

Section C: Reporting obligations

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Reporting obligations

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Differential reporting

The reporting entity concept

The reporting entity concept was adopted by the Australian accounting profession in June 1992 in an attempt to reduce the reporting requirements imposed on certain entities by the application of accounting standards. Under this concept, 'reporting entities' are required to prepare a financial report in compliance with all Accounting Standards and Interpretations, referred to as general purpose financial statements (GPFSs).

In June 2010, the AASB revised the differential reporting framework and introduced two Tiers of reporting requirements for GPFS. Tier 1: 'Australian Accounting Standards' – incorporates IFRSs issued by the IASB and includes requirements that are specific to Australian entities; and Tier 2: 'Australian Accounting Standards – Reduced Disclosure Requirements' – comprises of recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. At the same time the concept of 'public accountability' was introduced. For-profit private sector entities that have 'public accountability' and Australian Government, State, Territory and Local governments should comply with Tier 1 requirements. Other 'reporting entities' will need to comply with Tier 2 reporting requirements.

'Non-reporting entities', however, have the option to prepare special purpose financial statements (SPFSs) in compliance with those Accounting Standards and Interpretations considered necessary to enable the financial reports to meet the special purpose needs of the users.

'General purpose financial statements' are defined in AASB 101 'Presentation of Financial Statements' as 'those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs'. 'Special purpose financial statements' are 'financial statements other than general purpose financial statements'.

The application of 'Tier 1' and 'Tier 2' reporting, by entity sector, is set out in the following table:

Entity sector	Tier 1 (Australian Accounting Standards)	Tier 2 (Australian Accounting Standards – Reduced Disclosure Requirements)
For-profit private sector entities	Publicly accountable entities (including specific 'examples')	Non-publicly accountable entities
Not-for-profit private sector entities	Choice of applying Tier 1 or Tier 2 requirements	
Public sector entities	Australian Government, State, Territory and Local Governments, and GGSs of Australian Government, State and Territory Governments (subject to AASB 1049)	All other public sector entities

Identification of reporting entities

A 'reporting entity' is defined in AASB 101 as 'an entity in respect of which it is reasonable to expect the existence of users dependent on general purpose financial reports for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources. A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries'.

The 'public accountability' concept

In relation to for-profit private sector entities, the key determinant of which reporting tier is to be applied depends on the 'public accountability' concept. Other than a minor scope amendment to restrict its application to for-profit entities, the AASB has taken the definition of 'public accountability' from the IASB's 'IFRS for SMEs'. 'Public accountability' is defined as 'accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs'.

The definition deems a for-profit private sector entity to have ‘public accountability’ in the following circumstances.

Definition inclusion	Examples
The entity’s debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market*	<p>Entities listed (debt or equity) on the Australian Securities Exchange (ASX), National Stock Exchange of Australia (NSX) or Bendigo Stock Exchange (BSX) or any global stock exchange</p> <p>Entities with American Depository Receipts (ADRs) on issue</p> <p>Entities listed on the Alternative Investment Market (AIM) of the London Stock Exchange</p>
The entity holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses	Banks, credit unions, building societies, insurance companies, securities brokers/dealers, mutual funds and investment banks

* a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets

In addition to the definition, the AASB has specified a number of ‘example’ entities deemed to have ‘public accountability’:

- Disclosing entities, even if their debt or equity instruments are not traded in a public market or are not in the process of being issued for trading in a public market;
- Co-operatives that issue debentures;
- Registered managed investment schemes;
- Superannuation plans regulated by the Australian Prudential Regulation Authority (APRA) other than Small APRA Funds as defined by APRA Superannuation Circular No. III.E.1 Regulation of Small APRA Funds, December 2000; and
- Authorised deposit-taking institutions (ADIs).

Reduced disclosure requirements

The AASB’s approach to determining the RDR has been largely guided by the IASB’s approach in developing the disclosure requirements for the IFRS for SMEs.

The AASB has utilised the following principles in determining the Tier 2 disclosures:

- When Tier 2 recognition and measurement requirements are the same as those under IFRS for SMEs – disclosures being omitted by the IASB in developing the disclosure requirements for the IFRS for SMEs are also excluded from the RDR; and
- When Tier 2 recognition and measurement requirements are not the same as those under IFRS for SMEs – the ‘user need’ and ‘cost benefit’ principles applied by the IASB in developing its IFRS for SMEs are utilised in determining the RDR.

Unlike the IASB which has introduced IFRSs and IFRSs for SMEs, there is only one ‘suite’ of standards in Australia for application by both Tier 1 and Tier 2 entities. Each Australian Accounting Standard specifies the entities to which it applies, and when necessary, sets out disclosure requirements from which Tier 2 entities are exempt by shading the exempted requirements and adding special ‘RDR’ paragraphs.

Whilst there are numerous exceptions, the table below broadly summarises the disclosure matters generally retained and those omitted from the RDR.

Disclosure items generally retained	Disclosure items generally omitted
Format and layout of the primary financial statements	Detailed narrative disclosure, e.g. nature and extent of risks arising from financial instruments under AASB 7, standards on issue but not yet effective
Descriptions of accounting policies and methods	
Key amounts included in the financial statements, e.g. impairment and reversals, breakdown of revenue, discontinuing operations, fair value adjustments, gains and losses	Detailed information on how amounts have been measured, e.g. share-based payments, fair values
Movement schedules, e.g. share-based payments, property, plant and equipment, intangible assets, goodwill, and investment property	Supplementary information about key transactions, balances and events, e.g. financial information about associates/joint ventures, alternate presentation of profit or loss information, impairment, defined benefit plan liabilities
Reconciliations of key transactions and balances, e.g. business combination breakdowns, income tax expense and deferred tax balances	Many additional Australian disclosures, e.g. audit fees, franking credits, capital commitments
Significant uncertainties and judgements	Most disclosures required by Interpretations
Information about the entity and its related parties (but not necessarily details of transactions and balances)	

Transition

From 2005, all Australian entities preparing and lodging financial statements under the Corporations Act 2001, and many other entities, were effectively required to follow at least the recognition and measurement requirements of IFRS. The creation of the new RDR then creates the need for transitional arrangements and the determination of the application of AASB 1 'First-time Adoption of Australian Accounting Standards'.

AASB 1 links its application to an entity making an unreserved statement of compliance with Australian Accounting Standards or International Financial Reporting Standards (IFRS). IFRS 1 'First-time Adoption of International Financial Reporting Standards' merely mentions the entity making an unreserved statement of compliance with IFRSs.

