

What's New for 31 December 2015

December 2015 12.30-2pm

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- ***Note: This is a summary of a 118 slide Pak that can run for 1.5-3 hours. Original and current version (June 2016) are available on request***

What's New for 31 December 2015

- Welcome
- December 2015 Snapshot
- Future changes
- Questions

What's New for 31 December 2015

No major changes from 12/14-6/15 & Differential Reporting also unchanged

Adopt early AASB 2015-2 De-Clutter

ASIC Impairment Guide for Directors & Audit Questions

ASIC Accounts Inspections Results and Focuses

ASIC Audit Firms Inspections

ACNC Survives for Charities

ASX Corporate Governance Principles & Recommendations 2014 (6/15+)

Start preparing soon for:

AASB 15 Revenue, and AASB 9 Financial Instruments

AASB 16 Leases due 2016 for 2019/20 maybe

Key Audit Matters for Listed Audit Reports

AUASB & APESB minor changes

Future Developments

References

Questions **(at any time)**

Audit Risks for 31/12/15

- Client won't pay/goes broke, so litigation
- ASIC review of Accounts & Audit
- AASB 9 Financial Instruments & AASB 15 Revenue not yet adopted disclosures
- AASB 101 amendments immaterial disclosures

- **CA ANZ Australian Reporting Essentials for December 2015**
- <http://www.charteredaccountants.com.au/Industry-Topics/Reporting/Publications-and-tools/Essential-guidance/Guides/Australian-reporting-essentials-for-the-December-2015-reporting-period>

Highlights key areas to consider for 31/12/2015 financial reports, including:

- Newly effective accounting standards
- Accounting standards issued but not yet effective
- Changes to the Corporation Act
- Discount rates for long-term employee benefit obligations
- Disclosure overload
- ASIC focus, including asset values, accounting policy choices and the role of directors
- Not-for-profit reporting and the ACNC
- ASX developments
- Tax transparency.

- *CA ANZ Australian Reporting Essentials for December 2015*

NOT-FOR-PROFIT REPORTING AND THE ACNC

- Medium & Large size registered charities with a 30 June 2015 reporting period have until 31 January 2016 to lodge their Annual Information Statements and financial reports with the ACNC. Those with a 31 December 2015 reporting period must lodge by 30 June 2016.
- Small registered charities are required to lodge Annual Information Statements but are not required to prepare or lodge financial reports. Failure to report could result in the ACNC revoking an entity's charity status.

Application of Accounting Standards

- Are you required to prepare financial reports that comply with AASB's?
- Companies that are Small Pty (2 out of 3 tests being less than: Revenues \$25m, Assets \$12.5m, 50 employees), or Small Public Ltd by Guarantee (no ATO deductible gift status & Revenues less than \$250,000)
- Other Entities only if the Constitution or Laws require
- Most AASBs only apply to reporting entities i.e. Publicly Accountability so mostly ASX listeds, or Non-Publicly Accountable (High quality financial statements), and most Public Sector entities

Application of Accounting Standards

- ASIC view on adopting all recognition & measurement (R&M) rules in AASBs not enforced & ACNC does not require R&M
- ACNC specifically exempts R&M for non-reporting entities, and
- AASB Research Report No.1 (6/2014) notes that 34% of Large Pty Cos do not adopt R&M
- Reduced Disclosure Requirements (RDR) for most AASBs can be applied for Non-Publicly Accountable Reporting Entities (other than Listed)
- AASB 1057 Application of Australian Accounting Standards applicable 1/1/2016 onwards has all application paragraphs so caution on AASB website for Pronouncements/Current Standards

New/Amended Accounting Standards applicable 31 December 2015

Financial reporting developments for December 2015 reporters

- *What new pronouncements do you need to consider for your next report?*
 - *Pronouncements mandatory for the first time for December 2015 reporters ('What do I apply now?') - **KR Note nothing major***
 - *Pronouncements available for early adoption for [December 2015](#) reporters*
 - *Industry specific updates*
-
- This document is current as at: **27 November 2015**

What's New for December 2015

Automatic Disclosures

Impact of new revenue & financial Instruments standards (not required for RDR or Non-Reporting Entities)

Accounting standards require financial reports to disclose the impact of these new requirements on future financial position and results. Disclosure of the future impact of the international standard & any new Australian standard will apply for 30/6/2105 financial reports.

