

Financial reporting by stapled entities

Reporting update

5 October 2023, 23RU-12



Highlights

- New instrument – no change
- Relief provided
- Prescribed conditions

New instrument

New instrument – no change

In September 2023, ASIC repealed Class Order 13/1050 and replaced it with *ASIC Corporations (Financial Reporting by Stapled entities) Instrument 2023/673* (AI 2023/673). The new instrument provides relief to allow stapled entities in a stapled group to present their respective financial statements together in a single report.

No change

AI 2023/673 is effective from 23 September 2023 and continues the relief previously provided under ASIC Class Order 13/1050.

Stapled entities relying on the relief must meet prescribed conditions detailed on the following page. These conditions are unchanged from ASIC Class Order 13/1050.

Given the IFRS[®] Interpretations Committee (IFRIC) Agenda Decision[#] of May 2014 it is KPMG's view that the guidance under the "Relief to enable combination or consolidated stapled entities" section is not required. As concluded by IFRIC, IFRS[®] Accounting Standards require the preparation of consolidated financial statements by the stapled group.

– Identification of the acquirer in accordance with IFRS 3 and the parent in accordance with IFRS 10 in a stapling arrangement

Present as a single financial report

Relief provided

Stapled entities do not have to comply with various sections of Chapter 2M of the *Corporations Act 2001* (Corps Act), to the extent that they prevent the inclusion in the stapled entities consolidated financial report, the financial statements of other stapled group members.

The impact of the above relief is that a stapled group may elect to present each stapled group entity's respective financial statements together in a single report.

The relief applies equally to full year, half-year and concise financial reports required under Chapter 2M of the Corps Act.

Prescribed conditions

One financial report

Side by side

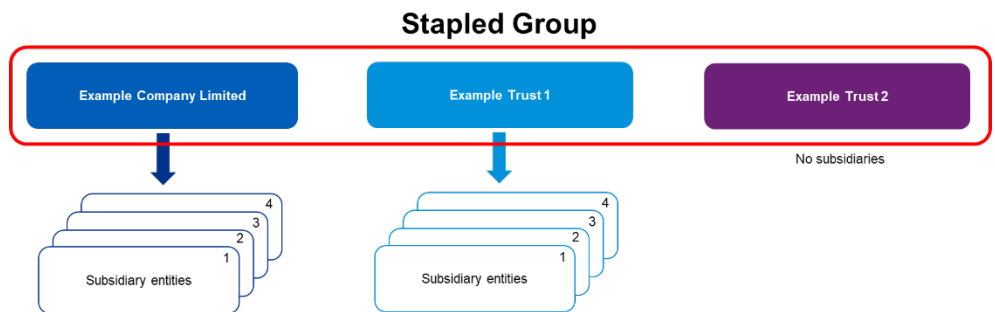
Separate sections

The relief to allow stapled entities in a stapled group to present their respective financial statements together in a single report is only available where **all** the following apply:

- **All** stapled entities are required to prepare financial reports in accordance with Chapter 2M of the Corps Act.
- **All** stapled entities rely on the relief provided by AI 2023/673.
- **One** of the following applies:
 - The consolidated financial statements of the relevant (parent) stapled entity and all other stapled group members financial statements (consolidated or individual) are presented in adjacent columns in the financial report.
 - The financial statements are presented in separate sections of the same financial report – that is, the consolidated financial statements in the first section and in the second section the financial statements (consolidated or individual) of all other stapled group members in adjacent columns.

Example

The following is an example stapled group structure:



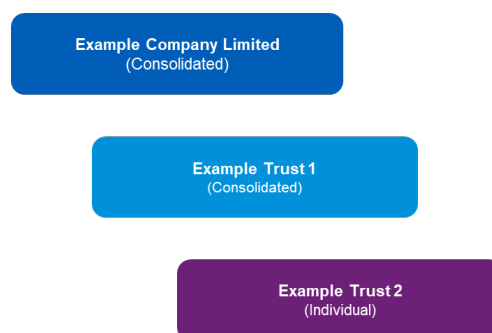
Assume:

- Example Company Limited is identified as the parent of the Stapled Group.
- All three stapled entities are subject to Chapter 2M of the Corps Act.

Without

Without utilising the relief in AI 2023/673 **three** financial reports are required under Chapter 2M of the Corps Act:

- Example Company Limited consolidated financial statements – which includes all entities listed in the above diagram.
- Example Trust 1 consolidated financial statements – which includes Example Trust 1 and its four subsidiaries.
- Example Trust 2 financial statements – individual financial statements for the single entity.



Three financial reports

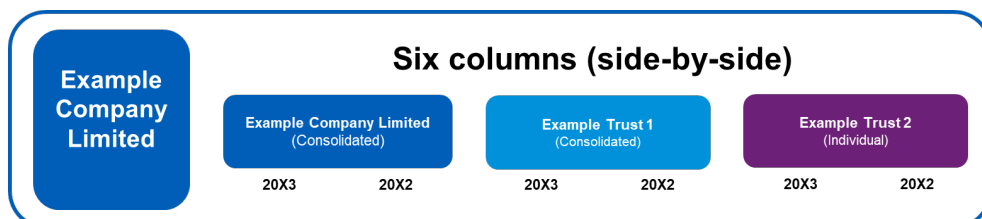
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One financial report

With

Utilising the relief in AI 2023/673 **one** financial report could be prepared for the Stapled Group. The financial report would then include information for the each of the following – for example, side-by-side in adjacent columns:

- Example Company Limited consolidated information – which includes all entities listed in the above diagram.
- Example Trust 1 consolidated information – which includes Example Trust 1 and its four subsidiaries.
- Example Trust 2 individual information – single entity only.



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