



Introduction

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

This edition reflects continued regulatory focus on the quality and timeliness of financial and sustainability reporting. We cover amendments to the accounting for investments in associates and joint ventures, ASIC's enforcement action on late lodgements, practical guidance on materiality and valuation, and growing expectations for connected financial and sustainability reporting.

We also consider the increasing use of artificial intelligence and the governance and internal-control frameworks needed to manage it responsibly. Other key updates include climate-transition planning, sustainability-reporting assurance, data-breach trends, new director identification requirements, ASIC's 2026–27 supervisory priorities, AUSTRAC enrolment activity and changes to financial requirements for responsible entities.



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Financial reporting

AASB clarifies investments standard

The Australian Accounting Standards Board has amended AASB 128 *Investments in Associates and Joint Ventures* to clarify which entities are eligible to measure investments in associates and joint ventures at fair value through profit or loss.

AASB 2026-3 aligns AASB 128 with AASB 9 *Financial Instruments* rather than applying the 'equity' method.

The amendments clarify the meaning of a 'similar entity' for venture-capital organisations, mutual funds and unit trusts. They are permitted under AASB 128 to use the fair-value measurement option.

Amendments clarify that 'similar entities' include those whose main business activity is investing in particular types of assets as described in AASB 18 *Presentation and Disclosure in Financial Statements* (para. 49(a)).

AASB 2026-3 *Amendments to Australian Accounting Standards – Fair Value Option for Investments in Associates and Joint Ventures* applies to annual reporting periods beginning on or after 1 January next year.

It applies for not-for-profit and superannuation entities using AASB 1056 *Superannuation Entities* to annual reporting periods beginning on or after 1 January 2028. Earlier application is permitted.

ASIC fines three firms \$594,000

The Australian Securities & Investments Commission has fined three companies \$594,000 for failing to lodge financial reports on time.

The fines are part of ASIC's surveillance and enforcement of reporting compliance.

The specific reasons for ASIC's concerns are set out on the Infringement Notices Register.

ASIC commissioner Kate O'Rourke said that the notices should serve as a warning for companies required to lodge financial reports for the year ended 30 June 2026.

'ASIC's action sends a clear message to reporting entities that we are actively enforcing the financial reporting requirements and expect companies to comply', she said.

'We have issued infringement notices to companies across a range of sectors including retail, hospitality, and now logistics. All of these companies play a significant role in our economy and should be complying with their financial reporting obligations.

'We remind companies required to lodge financial reports that they must generally lodge within four months after the end of the financial year. Disclosing entities and

registered schemes generally have three months.

'Reporting companies should act now to ensure their FY26 financial reports are prepared, audited and lodged with ASIC on time. We will take appropriate action to ensure reporting entities comply with their governance and disclosure obligations.'

ASIC has issued 27 infringement notices totalling more than \$5 million for alleged financial-reporting breaches since commencing broad surveillance in August 2025.

Ms O'Rourke said: 'We will continue our targeted, data-driven surveillance to identify and investigate companies that have lodged late or failed to lodge at all, in line with our current enforcement priority focusing on financial reporting misconduct.'

Companies should check whether they are required to lodge financial reports, confirm their applicable lodgement deadline, and ensure audit and board approvals are scheduled early enough to meet deadlines.

FRC guides on materiality in reporting

The UK's Financial Reporting Council has published *Applying materiality in corporate reporting* to support boards, preparers, and investors in the application and assessment of materiality within corporate reporting.

The FRC recognises that annual reports have become longer and more complex as reporting requirements have expanded and stakeholders have sought additional information.

Its insights are intended to help companies, investors, and other stakeholders by acting as prompts to stimulate thinking and build a clearer understanding of how materiality can be considered in practice.

They are structured into four sections. Why does materiality matter? Frequently asked questions on applying materiality in corporate reporting. Process for applying materiality. Further information.

AI use in reporting is cautious

New FRC research suggests that using artificial intelligence in corporate reporting is increasing. Adoption, however, remains cautious and uneven across the market.

Research report *The use of Artificial Intelligence Technologies in Corporate Reporting* found that generative AI is emerging as a valuable technology, particularly in narrative reporting, while use in financial statements remains limited.

While companies are beginning to use AI and other technologies to support reporting, most deployment is

Financial reporting

focused on lower-risk, task-specific activities rather than areas requiring significant professional judgement.

Preparers identified trust, data quality, governance controls and concerns about legal, reputational, and stakeholder risks as key barriers to wider adoption. Many also reported that the premium that investors and other users of corporate reports placed on authenticity, alongside accuracy and accountability, was prompting firms to take a cautious approach in high-judgement areas.

Estimating valuation adjustments

The International Valuation Standards Council has issued a new perspectives paper *Estimating Valuation Adjustments for Financial Instruments* that examines how and why valuation adjustments are applied to reconcile model-derived values with fair value.

Financial instruments are increasingly valued using models rather than observable market prices, particularly over-the-counter derivatives and inactively traded bonds for which active markets and reliable price data may not exist.

