



Introduction

This quarterly publication provides a comprehensive summary of the most recent financial reporting advancements from local and international standard setters together with insightful analysis of emerging business risks, assisting finance leaders navigate the ever-evolving landscape of corporate risk and reporting.

The December quarter brought no shortage of regulatory activity, reporting developments and governance updates across the financial landscape. In 2026 the pace of change continues to accelerate, from ASIC's renewed enforcement priorities and enduring financial-reporting focus areas, to the introduction of updated sustainability-reporting expectations and evolving obligations under the AML/CTF, privacy and corporate-governance regimes.



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Financial reporting

ASIC 'enduring' financial-reporting focus areas

The Australian Securities & Investments Commission has published 'enduring' audit and financial-reporting areas for FY 2025-26.

The commission's focus remains unchanged for 31 December balance dates (see Appendix: *ASIC's 'enduring' focus areas for financial reporting*).

ASIC reviews full-year financial reports of selected listed and other public-interest entities. This includes a sample of financial reports from registrable superannuation entities and large proprietary companies (grandfathered companies) that were formerly exempt from lodging audited financial statements.

Some companies have failed to lodge reports since the exemption was removed. ASIC will follow up non-lodgements and might decide to take appropriate regulatory action.

The commission continues to focus on areas where significant judgement from report preparers is needed. These include revenue recognition, asset valuation, and estimation of provisions.

ASIC will continue to review RSE financial reports as well as a selection of RSE audit files. The focus areas for RSE financial reports include the measurement and disclosure of investment portfolios and disclosure of marketing and advertising expenses.

Sustainability reporting in accordance with AASB S2 *Climate-related disclosures* will be mandatory for Group 1 entities with financial years commencing on or after 1 January 2025 that:

- Are required to prepare an annual financial report under Chapter 2M of the *Corporations Act 2001*
- Meet certain sustainability reporting thresholds, and
- Have not obtained sustainability-reporting relief from ASIC.

ASIC will review 31 December 2025 sustainability reports and share its observations with the market. The commission said that it would take a proportionate and pragmatic approach to supervision and enforcement as sustainability requirements are phased in. Preparers of sustainability disclosures should refer to regulatory guide 280 *Sustainability reporting* for more information.

ASIC has updated information sheet 284 *Public companies to include a consolidated entity disclosure statement in their annual financial report*. The update reflects recent legislative amendments that clarify the tax-residency-disclosure requirements where entities are resident in more than one jurisdiction as well as when an entity is an 'Australian resident' for the purposes of the consolidated-

entity disclosure statement, including partnerships and trusts.

Year-end reminders

The only new requirement under Australian Accounting Standards that is effective for 31 December 2025 year-ends is an amendment to AASB 121 *The Effects of Changes in Foreign Exchange Rates*.

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Australian Sustainability Reporting Standards set out the sustainability-related and climate-related financial disclosures for sustainability reports/ general purpose financial reports.

Group 1 entities with a 31 December 2025 year-end are required by the Corporations Act to comply with AASB S2 *Climate-related Disclosures*.

The threshold for Group 1 entities are: 500+ employees, consolidated gross assets \$1billion+, and consolidated revenue \$500m+; and NGER reporters above NGER publication threshold 50,000 tonnes of carbon dioxide equivalence scope 1 and 2 emissions.

Entities may elect to apply the voluntary Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*.

The following accounting standards are effective for annual reporting periods commencing 1 January 2026

- Classification and Measurement of Financial Instruments – Amendments to AASB 9 and AASB 7
- Annual Improvements to AASB Standards
- Contracts referencing Nature-dependent Electricity – Amendments to AASB 9 and AASB 7.

AASB 18 *Presentation and Disclosure in Financial Statements (for profit entities)* is effective for annual reporting periods commencing 1 January 2027 (comparatives for 1 January 2026 for 31 December balancers) and not-for profit and superannuation entities version a year later.

Financial reporting

High-quality reports and audits needed

Directors and superannuation trustees are primarily responsible for the quality of their financial reports under the *Corporations Act 2001* and applicable Australian accounting and sustainability standards.

This includes ensuring that management produces high-quality and timely financial information supported by robust position papers with appropriate analysis and conclusions.

Appropriate experience and expertise should be applied in the reporting process, particularly in more difficult and complex areas, such as asset values, provisions, revenue arising from contracts with customers, capitalisation of expenditure, expected credit losses and other estimates, the impact of post-balance-date events, and disclosure.

The basis and circumstances related to management's judgements on accounting estimates and forward-looking information should be documented at the time and disclosed in financial reports.

Auditors have an essential role in the production of high-quality financial reports and are reminded to focus their attention and use their professional scepticism about elements of the financial report that require the greatest amount of professional judgement and estimation. Financial-reporting focus areas are important for auditors.

Over \$2.2 million in fines for alleged lodgement failures

ASIC has issued infringement notices to 12 large proprietary companies for allegedly failing to lodge their FY24 audited financial reports on time. The commission fined each company at least \$187,000. Fines totalled more than \$2.2m.

