CORPORATE ADVISOR JULY 2022

HALL CHADWICK

INSIDE

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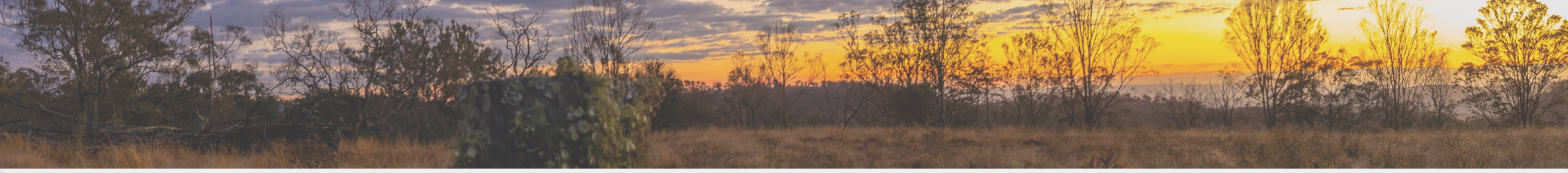


INTRODUCTION

In this issue of **Corporate Advisor**, we explain 13, financial-reporting, corporate-governance regulatory topics of crucial importance to CFOs and directors.

30 June 2022 reporting is the focus. We detail ASIC-focus areas, the lessons from its financial-reporting surveillance program, and changes to AFSL reporting.

For many for-profit entities, this season sees the end of special-purpose financial statements and the challenges in the preparation of first-time general-purpose financial statements. A task not to be under-estimated.

Also gone is reporting under the reduced-disclosure regime, replaced by simplified disclosure.

Much has been happening of particular relevance to boards – climate change, penalties for non-lodgement of financial reports, cyber security, reforms to AGMs and electronic documents, and a reminder that time is running out for director-identification numbers.

Directors and preparers need to keep these front-of-mind and address them.

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

ASIC highlights key reporting areas

By Doug Bell, Partner Hall Chadwick (WA)

The Australian Securities & Investments Commission is urging directors, report preparers and auditors to assess whether financial reports provide useful and meaningful information for investors.

The commission is highlighting several key areas for companies to get right for the 30 June year-end.

Among them are asset values, provisions, solvency, and going-concern assessments. Events occurring after year-end and before completing reports will also be examined. Disclosures and operating and financial reviews will also be under the microscope.

ASIC has noted that companies will be affected differently depending on their industries, where they operate, how their suppliers and customers are affected, and a range of other factors.

Companies may continue to face uncertainties about future economic and market conditions and the impacts on their businesses, the commission noted. Assumptions underlying estimates and assessments for reporting purposes should be reasonable and supportable.

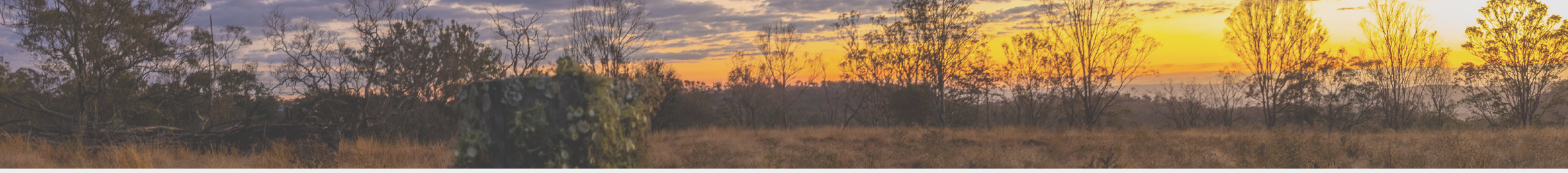
Directors and management should assess current and future company performances, the value of assets and provisions and business strategies might be affected by changing circumstances, uncertainties, and risks such as:

- COVID-19 conditions and restrictions
- Changes in customer preferences and online purchasing trends
- Use of virtual meetings and more flexible working arrangements
- The discontinuation of financial and other support from governments, lenders, and lessors, including possible increases in insolvency levels
- The availability of skilled staff and expertise
- Restrictions to deal with COVID-19 in different jurisdictions
- The impact of rising interest rates on future cash-flows and on discount rates used in valuing assets and liabilities
- Increases in oil prices
- Geopolitical risks, including the Ukraine-Russia conflict
- Government commitments and policies on climate and carbon emissions
- Technological changes and innovation
- Legislative and regulatory changes, and
- Other economic and market developments.