"The entity has not yet assessed the impact of AASB 15 as this standard was issued on 22 December 2014 and only applies to reporting periods beginning probably on or after 1 January 2018."

Note similar wording for AASB 9 Financial Instruments

AASB 9 issued 17 December 2014 and applies to reporting periods beginning on or after 1 January 2018

If not material then no disclosure is needed apart from a safety disclosure – 'no material impact' just to satisfy ASIC

Pronouncements mandatory for the first time for December 2015 reporters ('What do I apply now?')

Change in discount rates to corporate bond rates

A recent research report supports the existence of a deep market in high-quality corporate bonds in Australia. This means entities that have previously used government bond yields to measure employee obligations should change to using corporate bond yields going forward. This is expected to result in lower employee obligations for 30 June 2015 and thereafter.

Affects: All entities, except not-for-profit public sector entities, with employee benefits liabilities, including annual leave and long service leave obligations.

<http://www.charteredaccountants.com.au/Industry-Topics/Reporting/Current-issues/Convergence/News-and-updates/Employee-discount-rates-and-AASB-119>

However, if it is accepted that Australia has a deep market, as indicated by the report, paragraph 83 indicates that corporate rates are the preferred rate

<http://group100.com.au/g100-discount-rate/>

Major AASBs issued but not yet effective at November 2015

- [**AASB 9 Financial Instruments**](#) Revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, impairment and hedge accounting. Effective from 1 January 2018 and available for early adoption.
- [**AASB 15 Revenue from Contracts with Customers**](#) Introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. Effective from 1 January 2018 and available for early adoption.
- [**AASB 1056 Superannuation Entities**](#) Replaces AAS 25 Financial Reporting by Superannuation Plans. Only applies to Large APRA-regulated and public sector superannuation entities, but not SMSF or small APRA funds. Effective from 1 July 2016 and early adoption permitted

Available for early adoption

Accounting for acquisitions of interests in joint operations (AASB 2014-3)

The amendment to AASB 11 clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business.

Clarification of acceptable methods of depreciation and amortisation (AASB 2014-4)

The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.

Equity method in separate financial statements (AASB 2014-9)

The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

- ***AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101***
- This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101.
- Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.

AASB 101 - 30A

- When applying this and other Australian Accounting Standards an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes.
- An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

- **Exposure Draft - ED 271 IFRS Practice Statement: Application of Materiality to Financial Statements - October 2015 (IASB submissions deadline 26/2/16)**

http://www.ifrs.org/Current-Projects/IASB-Projects/Disclosure-Initiative/Materiality/Exposure-Draft-October-2015/Documents/Snapshot_IFRSPracticeStatement_OCT2015_WEBSITE.pdf

Examples that are commonly cited as poor application of materiality, ie where judgement may not have been used appropriately include:

- use of the disclosure requirements as a checklist; and
- describing accounting policies in financial statements using words directly from IFRS, or copying note disclosures from illustrative financial statements without making the information entity-specific (ie boilerplate disclosures).

This Draft Practice Statement is designed to be a tool to help management use their judgement about what information is material and therefore should be included in financial statements. It should also help facilitate management's discussions with auditors and regulators about those judgements.

- **Forthcoming (maybe!) Major New Standards**

Leases

October 2015 IASB Board meeting approved IFRS 16 with IASB staff editing for a joint IASB/FASB release 'around' 3/2016 with application date for financial periods commencing as from 1 January 2019.

Joint agreement on Leases to go on balance sheet (apart from short term/12 month leases that stay off balance sheet)

Differing P&L treatment (IASB using finance lease front end loading of expenses, FASB using lease payments – operating lease)

Will Europe agree?

Insurance Contracts

As at September 2015 it is currently being deliberated by the IASB and a final Standard is expected to be issued in 2016. But not liked by the US or Europe due to solvency issues with local Insurers!

