



Tier 1 models and reporting considerations

B. Key considerations for 31 December 2021

Financial reporting periods ending on or after
31 December 2021

B. Key considerations for 31 December 2021



This section provides pertinent information for financial reporting at 31 December 2021, including: what's new for the current reporting season, a summary of new and revised pronouncements and reporting deadlines.

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Important information about this document

This document is an extract from the complete *Tier 1 models and reporting considerations* publication. Links to cross references from this extract to other parts of the overall publication will not work.

Other extracts and the complete publication are available at www.deloitte.com/au/models.

B1 What's new in financial reporting?

This section provides a high level overview of the key financial reporting considerations for financial reporting periods ending on 31 December 2021.

Roadmap to this section

Topic	What is covered
B1.1 Summary of key financial reporting considerations for 31 December 2021	An easy-to-follow summary of the key changes and other considerations for financial reporting at 31 December 2021
B1.2 Ongoing financial reporting considerations of COVID-19 and the recovery	<ul style="list-style-type: none"> • Effective communication in financial reporting through transparency • Lessee rent concession amendments • Resources available
B1.3 Key global developments	<ul style="list-style-type: none"> • Climate-related and other emerging risks financial disclosures • Software-as-a-service arrangements • Net realisable value of inventories • Mergers and acquisitions and other complex transactions
B1.4 Australian specific considerations	<ul style="list-style-type: none"> • Accounting implications of Australian responses to the COVID-19 crisis and other government initiatives • Listed entities must announce JobKeeper information to the market • ASIC focus areas for financial reporting • Results from prior ASIC financial report reviews • ASIC calls on insurers to respond to new insurance standard • ASX developments • Continuous disclosure obligations • Using technology to hold meetings and sign documents • Auditor remuneration disclosure • Changes to reporting requirements for registered charities

The information in this section was prepared as of **19 November 2021** and entities should ensure any developments occurring from this date to the date of authorising of the financial statements are appropriately taken into account. This publication is updated twice yearly (for June and December reporting periods) and the latest edition can be found at www.deloitte.com/au/models.

As occurs so often with changes to accounting standards and financial reporting requirements, some of the new or revised pronouncements and other information noted in this section may have a substantial impact on particular entities. Therefore, it is important that the information in this section is carefully reviewed for any potential impacts or opportunities.

B1.1 Summary of key financial reporting considerations for 31 December 2021

B1.1.1 Relevant to full year and half-year financial reports at 31 December 2021

The following should be considered for full year and half-year financial reports at 31 December 2021. More detail is provided in the following sections.

What's changed?	Who is affected?	What needs to be considered?
Overall considerations		
The ongoing impact of the COVID-19 pandemic, government responses to the pandemic and the ongoing economic recovery may have a pervasive impact on financial reporting	Virtually all entities are affected in some way	An important response to these challenges is to enhance the transparency of the financial report so that readers understand the impacts of the crisis, government support and the emerging recovery on the entity and the decisions, judgements and uncertainties involved in compiling the financial report. For areas affected by COVID-19, it would be expected that the entity discusses in its disclosures how the area is affected. More information and available resources are included in section B1.2, and specifically in relation to mergers and acquisitions and other complex transactions in section B1.3.4.
Disclosure considerations		
Entities need to respond to a continuing global push for standardised environmental, social and governance (ESG) reporting. The IFRS Foundation has announced the formation of the International Sustainability Standards Board (ISSB) and the Australian regulatory environment continues to evolve	Entities that are exposed to material climate-related or other emerging risks or have investors with an expectation that climate-related or emerging risks would influence their decisions	The ISSB is expected to finalise its first Standards in 2022. ASIC is also increasingly focusing on material risk disclosures in the operating and financial review (OFR). Financial reporting areas that may be impacted include asset impairment, changes in useful lives, valuation of assets, provisions and contingent liabilities and expected credit losses. The OFR should also include discussion of material risks arising from climate change (see section B1.3.1)
Entities should provide transparent disclosures about auditor remuneration	All entities	Transparent information about auditor remuneration improves the quality of financial reporting and enhances the understanding of corporate governance policies around auditor independence (see section B1.4.8)
Underlying accounting changes		
A practical expedient is available to account for COVID-19 related rent concessions	Entities entering into lease concessions (as lessee) as a result of COVID-19	Lessees with eligible lease concessions are not required to assess whether COVID-19-related rent concessions are lease modifications and instead can account for such rent concessions as if they were not lease modifications (see section B1.2.2).
IFRIC has finalised agenda decisions dealing with Software-as-a-Service (SaaS) arrangements	Entities entering into SaaS arrangements	Entities impacted by the IFRIC agenda decisions should consider the need to change their accounting policies for SaaS arrangements and, where material, retrospectively adjust for the effects of the agenda decisions in their December financial reports (see section B1.3.2)
IFRIC finalised an agenda decision on the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories	Entities which sell inventories	The impacts of agenda decision will depend on the entity's existing policies and its specific facts and circumstances. Whilst entities have had a reasonable timeframe in which to respond to the agenda decision, its implementation may be complex (see section B1.3.3).
A number of less significant amendments to Australian Accounting Standards become applicable for the first time	Various entities depending upon the nature of the entity's activities and transactions	Although these largely represent minor changes, in some cases particular entities may be impacted. It is important to understand the nature and detail of these changes to determine if they could significantly impact each entity (see section B2.2).

What's changed?	Who is affected?	What needs to be considered?
Other considerations		
New legislation requires Australian listed entities who participated in the Federal government JobKeeper scheme to disclose prescribed information to the market operator (e.g. ASX)	Listed entities that participated in the Federal government JobKeeper scheme	Australian listed entities that participated in the JobKeeper scheme must ensure they comply with new legislative requirements to announce prescribed details to the market. (Federal Parliament passed the Treasury Laws Amendment (2021 Measures No. 2) Bill 2021 on 2 September 2021). The requirement to make an announcement to the market applies even though the entity may have already disclosed equivalent information in financial reports, previous announcements or other documents (see section B1.4.2).
The ASX Listing Rules and guidance have been updated	Entities listed on the ASX	Minor updates to the ASX Listing Rules and guidance, effective from 5 June 2021 and 1 July 2021 must be considered by entities in ensuring compliance with their listing obligations (see section B1.4.6).
The ability of many entities to prepare special purpose financial statements will be removed, and a new 'Tier 2' reporting framework implemented, for annual periods beginning on or after 1 July 2021	Many private-sector for-profit entities and not-for-profit entities currently preparing Tier 2 financial statements.	Although not directly applicable to half-year reports, impacted entities (which may include subsidiaries of entities preparing Tier 1 financial statements that have a financial reporting obligation) need to prepare to implement the new requirements. More information can be found in Clarity publication Removal of special purpose financial statements and Clarity publication Simplified Disclosures – Transition option and opportunities
A change in the way in which accounting policies are disclosed in financial reports are effective for annual reporting periods beginning on or after 1 January 2023, requiring disclosure of material accounting policy information rather than significant accounting policies	Entities preparing GPFS	Whilst not applicable until 2023, early adoption may be attractive for entities wishing to place an emphasis on meaningful, entity-specific accounting policy information rather than repeating the requirements of standards. More information can be found in IFRS in Focus IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies

The above table is a high-level summary and each entity will be affected differently. Accordingly, financial report preparers should consider their own specific circumstances when preparing their financial reports and ensure they fully consider all the requirements on the following pages.

Important note regarding ASIC focus areas

At the time of going to finalising this publication (19 November 2021), ASIC had not released its focus areas for 31 December 2021 and had last updated its [frequently asked questions](#) on COVID-19 implications for financial reporting and audit on 29 September 2021.. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, classification of debt as current or non-current, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and accounting for software-as-a-service arrangements.

ASIC's 31 December 2021 focus areas are expected to be announced on the [ASIC website in the near future](#). More information on key matters to consider can be found in our [Clarity publication Responding to regulatory focus areas - Financial reporting under COVID-19 and the emerging economic recovery](#). We will provide updates in future editions.



Our Client financial reporting update podcasts provide insights from leading specialists in financial reporting from our Accounting Technical team and audit practice who share thoughts and lessons learnt from the recent reporting season as well as discussing current and emerging reporting issues for the December 2021 reporting season. The podcasts can be [accessed here](#).

B1.2 Ongoing financial reporting considerations of COVID-19 and the recovery

B1.2.1 Effective communication in financial reporting through transparency

With greater clarity on the path out of COVID-19 restrictions in most parts of Australia, confidence is gradually increasing that the worst of the pandemic is behind us. However, the outlook remains uncertain on the back of possible new variants, the pace of economic recovery and the potential for the pandemic to have left 'structural' or permanent effects on the economy in areas such as consumer spending and organisational profitability. Accordingly, the COVID-19 pandemic and the uncertainties around recovery continue to present challenges in preparing financial reports for 31 December 2021.

An important response to these challenges is to enhance the transparency of the financial report so that readers understand the impacts on the entity and the decisions, judgements and uncertainties involved in compiling the financial report.

One of ASIC's key focus areas for June 2021 and December 2020 financial reporting was disclosure. Entities can expect regulatory scrutiny to continue to be rigorous. Early planning and timely preparation of position papers will enable management and directors to make informed decisions on key estimates and judgments and will support the quality of the financial information provided to the market.

Transparency is particularly important in areas outlined below.

Significant judgements and estimates

The COVID-19 crisis led to more variability and uncertainty underlying the preparation of the financial reports. The ongoing economic recovery may also present more uncertainty than in pre-pandemic times. As a result, a broader range of disclosures, in both full year and half-year reports may be needed, including consideration of AASB 101 *Presentation of Financial Statements* paragraphs 122, 125 and 129, amongst others). These disclosures may include:

- Sources of estimation uncertainty
- Assumptions made
- Sensitivity and scenario analysis.

Key estimates and judgments will differ from entity to entity, but most commonly include impairment of assets (and reversals of impairments), fair values of investment property and investments, expected credit losses of loans and receivables, recovery of deferred tax assets, long-term provisions (such as rehabilitation provisions) and the assessment of the entity's ability to continue as a going concern.

Entities should also take care to ensure that assumptions relating to future cash flows are consistent across the different estimates and judgments (e.g. recoverable amount models and support for the recognition of deferred tax assets), and any differences are attributable to different requirements of the relevant accounting standard.

The broader financial reporting package should also address how the business was impacted by COVID-19 and government responses to it, the impacts of the emerging recovery, its ongoing strategies in response and its prospects.

In the current period, the recent COVID-19 outbreaks in various states and territories and the rapid take up of vaccinations permitting the removal of restrictions may not align with the entity's prior expectations, forecasts and assumptions. The business impacts may include discussion of the underlying drivers of financial performance, strategies and risks, impacts on supply and demand, covenant compliance and lending arrangements and liquidity management (either in the financial statements or the operating and financial review).

Impairment

The ongoing impacts of COVID-19 and the emerging recovery may be pervasive to an entity's impairment testing under AASB 136 *Impairment of Assets*. Users will continue looking to the financial statements to understand the impact of COVID-19 and associated developments on asset values.

A challenging area of the impairment test may be making reasonable and supportable estimates of cash flows. In contrast to pre-COVID-19 impairment tests which may have been determined using a single estimate of cash flows over the forecast period, entities may continue to need to use a weighted probability approach to cash flows which considers a range of possible scenarios on the speed at which continuing recovery is expected, as well as the level to which business activities are expected to return. Terminal value cash flows and long term growth rates may also be different to those adopted prior to the COVID-19 pandemic.

In addition, as vaccination rates improve and restrictions are progressively removed, current period impairment modelling may require the development of alternate scenarios to prior periods. In some cases, this may lead to improvements in recoverable amounts determined and result in a reversal of impairments recognised in prior periods in respect of assets other than goodwill. It is not acceptable to be 'conservative' and not reverse prior period impairment where circumstances have clearly improved and assets (other than goodwill) have been impaired in prior periods.

Finally, transparent disclosures should be made so that users of the financial report can understand how recoverable amount has been determined. Disclosure may include:

- Key assumptions
- Description of approach to each of the key assumptions, whether they reflect past experience, whether they are consistent with external sources of information, and, if not, how and why they differ from past experience, external sources, and earlier COVID-19 assumptions
- Key changes in underlying performance during the period and how these changes have been reflected in recoverable amount models
- Period of projected cash flows, growth rates in the terminal value and discounts rates
- Sensitivity analysis, where a reasonably possible change in a key assumption could cause impairment
- Scenario analysis, including possible ongoing recovery outcomes.

Government support

Where the entity has taken advantage of the various government COVID-19 support packages such as JobKeeper, JobMaker or loan guarantees, it is important the nature and impacts of these schemes are clearly disclosed.

Readers of the financial statements should be able to understand:

- What support the entity has received
- How the support has been accounted for
- How the support has impacted the financial position, financial performance and cash flows of the entity, including, where appropriate areas such as segment reporting, impairment and operating and financial review
- The impacts of any voluntary repayments of support received.

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) that contains prescribed information about JobKeeper. These requirements are discussed in section B1.4.2.

Non-IFRS profit measures

Information about the impact of COVID-19 on the entity's results is useful to investors and it is important to disclose the underlying drivers of results in the operating and financial review. However, ASIC is concerned that entities may disclose non-IFRS profit measures that purport to show the result had COVID-19 not occurred and has therefore published an [FAQ](#) to provide additional guidance.

ASIC's view is that any non-IFRS profit measures should be unbiased and not used to avoid presenting 'bad news' to the market. Measures purporting to show the result had the impact of the COVID-19 pandemic not occurred are likely to be misleading as they will be hypothetical and may not show the actual performance of an entity. It may also not be possible to reliably identify and separately quantify the impact of the COVID-19 pandemic.

ASIC has also stated that presenting a split of profit or loss between pre-COVID-19 and post-COVID-19 periods is problematic and can be potentially misleading.

Furthermore, where asset impairment losses were excluded from a non-IFRS profit measure in a prior period, ASIC reminds entities that any subsequent impairment reversal should also be excluded from that measure in the current period.

Going concern

Consistent with the [conclusion reached](#) by the IFRS Interpretations Committee in July 2014, disclosure is required when an entity concludes there is no material uncertainty regarding its ability to continue as a going concern but reaching this conclusion involved significant judgement. This requires disclosure of the significant judgments made and is important to provide users of the financial statements with enough information to understand the pressures on liquidity, viability and solvency.

The AASB and AUASB issued a [joint publication](#) on the impacts of COVID-19 on going concern and related assessments which includes a section on going concern disclosures in various scenarios. They further issued a [joint FAQ](#) which provides guidance on some of the issues financial report preparers and auditors should consider as a result of the impact of COVID-19. This FAQ includes going concern as one of the key issues to consider.

With the ongoing impacts of the COVID-19 pandemic on the economic environment, deciding whether the financial statements should be prepared on a going concern basis may continue to involve a greater degree of judgement than usual. To support companies, in January 2021, the IFRS Foundation published educational material [Going concern – a focus on disclosure](#) which brings together the requirements in IFRS Standards relevant for going concern assessments. The educational material is published to support consistent application of IFRS Standards and does not change, or add to, existing requirements. The IFRS Foundation material notes that:

- Management's assessment of going concern is required to cover at least 12 months from the reporting date but that this is a minimum period, not a cap¹
- That assessment needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue
- As well as the specific requirements to disclose the basis on which financial statements are prepared and any material uncertainties over going concern, disclosure of significant judgements made as part of a going concern assessment might be required under the general requirements of IAS 1 *Presentation of financial statements*.

As noted in the educational material, in the meantime, it is important to remember what currently applicable IFRS Standards require in relation to going concern assessments—disclosures about not only material uncertainties but also significant judgements².

Potential disclosures where there is significant judgment in determining whether a material uncertainty exists (or not) or where it is determined that a material uncertainty does exist may include:

- Commentary on the events or conditions (e.g. deterioration in the financial results, working capital or cash constraints) that indicate the uncertainties exist at or arose post the balance date and the severity of the entity's current financial position
- Commentary on management's plans and options (e.g. capital raising, refinancing, or cost reductions etc) to mitigate the financial position and whether they are within management's control or subject to third party actions, the status of the plans and options and their interdependency
- Commentary on the feasibility of the plans or events that need to occur for the outcomes to be positive and why the outcomes are probable
- Based on the above:
 - A summary of the existence of material uncertainty and therefore that the entity may be unable to realise its assets and discharge its liabilities in the normal course of business, or
 - Significant judgements in management's evaluation that no material uncertainty exists e.g. evidence that plans are effective, additional financing, waiver of covenants, loan guarantees, government grants
- Other relevant information (e.g. interface with contingent liabilities such as legal claims).

¹ Under Australian Auditing Standard [ASA 570 Going Concern](#), the relevant period for assessment of going concern is the period of approximately 12 months from the date of the auditor's current audit report to the expected date of the auditor's report for the next annual reporting date (in the case of an annual financial report), or the corresponding reporting period for the following year (in the case of an interim financial report) (ASA 570.Aus 13.2). ASA 570 also notes that if management's assessment of the entity's ability to continue as a going concern covers less than the relevant period, the auditor is required to request management to extend its assessment period to correspond to the relevant period used by the auditor (ASA 570.Aus 13.1).

² The IFRIC released an [agenda decision](#) in June 2021 dealing with the preparation of financial statements where the entity is no longer a going concern, addressing the preparation of financial statements for prior periods, and the impact on comparatives.

Subsequent events

A [joint FAQ](#) issued by the AASB and AUASB provides guidance on some of the issues financial report preparers and auditors should consider as a result of the impact of COVID-19. This FAQ includes events after the reporting period as one of the key issues to consider. This guidance continues to be relevant as unexpected events may occur after the reporting date, or events after reporting date may confirm possible scenarios³.