As a result, the standards require an entity moving to the 'Tier 1' reporting regime (i.e. full IFRS with all disclosures) to apply AASB 1/IFRS 1 on transition (or the AASB 1 option for retrospective application of Australian Accounting Standards in accordance with AASB 108) in order to claim compliance with IFRS, notwithstanding that the entity's previous reports (special purpose financial statements or 'Tier 2'/RDR reports) were fully compliant with the recognition and measurement requirements of IFRS. As a result, the AASB's transitional requirements need to be considered in light of the requirements of IFRS to ensure entities (particularly for-profit entities) adopting the Tier 1 requirements can make an unreserved statement of compliance with IFRS.

With the need for IFRS compliance in mind, the transitional requirements are necessarily complex. The table below summarises the transitional provisions.

Current reporting period	Reporting framework applied in the most recent previous financial statements	Extent of application of recognition and measurement requirements in the most recent previous financial statements*	Statement of compliance in the most recent previous financial statements	Applicable transition requirement in the current period	Source
Transition to Tier 1 reporting requirements	Special Purpose Financial Statements (SPFS)	Recognition and measurement requirements of Australian Accounting Standards (AAS) applied or not applied	N/A	<ul style="list-style-type: none"> Apply all the requirements of AASB 1 	AASB 1053.18
	Tier 2 reporting requirements	All recognition and measurement requirements of AAS applied	N/A	<ul style="list-style-type: none"> Apply AASB 1, if it is claiming compliance with IFRSs; and shall not apply AASB 1, if it is a not-for-profit entity not claiming compliance with IFRS 	AASB 1053.21
Transition to Tier 2 reporting requirements	SPFS	Recognition and measurement requirements of AAS not applied or selectively applied	N/A	<ul style="list-style-type: none"> Apply all requirements of AASB 1; or apply Tier 2 requirements retrospectively in accordance with AASB 108 	AASB 1053.18A(a)
	SPFS	All recognition and measurement requirements of AAS applied	N/A	<ul style="list-style-type: none"> Shall not apply AASB 1 and continues to apply the recognition and measurement requirements 	AASB 1053.18A(b)
Resumption of Tier 1 reporting requirement	Tier 2 reporting requirements or SPFS	All recognition and measurement requirements of AAS applied	Did not contain an explicit and unreserved statement of compliance with Tier 1 reporting requirements or IFRSs	<ul style="list-style-type: none"> Apply all requirements of AASB 1; or apply Tier 1 requirements retrospectively in accordance with AASB 108¹ 	AASB 1053.19
	Tier 2 reporting requirements or SPFS	Recognition and measurement requirements of AAS not applied or selectively applied	Did not contain an explicit and unreserved statement of compliance with Tier 1 reporting requirements or IFRSs	<ul style="list-style-type: none"> Apply all requirements of AASB 1; or apply Tier 1 requirements retrospectively in accordance with AASB 108¹ 	AASB 1053.19

Current reporting period	Reporting framework applied in the most recent previous financial statements	Extent of application of recognition and measurement requirements in the most recent previous financial statements*	Statement of compliance in the most recent previous financial statements	Applicable transition requirement in the current period	Source
Resumption of Tier 2 reporting requirement	SPFS	Did not apply all recognition and measurement requirements of AAS	Did not contain an explicit and unreserved statement of compliance with Tier 2 reporting requirements	<ul style="list-style-type: none"> Apply all requirements of AASB 1; or apply Tier 2 requirements retrospectively in accordance with AASB 108 	AASB 1053.19B(d)
	Tier 1 or SPFS	Applying all recognition and measurement requirements of AAS	Did not contain an explicit and unreserved statement of compliance with Tier 2 reporting requirements	<ul style="list-style-type: none"> Shall not apply AASB 1 or the AASB 1 option for retrospective application in accordance with AASB 108² 	AASB 1053.19B(e)

* Most recent previous reporting period refers to the period immediately before an entity transitioned to the relevant Tiers of reporting requirement in the current year.

¹ An entity that is to claim IFRS compliance on resuming Tier 1 reporting requirements under para 19, shall not use the AASB 1 option for retrospective application of AAS in accordance with AASB 108 if it was not previously IFRS compliant.

² Entity shall disclose the reason it stopped applying Tier 2 reporting requirements; and the reason it is resuming the application of Tier 2 reporting requirements.

Preparing SPFSs under the Corporations Act 2001

General

SPFSs prepared for a financial year must include:

- financial statements as required by the accounting standards for the period. These comprise a statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows;
- notes to the financial statements, as required by the Corporations Regulations 2001 and Accounting Standards; and
- a directors' declaration.

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

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

Minimum compliance requirements

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

- AASB 101 'Presentation of Financial Statements';
- AASB 107 'Statement of Cash Flows';
- AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors';
- AASB 1048 'Interpretation of Standards'; and
- AASB 1054 'Australian Additional Disclosures'.

What impact do the minimum compliance requirements have on disclosures?

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

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

For example, this means that a company with property, plant and equipment (PPE) must recognise it in accordance with AASB 116 'Property, Plant & Equipment', but are not required to disclose a PPE note in the financial statements. It is however still required to disclose an accounting policy for property, plant and equipment.

Recognition and measurement requirements

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

- the financial statements give a true and fair view (s.297); and
- the financial statements do not contain false or misleading information (s.1308).

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

The ASIC have also issued ASIC Corporations (Non-Reporting Entities) Instrument 2015/841 (dated 18 September 2015) to ensure that non-reporting entities will be able to take advantage of concessions or other modifications of the recognition and measurement requirements of accounting standards that are available for reporting entities, such as concessions available under AASB 1 'First-time Adoption of Australian Accounting Standards' and transitional provisions or other concessions available under a non-mandatory accounting standard. This relief is available provided that the non-reporting entity takes all reasonable steps to ensure that the relevant report complies with all recognition and measurement requirements as if it were a reporting entity.

Disclosing entities

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

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

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

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

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

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

Non-listed disclosing entities must lodge the half-year report with the ASIC within 75 days of the half-year end.

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

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

'Reporting deadlines' on page C17 provides details of Australian reporting deadlines in tabular form.