Yet valuation models are, by design, simplifications of reality and typically produce theoretical or mid-market values. As a result, a model's output may not reflect the price at which an instrument could be exited – its 'fair value' – at the measurement date. Judgement needed to bridge the difference can be significant.

The paper examines how and why valuation adjustments are applied to reconcile model-derived values with fair value. It sets out what a valuation adjustment is, why using models gives rise to needing them, and a structured approach to identifying, assessing, applying, and documenting them in a consistent and transparent way.

It also illustrates how such adjustments arise in practice. It discusses counterparty credit risk through Credit and Debit Valuation Adjustments; adjustments for parameter uncertainty and model risk where inputs are unobservable.

Advice draws on examples of Bermudan 'swaptions' and inactively traded bonds, discounts for lack of marketability, and concentration adjustments where the size of a position relative to market depth affects the price at which it can be exited.

At a time of growing regulatory and investor scrutiny, the paper highlights the importance of applying valuation adjustments within a disciplined, transparent, and consistently applied framework – reflecting factors not fully captured by an otherwise appropriate model rather than compensating for inappropriate models and data. Such an approach can help improve the reliability and comparability of fair-value measurements and strengthen stakeholder confidence.

IVSC signals ways to value debt

Private credit has grown rapidly from specialist financing into a significant global asset class. Yet the limited availability of observable market prices, the bespoke nature of private-debt instruments, and the absence of active secondary markets continue to make valuation particularly challenging.

An IVSC perspectives paper *Private Debt Valuation: Selecting a Valuation Method* examines current market practices for selecting an appropriate valuation method for private debt instruments with a particular focus on direct lending.

It outlines the factors that valuers should consider when assessing the issuer, the instrument, and the transaction, evaluating financial and credit performance, and determining enterprise value and debt coverage.

The paper also considers how principal-valuation approaches recognised under international valuation standards may be applied in practice. It discusses the use of market evidence and calibration, discounted cash flow and yield analysis for performing debt, and net recovery and liquidation methods when an issuer is distressed, in default, or no longer a going concern.

At a time of growing regulatory and investor scrutiny, the paper highlights the importance of a disciplined, transparent, and consistently applied framework. Such an approach can help improve the reliability and comparability of fair-value assessments and strengthen stakeholder confidence.

Insights on 'connected' reporting

The Global Accounting Alliance has published its first report on connectivity in corporate reporting.

The *Connected Reporting Landscape* explores why stronger links between sustainability and financial reporting are becoming essential to understanding organisations' performance, risk, and long-term value.

The report examines why connectivity is becoming a defining feature of high-quality, decision-useful corporate reporting, and why it can be difficult to achieve in practice.

It highlights reporting risks created by fragmented information, organisational silos, and checklist-driven approaches while emphasising the importance of governance, shared frameworks, and collaboration across finance, sustainability, risk, and strategy teams.

The *Connected Reporting Landscape* can be downloaded from the GAA website.

Sustainability reporting

Sustainability reporting improves

The Australian Securities & Investments Commission says the quality, quantity, and consistency of climate-related financial information have increased with the introduction of statutory sustainability-reporting requirements.

Commissioner Kate O'Rourke said ASIC's review of a sample of 40 sustainability reports detailed in report 839 *ASIC's review of sustainability reports lodged for 31 December 2025* identified marked progress in disclosure reporting compared with those previously made voluntarily.