Each subsequent event should be assessed in accordance with AASB 110 *Events After the Reporting Period* to determine whether it provides evidence of conditions that existed at the end of the reporting period (and therefore should be adjusted for in the financial statements) or whether it reflects a change in conditions after the reporting date (and therefore disclosure is required).

For example, if a debtor is placed into voluntary administration soon after the reporting date, should this be taken into account in determining the expected credit losses at reporting date? We expect this assessment may involve significant judgement for the 31 December 2021 reporting period, and therefore management should allow sufficient time in its reporting calendar to consider such events.

If non-adjusting events are material, an entity is required to disclose the nature of the event and an estimate of its financial effect. The estimate does not need to be precise. It is preferable to provide a range of estimated effects as an indication of the impact rather than to not provide any quantitative information at all. However, where the quantitative effect cannot be reasonably estimated, a qualitative description should be provided, along with a statement that it is not possible to estimate the effect.

Fair value measurements

The ongoing impacts of COVID-19 may require changes in valuation techniques (e.g. market transactions may not be available, particularly in prior periods) and changes in categorisation of fair value measurements in the 'fair value hierarchy' (often to or from 'Level 3'). This may be particularly relevant for direct and indirect investments in properties and infrastructure and other unlisted investments. In other cases, more recent transactions may now be available, which may be a different position to previous reporting periods.

AASB 13 *Fair Value Measurements* requires disclosures about both recurring and non-recurring fair value measurements, particularly those categorised as 'Level 3' in the fair value hierarchy, and may include the following disclosures:

- Valuation techniques used, changes in those techniques and reason for change
- Quantitative information about the significant unobservable inputs used in the fair value measurements
- Narrative description of sensitivity to changes in unobservable inputs
- Sensitivity analysis of unobservable inputs that change fair values significantly.

Liquidity risk management

Liquidity disclosures, including how the entity manages its liquidity risk, are particularly important where uncertainty exists. Entities should consider how the use of working capital enhancement or management techniques is reflected in the entity's disclosure of its liquidity risk management as required by AASB 7 *Financial Instruments: Disclosures*.

In addition, if outflows of cash (or another financial asset) could occur significantly earlier than indicated in its summary quantitative data about its exposure to liquidity risk, entities should state this fact and provide additional disclosure. For example, this may arise where there is uncertainty about continued compliance with covenants under financing arrangements.

³ For example, at 30 June 2021, almost 50% of the Australian population was in lock down across many states in response to cases of community transmission of COVID-19. Major population centres in New South Wales, Queensland, Western Australia and the Northern Territory were subject to stay at home orders of varying lengths, and other areas of those jurisdictions, together with other states and the Australian Capital Territory, were subject to restrictions on travel, border restrictions and/or varying public health measures. At that date, a number of plausible scenarios may have arisen and subsequent developments would have needed to be considered in light of the guidance in this section. At 31 December 2021, progress with vaccinations, border openings (or closing), or the emergence of additional strains of COVID-19 may be factors to consider.

Entities should also consider:

- The specific disclosure requirements for transfers of financial assets as required by AASB 7 when financial assets are sold to fund working capital needs
- The accounting policies and judgements applied in determining the balance sheet and cash flow statement presentation of amounts due and paid when supplier finance and reverse factoring arrangements are used.

This could include separate presentation of amounts payable, key terms of arrangements, accounting judgements applied in determining whether to present such amounts as payables or borrowings and how risks and exposures are managed.

Payment of dividends

It is important entities considering paying a dividend ensure they consider all appropriate accounting, legal and tax aspects before declaring a distribution.

For entities incorporated under the Corporations Act, the declaration of dividends is subject to the 'net assets test' in s.245T. In order to pay a dividend, an entity must have sufficient net assets, the declaration of a dividend must be fair and reasonable to the company's shareholders, and the payment of a dividend must not materially prejudice the company's ability to pay its creditors.

The net assets test was introduced a number of years ago and followed the previous 'profits test' that only permitted the payment of dividends from profits. There is a significant amount of case law around the operation of the profits test, but the net assets test has not been scrutinised by the Courts to any comparable degree.

Under Australian tax law, a dividend can only be franked if it is paid out of profits. Accordingly, the profits test remains relevant for these purposes, and some argue the profits test remains relevant in relation to the declaration of dividends under the *Corporations Act 2001*.

With the widespread impacts of COVID-19 over the past two years, many entities may have experienced new conditions, and profitability patterns may have altered. Some companies may have incurred their first accounting loss for some time, or may need to fund dividends from different sources within the group than in the past.

Because of the uncertainty around the interpretation of the legal and tax requirements for dividends, particular care is needed where an entity:

- Has negative net assets and/or negative retained earnings (even if the group as a whole does not)
- Wishes to pay a dividend exceeding the available profits and retained earnings of the entity itself (even if the dividend is less than the consolidated position)
- Needs to rely on the payment of dividends from subsidiaries, particularly where a chain of entities exists (as there may be 'dividend traps' whereby an entity in the chain is prohibited from paying a dividend due to its own circumstances)
- Seeks to frank a dividend for taxation purposes when profits are not available, or the dividend is being paid in a different period to when the profits were originally earned.

The payment of a dividend when not permitted can expose the directors to consequences under the *Corporations Act 2001*, and the incorrect franking of a dividend for tax purposes can have significant tax repercussions.

Whilst the accounting is fairly straightforward, it is nevertheless important for directors to carefully consider the legal and tax implications of dividends before they are declared. Entities should obtain appropriate advice where there is uncertainty.

There may also be indirect accounting implications that need to be considered, e.g. if a dividend is being funded by paying dividends up from subsidiaries, this may result in current or deferred income tax impacts that must be recognised.

B1.2.2 Lessee rent concession amendments

The IASB and AASB made amendments to provide lessees with a practical expedient not to assess whether COVID-19-related rent concessions are lease modifications and instead allows lessees to account for such rent concessions as if they were not lease modifications.

The practical expedient applies to rent concessions as a direct consequence of COVID-19 that meet *all* of the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (see subsequent developments below)
- There is no substantive change to other terms and conditions.

A lessee that applies the practical expedient would generally account for:

- The forgiveness or waiver of lease payments as a variable lease payment. The lessee would therefore derecognise that part of the lease liability that has been extinguished by the forgiveness of lease payments with a corresponding credit in profit or loss, the timing of which will depend on the facts and circumstances
- A change in lease payments that reduces payments in one period but proportionally increases payments in another (i.e. a deferral of lease payments such that there is no change to the overall consideration for the lease and only the timing of individual payments changes), by continuing to recognise interest on the liability and reduce that liability for payments made to the lessor. This necessitates a recalculation of the amortisation table using the original discount rate.

If the lease payments are reduced in one period but increased by a lower amount in a later period (such that the total consideration overall is still lower) the change in lease payments incorporates both a forgiveness of payments (for the amount that results in an overall decrease in payments) and deferred lease payments (for the amount that is a change to the timing of payments).

The lease liability recognised by a lessee applying the practical expedient represents the present value of future lease payments owing to the lessor. The lessee also discloses the amount recognised in profit or loss to reflect changes in lease payments arising from COVID-19-related rent concessions.

The amendment applies on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020.

In April 2021 the AASB issued *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*, which extends the relief by one year to cover rent concessions that only reduce lease payments due on or before 30 June 2022. This means some rent concessions negotiated by lessees that may have previously failed to meet the criteria to apply the practical expedient under the previous amendment (e.g. if the relief extended beyond 30 June 2021) may subsequently qualify for the practical expedient given the extension to 30 June 2022 contained within AASB 2021-3. The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

As noted in the [Amendment to the Basis for Conclusions on IFRS 16 Leases](#) paragraph BC205J, a lessee:

- That has already applied the practical expedient (in AASB 2020-4) *must* apply the extended scope of the expedient (in AASB 2021-3) to eligible contracts with similar characteristics and in similar circumstances
- May not elect to apply the practical expedient if the lessee has previously elected not to apply it to eligible rent concessions
- That has not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions can still decide to apply the practical expedient. However, such a lessee would be required to do so retrospectively and consistently to eligible contracts with similar characteristics and in similar circumstances.

In practice, typically entities that have applied AASB 2020-4 in prior periods and have elected to apply the practical expedient to eligible rent concessions may elect to early adopt the amendments in AASB 2021-3, particularly where the additional rent concessions to which the practical expedient could be applied were negotiated or entered into during the current financial year.



Disclosures on the COVID-19 rent concession amendment

Two illustrative examples of the disclosures of AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* and AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* can be found in Appendix 2 in Note 2 on page 258 and 259.

B1.2.3 Resources available

Outlined below are various resources that may assist entities in understanding and responding to the financial reporting considerations arising from the COVID-19 crisis:

Resource	Details
Key Deloitte publications	
Appendix 1 to this publication	Provides a summary of the disclosures in financial statements that might need to be adapted to explain how the entity impacts or is impacted by climate change and be impacted by the effects of the COVID-19 pandemic.
IFRS in Focus <i>Accounting considerations related to the Coronavirus 2019 Disease</i>	Discusses certain key IFRS accounting considerations related to conditions that may result from the COVID-19 pandemic. The significance of the individual issues discussed will vary by industry and by entity, but the topics discussed are the most pervasive and difficult to address.
IFRS in Focus <i>COVID-19 and financial reporting under IFRS Standards</i>	Addressed to high level executives and audit committees and takes a strategic look at what are likely to be the most common hot topics for the upcoming financial reports, whether annual or interim. The publication explains why those topics are trending and what might be some of the related tension points.
IFRS in Focus <i>Expected credit loss accounting considerations related to Coronavirus Disease 2019</i>	Discusses certain key IFRS accounting considerations related to the accounting for expected credit losses (ECL) that may result from the COVID-19 pandemic. The focus of this publication is for lenders and banks though much of it will be applicable to the measurement of ECL in industries other than financial services.
IFRS in Focus <i>IASB finalises amendment to IFRS 16 'Leases' regarding COVID-19-related rent concessions</i>	Addresses the amendment to IFRS 16 Leases published by the IASB in May 2020, titled <i>Covid-19-Related Rent Concessions</i> .
IFRS in Focus <i>IASB publishes amendment to IFRS 16 to extend the practical relief on COVID-19-related rent concessions</i>	Outlines the recent amendment to IFRS 16 Leases titled <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> , published by the International Accounting Standards Board (Board) in March 2021.
IFRS in Focus <i>IFRS Foundation publishes educational material on the requirements of IFRS Standards relevant for going concern assessment</i>	Addresses the educational material Going concern - a focus on disclosure .
Impairment: A diagnosis - <i>The impact of a pandemic on your AASB 136 assessment</i>	Discusses the wide-ranging financial and operational impacts of COVID-19 on an organisation, and as a result, the potentially pervasive effect on the financial statements either through adjustments to fair value of assets such as investment property and agriculture assets, or through impairment testing of goodwill, property, plant and equipment, right-of-use assets, intangible assets, and other investments.
AASB 9 in the Spotlight - <i>Considerations going into 2022</i>	This blog discusses the issues and trends that entities should be considering in their calculation of expected credit losses (ECL) under AASB 9 <i>Financial Instruments</i> going into 2022.
Other Deloitte resources	
IAS Plus COVID-19 page	Includes news items and resources in connection with COVID-19 developments that highlight some of the key accounting and disclosure issues to be considered by entities that may arise as a result of COVID-19 in preparing financial statements.

Resource	Details
IAS Plus COVID-19 video series	A series of webcasts discussing certain key accounting considerations related to conditions that may result from the COVID-19 pandemic.
Navigating to a resilient world	A collection of Deloitte tools to assess your business and have it come out stronger and more resilient, It includes COVID-19 and beyond: 2021 scenarios for resilient leaders.
AASB and AUASB	
AASB COVID-19 guidance	Links to relevant publications and other resources to support entities prepare their financial reports during and as a result of the COVID-19 outbreak.
AASB-AUASB publication: <i>The impact of coronavirus on financial reporting and the auditor's considerations</i>	Describes the key considerations and impacts on financial reporting and auditing arising from the COVID-19 pandemic.
AASB-AUASB publication: <i>The impact of COVID-19 on going concern and other related assessments</i>	Provides an overview of directors' and management's duties in relation to assessments of solvency and going concern, how these concepts interact and how these may be impacted by COVID-19 and their responsibilities to assess whether the going concern basis of preparation is appropriate and how this impacts the preparation of and the disclosures in their financial statements.
AASB Staff FAQs – Accounting for Government Support	Reminds entities of the various Standards that may be applicable to for-profit and not-for-profit entities in accounting for government support provided by governments to stimulate the economy and to support those entities that have been significantly affected by the economic impacts of COVID-19.
AASB Staff FAQs – Impairment of Non-Financial Assets	Provides FAQs which reminds entities of the guidance available in Australian Accounting Standards when testing a non-financial asset for impairment in light of the economic uncertainties arising from COVID-19.
AASB Staff FAQs – Events after the reporting period during the COVID-19 pandemic	Provides a reminder of how events after the reporting period affect financial statements not yet authorised for issue and discusses the requirements of Australian Accounting Standards for assessing such events. (The AUASB has also issued an FAQ for auditors on the same topic.)
IASB	
IFRS 9 and COVID-19	Accounting for expected credit losses applying IFRS 9 <i>Financial Instruments</i> in the light of current uncertainty resulting from the COVID-19 pandemic.
Applying IFRS Standards in 2020—impact of COVID-19	Provides an overview of some financial reporting considerations for preparers, auditors, investors and regulators as they tackle the complexities associated with covid-19 induced disruptions.
ASIC	
ASIC COVID-19 implications for financial reporting and audit: Frequently asked questions (FAQs)	A series of occasionally updated frequently asked questions about financial reporting and audit matters relating to the impact of the COVID-19 pandemic. Discusses key issues in relation to financial reports and directors' reports, solvency statements, other audit-related matters and changes in ASIC activities.
ASIC new and updated regulatory documents	A weekly tracker of ASIC regulatory document updates for 2021 and 2020. It lists and includes links to all new and updated regulatory guides, information sheets, reports and consultation papers issued by ASIC in light of the COVID-19 pandemic. Also includes links to legislative instruments (including rules, determinations and waivers) made by ASIC. This resource allows for the easy monitoring of new developments and announcements.
ASIC COVID-19 regulatory information	Provides ASIC regulatory information and priorities about various classes of entities, public companies, market participants, insurers, responsible entities and financial advisers and advice licensees in light of the COVID-19 pandemic.

B1.3 Key global developments

B1.3.1 Climate-related and other emerging risks financial disclosures

New International Sustainability Standards Board (ISSB)

In early November 2021, the IFRS Foundation Trustees announced three significant developments to provide global financial markets with high-quality disclosures on climate and other sustainability issues:

- The creation of a new International Sustainability Standards Board (ISSB) that will develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs
- A commitment by leading investor-focused sustainability disclosure organisations to merge into the new board. The IFRSF will complete acquisition of the Climate Disclosure Standards Board (CDSB, an initiative of CDP) and the Value Reporting Foundation (VRF, which houses the Integrated Reporting Framework and the SASB Standards) by June 2022
- The publication of prototype climate and general disclosure requirements developed by the Technical Readiness Working Group (TRWG), which the IFRS Foundation Trustees formed to undertake preparatory work for the ISSB.

Together, these developments create the necessary institutional arrangements and lay the technical groundwork for a global sustainability reporting standard-setter for the financial markets. The IFRS Foundation has also made the constitutional changes that have become necessary to bring in the ISSB.

The IFRS Foundation created the Technical Readiness Working Group (TRWG) in March 2021 to facilitate a running start to the ISSB. The TRWG was designed to integrate and build on the work of relevant initiatives focused on meeting investors' information needs, with the purpose of providing technical recommendations for consideration by the ISSB.

Two key documents from the TRWG's work have been published and will be considered by the incoming ISSB:

- **Climate-related Disclosures Prototype** - [This prototype](#) is structured around the four pillars of governance, strategy, risk management, and metrics and targets under the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- **General Requirements for Disclosure of Sustainability-related Financial Information Prototype** - [This prototype](#) is inspired by IAS 1 *Presentation of Financial Statements* and sets out the overall requirements for sustainability-related disclosures to investors.

The ISSB's work is expected to commence as soon as the Chair and Vice-Chair(s) have been appointed and to begin with public consultations to inform the ISSB's work plan and on proposals informed by recommendations from the TRWG. Following these consultations, the ISSB's work will follow the IFRS Foundation's rigorous due process, including public discussions by the ISSB of feedback received to the consultations and possible improvements to the proposals prior to their finalisation as standards in 2022.

The International Organization of Securities Commissions (IOSCO) has [welcomed](#) the announcement of the formation of the ISSB and the publication of the Climate-related Disclosures Prototype. IOSCO will consider the draft standard (developed from the prototype) to be issued by the ISSB during 2022 and intends by the end of calendar 2022 to consider endorsing a final Standard. If endorsed, it is expected that IOSCO's 130 members will consider ways "they might adopt, apply or be informed by the Standard".

More information about the new International Sustainability Standards Board (ISSB) can be found in [Purpose-driven Business Reporting in Focus](#) *IFRS Foundation creates new board to set global sustainability standards*.

Australian developments

Council of Financial Regulators

The Council of Financial Regulators Working Group on Financial Implications of Climate Change was established in 2017. The working group brings APRA, ASIC, RBA and Treasury together to consider and coordinate actions in relation to understanding and managing climate risks. Under the working group's terms of reference, the group reports to the CFR, as needed, on international developments, emerging regulatory gaps and risks to the financial system in relation to climate change.

