

# CORPORATE ADVISOR SPRING EDITION 2024

## HALL CHADWICK

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# INTRODUCTION

**In this issue of Corporate Advisor, we explain 14 financial-reporting, corporate-governance regulatory topics of crucial importance to CFO's and Directors.**

ASIC's focus areas are like prior years – impairment and asset values, provisions, events occurring after year-end and before completing financial reports, disclosures in the reports and operating and financial reviews. What gives them a different complexion is the current uncertain markets and economic conditions.

We need to take a fresh look at what ASIC is telling us in new focus areas and enduring ones. The Hall Chadwick team trust that the appendix ASIC *enduring focus areas for financial reporting* will help preparers, audit committees, and directors.

Under amendments to AASB 101 *presentation of Financial Statements* disclosure is now required for material accounting policy information – superseding disclosure of significant accounting policies. It is subtle, but a significant change. These amendments apply to 30 June for the first time.

Lifting the eyes a little into 2025, we see substantial developments with release of AASB 18 *presentation and Disclosure in Financial Statements*, guidance provided on AI, new bribery legislation to soon become operative, and the latest in fraud trends.

Compliance risks are still showing up in wages underpayment and cyber-security.

The Hall Chadwick team looks forward to collaborating with you on the challenges ahead.

# ASIC'S FINANCIAL REPORTING FOCUS FOR 30 JUNE 2024

By Doug Bell, Partner, Hall Chadwick (WA)

## **The Australian Securities & Investments Commission targets its surveillance of auditing and reporting in two tranches.**

The first is what it calls 'enduring' areas. They apply to every reporting period and include asset values, adequacy of provisions, subsequent events, and disclosures. See appendix ASIC '*enduring*' focus areas for financial reporting.

In certain periods, these areas are supplemented by extra targets depending on new regulatory requirements and emerging issues. These include climate change, consolidated entity disclosure statements, grandfathered entities, and registrable superannuation entities.

Directors are encouraged to engage closely with the federal government's proposed mandatory climate-reporting reforms for entities that are required to prepare financial reports under Chapter 2M of the *Corporations Act*.

'Directors need to be aware of the impending developments in climate-reporting,' said Ms O'Rourke, ASIC Commissioner.

'The first tier of companies is proposed to report for financial years commencing from 1 January 2025. Directors and entities should start preparing and putting into place the necessary governance arrangements. They should consider what capabilities and data requirements may be needed.'

In the meantime, entities with material climate-related risks should look to report voluntarily in line with recommendations of the Taskforce on Climate-related Financial Disclosures and ensure

that any voluntary statements are not misleading.

ASIC is continuing to monitor market practice on voluntary climate-related financial disclosures, which will inform future compliance programs and guidance.

We note that ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* and ASRS 2 *Climate-related Financial Disclosures* are to be released by the Australian Accounting Standards Board later this year.

Large proprietary companies that had been previously 'grandfathered' are required to lodge financial reports for years ending on or after 10 August 2022. They are included in ASIC's financial reporting and audit surveillance program.

Ms Rourke said, 'We expect preparers, directors and auditors to pay particular attention to these focus areas in a collective effort to improve financial reporting and audit quality. ASIC will continue to focus on the financial reporting elements that require the most judgement and make the most use of estimates.'

ASIC will review the full-year financial reports of selected listed entities and other public interest entities. This includes a sample of financial reports from the group of large proprietary companies that were formerly exempt from lodging audited financial statements with the commission ASIC (grandfathered companies) but are now required to lodge and registerable superannuation funds.



# ASIC REMINDS DIRECTORS OF FINANCIAL REPORTING DUTIES

By Drew Townsend, Partner, Hall Chadwick (NSW)

**ASIC emphasises that directors bear the primary responsibility for the integrity and quality of the company's financial reports.**

This responsibility extends to ensuring that management delivers accurate and timely financial information for auditing, underpinned by comprehensive position papers that include detailed analyses and conclusions, all rigorously aligned with relevant accounting standards.

It is imperative that companies implement robust processes and maintain thorough records and analyses to substantiate the information presented in their financial reports. The application of appropriate expertise and experience is crucial in both the reporting and auditing phases, particularly in areas that are inherently complex or subjective, such as asset valuations, provisions, and other critical estimates.