- **ASIC's views on challenging financial reporting issues**
- ASIC is the only independent reviewer of financial statements so the major risk is ASIC, or a financial disaster (shareholder action)
- ASIC issues each June & December its Focuses for the upcoming reporting season and the results **(12/2015 due soon!)** of its last financial statements inspection
- <http://www.asic.gov.au/regulatory-resources/>
- <http://www.asic.gov.au/regulatory-resources/financial-reporting-and-audit/preparers-of-financial-reports/>

- **www.asic.gov.au**
- Regulatory Resources, Preparers of financial reports, What's New
- ASIC has announced the results from its review of the 30 June 2014 financial reports of 300 listed and other public interest entities. 14-332MR. 12 December 2014 **(June 2015 reports due early December 2105)**
- <http://www.asic.gov.au/about-asic/media-centre/find-a-media-release/2014-releases/14-332mr-asic-findings-from-review-of-30-june-2014-financial-reports/>
- ASIC's (12/11/15 Release) focus areas for **31 December 2015**
[reportshttp://www.asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-331mr-focus-for-31-december-2015-financial-reports/](http://www.asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-331mr-focus-for-31-december-2015-financial-reports/)

- **ASIC focus areas for 31 December (30/6/15) 2015**
- “Directors and auditors should continue to focus on values of assets and accounting policy choices. We continue to see instances where companies have used unrealistic assumptions in testing the value of assets or have applied inappropriate accounting choices in areas such as revenue recognition,’
- We will review financial reports looking at risk-based criteria and through a random selection.

AASB 136 - Asset values

- ASIC encourages preparers and auditors of financial reports to carefully consider the need to impair goodwill and other assets.
- ASIC continues to find impairment calculations that use unrealistic cash flows and assumptions, as well as material mismatches between the cash flows used and the assets being tested for impairment.

Impact of new revenue standard (not required for RDR or Non-Reporting Entities)

Accounting standards require financial reports to disclose the impact of these new requirements on future financial position and results. Disclosure of the future impact of the international standard & any new Australian standard will apply for 30/6/2105 financial reports.

"The entity has not yet assessed the impact of AASB 15 as this standard was issued on 22 December 2014 and only applies to reporting periods beginning probably on or after 1 January 2018."

Note similar wording for AASB 9 Financial Instruments

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Public announcements of material changes to information previously provided to the market

- From 1 July 2014, ASIC started publicising material changes made to information previously provided to the market following contact from ASIC. These announcements are intended to make directors and auditors of other companies more aware of ASIC's concerns so that they can avoid similar issues.
- Since July 2015 ASIC has issued the following media releases:

- **Tuesday 20 October 2015 15-302MR American Patriot Oil & Gas Limited corrects errors and related party disclosures – Auditor: George Georgiou Melbourne**
- ASIC has welcomed the decision by ASX-listed American Patriot Oil & Gas Limited (the Company) to correct prior period errors and related party disclosures in its 30 June 2015 financial report.
- ASIC had made enquiries of the Company regarding its accounting treatment of capital raising costs, classification of borrowings and completeness of related party transactions in the Company's 30 June 2014 and 31 December 2014 financial reports, as part of ASIC's financial reporting surveillance program.

American Patriot Oil & Gas Limited corrects errors and related party disclosures

- In its 30 June 2015 financial report, the Company has retrospectively amended its 30 June 2014 comparative figures by:
- expensing \$295,927 of capital raising costs previously offset in equity,
- reclassifying \$654,103 of trade payables from borrowings in the statement of financial position and \$339,748 of outflows from repayment of borrowings to payments to suppliers in the statement of cash flows, and
- including \$200,000 of borrowings received and repaid, previously netted together, and \$200,000 of interest paid on borrowings in the statement of cash flows.
- The Company has also:
- included Mr Kleanthe Hatziladas as a key management person with remuneration of \$360,000 for the year ended 30 June 2015 (2014: \$120,000), and
- disclosed a number of transactions with parties related to Mr Hatziladas totalling \$430,000 for the year ended 30 June 2015 (2014: \$1,031,666)

- **Friday 2 October 2015 15-282MR Fatfish Internet Group restates result to 31 December 2014**
- ASIC has welcomed the decision by ASX-listed Fatfish Internet Group Limited (Fatfish) (formerly Atech Holdings Limited) to restate its results for the period ended 31 December 2014.
- ASIC had previously made inquiries of Fatfish regarding its accounting for the acquisition of Fatfish Internet Pte Ltd and Fatfish Capital Pty Ltd in July 2014, as part of its financial reporting surveillance program.
- In the 31 December 2014 financial report, the transaction was accounted for as an acquisition by Fatfish but should have been treated as a reverse acquisition whereby one of the acquired entities is treated as the in-substance acquirer for accounting purposes. As a consequence, Fatfish has now announced that it will increase the expense for listing costs by \$4,433,530 and reduce goodwill by \$1,912,830 including additional impairment of \$1,581,000.

