

# ICAA Presentation on Financial Reporting Obligations

ASX Periodic Reporting

Darren Collins  
Senior Adviser, Issuers and  
Accounting Policy

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- **Informed Market**
  - Give all Reports to ASX as Proxy for the Market
- **When should the market be informed?**
  - When entity “*becomes aware*” (Listing Rules 3.1 & 19.2)
  - Principle of LR 3.1 applies - *immediately...becomes available*”
  - Periodically i.e. Chapter 4 of listing rules
- **What should the market be informed of?**
  - LR 3.1 & 19.2 again & ASX Periodic Reports

# Listing Rule 3.1



- Continuous Disclosure rule that states:  
*“Once an entity is or becomes +aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s +securities, the entity must immediately tell ASX that information”.*

# Listing Rule 19.2

- Spirit and Intention

*“An entity must comply with the listing rules as interpreted:*

*- in accordance with their spirit, intention & purpose;*

*- by looking beyond form to substance; and*

*- in a way that best promotes the principles on which the listing rules are based*

# Accounting Standards



- ASX Listing Rules presume:
  - All financial information and reports
    - a) comply with Accounting Standards
    - b) show True and Fair View
- Australian Companies:
  - Must use AASBs (CA Ss.296 & 304)
  - Must use A\$ (AASB 101)

# Accounting Standards (cont.)



- Foreign Companies (GN 4)
  - Can use AASBs or one of 8 Acceptable Stds i.e. IFRS, UK, NZ, CAN, SG, HK, USA, SA.
  - If different standards are used, company must reconcile to AASB or IFRS.
  - Can use any currency

# ASX Periodic Reports



- Appendix 4D – ½ Year (s.320)
- Appendix 4E – Preliminary Final Report
- Appendix 4F – Change of Year End
- Appendix 4C – ¼ly Cash Flow (Start-Ups)
- Appendix 5B – ¼ly Cash Flow (Mining Explorers)

# ASX Periodic Reports (cont.)



- Skeletons Only
- “Tell the Story”
- Entity must apply relevant accounting standards
- TFV/Story more important
- File as a Package

# Appendix 4D

- Front Page
  - Identity
  - Reporting Period
  - Profits
  - Dividends
  - Brief Explanation of Events
- s.320 Statutory Accounts Package
  - Consolidated Financial Statement
  - Note to the Accounts
  - Directors' Declaration
  - Directors' Report
  - Auditor's Report

# Appendix 4E

- Front Page
  - As per Appendix 4D
- Summary Accounts
  - No need for full financial statements' lines and notes
  - No need to be audited
  - However, most entities lodge audited statutory a/cs
  - Not intended by listing rules but accepted practice

# Appendix 4F

- Used if new financial year >12m
- Talk to ASX first
- Report = AASB134 (Interim Fin Reporting)
- No need for full notes etc.
- No need for audit/review unless ASX asks
- Appendix 4E follows for full financial year
- “Bridges Gap” – 6 month cycle

# Appendix 4F – example



ASX

AUSTRALIAN SECURITIES EXCHANGE

- An entity has a balance date of 31 March. During November 2007 it decides to change its balance date to 31 October.
- It must give the information required by LR 4.2A for the 6 months to 30 September 2007 by 30 November 2007 (i.e. Appendix 4D and Half Year Accounts).
- Entity must also provide the information set out in Appendix 4F for the 12 month period to 31 March 2008.
- An Appendix 4E should be prepared for the 7 months to 31 October with comparatives.

# Appendices 4C & 5B

- Quarterly Cash Flow Statement
- No Audit
- Comply with Accounting Standards
- No need for Full Detailed Notes
- One Month Deadline
- “Tells Story” i.e. What We Did With Your \$
- Start Ups – Min 8 reports & 4 Consecutive Positive Operating Cash Flows

# Deadlines



ASX

AUSTRALIAN SECURITIES EXCHANGE

- Appendix 4D & Half Yearly
  - 2 months after period end
  - 75 days if Mining Explorer
- Appendix 4E and Appendix 4F
  - 2 months after period end
- Appendix 4C and Appendix 5B
  - 1 month after period end

# Deadlines (cont.)

- Strictly Enforced
- >95% of Companies have 30 June y/e
- Circa 4% have 31 December y/e
- Reporting Overload in Feb and Aug
- Patterns of Filing with 75 Day Deadline Identical to 2 Month Deadline

# Current Issues



ASX

AUSTRALIAN SECURITIES EXCHANGE

- Fair Value/Impairment
- Credit Crisis
- Standard Business Reporting (XBRL)
- Listing Rule review
- Accounting for SMEs (Differential Reporting)
- Companies Updates
  - 02/08 Material Margin Lending Facilities

# Summary



ASX

AUSTRALIAN SECURITIES EXCHANGE

- Informed market
- Entity Becomes Aware
- Material Effect
- Immediate Disclosure
- Comply with Accounting Standards
- True and Fair View
- Tell the Story
- Strict Deadlines – waivers are rare