As part of its [2021/22 priorities](#), CFR agencies will also consider how international developments in standards for climate-related disclosures, including moves to mandate disclosures in some jurisdictions, may affect Australia. This includes the possibility that a dominant standard for climate-related disclosures emerges that is not well suited to the Australian context, which could undermine the ability of markets to price climate-related risks accurately. ASIC will continue to engage with the IFRS Foundation proposals to develop a globally consistent and comparable sustainability reporting baseline, through its participation in the IOSCO

Sustainable Finance Taskforce. Treasury and the RBA will continue to support the work of the IFRS Foundation through their participation in the G20 Sustainable Finance Working Group. CFR agencies will consider possible impacts for Australian firms and markets, and principles that should guide any response to international regimes, noting that any policy decisions are a matter for Government.

ASIC

In September 2018, ASIC released a media release, 18-273MR *ASIC reports on climate risk disclosure by Australia's listed companies*. ASIC noted that of the 60 listed companies in its ASX 300 sample, 17% identified climate risk as a material risk to their business. ASIC also noted that while most of the reviewed ASX 100 entities had considered climate risk to the company's business to at least some extent, disclosure practices were considerably fragmented, with information provided to the market in differing forms across a wide range of means of disclosure. In some cases, the review found climate risk disclosures to be far too general, and of limited use to investors. The full text of the media release can be found at www.asic.gov.au.

ASIC also amended [ASIC Regulatory Guide RG 247](#) *Effective disclosure in an operating and financial review* to indicate that climate change is a systemic risk that could have a material impact on the future financial position, performance or prospects of entities. Example of other risks that may be material for particular entities include digital disruption, new technologies, geopolitical risks and cyber security.

In a [Corporate Finance Update](#) issued in March 2021, ASIC outlined that it had undertaken a further surveillance exercise to examine the climate-change-related disclosure and governance practices of a cohort of large listed companies. The exercise, focusing on the TCFD recommendations, resulted in the following primary observations:

- The quantity of climate-related disclosure has increased materially, but quality still varies significantly
- There is limited consistency in the adoption, application and disclosure of specific scenarios and underlying assumptions
- Board oversight of climate risk was evident across all surveillance targets
- 'Greenwashing' was prevalent in some disclosures reviewed.

For listed entities disclosing, or working toward disclosure, under the TCFD recommendations, ASIC considers that:

- Disclosing material assumptions underpinning scenario analysis of physical and transitional risks increases transparency
- Obtaining independent assurance supports the reliability of disclosures
- Updating material climate-related disclosures may be necessary and appropriate when underlying facts change.

As part of its participation in the Council of Financial Regulators Working Group on Financial Implications of Climate Change, ASIC [proposes](#) another round of surveillance of climate change-related disclosure by large listed companies during 2021/22, representing a continuation of ASIC's ongoing monitoring of developing market practices in this area.

In a [speech](#) given by ASIC Commissioner Sean Hughes at the Governance Institute of Australia Fellows Roundtable, Thursday 14 October 2021, the following four core messages on climate risk from the Corporate Finance Update were explained in further detail:

- **Consider climate risk** – directors and officers of listed companies must understand and continually reassess existing and emerging risks, including both physical and transitional climate risk
- **Develop and maintain strong and effective corporate governance** – boards should be comfortable with the level of oversight they maintain over climate risks and opportunities and the governance structures in place to assess, manage and disclose these risks and opportunities
- **Comply with the law** – compliance with laws relating to the operating and financial review for listed companies and other requirements for prospectuses or continuous disclosure requirements should include material climate-related disclosures and whether those disclosures have been made and updated where necessary and appropriate
- **Disclose useful information to investors** – listed companies with material exposure to climate risk should consider reporting under the TCFD framework, as this provides information that is useful for investors.

In its [focus areas](#) for financial reporting at 30 June 2021, ASIC also noted that directors should consider whether to disclose information that would be relevant under the TCFD recommendations in their operating and financial review (OFR). ASIC's focus areas for 31 December 2021 (not yet issued at the date of this publication), are expected to further emphasise these themes.

Standard setters

The AASB and AUASB together previously released a bulletin on *Climate-related and other emerging risks disclosures: assessing financial statement materiality using AASB Practice Statement 2 (APS 2)* which guides directors, preparers and auditors when preparing and auditing financial statements for their half and full year ends. In early May 2019, the AASB and AUASB released an updated version of the bulletin (dated April 2019). The full text of the AASB/AUASB bulletin can be found at www.auasb.gov.au.

In November 2021, the FRC, AASB and AUASB (the 'Boards') issued [Position Statement Extended External Reporting and Assurance](#). In the Position Statement, the Boards recognise there is a desire for authoritative guidance on extended external reporting in Australia and are taking steps to ensure Australia adopts a reporting regime that meets the needs of users of financial and non-financial reporting information and supports Australia's international competitiveness.

Operating within the existing institutional framework, the AASB intends to develop reporting requirements for non-financial information and the AUASB intends to simultaneously update relevant assurance standards, which are already capable of addressing current voluntary disclosures.

The AASB has issued [Invitation to Comment ITC 48 Extended External Reporting](#) which seeks feedback on the AASB's proposed position that, as an initial step, the voluntary adoption of the recommendations put forward by the TCFD should be used as the basis for extended external reporting. Comments on the AASB's Invitation to Comment close on 28 January 2022.

Other developments

During 2021, the following additional developments have occurred (to the date of this publication):

- The International Integrated Reporting Council (IIRC) has published revisions to the International <IR> Framework, originally released in 2013, to enable more decision-useful reporting ([press release](#), [reviewed framework](#))
- The European Commission has proposed a Corporate Sustainability Reporting Directive (CSRD) which aims to improve sustainability reporting to better exploit the potential of the European single market and to contribute to the transition to a fully sustainable and inclusive economic and financial system in line with the European Green Deal and the UN Sustainable Development Goals ([Business Reporting in Focus](#), [proposals](#), [press release](#))
- The European Commission is also [proposing](#) a new Corporate Sustainability Reporting Directive (see our [Purpose-driven Business Reporting in Focus publication](#) for details)
- CDP, the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment [issued a report](#) outlining a plan for mandatory Task Force on Climate-related Disclosures (TCFD) aligned disclosure in Australia. The report calls for a phased approach commencing in 2021/22 and culminating in suggested legislative measures from 2024/25 ([press release](#)).
- The TCFD, which released its widely accepted recommendations on climate-related financial disclosures in 2017, published the following three documents in October 2021 (for more information, see the [TCFD announcement](#)):
 - A [2021 status report](#) which notes that disclosure of climate-related financial information aligned with the TCFD recommendations has accelerated over the past year and highlights that further progress is needed
 - [Guidance on metrics, targets, and transition plans](#) to support preparers in disclosing decision-useful information and linking those disclosures with estimates of financial impacts
 - Updated [Implementation guidance](#) on its recommendations, replacing guidance initially published in 2017.



This model annual report highlights those disclosures that may be impacted by climate change. [Appendix 1](#) summarises the disclosures that may be impacted by climate change.



More information about general climate-related and other emerging risks disclosures can be found in our Clarity publication *Disclosure of climate-related risks*, which is available at www.deloitte.com/au/clarity.

Information about the broader impacts on financial reporting can be found in the *Australian financial reporting guide*, available at www.deloitte.com/au/models.

B1.3.2 Software-as-a-service arrangements

New guidance on accounting for cloud computing arrangements is in place and needs to be taken into account in for December 2021 reporting periods.

The IFRS Interpretations Committee has published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. The agenda decisions do not address the accounting for other components of cloud technology such as Infrastructure-as-a-Service and Platform-as-a-Service:

- The first agenda decision, published in March 2019, concludes that SaaS arrangements are likely to be **service arrangements**, rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's software running on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code
- The second agenda decision, published in April 2021, deals with specific circumstances in relation to **configuration and customisation costs** incurred in implementing SaaS:
 - In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset, where the customer controls the IP of the underlying software code. For example, the development of bridging modules to existing on-premise systems or bespoke additional software capability
 - In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

This conclusion could result in a reduction in profit in a particular year, impacting measures such as earnings before interest and tax (EBIT), earnings before interest, tax, depreciation and amortisation (EBITDA) and profit before tax (PBT).

Where a change in accounting policy is required, comparative financial information should be retrospectively restated to derecognise previously capitalised costs, where material, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

There may be several consequential impacts beyond the immediate accounting implications arising from the IFRIC agenda decisions that should be considered, e.g. the impact on business metrics and targets linked to profit measures.



For more analysis and background to this issue, see our [Clarity publication Software-as-a-Service arrangements](https://www.deloitte.com/au/clarity), available at www.deloitte.com/au/clarity

B1.3.3 Net realisable value of inventories

In June 2021, IFRIC finalised an [agenda decision](#) on the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories. In particular, IFRIC was responding to a request asking whether an entity includes all costs necessary to make the sale or only those that are incremental to the sale.

Paragraph 6 of AASB 102 *Inventories* defines net realisable value as "the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale". Paragraphs 28 to 33 of AASB 102 include further requirements regarding how an entity estimates the net realisable value of inventories. These paragraphs do not identify which specific costs are "**necessary to make the sale**" of inventories, in particular whether such costs are limited to incremental costs. However, AASB 102:28 describes the objective of writing inventories down to their net realisable value as being to avoid inventories being carried "in excess of amounts expected to be realised from their sale".

When determining the net realisable value of inventories, AASB 102 requires an entity to estimate the costs necessary to make the sale. The IFRIC agenda decision states that this requirement does not allow an entity to limit such costs to only those that are incremental, thereby potentially excluding costs the entity must incur to sell its inventories but which are not incremental to a particular sale. Including only incremental costs could fail to achieve the objective set out AASB 102:28.

Therefore, when determining the net realisable value of inventories, an entity estimates the costs necessary to make the sale in the ordinary course of business. An entity uses its judgement to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories.

Prior to the publication of the agenda decision, entities may have concluded that it is acceptable to limit the costs necessary to make the sale to incremental costs by analogy to AASB 136 which defines 'costs of disposal' as the "incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense". If an entity determines that it needs to change its accounting policy as a result of the June 2021 IFRIC agenda decision, it would be entitled to take sufficient time to make that determination and implement any necessary accounting policy change. Nonetheless, it would be expected to implement the change on a timely basis and, if material, consider whether disclosure related to the change is required.

B1.3.4 Mergers and acquisitions and other complex transactions

There has been increasing transaction activity in the marketplace, with acquisitions, mergers, IPOs and capital management initiatives occurring. Entities need to consider accounting implications as part of their planning and implementation process for material transactions.

When considering or undertaking such transactions, entities need to consider the accounting aspects early in the process, ensuring optimal accounting outcomes and clear and transparent disclosures. This is particularly relevant when unusual or infrequent transactions occur to ensure there are 'no surprises' in outcomes.

Australian Accounting Standards generally adopt a substance over form approach. It is particularly important that legal agreements and other documents surrounding a transaction are fully understood so that their commercial substance is clear.

Set out below are a number of common challenges that arise in complex transactions and common points to consider. These examples are not designed to be comprehensive but seek to illustrate some of the types of issues that can arise in these transactions.

Asset acquisitions vs business combinations

Where groups of assets and liabilities are acquired, misclassifying the transaction can have a broad impact, including:

- **Recognition and measurement of assets and liabilities.** In a business combination, the initial recognition of identified assets and liabilities is at fair value, while an asset acquisition is accounted for by allocating the total cost of the transaction to the assets and liabilities acquired
- **Recognition of deferred taxes.** In a business combination, deferred taxes are recognised, while in an asset acquisition there is a recognition exemption and deferred taxes should not be recognised
- **Transaction costs.** In a business combination transaction costs are expensed, while in an asset acquisition they form part of the total transaction price allocated to assets and liabilities acquired
- **Provisional accounting.** Provisional accounting for the transaction is only permitted (within the measurement period) for business combinations, with no guidance for asset acquisitions.

Recent amendments to the definition of a business in AASB 3 *Business Combinations* provide guidance on making the distinction between acquisitions of businesses and asset acquisitions. For more information, see [IFRS in Focus newsletter](#) *IASB amends the definition of a business in IFRS 3*⁴.

Accounting for business combinations

The accounting requirements for business combinations can be complex and require attention to detail, understanding all of the aspects of the transaction. Common areas that may result in unexpected outcomes include:

- **Embedded employee remuneration arrangements.** Transaction components must be treated as employee remuneration rather than part of the transaction price in some cases, particularly contingent payments (including earn out arrangements) involving employees or selling shareholders that are directly or indirectly linked to continued employment (even if the linkage is in a document other than the acquisition agreement)
- **Identification of the acquirer.** The acquirer is the entity that obtains control of the acquiree. Determining the acquirer is often straightforward but can be complex and involve substantial judgement when numerous entities are involved, in transactions involving entities under common control, or where a 'reverse acquisition' occurs. Incorrect identification of the acquirer can result in material errors in accounting for the combination

⁴ The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

- **Determining the acquisition date.** Determination of the acquisition date will require careful assessment of a number of factors, particularly where there are conditions precedent (including shareholder approvals). The acquisition date drives the measurement of equity consideration (and the fair value of assets and liabilities acquired), which can have a material impact on resultant goodwill, particularly where the acquirer's share price moves significantly between transaction announcement and the acquisition date
- **Contracts and arrangements between acquirer and acquiree.** Arrangements such as franchise agreements, licensing arrangements, leases, legal cases, supply arrangements and other contracts between the parties need to be assessed. Settlement of non contractual arrangements such as legal cases will have a profit or loss impact, and any 'off-market' component of contractual arrangements needs to be separately recognised (e.g. long-term contracts where market prices have changed since the contract was entered into)
- **Put and call options.** Put and call options over a non controlling interest arising from a partial acquisition can result in unexpected outcomes. Providing a minority shareholder with an option to sell their interest will usually result in a 'gross liability' being recognised for the amount that would be paid on exercise of the option. This liability is remeasured to fair value and changes are reflected in profit or loss, resulting in volatility.

Complex financing arrangements

Some financing transactions such as raising capital, supplier finance arrangements and borrowing facilities may involve features that change the accounting treatment of the transaction (e.g. classification, debt vs equity).

The following are some examples of arrangements to look out for:

- **Debt or equity. Arrangements may involve features that appear to be equity but are in fact liabilities.** For example, share options that may be settled in cash in certain circumstances. Incorrect classification may result in material errors. Transactions involving share capital are not automatically classified as equity. For example, "piggyback options" attached to a rights issue can result in derivative classification, resulting in profit or loss volatility.
- **Sale and leaseback transactions.** Transactions where an asset is legally sold to another party and immediately leased back by the seller can result in unexpected accounting outcomes. In some cases, the transaction will be considered purely a financing arrangement (i.e. not a sale), whilst in others only a proportion of the overall gain will be recognised
- **Supplier finance arrangements.** In light of the [IFRIC agenda decision](#), entities need to carefully assess presentation of such arrangements in the statement of financial position and statement of cash flows, the necessary disclosures around liquidity and other risks, derecognition and other factors
- **Unusual features.** Financing facilities that contain linkages to non standard variables may result in embedded derivatives or compound financial instrument accounting, e.g. conversion features, equity linked features.

B1.4 Australian specific considerations

Some of the Australian-specific and other related factors that need to be considered in the current reporting season:

B1.4.1 Accounting implications of Australian responses to the COVID-19 crisis and other government initiatives

JobKeeper

The Federal Government's JobKeeper scheme effectively provided a wage subsidy to entities materially impacted by COVID-19. The JobKeeper scheme ended on 28 March 2021.

JobKeeper may have had a material impact on many entities. There are several accounting issues such as whether the employer was acting as principal or agent, and how and when any amounts should be recognised.

In our view, the employer was acting as principal and the JobKeeper payment represents a government grant (for for-profit entities) which is recognised under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. This grant is recognised as a receivable when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received. The grant is recognised in profit or loss in the period in which the entity recognises the related costs as expenses.

Where the employee cost is recognised as an expense, for-profit entities have an accounting policy choice of presenting the grant income as other income, or alternatively deducting the grant from the related expense. Where material, the accounting policy for these grants should be clearly disclosed together with the nature and extent of such grants. Separate disclosure is particularly important where the grant has been deducted from the related expense.

Payments made to employees are subject to PAYG withholding and potentially other imposts such as superannuation, workers' compensation levies and payroll tax (depending on the State or Territory). Additionally, the employee cost is deductible under normal tax rules whereas the grant received is assessable when derived (which will include consideration of whether the taxpayer has a cash or accruals basis of recognition of income).

Consideration should also be given to the entity's accounting policy for previous government grants, consistency in treatment between grants, and transparency of the amount received when making the required disclosures, both in the financial statements as well as the operating and financial review. This will include how the amounts are presented in the profit or loss and cash flow statement as well as flow on impacts on areas such as segment reporting, impairment and non-IFRS measures.

Not-for-profit entities applying AASB 1058 *Income of Not-for-Profit Entities* are required to recognise the grant in income and do not have the accounting policy choice to deduct the grant from the related expense.

In addition, some entities have chosen to voluntarily return JobKeeper funds to the government. The ATO has [released guidance](#) for entities seeking to voluntarily return JobKeeper funds, including guidance on when such amounts may be considered deductible for tax purposes. Entities choosing to return such payments should ensure the amounts returned are only recognised once the company has clearly committed to returning the amounts, are clearly disclosed in their financial statements and are treated consistently for accounting and tax purposes. More information is available in our [Tax@Hand article](#).

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) that contains prescribed information about JobKeeper. These requirements are discussed in section B1.4.2.

Temporary tax loss carry backs

Changes announced in the October 2020 Federal Budget, and subsequently enacted, permit corporate tax entities with an aggregated annual turnover of less than \$5 billion to elect to carry back tax losses from the 2019-20, 2020-21 and 2021-22 income years to offset previously taxed profits in 2018-19 or later income years. The Federal Budget delivered in May 2021 announced that the Government intends to extend this to tax losses from the 2022-23 income year. The extension is not yet law.

This measure allows entities to access the benefit of tax losses earlier and receive a refund of tax previously paid. The loss offset can be, or will be able to be, claimed in the 2020-21, 2021-22 and 2022-23 income years. The amount carried back must not generate a franking deficit and is limited to the level of previously taxed profits.