ASIC noted that these factors might also be relevant in assessing the ability of an entity's borrowers, debtors, and lessees to meet their obligations to the entity and the ability of key suppliers to continue to provide goods and services.

Industries that might be particularly affected included construction, commercial property, and big carbon-emitters.

Uncertainties might lead to a wider range of valid judgements on asset values and other estimates. Uncertainties might also change. Disclosures in financial reports about uncertainties, key assumptions, and sensitivity analysis will be important to investors.



Operating and financial reviews should complement the financial reports and tell the story of how an entity's businesses are affected by both COVID-19 and non-virus factors. Underlying drivers of results and financial positions should be explained, as well as risks, management strategies, and future prospects. Forward-looking information should have a reasonable basis, and the market should be updated through continuous disclosures if circumstances change.

ASIC commissioner Sean Hughes said, 'Many companies are facing changing market conditions and uncertainties. Directors and preparers should assess the impact on current and future performance, asset values, and provisions. They should also ensure that increasing demands for better information for investors on uncertainties, key assumptions, business strategies, and risks are met as required under the existing reporting regime for both annual and half-year reports.'

For the detail see *Appendix: ASIC focus areas for 30 June.*

ASIC's reporting-surveillance results

By Mark Delaurentis, Partner, Hall Chadwick (WA)

ASIC's latest review of the financial reports of 70 listed entities for the year ended 31 December 2021 has resulted in inquiries of 18 entities about 31 matters. They mostly related to insufficient disclosure of business risks in the OFR and impairment of assets.

Matter	Number of inquiries
Operating and financial review	10
Impairment and asset values	7
Provisions	2
Revenue recognition	2
Non-IFRS profits	2
Going concern	2
Leases	2
Other matters	4
Total	**31**

Matters involving three of the entities have concluded without any changes to their financial reporting. Inquiries of the remaining 15 continue.

ASIC commissioner Sean Hughes said, 'We acknowledge that many companies are facing changing market conditions. With this comes increasing demand for better information about uncertainties, key assumptions, business strategies and risks.

'Financial reports are critical in providing useful and meaningful information for investors and other users. Our most recent review has identified that some entities still did not appear to give sufficient attention to the disclosure of business risks in the operating and financial review and the reporting of asset values.

'ASIC continues to raise inquiries where the assumptions about future cash flows appear unsupportable, and where the impacts of changing market conditions on the business were not clearly disclosed.'

AFSL financial reporting changes

By Sandeep Kumar, Partner, Hall Chadwick (NSW)

ASIC has announced new financial-reporting requirements for Australian financial-services licensees following changes to accounting standards.

Under new reporting requirements, AFS licensees' financial reports must contain disclosures consistent with financial reports of other for-profit entities that are prepared under standards set by the AASB.

From financial years commencing 1 July 2021, for-profit companies, registered schemes and disclosing entities that prepare financial reports under Chapter 2M of the *Corporations Act 2001* and that are not reporting entities can no longer prepare SPFRs that fail to contain all disclosures required in accounting standards.

Accounting standards instead allow entities that do not have *public accountability* to use a simplified disclosure regime. Entities that have public accountability must comply with the disclosure requirements of the full standards. All entities must apply full recognition and measurement requirements for assets, liabilities, income, and expenses.