Auditors: MSI Ragg Weir Hawthorn Victoria

- Wednesday 23 September 2015
- **15-264MR Kazakhstan Potash reduces asset values by \$302 million**
- ASIC has welcomed the decision by Kazakhstan Potash Corporation Limited(KPC) to retrospectively reduce the value of its exploration and evaluation assets by \$302 million in its financial report for the half-year ended 30 June 2015.
- ASIC had previously made enquiries of KPC regarding the acquisition accounting of the exploration assets in KPC's 31 December 2014 financial report as part of its financial reporting surveillance program. ASIC raised a number of concerns with KPC including the fair value assessment of the exploration assets acquired.
- Auditors: BDO

15-254MR Tigers Realm Coal writes down assets by \$168 million

- ASIC (15/9/15) has welcomed the decision by ASX-listed Tigers Realm Coal Limited (Tigers) to impair the Amaam project-related assets by \$168 million in its financial report for the half-year ended 30 June 2015.
- ASIC had previously made enquiries to Tigers regarding the value of the Amaam project in Tigers's 31 December 2014 financial report as part of its financial reporting surveillance program. ASIC raised a number of concerns with Tigers, including the deterioration in forecast coking coal prices.
- As outlined in ASIC media release [14-294MR Focuses for 31 December 2014 financial reports](#), impairment testing and asset values remain a focus area of our financial reporting surveillances. ASIC reminds companies and those involved in preparing and approving financial reports that assumptions and estimates used in estimating the fair value of assets should be realistic and supportable.

Auditors KPMG

15-238MR Wollongong Coal Limited writes down assets – Auditors EY

- ASIC (1/9/15) has welcomed the decision by ASX-listed, Wollongong Coal Limited (Wollongong), to record adjustments related to the recoverability of both trade receivables and mine development assets in its financial report for the year ended 31 March 2015.
- Wollongong has restated the 31 March 2014 balance to reflect impairment losses on trade receivables of \$69 million. Wollongong has also recorded an impairment loss on mine development costs of \$48 million in the year to 31 March 2015.
- ASIC reviewed Wollongong's financial report for the year ended 31 March 2014 as part of its financial reporting surveillance program and made inquiries about Wollongong's assessment of the recoverability of both trade receivables and mine development assets.
- As outlined in ASIC media release [15-139 MR Focus areas for 30 June 2015 financial reports](#), asset values remains a focus area of our financial reporting surveillances, particularly those companies affected by lower commodity prices.

15-235MR Statement on Slater & Gordon Limited financial reporting

- ASIC (28/8/15) today welcomed the decision by Slater & Gordon Limited (Slater & Gordon) to reclassify certain assets as non-current assets in its results for the year ended 30 June 2015.
- Following ASIC's enquiries, Slater & Gordon has reclassified part of its debtors and disbursement assets as non-current assets. ASIC also notes the early adoption of accounting standard AASB 15 *Revenue from Contracts with Customers*.
- ASIC is continuing its other enquiries in relation to financial reporting by Slater & Gordon.
- Auditors – Pitcher Partners Melbourne

Generic notes confidential

Not-for-profit accounting for Donations

Financial reporting should be kept simple so that the NFPs (and Charities) could get on with their 'good works' rather than spend money on complicated IFRS/AASB and regulation. The ACNC confirmed that it has grandfathered financial reporting requirements and in particular was happy to accept the former Corporations Act dispensation from preparing parent company accounts where consolidated accounts are lodged.

AASB 134 (Interim Financial Reporting)

Requires estimates on an annual basis for accounting at the half year. Payroll Tax was the particular issue where at the half year the threshold had not been met (no current obligation?) as against from an annual perspective Payroll Tax would need to be paid as the threshold is an annual threshold, so an expense for the half year is recognised.