Directors must ensure that the rationale and circumstances underpinning judgments on accounting estimates and forward-looking information are meticulously documented at the time they are made, and disclosed where necessary. This documentation should provide clear insight into the basis of these judgments, ensuring transparency and accountability.

Furthermore, audit fees should reflect the reality of increased audit complexity and effort, especially in areas requiring significant judgment. Fees must be commensurate with the depth of scrutiny and the heightened requirements for assurance in these challenging aspects of the financial report.



# DISCLOSE MATERIAL ACCOUNTING POLICY INFORMATION ONLY

By Colin Parker, Principal, GAAP Consulting ([www.gaaptraining.com.au](http://www.gaaptraining.com.au))

**Under amendments to AASB 101 *Presentation of Financial Statements* disclosure is now required for material accounting policy information – superseding disclosure of significant accounting policies.**

It is subtle, but a significant change. These amendments apply to 30 June for the first time.

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements.

Accounting policy information is likely to be material to its financial statements if that information relates to material transactions, other events or conditions and:

- The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements
- The entity chose the accounting policy from one or more options permitted by Australian Accounting Standards (and there are many such options)
- The accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

in the absence of an Australian Accounting Standard that specifically applies

- The accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions as required by AASB 101, and
- The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions,

Accounting policy information that focuses on how an entity has applied the requirements of the Australian Accounting Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the Standards.

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. If such information, it must not obscure material accounting policy information.

The amendments should result in the removal of boilerplate accounting policies – often a summary of what an accounting standard requires. More information about entity specific judgements and estimates.

# NEW RULES FOR 'CONSOLIDATED ENTITY DISCLOSURE STATEMENT'

By Stewart Thompson, Partner, Hall Chadwick (NSW)

**Among annual financial-reporting obligations under chapter 2M of the Corporations Act, Australian public companies must include from 1 July last year a 'consolidated entity disclosure statement'**

The *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share – Integrity and Transparency) Act 2024* amends the *Corporations Act 2001* to introduce the statement, which aims to enhance transparency around the tax residency of entities within a consolidated group.

The statement requires the following disclosures for each entity that was, at the end of the financial year, part of the consolidated group:

- The entity's name
- Whether the entity is a body corporate, partnership or trust
- Whether the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity
- Where the entity was incorporated or formed (if the entity is a body corporate)
- Where the entity is a body corporate with share capital, the percentage of the entity's issued share capital held directly or indirectly by the public company

- Whether the entity was an Australian resident or a foreign resident within the meaning of the *Income Tax Assessment Act 1997*, and
- If the entity was a foreign resident, a list of each foreign jurisdictions in which the entity was a resident for the purposes of the law of the foreign jurisdiction.

The existing directors' declaration will include a statement about whether, in the directors' opinion, the Consolidated Entity Disclosure Statement is true and correct.

For listed public companies, the chief executive officer and chief financial officer will also declare that the statement is true and correct.

ASIC released Information Sheet 284 *Consolidated Entity Disclosure Statement*, which provides guidance for preparers of financial reports to ensure that CEDS complies with the requirements of the *Corporations Act 2001* and is consistent with the policy intent of the legislation.





This information sheet:

- provides guidance on current developments, and
- outlines what public companies need to be aware of when preparing their consolidated entity disclosure statement – reporting requirements, tax residence, true and correct, materiality, and audit and assurance.

The CEDS is subject to audit. The Auditing and Assurance Standards Board issued a bulletin '*Audit Implications of the Consolidated Entity Disclosure Statement*'.

The determination of tax residency is complex, a matter of law and may be required to be determined on an operation-by-operation basis (and not entity-by entity).

Should your group have a complex overseas operations, it is recommended that you contact your Hall Chadwick Partner to discuss the matter so that proper advice and the way forward can be discussed.

# MORE PROFIT-AND-LOSS DETAILS REQUIRED

By Anthony Travers, Partner, Hall Chadwick (NSW)

**The Australian Accounting Standards Board has issued AASB 18 *Presentation and Disclosure in Financial Statements* to improve how entities reveal their details, a particular focus being on information about performance in profit and loss.**

AASB 18 will replace AASB 101 *Presentation of Financial Statements*.