An entity has public accountability where:

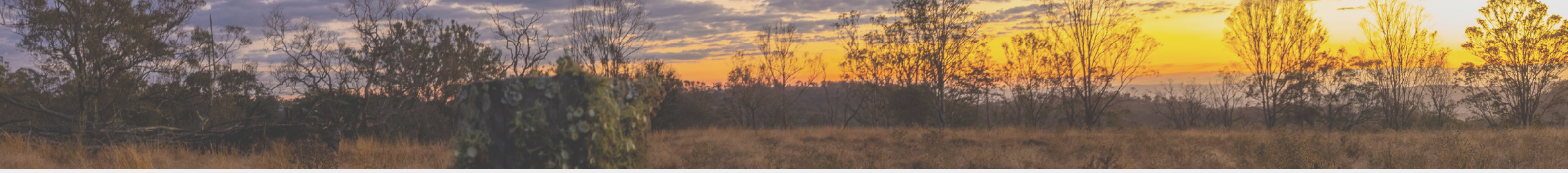
- Its debt or equity instruments are traded in a public market, or it is in the process of issuing instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (this would include AFS licensees that hold client monies).

The AASB's new reporting regime will apply for the Chapter 7 financial reports of most AFS licensees using the public accountability test.

Disclosure requirements of the full standards would also be required to be applied by some licensees to avoid doubt as to whether they have public accountability (including licensees that typically hold client monies or assets) or because they are large or sophisticated licensees with greater market impact.

These are licensees that are:

- Regulated by the Australian Prudential Regulatory Authority
- Participants in a licensed market



- Participants in a clearing and settlement facility
- Retail over-the-counter derivative issuers
- Wholesale electricity dealers
- Corporate advisors that deal in financial products
- Over-the-counter derivative traders
- Wholesale trustees
- Responsible entities of a registered scheme
- Corporate directors of a corporate collective investment vehicle
- Providers of a custodial or depository service, and
- Operators of an investor-directed portfolio service.

All licensees will be required to prepare a cash-flow statement. As well as single-entity financial statements, consolidated financial statements must be presented where the licensee has controlled entities.

There may also be some additional disclosures for licensees that had previously prepared SPFRs, including in areas such as related party transactions, financial-instrument exposures and lease accounting.

The new disclosure requirements apply from financial years commencing on or after 1 July 2021, but many licensees can choose to defer any new disclosure requirements by a year.

AFS licensees that prepared SPFRs last year and that do not prepare reports under Chapter 2M can choose to defer the new disclosure requirements to financial years commencing on or after 1 July 2022. Comparative information need not contain the new disclosures in the first report prepared under the new requirements.

Similar transitional arrangements apply for additional disclosures for licensees that report under Chapter 2M, do not have public accountability, and would otherwise be required to give additional disclosures under full standards.

The changes will be given legal effect through the certification section of the prescribed ASIC form FS 70 *Australian financial services licensee profit and loss statement and balance sheet*.

ASIC commissioner Sean Hughes said, 'These reporting changes will assist those who prepare financial reports under both sets of requirements and provide relevant information for ASIC's surveillances of licensees and for other users of financial reports.'

Removal of SPFSs for certain private-sector entities

By Stewart Thompson, Partner, Hall Chadwick (NSW)

AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For Profit Private Sector Entities* applies to annual reporting periods beginning on or after 1 July last year.

To update the set of for-profit entities for which the reporting entity concept in SAC 1 is no longer, this standard amends:

- the *Conceptual Framework for Financial Reporting* (May 2019)
- the *Framework for the Preparation and Presentation of Financial Statements* (July 2004)

- Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* (August 1990)
- AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015)
- AASB 10 *Consolidated Financial Statements* (July 2015)
- AASB 1048 *Interpretation of Standards* (December 2017)
- AASB 1053 *Application of Tiers of Australian Accounting Standards* (June 2010), and
- AASB 1057 *Application of Australian Accounting Standards* (July 2015).

Certain entities are no longer able to prepare special-purpose financial statements when statements are required to comply with Australian accounting standards or when legislation requires them to comply with the standards. The new standard also makes transition and consequential amendments to other standards and pronouncements.