Accounting considerations include:

- Recognition of a current tax asset – AASB 112 *Income Taxes* requires the benefit relating to a tax loss that can be carried back to recover current tax of a previous period to be recognised as an asset. As the carry back is optional, only entities that elect to carry back will be able to recognise a current tax asset
- Classification – Any tax asset recognised would be classified based on its expected receipt. As the intention is that refunds of past tax would be paid on lodgement of the entity's tax return, the amount would generally be classified as a current asset
- Deferred taxes – The assessment of the recoverability of deferred tax assets may change as a result of the ability to carry back tax losses
- Uncertain tax positions – As the carry back is limited to the level of previously taxed profits, uncertain tax positions in relation to prior income years may directly or indirectly impact the amount of tax losses that can be recognised as a carry-back asset. In our view, the amount recognised for a carry back should be consistent with the recognition and measurement of current tax amounts in prior years (i.e. the amounts recognised for accounting purposes should be recognised as a carry-back asset where relevant, notwithstanding that there may be uncertainty surrounding certain tax positions taken in calculating the amounts recognised). This is consistent with the requirements of Interpretation 23 *Uncertainty over Income Tax Treatments*.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget changes.

Immediate deduction for capital expenditure

Also announced in the October 2020 Federal Budget and subsequently enacted was a concession whereby businesses with aggregated annual turnover of less than \$5 billion can deduct the full cost of eligible capital assets acquired after 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2022. The Federal Budget delivered in May 2021 announced that the Government intends to extend this measure allowing for the temporary full expensing of eligible depreciating assets for a further 12 months, until 30 June 2023. At the date of finalisation of this publication, the extension is not yet law.

The key concession is available for the full cost of new eligible depreciating assets and the cost of improvements made during the period to existing eligible depreciable assets. However, only businesses with aggregated annual turnover less than \$50 million can deduct the cost of second-hand eligible depreciating assets.

Accounting considerations include:

- Deferred tax considerations – An immediate deduction will give rise to a deferred tax liability for the taxable temporary difference between the carrying amount of the asset and the tax base (which will generally be zero)
- Interaction with the tax loss carry back provisions – The immediate tax deduction (similar to other deductions) may result in a tax loss, which may be eligible for carry back, resulting in a refund of past tax paid (as discussed above). Accordingly, any amount of the tax loss able to be carried back will be recognised as a current tax asset rather than a deferred tax asset arising from a tax loss
- Other impacts – The immediate deduction may cause some entities to preference direct acquisition rather than leasing of business assets, which may change capital management approaches and disclosures.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget changes.

Self-assessing the effective life of certain intangible assets

The Government announced in the May 2021 Federal Budget that it intends to amend the law to allow taxpayers to self-assess the effective life of certain intangible assets comprising patents, registered designs, copyrights, licenses, in-house software and telecommunications site access rights, instead of being required to use the effective life currently prescribed in the *Income Tax Assessment Act 1997* (section 40-95(7)). Further deductions can be brought forward if it is self-assessed that an asset has a shorter effective life than the current statutory life.

Under this measure taxpayers would be able to depreciate such intangible assets for tax purposes over a shorter or longer period where they self-assess the asset as having a shorter or longer effective life than its statutory effective life. This may reduce deferred taxes compared to existing tax law, as useful lives might generally be expected to align for accounting and tax purposes.

The self-assessment of effective lives will apply to eligible assets acquired from 1 July 2023, following the completion of the Immediate deduction for capital expenditure (temporary full expensing) regime, which will be extended to 30 June 2023.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of the Budget change.

Research and development (R&D) concession

The October 2020 Federal Budget announced that the existing R&D law will continue to apply until 30 June 2021 with a new regime applying after this date. This measure was substantively enacted as of Friday 9 October 2020, and accordingly must be taken into account in the measurement of current and deferred taxes in reporting periods ending on or after this date

Under the new regime applying to income years commencing on or after 1 July 2021, the refundable R&D tax offset rate for entities with turnover of less than \$20m is fixed at 18.5 per cent above the prevailing corporate tax rate. For entities with turnover of \$20 million or more, the non refundable R&D tax offset is based on a two-stepped intensity threshold. The R&D expenditure threshold was also increased from \$100 million to \$150 million.

Accounting for the new regime is expected to be largely consistent with general practice under the prior regime:

- The refundable R&D tax offset is generally accounted for as a government grant, with a credit recognised in profit before tax over the period necessary to match the benefit of the credit with the costs for which it is intended to compensate
- In contrast, the non-refundable R&D tax offset is generally accounted for as an income tax and a credit recognised within tax expense and a tax asset recorded when the entity satisfies the criteria to receive the credit. In addition, a deferred tax liability is recognised in relation to any related capitalised R&D asset.

The new R&D tax offset has different 'clawback' mechanisms for related government grants, 'feedstock adjustments' and balancing adjustments from the previous regime, and this may impact accounting policies.



See our [Clarity publication](#) for more information on accounting for the R&D concession.

See our [Tax Essentials publication](#) *Understanding the R&D Tax Incentive Regime* for an understanding of the tax aspects of the R&D tax offset.

Removal of aged care bed licences from 2024

Under the proposals announced in the [2021-22 Federal Budget](#), aged care bed licences would be discontinued from 1 July 2024 as part of a series of reforms. The Federal Department of Health subsequently released a [discussion paper](#) in September 2021 dealing with the proposed transition to the new regime. Whilst the focus of the consultation is not on whether the bed licences will be discontinued, the paper has indicated the following:

- A large number of new bed licences remain available to be allocated at no charge in the period until 1 July 2024 and that a large number of provisional places will also be available
- Whilst further measures may be required to mitigate potential risks that may arise from the removal of the licences, currently there are no plans to provide direct compensation to providers for the removal of the licences as the licences were initially provided by the government at no cost.

Whilst the relevant legislation may not be passed before the next Federal election, ASIC has updated its [frequently asked questions](#) on COVID-19 implications for financial reporting and audit to include additional commentary on proposed changes to aged care bed licences, noting that aged care providers should review the carrying amount of aged care bed licences.

New commentary added to the end of [ASIC FAQ 9D](#) suggests aged care providers consider how the discontinuation of the current licencing regime may affect any bed licence intangible assets appearing on their statement of financial position in the lead up to 1 July 2024, in particular it is recommended that entities consider:

- Changes in the amortisation period
- Impairment of the licences

- Revaluations of the licences
- Other assets
- Disclosure of judgements and uncertainties.

JobMaker Plan

The October 2020 Federal Budget announced a JobMaker Hiring Credit (or payment for eligible employers creating additional jobs over the subsequent 12 month period⁵). Eligible employers must be able to demonstrate that the new employees increase overall headcount and payroll in order to claim the JobMaker Hiring Credit. Eligible employers can access the JobMaker Hiring Credit for each eligible additional employee aged between 16 and 35 they hire between 7 October 2020 and 6 October 2021.

Additionally, a Boosting Apprenticeship Commencements wage subsidy is available to employers employing an eligible Australian apprentice or trainee who commences on or after 5 October 2020. The subsidy provides 50% of the wages paid to eligible employees between 5 October 2020 and 30 September 2021, up to a maximum of \$7,000 per quarter per eligible apprentice or trainee. In the May 2021 Federal Budget, the government announced its intention to provide an additional \$2.7 billion over four years from 2020-21 to expand the Boosting Apprenticeships Commencements wage subsidy. As a result of the measures announced in the May 2021 Federal Budget, the wage subsidy would cover 50% of 12 months' wages for businesses and Group Training Organisations who sign up new apprentices and trainees before 31 March 2022 and will be capped at \$7,000 per quarter per apprentice or trainee.

Consistent with how the JobKeeper scheme is accounted for (see above), the employer is acting as principal and the Hiring Credit and Boosting Apprenticeship Commencement wage subsidy represents a government grant (for for-profit entities) which is recognised under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Grants are recognised as a receivable when there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received – this will depend upon meeting the eligibility criteria for each scheme. The grant is recognised in profit or loss in the period in which the entity recognises the related costs as expenses and will either be classified as other income or offset against the relevant expense.

Corporate collective investment vehicle (CCIV) regime

Originally announced in the 2016-17 Budget, the Government subsequently announced in the May 2021 Federal Budget that it will proceed with the introduction of a tax and regulatory framework for corporate collective investment vehicles (CCIV) with a revised commencement date of 1 July 2022.

On 27 August 2021 Federal Treasury released [proposed legislation](#) to introduce the Corporate Collective Investment Vehicles (CCIV) regime. Comments closed on 24 September 2021 ([Treasurer media release](#)). This legislation updates an initial [proposed Bill to implement the regime](#) which was released for consultation in early 2019.

Under the proposed legislation, a CCIV would be an investment vehicle with a corporate structure that provides flow through tax treatment for investors. A CCIV would be a company that is limited by shares and which has as its sole director a public company with an Australian Financial Services Licence (AFSL) authorising it to operate the business and conduct the affairs of the CCIV.

A CCIV may either be retail or wholesale, with retail CCIVs subject to a regulatory framework that encompasses protections for retail investors. The business of a CCIV would be required to be conducted through one or more sub-funds (in other words, a CCIV would be required have at least one sub-fund). The CCIV, and each sub-fund of the CCIV, would be required have at least one member. The CCIV could issue shares and debentures that are referable to only one sub-fund, including redeemable ordinary shares.

Financial reporting considerations include:

⁵ The JobMaker Hiring Credit was implemented by the *Economic Recovery Package (JobMaker Hiring Credit) Amendment Act 2020* (available at www.legislation.gov.au) and *Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No. 9) 2020* (also available at www.legislation.gov.au).

- Under the proposed Bill, a retail CCIV would be required to prepare an annual financial report for each sub-fund, but however would prepare only one directors' report for the CCIV as a whole, and not separate directors' reports for each sub-fund⁶. Half-year financial and directors' reports would be prepared for sub-funds with enhanced disclosure securities on issue
- Being a flow-through vehicle for tax purposes, it is unlikely that a CCIV would be required to recognise any current or deferred taxes.

Patent box regime

The Government announced in the May 2021 Federal Budget that from 1 July 2022, a concessional tax rate of 17% would apply to income which is relevantly derived from Australian owned and developed medical and biotechnology patents (with the clean energy sector also being considered). Only granted patents, which were applied for after the Budget announcement, would be eligible. Federal Treasury released a [discussion paper](#) on the proposed patent box regime in July 2021.

For tax accounting purposes, this would create another category of tax activity which may require separate current and deferred tax accounting. For instance:

- Current tax accounting may need to be bifurcated into amounts that would be taxed at 17% and those that may be taxed at a higher rate. This may require a similar process to that applied to the determination of amounts on revenue and capital account
- Deferred tax assets and liabilities associated with assets and liabilities would be measured using the 17% tax rate to the extent they were used in the eligible activity and counted in the determination of the taxable profits subject to the lower rate
- The determination of whether it is probable sufficient taxable profits are available against which deferred taxes can be utilised would need to consider both the design of the regime (including any ring-fencing) and the differing tax rates applicable to each income stream. In some cases, it may mean deferred tax assets expected to be probable no longer meet the test.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of this regime.

Digital games tax offset

The Budget includes a refundable Digital Games Tax Offset (DGTO) of 30% which would target the development of transferable skills and position Australia to take a greater share of the global gaming market. The new offset would commence with effect from 1 July 2022 for Australian resident companies or foreign resident companies with a permanent establishment in Australia. To qualify, there will be a minimum spend requirement of \$500,000 on qualifying Australian games expenditure.

Accounting considerations include:

- As the tax offset is refundable, it may be accounted for as a government grant under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*
- A credit will be recognised in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the related costs are capitalised or expensed as incurred for accounting purposes.

See the discussion under *Substantive enactment*, section *Other considerations* on page B-23 below for recognition of the current and deferred tax implications of this regime.

Other considerations

Both the 2020-21 and 2021-22 Federal Budgets contain numerous other measures which have/could impact various entities. A vast array of government packages have been made available from all levels of government to assist entities to manage cash flow challenges. In addition, the Budgets have an impact on overall economic outcomes. The effects of the Budgets may need to be considered in such areas as:

- **Characterisation of schemes** – Characterisation of schemes such a JobKeeper and JobMaker, between government assistance or government grants under AASB 120 or income tax under AASB 112 directly impacts the accounting. For instance, AASB 120 indicates that the provision of a guarantee is government assistance rather than a grant (so only requiring

⁶ Wholesale CCIVs would be not be subject to the financial reporting requirements of the Corporations Act, but would be required to comply with the requirements for financial records.

disclosure). However government support and loan packages involving other features may have government grant elements that require separate accounting

- **Substantive enactment** – The current and deferred tax implications of the Budget changes must be recognised where the entity's reporting date is after substantive enactment of the enabling legislation of each measure. Where the legislation has not been enacted at the entity's reporting date, subsequent events disclosure may be required, rather than amending current and deferred tax accounting reflected in the financial statements. Many of the measures announced in the October 2020 Budget were substantively enacted as of Friday 9 October 2020. However, as of 19 November 2021, the legislation to enact many of the measures announced in the May 2021 Budget has not been passed by Parliament and therefore are not substantively enacted date of this publication⁷. Accordingly, the measures announced in October 2020 must be taken into account in the measurement of current and deferred taxes in reporting periods ending on or after 9 October 2020 (or other date of substantive enactment), considering the effective date of the particular measure. The measures delivered in the May 2021 Budget should only be taken into account in financial reports with a reporting date after substantive enactment, also considering the effective date of the particular measure
- **Cash flow forecasts** – Cash flows used in recoverable amount models when testing impairment under AASB 136 *Impairment of Assets* may require the assessment of various scenarios, and the budget may impact some or all such scenarios. For example, the tax loss carry back and immediate capital expenditure tax write off may result in changes to the way in which capital expenditure and tax cash flows are included in value in use models
- **Expected credit losses (ECLs)** – The development of ECLs in respect of loans and other receivables should consider the known and macro-economic impacts of the Budget
- **Employee implications** – The announced changes to government support programmes and superannuation arrangements (including eliminating the \$450 monthly threshold to pay compulsory superannuation and not changing the legislated superannuation guarantee levy increase to 12% over the coming years) would need to be taken into account in the measurement of employee liabilities and cash flow forecasts where relevant.

Each of the above Budget measures are complex and appropriate tax advice should be sought.

For more information see:

- Federal Budget 2020-21: [Federal Budget: jobs, jobs, jobs](#), [Federal Budget 2020-21 The long road back](#)
- Federal Budget 2021-22: [Deloitte Federal Budget resources](#).

B1.4.2 Listed entities must announce JobKeeper information to the market

Background

On 2 September 2021, Federal Parliament passed the [Treasury Laws Amendment \(2021 Measures No. 2\) Bill 2021](#). As part of negotiations, an additional schedule was included in the Bill to require Australian listed entities to announce information to the market about JobKeeper payments. This is effected through a new Division being included in Part 2M.3 of the Corporations Act which requires Australian listed entities to announce prescribed information to the market about JobKeeper payments. The Bill received Royal Assent on 13 September 2021 and the Act commenced on 14 September 2021.

In October 2021, ASIC released a notice and guidance to help listed entities comply with this new obligation to disclose information about JobKeeper payments to the market. Specifically, ASIC has provided:

- **A JobKeeper payments notification form** - This [online form](#) permits a listed entity to fill in all the necessary information which will then generate a PDF of the JobKeeper s.323DB notice, which can then be given to the relevant market operator (e.g. ASX)
- **Frequently asked questions** - This [information sheet](#) provides a summary of common questions about complying with s.323DB of the Corporations Act and completing the form.

In [Listed@ASX Compliance Update 09/21](#), the ASX asks entities listed on the ASX use the ASIC form to provide the required information on JobKeeper payments. The ASX notes that the Jobkeeper disclosure should be released to the market as a standalone announcement and the header/title of the announcement should clearly state that it is a 'Jobkeeper payments notice'.

⁷ Some of the measures are contained in [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Bill 2021](#) which was introduced into Federal Parliament on 27 October 2021.

Requirements under the legislation

All listed entities that have received a JobKeeper payment, including through a subsidiary, must provide a notice to the market operator (such as the ASX, NSX, etc)⁸ with the following details (s.323DB):

- The listed entity's name and Australian business number (ABN)
- Number of individuals for whom the JobKeeper payment was received in the financial year
- Total sum of all JobKeeper payments received in a JobKeeper fortnight that ended in the financial year
- Whether the entity has made one or more voluntary repayments of JobKeeper amounts received in the financial year and if so, the sum of those payments.



Important

The requirement to make an announcement to the market with the above information applies even though the entity may have already disclosed equivalent information in financial reports, previous announcements or other documents.

The effect of the legislation is that the information must be provided for any financial year in which an entity has received a JobKeeper payment. In other words, the legislation requires retrospective disclosure for past financial years in which the entity (or its subsidiaries) received a JobKeeper payment. For December year ends, this may include the December 2020 and December 2021 financial years.

The timeline for making the announcement of the information to the market depends upon when the entity lodges its financial report with ASIC for the relevant financial year:

- If the financial report has been lodged at commencement of the legislation (14 September 2021) – within 60 days after that day (i.e. 13 November 2021, or the next business day)
- Otherwise, within 60 days after lodging the financial report with ASIC.

In addition to being disclosed to the relevant market operator (ASX etc), the legislation requires ASIC to publish a consolidated report of all such notices given as soon as practicable after they are released to the market by entities (s.323DC). This report is required to be regularly updated.