The new requirements will enable investors and other statement users to make more informed decisions, including better capital allocation, that will contribute to long-term financial stability.

Key presentation and disclosure requirements are:

- Newly defined subtotals in the statement of profit and loss
- Management-defined performance measures, and
- Enhanced requirements for grouping information (that is, aggregation and disaggregation).

For for-profit entities (other than superannuation entities applying AASB 1056 *Superannuation Entities*) preparing Tier 1 general-purpose financial statements, AASB 18 applies to annual reporting periods beginning on or after 1 January 2027, earlier application permitted. Some listed entities, in particular, may decide to early adopt given the flexibilities introduced.

For not-for-profit private sector entities, NFP public sector entities and superannuation entities applying AASB 1056, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028, earlier application permitted.

The delayed date will allow the AASB to consult with stakeholders to assess whether AASB 18 should be amended. AASB 18 incorporates IFRS 18 and makes consequential amendments to most of the AASB pronouncements.





# Directors convicted of failing to have DIN's

By Nikki Shen, Partner, Hall Chadwick (WA)

**Two Western Australian directors have been convicted and fined \$5,000 each for failing to comply with director-identification requirements.**

Alexander Henry was convicted *ex-parte* on 3 May of contravening section 1272C(2) of the *Corporations Act 2001* for failing to have a director identification number. Mr Henry is a director of Global Material Solutions Australia Pty Ltd, Alex Henry Holdings Pty Ltd, Duke Shipping Containers Pty Ltd, and All Australia Pty Ltd.

Luke David Mason was also convicted *ex-parte* on 3 May for the same offence. Mr Mason is a director of LDM (WA) Pty Ltd, and LDM Corporate Enterprises Pty Ltd.

Magistrate Crawford SM said that the new director IDs had been enacted for a proper public purpose and considerable efforts had been made by relevant government agencies to bring the accused's attention to the scheme and obtain compliance.

Mr Henry and Mr Mason were each fined \$5,000 plus costs of \$171.71. The maximum penalty for an offence against section 1272C(1) of the act is 60 penalty units, a fine of \$18,780.



# INFORMATION COMMISSIONER TAKES MEDIBANK TO COURT

By Michael Hilgrove, Partner, Hall Chadwick (WA)

**The Australian Information Commissioner has filed civil penalty proceedings in the Federal Court against Medibank Private Ltd about its October 2022 data breach.**

The commissioner alleges that from March 2021 to October 2022 Medibank seriously interfered with the privacy of 9.7 million Australians by failing to take reasonable steps to protect their personal information from misuse, disclosure, and unauthorised access in breach of the Privacy Act 1988.

Privacy commissioner Carly Kind said, 'Organisations that collect, use, and store personal information have a considerable responsibility to ensure that [that] data is held safely and securely.

That is particularly the case when it comes to sensitive data.

"This case should serve as a wakeup call to Australian organisations to invest in their digital defences to meet the challenges of an evolving cyber landscape. Organisations have an ethical as well as legal duty to protect the personal information they are entrusted with and a responsibility to keep it safe."





# NEW RESOURCES ON ARTIFICIAL INTELLIGENCE

By Chris Nicoloff, Partner, Hall Chadwick (WA)

**As more organisations adopt artificial-intelligence technologies and policymakers focus increasingly on regulating AI risks, the need for directors and boards to understand governance requirements of ethical and informed AI use is rapidly becoming an imperative.**

AI has the potential to offer significant productivity and economic gains. But alongside the benefits lie potential risks.

Research suggests that boards face many challenges, including how to implement effective surveillance systems.

The Australian Institute of Company Directors has partnered with the Human Technology Institute at the University of Technology Sydney to produce a new suite of resources to help directors and boards navigate AI.

It contains:

- *A Director's Introduction to AI*, which lays the foundations for understanding AI concepts
- *A Director's Guide to AI Governance*, providing practical guidance for boards already using or planning to deploy AI within their organisations, and
- *AI Governance Checklist SME and NFP Directors*, which recognises the significance of small and medium-sized enterprises to the Australian economy and their specific needs.

By applying the 'eight elements of safe and responsible AI governance', the resources aim to guide organisations in deploying AI systems safely and responsibly, and help them optimise their strategic and competitive advantage.