Large proprietary companies

Preparation of financial reports

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

Definition

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

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

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

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

Lodgement relief

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

ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840 (dated 18 September 2015), provides similar lodgement relief to large proprietary companies in which an ownership interest is held by a foreign company, provided the ownership interest does not constitute control and certain other conditions are satisfied. To take advantage of this relief, the directors of the large proprietary company must have lodged with the ASIC, within 4 months after the end of the first financial year that ended after 24 April 1997, notification of their intention to adopt Class Order 98/99 (note, Class Order 98/99 is revoked by Class Order 05/638, and Class Order 05/638 is revoked by Corporations Instrument 2015/840).

Audit relief

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

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

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

The Class Order relieves large proprietary companies from the audit requirements of the Corporations Act 2001 for any financial year ending on or after 1 July 1998 (defined as the 'Relevant Financial Year') provided certain conditions are satisfied.

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

- (a) during the period of three months before the commencement of the Relevant Financial Year and ending four months after the end of the Relevant Financial Year, all directors and all shareholders must resolve that an audit is not required and formal notification of the resolution must be lodged with the ASIC (using Form 382) unless the company applied for relief for the financial year immediately preceding the Relevant Financial Year. Shareholders must have been provided, either in the notice of meeting or in material accompanying a circular resolution, with a statement by the directors stating whether, in their opinion, the cost of having the financial statements audited outweighs the expected benefits of the audit and setting out their reasons for that opinion, before so resolving;
- (b) written notice that an audit is required has not been received;
- (c) the directors' declaration for each financial year ending on or after 1 July 1998 (including the Relevant Financial Year) must include an unqualified statement that there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (d) the company must have procedures which enable all the directors to assess whether the company is able to pay its debts as and when they fall due;
- (e) management accounts (incorporating for Relevant Financial Years commencing on or after 1 January 2006 an income statement, statement of changes in equity, balance sheet and cash flow statement) must be prepared on at least a quarterly basis within one month after the end of the relevant quarter. For a Relevant Financial Year that commenced on or before 31 December 2004, management accounts shall include a profit and loss statement, balance sheet and cash flow statement;
- (f) the directors have resolved, at the end of each quarter and at the time the resolution is made, that total liabilities do not exceed 70% of total tangible assets (determined in accordance with accounting standards whether or not they are otherwise applicable to the company or its controlled entities, except that liabilities must include any Unapproved Subordinated Debt and may exclude Approved Subordinated Debt) and that the company was able to pay all its debts as and when they become due and payable. Where consolidated management accounts are prepared, total liabilities do not exceed 70% of total consolidated tangible assets;
- (g) the directors have resolved, at the end of the Relevant Financial Year and at the time the resolution is made, total liabilities do not exceed 70% of total tangible assets (determined in accordance with accounting standards whether or not they are otherwise applicable to the company or its controlled entities, except that liabilities must include any Unapproved Subordinated Debt and may exclude Approved Subordinated Debt). If relevant, total consolidated liabilities also do not exceed 70% of total consolidated tangible assets for the company and its controlled entities;
- (h) the company, and consolidated entity where consolidated financial statements are required under the Corporations Act 2001, must have made a profit from ordinary activities after related income tax expense for the Relevant Financial Year or the financial year preceding the Relevant Financial Year;
- (i) where the company is party to a deed of cross guarantee for the purposes of relief to its wholly-owned controlled entities under ASIC Class Order 98/1418 the previous two conditions must also be satisfied for the closed group and those entities which are parties to the deed of cross guarantee; and
- (j) the year end financial statements must be prepared by a prescribed accountant (which may be an employee of the company) in accordance with Miscellaneous Professional Statement APS 9 'Statement on Compilation of Financial Reports' and must be accompanied by a compilation report prepared in accordance with APS 9¹.

In addition, the company must comply with the following requirements:

- (a) where a shareholder or person who is owed Approved Subordinated Debt requests a copy of the management accounts or a directors' resolution regarding the above items, the company must make these available to the requesting party;
- (b) the financial report and the directors' report for the Relevant Financial Year and the immediately preceding financial year must substantially comply with Chapter 2M of the Corporations Act 2001;
- (c) the company must lodge its financial report and directors' report for the Relevant Financial Year and the immediately preceding financial year with the ASIC in accordance with the requirements of the Corporations Act 2001;
- (d) the directors' report must include a statement that the financial report has not been audited, in reliance on this Class Order, and that the requirements of this Class Order have been complied with;
- (e) a registered company auditor to whom the Company has granted access to any of the books of the Company has not indicated to the Company, any of its directors or other officers that, if the financial report of the Company for the Relevant Financial Year were audited in accordance with Division 3 of Part 2M.3 of the Act, the auditor's report may contain a modified opinion within the meaning of paragraph 5(b) of Auditing Standard ASA 705 'Modifications to the Opinion in the Independent Auditor's Report', and there are no material disagreements or unresolved issues as between the Company and any such auditor in relation to accounting treatments or amounts that may appear in the financial report of the Company for the Relevant Financial Year; and
- (f) if, on or after 1 July 2010, the relief is not applied for the financial year immediately following a financial year which the relief was applied, a notice that the company has ceased to apply the relief must be lodged with ASIC (using Form 396).

¹ APS 9 'Statement on Compilation of Financial Reports' has been replaced by APES 315 'Compilation of Financial Information', however, this has not yet been updated in the class order.

Small proprietary companies

Preparation of financial reports

A small proprietary company (as defined below) is not required to prepare a financial report under Part 2M.3 of the Corporations Act 2001 unless:

- (a) the small proprietary company is controlled by a foreign company (for all or part of the year) and the results of the small proprietary company for the year (or part thereof, if control existed for only part of the year) are not covered by consolidated financial statements lodged with the ASIC by the registered foreign company or by an intermediate Australian parent company;
- (b) 5% or more of the shareholders request that a financial report be prepared; or
- (c) the ASIC requests that a financial report be prepared.

If 5% or more of the shareholders request that a financial report be prepared, a directors' report need not be prepared and the financial report need not be prepared in accordance with Accounting Standards if the shareholders' request specifies that a directors' report is not required and that Accounting Standards need not be complied with. In addition, the financial report need only be audited if the shareholders' request asks for the financial report to be audited.

If the ASIC requests that a financial report be prepared, the financial report is to be prepared in accordance with the request (i.e. the request may or may not require that the financial report be prepared in accordance with Accounting Standards or be subject to an audit).

Definition

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

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

The full definition of a small proprietary company in s.45A(2) of the Corporations Act 2001 notes that the amounts specified in these definitions may be varied by the Regulations. At the time of printing no specified amounts have been varied by the Regulations.