Key takeaways

Entities should be aware of the following:

- **Use of the ASIC online form is not mandatory** - The [ASIC FAQs](#) note that use of the online form is not mandatory, but it is recommended to ensure compliance with s.323DB. In addition, the ASX has requested that entities use the form (as noted above)
- **The notice must be manually provided to the market operator** - Using the form [does not result](#) in the information being lodged with the ASX or relevant market operator. The form generates a PDF of the notice which must then be given by the submitter to the market operator
- **The disclosures are made on a 'received' basis** - The [ASIC FAQs](#) and legislation both refer to the disclosure of payments received for a JobKeeper fortnight that ended in an entity's relevant financial year. In effect, this means the disclosure is made on a cash basis. This may be different to an entity's treatment in profit or loss, but should be consistent with the entity's cash flow statement disclosure
- **Additional information must be separately disclosed** - [ASIC notes](#) that if an entity wishes to disclose information that is additional to that required by s.323DB, the entity should make a separate announcement to the market operator. For instance, if the entity wishes to reconcile amounts disclosed in the JobKeeper s.323DB notice to prior released financial information, a separate announcement should be made
- **Additional announcements are required to provide updates or corrections** - Where a notice given to a market operator becomes out of date or is otherwise not correct, the entity is required to provide an updated notice to the market operator within 60 days. For example, if an entity makes the necessary announcement and then subsequently makes a

⁸ The [ASIC information sheet](#) clarifies that entities listed on Chi-X Australia Pty Ltd (Chi-X) do not need to give a Jobkeeper notice to Chi-X because it does not maintain an official list.

voluntary repayment of JobKeeper amounts received, it would be required to provide an updated notice to the market operator.

Other entities

As part of the passage of the legislation, [amendments](#) to the legislation were proposed to require the Tax Commissioner to publish details of JobKeeper payments received by all entities with annual turnover of \$10 million or more. These amendments were not successful but efforts are continuing to seek disclosure through other mechanisms.

Non-listed entities may however wish to consider voluntarily including similar disclosures in their financial reports.

More information

For more information see:

- [Deloitte tax insights](#) *Listed entities must announce JobKeeper information to the market*
- [ASIC 21-271MR](#) *ASIC issues Jobkeeper notice and guidance.*
- [Listed@ASX Compliance Update 08/21](#)
- [Listed@ASX Compliance Update 09/21](#).

B1.4.3 ASIC focus areas for financial reporting

In its frequently asked questions (FAQs) relating to the COVID-19 implications for financial reporting and audit, ASIC notes that key focus areas for financial reports for years ended 31 March 2020 to 30 June 2021 include:

- **Recognition and measurement** – including the values of assets (including intangibles, property, inventories, receivables/loans, investments, other financial assets, contract assets and deferred tax assets) and liabilities including provisions for onerous contracts, financial guarantees and restructuring)
- **Disclosures** – sources of estimation uncertainty, key assumptions and sensitivity analysis and the operating and financial review (OFR) (underlying drivers of results, business strategies, risks and future prospects)
- **Other areas** – comprising going concern assessments and solvency.

Other matters to consider may include hedge effectiveness, sales returns, off-balance sheet exposures, and credit and liquidity risks associated with financial instruments.

The full text of the ASIC FAQs is available at www.asic.gov.au⁹.

On 10 June 2021, ASIC released its focus areas for financial reporting under COVID-19 conditions as at 30 June 2021 and updated its frequently asked questions (FAQs) on COVID-19 implications for financial reporting and audit.

Similar to the focus areas for financial reports for years ended 31 December 2020, the key focus areas included in this release were:

- Asset values
- Provisions
- Solvency and going concern assessments
- Events occurring after year end and before completion of the financial report
- Disclosures in the financial report and Operating and Financial Review (OFR).

In addition, ASIC indicated its intention to focus on accounting for software-as-a-service arrangements and accounting for casual employee entitlements. ASIC subsequently updated its FAQs to remove reference to casual employee entitlement and instead include a discussion about proposed aged care bed licence changes (as discussed in *Removal of aged care bed licences from 2024* in section B1.4.1)

For more information, see ASIC Media Release *21-129MR ASIC highlights focus areas for 30 June 2021 financial reports under COVID-19 conditions*, available at www.asic.gov.au.

⁹ At the date of finalisation of this publication (19 November 2021), the ASIC FAQs were last updated on 29 September 2021. Entities should ensure they monitor the [ASIC FAQs page](#) for any changes.

At the date of this publication, (19 November 2021) ASIC has not yet released its focus areas for 31 December 2021 financial reports. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, classification of debt as current or non-current, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and accounting for software-as-a-service arrangements and aged care bed licences.



Further guidance

For more information about ASIC's regulatory focus areas, see our Clarity publication *Responding to regulatory focus areas - Financial reporting under COVID-19 and the emerging economic recovery*, which is available at www.deloitte.com/au/clarity.

B1.4.4 Results from prior ASIC financial report reviews

In June 2021, ASIC announced the results from a review of 31 December 2020 financial reports that covered 85 listed entities. ASIC made inquiries of 15 entities on 22 matters.

The top areas where enquiries were raised from the review were:

- Impairment and other asset values (10 inquiries)
- Operating and Financial Review (3 inquiries)
- Consolidation accounting (2 inquiries)
- Lease accounting (2 inquiries).

ASIC also announced that it will review the full-year financial reports of selected larger listed entities and other public interest entities as at 30 June 2021. The reviews will focus on entities and industries more affected by the current conditions.

The full text of the findings can be found in ASIC media release *21-135MR ASIC review of 31 December 2020 financial reports*, which is available at www.asic.gov.au.

B1.4.5 ASIC calls on insurers to respond to new insurance standard

In November 2020 ASIC issued a media release calling on insurers to respond to the new insurance standard, AASB 17 *Insurance Contracts*. AASB 17 is effective for reporting periods beginning on or after 1 January 2023.

In the media release, ASIC Commissioner Cathie Armour states that "[d]irectors and management of insurers need to plan for the new standard and inform investors and other financial report users of the impact on reported results".

The media release notes ASIC's expectation that financial reports of insurers at 31 December 2020 should disclose the impacts of AASB 17. We expect that ASIC will continue to encourage entities that may be impacted by AASB 17 to disclose the impacts as the effective date of the Standard draws closer.

For more information, see [ASIC 20-286MR Insurers urged to respond to new accounting standard](#).

B1.4.6 ASX developments

ASX Listing Rule amendments

In mid-October 2019, the ASX released updates to its ASX Listing Rules and associated guidance dealing with shareholder information and meetings, initial admission and other matters (for details, see the ASX announcement, available at www.asx.com.au). Most of the updated requirements came into effect on 1 December 2019.

As part of these changes, new and revised requirements around educational requirements for people communicating with the ASX were introduced. These educational requirements were initially scheduled to come into effect on 1 July 2020, but were subsequently deferred to commence from 1 July 2021.

In March 2021, the ASX released amendments to the ASX-LRs and associated guidance on online forms, notification of security issues and corporate action timetables. The changes are effective from 5 June 2021 (subject to necessary approvals). Details can be found in [Listed@ASX Compliance Update no. 02/21](#) which notes inter alia the following amendments to the ASX Listing Rules:

- Changes to the timetables for seeking the quotation of securities in ASX-LR 2.8
- Changes to the buy-back notification requirements in ASX-LR 3.8A

- Changes to the notification requirements for issues, conversions and cancellations of securities, and for payment of calls, instalments and other amounts on partly paid securities, in ASX-LR 3.10.3 – 3.10.3E
- Changes to ASX-LR 3.21 and 3.22 imposing some additional notification requirements around the cancellation, deferral or reduction of previously announced dividends, distributions or interest payments
- Clarificatory changes to the definition of “employee incentive plan” in ASX-LR 19.12
- Changes to the timetables for corporate actions in Appendices 6A and 7A, in particular to allow an additional 2 business days for an entity to announce the results of certain corporate actions.

More information is available in [Listed@ASX Compliance Update no. 5/21](#) which includes guidance and training material to assist listed entities transition to the new requirements.

In addition, in September 2021, amendments were made to the Corporations Act which requires Australian listed entities to give a notice to the relevant market operator (e.g. ASX) with prescribed information about JobKeeper. This requirement will impact such entities listed on the ASX and is discussed in section B1.4.2.

B1.4.7 Continuous disclosure obligations

Previously, *Corporations (Coronavirus Economic Response) Determination (No. 2) 2020* (available at <https://www.legislation.gov.au>) and *Corporations (Coronavirus Economic Response) Determination (No. 4) 2020* (available at <https://www.legislation.gov.au>) together effectively modified the continuous disclosure requirements under the *Corporations Act 2001* for the period from 26 May 2020 to 23 March 2021.

In August 2021 Parliament passed [amendments](#) to the Corporations Act to make permanent the temporary changes to Australia's continuous disclosure laws originally made in May 2020 in response to the COVID-19 pandemic. Companies and their officers will only be liable for civil penalty proceedings in respect of continuous disclosure obligations where they have acted with “knowledge, recklessness or negligence”.

More information can be found in the [Federal Treasurer media release](#).

B1.4.8 Using technology to hold meetings and sign documents

Under [legislation](#) passed by Federal Parliament in August 2021, temporary amendments were made to the Corporations Act to amend the rules relating to meetings of directors, shareholders of companies and members of registered schemes to facilitate the use of electronic technology. The legislation expires on 31 March 2022.

The new rules allow:

- Meetings to be held virtually, provided that the members as a whole have a reasonable opportunity to participate
- Documents relating to the meetings to be provided and signed electronically and minutes to be kept electronically
- The electronic execution of company documents. Documents executed without a company seal may be signed electronically and the signatories do not need to sign the same copy.

In October 2021, the Federal Government introduced the [Corporations Amendment \(Meetings and Documents\) Bill 2021](#) into Federal Parliament. If passed by the Parliament, the Bill would make permanent changes allowing companies and registered schemes to hold hybrid meetings (which give shareholders the option of either attending in person or remotely) and use technology to execute company documents, sign meeting-related documents and provide those documents to their members. The measures in the Bill would be broader and more flexible than the existing temporary measures.

At the date of finalisation of this publication (19 November 2021), the Bill had not yet been passed by Parliament. More information can be found in the [Federal Treasurer's media release](#).

B1.4.9 Auditor remuneration disclosure

In November 2020, the Federal Parliamentary Joint Committee on Corporations and Financial Services released *Regulation of Auditing in Australia: Final Report* (available at parlinfo.aph.gov.au). Included in this final report is a recommendation to establish defined categories and associated fee disclosure requirements in relation to audit and non-audit services. This recommendation was directed primarily at the Financial Reporting Council (FRC) and the AASB has a project on audit fee disclosure in progress.

At its June 2021 meeting, the AASB continued deliberations on possible amendments to AASB 1054 *Additional Australian Disclosures* to include auditor fee disclosure requirements for defined categories of audit and non-audit services. The Board considered a comparison between the audit and non-audit service categories recommended by [AASB Research Report 15 Review of Auditor Remuneration Disclosure Requirements](#) and those categories suggested by ASIC and those proposed in the [Exposure Draft ED 03/21 Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) issued by the Accounting Professional & Ethical Standards Board (APESB) in May 2021.

The AASB decided that AASB 1054 should define the services included in each category. The AASB considered it appropriate to wait for the Federal Government response to the Parliamentary Joint Committee (PJC) Inquiry recommendations before an exposure draft is issued, but agreed to continue deliberating proposals to amend AASB 1054. Further information can be found in the [AASB Action Alert](#) from the AASB June 2021 meeting.

In the meantime, we continue to encourage entities to provide transparent and expanded disclosures in their financial reports at 31 December 2021. Suggested categories include:

- Fees to the group auditor for the audit or review of the statutory financial reports of the Group, subsidiaries and joint operations
- Fees for statutory assurance services that are required by legislation to be provided by the auditor (e.g. certain reporting to APRA, Queensland Building and Construction Commission reports, AFSL Form FS 71)
- Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements (e.g. assurance on revenue information under a royalty agreement, comfort letters or agreed-upon procedures on other reports) when there is discretion as to whether the service is provided by the auditor or another firm
- Fees for other services (e.g. tax compliance).



Illustrative example

An illustrative example of the layout of the auditor remuneration note following the above guidelines can be found in Appendix 2 in Note 67 (see page 288).

B1.4.10 Changes to reporting requirements for registered charities

On 30 June 2021, the Council on Federal Financial Relations [announced](#) revised financial reporting thresholds for charities registered with the Australian Charities and Not for profits Commission (ACNC). Following the announcement, Federal Treasury issued [draft legislation](#) on 20 September 2021.

Under the proposed reporting thresholds, which would be effective from 1 July 2022, the annual revenue thresholds would be amended as follows:

Charity size	Current thresholds	Revised thresholds	Minimum ACNC reporting requirement (unchanged)
Small	Less than \$250,000	Less than \$500,000	Annual information statement
Medium	\$250,000 or more and less than \$1 million	\$500,000 or more and less than \$3 million	Annual information statement and reviewed financial report
Large	\$1 million or more	\$3 million or more	Annual information statement and audited financial report

From the 2022-23 financial year onwards, all registered charities would be required to disclose related party transactions, as follows:

- Medium and large registered entities preparing special purpose financial statements would be required to comply with AASB 124 *Related Party Disclosures*. All medium and large registered entities preparing annual financial reports (not only those preparing general purpose financial statements) would be required to disclose related party transactions
- Small registered charities would be required to make a simplified disclosure involving a brief description of related party transactions in the Annual Information Statement.

The draft legislation would provide an exemption for some charities from the requirement to disclose, as part of their related party transactions, aggregate remuneration paid to responsible persons and senior executives. This exemption will apply from the 2021-22 financial year onwards, to medium registered charities and large registered charities with only one remunerated key management person.

For more information, see the [ACNC press release](#).

B2 Details of new and revised financial reporting pronouncements

This section outlines new and revised pronouncements that have not been previously applied in financial reports.

Roadmap to this section

Section	What is included
B2.1 Overall considerations	A summary of the impacts of adopting new and revised pronouncements, and disclosing information about pronouncements not yet adopted
B2.2 Summary of new and amended pronouncements	An overview of new and revised accounting pronouncements, classified into those mandatory at 31 December 2021, and those that apply in future periods.
B2.3 New and revised pronouncements applicable to all entities	New or revised pronouncements which apply to all entities
B2.4 New and revised pronouncements applicable to Tier 2 entities only	New or revised pronouncements which apply to for-profit Tier 2 entities only
B2.5 New and revised pronouncements applicable to not-for-profit entities and public sector entities only	New and revised pronouncements which apply only to not-for-profit and public sector entities (and includes an explanation of the new or revised requirement)
B2.6 Other new pronouncements issued by the AASB	Other new pronouncements made by the AASB which are relevant in financial reporting (and includes an explanation of the new or revised requirement)
B2.7 Pronouncements issued by the IASB or IFRS Interpretations Committee where an equivalent pronouncement has not been issued by the AASB	Pronouncements made by the IASB or IFRS Interpretations Committee, where an equivalent pronouncement has not been made by the AASB but is expected to be issued in due course (and includes an explanation of the new or revised requirement)
B2.8 IFRS Interpretations Committee agenda decisions	A summary of recent IFRS Interpretations Committee agenda decisions, which should be considered a source of guidance when selecting suitable accounting policies
B2.9 AASB agenda decisions	A summary of recent issues raised for consideration by the AASB which are either not added to the AASB's agenda or else removed from the agenda
B2.10 Corporations Act 2001 developments	Corporations Act and Corporations Regulations developments relevant to financial reporting
B2.11 ASIC	A summary of recent developments from ASIC that are relevant to financial reporting
B2.12 ASX	A summary of recent developments from the ASX that are relevant to financial reporting

The tables and other information in this section outline the new and revised pronouncements and other requirements that are to be applied for the first time at 31 December 2021 (for full and half-year financial statements), or which may be early adopted at that date and which apply to either for-profit Tier 1 and Tier 2 entities, for-profit Tier 2 entities only or not-for-profit entities only.

Although these are Tier 1 full year model financial statements, for completeness, the tables and other information in this section may include new and revised pronouncements and other requirements specific to Tier 2 and not-for-profit entities.

For each pronouncement, the effective date is listed, together with a summary of its applicability to annual reports and half-year reports for periods ending on 31 December 2021

B2.1 Overall considerations

B2.1.1 Impacts of adopting new and revised pronouncements

Applying new and revised pronouncements for the first time can result in direct changes in recognition, measurement, presentation and disclosure requirements. In addition, there can be consequential impacts on financial reports through the transitional provisions of the pronouncement and the existing requirements of other Australian Accounting Standards.

The table below outlines some of the areas where these consequential impacts should be considered:

Area	Consideration
Updates to accounting policies	The terminology and substance of accounting policies may need to be updated to reflect new recognition, measurement and other requirements.
Impact of transitional provisions	AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions.
Disclosures about changes in accounting policies	Where an entity changes its accounting policy as a result of the initial application of an Accounting Standard (including Interpretations as a result of AASB 1048 <i>Interpretation of Standards</i>) and it has an effect on the current period or any prior period, AASB 108 (subject to any specific transitional provisions of the Accounting Standard) requires the disclosure of a number of matters, e.g. the title of the Standard, the nature of the change in accounting policy, a description of the transitional provisions, and the amount of the adjustment for each financial statement line item affected.
Third statement of financial position	AASB 101 <i>Presentation of Financial Statements</i> requires (subject to any specific transitional provisions of the relevant Accounting Standard) the presentation of a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements in a number of situations. This applies where an entity applies an accounting policy retrospectively and the retrospective application has a material effect on the information in the statement of financial position at the beginning of the preceding period.
Earnings per share (EPS)	Where applicable to the entity, AASB 133 <i>Earnings Per Share</i> requires basic and diluted EPS to be adjusted for the impacts of adjustments resulting from changes in accounting policies accounted for retrospectively and AASB 108 requires the disclosure of the amount of any such adjustments.