Your Hall Chadwick team is available at any time to discuss your concerns, the challenges you are facing and what we can do to help.



# AUSTRALIAN SIGNALS DIRECTORATE (ASD) OFFERS CYBER-SECURITY TIPS

By Nikki Shen, Partner Hall Chadwick (WA)

**Cyber threats are on the rise in Australia. The Australian Signals Directorate receiving nearly 94,000 cybercrime reports in the 2022-23 financial year, a report every six minutes.**

Charities and NFPs are cyber-criminals' prime targets.

Key cyber threats are phishing, business-email compromises, and ransom-ware, says the ASD.

Effects of a cyber-security incident can be devastating and include financial loss, data breaches, reputational damage, loss of trust from donors and beneficiaries, and harm to the communities the NFPs serve.

The directorate offers the following tips:

- Activate multi-factor authentication where possible
- Check that automatic updates are on and install them as soon as possible
- Back-up important files and device-configurations often. Test your backups on a regular basis
- Use a reputable password manager to create strong, unique passwords or pass-phrases for your accounts
- Provide cyber-security training, particularly on how to recognise scams and phishing attempts
- Use access controls and review them often so that staff may access only what they need to for their duties. This will reduce potential

damage caused by malware and unauthorised access to systems

- Use only reputable and secure cloud services and managed service providers
- Test cyber-security detection, incident response, business continuity, and disaster recovery plans often
- Review the cyber-security posture of remote workers and connections. Make sure staff are aware of secure ways to work remotely, such as not accessing sensitive information in public, and
- Report a cyber-crime, incident, and vulnerability.

Join ASD's *Cyber Security Partnership Program* as a business or network partner. This free program provides advice and insights on the cyber-security landscape. It is important to review your cyber security on a regular basis, to consider the use of outside consultants to review your systems, undertake testing as to its reliance and to ensure it is current to meet the ever changing face of Cyber Risk. Please speak to your Hall Chadwick team to discuss your needs to help mitigate this risk.



# HOW TO RESPOND TO CYBER-ATTACKS

By Mark Delaurentis, Partner Hall Chadwick (WA)

**New guidance on cyber security aims to help company directors respond to cyber-attacks.**

*Governing Through a Cyber Crisis – Cyber Incident Response and Recovery for Australian Directors* has been developed by the Australian Institute of Company Directors in partnership with the Cyber Security Cooperative Research Centre and law firm Ashurst.

Based around the ‘four Rs’ – readiness, response, recovery, and remediation – the guidance covers the most vexing issues directors face in cyber crises, from the development of a cyber-incident readiness plan, execution of an effective crisis communications strategy, whether to make a ransom payment, and the road to rebuilding reputation.

Federal Minister for Cyber Security Clare O’Neil said business leaders, boards, and directors have important obligations to protect their organisations and customers from cyber risks.

“Australians rightly expect businesses to take cyber security seriously. The explosion of cyber incidents over the past two years has shown that we cannot be complacent on cyber. All Australian organisations need to embrace better cyber governance from the board down” she said.

“This guidebook [provides] detailed guidance to corporate leaders on cyber preparation, response and recovery. I commend this guidance to Australian organisations of all sizes and encourage

leaders to embed these principles into how they do business.”

AICD managing director and CEO, Mark Rigotti said cyber security was at the forefront of contemporary Australian governance.

“Boards have a key governance role to play in dealing with increasing cyber threat. Cyber security is consistently the number one thing keeping directors awake at night and this resource will put them in a stronger position to navigate the challenges posed by cyber risks.”

The guidance builds on the joint 2022 AICD and Cyber Security Cooperative Research Centre’s *Cyber Security Governance Principles*.

An accompanying *Snapshot of Governing Through a Cyber Crisis – Cyber Incident Response and Recovery For Australian Directors* includes a checklist of practical steps for SME and NFP directors to respond to a critical cyber incident.

The importance of proper Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP) cannot be emphasised given the risks and the world environment business now operates in. Hall Chadwick’s team has the skills and experience to assist you in reviewing your existing BCP and DRP or to help you in developing such plans.