- **Enquiries made by ASIC regarding the 30 June 2014 financial reports relate to the following matters:**

Matter enquiries	Number of
• Impairment and other asset values	20
• Revenue recognition	12
• Off-balance sheet arrangements & business combinations	10
• Tax accounting	8
• Expense deferral	6
• Current classification of assets	5
• Amortisation of intangibles	3
• Fair values of financial instruments	2
• Other matters	7
• Total	73

2/7/15-169MR Findings from 31 December 2014 financial reports

- ASIC today announced the results from a review of the 31 December 2014 financial reports of 100 listed and other public interest entities.
- Following a review, ASIC has made enquiries of twenty three entities on thirty six matters seeking explanations of accounting treatments.
- ASIC Commissioner John Price said: 'The largest number of our findings continue to relate to impairment of non-financial assets and inappropriate accounting treatments. Preparers of financial reports should particularly focus on impairment in coming 30 June 2015 financial reports.'
- ASIC recently issued Information Sheet 203 *Impairment of non-financial assets: Materials for directors* ([INFO 203](#)) to assist directors and audit committees in considering whether the value of non-financial assets shown in a company's financial report continues to be supportable.
- Our risk based surveillance of the financial reports of public interest entities for reporting periods ended 30 June 2010 to 30 June 2014 has led to material changes to 4 per cent of the financial reports of public interest entities reviewed by ASIC. The main changes related to impairment of assets, revenue recognition and expense deferral.

Matter	Number of enquiries
Impairment and other asset values	10
Off-balance sheet arrangements and business combinations	8
Revenue recognition	5
Tax accounting	5
Non-IFRS financial information	4
Treatment of expenses	3
Other matters	1
Total	36

<http://www.asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-143mr-impairment-of-non-financial-assets-the-role-of-directors/>

15-143MR Impairment of non-financial assets: The role of directors

- ASIC today (6/6/15) released an information sheet to assist directors and audit committees in considering whether the value of non-financial assets shown in a company's financial report continues to be supportable.
- 'We continue to find issues with the impairment of goodwill and other non-financial assets by a number of companies. The new information sheet is a resource to assist directors when considering the need for impairment, and the adequacy of impairment work,' ASIC Commissioner John Price said.
- ASIC encourages directors to consider the need to impair non-financial assets such as goodwill, identifiable intangibles, and property, plant and equipment. Common issues include impairment calculations that use unrealistic cash flows and assumptions, and mismatches between the cash flows used and the assets being tested for impairment.

- This information sheet (INFO 203) explains your responsibilities as a director in connection with the testing of non-financial assets for impairment in the financial report of a company. It discusses:
- [what impairment testing is](#)
- [why impairment testing is important](#)
- [the assets covered by this information sheet](#)
- [how impairment testing is performed](#)
- [the role of directors and audit committees](#)
- [the matters that may be considered in assessing the impairment of non-financial assets](#), including:
 - [the need for impairment testing](#)
 - [the process for assessing impairment](#), and
 - [common issues with impairment calculations](#), and
- [questions that may be asked of external auditors](#).

Questions that may be asked of external auditors

- Directors and audit committees should also inform themselves of any concerns raised by the external auditors on impairment of non-financial assets, as well as any other aspects of the financial report or reporting processes.
- The auditor gives an independent opinion that follows after the directors' opinion on a financial report. A company must have its own systems, processes and controls, as well as appropriate resources, to produce high quality financial reports. Directors must not rely on the auditor in forming their own opinion on the financial report. See also [INFO 183](#).
- Directors and audit committees should also consider the quality of the external audit. See Information Sheet 196 *Audit quality: The role of directors and audit committees* ([INFO 196](#)).
- Directors and audit committees may wish to consider the matters in Table 4 in connection with the external audit review of the company's work on impairment of non-financial assets.

Table 4 Matters to consider regarding external audit

Matter to consider - Concerns of the auditor

Questions to consider

- Does the auditor have any concerns about the value of non-financial assets?
- Has the auditor raised any matters in their current or recent past management letters or reports to the audit committee relating to impairment, or with the company's process for testing for impairment?
- Have any concerns of the auditor been adequately addressed on a timely basis?
- Have you raised any concerns that you have with impairment testing with the auditor?

Table 4 Matters to consider regarding external audit

Matter to consider - Quality of the audit

Questions to consider

- Does the auditor have appropriate experience and expertise to review the impairment work?
- Has the auditor devoted sufficient resources and time to the review of the impairment testing?
- Is impairment work made available on a timely basis to ensure that the auditor has sufficient time to undertake their review?
- Is impairment work adequately performed and documented to facilitate the audit?
- Have asset values and impairment calculations been made available to, and assessed by, the auditor well before the reporting deadline?