For those companies that have outstanding financial reports, ASIC's investigation remains open.

'Targeting financial-reporting misconduct including failure to lodge financial reports is an ASIC enforcement priority for 2026', said ASIC commissioner Kate O'Rourke.

'ASIC will continue to monitor and address lodgement failures, including taking regulatory action for ongoing non-compliance.'

'We are stepping up enforcement action against financial-reporting misconduct and will continue to leverage a range of data sources to identify potential non-compliance, including notifications by auditors.'

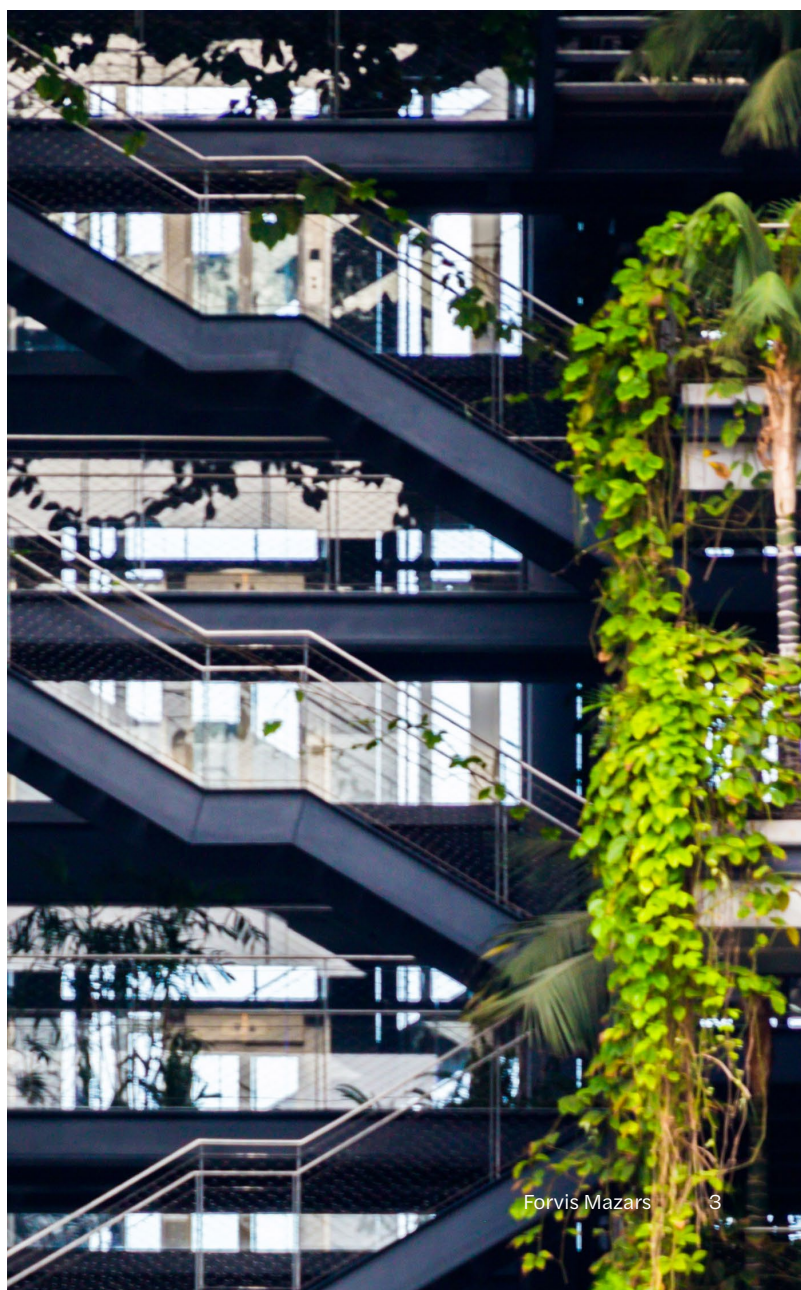
'Large' proprietary companies must prepare and lodge financial statements and a director's report within four months after the end of a financial year unless granted relief.

A proprietary company is classified as 'large' if it meets at least two of the following criteria for a financial year:

- Consolidated revenue of the company and any entities it controls is \$50 million or more
- Consolidated gross assets of the company and any entities it controls is \$25 million or more, and
- Company and any entities it controls have 100 or more employees.

The amounts are determined in accordance with relevant AASB accounting standards.

Whether a company meets these criteria can depend on how a business is structured.



Financial reporting

IASB issues examples on reporting uncertainties

The International Accounting Standards Board has issued illustrative examples on how companies can apply its standards when reporting the effects of uncertainties in financial statements.

The examples use illustrative climate-related scenarios, but underlying principles apply more broadly to all uncertainties.

As accompanying materials to IFRS accounting standards the examples do not have an effective date. However, companies would be expected to implement any change in their reporting on a timely basis.

In due course, the AASB is also likely to issue these examples.

