ASIC focus areas: 30 June 2024

Reporting update
23 May 2024, 24RU-08

Highlights

- Financial reports and audit surveillance program
- Focus areas for 30 June 2024
- Topical reminders
- Other recent ASIC releases

Surveillance coverage: listed companies, public interest entities, previously grandfathered large proprietary companies and superannuation funds

ASIC recently announced its 30 June 2024 focus areas and an expanded program to support financial reporting and audit quality.

The program covers listed companies, other public interest entities, previously 'grandfathered' large proprietary companies and, from 30 June 2024, superannuation funds.

All preparers (listed and unlisted) should ensure all relevant aspects are addressed.

Focus areas remain consistent with prior periods

As part of the program ASIC has split the areas of focus into two separate components, identifying **enduring focus areas** and **particular focus areas**. Enduring focus areas apply to all reporting periods. These areas are consistent with those communicated for 31 December 2023. The enduring focus areas are supplemented with particular focus areas for the relevant reporting period, which will be updated as and when new regulatory requirements or emerging issues arise.

Financial reports and audit surveillance program

Focus areas are identified from the results of ASIC's integrated financial reporting and audit surveillance program. This integrated approach was adopted by ASIC in 2023.

Pro-active program of surveillance central to improving financial reporting and audit quality

ASIC will review the full-year financial reports of the entities identified above following a risk-based approach taking into account a range of market data, reported financial information, relevant ASX announcements and other ASIC intelligence. The findings from ASIC's financial reporting surveillances largely determine the selection of audit files for review by ASIC.

The next annual financial reporting and audit surveillance report will be released in October 2024. An overview of the areas in which issues were raised is set out in Appendix – 2023 surveillance summary.

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Focus areas for 30 June 2024

Enduring focus areas

Focus areas centre on financial reporting elements that require most judgement and make the most use of estimates

The enduring focus areas include:

- Asset values
- Provisions
- Subsequent events
- Disclosures – Financial report, Operating and Financial Review (OFR), non-IFRS financial information and half-year

Further details are outlined in the Addendum – ASIC focus areas: Guide for directors and preparers.

Particular focus areas

The particular focus areas supplementing the enduring focus areas for 30 June 2024 relate to new reporting obligations under the Corporations Act:

Previously 'grandfathered' large proprietary companies to be monitored

- **Previously 'grandfathered' large proprietary companies**

This will be the second year that large proprietary companies, which were previously exempt, are required to lodge audited financial reports with ASIC.

ASIC is actively including this cohort in its surveillance program given that many of these companies are significant businesses and of interest to many stakeholders.

These companies should ensure their financial statements comply with Australian Accounting Standards and the Corporations Act and be mindful of the enduring focus areas.

Registrable superannuation entities now subject to ASIC regulation

- **Registrable superannuation entities**

Superannuation trustees are required to lodge audited financial reports for most registrable superannuation entities (RSEs) with ASIC for the first time for financial years ending on or after 30 June 2024.

Trustees should ensure the financial statements comply with Australian Accounting Standards and the Corporations Act and are lodged by the due date. Refer to 23RU-10 What's new in superannuation reporting? for further detail.

"We have already seen from recent ASIC media releases the impact of its focus on previously grandfathered large proprietary companies, with companies in this cohort reissuing or restating financial statements in response to ASIC's review of their financial reports and related enquiries."

Julie Locke
Director

Quality of disclosures remains crucial

Disclosures to be useful and meaningful

The quality of financial reports and related disclosures are critical for keeping investors informed as well as market integrity.

Companies must ensure that investors and markets are properly informed through financial reports about underlying drivers of results as well as material business risks, strategies, and future prospects. ASIC again highlights the important role the OFR plays in providing this information to users of financial reports and tell the story of how the entity's businesses are performing.

Directors have prime

Directors are primarily responsible for the quality of the financial report. Quality and timely financial information for audit is expected, including robust position papers with appropriate analysis and conclusions referencing relevant accounting

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responsibility for quality of the financial report

standards. Companies should have well established and appropriate processes, records and analysis to support disclosures in the financial report.

Access to appropriate experience and expertise in the reporting processes, particularly in more difficult and complex areas, such as asset values, provisions, and other estimates, continues to be important.