15-151MR ASIC Reduces red tape for changes of auditors

- ASIC (18/6/15) announced a fundamental change to its approach to consenting to the resignation, removal and replacement of auditors.
- ASIC will now generally consent to the resignation of an auditor at any time of the year, subject to some conditions. Previously, ASIC only consented to the resignation of an auditor of a public company to take place at an AGM unless there were exceptional circumstances.
- ASIC Commissioner John Price said ASIC's changed approach would cut red tape and give greater flexibility in the timing of changes of auditors.

ASIC will consent to the resignation of an auditor at any time if:

- we have no concerns in connection with the resignation, such as a concern where there is a disagreement between management and the auditor over an accounting treatment; and the change in auditor and the reasons for the change are communicated to members or in a disclosure notice, unless the change occurs at an AGM of a public company.
- The new approach is outlined in a revised Regulatory Guide 26 *Resignation, removal and replacement of auditors* ([RG 26](#)) and is broadly consistent with the approach in major jurisdictions around the world.

ASIC Audit Firm Inspections 27/6/14

What's New for 12/2014 & 6/2015

2015 Report due mid December

<http://www.asic.gov.au/asic/asic.nsf/byHeadline/14-140MR%20ASICs%20audit%20inspection%20findings%20for%202012-13?opendocument>

- 20% (18% previously) of the total 454 key audit areas reviewed across 107 audit files at 17 firms of different sizes (Big 4, 4 National & 9 smaller firms – 7 new), & auditors did not obtain reasonable assurance that the financial report as a whole was free of material misstatement.
- Our inspections suggest that the following three broad areas continue to require improvement by audit firms (same as for previous review period!):
 - the **sufficiency and appropriateness of audit evidence** obtained by the auditor
 - the **level of professional scepticism** exercised by auditors, and
 - ensuring appropriate reliance on the work of experts and other auditors.
- **Many of our findings related to accounting estimates (including impairment of assets) and accounting policy choices.**

29 October 2015 15-317MR Victorian auditor's registration suspended

ASIC has suspended the registration of Victorian auditor Philip James Dowsley, following a successful application to the Companies Auditors and Liquidators Disciplinary Board (CALDB). The 6 month suspension follows an ASIC investigation into the conduct of Mr Dowsley, a sole practitioner.

The CALDB found Mr Dowsley:

- failed to comply with a condition attached to his registration;
- failed to correctly complete five separate forms lodged with ASIC; namely three annual auditor statements his application for registration as an SMSF auditor and his SMSF auditor annual statement and.
- was not a fit and proper person to remain registered as an auditor.
- ASIC's application to the CALDB followed an investigation that found Mr Dowsley failed to comply with conditions that were attached to his registration as a company auditor following a previous ASIC investigation in 2012. The CALDB found that compliance with the conditions was still outstanding.
- The CALDB also found that Mr Dowsley was prepared to attest to the accuracy and completeness of the forms by signing them without fully or properly checking them.

AASB 15/IFRS 15/FASB 2014-09 Revenue from Contracts with Customers

- Effective from 1/1/2018 but can & is being early applied
- Revenue is recognised on transfer to the customer, measured at the transaction price
- At first glance AASB 15 is consistent with much of current practice (AASB 118), but it is more prescriptive and requires increased disclosures, so no doubt there will be some issues in practice as experience is gained when applying it. The IASB's Basis for Conclusions & Illustrative Examples provides quite detailed guidance.
- *Deloitte's IFRS Industry Insights* publications highlighting the potential impact on various industries (Investment Management, Health Care, Life Sciences, Travel Hospitality and Leisure, Retail, Wholesale & Distribution, Real Estate, Media, Aero Space Defence, Telecommunications, Automotive, and Technology sectors) at:
- <http://www.iasplus.com/en-us/collections/industry/ifrs-insights-revenue>

Accounting Standards changes

- **AASB 15 Technology Sector Implications**
- *Extent to which distinct goods or services are supplied which require separate accounting*
- *Whether revenue is recognised over time or at a point in time*
- *Types of licenses that are sold and whether the accounting needs to change*
- *Impact of new guidance where pricing mechanisms include variable amounts*
- *How to account for contract modifications*
- *Significantly more disclosures and the need to gather that information*

Australian Charities & Not-for-profits Commission (ACNC)

- Government does not support but awaiting next election for maybe abolish and transfer to ASIC & ATO given Senate issues
- Just Charities so no NFPs
- Grandfathered financial reporting for Corps. Act entities & no recognition & measurement for Non-Reporting entities
- Small Charities: Consolidated Revenues less than \$250,000 and no deductible gift status – no lodgements apart from the Annual Information Statement
- Medium – Consolidated Revenues \$250k-\$1M – option of an audit review
- Large – Can still be a non-reporting entity!