# REGISTRABLE SUPERANNUATION ENTITIES REPORTING CHANGES

By Clive Massingham , Partner, Hall Chadwick (QLD)

**On 1 July last year, the *Treasury Laws Amendment (2022 Measures No.4) Act 2023* came into force.**

The Act makes several changes to financial-reporting and auditing obligations for registrable superannuation entities. They include:

- The financial reporting and audit requirements of Chapter 2M of the *Corporations Act 2001* now apply to RSEs (except exempt public-sector superannuation schemes, self-managed superannuation funds, excluded approved deposit funds, and small APRA funds)
- Audit firms and approved audit companies may be appointed as RSE auditors and will no longer need to be reappointed every year
- ASIC's consent will be required for the removal or resignation of an RSE auditor, and
- Various amendments were made to align the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Corporations Act*, including offences and penalties for audit-related obligations.

For the first time, superannuation trustees are required to lodge with ASIC audited financial reports for most registrable superannuation entities. Trustees will need to lodge them within three months of the end of a fund's 2023-24 financial year.

ASIC reminds trustees that the reports must be lodged by the due date and in compliance with the relevant accounting standards. RSEs will be included in ASIC's financial-reporting and audit surveillance program.



# NEW BRIBERY OFFENCE

By Drew Townsend, Partner, Hall Chadwick (NSW)

**The Crimes Legislation Amendment (Combatting Foreign Bribery) Act 2024 comes into effect in September and introduces a new corporate offence of failing to prevent foreign bribery under section 70.5A of the *Criminal Code Act 1995*.**

The offence will apply where an associate of a corporation has committed bribery for the profit or gain of the corporation. A corporation will not be liable under the 'failure to prevent' offence if it can prove it had 'adequate procedures' in place to prevent its associates from committing foreign bribery.

Under the legislation, the attorney-general must publish guidance on steps to take to prevent associates from bribing foreign public officials.

Draft guidance to be published later in the year outlines fundamental elements to consider when implementing an effective anti-bribery program.

A principles-based document rather than a checklist of compliance, the guidance is designed to be of general application to corporations of all sizes in all sectors.

The obligation to implement anti-bribery procedures will be proportionate to an entity's circumstances, including scale, location, and level of risk.

Should this new legislation be applicable to your company, the Hall Chadwick Team is here to provide assistance, advice and to develop the principles based system as required.





# EAGERS AUTOMOTIVE COMPANIES BACK-PAY \$16M

By Mark Taylor, Hall Chadwick (QLD)

**Australia's largest car dealership, Eagers Automotive Ltd, has back-paid more than \$16 million, including interest and superannuation to staff at five of its subsidiaries.**

The subsidiaries have signed enforceable undertakings with the Fair Work Ombudsman.

EAL, formerly AP Eagers, is an Australian public company that operates automotive dealerships in all Australian states and territories as well as New Zealand.

In 2019, AP Eagers acquired Automotive Holdings Group Ltd, a holding company for 19 businesses.

EAL self-reported the underpayments to the regulator in June 2021 after it initiated a review of the companies' payrolls after acquisition. Anomalies were found.

The self-report revealed that EAL subsidiaries unlawfully failed to pay in line with award progression, incorrectly classified employees, did not pay overtime, annual leave, and annual-leave loadings, did not pay for training, and failed to pay, as required, when employees were sent home due to lack of work. They also made unauthorised deductions.

On behalf of the five entities, EAL has back-paid 13,277 current and former employees \$16.2 million, including about \$12.1 million in wages, \$1.1 million in superannuation, and \$3 million in interest. The underpayments occurred between 2013 and 2021.

An extra \$1.9 million, including interest and superannuation, has been back-paid to 701 current and former employees of 14 other subsidiaries.

Under the EU, the five companies must also make a combined \$450,000 contrition payment to the Commonwealth's Consolidated Revenue Fund.

Fair Work Ombudsman Anna Booth said, "Under the enforceable undertaking, the subsidiaries of Eagers Automotive Limited have committed to implementing stringent measures to ensure all their workers are paid correctly. These measures include commissioning, at their own cost, an independent auditor to check they are appropriately meeting all lawful entitlements."

In this matter, long-term breaches resulted from a lack of a consistent time and attendance system along with reliance upon manual paper timesheets and a decentralised payroll system – plus a lack of awareness of workers' legal entitlements.

"It is also a good example of the importance of conducting thorough compliance checks when acquiring businesses, and implementing centralised, consistent compliance processes to avoid [...] issues."

