

Reporting Update

6 April 2016, 16RU-002



ASIC remakes financial reporting class orders

ASIC has recently remade the following class orders relating to financial reporting as new legislative instruments. The remade legislative instruments are no longer referred to as 'class orders'.

Class order	New instrument
Class Order 98/100 <i>Rounding in Financial Reports and Directors' Reports</i> (CO 98/100)	<i>ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191</i> (Rounding instrument)
Class Order 98/104 <i>Dual Lodgment Relief</i>	<i>ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181</i> (Electronic lodgment instrument)
Class Order 00/2451 <i>Electronic Lodgment of Certain Reports with the ASX – Approval</i>	

No substantive amendments were made to any of the repealed class orders.

Both instruments commence on 1 April 2016, the day after they were registered.

Entities should ensure references to the relevant instruments are updated as appropriate in any financial reports or directors' resolutions.

KEY POINTS

- Rounding class order remade with no change to existing rounding relief
- No amendment to directors' and financial report references for ASIC Class Order 98/100 for reporting periods ending BEFORE 30 June 2016

ACTION POINTS

- Update references in directors' reports and financial reports for reporting periods ending on or after 30 June 2016 for **ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191**

Background

Under the *Legislative Instruments Act 2003*, legislative instruments cease automatically, or 'sunset', after 10 years, unless action is taken to exempt or preserve them.

To preserve its effect, a legislative instrument, such as a class order, must be remade before the sunset date. The purpose of sunseting is to ensure that instruments are kept up to date and only remain in force while they are fit for purpose, necessary and relevant.

ASIC has a process in place to consult on class orders that are approaching their sunseting date. A number of the financial reporting class orders are approaching their sunseting dates in 2016 and 2017. Key existing class orders have been consulted on and are awaiting their remaking. We will communicate those relating to financial reporting which are remade as this occurs.

The class orders are generally viewed to be operating effectively and efficiently, and continue to form a necessary and useful part of the legislative framework. Accordingly, each class order has been redrafted using ASIC's current style and format, while in most part preserving the current effect of the instrument. No substantive amendments are expected.

Class orders relevant to financial reporting are set out in the [Australian Financial Reporting Manual](#).

Rounding instrument

CO 98/100 was repealed effective on 1 April 2016. The new Rounding instrument, however, included transitional provisions, providing time for entities to amend references in financial and directors' reports. The application of the Rounding instrument and CO 98/100 is as set out below.

Financial or directors' report for a financial year or half year ending:		
	Before 30 June 2016	On or after 30 June 2016
Rounding instrument applicable	CO 98/100 <i>Rounding in Financial Reports and Directors' Reports</i>	ASIC Corporations (<i>Rounding in Financial/Directors' Reports</i>) Instrument 2016/191
Impact	Retain references to CO 98/100	Update references regarding rounding of amounts to this instrument: ASIC Corporations (<i>Rounding in Financial/Directors' Reports</i>) Instrument 2016/191

Apart from the change of reference highlighted above, there is no impact of the making of the Rounding instrument. The Rounding instrument continues with the same effect and conditions of the class order on which it is based: CO 98/100. This includes:

- Extent of rounding allowable depending on level of total assets
- The exceptions to general rounding, requiring a lower level of rounding, which include:

- Certain directors' report disclosures relating to key management personnel remuneration, indemnity and insurance premiums and payments, non-audit services provided by the auditor, options under s300 and s300A of the *Corporations Act 2001*
 - Amounts required under AASB 2 *Share-based payment* paragraphs 46, 46 and 50
 - Remuneration of auditors disclosure required under AASB 1054 *Australian Additional Disclosures* paragraph 10
 - Key management personnel compensation and related party transaction disclosures required under AASB 124 *Related Party Disclosures* paragraphs 17, 18 and 19
 - Earning per share amounts required under AASB 133 *Earning per Share* paragraphs 66 to 69
- The requirement to reference the instrument in any financial or directors' report that applies the instrument
 - The requirement to clearly disclose on each page the extent to which amounts are rounded.

Further details relating to the rounding relief available and conditions are included in the [Australian Financial Reporting Manual](#).

Electronic lodgment instrument

The Electronic lodgment instrument continues the relief previously provided allowing entities listed on the Australian Stock Exchange and a number of other Australian regulated markets to lodge reports electronically with the relevant market operator without also having to separately lodge the reports with ASIC.