Topical reminders

Climate-related financial disclosures

Material climate-related risks and opportunities gaining attention with mandatory reporting in the pipeline – voluntary reporting encouraged together with getting ready for what is to come

ASIC continues to encourage entities with material climate-related risks and opportunities to voluntarily report in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and ensure that any statements made are not misleading ahead of forthcoming mandatory climate-related disclosures.

Companies are urged to monitor the developments in climate-related financial disclosures, with the first group of companies being proposed to report for financial years commencing from 1 January 2025. ASIC reminds entities to start preparing and putting into place the necessary governance arrangements, systems and processes to meet the requirements. ASIC has advised that, as the responsible regulator, it will take a pragmatic approach to the supervision and enforcement of the new regime, and will develop and issue guidance to help entities meet their new obligations. Refer to ASIC's recent speech: Start preparing now: Early ASIC guidance on the mandatory climate disclosure regime for further detail.

Consolidated Entity Disclosure Statement requirement

New Corporations Act requirement for public companies to disclose tax-related information for subsidiaries effective from financial years ending 30 June 2024 onwards

ASIC reminds **public** companies of the new requirement for all listed and unlisted public companies to prepare a Consolidated Entity Disclosure Statement (CEDS) for inclusion in their financial reports. The new disclosure statement requires details of certain tax-related information for all consolidated entities as at the end of the financial year, including names, ownership interests, place of incorporation and tax residency. The amendments apply in relation to any financial reports for a financial year commencing on or after 1 July 2023.

Directors will also need to include a statement in the Directors' Declaration that the information in the CEDS is "true and correct". Read our 24RU-06 Mandatory Disclosure of subsidiaries' tax residence for details of the change in legislation.

Cyber security

Cyber security an ongoing focus for directors and management

Cyber security risks still pose significant challenges and could have a material impact for particular entities. Where relevant, these risks are required to be disclosed in the OFR. Considerations include the impacts of a loss of personal data or a denial-of-service attack, such as the extent and nature of personal data held and possible impacts on revenue.

Greenwashing

Greenwashing the latest demonstration of misleading and deceptive practice

In recent releases ASIC has repeated its expectations on sustainability-related disclosures, particularly relating to greenwashing and the 'reasonable grounds' basis for making and disclosing sustainability-related commitments and targets.

It has reiterated that publishing of sustainability-related statements that are well-founded and clearly backed by strategic plans and investments that substantiate those goals will generally not raise objection. However, when claims are made within marketing and promotional campaigns, with minimal or no solid foundation, inquiries will be made.

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Other recent ASIC releases

No-action position on financial reporting obligations of special purpose financing subsidiaries and their guarantors

Wholly-owned companies that are 'borrowers in relation to debentures', or 'a guarantor of such a borrower' in focus where seeking to apply financial reporting relief

Under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, certain wholly-owned companies may be relieved from the requirement to prepare and lodge audited financial statements under Chapter 2M of the Corporations Act, where they enter into deeds of cross guarantee with a holding entity and meet certain other conditions.

Wholly-owned companies that are 'borrowers in relation to debentures', or 'a guarantor of such a borrower' are, however, excluded from relief under ASIC Instrument 2016/785.

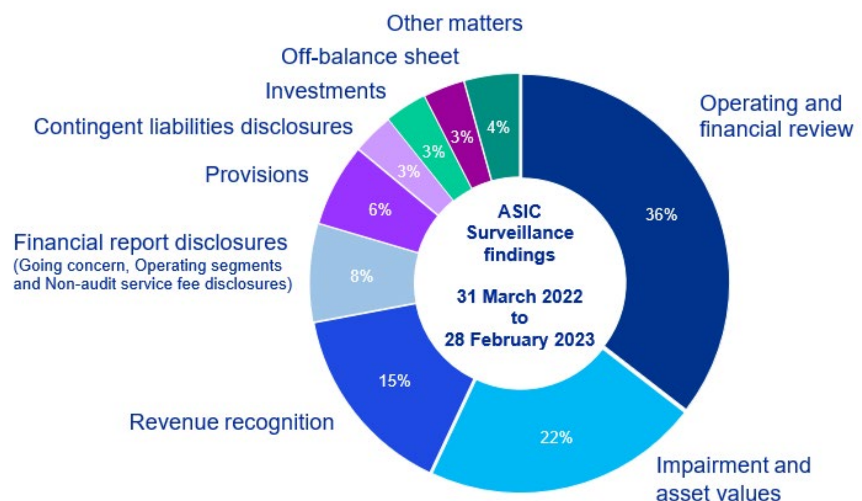
ASIC has noted that some special purpose financing subsidiaries or other wholly-owned subsidiaries that issue debentures to sophisticated or professional investors, or their guarantors, had not been preparing and lodging annual reports. It is understood these companies were of the view the exclusions did not apply to their special purpose financing vehicle or any of its guarantors. ASIC is of the view that these type of companies within the group cannot apply the relief.

