

[CO 05/639]

Application of accounting standards by non-reporting entities

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Effective 28/7/2005

Class Order [CO 05/639] ensures that non-reporting entities can take advantage of concessions or other modifications of the recognition and measurement requirements of accounting standards that are available to reporting entities, such as:

- (a) concessions available under Accounting Standard AASB 1 “First-time Adoption of Australian Equivalents to International Financial Reporting Standards”; and*
- (b) transitional provisions or other concessions available under a non-mandatory accounting standard.*

Australian Securities and Investments Commission
Corporations Act 2001 — Subsection 341(1) — Order

Enabling provision

1. The Australian Securities and Investments Commission (**ASIC**) makes this order under subsection 341(1) of the *Corporations Act 2001* (the **Act**).

Title

2. This order is ASIC Class Order [CO 05/639].

Commencement

3. This instrument commences on the date it is registered under the *Legislative Instruments Act 2003*.

Note: An instrument is registered when it is recorded on the Federal Register of Legislative Instruments (**FRLI**) in electronic form: see *Legislative Instruments Act 2003*, s 4 (definition of **register**). The FRLI may be accessed at <http://www.frli.gov.au/>.

Relief for entities that are not reporting entities

4. A company (the **non-reporting entity**) or registered scheme (the **non-reporting entity**) that is not a reporting entity does not have to comply with subsection 292(1), subsection 296(1) and section 297 of the Act in relation to a financial report (the **relevant report**) that it must prepare for a financial year but only to the

extent set out in paragraph 5 and only where the condition in paragraph 6 is met.

5. The non-reporting entity need not comply with a recognition requirement or measurement requirement to the extent to which that requirement would not have applied to an eligible reporting entity.

Condition

6. The non-reporting entity must take all reasonable steps to ensure that the relevant report complies with all recognition requirements and measurement requirements as if it were an eligible reporting entity.

Interpretation

In this order:

Australian equivalents to IFRSs has the same meaning as in accounting standard AASB 1 “First-time Adoption of Australian Equivalents to International Financial Reporting Standards”.

eligible reporting entity means:

- (a) in relation to the first financial year commencing on or after 1 January 2005 – a reporting entity which first adopts Australian equivalents to IFRS for that financial year and which includes in its financial report for that year an explicit and unreserved statement that the report complies with Australian equivalents to IFRSs; and
- (b) in relation to subsequent financial years – a reporting entity.

Note: Accounting standard AASB 1 “First-time Adoption of Australian Equivalents to International Financial Reporting Standards” is expressed to apply “when an entity first adopts Australian equivalents to IFRS”: see paragraph 4. By paragraph 3 of that standard “[a]n entity’s first Australian-equivalents-to-IFRSs financial report is the first annual financial report in which the entity adopts Australian equivalents to IFRSs, by an explicit and unreserved statement in that financial report of compliance with Australian equivalents to IFRSs”.

measurement requirement means a requirement in an accounting standard that is relevant to working out the cost or other value to be attributed to an asset, liability, revenue, expense or other item that is covered by a recognition requirement.

recognition requirement means a requirement in an accounting standard that an asset, liability, revenue, expense or other item is to be expressly reported on, or incorporated in amounts expressly reported on, in a financial statement to which the standard relates.

reporting entity means a reporting entity as defined in Appendix A of accounting standard AASB 3 “Business Combinations”.

Dated this 26th day of July 2005

Signed by Brendan Byrne
as a delegate of the Australian Securities and Investments
Commission