ASX Corporate Governance 3rd Edition Principles

Applies 30 June 2015 & later balancers but can early adopt

1. Director candidates
2. Agreements with senior executives
3. Company secretary accountable to Board
4. Induction and training program
5. External auditor to attend AGM
- 6. Information on website**
7. Electronic communication option
8. Internal audit
9. Exposure to risk

<http://www.asx.com.au/regulation/corporate-governance-council.htm>

Translation Tables

<http://www.asx.com.au/regulation/corporate-governance-council.htm>

Corporations Law

- Government policy to de-regulate and reduce un-necessary compliance costs
- Executive Remuneration proposals but Government opposed!
- Audit firm rotation following EU reforms but not de-regulatory. UK (FRCUK) 'please explain' if no tender in the last 10 years (currently just 5 to 7 year partner rotation in Aust.)

AUASB Update <http://auasb.gov.au/>

23/10/15: Australian Auditing Standard ASA 2015-3 Amendments to Australian Auditing Standards. This proposed Amending Standard makes changes to various Auditing Standards aimed at enhancing the auditor's consideration of disclosures in the audit of the financial statements

13/10/15: Changes to paragraphs 72 and 113 of **GS 009** have been made by the AUASB in order to further clarify the guidance in these paragraphs

6/10/15: The AUASB has released an updated Guidance Statement **GS 009** *Auditing Self-Managed Superannuation Funds*.

1/10/15: The AUASB has released a revised Guidance Statement **GS 003** *Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001*

Audit – AUASB 2016 onwards

IAASB Issues New and Revised Auditor Reporting Standards and Related Conforming Amendments

- <https://www.ifac.org/sites/default/files/publications/files/Audit-Reporting-At%20a%20Glance.pdf>

For all audits:

- Opinion section required to be presented first, followed by the Basis for Opinion section, unless law or regulation prescribe otherwise.
- Enhanced auditor reporting on going concern (GC), including:
- Description of the respective responsibilities of management and the auditor for GC;
- A separate section when a material uncertainty exists, and is adequately disclosed, under the heading “Material Uncertainty Related to Going Concern”; and

Australia Examples – New Long Form Audit Report

KPMG Audit Reports for 30 June 2015

Cochlear

<http://www.cochlear.com/wps/wcm/connect/intl/about/investor/annual-reports>

Downer EDI

<http://www.downergroup.com/Resources/Documents/Investors/Financial-Results--Reports/201415/Full-Year-Results/Annual-Report-2015.pdf>

PWC Audit Report for 30 June 2015

ASX

<http://www.downergroup.com/Resources/Documents/Investors/Financial-Results--Reports/201415/Full-Year-Results/Annual-Report-2015.pdf>

APESB (Ethics) Update

<http://www.apesb.org.au/index.php>

27 October 2015 **Refreshed accounting professional and ethical standards issued**

APESB has amended its pronouncements to reflect changes to APES 110 Code of Ethics for Professional Accountants.

“There’s now better consistency between these pronouncements and the Code, which will help professional accountants more easily apply them in practice,” Ms Roxon says.

The revised pronouncements include a new introductory objectives paragraph for each pronouncement to assist professional accountants to easily identify circumstances in which each pronouncement applies.

The pronouncements cover: Conformity with Accounting Standards and Auditing and Assurance Standards; Taxation Services; Terms of Engagement; Risk Management for Firms; Reporting on Prospective Financial Information Prepared in Connection with a Public Document; Outsourced Services; and Ethical Conflicts in the Workplace for Members in Business.

Resources

- Websites: ICAA, AASB, AUASB, APESB, Treasury, ACNC, ASIC, ASX
- Free (CAANZ) ANT email fortnightly Newsletter
- Free Alerts: AASB, AUASB, APESB, Treasury, ACNC & ASIC
- Large Firms websites & Newsletters (various!)
- Within the firm – talk to each other
- **KEITH!**

Questions????



“I have no idea what you’re talking about, so here’s a picture of a bunny with a pancake on it’s head!”