High-quality valuation needed

The International Organization of Securities Commissions has issued a public statement on the *Importance of High-Quality Valuation Information in Financial Reporting*.

It emphasises the need for international consistency and quality of valuation information to provide investors with relevant and reliable financial information.

Financial statements may often contain elements that represent or are derived from valuations. As a result, it is important that issuers have robust and sound practices in place to support quality.

External auditors should apply sufficient procedures to assess an issuer's valuation information within its report as part of the financial-statement audit.

Chartered Accountants Australia and New Zealand has released IFRS 16 Leases: *What's Working, What's Not, and What's Next*, which looks at how IFRS 16 is being applied across the two nations.

The insights highlight what is working, where challenges remain, and what refinements could make a difference – from judgement calls and system limitations to disclosure practices and cost-benefit concerns.

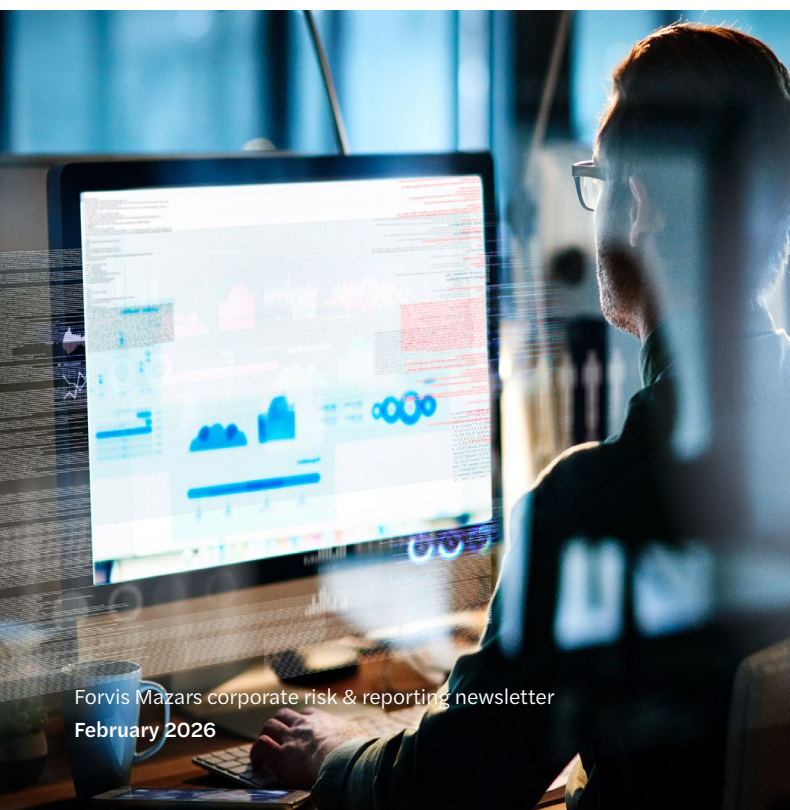
While IFRS 16 has delivered improvements in transparency and quality, its complexity, cost, and reliance on judgement continue to challenge its effectiveness.

The following key themes were raised:

- Complexity and judgement are the most significant practical challenges, particularly in areas like lease term, discount rates, and remeasurement
- Comparability is undermined by diversity in application and presentation
- Costs of implementation and ongoing compliance are higher than expected
- Disclosures are more structured than under the preceding IAS 17 Leases, but their usefulness varies depending on how clearly and consistently it is presented
- Cash-flow presentation remains a sticking point, users calling for more intuitive classification and alignment with operational realities
- Misalignment with other standards, notably IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, complicates application and can result in inconsistent outcomes, and
- Audit effort is significant, auditors reporting a lot of time spent on IFRS 16-related matters.

There was broad support for targeted improvements to clarify and simplify the standard, rather than overhaul it. Key recommendations included:

- Clarify judgement-heavy areas through targeted guidance and illustrative examples
- Improve disclosure requirements to support transparency and comparability. Reduce compliance burden by expanding practical expedients and simplifying reassessment triggers
- Refine transition guidance in future standard-setting projects, including longer lead times and clearer implementation support, and
- Further explore complex concepts that overlap with other standards, including lease-related cash flows, rent concessions, and sale and leaseback transactions.



Financial reporting

Insights help smaller listed's improve their reporting

The UK Financial Reporting Council has published practical insights to help smaller listed companies improve the quality of their corporate reporting and make the most of their resources.

Thematic review: Reporting by the UK's smaller listed companies examines annual reports from 20 companies listed outside the FTSE 350, both on the Main Market and the Alternative Investment Market.

