grounds to believe that the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee. This condition is usually satisfied by including the statement in the directors' declaration of the parent entity's financial report;
- (c) When the relief is first applied, the directors sign and lodge a notice, within 4 months of year end, containing (using Form 389):
 - i. a statement that the company has taken advantage of the relief under this Class Order;
 - ii. a short statement of the nature of the deed of cross guarantee;
 - iii. a list of the parties to the deed of cross guarantee, separately identifying the parent entity and members of the wholly-owned group and the other members of the extended closed group;
 Another notice is lodged when the company ceases to apply the relief.

Class Order 08/11 Variation of Class Order [CO98/1418]

On 19 March 2008, the ASIC issued Class Order 08/11, effective from 31 March 2008. This class order amends CO 98/1418 to enable more companies to take advantage of the relief available under the class order, and to remove some of the administrative burden for group companies.

The amendment of requirements are noted above under the discussion of Class Order 98/1418.

In addition, the ASIC now has discretion whether to disallow an entity from relying on the relief available under CO 98/1418. The condition for relief inserted by CO 08/11 is that the ASIC has not notified the wholly-owned entity in writing that it may not rely on the order. Information Release 08-08 accompanying the class order notes that the ASIC may exercise this discretion where it has particular concerns about financial reports of the holding entity.

More information is available on www.deloitte.com.au. [Click here](#) for a link to Accounting Alert 2008/04.

True and fair view

Financial statements and notes thereto prepared to satisfy the reporting requirements of the Corporations Act 2001 must comply with AASB Accounting Standards and the Corporations Regulations 2001, even if compliance does not result in a true and fair view. Section 295(3) of the Corporations Act 2001 requires directors to provide additional information and explanations when compliance with AASB Accounting Standards and the Corporations Regulations 2001 would not give a true and fair view. This additional information and explanation should be given by way of a note to the financial statements. A company may apply to the ASIC under s.340 of the Corporations Act 2001 for accounting and audit relief. ASIC Regulations Guide 43 indicates the ASIC's interpretation of the preconditions which need to be satisfied in order to obtain relief.

Materiality

In accordance with Accounting Standard AASB 1031 'Materiality', the standards specified in other Australian Accounting Standards apply to the financial reports when information resulting from their application is material. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to:

- (a) influence the economic decisions of users taken on the basis of the financial report; or
- (b) affect the discharge of accountability by the management or governing body of the entity.

In determining whether the amount of an item is material, the item should be compared with the more appropriate of the following base amounts:

- (a) in the case of items relating to the balance sheet – equity or the appropriate asset or liability class total;
- (b) in the case of items relating to the income statement – profit or loss and the appropriate income or expense amount for the current reporting period or average profit or loss and the average of the appropriate income or expense amounts for a number of reporting periods; and
- (c) in the case of items relating to the cash flow statement – net cash provided by or used in the operating, investing, financing or other activities as appropriate for the current reporting period or average net cash provided by or used in the operating, investing, financing or other activities as appropriate for a number of reporting periods.

AASB 1031 specifies the following quantitative thresholds which may be used as a guide in considering the materiality of an item in the absence of evidence, or convincing argument, to the contrary:

- (a) an amount equal to or greater than 10% of the appropriate base amount is presumed to be material; and
- (b) an amount equal to or less than 5% of the appropriate base amount is presumed not to be material.

Rounding off of amounts

General

Where total assets of the company, registered scheme, disclosing entity or financial services licensee exceed:

\$10 million	Rounding off to the nearest thousand dollars is permitted. Each page must clearly indicate where this has been done (refer ASIC-CO 98/0100 dated 10 July 1998).
\$1,000 million	Rounding off to the nearest hundred thousand dollars is permitted. Each page must clearly indicate where this has been done (refer ASIC-CO 98/0100 dated 10 July 1998). These amounts should be presented in the form of a whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars, with a clear indication that the amounts are presented in millions of dollars.
\$10,000 million	Rounding off to the nearest million dollars is permitted. Each page must clearly indicate where this has been done (refer ASIC-CO 98/0100 dated 10 July 1998).

However, rounding is not allowed where rounding could adversely affect decisions about the allocation of scarce resources made by users of the financial report or the discharge of accountability by management or the directors.

The relevant financial report or report must state that the company is of a kind referred to in the Class Order and that amounts in the directors' report and the financial report have been rounded in accordance with the Class Order.

Amounts rounded down to zero may be indicated by 'nil' or the equivalent thereof. In addition, an item that is rounded down to nil in the financial report for the current and comparative accounting periods may be omitted completely.

In respect of financial services licensees, a reference to 'directors' in the class order is taken to include a reference to, where the relevant entity is a financial services licensee that is a partnership, the partners of the entity, or where the relevant entity is a financial services licensee that is a natural person, the person.