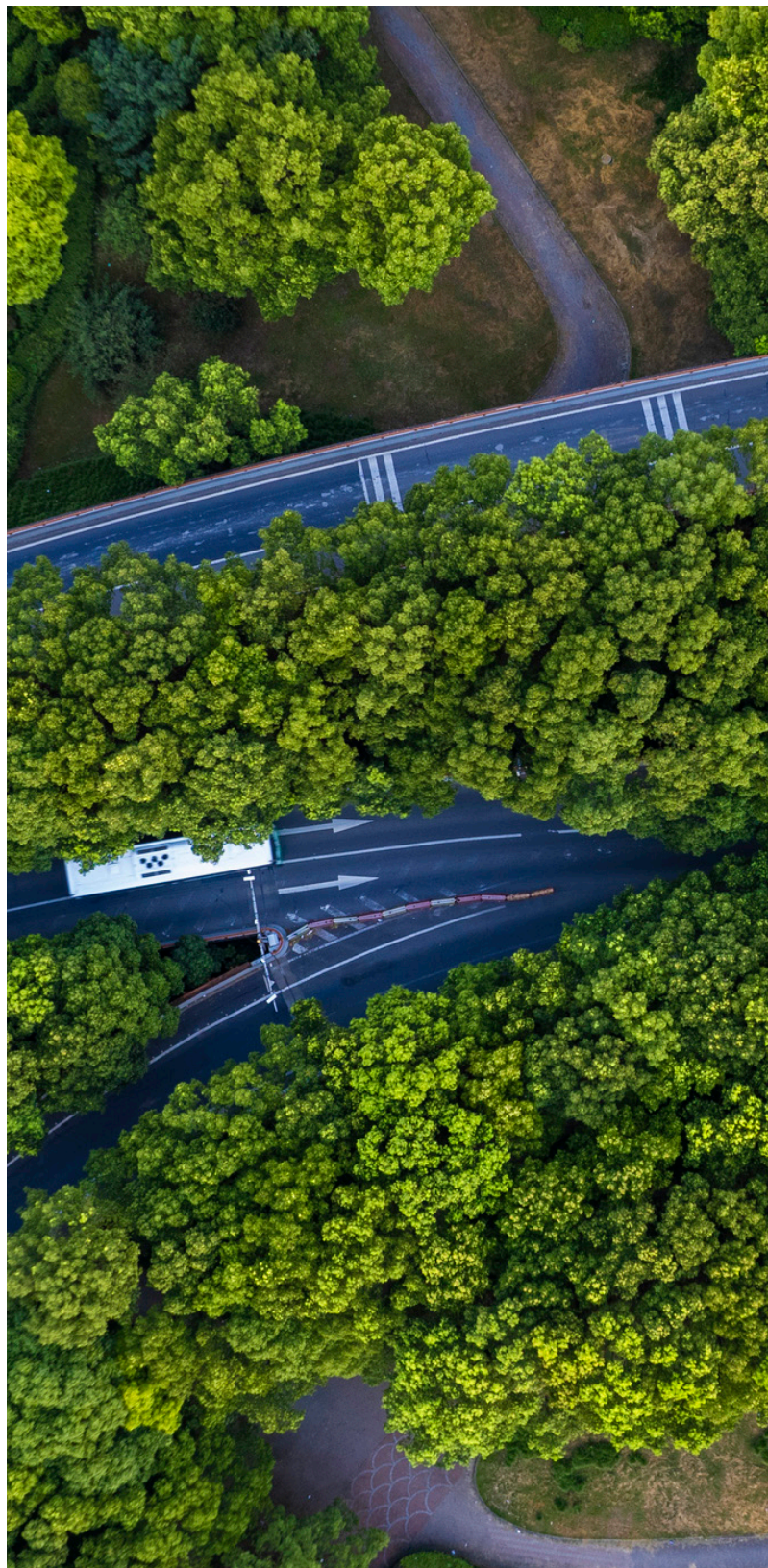
'It appears that statutory reporting has not only resulted in heightened transparency but also more meaningful engagement by entities with climate-related risks and opportunities', Ms O'Rourke said.

'We saw examples of entities adapting or updating existing governance and risk-management processes.'

ASIC identified opportunities for improvements in forward-looking disclosures and those underpinned by assumption or judgement, for example in aspects of strategy, metrics, and targets.

To assist reporting entities, the commission has outlined eight practical moves to consider when preparing sustainability reports. They are:

- Explain how the sustainability report connects to relevant financial-report disclosures
- For material current and anticipated financial effects of climate-related risks and opportunities, disclose quantitative information where possible; otherwise, explain why only qualitative information is provided
- When identifying climate-related risks and opportunities, consider past, current and forecast conditions and their direct or indirect effects across the value chain
- Clearly disclose relevant judgements, assumptions and measurement uncertainties
- Remember AASB S2 defines 'climate-related targets' to include those required by law or regulation, such as safeguard-mechanism emissions targets
- Do not obscure material climate-related financial information with additional disclosures
- Meet cross-referencing requirements, including making referenced information available on the same terms and at the same time as the sustainability report, and
- Avoid disclaimers that conflict with Chapter 2M's sustainability-reporting framework and objectives or may mislead users.



Sustainability reporting

'The findings in this report are designed to provide reporting entities with timely and accessible feedback on what we have observed to reduce regulatory uncertainty while also improving the quality of climate-related information for users', said Ms O'Rourke.

In the 2026-27 financial year, ASIC will review a sample of sustainability reports lodged by Group 1 entities with financial years ending 30 June. It will continue to liaise with large audit firms to understand the assurance methodologies adopted in sustainability reporting.

Canberra guides on transition planning

The federal government has published *Climate-related transition planning – Voluntary Guidance* to help organisations plan for impacts of net-zero transition and changing climate.

Transition planning helps organisations identify and respond to climate-related risks and opportunities. It includes delivering on climate ambitions.

Organisations may take different approaches to transitions, depending on sector, value chain, business size, and complexity and exposure to climate related risks and opportunities.

The new guidance gives practical advice and examples of good practice.

Transition plans disclosure in sustainability reports apply to Group 1 entities for 1/7/26 to 30/6/27, Group 2 entities for 1/7/27 to 30/6/28 and Group 3 entities 1/7/28 to 30/6/29. They are subject to limited assurance (see ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*).

Changes coming to climate-related financial disclosures

The federal government has released a consulting paper *Improving the efficiency of climate-related financial disclosures*.

The paper aims to lower costs for businesses while keeping reports high-quality, credible, and comparable in quality with other countries' counterparts.

Main proposals include:

- Changing assurance rules to reduce compliance costs
- Providing clearer guidance on key terms and concepts, and
- Reducing the burden of information requests across supply chains.

APESB releases new sustainability standard

The Accounting Professional & Ethical Standards Board Limited has released the new APES 206 *Conformity with Sustainability Reporting Standards*.