The amendments set out in 2020-3 apply to entities and financial statements in accordance with the application of other standards set out in AASB 1057.

Also, AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* sets out a new, separate disclosure standard to be applied by entities reporting under Tier 2 of the differential reporting framework in AASB 1053. This standard applies to annual periods beginning on or after 1 July last year. It replaces the *Reduced Disclosure Requirements* framework.

Transition relief under AASB 1 extended

By Drew Townsend, Partner, Hall Chadwick (NSW)

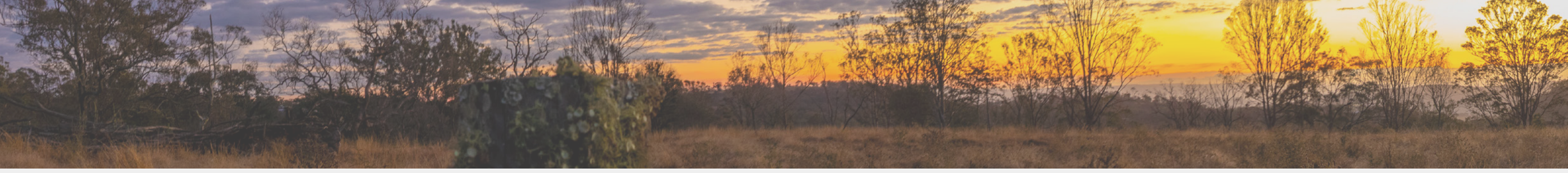
AASB 2022-2 has amended AASB 1 and AASB 1053 to help entities with first-time preparation of general-purpose financial statements in some circumstances.

Those affected include certain for-profit private-sector entities that can no longer apply the reporting-entity 'concept' or prepare special-purpose financial statements from 1 July 2021.

AASB 2022-2 amends AASB 1 *First-time Adoption of Australian Accounting Standards* to allow:

- A subsidiary preparing a general-purpose financial statement for the first time to apply the optional exemption in paragraph D16(a) and measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements where the parent has already adopted either Australian or IFRS standards, and
- A first-time adopter of Australian standards in its consolidated statements later than its subsidiary (or associate or joint venture) to use the amounts included in the subsidiary's (or associate's or joint venture's) separate financial statements where the subsidiary (or associate or joint venture) has already adopted either Australian or IFRS standards.

It also amends AASB 1053 *Application of Tiers of Australian Accounting Standards* to allow for-profit private-sector entities transitioning from unconsolidated Tier 2 – reduced-disclosure requirements to consolidated Tier 2 simplified



disclosures to apply AASB 1 when preparing consolidated statements for the first time.

AASB 2022-2 applies to annual reporting periods ending on or after 30 June.

New disclosures in SPFSs

By Drew Townsend, Partner, Hall Chadwick (NSW)

Disclosures informing users about the basis on which special-purpose financial statements were prepared will be required under new amendments to standards.

The new disclosures aim to support SPFSs' greater transparency and comparability.

Following the issue of AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*, for-profit private-sector entities that are required only by their constituting document or another document (being a document created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards can continue to prepare SPFSs.

When such entities prepare SPFSs that refer to Australian Accounting Standards, AASB 2022-4 requires financial statements to disclose the basis upon which the decision to prepare an SPFS was made and information about the material accounting policies applied in it.

The latter includes the extent of compliance or otherwise of the policies with the recognition, measurement, consolidation, and equity-accounting requirements of Australian standards.

The new disclosures will be added to AASB 1054 *Australian Additional Disclosures*.

Financial statements will also be required to disclose an entity's reporting framework, that the entity is a for-profit, and that the statements are special-purpose financial statements. These disclosure requirements are already included in AASB 1054.

AASB 2022-4 *Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities* applies to annual reporting periods ending on or after 30 June.

Path to net zero proposed

By Nikki Shen, Partner, Hall Chadwick (WA)

The Governance Institute of Australia has launched a new guide designed to be used as a roadmap towards net-zero emissions.