B2.1.2 Disclosing information about pronouncements not yet adopted

The disclosure requirements required in relation to new and revised accounting pronouncements need to be carefully considered where they have not yet been adopted.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to disclose any known or reasonably estimable information about the possible impact that the application of Australian Accounting Standards on issue which have not been applied, including a discussion of the impact that initial application will have on the entity's financial statements.

ASIC, together with other global regulators, has previously strongly emphasised the need for publicly accountable entities to fully comply with these requirements in light of significant changes in accounting pronouncements. See section B1.4.5 for ASIC's view on disclosures in relation to AASB 17 *Insurance Contracts*.

Entities need to ensure that they comply with the requirements of AASB 108 and respond to regulatory expectations.



Australian-specific illustrative examples of the disclosures can be found in Appendix 2 in Note 2 (starting on page 262).

B2.1.3 Early adoption

Where early adoption is being contemplated, it is important to address any necessary procedural requirements, e.g. for entities reporting under the Corporations Act, appropriate directors' resolutions for early adoption must be made under s.334 (5).

B2.2 Summary of new and amended pronouncements

B2.2.1 Effective for the first-time at 31 December 2021

The table below summarises the amended reporting requirements that must be applied for the first time for financial years ending 31 December 2021 and half-years ending 31 December 2021. See sections B2.3 to B2.7 for a summary of each pronouncement and Appendix 2 for illustrative disclosures.

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
Applicable to all annual financial statements¹⁰		
September 2020	AASB 2020-8 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2</i> (summary , illustrative disclosure)	1 January 2021
Applicable to half-year financial statements		
September 2020	AASB 2020-8 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2</i> (summary , illustrative disclosure)	1 January 2021
April 2021	AASB 2021-3 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021</i> (summary , illustrative disclosure)	1 April 2021
Applicable to all not-for-profit and public sector annual financial statements		
September 2020	AASB 2021-4 <i>Amendments to Australian Accounting Standards - Modified Retrospective Transition Approach for Service Concession Grantors</i> (summary)	(ending) 30 June 2021
Applicable only to half-year Tier 2 (SD) financial statements¹¹		
March 2020	AASB 1060 <i>General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities</i> (summary)	1 July 2021
March 2020	AASB 2020-2 <i>Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary)	1 July 2021
August 2020	AASB 2020-7 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions: Tier 2 Disclosures</i> (summary)	1 July 2021
December 2020	AASB 2020-9 <i>Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments</i> (summary)	1 July 2021
March 2021	AASB 2021-1 <i>Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities¹²</i> (summary)	1 July 2021



In addition to new pronouncements, entities should also consider the impacts of recent IFRS Interpretations Committee agenda decisions on the financial statements. A summary of recent agenda decisions can be found in section B2.8

¹⁰ In addition to the pronouncements listed, AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts* applies to annual periods beginning on or after 1 January 2021. However, AASB 2020-5 has the effect of deferring the mandatory application date of AASB 17 *Insurance Contracts* by two years from annual periods beginning on or after 1 January 2021 to annual periods beginning on or after 1 January 2023. As AASB 17 was originally effective for the earlier date, the Amending Standard is also effective for that earlier date to enact the extension. Accordingly, this pronouncement has not been included in the table.

¹¹ The pronouncements in this section are mandatory for the first time for Tier 2 (SD) half-year GPFS and are not applicable for Tier 1 GPFS.

¹² This pronouncement is mandatory for the first time for half-year Tier 2 (SD) GPFS of not-for-profit entities and is not applicable for-profit entities.

B2.2.2 Pronouncements not yet effective

The table below summarises the amended reporting requirements that are not effective for financial years ending 31 December 2021. See sections B2.3 to B2.7 for a summary of each pronouncement and Appendix 2 for illustrative disclosures.

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
Applicable to all financial statements		
July 2017	AASB 17 <i>Insurance Contracts</i> (as amended) (summary , illustrative disclosure)	1 January 2023
Various	AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> , AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> , AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> (summary , illustrative disclosure)	1 January 2022 ¹³
March 2020 / August 2020	AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> and AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> (summary , illustrative disclosure)	1 January 2023 ¹⁴
March 2020	AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary)	1 July 2021
June 2020	AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i> (summary , illustrative disclosure)	1 January 2022
April 2021	AASB 2021-3 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</i> (summary , illustrative disclosure)	1 April 2021
March 2021	AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (summary , illustrative disclosure)	1 January 2023
June 2021	AASB 2021-5 <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (summary , illustrative disclosure)	1 January 2023
Applicable only to Tier 2 (SD) financial statements		
March 2020	AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities</i> (summary)	1 July 2021
March 2020	AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> (summary)	1 July 2021
August 2020	AASB 2020-7 <i>Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures</i> (summary)	1 July 2021

¹³ At its [November 2021 meeting](#), the AASB decided to further defer the effective date of these amendments to periods beginning on or after 1 January 2025. An Amending Standard is expected to be finalised by the end of 2021.

¹⁴ At its July 2021 meeting, the IASB considered the classification of debt as current or non-current and decided to propose amendments to IAS 1 that would modify the requirements introduced by *Classification of Liabilities as Current or Non-current* on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances and defer the effective date of the amendments to no earlier than 1 January 2024. On 19 November 2021, the IASB issued [Exposure Draft ED/2021/9 Non-current Liabilities with Covenants](#) which proposes that entities would classify liabilities as current or non-current based on compliance with covenants required on or before the reporting date and that the existence of covenants that are required to be complied with within 12 months of the reporting date would not affect classification of liabilities at the reporting date. The Exposure Draft also proposes that liabilities classified as non-current which have covenant requirements to meet in the 12 months after reporting date should be presented separately in the statement of financial position and detailed information about the covenants provided in the notes to the financial statements.

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
December 2020	AASB 2020-9 Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments (summary)	1 July 2021
March 2021	AASB 2021-1 Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities (summary)	1 July 2021

B2.3 New and revised pronouncements applicable to all entities

The table below outlines new and revised Standards (effective and not yet effective at 31 December 2021) which apply to all entities and indicates the effective date and whether it is applicable for reporting periods (full and half-year) ending 31 December 2021). Tier 1 entities are required to comply with all the recognition, measurement, presentation and disclosure requirements of all the pronouncements listed (from their mandatory application date). Tier 2 entities and entities preparing SPFS under the Corporations Act are required to comply with the recognition and measurement requirements of all pronouncements (from their mandatory application date). Tier 2 entities are also required to apply most presentation requirements and entities preparing SPFS under the Corporations Act also generally comply, or are required to comply, with most presentation requirements.

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts</p> <p>AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 Insurance Contracts.</p> <p>AASB 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>AASB 2020-5 reduce the costs of applying AASB 17 by simplifying some requirements, make an entity's financial performance relating to insurance contracts earlier to explain and eases the transition to AASB 17. It also includes amendments to AASB 4 <i>Insurance Contracts</i> to permit eligible insurers to continue to apply AASB 139 <i>Financial Instruments: Recognition and Measurement</i> until they are required to apply AASB 9 <i>Financial Instruments</i> alongside AASB 17.</p> <p>AASB 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p> <p><i>Note: AASB 17 was originally effective for annual reporting periods beginning on or after 1 January 2021 but was deferred to annual reporting periods beginning on or after 1 January 2023 by AASB 2020-5. Although AASB 2020-5 is effective for annual periods beginning on or after 1 January 2021, its amendments have the effect of deferring the effective date of AASB 17 to annual reporting periods beginning on or after 1 January 2023 (in addition to amending AASB 17 and AASB 4).</i></p> <p>More information:</p> <ul style="list-style-type: none"> • IFRS in Focus newsletter, IASB issues IFRS 17 – Insurance Contracts (summary of original Standard) • IFRS in Focus newsletter, IASB issues amendments to IFRS 17 Insurance Contracts (amendments) • Summary of IFRS 17. 	<p>Annual reporting periods beginning on or after 1 January 2023 (see note in previous column)</p>	<p>Optional</p>

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</p>	<p>Annual reporting periods beginning on or after 1 January 2022 (see note in previous column)</p>	<p>Optional (editorial amendments made by AASB 2017-5 were mandatory from 1 January 2018)</p>
<p>The amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p>		
<p><i>Note: The equivalent amendments to IFRS 10 and IAS 28 have no set commencement date due to amendments made by the IASB, pending further research in other projects. AASB 2015-10 extended the application date of the equivalent amendments to 1 January 2018. AASB 2017-5 then further extended the application date of the amendments from 1 January 2018 to 1 January 2022, and also made a number of editorial amendments to other standards which are effective for annual periods beginning on or after 1 January 2018. At its November 2021 meeting, the AASB decided to further defer the effective date of these amendments to periods beginning on or after 1 January 2025. An Amending Standard is expected to be finalised by the end of 2021.</i></p>		
<p>More information: IFRS in Focus newsletter IASB publishes amendments to IFRS 10 and IAS 28 (2011) dealing with the sale or contribution of assets between an Investor and its Joint Venture or associate,</p>		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</p> <p>The amendments to AASB 101 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p>	<p>Annual reporting periods beginning on or after 1 January 2023 (see note in previous column)</p>	<p>Optional</p>
<p>The amendments:</p>		
<ul style="list-style-type: none"> Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability Explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. 		
<p><i>Note: AASB 2020-6, although itself effective for annual reporting periods beginning on or after 1 January 2022 (the original effective date of AASB 2020-1), has the effect of deferring the mandatory application of those amendments to annual reporting periods beginning on or after 1 January 2023.</i></p>		
<p><i>Note: At its July 2021 meeting, the IASB considered the classification of debt as current or non-current, and decided to propose amendments to IAS 1 that would:</i></p>		
<ul style="list-style-type: none"> Modify the requirements introduced by ‘Classification of Liabilities as Current or Non-current’ (2020 amendments) on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances Defer the effective date of the 2020 amendments to no earlier than 1 January 2024. 		
<p>On 19 November 2021, the IASB issued Exposure Draft ED/2021/9 ‘Non-current Liabilities with Covenants’ which proposes that entities would classify liabilities as current or non-current based on compliance with covenants required on or before the reporting date and that the existence of covenants that are required to be complied with within 12 months of the reporting date would not affect classification of liabilities at the reporting date. The Exposure Draft also proposes that liabilities classified as non-current which have covenant requirements to meet in the 12 months after reporting date should be presented separately in the statement of financial position and detailed information about the covenants provided in the notes to the financial statements.</p>		
<p>More information: IFRS in Focus newsletter IASB amends IAS 1 to clarify the classification of liabilities as current or non-current (original amendments) and IFRS in Focus newsletter IASB defers effective date for ‘Classification of Liabilities as Current or Non-current’ (deferral)</p>		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</p> <p>Makes amendments to numerous Standards and the <i>Conceptual Framework for Financial Reporting</i> so that they apply explicitly to:</p> <ul style="list-style-type: none"> For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards Other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021. 	<p>Applicable to annual reporting periods beginning on or after 1 July 2021</p>	<p>Optional (<i>full years</i>)</p> <p>Mandatory (<i>half-years, where prepared</i>)</p>
<p>The effect of these requirements is that the above entities are required to prepare general purpose financial statements and apply the <i>Conceptual Framework for Financial Reporting</i> when they are required to prepare financial statements by the relevant reporting mandate. Accordingly, these entities will not be permitted to prepare special purpose financial statements.</p>		
<p>More information: Clarity newsletter <i>Removal of special purpose financial statements</i></p>		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</p> <p>Makes amendments to the following Standards:</p> <ul style="list-style-type: none"> • Annual improvements: <ul style="list-style-type: none"> – AASB 1 <i>First-time Adoption of International Financial Reporting Standards</i> to permit a subsidiary that applies paragraph D16(a) of AASB 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to Australian Accounting Standards – AASB 9 <i>Financial Instruments</i> to clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf are included – AASB 16 <i>Leases</i> to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example – AASB 141 <i>Agriculture</i> to remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique • AASB 3 <i>Business Combinations</i> to: <ul style="list-style-type: none"> – Refer to the <i>Conceptual Framework for Financial Reporting</i> instead of previous versions of the Framework – Add a requirement that, for transactions and other events within the scope of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> or Interpretation 21 <i>Levies</i>, an acquirer applies those pronouncements (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination – Add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination • AASB 116 <i>Property, Plant and Equipment</i> to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss • AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> to specify that the ‘cost of fulfilling’ an onerous contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). 	<p>Annual periods beginning on or after 1 January 2022 <i>(the amendments to AASB 3 are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022)</i></p>	<p>Optional</p>
<p>More information: IFRS in Focus newsletter IASB publishes package of narrow-scope amendments to IFRS Standards</p>		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</p> <p>AASB 2020-4 amends AASB 16 <i>Leases</i> to:</p> <ul style="list-style-type: none"> • Provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification • Require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications • Require lessees that apply the practical expedient to disclose whether the practical expedient has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied • Require lessees to apply the practical expedient retrospectively, recognising the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. 	<p>Annual reporting periods beginning on or after 1 June 2020 (see note in first column for AASB 2021-3)</p>	<p>AASB 2020-4: Mandatory (full years)</p> <p>Already applied (half-years)</p> <p>AASB 2021-3: Optional (full years)</p> <p>Mandatory (half-years)</p>
<p>AASB 2021-3 extends the relief by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.</p>		
<p>Note: As outlined in the Amendment to the Basis for Conclusions on IFRS 16 Leases paragraph BC205], a lessee:</p>		
<ul style="list-style-type: none"> • That has already applied the practical expedient (in AASB 2020-4) must apply the extended scope of the expedient (in AASB 2021-3) to eligible contracts with similar characteristics and in similar circumstances • May not elect to apply the practical expedient if the lessee has previously elected not to apply it to eligible rent concessions • That has not established an accounting policy on applying (or not applying) the practical expedient to eligible rent concessions can still decide to apply the practical expedient. However, such a lessee would be required to do so retrospectively and consistently to eligible contracts with similar characteristics and in similar circumstances. 		
<p>More information:</p>		
<ul style="list-style-type: none"> • IFRS in Focus newsletter IASB finalises amendment to IFRS 16 'Leases' regarding COVID-19-related rent concessions • IFRS in Focus newsletter IASB publishes amendment to IFRS 16 to extend the practical relief on COVID-19-related rent concessions. 		
<p>AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</p> <p>Amends AASB 4 <i>Insurance Contracts</i>, AASB 9 <i>Financial Instruments</i>, AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 16 <i>Leases</i> to address issues that may affect financial reporting during interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark rate.</p>	<p>Annual reporting periods beginning on or after 1 January 2021</p>	<p>Mandatory</p>
<p>More information: IFRS in Focus newsletter IASB issues 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</p>		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p> <p>Amends AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates. Specifically, it amends:</p> <ul style="list-style-type: none"> • AASB 7 <i>Financial Instruments: Disclosures</i>, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements • AASB 101 <i>Presentation of Financial Statements</i>, to require entities to disclose their material accounting policy information rather than their significant accounting policies • AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates • AASB 134 <i>Interim Financial Reporting</i>, to identify material accounting policy information as a component of a complete set of financial statements • AASB Practice Statement 2 <i>Making Materiality Judgements</i>, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures (see note). 	<p>Annual reporting periods beginning on or after 1 January 2023 (see note in first column for AASB Practice Statement 2)</p>	<p>Optional (see note in first column for AASB Practice Statement 2)</p>
<p><i>Note: AASB Practice Statement 2 provides non-mandatory guidance on making materiality judgements when preparing general purpose financial statements in accordance with Australian Accounting Standards. Therefore there is no mandatory effective date and further, application is not required to state compliance with Australian Accounting Standards or IFRS Standards.</i></p>		
<p>More information:</p>		
<ul style="list-style-type: none"> • IFRS in Focus newsletter IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies • IFRS in Focus newsletter IASB amends IAS 8 to clarify the definition of accounting estimates 		

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p> <p>The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying AASB 16 at the commencement date of a lease.</p> <p>Following the amendments to AASB 112, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in AASB 112.</p> <p>The Board also adds an illustrative example to AASB 112 that explains how the amendments are applied.</p> <p>The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:</p> <ul style="list-style-type: none"> • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: <ul style="list-style-type: none"> – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. <p>More information: IFRS in Focus newsletter IASB amends IAS 12 for deferred tax related to assets and liabilities arising from a single transaction.</p>	<p>Annual reporting periods beginning on or after 1 January 2023</p>	<p>Optional</p>

B2.4 New and revised pronouncements applicable to Tier 2 entities only

The table below outlines new and revised pronouncements (effective and not yet effective at 31 December 2021) which only apply to Tier 2 entities. These pronouncements are listed for completeness and for reference by Tier 2 entities in conjunction with the Tier 2 models (available at www.deloitte.com/au/models).