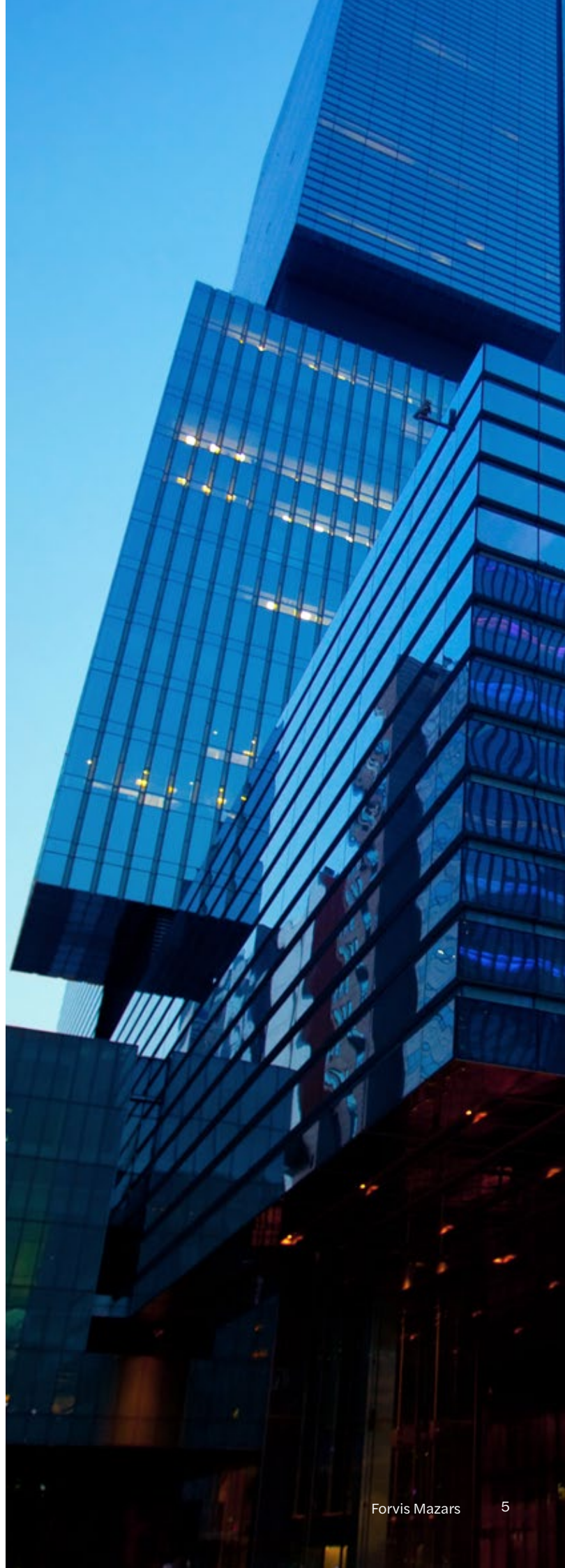
It focuses on four key areas where investors pay close attention and where the FRC has historically identified room for improvement:

- Revenue recognition – to ensure clear, company-specific accounting policies
- Cash-flow statements – to encourage accurate classification and consistency with other disclosures
- Impairment of non-financial assets – to enhance the transparency disclosure of assumptions and sensitivities, and
- Financial instruments – to tailor policies and risk disclosures to the company.

The review aims to help companies improve their reporting quality through better understanding of requirements and good practice and providing greater detail on the common triggers for FRC enquiries.

It includes hypothetical, illustrative examples based on real casework, contrasting good-quality reporting with less-informative disclosures.

While it supports smaller listed companies, auditors are also encouraged to use the report to understand the FRC's approach and focus areas. Audit committees and investors will also benefit from the review's findings to inform their challenges and engagement with companies to promote better quality disclosures.



Sustainability reporting

CA ANZ launches Sustainability Playbook

Chartered Accountants Australia and New Zealand has released its Sustainability Playbook, a practical guide designed to help accounting and finance professionals build the skills and confidence to navigate one of the most significant transformations in decades in corporate reporting.

From 1 January 2025, Australia introduced mandatory climate-related disclosures for large entities, with similar requirements already in place in New Zealand. The changes marked a new era for the profession, where sustainability was no longer a niche topic but a core capability.

The Sustainability Playbook gives accounting and finance professionals practical guidance to build the sustainability capabilities they need. They include:

- Why sustainability matters, and how accountants are taking a leading role
- Actionable strategies to build capability, structure finance teams, and prepare for sustainable accounting and audit practices
- Learning opportunities and resources to support ongoing capability building, and
- Spotlighting real-world examples of sustainability in action, showing how accountants are helping organisations manage climate risk, unlock strategic opportunities, and create long-term value.

SMEs might need to report GHG emissions sooner

Small to medium enterprises are urged to educate themselves on greenhouse-gas emissions' measurements as climate-related financial disclosures for large businesses and some government entities could result in a flow-over to them if they are suppliers.

'Mandatory climate-related financial disclosures commenced for large business and financial institutions at the beginning of this year, but what smaller businesses may not realise is this could also affect them', said Ainslie van Onselen, Chartered Accountants Australia and New Zealand CEO.

'While there is currently no obligation for small business to report information relating to their GHG emissions, if SMEs are in the supply chain for large businesses or government, they may be asked to provide this information, especially if they are in high-emitting sectors such as energy, agriculture and transportation and logistics.'