Aimed at boards and management, the guide responds to recent major international climate-policy developments, significant shifts in expectations about organisations' taking action – including disclosing climate risks – and concerns about a lack of firm action at a national level.

The guide will help organisations big and small to act on climate change, said the institute's CEO Megan Motto.

'Many organisations still do not see climate change as an immediate threat,' she said.

'But recent extreme weather [...] has confirmed that climate and climate risk management need to be front of mind for every organisation.

And this mindset shift needs to happen immediately.'

Ms Motto said the guide was designed for senior managers' and directors' use as they build climate into their organisations' strategies.

'Engaging the board is the first step in setting up effective climate governance,' she said.

'You will need a business case, and this must follow a review of how the organisation's priorities and risks may be impacted by climate change. Individual business units who will be tasked with carrying out the board's plan must be educated as the next step.'

The institute believes that key steps towards net zero are:

- Governance – orchestrating the climate change conversation. How do you embed climate into the core of an organisation?
- Strategy – planning for net zero. How do you deal with the challenges related to transitioning to net zero?
- Expectations – managing legal and stakeholder expectations. How do you manage expectations on climate disclosure and action among evolving legal expectations? and
- Reporting – selecting a framework. How do you select a reporting framework that addresses stakeholder needs?

'Do not put this off,' said Ms Motto. 'Organisations need to recognise that the time to act is now. There can be no delay.'

Hanging out greenwashing is dangerous

By Stephen Newman, executive counsel, Hope Earle Lawyers

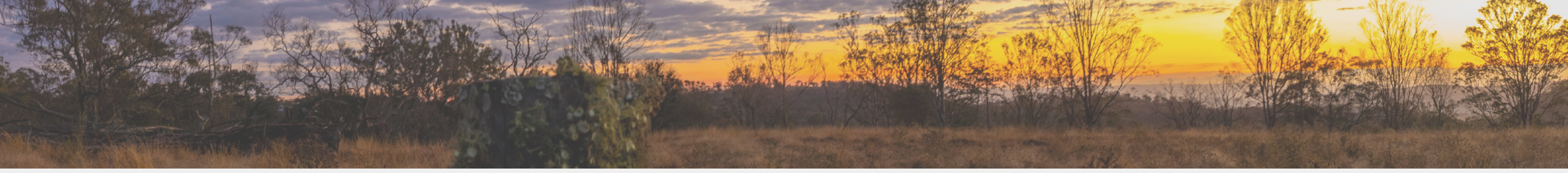
Several regulators are cracking down on companies' climate-change credentials.

Entities making climate-change claims about their products and services that might be misleading, deceptive, vague, and broad-based could face enforcement action by several regulators, including the Australian Competition & Consumer Commission and ASIC. Environmental, social and governance (ESG) credentials might also be investigated.

In a speech to the Committee for Economic Development of Australia, former ASIC Chair Rod Sims said, 'Many consumers are increasingly considering the environmental impact of the products and services they buy. We are hearing growing concerns that some businesses are falsely promoting environmental or green credentials to capitalise on these consumer preferences.'

The ACCC's position was reinforced by its deputy chair Delia Rickard, who was reported as saying at a recent *Australian Financial Review* ESG summit that the ACCC intended to target 'greenwashers' in 'problem sectors' and that the commission was prepared to be pro-active rather than wait for complaints.

ASIC has been no less forthright in its approach. In a speech at a Law Council of Australia workshop, its chair Joseph Longo said that the commission wanted to see continued improvement in climate-change governance and disclosure practices and, in



particular, that climate-related disclosures by listed companies should comply with the law and make climate-change decisions that help investors.

Mr Longo said that ASIC was focused on preventing harm from 'greenwashing' and misleading claims about the extent to which products are environmentally friendly, sustainable, or ethical.

To reinforce this objective, ASIC recently issued guidance to responsible entities of managed funds, corporate directors of corporate collective investment vehicles and trustees of registrable superannuation entities about 'How to avoid greenwashing when offering or promoting sustainability-related products' (see media release 22-141 14 June and info sheet 271).