New or revised requirement	When effective	Applicability to 31 December 2021
<p>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</p> <p>A separate disclosure Standard applied in the preparation of general purpose financial statements prepared in accordance with 'Tier 2' of the differential reporting framework in AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>.</p>	<p>Annual reporting periods beginning on or after 1 July 2021</p>	<p>Optional (full years)</p> <p>Mandatory (half-years)</p>
<p>Entities preparing general purpose financial statements in accordance with this Standard are not required to comply with the disclosure requirements of other Australian Accounting Standards. However, the recognition and measurement requirements of all Australian Accounting Standards must be applied.</p>		
<p>The disclosure requirements in AASB 1060 replace those required under 'Reduced Disclosure Requirements' (RDR) which shaded those disclosure requirements of Australian Accounting Standards that were not applicable to Tier 2 entities. The number of disclosures required by this Standard are generally less than RDR. <i>Note: This standard does not apply to Tier 1 entities.</i></p>		
<p>More information:</p>		
<ul style="list-style-type: none"> • Clarity newsletter <i>Removal of special purpose financial statements</i> • Clarity newsletter <i>Simplified Disclosures – Transition options and opportunities.</i> 		
<p>AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19-Related Rental Concessions Tier 2 Disclosures</p> <p>Adds disclosure requirements for entities applying AASB 1060 that have applied the practical expedient in AASB 16 for the accounting for COVID-19-related rent concessions. This Standard applies to annual periods beginning on or after 1 July 2021 but can be early adopted.</p>	<p>Annual reporting periods beginning on or after 1 July 2021</p>	<p>Optional (full years)</p> <p>Mandatory (half-years)</p>
<p>AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments¹⁵</p> <p>Amends the Tier 2 (Simplified Disclosures) requirements in AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> to provide relief for entities applying AASB 1060 from disclosing the financial effects of changing accounting policies in response to interest rate benchmark reform. AASB 2020-9:</p>	<p>Annual reporting periods beginning on or after 1 July 2021</p>	<p>Optional (full years)</p> <p>Mandatory (half-years)</p>
<ul style="list-style-type: none"> • Does not add disclosures to AASB 1060 that would replicate the new disclosures on benchmark reform in paragraphs 24I and 24J of AASB 7 <i>Financial Instruments: Disclosures</i> • Does not reduce the disclosures for Tier 2 entities reporting under the Australian Accounting Standards – Reduced Disclosure Requirements framework, so that such entities will be required to comply with the new disclosure requirements in paragraphs 24I and 24J of AASB 7 • Makes a number of editorial corrections to AASB 1060. 		
<p>The interest rate benchmark reform amendments (issued in September 2020) were addressed in AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>.</p>		

¹⁵ This amendment is specific to Tier 2 entities

B2.5 New and revised pronouncements applicable to not-for-profit entities and public sector entities only

The table below outlines new and revised pronouncements which apply only to not-for-profit and public entities.

New or revised requirement	When effective	Applicability at 31 December 2021
<p>AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities¹⁶</p> <p>Provides limited optional comparative information relief for not-for-profit entities adopting AASB 1060 early by transitioning from either Tier 1 or Tier 2 – Reduced Disclosure Requirements to Tier 2 – Simplified Disclosures.</p> <p>The optional relief is available for not-for-profit entities that adopt AASB 1060 early, that is, for reporting periods beginning before 1 July 2021. It provides optional relief from having to present comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous Tier 1 or Tier 2 general purpose financial statements.</p>	Annual reporting periods beginning on or after 1 July 2021	Optional (full years provided AASB 1060 is also applied) Mandatory (half-years)
<p>AASB 2021-4 Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors</p> <p>Amends AASB 1059 <i>Service Concession Arrangements: Grantors</i> to change the modified retrospective method for measuring the grant of a right to the operator (GORTO) liability set out in paragraph C4(c) of AASB 1059.</p>	Annual periods ending on or after 30 June 2021	Mandatory

B2.6 Other new pronouncements issued by the AASB

The table below outlines new pronouncements issued by the AASB which are relevant in financial reporting.

New or revised pronouncement	When effective	Applicability to 31 December 2021
<p>AASB For-Profit Entity Standard-Setting Framework and AASB Not-for-Profit Entity Standard-Setting Framework</p> <p>Updated Standard-Setting Frameworks issued in October 2020 to reflect that several policy documents, other documents and Australian Accounting Standards have been superseded, updated or issued since the documents were last issued in 2018.</p> <p>Changes made to the documents include:</p> <ul style="list-style-type: none"> Reflecting that in accordance with AASB 2020-2, for-profit private sector entities are no longer permitted to prepare special purpose financial statements, subject to limited exceptions (for-profit entity Framework document only) Summarising the key principles on which Tier 2 disclosure requirements are developed. 	Not applicable (Standard-Setting Frameworks)	Not applicable

¹⁶ This amendment is specific to Tier 2 not-for-profit entities

B2.7 Pronouncements issued by the IASB or IFRS Interpretations Committee where an equivalent pronouncement has not been issued by the AASB

The table below outlines pronouncements made by the IASB or IFRS Interpretations Committee, where an equivalent pronouncement has not yet been made by the AASB at the date of this publication but is expected to be issued in due course.

New or revised requirement	When effective	Applicability to 31 December 2021
None as at date of this publication (19 November 2021)		

B2.8 IFRS Interpretations Committee agenda decisions

Along with its activity developing formal interpretations of IFRS and proposing that the IASB make amendments to Standards, the IFRS Interpretations Committee regularly publishes summaries of issues that it has decided not to add to its agenda, often accompanied by a discussion of the accounting issue submitted.

Whilst the commentary included in an agenda decision is not formally part of IFRS, it is an important source of guidance that should be carefully considered when selecting a suitable accounting policy. In many jurisdictions there is an expectation from regulators that agenda decisions will be considered, with the European Securities and Markets Authority (ESMA), for example, publicly stating an expectation to this effect. In Australia, the AASB has indicated that an entity is required to apply the Standards, reflecting the explanatory material in a relevant agenda decision.

The table below outlines the agenda decisions published by the Committee since January 2021, grouped by the standards to which they relate. Where a decision relates to more than one standard, it is listed under each standard. Links in the table are to the IASB website. The IASB has also released five volumes of its *Compilation of agenda decisions*, covering all agenda decisions from January 2019 to October 2021 (across the five volumes). The documents are available at www.ifrs.org.

Tentative agenda decisions are available at www.ifrs.org.

Pronouncement	Agenda decision	Month finalised	More information
IFRS 9 Financial Instruments	Hedging variability in cash flows due to real interest rates	May 2021	Agenda Decision
IFRS 16 Leases	Non-refundable value added tax on lease payments	October 2021	Agenda Decision
IAS 2 Inventories	Costs necessary to sell inventories	June 2021	Agenda decision
IAS 10 Events after the Reporting Period	Preparation of financial statements when an entity is no longer a going concern	June 2021	Agenda decision
IAS 19 Employee Benefits	Attributing benefit to periods of service	May 2021	Agenda decision
IAS 32 Financial Instruments: Presentation	Accounting for warrants that are classified as financial liabilities on initial recognition	October 2021	Agenda decision
IAS 38 Intangible Assets	Configuration or customisation costs in a cloud computing arrangement	April 2021	Agenda decision

B2.9 AASB agenda decisions

Similar to the IFRS Interpretations Committee, some issues that are raised for consideration by the AASB are either not added to the agenda or are removed from the agenda when it is decided that an Interpretation will not be issued. For such issues, the AASB normally provides its reasons for rejecting the issue in agenda decisions (sometimes called rejection statements). Since January 2021, no agenda decisions have been published by the AASB.

B2.10 Corporations Act 2001 developments

The following amendments and regulations relevant to financial reporting have been made since January 2021:

Development	When effective
<p>Treasury Laws Amendment (2021 Measures No. 1) Act 2021</p> <p>Amends the requirements in the Corporations Act dealing with meetings, documents and continuous disclosure. Specifically, this Act:</p> <ul style="list-style-type: none"> • Makes temporary amendments to the rules relating to meetings of directors, shareholders of companies and members of registered schemes to facilitate the use of electronic technology. The new rules allow meetings to be held virtually, provided that the members as a whole have a reasonable opportunity to participate. They also allow documents relating to the meetings to be provided and signed electronically and minutes to be kept electronically. Amendments are also made to allow the electronic execution of company documents. These amendments expire on 31 March 2022 • Provides that all civil penalty proceedings commenced under the continuous disclosure and misleading and deceptive conduct provisions must prove that an entity or officer acted with 'knowledge, recklessness or negligence' in respect of an alleged contravention. <p>For more information see section B1.4.7 and section B1.4.8.</p>	<p>14 August 2021</p>
<p>Treasury Laws Amendment (2021 Measures No. 2) Act 2021</p> <p>Introduces new requirements in the Corporations Act which require disclosure of JobKeeper payment data as received by listed entities.</p> <p>All listed entities that have received a JobKeeper payment, including through a subsidiary, must provide an announcement to the market (such as the ASX, NSX, etc) of the following details:</p> <ul style="list-style-type: none"> • The listed entity's name and ABN • The number of individuals for whom the listed entity or a subsidiary of the listed entity received a jobkeeper payment for a jobkeeper fortnight (within the meaning of the <i>Coronavirus Economic Response Package (Payments and Benefits) Rules 2020</i>) that ended in the financial year • The sum of all jobkeeper payments the listed entity and each subsidiary of the listed entity received in a jobkeeper fortnight that ended in the financial year • Whether or not the listed entity or a subsidiary of the listed entity has made one or more voluntary payments (whether or not in the financial year) to the Commonwealth by way of a repayment of jobkeeper payments received by the listed entity or a subsidiary of the listed entity in the financial year • If the listed entity or a subsidiary of the listed entity has made such a voluntary payment or payments—the sum of those payments. <p>For more information see section B1.4.2.</p>	<p>14 September 2021</p>

B2.11 ASIC

The tables below outlines financial reporting related ASIC instruments, regulatory guides and other guidance which has been issued or updated since 1 January 2021. Links are to the ASIC website, or www.legislation.gov.au.

B2.11.1 ASIC pronouncements

Document	Effective date	Link to document
<p>ASIC Corporations (COVID-19 Email Lodgment Service —ASIC Corporations (Wholly-owned Companies) Instrument 2016/785) Instrument 2021/152</p> <p>Facilitates the electronic lodgement of documents for the purposes of relief <i>under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i>. Under this instrument, deeds of cross guarantee, variation deeds, assumption deeds, revocation deeds, notices of disposal, certificates and opt-in and opt-out notices can be lodged by email. However, this instrument does not facilitate electronic execution of deeds, which must be executed under s.127 of the Corporations Act.</p>	24 March 2021	ASIC-CI 2021/152
<p>ASIC Corporations (Parent Entity Financial Statements) Instrument 2021/195 and ASIC Corporations (Amendment) Instrument 2021/381</p> <p>ASIC-CI 2021/195 allows a parent entity which is required to include consolidated financial statements in its financial report to also include its single entity financial statements in that report.</p> <p>In May 2021 the repeal date of ASIC-CI 2021/195 was changed from 1 April 2026 to 1 April 2024 by amending instrument ASIC-CI 2021/381. The purpose of ASIC-CI 2021/381 was to reduce the duration period from 5 years to 3 years for ASIC-CI 2021/195 and ASIC-CI 75).</p>	<p>ASIC-CI 2021/195 26 March 2021</p> <p>ASIC-CI 2021/381 11 May 2021</p>	<p>ASIC-CI 2021/195 ASIC-CI 2021/381</p>
<p>ASIC Corporations (Licence Conditions— Treatment of Lease Assets) Instrument 2021/229 and ASIC Corporations (Amendment) Instrument 2021/230</p> <p>ASIC-CI 2021/229 deems that a right-of-use asset is not included in the definition of 'excluded assets' and, therefore, will be included in an Australian financial services licensee's adjusted assets calculation.</p> <p>ASIC-CI 2021/230 amends the following instruments to allow an Australian financial services licensee to include a right-of-use asset in its calculation of net tangible assets.</p> <ul style="list-style-type: none"> ASIC CO 13/760 <i>Financial requirements for responsible entities and operators of investor directed portfolio services</i> ASIC CO 13/761 <i>Financial requirements for custodial or depository service providers</i> ASIC CO 12/752 <i>Financial requirements for retail OTC derivative issuers.</i> <p>ASIC-CI 2021/229 and ASIC-CI 2021/230 were issued to implement the changes made by ASIC to the financial requirements for some types of Australian financial services (AFS) licensees allow certain AFS licensees to include, where the licensee is a lessee, right-of-use assets in the calculation of their net tangible assets and, where the right-of-use asset is a current asset, adjusted surplus liquid funds and surplus liquid funds.</p> <p>Existing AFS licence conditions have also been modified so that a right-of-use asset is deemed to not be an excluded asset.</p> <p>For further background, see ASIC press release 21-088MR <i>ASIC allows certain AFS licensees to use lease assets to satisfy their licence financial requirements.</i></p>	<p>ASIC-CI 2021/229: 29 April 2021</p> <p>ASIC-CI 2021/230: 29 April 2021</p>	<p>ASIC-CI 2021/229 ASIC-CI 2021/230</p>

Document	Effective date	Link to document
<p>ASIC Corporations (Amendment) Instrument 2021/315</p> <p>This instrument extends temporary measures in various instruments for the period 23 June 2021 to 7 July 2021 (both inclusive), aimed at facilitating financial reporting by unlisted and listed entities whose reporting processes take additional time due to current remote work arrangements, travel restrictions and other impacts of COVID-19. The temporary measures are intended to allow listed and unlisted entities up to one additional month to complete financial reports and have those reports audited in compliance with the financial reporting and audit requirements of the Corporations Act.</p> <p>It amends the following instruments:</p> <ul style="list-style-type: none"> • <i>ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840</i> • <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i> • <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines – Unlisted Entities) Instrument 2020/395</i> • <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines – Listed Entities) Instrument 2020/451.</i> 	28 April 2021 ¹⁷	ASIC-CI 2021/315
<p>ASIC Corporations (Auditor Independence) Instrument 2021/75 and ASIC Corporations (Amendment) Instrument 2021/381</p> <p>ASIC-CI 2021/75 provides relief to the lead auditor from reporting in the auditor's independence declaration, minor financial interests in an entity audited by an audit firm where the interest is held by any other partner of the firm or their close family members.</p> <p>In May 2021 the repeal date of ASIC-CI 2021/75 was changed from 30 April 2026 to 30 April 2024 by amending instrument ASIC-CI 2021/381. The purpose of ASIC-CI 2021/381 was to reduce the duration period from 5 years to 3 years for ASIC-CI 2021/195 and ASIC-CI 2021/75.</p>	7 May 2021 11 May 2021	ASIC-CI 2021/75 ASIC-CI 2021/381
<p>ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770¹⁸</p> <p>This instrument permits entities extra time to hold their annual general meetings (AGMs). Under the instrument:</p> <ul style="list-style-type: none"> • All public companies with balance dates between 21 February 2021 and 7 July 2021 have an additional two months to hold their AGM • Public companies limited by guarantee with balance dates between 24 January 2021 and 7 April 2021 have an additional four months to hold their AGM. <p>This legislative instrument has been issued as a result of new powers given to ASIC under Treasury Laws Amendment (2021 Measures No. 1) Act 2021 and formalises and adds to the no-action position ASIC has taken giving companies with balance dates up to 7 July 2021 an additional two months to hold AGMs.</p>	9 September 2021	ASIC-CI 2021/770

¹⁷ Although this instrument was effective from 28 April 2021, it had the effect of extending relief in various other instruments for the period 23 June 2021 to 7 July 2021 (both inclusive). At the date of finalisation of this publication (19 November 2021), equivalent relief was not in place in respect of the December 2021 period.

¹⁸ ASIC-CI 2021/770 is not relevant for December 2021 reporting and at the date of this report (19 November 2021) ASIC has not amended the instrument to extend the periods for which entities have an additional two months to hold an AGM. Therefore entities should plan to hold AGMs in accordance with the usual timetable and monitor ASIC developments.

Document	Effective date	Link to document
<p>ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251 (as amended by ASIC Corporations (Amendment) Instrument 2021/506)</p> <p>ASIC-CI 2021/506 amends ASIC-CI 2015/251 which provides:</p> <ul style="list-style-type: none"> A deferral of financial reporting and any continuing obligations under Part 2M.3 of the Corporations Act for a minimum period of six months and a maximum period of 24 months after the appointment of a voluntary administrator, managing controller or provisional liquidator (previously this was set at a fixed six month period) A deferral of the requirement to hold an AGM under s.250N of the Corporations Act during the relevant deferral period, so long as the entity holds an AGM within two months of the end of the deferral period and lays before the AGM all outstanding financial reports deferred under the Corporations Instrument. <p>For further background, see ASIC press release 21-263MR <i>ASIC provides relief for companies in external administration</i>.</p>	6 October 2021	ASIC-CI 2021/506 ASIC-CI 2015/251
<p>ASIC Corporations (Amendment) Instrument 2021/868</p> <p>This instrument amends multiple instruments to update references and correct drafting errors:</p> <ul style="list-style-type: none"> <i>ASIC Corporations (Non-Reporting Entities) Instrument 2015</i> – the name of the instrument is amended to correct an error in the original instrument name, and the definition of ‘reporting entity’ is amended because the definition has been relocated in the accounting standards <i>ASIC Corporations (Audit Relief) Instrument 2016/784</i> and <i>ASIC Corporations (Qualified Accountant) Instrument 2016/786</i> – the post-nominals “ACA” and “FACA” are removed as specified classes of members of Chartered Accountants Australia and New Zealand (CA ANZ), as they were included in error <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i> – the definition of ‘reporting entity’ is amended because the definition has been relocated in the accounting standards <i>ASIC Corporations (Extended Reporting and Lodgment Deadlines—Unlisted Entities) Instrument 2020/395</i> – the relief providing an additional month for unlisted entities to lodge financial reports with ASIC and report to members is amended to now include reporting to members for companies limited by guarantee for financial years ending between 23 June 2021 and 7 July 2021 (both inclusive). 	29 October 2021	ASIC-CI 2021/868

B2.11.2 ASIC regulatory guides

Document	Effective date	Link to document
<p>ASIC Regulatory Guide RG 110 Share buy-backs</p> <p>Reissued version of this guide to correct information. This guide explains what a company should do to comply with Division 2 of Part 2J.1 (the buy-back provisions) of the Corporations Act, including the procedures that a company needs to follow in conducting a buy-back and the information that must be disclosed to shareholders. It also explains how ASIC may exercise its powers to grant relief from certain requirements to obtain shareholder approval.</p>	3 June 2021 (effective date of amendments)	ASIC-RG 110

Document	Effective date	Link to document
<p>ASIC Regulatory Guide RG 174 Relief for externally administered companies and registered schemes being wound up</p> <p>This ASIC-RG is for registered liquidators and other persons who are externally administering the affairs of companies and winding up registered managed investment schemes (registered schemes). It explains when ASIC will grant relief relating to:</p> <ul style="list-style-type: none"> • The financial reporting obligations of the Corporations Act • The Australian financial services (AFS) licensee financial reporting obligations (for companies and responsible entities that are or have been AFS licensees) • The compliance plan audit obligations (for registered schemes) • The requirement to hold an annual general meeting (for public companies). <p>The guide was updated on 6 October 2021 in light of ASIC Corporations (Amendment) Instrument 2021/506 which amends ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251.</p> <p>For further background, see ASIC press release 21-263MR <i>ASIC provides relief for companies in external administration</i>.</p>	6 October 2021	ASIC-RG 174

B2.11.3 Other ASIC information

Document	Effective date	Link to document
<p>ASIC Information Sheet INFO 263 FAQs: Disclosure by listed entities about jobkeeper payments</p> <p>This information sheet answers frequently asked questions about a listed entity's obligation to disclose information about jobkeeper payments, and how that information should be disclosed. The obligation is imposed by s. 323DB of the Corporations Act.</p> <p>For further background, see ASIC press release 21-263MR <i>ASIC issues Jobkeeper notice and guidance</i> and section B1.4.2.</p>	n/a (Information sheet)	INFO 263
<p>ASIC Information Sheet INFO 245 Board oversight of executive variable pay decisions during the COVID-19 pandemic</p> <p>This information sheet sets out practical guidance to support board oversight and the exercise of discretion on the variable pay outcomes of large listed companies' most senior executives (cash and/or equity). However, governance is scalable and many remuneration governance principles can be adopted by a broader range of listed companies and in any market.</p> <p>The high-level guidance is informed by ASIC's review of remuneration governance practices across 21 ASX 100 companies. In addition to providing feedback directly to these companies, ASIC chose to release this information sheet to assist boards of other listed companies to navigate decisions on executive variable pay in the context of the COVID-19 pandemic. Since its initial release in June 2020, it was framed around decisions being made in the COVID-19 pandemic. However, this information sheet was updated in March 2021 to reflect a broader context beyond that of the COVID-19 pandemic.</p> <p>For further background, see ASIC media release 20-133MR <i>Info sheet 245: Board oversight and discretion in executive variable pay schemes</i>.</p>	n/a (Information sheet)	INFO 245

B2.12 ASX

The tables below outline financial reporting related ASX Listing Rules, guides and other materials which has been issued or updated since 1 January 2021, or which are applicable for the first time at 31 December 2021 or during the financial year then ended. Links are to the ASX website.