Special rules for 'prescribed items'

When rounding amounts pursuant to ASIC Class Order 98/0100 it is important to remember that:

- (a) where an entity rounds amounts to the nearest \$100,000 or \$1,000,000, the following 'prescribed items' must be rounded only to the nearest \$1,000; and
- (b) where a company rounds to the nearest \$1,000, the following 'prescribed items' must be presented in whole dollars (i.e. the following 'prescribed items' cannot be rounded).

The 'prescribed items' include:

- (a) details, values and aggregates required to be disclosed in the directors' report under s.300(1)(d) and (g), s.300(8), s.300(9), s.300(11), s.300(11B), s.300(11C), s.300(12), s.300(13)(a), s.300A(1)(c) and s.300A(1)(e) of the Corporations Act 2001¹;
- (b) amounts disclosed pursuant to AASB 2 'Share-based Payment' paragraphs 44, 46 and 51;
- (c) remuneration of auditors disclosed pursuant to AASB 101 'Presentation of Financial Statements' paragraphs Aus126.1 and 126.2;
- (d) compensation to key management personnel and other information disclosed pursuant to AASB 124 paragraphs 16, Aus 25.4, Aus25.6, Aus25.7.1 to Aus25.9.2; and
- (e) transactions between related parties disclosed pursuant to AASB 124.17 and 18.

Other prescribed items include similar amounts disclosed under superseded Australian Accounting Standards and Corporations Act requirements.

¹ Information required by Regulation 2M.3.03 is considered to be 'prescribed items' as it is caught by the references to s.300A above.

EPS and option disclosures

In addition:

- (a) earnings per share may be rounded to one tenth of one cent (disclosed pursuant to AASB 133 'Earnings per Share'); and
- (b) information disclosed in the directors' report about the prices for unissued shares and options may be rounded to one cent (disclosed pursuant to s.300(6)(c), s.300(7)(d) and s.300(7)(e)).

Rounding by lower amounts

Where considered appropriate, and provided certain conditions are satisfied, amounts may be rounded off to a lesser extent than that detailed above. For example, a company with total assets exceeding \$10,000 million may wish to round to the nearest \$1,000 or \$100,000 even though it is permitted to round to the nearest \$1 million.

ASIC class orders

The following significant and relevant class orders have been released by the ASIC:

Release number	Date	Subject
98/96	10/07/98	Permits foreign controlled companies, registered schemes and disclosing entities to synchronise their financial year with that of their ultimate foreign parent entity where the foreign parent is required by law to synchronise the financial years of subsidiaries, provided certain conditions are satisfied.
98/98	10/07/98	Relieves foreign controlled small proprietary companies from the requirement to prepare, audit and lodge a financial report in circumstances where a financial report is not lodged by the foreign parent entity or intermediate Australian parent entity, provided certain conditions are satisfied. This Class Order has been amended by ASIC Class Order 07/822 to reduce the ongoing administrative obligations of eligible companies relying on the relief to lodge forms with the ASIC every year.
98/100	10/07/98	Permits rounding off in the directors' report and financial report where total assets exceed \$10 million, \$1,000 million and \$10,000 million.
98/101	10/07/98	Relieves public companies, registered schemes and disclosing entities from the requirement to send a full or concise financial report to shareholders where the entity cannot establish the address of a shareholder, provided certain conditions are satisfied.
98/104	10/07/98	Relieves listed entities from the requirement to lodge a copy of their financial report, directors' report and auditors' report for the financial year and half-year with the ASIC where those reports have already been lodged with the ASX. Where a concise financial report has been prepared it must be lodged with the ASX along with the full financial report.
98/106	10/07/98	Relieves disclosing entities which are regulated superannuation funds, approved deposit funds or pooled superannuation trusts from preparing and lodging annual and half-year financial reports.
98/1417	13/08/98	Relieves large proprietary companies and foreign controlled small proprietary companies from the audit requirements of the Corporations Act 2001, provided certain conditions are satisfied.
98/1418	13/08/98	Relieves wholly-owned subsidiaries from the requirement to prepare a financial report and to have that financial report audited, provided certain conditions are satisfied.
98/2016	30/10/98	Relieves entities from the disclosing entity requirements of Chapter 2M of the Corporations Act 2001 where the entity ceases to be a disclosing entity before their deadline and the directors resolve that there are no reasons to believe that the entity may become a disclosing entity before the end of the next financial year.
98/2395	24/12/98	Allows companies, registered schemes and disclosing entities to include certain information otherwise required to be disclosed in the directors' report to be transferred to a document attached to the financial report and directors' report.
99/90	11/02/99	Relieves companies, registered schemes and disclosing entities from sending full financial reports or concise reports to members who made an open-ended standing request in writing under an earlier ASIC class order to be sent neither full financial statements or a short report.
02/1432	24/12/02	Relieves registered foreign companies from the requirement to lodge financial statements with the ASIC, provided certain conditions are satisfied.
03/392	5/06/03	Exempts companies in liquidation from the financial reporting obligations in Part 2M.3 of the Corporations Act 2001, and grants certain other externally administered companies an extension of time in which to lodge and, where applicable, distribute an upcoming financial report.
05/638	7/07/05	Relieves large proprietary companies in which an ownership (but not a controlling interest) is held by a foreign company or which have an authorised trustee company as a non-beneficial member from the requirement to lodge a financial report, directors' report and auditors' report with the ASIC, provided certain conditions are satisfied.
05/639	26/07/05	Allows non-reporting entities to take advantage of concessions or other modifications of the recognition and measurement requirements of accounting standards that are available to reporting entities, provided that the financial report complies with all recognition and measurement requirements as if it were an 'eligible reporting entity'.
05/642	29/07/05	Permits issuers of stapled securities to include their financial statements and the consolidated or combined financial statements of the stapled group in adjacent columns in one financial report, provided certain conditions are satisfied.
05/644	29/07/05	Permits the presentation of a pro forma balance sheet in the notes to the financial statements to explain the financial effect of material acquisitions and disposals of entities and businesses after the balance date.