The EU also requires the five companies to engage an independent provider to operate an employee hotline for three months at their own cost, write to affected staff to tell them that the EU has begun, and give the FWO evidence of mechanisms in place to identify and rectify compliance issues associated with future acquisitions.

Ms Booth said the matter serves as a warning to all employers about what is at stake if they fail to ensure rigorous compliance with awards and enterprise agreements.

Hall Chadwick has developed an in front approach to conduct deep dives into payroll systems and processes to identify and supply confirmation with compliance with awards, and to provide suggestions to improvement to systems to give greater assurance to directors.



# BILLIONS LOST THROUGH FRAUD

By Steven Nguyen, Hall Chadwick (VIC)

**To support organisations and anti-fraud professionals, the Association of Certified Fraud Examiners has released *Occupational Fraud 2024: A Report to the Nations*.**

The 13th edition of the ACFE's biennial research continues a pivotal role in shedding light on occupational fraud, offering insights into the mechanics of fraud within organisations worldwide.

The report contains:

- Global fraud statistics, highlighting the impact globally of occupational fraud, showing losses in the cases analysed amounting to more than \$3.1 billion
- Case studies and implications analysing 1921 actual fraud cases investigated by the examiners, providing insights into the schemes used and lessons learned
- The impact of COVID-19 as cases were investigated between January 2022 and September 2023. As the typical fraud case lasts 12 months before being detected, most cases in the study probably occurred at the height of the COVID-19 pandemic, and 53 per cent of them had at least one pandemic-related factor contribute to the fraud
- Profile of a typical fraudster, including his or her position within an organisation, tenure, and the methods he or she most commonly used to conceal fraud
- Methods of detection, emphasising the increasing role of technology and data analytics in uncovering fraudulent activities, and

- An evaluation of the importance of effective anti-fraud controls, showing more than half of occupational frauds occurring due to a lack of internal controls or an overriding of them.