It addresses professional obligations associated with reporting sustainability information, including information required under the new suite of sustainability standards issued by the Australian Accounting Standards Board.

APES 206 specifies a member's professional and ethical obligations when preparing, presenting, and compiling sustainability information or performing sustainability assurance.

Key requirements in APES 206 include:

- The fundamental responsibilities of members outlined in the paragraph above, and
- Members' responsibilities concerning specific types of sustainability information: sustainability information represented as complying with ASRS; sustainability information prepared in accordance with a general-purpose framework; and sustainability information not covered elsewhere.

APES 206 is effective from 1 January, earlier adoption permitted.

Governance

Regulators warn AI awareness must turn to action

ASIC and the Australian Prudential Regulation Authority are urging financial-market entities to move from gaining awareness of AI risks to taking action.

Both APRA and ASIC have recently warned that AI is increasing the speed, scale and sophistication of cyber threats while accelerating technology and operational risks.

The regulators hosted nine roundtables involving more than 600 attendees from across the financial system. The joint publication *Resilience at Frontier AI Speed Insights from the APRA-ASIC Industry Roundtables* resulted.

Key themes included:

- The importance of getting the cyber fundamentals right, including identifying and managing critical assets and systems, timely patching, strong identity and access controls, attack-surface reduction, backup integrity, tested response and recovery arrangements, and third-party risk management
- The need to consider key decisions such as risk appetite, escalation authority, recovery priorities and communication strategies at board level before a crisis hits, given that frontier AI compresses incident-response timeframes
- A growing interest in defensive AI, including for threat intelligence, vulnerability detection, code review and incident response. There was acknowledgement that capability remains limited
- Common dependency and concentration risks associated with third-party service providers that may turn isolated individual incidents into much broader sector-wide disruption, and
- The importance of contributing to industry-led collaboration, including sector-wide threat-intelligence sharing, dependency mapping, supplier assurance, and sector incident coordination.

ASIC commissioner Simone Constant said: 'The urgency of this challenge cannot be overstated. Threat actors are exploiting frontier AI models to identify and exploit vulnerabilities that previously may have taken a team of professionals months to find'.

Updated guidance on AI governance

The Australian Institute of Company Directors has updated *A Director's Guide to AI Governance*.

AI gives organisations the chance to enhance productivity, improve decision-making, and deliver innovative products

and services.

Yet it also introduces complex and often interconnected risks, including in cyber-security and data governance. Boards play key roles in governing the balance between opportunity and risk.

The AICD's updated resources aim to equip boards with the insight needed to navigate AI with confidence, promoting innovation using AI in a responsible manner, including oversight of its impact on employees, customers, and broader stakeholders.

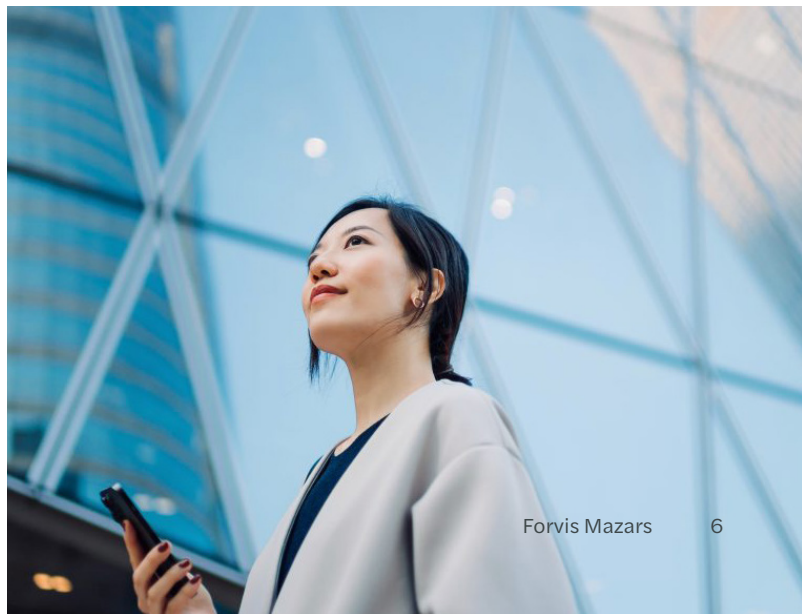
COSO on controlling AI

The Committee of Sponsoring Organizations of the Treadway Commission has released *Achieving Effective Internal Control Over Generative AI*, offering organisations a practical, COSO-aligned approach to managing the risks and opportunities introduced by rapidly advancing generative AI technologies.

Generative AI is moving into boardrooms and day to day operations far faster than traditional governance models anticipated. Organisations are already using AI enabled tools to automate reconciliations, accelerate analysis, and support decision making at a scale that compresses timelines and reshapes workflows.

Such rapid adoption brings a new class of risks – from heightened cyber exposure and prompt based manipulation to opaque reasoning, model drift, and frequent configuration changes – that can jeopardise the integrity of operations, reporting, and compliance if not addressed with robust internal controls.

Rather than proposing a new governance model, the publication adapts COSO and Internal Control Integrated Framework's five components – control environment, risk assessment, control activities, information and communication, and monitoring activities – into GenAI-specific practices.