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

Financial report preparation relief for foreign controlled small proprietary companies

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

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

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

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

Where 'group' is defined to comprise:

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

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

Audit relief for foreign controlled small proprietary companies

ASIC Class Order 98/1417 (dated 13 August 1998) relieves foreign controlled small proprietary companies that were not audited for a financial year ending during 1993, or in any later financial year, from the audit requirements of the Corporations Act 2001 provided certain conditions are satisfied. The conditions for audit relief are the same as those prescribed for large proprietary companies, as outlined on page C7.

Wholly-owned subsidiaries

Directors' report

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

Financial report preparation, lodgement and audit relief

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

The relief is only available where:

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

The main conditions of the Class Order are:

- (a) the parent entity prepares consolidated financial statements which include additional information in relation to the deed of cross guarantee and depending on the entities consolidated, include in a note to the financial statements a detailed statement of financial position and statement of comprehensive income / income statement, opening and closing retained profits, dividends provided for or paid, and transfers to and from reserves, for those entities party to the deed of cross guarantee;
- (b) the directors of the parent entity sign a statement, within 4 months of year end, that there are reasonable grounds to believe that the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee. This condition is usually satisfied by including the statement in the directors' declaration of the parent entity's financial report;
- (c) When the relief is first applied, the directors sign and lodge a notice, within 4 months of year end, containing (using Form 389):
 - i. a statement that the company has taken advantage of the relief under this Class Order;
 - ii. a short statement of the nature of the deed of cross guarantee;
 - iii. a list of the parties to the deed of cross guarantee, separately identifying the parent entity and members of the wholly-owned group and the other members of the extended closed group;
 Another notice is lodged when the company ceases to apply the relief.

Company limited by guarantee

Audit relief for certain companies limited by guarantee

A company limited by guarantee may have its financial report for a financial year reviewed, rather than audited, if:

- (a) the company is not one of the following:
 - i. a Commonwealth company for the purposes of the Commonwealth Authorities and Companies Act 1997;
 - ii. a subsidiary of a Commonwealth company for the purposes of that Act;
 - iii. a subsidiary of a Commonwealth authority for the purposes of that Act; and
- (b) one of the following is true:
 - i. the company is not required by the accounting standards to be included in consolidated financial statements and the revenue of the company for the financial year is less than \$1 million;
 - ii. the company is required by the accounting standards to be included in consolidated financial statements and the consolidated revenue of the consolidated entity for the financial year is less than \$1 million.

Preparation of financial reports - small company limited by guarantee

A small company limited by guarantee (as defined below) is not required to prepare a financial report under Part 2M.3 of the Corporations Act 2001 unless:

- (a) 5% or more of the members request that a financial report be prepared; or
- (b) the ASIC requests that a financial report be prepared.

If 5% or more of the members request that a financial report be prepared, a directors' report need not be prepared and the financial report need not be prepared in accordance with Accounting Standards if the members' request specifies that a directors' report is not required and that Accounting Standards need not be complied with. In addition, the financial report need only be audited or reviewed if the members' request asks for the financial report to be audited or reviewed.

If the ASIC requests that a financial report be prepared, the financial report is to be prepared in accordance with the request (i.e. the request may or may not require that the financial report be prepared in accordance with Accounting Standards or be subject to an audit).

Definition

A company is a small company limited by guarantee in a particular financial year if:

- (a) it is a company limited by guarantee for the whole of the financial year; and
- (b) it is not a deductible gift recipient at any time during the financial year; and
- (c) either:
 - i. where the company is not required by the accounting standards to be included in consolidated financial statements – the revenue of the company for the financial year is less than \$250,000; or
 - ii. where the company is required by the accounting standards to be included in consolidated financial statements – the consolidated revenue of the consolidated entity for the financial year is less than \$250,000; and
- (d) it is not one of the following:
 - iii. a Commonwealth company for the purposes of the Commonwealth Authorities and Companies Act 1997;
 - iv. a subsidiary of a Commonwealth company for the purposes of that Act;
 - v. a subsidiary of a Commonwealth authority for the purposes of that Act; and
- (e) it has not been a transferring financial institution of a State or Territory within the meaning of clause 1 of Schedule 4 to this Act; and
- (f) it is not a company that is permitted to use the expression building society, credit society or credit union under section 66 of the Banking Act 1959 at any time during the financial year.

The full definition of a small company limited by guarantee in s.45B of the Corporations Act 2001 notes that the amounts specified in these definitions may be varied by the Regulations. At the time of printing no specified amounts have been varied by the Regulations.

Section 45B of the Corporations Act 2001 requires that revenue and consolidated revenue are to be calculated in accordance with accounting standards in force at the relevant time (even if the standards do not otherwise apply to the company).

True and fair view

Financial statements and notes thereto prepared to satisfy the reporting requirements of the Corporations Act 2001 must comply with Australian Accounting Standards and the Corporations Regulations 2001, even if compliance does not result in a true and fair view. Section 295(3) of the Corporations Act 2001 requires directors to provide additional information and explanations when compliance with Australian Accounting Standards and the Corporations Regulations 2001 would not give a true and fair view. This additional information and explanation should be given by way of a note to the financial statements.

A company may apply to the ASIC under s.340 of the Corporations Act 2001 for accounting and audit relief. ASIC Regulatory Guide 43 indicates the ASIC's interpretation of the preconditions which need to be satisfied in order to obtain relief.

Rounding off of amounts**General**

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

- | | |
|------------------|--|
| \$10 million | Rounding off to the nearest thousand dollars is permitted. Each page must clearly indicate where this has been done (refer Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 (ASIC-CI 2016/191)). |
| \$1,000 million | Rounding off to the nearest hundred thousand dollars is permitted. Each page must clearly indicate where this has been done (refer ASIC-CI 2016/191 dated 24 March 2016). These amounts should be presented in the form of a whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars, with a clear indication that the amounts are presented in millions of dollars. |
| \$10,000 million | Rounding off to the nearest million dollars is permitted. Each page must clearly indicate where this has been done (refer ASIC-CI 2016/191 dated 24 March 2016). |

However, rounding is not allowed where rounding could adversely affect decisions about the allocation of scarce resources made by users of the financial report or the discharge of accountability by management or the directors. The relevant financial report or report must state that the company is of a kind referred to in the Corporations Instrument and that amounts in the directors' report and the financial report have been rounded in accordance with the Corporations Instrument.