Chartered Accountants ANZ and the Australian Small Business and Family Enterprise Ombudsman have collaborated to produce a guide to help SMEs understand what GHG information they may be asked by larger businesses they supply to.

Climate-related financial disclosures in Australia: What it means for small to medium enterprises helps them to gain a better understanding of the value chain in which they operate and assess where GHG emissions might be occurring within their business.



Sustainability

ISSB amends IFRS S2

The International Sustainability Standards Board has issued amended greenhouse-gas emissions-disclosure requirements in IFRS S2 *Climate-related Disclosures*.

The amendments respond to problems that companies identified in applying the standard.

They:

- Clarify that an entity is permitted to limit measurement and disclosure of scope 3 category 15 GHG emissions to financed emissions as defined in IFRS S2
- Permit the use of alternative classification systems – beyond the Global Industry Classification Standard – to disaggregate information about financed emissions
- Clarify the availability of jurisdictional relief from using the GHG protocol standard, if only part of an entity is required to use a different method for measuring GHG emissions, and
- Introduce a jurisdictional relief from using global warming potential values from the latest IPCC assessment report for converting GHG emissions.

The amendments are effective for reporting periods beginning on or after 1 January 2027, early application permitted.

The ISSB has also issued amendments to align financed emissions metrics in three SASB standards with corresponding amended requirements in IFRS S2.

It is likely that AASB will also issue these amendments.

New assurance guide for climate-related disclosures

In collaboration with the Responsible Investment Association Australasia, CA ANZ has published a new guide for investors on assurance.

Navigating the Australian climate-related financial disclosure landscape: Guide to assurance for investors aims to help investors, as primary users, understand the assurance requirements linked to Australia's mandatory climate-related financial-disclosure regime.

APESB issues an updated code and prohibitions guidance

The Accounting Professional & Ethical Standards Board Limited has issued an updated code for APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

It has also updated guidance to assist auditors, firms, accountants, sustainability-assurance practitioners, and other stakeholders to implement the code's prohibitions.

The new code incorporates 11 amending standards issued up to July 2025, including the most recent amending standard for *Sustainability Assurance and Reporting and the Use of External Experts (effective 1 January 2026)*.

APESB has also updated guidance on prohibitions applicable to audit, review, and sustainability-assurance engagements to maintain their independence.



Governance

ASFA launches scam-prevention aids

The Association of Superannuation Funds of Australia has launched a *Scams and Fraud Toolkit* and companion *Scams Policy Template* to help superannuation trustees strengthen their fraud and scam controls and respond to regulatory and community expectations about financial-crime prevention.

The resources bring together key legal obligations and prudential expectations that apply to trustees about scams and fraud, consolidating them into easy-to-read, practical reference points.

The toolkit:

- Maps the main legislative and prudential obligations that shape trustees' fraud and scam responsibilities
- Summarises prevention, detection, and response expectations for trustees under existing APRA and ASIC guidance
- Sets out common superannuation fraud and scam risks, such as unauthorised transfers, rollover fraud, and misuse of member credentials, along with indicative controls and reporting expectations, and
- Provides practical checklists trustees can use to test whether their risk management and settings adequately address fraud and scam threats.

The template:

- Brings together the core elements expected in a scams policy, including governance, prevention, detection, reporting, disruption, and remediation
- Aligns with emerging scams-prevention models and expectations of key regulators, and
- Clarifies the roles of boards, senior management, and accountable persons in overseeing scam risk and certifying the effectiveness of controls.

Upcoming periodic deadlines

Listed entities are reminded of upcoming deadlines for periodic reports:

- Preliminary final reports (December year-end) – Friday 27 February
- Statutory half-year financial reports (except mining, exploration, and oil-and-gas exploration entities) (June year-end) – Friday 27 February
- Statutory half-year financial reports for mining, exploration, and oil-and-gas exploration entities (June year-end) – Monday 16 March
- Statutory audited annual accounts (December year-end) – Tuesday 31 March
- Annual reports (December year-end) – Thursday 30 April for listed companies and Tuesday 31 March for listed registered schemes
- December quarterly reports for mining exploration, oil-and-gas exploration, and commitments-test entities – Friday 30 January, and
- An investment entity must notify the net-tangible-asset backing of quoted securities within 14 days of the end of each month.

Listed entities are also reminded that a failure to lodge relevant documents on time (that is, by close of the Market Announcements Office on the due date) will result in an automatic suspension of the entity's securities under Listing Rule 17.5.



Regulators and legislators

ASIC announces 2026 enforcement priorities

Private credit practices, financial-reporting misconduct, insurance complaints and claims handling, and misleading pricing are among a range of new enforcement priorities that ASIC has unveiled for 2026.

ASIC deputy chair Sarah Court said the commission's 2026 enforcement priorities have been designed to protect consumers from financial harm and uphold the integrity of Australia's financial markets.

'We're doing more investigations, taking more matters to court, and securing record penalties,' she said.