Governance

The report introduces several new elements to help organisations govern GenAI:

- A ‘capability-first’ taxonomy: Using AI falls into eight capability types – ingestion, transformation, posting, orchestration, judgment, monitoring, regulatory intelligence, and human-AI interaction, each with considerations that reflect how AI risks appear across the data-to-decision lifecycle
- Audit-ready control mapping: Each capability includes examples, minimum control expectations aligned to all five COSO components, and illustrative metrics to support operational monitoring and audit-evidence collection, and
- Practical implementation artifacts: Starter templates, including risk assessment matrices, control-testing procedures, and metric dashboards help organisations accelerate implementation and reduce time-to-value.

The publication emphasises that while generative AI transforms how information is generated, processed, and acted upon, it does not change the fundamental purpose of internal control – to help organisations achieve their objectives reliably. Instead, AI requires organisations to apply COSO’s principles with renewed rigor, clarity, and traceability.

Data breaches soar

Newly published statistics reveal that 2025 saw the highest number of data-breach notifications reported to the Office of the Australian Information Commissioner since the mandatory data-breach reporting scheme began in 2018.

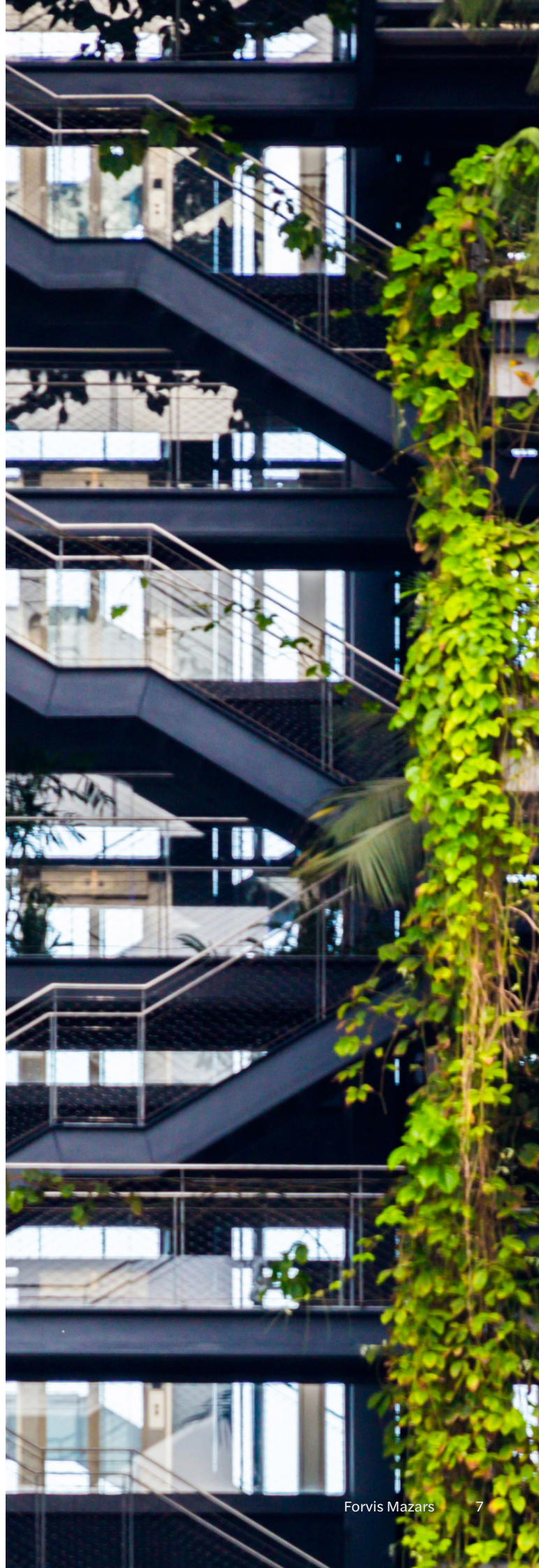
The OAIC received 1205 data breach notifications in the 2025 calendar year, an 8 per cent increase over 2024 (1112 notifications).

Businesses and federal-government agencies covered by the Privacy Act are required to report any data breach that is likely to result in serious harm to affected individuals under the notifiable data breach scheme.

Cyber-hacking remains the primary cause of reported data breaches. Most were attributable to malicious or criminal activity (716 notifications), health service-providers the most commonly affected, accounting for 19 per cent of the total or 225 notifications.

Financial services (157 notifications), the federal government (118), business and professional associations (103), education (81), and legal, accounting and management services (81) followed.

The OAIC has published a *Quick reference guide for responding to data breaches for entities* that must report them.



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The guide outlines the scheme's requirements, helps to determine whether an assessment is required, whether to notify the OAIC and affected individuals, and how to do so.

The OAIC's own research demonstrates that data breaches remain a major privacy concern for the Australian public. A 2026 survey of community attitudes to privacy identified data breaches as Australians' top perceived privacy risk, 82 per cent of those surveyed concerned about the issue, an increase from 74 per cent in 2023.