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

Special rules

When rounding amounts pursuant to ASIC-CI 2016/191 it is important to remember that:

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

The items include:

- (a) details, values and aggregates required to be disclosed in the directors' report under s.300(1)(g), s.300(8), s.300(9), s.300(11B), s.300(11C), s.300(13)(a), s.300A(1)(c) and s.300A(1)(e) of the Corporations Act 2001²;
- (b) amounts disclosed under AASB 2 'Share-based Payment' paragraph 50;
- (c) remuneration of auditors disclosed under AASB 1054 'Additional Australian Disclosures' paragraph 10;
- (d) compensation to key management personnel disclosed under AASB 124 'Related Party Disclosures' paragraph 17; and
- (e) transactions between related parties disclosed under AASB 124 'Related Party Disclosures' paragraphs 18 and 19.

EPS and option disclosures

In addition:

- (a) earnings per share may be rounded to one tenth of one cent (disclosed in accordance with AASB 133 'Earnings per Share' paragraphs 66 and 69); and
- (b) information disclosed in accordance with AASB 2 'Share-based Payment' paragraphs 44 and 46 and s.300(6)(c), s.300(7)(d) and s.300(7)(e) of the Corporations Act about the prices for shares and options may be rounded to one cent.

Rounding by lower amounts

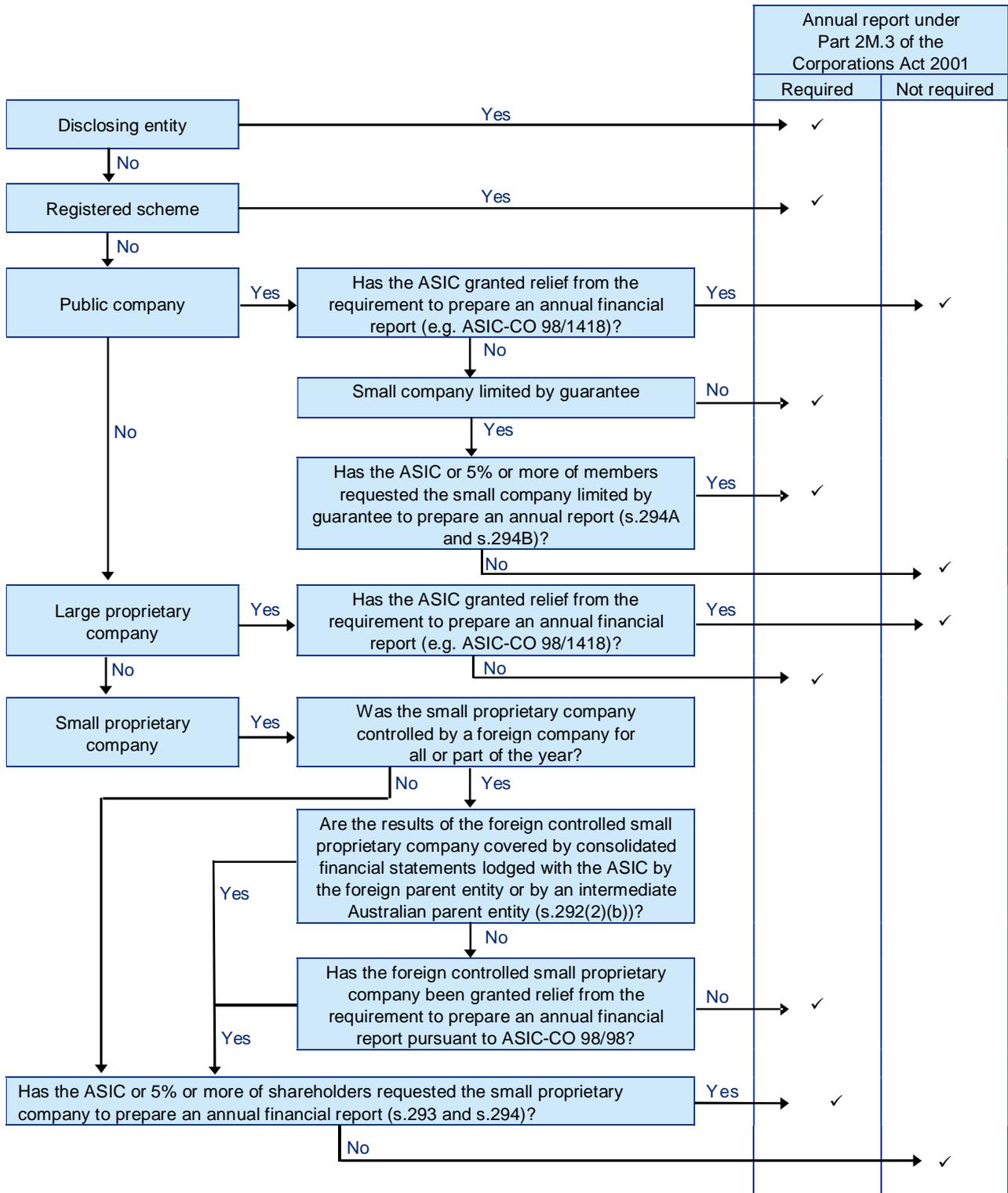
Where considered appropriate, and provided certain conditions are satisfied, amounts may be rounded off to a lesser extent than that detailed above. For example, a company with total assets exceeding \$10,000 million may wish to round to the nearest \$1,000 or \$100,000 even though it is permitted to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

² Information required by Regulation 2M.3.03 is considered to be caught by the references to s.300A above.