B2.12.1 ASX Listing Rules and appendices

Document	Effective date	Link to document
<p>ASX Consultation Response <i>Simplifying, clarifying and enhancing the integrity and efficiency of the ASX listing rules</i></p> <p>Implements a broad range of changes to the ASX Listing Rules and related guidance, most of which came into effect on 1 December 2019.</p> <p>However, the following rule changes were initially scheduled to have a transition date of 1 July 2020, which was later deferred to begin on 1 July 2021:</p> <ul style="list-style-type: none"> New and revised requirements around educational requirements for people communicating with the ASX. 	1 July 2021	Consultation Response
<p>ASX Consultation Response <i>Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables</i></p> <p>Implements the following key changes to the ASX Listing Rules and guidance:</p> <ul style="list-style-type: none"> Changes to the timetables for seeking the quotation of securities in ASX-LR 2.8 Changes to the buy-back notification requirements in ASX-LR 3.8A Changes to the notification requirements for issues, conversions and cancellations of securities, and for payment of calls, instalments and other amounts on partly paid securities, in ASX-LR 3.10.3 – 3.10.3E Changes to ASX-LR 3.21 and 3.22 imposing some additional notification requirements around the cancellation, deferral or reduction of previously announced dividends, distributions or interest payments Clarificatory changes to the definition of “employee incentive plan” in ASX-LR 19.12 Changes to the timetables for corporate actions in Appendices 6A and 7A, in particular to allow an additional 2 business days for an entity to announce the results of certain corporate actions. 	5 June 2021	Consultation Response
<p>ASX Consultation Response <i>Proposed changes to the oil and gas reporting requirements in the ASX Listing Rules</i></p> <p>Explains the amendments to the reporting requirements for oil and gas entities in Chapter 5 of the ASX-LR to reflect and give effect to the July 2018 revisions to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (commonly referred to as the “SPE-PRMS”).</p> <p>Subject to the receipt of the necessary regulatory approvals, the final rule changes will come into effect on 1 July 2022. Listed entities are encouraged to early-adopt the changes, if they wish to.</p>	1 July 2022	Consultation Response
<p>ASX Appendix 4C <i>Quarterly cash flow report for entities subject to Listing Rule 4.7B</i></p> <p>Updated requirements primarily to the materials in section 8 of the report relating to estimated cash available for future operating activities, which the ASX has determined a number of entities have not been completing correctly.</p>	Issued July 2020	ASX Appendix 4C

Document	Effective date	Link to document
<p>ASX Appendix 4G Key to Disclosures: Corporate Governance Council Principles and Recommendations</p> <p>Updated to correct an error in the fourth edition version of the appendix.</p>	Issued July 2020	ASX Appendix 4G
<p>ASX Appendix 5B Mining exploration entity or oil and gas exploration entity quarterly cash flow report</p> <p>Updated requirements primarily to the materials in section 8 of the report relating to estimated cash available for future operating activities, which the ASX has determined a number of entities have not been completing correctly.</p>	Issued July 2020	ASX Appendix 5B

B2.12.2 ASX Class Waivers

Document	Effective date	Link to document
<p>Class Waiver Decision –Extended Reporting and Lodgment Deadlines¹⁹</p> <p>Gives effect under the listing rules to ASIC Corporations (Extended Reporting and Lodgment Deadlines—Listed Entities) Instrument 2020/451 dated 15 May 2020, as extended by ASIC Corporations (Amendment) Instrument 2020/1080 dated 25 November 2020 and ASIC Corporations (Amendment) Instrument 2021/315 dated 26 April 2021 by granting all entities admitted to the official list in the ASX Listing category the ability to take advantage of the benefit of the ASIC relief.</p> <p>In effect, the combination of the ASIC Corporations Instrument and ASX waiver is that listed entities:</p> <ul style="list-style-type: none"> • Must lodge the Appendix 4E (full-years) or Appendix 4D (half-years) in the normal timeframes (not required by mining and oil and gas exploration entities or for ASX AQUA issuers) • Must initially lodge unaudited or unreviewed financial information in lieu of audited or reviewed information where the relief is relied upon (as part of the Appendix 4E, or together with the Appendix 4D, where these are required) and then subsequently lodge the audited or reviewed information in accordance with the ASIC relief • Must announce to the market where they are relying on the ASIC relief to extend the lodgement date for its half-year or full-year financial report, or the extended deadline for sending of annual reports to security holders (this will be together with, or prior to, the lodgement of the Appendix 4E, Appendix 4D or unaudited or unreviewed accounts) • Keep the market informed of any changes to the unaudited (or unreviewed) financial information • Comply with the extended ASIC lodgement deadline for lodgement of the audited financial report and sending of annual reports to security holders. <p>For more information, see Clarity publication Revised financial reporting deadlines for June 2021.</p>	<p>Annual periods ending between:</p> <ul style="list-style-type: none"> • 21 February 2020 and 7 January 2021 (both inclusive) • 23 June 2021 to 7 July 2021 (both inclusive). <p>Half-year periods ending between</p> <ul style="list-style-type: none"> • 15 March 2020 and 7 January 2021 (both inclusive) • 23 June 2021 to 7 July 2021 (both inclusive). 	<p>Initial class waiver: Class Waiver Decision – Extended Reporting and Lodgment Deadlines</p> <p>Extension class waiver: Class Waiver Decision – Extended Reporting and Lodgment Deadlines</p>

¹⁹ *Class Waiver Decision – Extended Reporting and Lodgment Deadlines* is not relevant for December 2021 reporting. At the date of this finalising this publication (19 November 2021) ASIC has not amended its relevant instrument to extend the periods for which extended reporting can occur. Therefore the ASX has not issued an extended class waiver to extend the periods for which reporting can occur. Entities should therefore plan to report in accordance with the usual reporting deadlines and monitor both ASIC and the ASX developments.

B2.12.3 Other ASX information

Document	Effective date	Link to document
<p>ASX Guidance Note 7 US Companies Regulation S Offerings on ASX (updated)</p> <p>GN 7 assists US entities considering a listing on the ASX market via an initial public offering of equity securities to understand certain relief available to them under Regulation S of the Securities Act of 1933 of the United States of America and a no-action letter ASX has obtained from the SEC. An updated version was released in October 2021 with enhanced guidance in sections 5, 8 and 9 and a new annexure with a pro forma market notice applying the FOR US restriction to any “U.S. Person” who is not a “Qualified Institutional Buyer”.</p> <p>See Listed@ASX Compliance Update no. 09/21 for details of the updates.</p>	8 October 2021	GN 7
<p>ASX Guidance Note 11 Restricted Securities and Voluntary Escrow (updated)</p> <p>GN 11 assists entities:</p> <ul style="list-style-type: none"> • Wanting to apply for admission to the official list as an ASX Listing to understand ASX’s escrow requirements for new listings • Already admitted to the official list as an ASX Listing to understand the escrow requirements that apply to re-compliance listings under LR 11.1.3 and to the acquisition of substantial classified assets from persons in a position of influence under LR 10.7 • To understand how the Listing Rules apply to voluntary escrow arrangements. <p>An updated version was released in October 2021 with enhanced guidance in sections 5.3, 5.6, 7.3 and 11 and a new section 3.7 which addresses buy-back transactions entered into to avoid or reduce escrow.</p> <p>See Listed@ASX Compliance Update no. 09/21 for details of the updates.</p>	8 October 2021	GN 11
<p>ASX Guidance Note 17 Waiver and In-principle Advice (updated)</p> <p>GN 17 assists listed entities and entities applying for admission to the official list of the ASX to understand how ASX deals with applications for waivers of, and requests for in-principle advice in relation to, the ASX Listing Rules. An updated version was released in November 2021.</p> <p>See Listed@ASX Compliance Update no. 10/21 for details of the updates.</p>	12 November 2021	GN 17
<p>ASX Guidance Note 19 Performance Securities (updated)</p> <p>GN 19 assists listed entities and entities wishing to apply for admission to the official list as an ASX Listing to understand how ASX applies the Listing Rules to performance securities. An updated version was released in March 2021.</p> <p>See Listed@ASX Compliance Update no. 02/21 for details of the updates.</p>	12 March 2021	GN 19
<p>ASX Guidance Note 23 Performance Securities (updated)</p> <p>GN 23 assists listed entities subject to quarterly reporting under ASX Listing Rules 4.7B, 4.7C and 5.1-5.5 to understand and comply with those obligations. An updated version was released in November 2021.</p> <p>See Listed@ASX Compliance Update no. 10/21 for details of the updates.</p>	12 November 2021	GN 23

B3 Reporting deadlines

B3.1 Summary of reporting deadlines for annual financial reporting



COVID-19 considerations

With the exception of the extended reporting and AGM relief for entities under external administration granted by ASIC, at date of this report (19 November 2021) ASIC and the ASX have not provided extensions in respect of deadlines for lodgement of documents under the Corporations Act and ASX Listing Rules in response to the COVID-19 crisis.

Further ASIC has not extended its 'no action' position where public companies do not hold their AGMs within five months after the end of financial years for December 2021 reporting. Therefore entities should plan to report to ASIC, the ASX and members in accordance with the usual deadlines and monitor any ASIC and ASX developments. ASIC developments can be [monitored here](#).

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

Source	Requirement	Listed disclosing entities	Non-listed disclosing entities	Public companies	Proprietary companies	Registered schemes and notified foreign passport funds
Annual financial reporting						
ASX 4.3A, ASX 4.3B	Lodgement of Appendix 4E with the ASX	As soon as available (and no later than 2 months after the year end) ²⁰	n/a	n/a	n/a	n/a
ASX 4.5, ASX 4.5.1	Lodgement of the Corporations Act financial 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
ASX 4.7.1, ASX 4.7.2	Lodgement of the Corporations Act annual report and concise report with the ASX	First day sent to the members (and the earlier of 21 days before the next AGM or 4 months after the end of the financial year (s.315)) ²¹	n/a	n/a	n/a	n/a

²⁰ Mining exploration entities or oil and gas exploration entities are not required to provide the information set out in the Appendix 4E.

²¹ If the entity is not established in Australia but required by the law of the place of its establishment to prepare an annual report and provide it to the members this must be given to the ASX at the same time as distributed to the members (ASX 4.7.2).

Source	Requirement	Listed disclosing entities	Non-listed disclosing entities	Public companies	Proprietary companies	Registered schemes and notified foreign passport funds
ASX 4.7.3, ASX 4.7.4	Lodgement of the Appendix 4G with the ASX (and Corporate governance statement (to the extent not included in the annual report))	Same time as annual report distributed to the members	n/a	n/a	n/a	n/a
s.314 s.315	Sending of financial report to members	Earlier of 21 days before the next AGM or 4 months after the end of the financial year	Earlier of 21 days before the next AGM or 4 months after the end of the financial year	Earlier of 21 days before the next AGM or 4 months after the end of the financial year	Within 4 months after the end of the financial year	Within 3 months after the end of the financial year
Annual financial reporting (continued)						
s.319	Lodgement of the Corporations Act annual report and concise report with ASIC ^{22 23}	n/a (ASIC-CI 2016/181)	Within 3 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 (unless exempted), ²⁴	n/a	n/a

²² An entity need not give ASIC the annual report if it comprises only the documents already given to the ASX under ASX Listing Rule 4.5.

²³ If the entity is not established in Australia, the annual report must be given to the ASX by the earlier of (a) the first day the entity sends the documents to security holders under the law of the place of its establishment or (b) the last day for the documents to be given to security holders under that law (see ASX Listing Rule 4.7.2).

²⁴ A wholly-owned public company (i.e. a public company with one member) is not required to hold an AGM under s.250N(4). Similarly, under s.250N(5) and s.250N(6), certain companies eligible for limited governance requirements under s.738ZI (i.e. certain entities raising funds under crowd-sourced funding arrangements), are not required to hold an AGM. This latter concession is only available to companies that register as, or convert to, a public company after the commencement of the crowd-sourced funding regime under the Corporations Act. For more information on entities involved in crowd-sourced funding, see our *Australian financial reporting guide*, available at www.deloitte.com/au/models.

B3.2 Dates applicable for 31 December 2021 reports

B3.2.1 Relief available

As noted above under section B3.1 on page B-56, at date of this report (19 November 2021) ASIC and the ASX have not provided extensions in respect of deadlines for lodgement of documents under the Corporations Act and ASX Listing Rules in response to the COVID-19 crisis. Further ASIC has not extended the availability of the relief in *ASIC Corporations (Extension of Time to Hold AGM) Instrument 2021/770* beyond financial years ending on 7 July 2021. Therefore, entities should plan to report to ASIC, the ASX and members in accordance with the usual deadlines and monitor any ASIC and ASX developments.

B3.2.2 Deadlines applicable for annual reporting periods ending 31 December 2021

The following tables summarise the reporting deadlines for annual reporting periods ending 31 December 2021.

Listed entities

Obligation	Deadline	Date for 31 December 2021 financial reports
Lodgement of Appendix 4E with ASX	2 months	28 February 2022
Lodgement of audited annual financial report ²⁵	3 months	31 March 2022
Reporting to members – listed public companies	Earlier of 21 days before AGM or 4 months	Earlier of 21 days before AGM or 2 May 2022 ²⁶
Reporting to members – listed registered scheme	3 months	31 March 2022
Holding of AGM	5 months	31 May 2022

Unlisted entities

Obligation	Deadline	Date for 31 December 2021 financial reports
Lodgement of audited annual financial report with ASIC		
<ul style="list-style-type: none"> Disclosing entities and registered schemes Other entities 	3 months 4 months	31 March 2022 2 May 2022 ²⁶
Reporting to members – public companies	Earlier of 21 days before AGM or 4 months	Earlier of 21 days before AGM or 2 May 2022 ²⁶
Reporting to members – proprietary companies	4 months	2 May 2022 ²⁶
Holding of AGM – public companies	5 months	31 May 2022

²⁵ Although there is a requirement to lodge the annual financial report with both ASIC and the ASX, *ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181* (available at www.legislation.gov.au) allows entities listed on the ASX to lodge the reports electronically with the relevant market operator without also having to separately lodge the reports with ASIC.

²⁶ Where a deadline under the *Corporations Act 2001* falls on a Saturday, Sunday or public holiday, section 36(2) of the *Acts Interpretations Act 1901* permits the deadline to be met on the next day that is not a Saturday, Sunday, or public holiday. 30 April 2022 (which is 4 months after the 31 December 2021 reporting period) is a Saturday, and accordingly, the deadline will be met on the next day that is not a Saturday, Sunday, or public holiday.

Other deadlines

Obligation	Deadline	Date for 31 December 2021 financial reports
Lodgement of profit and loss statement and balance sheet by AFS licensees		
<ul style="list-style-type: none"> Bodies corporate (disclosing entities) 	3 months	31 March 2022 ¹
<ul style="list-style-type: none"> Other unlisted bodies corporate 	4 months	2 May 2022 ²⁶
<ul style="list-style-type: none"> Not bodies corporate 	2 months	28 February 2022
Sending of the audited financial report to members by grandfathered proprietary companies under <i>ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840</i>	4 months	2 May 2022 ²⁶
Preparation of consolidated financial statements under <i>ASIC Corporations (Wholly-owned Companies) Instrument 2016/785</i>	4 months	2 May 2022 ²⁶
Audit of the compliance plan of a registered scheme	3 months	31 March 2022



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