New director ID requirements on the way

From 1 July next year new laws passed under the *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Act 2026* will require companies to provide to ASIC director identification numbers.

They will need to provide them in reports, including annual reviews, and when notifying changes to director details. Further information and guidance will be provided before the laws come into effect.

The changes form part of broader improvements to Australia's business registers, including stronger authentication for users who create and update registry records.

They should help to reduce the risk of fraud and identity misuse, improve the accuracy of company information, and make it easier to identify company directors.

Companies and directors are encouraged to check that company and director information is current and accurate. Company details should be up-to-date, directors correctly recorded, and wrong names, addresses, and contact details corrected.

Keeping information correct will help to avoid delays and issues when new requirements begin.

ASIC also encourages checking director details recorded on its companies register against those held by Australian Business Registry Services and updating records where necessary.

Getting stakeholders involved

The AICD has released *Governing with stakeholder insight: A guide for boards*.

It provides a practical framework to help boards strengthen stakeholder governance, bring stakeholder insights into the boardroom, and support better decision-making.

The guide builds on the AICD's original 2021 publication *Elevating stakeholder voices to the board*. Reflecting developments in corporate law, governance practice, and director experience, it outlines approaches boards can use to understand better stakeholder perspectives and incorporate them into governance and decision-making.

The new guide provides a five-step framework:

- Identify, prioritise, and review key stakeholders
- Define the board's role in stakeholder governance
- Understand stakeholder perspectives and ensure that relevant insights reach the boardroom
- Incorporate stakeholder considerations into board decisions and disclosures, and
- Monitor and improve the effectiveness of stakeholder governance.

Featuring case studies and perspectives from directors, chairs, and stakeholder representatives, the guide explores practical approaches to engaging with customers, employees, volunteers, suppliers, First Nations peoples, and broader communities.

Regulators

ASIC's supervisory priorities for 2026–27

ASIC has published its supervisory priorities for 2026–27 for the banking, superannuation, general insurance, life insurance, and financial-markets sectors to provide greater transparency about priorities and give industry an early look at the commission's activities.

- **Banking sector:** ASIC will review the use of AI in customer-facing activities and will review lender-conduct practices, such as incentives, referrer arrangements, and broker oversight. It will focus on banks' getting the basics right and improving outcomes for those in financial difficulty
- **Superannuation:** the commission will continue its multi-year review of superannuation member services and begin new reviews on trustee oversight of advice-fee deductions and retirement
- **General insurance:** ASIC will review the practices of for-profit claims management firms (including those commonly referred to as 'disaster chasers') and the potential implications of some firms' practices for consumers
- **Life insurance:** the commission will review life-insurance practices related to funeral insurance and continue its review into service issues in life insurance, and
- **Markets:** ASIC will promote market integrity and responsible innovation through surveillance and public-private initiatives. The commission will also reduce friction, support capital mobility, facilitate growth and competitiveness in Australia's capital markets, and strengthen resilient market

infrastructure. The commission will continue to focus on confidence and fair outcomes across both public and private markets.

ASIC remakes wholly-owned companies' relief

ASIC has remade relief for eligible wholly-owned companies, ensuring that they can continue to rely on existing financial-reporting arrangements beyond 1 October.

ASIC Corporations (Wholly-owned Companies) Instrument 2026/533 continues existing financial-reporting relief for eligible wholly-owned companies under Chapter 2M of the *Corporations Act 2001*.

Relief applies where the company meets the relevant conditions, including being party to a deed of cross guarantee with its holding company and other group entities, and where the holding company lodges consolidated financial statements for the group.

The remade instrument maintains the existing relief while broader reforms to group-reporting relief are progressed. Companies need to take no action solely because the instrument has been remade: the eligibility conditions remain consistent, and savings provisions apply.

Also, remade *ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/468* consolidates 14 relief instruments related to sustainability and annual and half-year financial-reporting obligations for companies, registered schemes, registrable superannuation entities, retail corporate collective investment vehicles, and disclosing entities under the *Corporations Act*.



Regulators

AUSTRAC sends notices to non-enrolled businesses

Anti-money-laundering watchdog AUSTRAC has begun issuing section 167 notices to businesses that appear to be providing designated services but have not enrolled under Australia's money laundering and counter-terrorism financing laws.

The notices require businesses, including real estate agents, accountants, lawyers, and jewellers, to provide information to help AUSTRAC determine if they are providing regulated services and meeting their obligations under the *AML/CTF Act* – the regime was expanded on 1 July.

AUSTRAC CEO Brendan Thomas said enrolment is a legal obligation and an important first step in protecting Australia from financial crime.

'Being regulated under the AML/CTF regime is a serious responsibility', he said.

'The time for preparation has passed. Businesses covered by Australia's AML/CTF laws should already be working on managing their risks and meeting their obligations.

'Enrolment is a basic requirement. If a business is providing designated services, it needs to be enrolled with AUSTRAC and actively managing the risk that criminals could exploit its services to move or hide illicit money.

'The newly regulated businesses under the AML/CTF regime are in a position to identify suspicious activity and help shut criminals out of the financial system.'