## APPENDIX: ASIC'S ENDURING FOCUS AREAS FOR FINANCIAL REPORTING

Area	Consideration
Impairment of non-financial assets	<p>Goodwill, indefinite useful life intangible assets and intangible assets not yet available for use must be tested for impairment annually.</p> <p>Entities adversely impacted in the current environment may have new or continuing indicators of impairment that require testing for other non-financial assets.</p> <p>The appropriateness of key assumptions supporting the recoverable amount of non-financial assets.</p> <p>The valuation method used for impairment testing should be appropriate, use reasonable and supportable assumptions, and be cross-checked for reliability using other relevant methods.</p> <p>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. Share prices may reflect transactions of relatively small proportionate interests as part of an investor's strategy for a share portfolio. Businesses may be sold in illiquid markets with few potential participants. A business acquirer may seek synergistic benefits or make significant changes to a business.</p> <p>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. Information may be dated and the limitations in using an entity's own market capitalisation may apply. Other entities must have closely comparable businesses, products, markets, cost structures, funding, and so on.</p> <p>Disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios.</p>
Values of property assets	<p>Factors that could adversely affect commercial and retail property values should be considered, such as changes in office space requirements of tenants, on-line shopping trends, future economic or industry impacts on tenants, and the financial condition of tenants.</p> <p>The lease-accounting requirements and the impairment of lessee right-of-use assets.</p>
Expected credit losses on loans and receivables	<p>Whether key assumptions used in determining expected credit losses are reasonable and supportable.</p> <p>Any need for more reliable and up-to-date information about the circumstances of borrowers and debtors.</p> <p>Short-term liquidity issues, financial condition and earning capacity of borrowers and debtors.</p> <p>Ensuring the accuracy of aging of receivables.</p> <p>Using forward-looking assumptions and not assuming recent debts will all be collectible.</p> <p>The extent to which past history of credit losses remains relevant in assessing ECLs.</p> <p>Whether possible future losses have been adequately factored in, using probability-weighted scenarios as necessary.</p> <p>Disclosure of estimation uncertainties and key assumptions.</p> <p>ECLs should be a focus for companies in the financial sector. Financial institutions should have particular regard to the impact of current economic and market conditions and uncertainties on ECLs. This includes assessing whether there are significant increases in credit risk for particular groups of lenders, the adequacy of data, modeling, controls, and governance in determining ECLs, and disclosing uncertainties and assumptions.</p>
Financial-asset classification	<p>Financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.</p> <p>Criteria for using amortised cost include whether both:</p> <ul style="list-style-type: none"> <li>Assets are held in a business model whose objective is to hold the assets to collect contractual cash flows, and</li> <li>Contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.</li> </ul>
Value of other assets	<p>The net realisable value of inventories, including whether all estimated costs of completion and necessary to make the sale have been considered in determining net realisable value.</p> <p>Whether it is probable that deferred tax assets will be realised.</p> <p>The value of investments in unlisted entities.</p>
Provisions	<p>The need for and adequacy of provisions for matters such as onerous contracts, leased property make-good, mine-site restoration, financial guarantees given and restructuring.</p>
Subsequent events	<p>Events should be reviewed as to whether they affect assets, liabilities, income or expenses at year-end or relate to new conditions requiring disclosure.</p>
Disclosure – general considerations	<p>Directors and preparers should put themselves in the shoes of investors and consider what information investors would want to know.</p> <p>Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial position, and performance.</p> <p>Changes from the previous period should be considered and disclosed.</p>
Disclosures in the financial report	<p>Uncertainties may lead to a wider range of valid judgements on asset values and estimates. The financial report should disclose uncertainties, changing key assumptions and sensitivities. This will assist investors in understanding the approach taken, understanding potential future impacts and making comparisons among entities. Entities should also explain where uncertainties have changed since the previous full-year and half-year financial reports.</p> <p>The appropriate classification of assets and liabilities between current and non-current categories on the statement of financial position should be considered. That may have regard to matters such as maturity dates, payment terms, and compliance with debt covenants.</p>
OFR disclosures	<p>These should complement the financial report by clearly explaining how economic and market conditions impact the entity's businesses, results, and prospects. The overall picture should be clear, understandable, and supported by information that helps investors grasp the key factors affecting the entity and its asset value.</p> <p>The OFR should detail the drivers of financial results, risks, management strategies, and future prospects. Significant factors should be highlighted appropriately.</p> <p>Discuss the most critical business risks, including environmental, social, and governance risks, relevant to the entity's operations and strategies. Avoid generic risks; instead, provide context, explaining the significance, potential impact, and mitigation measures.</p> <p>Disclose material risks such as climate change and cybersecurity, as these could significantly affect future prospects.</p>
Non-IFRS financial information	<p>Any non-IFRS profit measures (i.e. measures not in accordance with all relevant accounting standards) in the OFR or market announcements should not be presented in a potentially misleading manner (see regulatory guide 230 <i>Disclosing non-IFRS financial information</i>).</p>
Disclosure in half-year reports	<p>Disclosure will also be important for half-year financial reports and directors' reports. Half-year reports should disclose information on significant developments and changes in circumstances since the last full-year report.</p>

# HALL CHADWICK

Find out how we can help, contact your local office:



**Drew Townsend**  
Partner

+61 2 9263 2600  
dtownsend@hallchadwick.com.au



**Stewart Thompson**  
Partner

+61 2 9263 2600  
sthompson@hallchadwick.com.au



**Clive Massingham**  
Partner

+61 7 3212 2500  
clive.massingham@hallchadwickqld.com.au



**Anthony Travers**  
Partner

+61 2 9263 2600  
atravers@hallchadwick.com.au



**NNikki Shen**  
Partner

+61 8 9426 0666  
nshen@hallchadwickwa.com.au



**Doug Bell**  
Partner

+61 8 9426 0666  
dbell@hallchadwickwa.com.au



**Steven Nguyen**  
Partner

+61 3 9820 6400  
snguyen@hallchadwickmelb.com.au



**Chris Nicoloff**  
Partner

+61 8 9426 0666  
cnicoloff@hallchadwickwa.com.au



**Mark Taylor**  
Partner

+61 7 3212 2500  
mark.taylor@hallchadwickqld.com.au



**Mark Delaurentis**  
Partner

+61 8 9426 0666  
mdelaurentis@hallchadwickwa.com.au



**Michael Hillgrove**  
Partner

+61 8 9426 0666  
mhillgrove@hallchadwickwa.com.au