'In the last 12 months, we've doubled the number of new investigations and nearly doubled the number of new matters filed in court.

'We've also worked hard to increase our criminal prosecutions, and seen lengthy sentences imposed for financial fraud offences.'

ASIC's new enforcement priorities are:

- Misleading pricing practices affecting cost of living
- Poor private credit practices
- Financial-reporting misconduct, including failure to lodge financial reports
- Claims and complaint-handling failures by insurers, and
- Holding those responsible to account for the collapse of the Shield and First Guardian Master Funds.

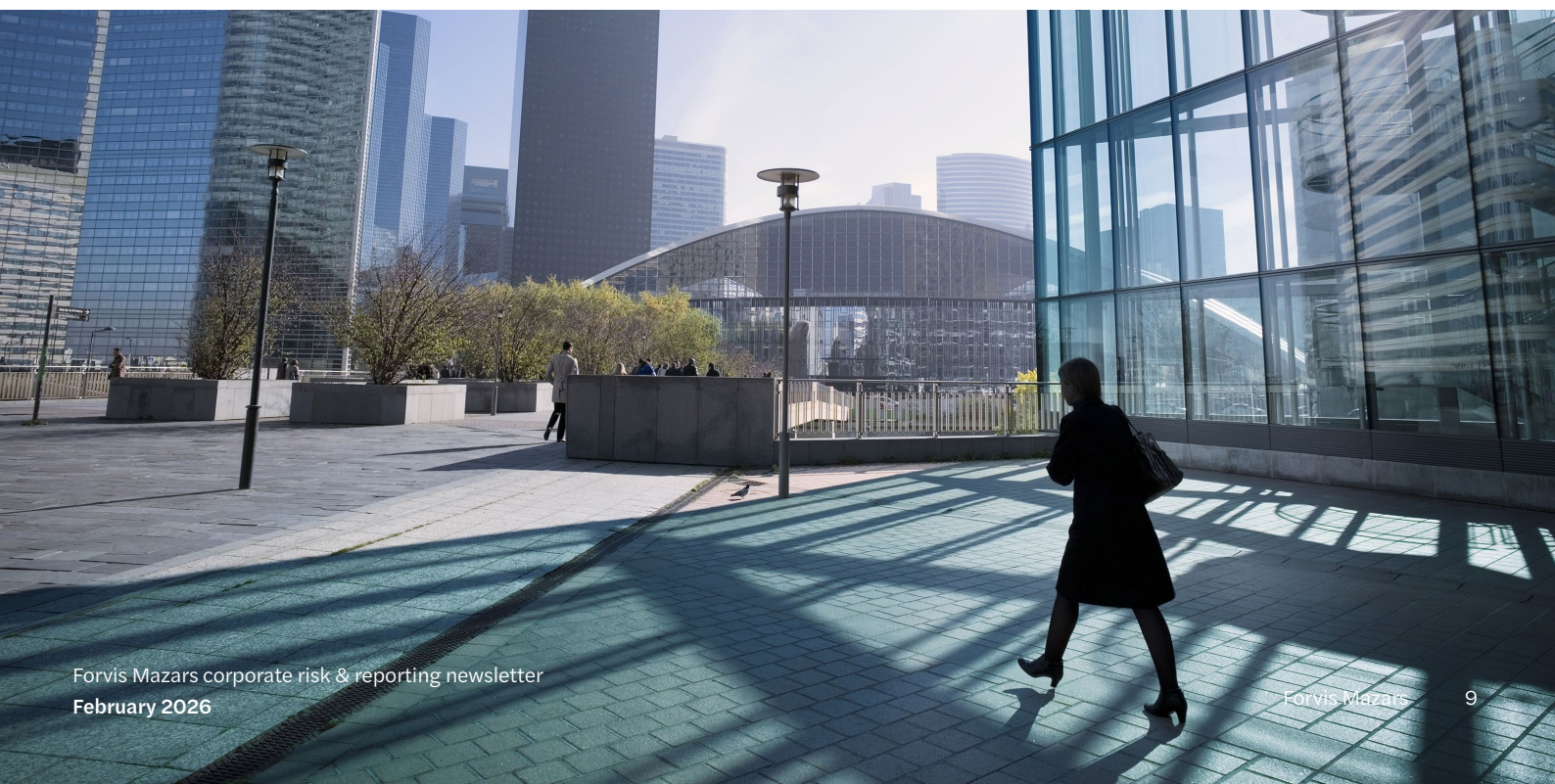
Continuing enforcement priorities are:

- Strengthening investigation and prosecution of insider trading
- Misconduct exploiting consumers facing financial difficulty, including predatory credit practices
- Unlawful practices seeking to evade small-business creditors
- Holding super trustees to account for member-services failures, and
- Auditor misconduct.

More than 40 investigators are probing the collapse of the Shield and First Guardian Master Funds. As one of ASIC's biggest and most-complex cases, it has a dedicated priority.

'We have been focused on returning available money to investors, and the next stage is holding those responsible to account for the Shield and First Guardian collapses,' said Ms Court.