Other Australian and international regulators and standard-setters have also weighed into the debate with pronouncements about climate change and ESG disclosures and claims. Pending standards on climate change and ESG disclosures to be issued by the International Sustainability Standards Board towards the end of 2022 will be important further developments.

Meanwhile, stakeholder litigation against major corporates for alleged false or misleading climate-change and ESG disclosures and claims continues unabated.

There is much for directors and officers, accountants and auditors to think about to ensure that unnecessary business risks and exposure to regulatory action and private litigation are avoided.

AASB consults on IFR sustainability

By Clive Massingham, Partner, Hall Chadwick (QLD)

The AASB is consulting on two of the International Sustainability Standards Board's IFRS standards.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* might form a separate suite of Australian sustainability-reporting standards.

Exposure draft 321 on IFRS S1 and S2 will aim to get feedback on the ISSB's work and inform the AASB on an approach to sustainability-related financial reporting in Australia.

The proposals contained in the ED 321 are not intended to affect an entity's compliance with Australian Accounting Standards.

Any future sustainability-related reporting requirements that the AASB might develop will be independent from but aligned with them.

Court finds AFSL failed to manage cybersecurity risks

By Steven Nguyen, Partner, Hall Chadwick (Melb)

In an Australian first, the Federal Court has found Australian Financial Services licensee RI Advice breached its licence obligations to act efficiently and fairly in that it failed to have adequate cybersecurity risk-management.

The finding comes after many cyber incidents among authorised representatives of RI Advice between June 2014 and May 2020. In one incident, an unknown malicious agent obtained unauthorised access to an authorised representative's file-server from December 2017 to April 2018 before being detected, resulting in the potential compromising of confidential and sensitive personal information of several thousand clients and others.

ASIC deputy chair Sarah Court said, 'It is imperative for all entities, including licensees, to have adequate cybersecurity systems in place to protect against unauthorised access.

'ASIC strongly encourages all entities to follow the advice of the Australian Cyber Security Centre and adopt an enhanced cybersecurity position to improve cyber resilience in light of the heightened cyber-threat environment.'

When handing down judgment, Justice Helen Rofe made clear that cybersecurity should be front-of-mind for licensees.

She said, 'Cybersecurity risk forms a significant risk connected with the conduct of the business and provision of financial services. It is not possible to reduce cybersecurity risk to zero, but it is possible to materially reduce cybersecurity risk through adequate cybersecurity documentation and controls to an acceptable level.'

Her Honour said that declarations ordered in the matter should serve to record the court's disapproval of the conduct and should deter other AFS licensees from engaging in similar conduct.

Penalties for non-lodgment

By Michael Hillgrove, Partner, Hall Chadwick (WA)

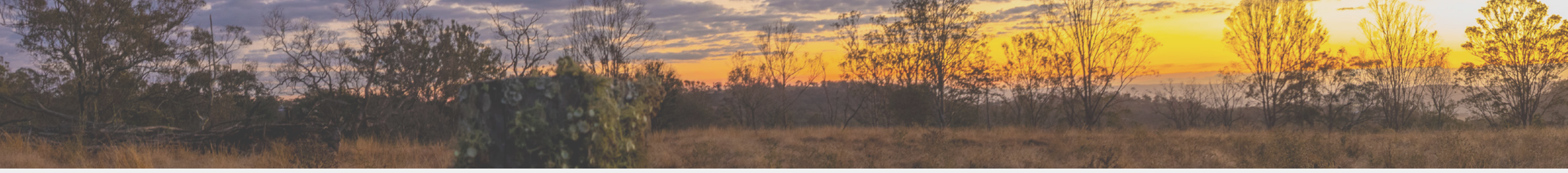
Limebrook Corporation Ltd has been charged with five counts of failing to meet its financial-reporting obligations and one count of failing to have the required number of company officers.