Corporations Act 2001 reporting requirements

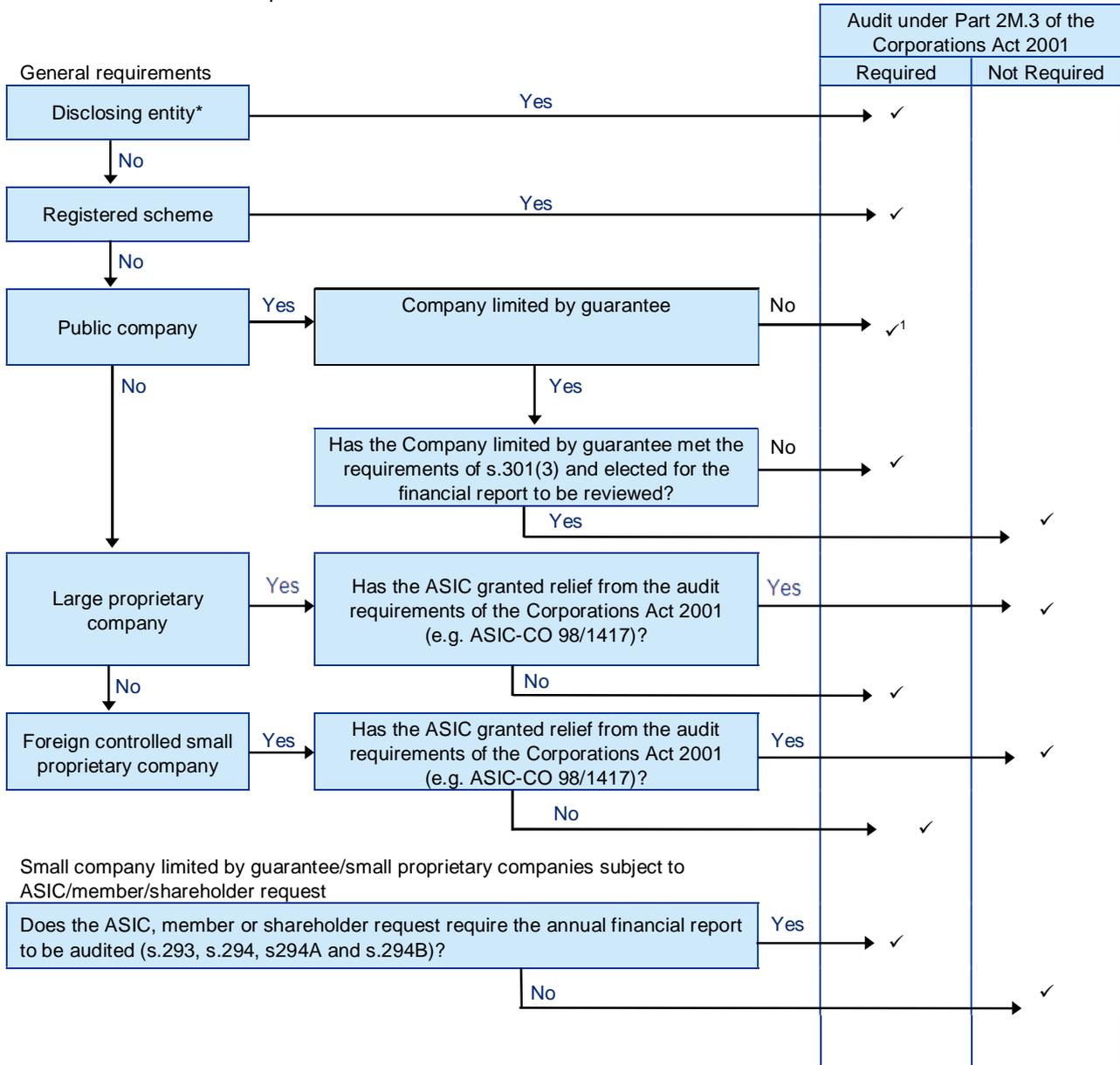
Preparation of an annual report

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



Audit of the annual financial report

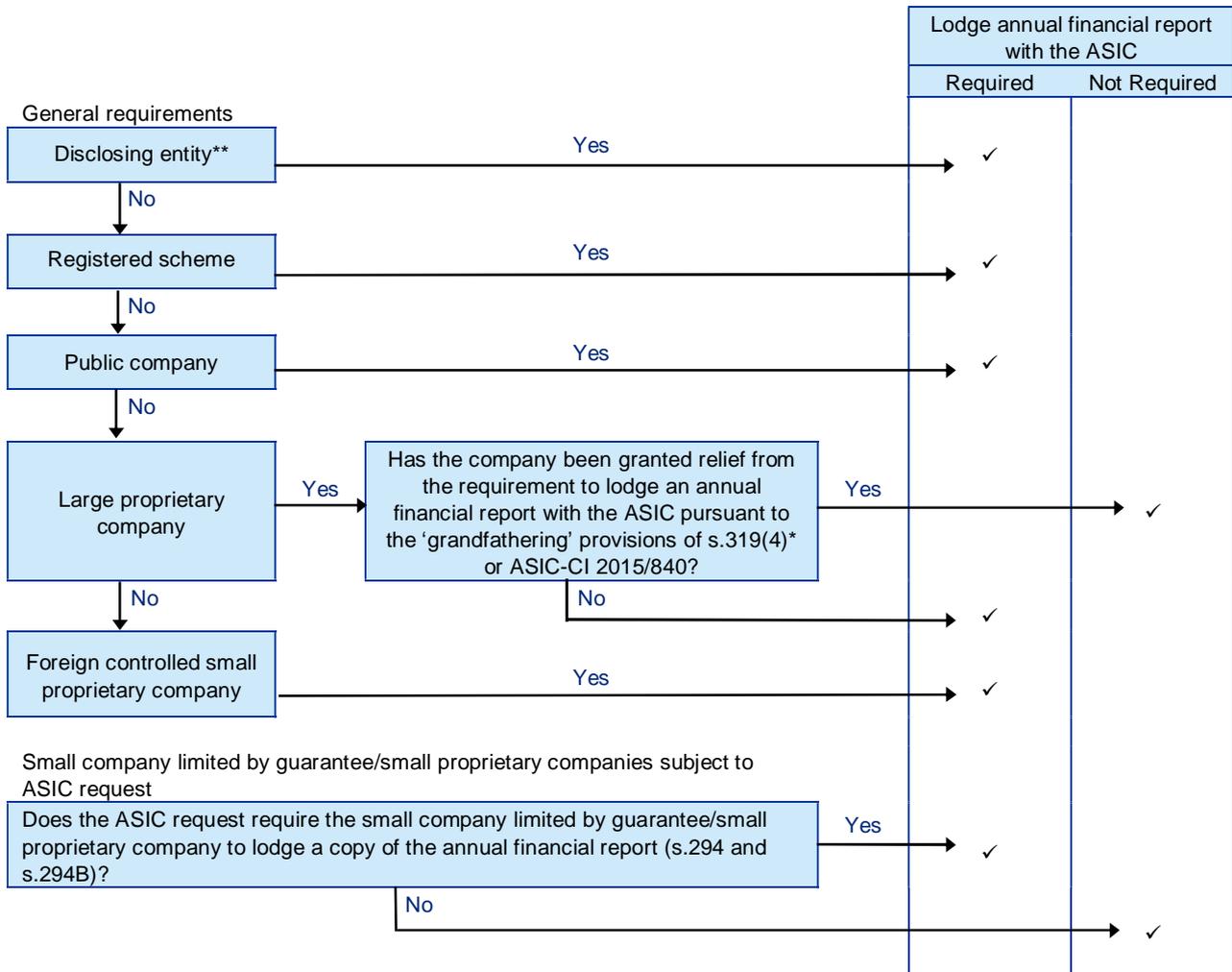
Having determined that an entity is required to prepare an annual report under Part 2M.3 of the Corporations Act 2001, the following flowchart assists in determining whether the annual financial report is required to be audited under Part 2M.3 of the Corporations Act 2001.