Mr Thomas said AUSTRAC's focus remains on helping businesses understand and comply with their obligations, but those that ignore the law should expect regulatory scrutiny.



ASX's advisory group revises governance principles

Consultation has closed on an updated and simplified edition of ASX's corporate government principles.

The fifth edition seeks to refine – but not redesign – the existing framework. It retains what has worked well while also simplifying and updating the principles because of changes in governance and laws since 2019. The aim is a new edition that is clear, practical, and better aligned with contemporary governance practice.

The eight principles are:

- Lay solid foundations for management and oversight
- Structure the board to be effective
- Instil and reinforce a culture of acting lawfully, ethically and responsibly
- Safeguard the integrity of corporate reports
- Make timely, balanced and accurate disclosure
- Support the rights of security holders
- Understand and manage risk, and
- Remunerate fairly and responsibly.

Refinements include simplifying the approach to director and executive remuneration and board composition, especially the recognition that a board with diversity of thought, experience and perspective can make better decisions.

The exchange's advisory group aims to make its recommendations to ASX's board by the end of the year. ASX proposes that the fifth edition applies to financial years commencing on or after 1 July next year.



ASIC announces NTA changes for responsible entities

ASIC has outlined its approach to increasing the net-tangible-assets requirement for responsible entities of registered managed investment schemes.

What is changing:

- Minimum financial thresholds in the NTA requirement will be increased to reflect inflation between June 2013 (when they were last updated) and March 2026
- Annual indexation will be introduced to ensure the thresholds remain current, and
- The increases will apply to responsible entities, operators of investor directed portfolio services and corporate directors of retail corporate collective investment vehicles.

The changes will commence on 1 July 2027. The thresholds applying from this date will include the first annual indexation adjustment.

ASIC will amend ASIC Corporations (Financial Requirements for Responsible Entities, IDPS Operators and Corporate Directors of Retail CCIVs) Instrument 2023/647 and update Regulatory Guide 166 AFS *Licensing: Financial requirements*.



Ethics

Ethical considerations in using emerging technologies

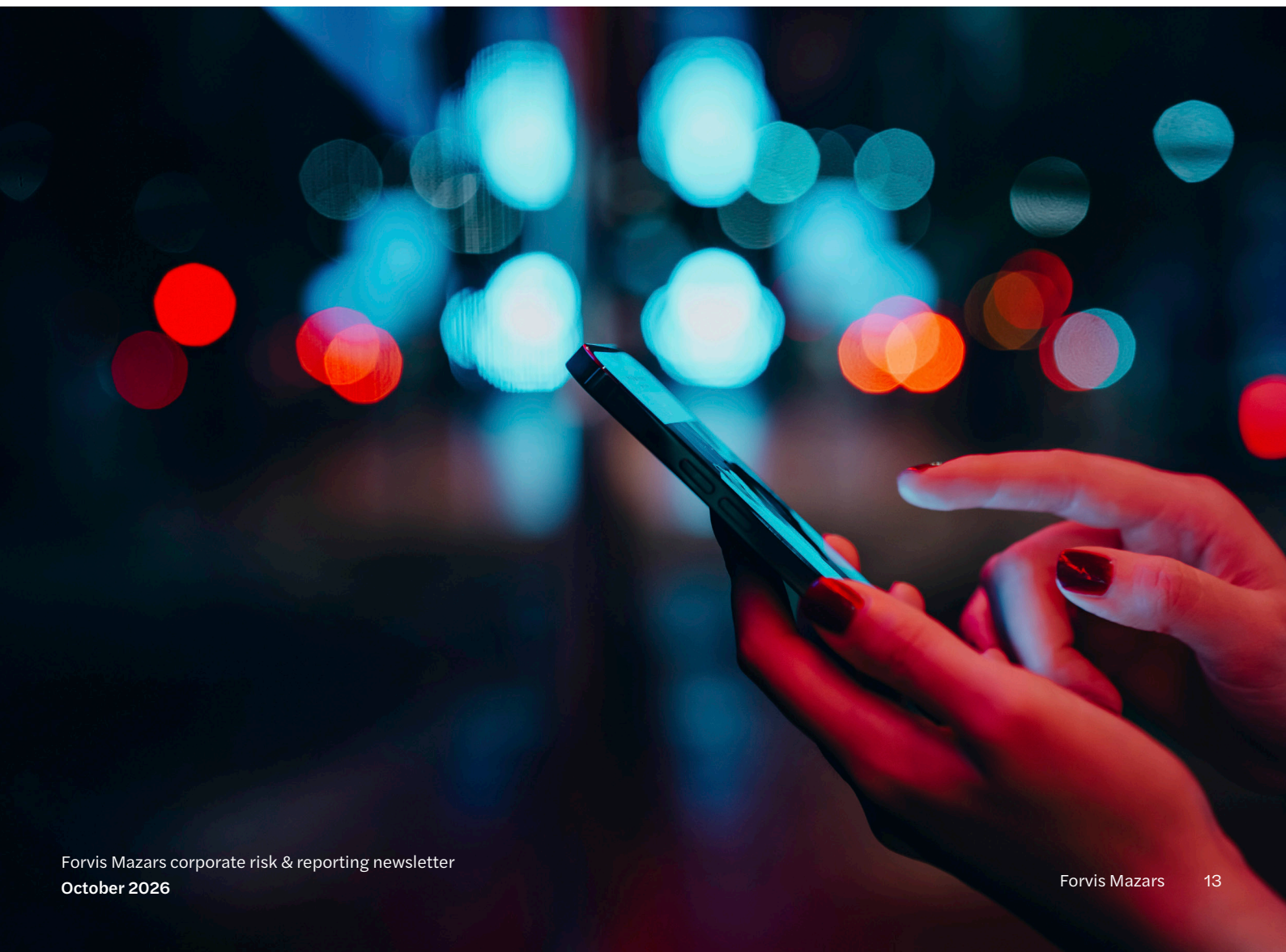
The International Ethics Standards Board for Accountants has released *Emerging Technologies: A Characteristics-Based Approach to Ethical Considerations for Professional Accountants* to support them as they develop, implement, and use emerging technologies in public practice and business.