ASIC alleges that Limebrook failed to lodge within the required time-frames annual reports for financial years ending 23 October 2016-2020.

The commission further alleges that between 2 February 2018 and 8 February 2022, Limebrook failed to meet the legal requirement of having at least three directors appointed to the company and at least two that ordinarily reside in Australia.

As a public company, Limebrook is required to provide financial reports to ASIC within four months after the end of each financial year and meet minimum officeholder requirements.

Failure to lodge full-year financial reports is a breach of section 319(1) of the Corporations Act. The maximum penalty for a breach between 2017 and 2021 ranges from $54,000 to $266,400.



Failing to meet minimum officeholder requirements is a breach of sections 201A(2) of the Act. The maximum penalty for an offence committed on or after 1 July 2020 is $42,000.

Animoca Brands Corporation Ltd has been convicted of failing to lodge annual and half-yearly financial reports with ASIC.

The company failed to appear before the Downing Centre Court and was convicted in its absence on five ASIC charges of failing to lodge: annual financial reports for the 2019 to 2021 financial years, and half-year reports between 2020 and 2021.

The company was fined a total of $50,000.

An ASIC spokesperson said, 'Compliance with financial-reporting obligations is important as accurate and timely financial reports provide shareholders, creditors and the public with important information, enabling them to make informed decisions when dealing with these companies.'

ASIC will continue to prosecute companies that systemically fail to comply with their financial-reporting obligations.

Reforms to AGMs and electronic documents

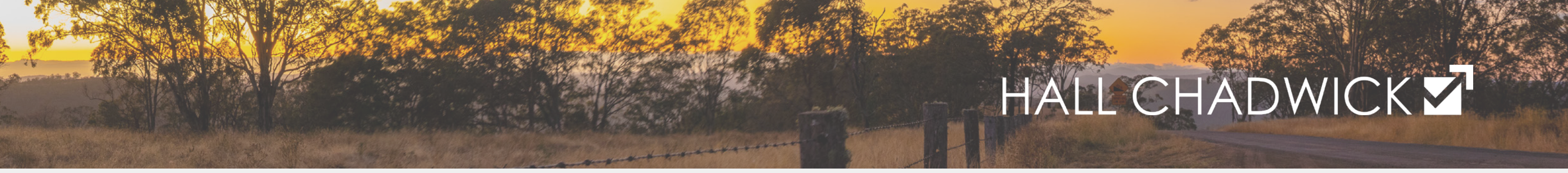
By Chris Nicoloff, Partner, Hall Chadwick (WA)

About a million businesses will save around $450 million in red tape each year after the federal government passed legislation making permanent several temporary changes introduced at the height of the pandemic.

The *Corporations Amendment (Meetings and Documents) Bill 2021* amends the *Corporations Act 2001* to allow companies and registered schemes to use technology to meet regulatory requirements about meetings, such as AGMs, distribute meeting-related materials and validly execute documents.

Specifically, the reforms provide greater certainty and flexibility to companies and registered schemes by:

- Allowing them to hold physical and hybrid meetings, and if expressly permitted by the entity's constitution, wholly virtual meetings
- Ensuring that technology used for virtual meetings allows members to participate in the meeting orally and in writing
- Allowing them to use technology to execute documents electronically, including corporate agreements and deeds, and
- Allowing them to send documents in hard or soft copy and give members the flexibility to receive documents in their preferred format.



Don’t forget your DIN

By Mark Taylor, Hall Chadwick (QLD)

Time is running out for Australian directors to apply for their unique director identification numbers before fines of more than $1.1 million kick in.

Company directors must apply for a DIN by 30 November, and directors of Indigenous corporations that are governed by the *Corporations (Aboriginal and Torres Strait Islander) Act* 2006 must apply for the unique identifier by 30 November 2023.

DIN applications are free and are made through Australian Business Registry Service, a single platform administered by the taxation commissioner.

Directors must personally apply for DINs and will be required to produce myGov IDs, and two identity documents from a list that includes bank-account details, super-account details, ATO notices of assessment, dividend statements, Centrelink payment summaries, and PAYG summaries.