In April 2024 ASIC issued a no action position stating that it will not take enforcement action against special purpose financing subsidiaries or other wholly-owned subsidiaries that issue debentures to sophisticated or professional investors, or their guarantors, for not preparing and lodging annual reports if those subsidiaries otherwise would comply with the requirements of ASIC Instrument 2016/785 apart from these exclusions.

The no-action position applies for financial years ending on or after 28 September 2016 and will remain in place until 1 October 2026, or earlier if ASIC decides to remake the relief after consulting with industry. Directors should obtain legal advice in respect of any affected entities.

Appendix – 2023 surveillance summary

Overview of the areas in which issues were raised from ASIC's surveillance program reported in October 2023.



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ASIC FOCUS AREAS

Guide for directors and preparers

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May 2024

ASIC focus areas

Enduring areas of focus

01	Asset values	7
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01 Asset values | Impairment of non-financial assets

ASIC guidance

Directors must test goodwill, intangible assets not yet available for use and indefinite life intangible assets for impairment annually. It is important for directors to ensure:

- Key assumptions supporting the recoverable amount are appropriate.
- The valuation method used for impairment testing is appropriate, uses reasonable and supportable assumptions, and is cross-checked for reliability using other relevant methods.

An entity's market capitalisation will generally not represent an appropriate fair value estimate for its underlying business but may be useful as an impairment indicator or in a valuation cross-check.

Values from applying the ratio of market capitalisation to revenue for other entities to the entity's own revenue will generally be more appropriately used in valuation cross-checks.

Directors should consider the disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios.

Relevant KPMG guidance

Uncertain times reporting guidance

Are assets being carried at an appropriate amount?

Climate change resource guidance

What's the impact on the discount rate used in testing non-current assets for impairment?

What's the impact on cash flow projections used for impairment testing of non-financial assets?

Other guidance

Example Public 2023-24 – Notes 21, 22 & 45(L),(M),(S)

Annual Disclosure Checklist (September 2023) – Section 2.8

Insights into IFRS – Chapters:

- 3.3 Intangible assets and goodwill
- 3.10 Impairment of non-financial assets
- 5.11 Extractive activities

Questions to consider

- Have we identified our CGUs appropriately? Are any CGUs greater than an operating segment where material goodwill exists?
- Does the allocation of goodwill to CGUs reflect the level at which goodwill is monitored for internal purposes?
- Have all corporate costs been allocated to CGUs on an appropriate basis?
- Have corporate assets been allocated to CGUs where the allocation can be done on a reasonable and consistent basis?
- If in the previous year recoverable amount was determined using a value in use (VIU) model, but is now being determined using a fair value less costs of disposal (FVLCD) technique, have we fully understood and documented the rationale for the change?
- If recoverable amount is determined using VIU, have we ensured the cash flows do not include those from strategic initiatives?
- If recoverable amount is determined using FVLCD, are there quoted prices or other observable market information that can be used to determine FVLCD? If there is no observable market information to determine FVLCD, and a discounted cash flow or earnings multiple technique is used, are the inputs reliable?
- Are the assumptions used in the calculation of recoverable amounts realistic? If there have been significant variances between prior period cash flow projections and actual results, have the cash flows or the alpha factor in the discount rate been adjusted to reflect this risk?
- Have we considered the impact of rising interest and discount rates on estimating future cash flows and asset valuations?