Release number	Date	Subject
06/68	3/02/06	Relieves certain foreign licensees (except foreign ADIs) from the requirement under Division 6 of Part 7.8 of the Corporations Act 2001 to prepare and lodge audited financial statements and keep certain financial records in relation to its financial services business.
06/441	29/06/06	Permits registered schemes with a common responsible entity (or related responsible entities) to include their financial statements in adjacent columns in a single financial report, provided certain conditions are satisfied. Replaces ASIC Class Order 05/643.
08/15	18/01/08	Relieves a disclosing entity from the requirement to prepare and lodge a half-year financial report and directors' report during the first financial year of the entity, where that first financial year lasts for 8 months or less, provided certain conditions are satisfied.
08/11	19/03/08	Varies ASIC Class Order 98/1418 to enable more companies to take advantage of the relief available under the class order, and to remove some of the administrative burden for group companies.
08/618	8/08/08	Varies ASIC Class Order 98/1418 through removing condition (h)(i) so that asset values in the holding entity's consolidated financial statements are determined in accordance with accounting standards. It also allows for the substitution of one trustee for another trustee under condition (s) as contemplated by the pro forma deed of cross guarantee, and provides greater clarity as to when comparative information is required in note disclosures for the holding entity's consolidated financial statements.

Reporting deadlines

The following table summarises the reporting deadlines under the Corporations Act 2001 and ASX Listing Rules (where relevant).

Source reference	Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
Half-year report							
ASX4.2A, ASX4.2A.3, ASX4.2B	Lodgement of Appendix 4D with the ASX	As soon as available (no later than when half-year reports are lodged with the ASIC, and no later than 2 months after the half-year end) ¹	n/a	n/a	n/a	n/a	n/a
ASX4.2A, ASX4.2A.1, ASX4.2B	Lodgement of the Corporations Act 2001 half-year report with the ASX	As soon as available (no later than when half-year reports are lodged with the ASIC, and no later than 2 months after the half-year end) ²	n/a	n/a	n/a	n/a	n/a
s.320	Lodgement of the Corporations Act 2001 half-year report with the ASIC	n/a (ASIC-CO 98/104)	Within 75 days after the half-year end	n/a	n/a	n/a	n/a
Annual report							
ASX4.3A, ASX4.3B	Lodgement of Appendix 4E with the ASX	As soon as available (and no later than 2 months after the year end) ³	n/a	n/a	n/a	n/a	n/a
ASX4.5, ASX4.5.1	Lodgement of the Corporations Act 2001 annual report and concise report with the ASX	As soon as available (and no later than 3 months after the year end)	n/a	n/a	n/a	n/a	n/a

Source reference	Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
s.319	Lodgement of the Corporations Act 2001 annual report and concise report with the ASIC	n/a (ASIC-CO 98/104)	Within 3 months after the year end	Within 4 months after the year end	Within 4 months after the year end	Within 4 months after the year end	Within 3 months after the year end
ASX4.7, ASX4.7.1, s.315	Distribution of the Corporations Act 2001 annual report or concise report to the members (and to the ASX, for listed entities) ⁴	Earlier of 21 days before the AGM or 4 months after the year end	Earlier of 21 days before the AGM or 4 months after the year end	Earlier of 21 days before the AGM or 4 months after the year end	Within 4 months after the year end	Within 4 months after the year end	Within 3 months after the year end

Annual general meetings

s.250N	Hold the AGM	Within 5 months after the year end (if a public company)	Within 5 months after the year end (if a public company)	Within 5 months after the year end (if more than 1 member company) ⁵	n/a	n/a	n/a
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¹ Mining exploration entities are not required to provide the information set out in the Appendix 4D.