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

Lodgement of the annual report with the ASIC

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



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

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

** In accordance with Corporations (Electronic Lodgement of Financial Reports) Instrument 2016/181, listed companies or registered schemes are relieved from the requirement to lodge a copy of their financial report, directors' report and auditor's report for the financial year (including any concise financial report) and half-year with the ASIC where those reports have already been electronically lodged with the ASX, National Stock Exchange of Australia, SIM Venture Securities Exchange Limited and Sydney Stock Exchange Limited.

ASIC class orders/corporations instrument

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

Release number	Issue Date	Subject
98/96	10/07/98	Permits foreign controlled companies, registered schemes and disclosing entities to synchronise their financial year with that of their ultimate foreign parent entity where the foreign parent is required by law to synchronise the financial years of subsidiaries, provided certain conditions are satisfied.
98/98	10/07/98	Relieves foreign controlled small proprietary companies from the requirement to prepare, audit and lodge a financial report in circumstances where a financial report is not lodged by the foreign parent entity or intermediate Australian parent entity, provided certain conditions are satisfied. This Class Order has been amended by ASIC Class Order 07/822 to reduce the ongoing administrative obligations of eligible companies relying on the relief to lodge forms with the ASIC every year.
98/101	10/07/98	Relieves public companies, registered schemes and disclosing entities from the requirement to send a full or concise financial report to shareholders where the entity cannot establish the address of a shareholder, provided certain conditions are satisfied.
98/106	10/07/98	Relieves disclosing entities which are regulated superannuation funds, approved deposit funds or pooled superannuation trusts from preparing and lodging annual and half-year financial reports.
98/1417	13/08/98	Relieves large proprietary companies and foreign controlled small proprietary companies from the audit requirements of the Corporations Act 2001, provided certain conditions are satisfied. This class order has been amended by ASIC Class Order 10/545 to reduce the ongoing administration burden of eligible companies relying on the relief to lodge forms with the ASIC every year.
98/1418	13/08/98	Relieves wholly-owned subsidiaries from the requirement to prepare a financial report and to have that financial report audited, provided certain conditions are satisfied.
98/2016	30/10/98	Relieves entities from the disclosing entity requirements of Chapter 2M of the Corporations Act 2001 where the entity ceases to be a disclosing entity before their deadline and the directors resolve that there are no reasons to believe that the entity may become a disclosing entity before the end of the next financial year.
98/2395	24/12/98	Allows companies, registered schemes and disclosing entities to include certain information otherwise required to be disclosed in the directors' report to be transferred to a document attached to the financial report and directors' report.
02/1432	24/12/02	Relieves registered foreign companies from the requirement to lodge financial statements with the ASIC, provided certain conditions are satisfied.
03/392	05/06/03	Exempts companies in liquidation from the financial reporting obligations in Part 2M.3 of the Corporations Act 2001, and grants certain other externally administered companies an extension of time in which to lodge and, where applicable, distribute an upcoming financial report.
08/15	18/01/08	Relieves a disclosing entity from the requirement to prepare and lodge a half-year financial report and directors' report during the first financial year of the entity, where that first financial year lasts for 8 months or less, provided certain conditions are satisfied.
10/654	26/07/10	Allows companies, registered schemes and disclosing entities that present consolidated financial statements to include parent entity financial statements as part of their financial report under Chapter 2M of the Corporations Act 2001. This class order overcomes some unintended consequences resulting from the Corporations Amendment (Corporate Reporting Reform) Act 2010.
2015/838	18/09/15	Corporations (Stapled Group Reports) Instrument 2015/838 Permits issuers of stapled securities to include their financial statements and the consolidated or combined financial statements of the stapled group in adjacent columns in one financial report, provided certain conditions are satisfied. Replaces ASIC Class Order 05/642.
2015/839	18/09/15	Corporations (Related Scheme Reports) Instrument 2015/839 Permits registered schemes with a common responsible entity (or related responsible entities) to include their financial statements in adjacent columns in a single financial report, provided certain conditions are satisfied. Replaces ASIC Class Order 06/441.

Release number	Issue Date	Subject
2015/840	18/09/15	Corporations (Exempt Proprietary Companies) Instrument 2015/840 Relieves large proprietary companies in which an ownership (but not a controlling interest) is held by a foreign company or which have an authorised trustee company as a non-beneficial member from the requirement to lodge a financial report, directors' report and auditors' report with the ASIC, provided certain conditions are satisfied. Replaces ASIC Class Order 05/638.
2015/841	18/09/15	Corporations (Non-Reporting Entities) Instrument 2015/841 Allows non-reporting entities to take advantage of concessions or other modifications of the recognition and measurement requirements of accounting standards that are available to reporting entities, provided that the financial report complies with all recognition and measurement requirements as if it were a reporting entity. Replaces ASIC Class Order 05/639.
2015/842	18/09/15	Corporations (Post Balance Date Reporting) Instrument 2015/842 Permits the presentation of a statement of financial position (and where applicable a consolidated statement of financial position) in the notes to the financial statements explaining the financial effect of material acquisitions and disposals of entities and businesses after the balance date. Replaces ASIC Class Order 05/644.
2016/181	24/03/16	Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181 Relieves listed companies or registered schemes from the requirement to lodge a copy of their financial report, directors' report and auditors' report for the financial year (including any concise financial report) and half-year with the ASIC where those reports have already been electronically lodged with the ASX, National Stock Exchange of Australia, SIM Venture Securities Exchange Limited and Sydney Stock Exchange Limited. Replaces ASIC Class Order 98/104.
2016/186	24/03/16	Corporations (Foreign Licensees and ADIs) Instrument 2016/186 Relieves certain foreign licensees from the requirement under Division 6 of Part 7.8 of the Corporations Act 2001 to prepare and lodge audited financial statements and keep certain financial records in relation to its financial services business. Replaces ASIC Class Order 06/68.
2016/191	24/03/16	Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 Permits rounding off in the directors' report and financial report where total assets exceed \$10 million, \$1,000 million and \$10,000 million. Replaces ASIC Class Order 98/100.