Directors appointed from 5 April are required to apply for DINs before being appointed.

Directors who fail to apply for DINs within the stipulated deadlines can face criminal and civil penalties of 5000 units, which at the moment amounts to $1.11 million. Directors of a CATSI organisation can face penalties of up to $200,000.

Penalties will also apply for conduct that undermines the new requirements, including providing false identity information and intentionally applying for several DINs.

Find out more at

https:/www.abrs.gov.au/director-identification-number

Appendix: ASIC focus areas for 30 June

Topic	Focus
Impairment of non-financial assets	Goodwill, indefinite useful life intangible assets and intangible assets not yet available for use must be tested for impairment annually. Entities adversely impacted in the current environment may have new or continuing indicators of impairment that require impairment testing for other non-financial assets. The appropriateness of key assumptions supporting the recoverable amount of non-financial assets. Disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios.
Values of property assets	Factors that could adversely affect commercial and residential 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, the financial condition of tenants and restructured lease agreements. The lease accounting requirements, the treatment of rental concessions by lessors and lessees, and the impairment of lessee right-of-use assets.
ECLs credit losses on loans and receivables	Whether key assumptions used in determining expected credit losses are reasonable and supportable. Any need for more reliable and up-to-date information about the circumstances of borrowers and debtors. Short-term liquidity issues, financial condition and earning capacity of borrowers and debtors. The extent to which past history of credit losses remains relevant in assessing expected credit losses. Disclosure of estimation uncertainties and key assumptions.
Value of other assets	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. Whether it is probable that deferred tax assets will be realised. The value of investments in unlisted entities.
Provisions	Consideration should be given to 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.
Subsequent events	Events occurring after year-end and before completing the financial report should be reviewed as to whether they affect assets, liabilities, income or expenses at year-end or relate to new conditions requiring disclosure.
Disclosures – General considerations	When considering the information that should be disclosed in the financial report and OFR, directors and preparers should put themselves in the shoes of investors and consider what information investors would want to know. Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial position, and performance. Changes from the previous period should be considered and disclosed.

Topic	Focus
Financial report disclosures	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. Explain where uncertainties have changed since the previous full-year and half-year financial reports. 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.
OFR disclosure	The OFR should complement the financial report and tell the story of how the entity's businesses are impacted by the COVID-19 pandemic and changing 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. The most significant business risks at whole-of-entity level that could affect the achievement of the disclosed financial performance or outcomes should be provided, including a discussion of environmental, social and governance risks. 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. Climate-change risk could have a material impact on the future prospects of entities. Directors may also consider whether to disclose information that would be relevant under the recommendations of the Task Force on Climate-related Financial Disclosures.
Disclosures in half-year reports	Disclosure will also be important for half-year financial reports and directors' reports as at 30 June 2022. Half-year reports should disclose information on significant developments and changes in circumstances since 31 December 2021.
Assistance and support from others	Entities should appropriately account for each type of support and assistance from government, lenders, landlords and others during the reporting period. Material amounts should be disclosed with the duration of the support or assistance, and any impact from its discontinuation.
Non-IFRS financial information	Any non-IFRS profit measures in the OFR or market announcements should not be presented in a potentially misleading manner. Where asset impairment losses were excluded from a non-IFRS profit measure in a prior period, any impairment reversal should also be excluded from that measure.
Other	Consideration of whether off-balance sheet exposures should be recognised on-balance sheet, such as interests in non-consolidated entities. In relation to aged-care providers, review of the treatment of aged-care bed licences following the announcement in May 2021 that the licences will be discontinued on 1 July 2024 and subsequent information from the Department of Health. Disclosure of material penalties for non-compliance with sanctions imposed in Australia or elsewhere in relation to Russia. Ensuring the recognition of assets, liabilities, income and expenses in registered scheme balance sheets and income statements where individual scheme members have pooled interests in assets and returns with some or all other members in substance.

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