The publication provides an overview of the ethical implications of emerging technologies commonly used across the accountancy profession, including artificial intelligence, distributed ledger technologies, machine learning, quantum computing, and robotic process automation.

The guidance describes key characteristics associated with emerging technologies – such as opacity, non-determinism, dependence on data, perpetual adaptivity, autonomy, scalability, and speed – and explains how they may create or amplify threats to compliance with the fundamental principles in the ethics code.

The publication emphasises that, regardless of the level of automation and technological sophistication involved, professional accountants remain responsible for the judgments and decisions made in their work.

It underscores the importance of applying the code's conceptual framework with an inquiring mind, professional judgment, and appropriate human oversight when evaluating technology-driven outputs. It also highlights that maintaining professional competence and due care in an environment of rapidly evolving technologies requires committing to continuous learning and the development of appropriate technological literacy.



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

Area	Consideration
Revenue	Directors, RSE trustees and auditors should review an entity's revenue recognition policies to ensure that: - 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	Goodwill, indefinite useful life intangible assets, and intangible assets not yet available for use must be tested annually for impairment. Entities adversely impacted in the current environment may have new or continuing indicators of impairment that require testing for other non-financial assets. The appropriateness of key assumptions supporting the recoverable amount of non-financial assets. 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. 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. 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. Disclosure of estimation uncertainties, changing key assumptions, and sensitivity analysis or information on probability-weighted scenarios.
Values of property	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. The lease-accounting requirements and the impairment of lessee right-of-use assets.

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

Area	Consideration
Expected 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. Ensuring the accuracy of ageing of receivables. Using forward-looking assumptions and not assuming recent debts will all be collectible. The extent to which history of credit losses remains relevant in assessing ECLs. Whether possible future losses have been adequately factored in, using probability-weighted scenarios, as necessary. Disclosure of estimation uncertainties and key assumptions. 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.
Financial-asset classification	Financial assets are appropriately measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss. Criteria for using amortised cost include whether both: - 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	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	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 should be reviewed as to whether they affect assets, liabilities, income, or expenses at year-end or relate to new conditions requiring disclosure.

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

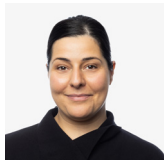
Area	Consideration
Disclosure – general considerations	Directors and preparers should put themselves in the shoes of investors and consider what information investors would want to know. Disclosures should be specific to the circumstances of the entity and its businesses, assets, financial position, and performance. Changes from the previous period should be considered and disclosed.
Disclosures in the financial report	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. 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.
OFR disclosures	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. 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 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. The risks will vary depending upon the nature and businesses of the entity and its strategies. 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. Climate-change risk could have a material impact on the prospects of entities and needs to be disclosed. Cyber-security risks could have a material impact for many entities and require disclosure.
Non-IFRS financial information	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).
Disclosure in half-year reports	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.

Appendix: Acronyms and Abbreviations

Principle	Explanation
AASB	Australian Accounting Standards Board
AFS	Australian financial services
AFSL	Australian financial services licence
AI	Artificial intelligence
AICD	Australian Institute of Company Directors
AML/CTF	Anti-money laundering and counter-terrorism financing
APES	Accounting Professional and Ethical Standards
ASSA	Australian Standard on Sustainability Assurance
APESB	Accounting Professional & Ethical Standards Board
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities & Investments Commission
ASRS	Australian Sustainability Reporting Standards
ASX	Australian Securities Exchange
AUSTRAC	Australian Transaction Reports and Analysis Centre
CCIV	Corporate collective investment vehicle
CEO	Chief executive officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
FRC	Financial Reporting Council
FY26	Financial year 2026
GAA	Global Accounting Alliance
GenAI	Generative artificial intelligence
ID	Identification
IDPS	Investor directed portfolio service
IESBA	International Ethics Standards Board for Accountants
IPCC	Intergovernmental Panel on Climate Change
IVSC	International Valuation Standards Council
NTA	Net tangible assets
OAIC	Office of the Australian Information Commissioner
UK	United Kingdom

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