The commission's enduring priorities include protecting First Nations and vulnerable consumers, upholding market integrity, acting against systemic failures, and ensuring a fair, strong, and efficient financial system.



Regulators & legislators

ASIC uncovers poor corporate whistleblower policies

ASIC has released report 827 Insights from the *ASIC Whistleblower Questionnaire: July 2024 to June 2025*. It reveals poor practices and policies.

It reviews the whistleblower status of 134 entities in 18 industries, examining how far companies have adopted better practices outlined in previous ASIC publications.

ASIC's review found:

- Significant variation in the 'maturity' of whistleblower practices
- Over a third of participating entities failed to provide a dedicated whistleblower web-page for raising concerns
- A quarter failed to provide regular staff training in their whistleblower programs, and
- More than half had not sought employee feedback on their whistleblower programs in the past year.

ASIC commissioner Alan Kirkland said: 'Whistleblowers play a crucial role in identifying and exposing misconduct that can harm customers, shareholders, companies, and the broader community.'

'Without effective policies and programs to encourage whistleblowers to come forward, misconduct may otherwise go unreported and undetected.'

'We encourage companies to benchmark themselves against the findings of the report and consider how they can improve their own whistleblower policies and practices.'

ASIC will continue to monitor whistleblower practices and engage with companies identified as having non-compliant or significantly less-mature practices.

Super to be paid with salary

Legislation to require employers to pay their employees' super at the same time as their salary and wages has passed parliament.

From 1 July, employers will be required to deposit employees' super into accounts within seven business days of payday.

While most employers do the right thing, the Australian Taxation Office estimates that \$6.25 billion worth of super went unpaid in the recent financial year.

The new law will:

- Require employers to ensure super contributions are received by the employee's fund within seven

business days of payday or they will be liable for the superannuation guarantee charge

- Help the Australian Taxation Office enforce the law and more quickly identify employers not making contributions, and
- Redesign the superannuation guarantee charge to be fit for purpose and make Payday Super work.

The ATO will monitor compliance for 12 months after the change. Its approach will differentiate between low and high-risk employers.

Employers that are making an effort to pay contributions in line with pay cycles can fall into a low-risk category.

Government proposes big DIN changes

The Federal Government has released exposure draft legislation, *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025*, accompanying draft regulations and explanatory material that propose significant changes to the Director Identification Number regime.

The proposed reforms are intended to enhance the integrity of corporate data, address unlawful phoenix activity, strengthen regulatory oversight, and improve confidence in the accuracy of information held on the Companies Register.

The draft bill is open for consultation until 10 February.

AUSTRAC releases guidance for new reporters

AUSTRAC has released *Reform Guidance* to help current and future reporting entities comply with changes to the AML/CTF legislation.

From 1 July next year, thousands of new businesses will come under the AML/CTF regime, including real-estate agents, accountants, lawyers, and dealers in precious metals and stones. For current reporting entities, the new laws will come into force on 31 March 2026.

The guidance is designed to help incoming reporting businesses understand and implement their new obligations while giving existing reporting entities information on what will change.

Risk insights and indicators are also included for each of the newly regulated sectors as well as further support for the digital currency-exchange sector.

AUSTRAC CEO Brendan Thomas said: 'Businesses can expect more resources to follow, such as sector-specific guidance and starter kits for AML/CTF programs'

Updated guidance on managing conflicts of interest

ASIC updated its regulatory guidance on managing conflicts of interest for Australian financial-services businesses.

The updated RG 181 *AFS Licensing: Managing Conflicts of Interest* sets out clear, principles-based guidance. It replaces guidance issued in August 2004.

Under section 912A(1)(aa) of the *Corporations Act 2001*, AFS licensees must have adequate arrangements in place to manage effectively conflicts of interest, except those that occur wholly outside a financial-services business.

RG 181 aims to help licensees fulfil their licensing obligations to have robust arrangements and tailored conflict management in place.

Key updates include:

- How the law applies to conflicts of interest, including the scope of the conflicts-management obligation and links to other related obligations
- The types of conflicts AFS licensees should identify and manage
- The need for robust, tailored arrangements to manage conflicts
- Practical steps for effective conflict management, and
- A non-exhaustive 'catalogue' of related legal obligations and information.

'Conflicts of interest aren't just ethical dilemmas,' said commissioner O'Rourke.

'They pose real threats that erode trust, tarnish reputations, and cause lasting harm to consumers, investors, and the entire financial ecosystem.'

'Effective conflict management is more than a regulatory checkbox — it's the cornerstone of trust in financial services.'

Be wary when using overseas service providers

ASIC has reviewed responsible entities of managed investment schemes using offshore service providers.

The quality of risk management using OSPs varied across responsible entities reviewed, improvements in differing areas required.

REs, as AFS licensees, retain ultimate responsibility under the *Corporations Act 2001* for the operation of their funds and should have sufficient skills to identify material risks and to assess an OSP's performance and suitability.