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01 Asset values I Impairment of non-financial assets

Questions to consider (Continued)

- Have we considered whether technological advancement, government climate policies, legislative and regulatory changes might be impairment triggers?
- Have we updated budgets and cash flow forecasts to reflect the continuing impacts of changing market conditions and uncertainties, including local and global issues?
- Have we appropriately considered whether our cash flow projections used in impairment testing reflect the potential impacts of climate-related matters on our business?
- Are key assumptions in impairment testing aligned with the climate strategy, scenarios, and other climate information in the annual report? If not, are differences explained?
- Do cash flow projections appropriately reflect potential climate impacts on future cash flows from factors like customer demands, regulations, technology, and physical risks?
- Have any climate-related risks been double counted?
- Have we considered and reflected any increased volatility and uncertainty in the impairment model?
- Have we considered the need to use a probability-weighted cash flow approach to determining recoverable amounts?
- Have we checked the mathematical accuracy of the model?
- Have we considered the need to update impairment models for events which occur post reporting date?
- Where market capitalisation is less than our net asset position, have we fully documented the methodology used to determine recoverable amount, including how we have satisfied ourselves of the reliability of the assumptions used, including our understanding of the drivers of the difference?
- Have we considered whether other readily available information exists that can be used to calculate recoverable amount using an alternate valuation method or technique which can serve as a point of comparison to the values derived in the primary valuation method selected?
- Have we only used our market capitalisation as an impairment indicator or in a valuation cross-check?
- Have we considered the appropriateness of using a ratio of market capitalisation to revenue for other entities? Are there limitations in using this? Do those other entities have closely comparable businesses, products, markets, cost structures and funding?
- If we have a CGU which includes goodwill or intangible assets with an indefinite useful life and a reasonably possible change in the key assumptions would result in an impairment, have we fully disclosed the amount by which the assumptions must change to result in an impairment?
- Have sufficient disclosures been provided on key judgments, assumptions and estimates related to how climate-related matters impacted impairment testing calculations?
- Have we disclosed any estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios?
- Have we disclosed the assumptions that have a significant risk of resulting in a material impairment adjustment in the next 12 months?
- Have we considered our continuous disclosure obligations if an impairment is likely (See also ASX Listing Rules –Guidance Note 8 *Continuous Disclosure*)?

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01 Asset values I Values of property assets

ASIC guidance

Directors should ensure there is proper consideration of factors adversely affecting the fair values of commercial and retail property values, despite any absence of market transactions. These factors may include:

- Changes in office space requirements of tenants.
- Online shopping trends.
- Future economic or industry impacts on tenants.
- The financial condition of existing tenants.

In applying the leases standard, lessees and lessors should consider lease accounting requirements; and lessees the impairment of right-of-use assets.

Relevant KPMG guidance

Uncertain times reporting guidance

Have expectations around lease renewal, termination or purchase options changed?

Are fair values appropriately determined and disclosed?

Other guidance

Example Public 2023-24 – Notes 23C & 38

Annual Disclosure Checklist (September 2023) – Section 1.5

Insights into IFRS – Chapters:

- 2.4 Fair value measurement
- 5.1 Leases

Questions to consider

- Have we considered the factors that may adversely affect the fair values of commercial and retail properties such as expected changes in office work practices, and changes in consumer preferences?
- Where there are no market transactions, have we considered the need for changes in valuation techniques?
- Have we updated valuation assumptions and inputs for continuing changes in the market conditions?
- Have we made all the required disclosures under AASB 13 *Fair Value Measurement* in our year-end financial report?

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01 Asset values | Expected credit losses on loans and receivables

ASIC guidance

Directors should:

- Consider whether key assumptions used in determining expected credit losses are reasonable and supportable.
- Consider the need for more reliable and up-to-date information about the circumstances of borrowers and debtors.
- Consider short-term liquidity issues, as well as the financial condition and earning capacity of borrowers and debtors.
- Ensure the accuracy of ageing of receivables.
- Consider using forward looking assumptions and not assuming recent debts will all be collectible.
- Consider the extent to which past history of credit loss remains relevant in assessing expected credit losses (ECLs).
- Ensure disclosure of estimation uncertainties and key assumptions used in determining ECLs.
- Have particular regard to the impact of current economic and market conditions and uncertainties on ECLs, including assessing whether there are significant increases in credit risk for particular groups of lenders; adequacy of data, modelling, controls and governance in determining ECLs.