Reporting deadlines

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

Source reference	Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
Half-year report							
ASX4.2A, ASX4.2A.3, ASX4.2B	Lodgement of Appendix 4D with the ASX	As soon as available (no later than when half-year reports are lodged with the ASIC, and no later than 2 months after the half-year end) ¹	n/a	n/a	n/a	n/a	n/a
ASX4.2A, ASX4.2A.1, ASX4.2B	Lodgement of the Corporations Act 2001 half-year report with the ASX	As soon as available (no later than when half-year reports are lodged with the ASIC, and no later than 2 months after the half-year end) ²	n/a	n/a	n/a	n/a	n/a
s.320	Lodgement of the Corporations Act 2001 half-year report with the ASIC	n/a (ASIC-CI 2016/181)	Within 75 days after the half-year end	n/a	n/a	n/a	n/a

Source reference	Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
Annual report							
ASX4.3A, ASX4.3B	Lodgement of Appendix 4E with the ASX	As soon as available (and no later than 2 months after the year end) ³	n/a	n/a	n/a	n/a	n/a
ASX4.5, ASX4.5.1	Lodgement of the Corporations Act 2001 annual report and concise report with the ASX	As soon as available (and no later than 3 months after the year end)	n/a	n/a	n/a	n/a	n/a
ASX4.7.3, ASX4.7.4	Lodgement of 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	n/a
s.319	Lodgement of the Corporations Act 2001 annual report and concise report with the ASIC	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 4 months after the year end	Within 3 months after the year end
ASX4.7, ASX4.7.1, s.315	Distribution of the Corporations Act 2001 annual report or concise report to the members (and to the ASX, for listed entities) ^{4,5}	Earlier of 21 days before the AGM or 4 months after the year end	Earlier of 21 days before the AGM or 4 months after the year end	Earlier of 21 days before the AGM or 4 months after the year end	Within 4 months after the year end	Within 4 months after the year end	Within 3 months after the year end
Annual general meetings							
s.250N	Hold the AGM	Within 5 months after the year end (if a public company)	Within 5 months after the year end (if a public company)	Within 5 months after the year end (if more than 1 member company) ⁶	n/a	n/a	n/a

¹ Mining exploration entities or oil and gas exploration entities are not required to provide the information set out in the Appendix 4D.

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

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

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

⁵ If the entity is not established in Australia, the annual report must be given to the ASX by the earlier of the first day the entity sends the documents to security holders under the law of the place of its establishment or the last day for the documents to be given to security holders under that law (see ASX Listing Rule 4.7.2).

⁶ Note: a wholly-owned public company is not required to hold an AGM under s.250N(4).

The following table summarises the reporting deadlines for annual reporting periods ending 30 June 2016. Note: These reporting deadlines will be applicable to the majority of entities; however care should be taken to ensure that the dates noted below are the appropriate dates for the entity in question.

Requirement	Listed disclosing entity	Non-listed disclosing entity	Public company	Large proprietary company	Foreign controlled small proprietary company	Registered scheme
Annual reporting period ending 30 June 2016						
Lodgement of Appendix 4E with the ASX	31 Aug 2016	n/a	n/a	n/a	n/a	n/a
Lodgement of the Corporations Act 2001 annual report and concise report with the ASX	30 Sep 2016	n/a	n/a	n/a	n/a	n/a
Lodgement of the Corporations Act 2001 annual financial report and concise report with the ASIC	n/a	30 Sep 2016	31 Oct 2016	31 Oct 2016	31 Oct 2016	30 Sep 2016

Other small proprietary companies

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

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

ASIC request

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

Shareholders' request

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

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

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

Signing the annual financial report and half-year financial report

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

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

Notice of members' meetings

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

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

Concise financial reports

In accordance with s.314(1) of the Corporations Act 2001, a company, registered scheme or disclosing entity (excluding companies limited by guarantee) may elect to make available, in addition to a full financial report, a concise report.

Concise reports were originally introduced with the aim of reducing costs in relation to annual reports. Concise reports aim to provide members with information relevant to evaluating the performance and prospects of the business, without giving them fully detailed accounting disclosures.

Often, the provision of less detailed information is expected to be sufficient to meet member's needs for an understanding of the financial performance, financial position and financing and investing activities of the company, registered scheme or disclosing entity. The minimum content required in a concise report is intended to provide sufficient information to permit members to identify if and when they consider it would be useful to obtain more comprehensive and detailed information by requesting a copy of the full financial report.

Under s.314(2) of the Corporations Act 2001, a concise for a financial year consists of:

- a concise financial report prepared in accordance with AASB 1039 'Concise Financial Reports', which includes:
 - a statement of profit or loss and comprehensive income for the annual reporting period;
 - a statement of financial position as at the end of the annual reporting period;
 - a statement of cash flows for the annual reporting period;
 - a statement of changes in equity for the annual reporting period; and
 - certain specific note disclosure.

The financial statements and specific disclosures required in a concise financial report shall be derived from the financial report of the entity. Any other information included in a concise financial report shall be consistent with the financial report of the entity. Where an entity is the parent of a group, AASB 1039 applies to the consolidated financial statements of the entity and the notes to those statements, and does not require that parent financial information be provided.

- the directors' report.

The directors' report in the concise financial report shall be the same as that in the financial report, except that references to notes in the financial statements are omitted. However, where information required by s.298(1)(c) (auditors' independence declaration), s.299(1A) (information to give a true and fair view), s.299 (general information about operations and activities) or s.299A (information about the entity's operations, financial position, business strategies and future prospects) has been transferred out of the directors' report into a document forming part of the annual report in accordance with ASIC Class Order 98/2395, the concise report must include the documents that contain this information. Also, the page references in the directors' report must be updated as necessary;

- an audit report;
- a copy of any qualification and of any statements included in the emphasis of matter section of the auditor's report on the financial report; and
- a statement that the report is a concise financial report and a full financial report and auditor's report will be sent to any member free of charge on request.

The Corporations Act 2001 does not require the concise financial report to include a directors' declaration. However, to be consistent with the preparation of the full financial report the preparation of a directors' declaration is encouraged.

The content of a concise financial report specified in AASB 1039 constitutes the minimum level of disclosure. Where there are particular features of the operations and activities of the entity that are significant, the entity may need to provide additional information in the concise financial report if it is likely that the concise financial report would be misleading without such disclosures. Similarly, members benefit from industry-specific disclosures, for example, disclosure of additional information by mining companies in relation to exploration and evaluation expenditure and decommissioning costs, and by banks and other financial institutions in relation to doubtful debts.

Refer to AASB 1039 for the detailed requirements.

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