The commission encourages REs to consider how findings from its review apply to their business.

Observations from the review complement longstanding ASIC regulatory guidance RG 104 *AFS licensing: Meeting the general obligations*, RG 259 *Risk management systems of fund operators*, and RG 132 *Funds management: Compliance and oversight*.

The guides help responsible entities to demonstrate that they are:

- Undertaking reasonable due diligence when engaging the services of an OSP
- Meeting their oversight obligations in relation to their use of OSPs
- Ensuring the OSPs they use adhere to the RE's cyber-policy standards
- Consistently applying the same standards required of Australian-based third-party service providers to OSPs, particularly in relation to the handling of client information, and
- Ensuring that adequate risk management is in place for ongoing assessment and monitoring of the risks associated with OSPs and that management is reviewed and updated.

ASIC will continue to monitor the governance and risk management frameworks of financial-services entities and, where appropriate, hold them to account for failing to protect consumers and investors from harm.

ASIC issues key legal obligations for private credit funds

ASIC has released a catalogue summarising key legal obligations and regulatory guidance to help private credit-fund operators more easily identify and comply with regulatory obligations.

The catalogue provides a practical reference point and applies to operators of retail and wholesale private credit funds. It is also relevant to the broader funds-management sector.

ASIC intends to refresh regulatory guidance in 2026-2027 to consider private credit-surveillance findings, reflect current risks, and apply clearer guidance for wholesale funds.

Earlier this year, ASIC called on the private credit industry to lift its practices following expert observations of poor practices, the observations supported by November's *Private credit surveillance report: Retail and wholesale surveillance*.

AFSL

Transitional relief for foreign financial-services providers extended

ASIC has extended by a year transitional relief for foreign financial-services providers. The relief exempts FFSPs from the requirement to hold an AFS licence when servicing Australian wholesale clients.

ASIC's sufficient-equivalence and limited-connection reliefs were due to expire on 31 March. Transitional relief will remain in place until 31 March 2027.

On 26 November 2025, the Australian Government introduced legislation for a new licensing-exemption regime for FFSPs under the *Treasury Laws Amendment (Genetic Testing Protections in Life Insurance and Other Measures) Bill 2025*. The new regime is due to begin 12 months after the bill receives royal assent.

FFSPs that have been granted a foreign AFS licence will be able to continue to operate in Australia.



Appendix: ASIC's 'enduring' focus areas for financial reporting

Area	Consideration
Revenue	<p>Directors, RSE trustees and auditors should review an entity's revenue recognition policies to ensure that:</p> <ul style="list-style-type: none"> ▪ Revenue and deferred revenue are recognised in accordance with the substance of the underlying transactions and the satisfaction of performance obligations ▪ Judgements and assumptions used in revenue models are appropriate and reasonable, and ▪ Disclosure of revenue policies is not boilerplate and is appropriate for each material revenue stream.
Impairment of non-financial assets	<p>Goodwill, indefinite useful life intangible assets, and intangible assets not yet available for use must be tested annually for impairment.</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	<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>

Appendix: ASIC's 'enduring' focus areas for financial reporting

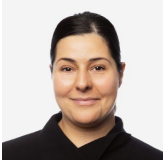
Area	Consideration
Expected credit losses on loans and receivables	<p>Whether key assumptions used in determining expected credit losses are reasonable and supportable.</p> <p>Any need for more reliable and up-to-date information about the circumstances of borrowers and debtors.</p> <p>Short-term liquidity issues, financial condition and earning capacity of borrowers and debtors.</p> <p>Ensuring the accuracy of ageing of receivables.</p> <p>Using forward-looking assumptions and not assuming recent debts will all be collectible.</p> <p>The extent to which 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 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, modelling, 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"> ▪ Assets are held in a business model whose objective is to hold the assets to collect contractual cash flows, and ▪ Contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.
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>

Appendix: ASIC's 'enduring' focus areas for financial reporting

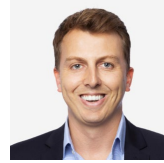
Area	Consideration
Disclosure – general considerations	<p>Directors and preparers should put themselves in the shoes of investors and consider what information investors would want to know.</p> <p>Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial 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. This 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 and tell the story of how the entity's businesses, results, and prospects are affected by economic and market conditions, and changing circumstances.</p> <p>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.</p> <p>The OFR should explain the underlying drivers of the results and financial position, as well as risks, management strategies, and prospects.</p> <p>All significant factors should be included and given appropriate prominence.</p> <p>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. The risks will vary depending upon the nature and businesses of the entity and its strategies.</p> <p>An exhaustive list of generic risks that might potentially affect a large number of entities would not be helpful. Risks should be described in context – for example, why the risk is important or significant and its potential impact and, where relevant, mitigation factors within the control of management.</p> <p>Climate-change risk could have a material impact on the prospects of entities and needs to be disclosed.</p> <p>Cyber-security risks could have a material impact for many entities and require disclosure.</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 Disclosing non-IFRS financial information).</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>

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