² The deadline for lodgement of the half-year report for mining exploration entities is 75 days after the end of the accounting period.

³ Mining exploration entities are not required to provide the information set out in the Appendix 4E.

⁴ An entity need not give the ASX the annual report if it comprises only the documents already given to the ASX under ASX Listing Rule 4.5. The entity must tell the ASX if this is the case.

⁵ Note: a wholly-owned public company is not required to hold an AGM under s.250N(4).

The following table summarises the reporting deadlines for annual reporting periods ending 30 June 2009. Note: These reporting deadlines will be applicable to the majority of entities, however care should be taken to ensure that the dates noted below are the appropriate dates for the entity in question.

Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
Annual reporting period ending 30 June 2009						
Lodgement of Appendix 4E with the ASX	31 Aug 2009	n/a	n/a	n/a	n/a	n/a
Lodgement of the Corporations Act 2001 annual report and concise report with the ASX	30 Sep 2009	n/a	n/a	n/a	n/a	n/a
Lodgement of the Corporations Act 2001 annual financial report and concise report with the ASIC	n/a	30 Sep 2009	30 Oct 2009	30 Oct 2009	30 Oct 2009	30 Sep 2009

Other small proprietary companies

With the exception of certain foreign controlled small proprietary companies (refer above), small proprietary companies are not required to prepare an annual financial report under Part 2M.3 of the Corporations Act 2001, unless requested to do so by either:

- (a) the ASIC; or
- (b) 5% or more of the shareholders of the company.

ASIC request

In the event that a small proprietary company (not otherwise required to prepare and lodge an annual financial report under Part 2M.3 of the Corporations Act 2001) is requested by the ASIC to prepare and lodge an annual financial report, the deadline for lodgement with the ASIC is the date specified in the request (s.294).

Shareholders' request

In the event that a small proprietary company (not otherwise required to prepare an annual financial report under Part 2M.3 of the Corporations Act 2001) is requested by 5% or more of the shareholders to prepare and distribute an annual financial report, the deadline for the distribution is the later of (s.315(2)):

- (a) 2 months after the date on which the request is made; or
- (b) 4 months after the end of the financial year.

Where a small proprietary company is required to prepare an annual financial report in accordance with a shareholders' request, a directors' report need not be prepared and that financial report is not required to be made out in accordance with Accounting Standards where the shareholders' request specifies that a directors' report is not required to be prepared and that Accounting Standards need not be complied with. In addition, the annual financial report is only required to be audited where the shareholders' request asks for an audit to be performed.

Signing the annual financial report and half-year financial report

The directors' report and directors' declaration must be prepared and signed off in time to comply with the lodgement and distribution deadlines of the Corporations Act 2001 (as detailed above).

The directors' report and directors' declaration (made out in accordance with a directors' resolution) need only be signed by one director, for example, the chairman of the board. The board of directors can however choose to have more than one director sign the directors' report or directors' declaration.

Notice of members' meetings

In relation to proprietary companies and unlisted public companies, 21 days notice must be given for all members' meetings (unless a longer notice period is specified in the company's constitution). However, the Corporations Act 2001 makes provision for the members to agree to a shorter notice period, other than notice periods for members' meetings in which a resolution will be moved to appoint or remove directors, or remove the auditor of the company.

In relation to listed companies, 28 days notice must be given for all members' meetings (unless a longer notice period is specified in the company's constitution).

Financial report preparation

The 'Illustrative Annual Reports' is a guide to assist you in meeting your financial reporting obligations. However, should you identify the need for additional support, we have a team who specialise in financial report preparation.

Areas where we assist are:

Key accounting team members have left, been retrenched, gone on maternity leave etc



Your business is in growth phase and reporting compliance is just one of the many issues you are faced with



You are concerned about meeting your reporting deadlines



You are concerned about providing a set of financial statements that the audit team will be able to work with



Options include full outsourcing, partial outsourcing or staff secondments.

For more information please call Diana Shoolman on (02) 9322 5767.

Tools and publications

In addition to our illustrative annual reports, Deloitte has a range of tools and publications to assist entities in reporting under Australian and international reporting standards. These include:



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Regular to-the-point email communications keeping you up-to-date on new pronouncements, emerging issues and uncertainties in interpretation in financial reporting.



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Our 'What's new' checklists provide a single source of reference for current and future financial reporting requirements, with cross references to our analysis of developments as they occurred.



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