Relevant KPMG guidance

Uncertain times reporting guidance

What are the key financial instruments impacts?

Climate change resource guidance

What's the impact on expected credit losses?

Other guidance

Example Public 2023-24 – Notes 32C

Annual Disclosure Checklist (September 2023) – Section 2.5

Insights into IFRS – Chapters:

- 7.7 Measurement of financial Instruments
- 7.8 Impairment of financial instruments
- 7.10 Presentation and disclosures

Questions to consider

- Have we reviewed the appropriateness of key assumptions and judgements in estimating expected credit losses (ECLs), and ensured that they are reasonable and supportable?
- Have we reviewed the models to ensure inputs used to develop the estimate appropriately reflect any changes in the circumstances since the prior period? Are our assumptions appropriate in determining whether or not there has been a significant increase in credit risk?
- Have we considered the impact of short-term liquidity issues and financial condition and earning capacity of borrowers and debtors in the measurement of loans and receivables? Do we need to seek more reliable and up-to-date information about their circumstances?
- Have we evaluated whether historical data on credit losses remains relevant given evolving climate risks, adjusting as needed?
- Do we have adequate data, models, controls and governance to determine climate-adjusted ECLs across our loan portfolios?
- Have we considered the need to update ECLs for events which occur post reporting date?
- Have we disclosed estimates and judgements that form the basis of the measurement of ECLs?
- Have we considered the impact of geopolitical risks including increased market volatility on receivables collectability? In light of changing market and customers activity is historical data still appropriate, or are additional adjustments required by companies?
- Does our measurement of ECL appropriately capture the customer types, industries or geographic areas particularly impacted by the economic effects of climate change that need monitoring for potential acceleration of climate-related risks?
- Have we assessed potential increases in credit risk for certain borrower groups/industries based on climate-related transition and physical risks?

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01 Asset values I Values of other assets

ASIC guidance

Directors should consider the values of the following other assets:

- Net realisable value of inventories, including whether all estimated costs of completion necessary to make the sale have been taken into account in determining net realisable value.
- Recoverability of deferred tax assets.
- Value of investments in unlisted entities.

Relevant KPMG guidance

Uncertain times reporting guidance

What are the key financial instruments impacts?

Climate change reporting guidance

What are the potential impacts on inventories?

Other guidance

Example Public 2023-24 – Note 17 and Note 14

Insights into IFRS – Chapters

- 3.8 Inventories
- 3.13 Income Taxes

Questions to consider

- Have we considered whether all costs of completion necessary to make the sale have been included in determining net realisable value of inventories?
- Have we considered the impact on the net realisable value of any obsolete or excess inventory?
- Have we considered whether significant write-downs of inventory should be disclosed?
- Have we properly evaluated which costs incurred for developing new products or updating production processes in response to climate changes can be legitimately included in the cost of inventories?
- Does our calculation of net realisable value (NRV) for inventories appropriately consider the impacts of climate-related matters on estimated selling prices and costs to complete?
- Have we reassessed the recoverability of deferred tax assets given changing economic conditions?
- Are the forecasts used to assess the recoverability of deferred tax assets in-line with forecasts used to determine the recoverable amount of intangible assets and other non-current assets?
- Where there are no market transactions, have we considered the need for changes in valuation techniques for investments in unlisted entities?
- Have we updated valuation assumptions and inputs for continuing changes in the market conditions for investments in unlisted entities?
- Have we made all the required disclosures under AASB 13 *Fair Value Measurement* for investments in unlisted entities?

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01 Asset values | Financial asset classification

ASIC guidance

Directors should consider if financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.

Directors should consider whether both criteria for measuring financial assets at amortised cost are met:

- Assets are held in a business model whose objective is to hold the assets to collect contractual cash flows.
- Contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Relevant KPMG guidance

Example Public 2023-24 – Note 45(P) and Note 45(S)(i)

Annual Disclosure Checklist (September 2023) – Section 2.5

Insights into IFRS – Chapter 7.4 Classification of financial assets

Questions to consider

- Have we considered whether financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss?
- Have we considered if the business model is held-to-collect, both held to collect and for sale or another business model including trading, managing assets on a fair value basis and maximising cash flows through sale?
- Are sales integral to achieving the objective of the business model or incidental to the objective of the model?
- Have we considered the level of sales (in frequency and volume)?
- Have we considered whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding?
- Have we assessed hybrid financial instruments as a whole for classification?
- Do we have a process to stay informed about current and upcoming climate-related legislation that may affect the goods we sell or services we deliver?

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02 Provisions | Onerous contracts, restructuring, make good provision, mine restoration and financial guarantees

ASIC guidance

Directors should consider need for recognition of provisions for onerous contracts, leased property make good, mine site restoration, restructuring plans and financial guarantees provided.

Relevant KPMG guidance

Uncertain times reporting guidance

[Are all liabilities fully recorded and properly presented?]

Climate change resource guidance

[Have you recorded all of your environmental and decommissioning obligations?]

[What's the impact on restructuring provisions?]

[Net-zero commitments: When to recognise a liability and how to tell a connected story]

Other guidance

[Example Public 2023-24 – Notes 31]

[Annual Disclosure Checklist (September 2023) – Section 2.10]

Insights into IFRS – Chapter 3.12 Provisions, contingent assets and liabilities

Questions to consider

- Have we assessed the impact of rising interest rates on estimating future cash flows and on discount rates in valuing current provisions?
- Have we considered if any contracts, in particular revenue contracts, have become onerous?
- Have we considered recognising a provision for restructuring where there is a formal restructuring plan in place at the balance date which has raised a valid expectation on those affected that the entity will carry out the plan?
- Have we identified any changes in legislation that may result in new obligations or changes to existing environmental/decommissioning obligations for the company?
- Do we need to adjust the expected timing and amount of estimated future remediation costs for environmental/decommissioning provisions?
- Have financial guarantees issued been recognised appropriately and have we reassessed the measurement of the liability?
- Have we assessed contractual obligations to perform make good in any lease contracts?
- Have we considered all factors in estimating restoration provisions and have we reassessed the liability in a timely manner?
- Have we reviewed recent company announcements and assessed whether any statements created a constructive obligation that needs to be provided for?
- Are we monitoring government actions and regulatory changes related to climate matters that could trigger a need for restructuring plans?
- Have we reviewed our net-zero plan, assessed financial reporting impacts, explained which actions trigger liabilities, and monitored related accounting guidance?

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03 Subsequent events

ASIC guidance

It is important that directors and management evaluate all events that occur after their reporting date and before authorising the financial report for issue and assess:

- Which of those events provide additional evidence of conditions that existed at the reporting date and for which financial statements need to be adjusted?
- Which of those events relate to conditions that arose after the reporting date, and if material, require disclosure only?

Relevant KPMG guidance

Uncertain times reporting guidance

How should companies assess external events after the reporting date?

Other guidance

Example Public 2023-24 – Notes 42

Annual Disclosure Checklist (September 2023) – Section 1.10

Insights into IFRS – Chapter 2.9 Events after the reporting date

Questions to consider

- Have we considered all events that occur after the reporting date and before authorising the financial report? Have we assessed if those events are adjusting or non-adjusting subsequent events?
- Have we adjusted our accounting estimates and judgements for all adjusting subsequent events such as where events affect the assessments relating to impairment of financial and non-financial assets (for example, payments received or missed after year-end may provide more information on the recoverability of receivables)?
- Have we disclosed the nature and estimate of financial effect of all material non-adjusting subsequent events such as sale of a significant business after the reporting date?

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04 Disclosures | Disclosures in the OFR

ASIC guidance

Directors should ensure the Operating and Financial Review (OFR) complements the financial report and tells the story of how the entity's businesses are impacted by uncertainties and changing economic circumstances. The overall picture should be clear, understandable, and be supported by information that will enable investors to understand the significant factors affecting the entity, its businesses and the value of its assets.

The OFR should explain the underlying drivers of the results and financial position, as well as risks, management strategies and future prospects.

All significant factors should be included and given appropriate prominence.

Directors should consider disclosing the most significant business risks at whole-of-entity level that could impact the financial outcomes, including a discussion of environmental, social and governance risks. The risks will vary depending upon the nature and businesses of the entity and its business strategies. An exhaustive list of generic risks that might potentially affect a large number of entities would not be helpful.

Relevant KPMG guidance

Example Public 2023-24 – Operating and financial review

Have you disclosed climate-related impacts clearly?

Questions to consider

- Have we explained the underlying drivers of results and financial position, the risks, management strategies to address the risks and future prospects in the OFR?
- Have we identified and given appropriate prominence to all significant factors affecting the entity?
- Have we considered the climate change risk impact on governance, business model, strategy, risk management, performance and prospects?
- Does the OFR complement the information disclosed in the financial report?
- Is the information in the OFR consistent with the key judgements, estimates and assessments made in the financial statements?
- Have we identified the entity's specific business risks and outlined why the risk is significant and assessed its potential impact?
- Have we considered cyber security risk and its potential impact?

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04 Disclosures | Disclosures in the OFR

ASIC guidance (Continued)

Risks should be described in context – for example, why the risk is important or significant and its potential impact and, where relevant, factors within the control of management.

Directors should also consider whether to disclose information that would be relevant under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Given common reporting pillars, following the TCFD recommendations will help position companies for any future reporting under Australian Sustainability Reporting Standards.

Directors should consider whether cyber security risks have a material impact and require disclosure. Considerations include the impacts of a loss of personal data or a denial-of-service attack, such as the extent and nature of personal data held and possible impacts on revenue.

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04 Disclosures | Disclosures in the financial report

ASIC guidance

Directors should ensure that the disclosures in their financial statements are sufficient to allow investors and other users to understand the sources of estimation uncertainty and significant judgements made in applying accounting policies.

Disclosure of changing key assumptions and a sensitivity analysis are important.

Directors should explain where uncertainties have narrowed or changed since the previous full-year and half-year financial reports.

Directors should also consider the appropriate classification of assets and liabilities between current and non-current categories on the statement of financial position.

Half-year reports should disclose information on significant developments and changes in circumstances since 31 December 2023.

Relevant KPMG guidance

Uncertain times reporting guidance

Impact of external events on the going concern assessment and disclosures

Other guidance

Example Public 2023-24 – Note 4

Annual Disclosure Checklist (September 2023) – Section 1.4

Illustrative disclosures - Guide to condensed interim financial statements

Questions to consider

- Have we explained areas where there is estimation uncertainty and the impact of that uncertainty?
- Have we ensured that the disclosures made are specific to the assets, liabilities, income and expenses of the entity?
- Have we disclosed the assumptions that have a significant risk of resulting in a material change in the carrying amount of assets and liabilities in the next 12 months?
- Have we identified specifically the carrying amount that would be impacted by a change in assumptions and the nature of the assets?
- Have we considered the completeness of disclosures made in relation to estimates?
- Have we explained accounting policy choices that involved significant judgement?
- Have we considered the interrelationships between disclosures of estimates and significant judgements and what is included in key audit matters in the audit report?
- Have we considered the impacts of sensitivity analysis on our calculations and need for disclosure?
- Have we reviewed the classification of assets and liabilities on the statement of financial position to ensure they are appropriately classified as current and non-current?
- Have we disclosed information on significant developments and changes in circumstances since the previous annual report in our half-year report?

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04 Disclosures | Non-IFRS financial information

ASIC guidance

Directors should ensure any non-IFRS profit measures in the OFR or market announcements are not presented in a potentially misleading manner. Directors should refer to RG 230 *Disclosing non-IFRS financial information.*

Questions to consider

- Are non-IFRS measures appropriately reconciled to IFRS measures and not presented in a potentially misleading manner?
- Have we ensured that non-IFRS measures are not disclosed in the financial statements, except in segment reporting or earnings per share notes?
- Have we ensured that a reversal of asset impairment loss is excluded from non-IFRS measure where the impairment loss was excluded from that measure in a prior period?

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24RU-08 ASIC Focus areas: 30 June 2024

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