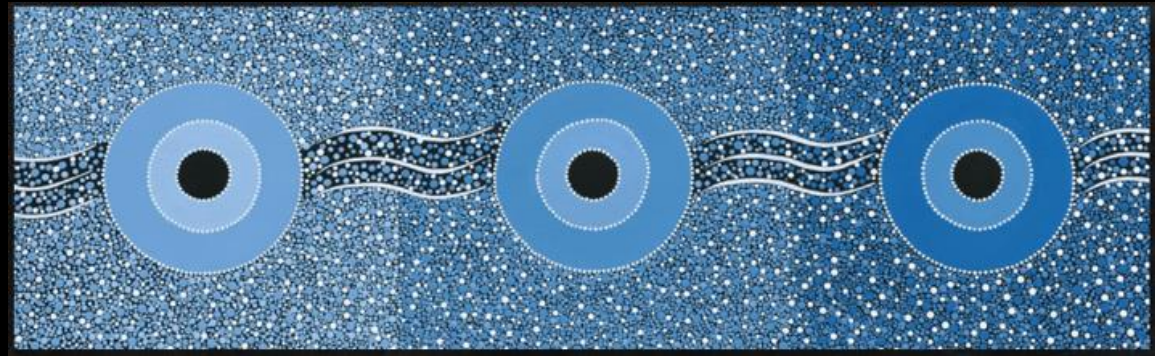


Disclosure to dialogue Evolution in corporate reporting

Acknowledgement of Country



Artwork: Nyiirun Gathay Yayn.Giliyn ("Walking Together") by Birrbay artist Angela Marr-Grogan

Agenda

1

Creating sustainable conversations

2

Enhancing transparency and engagement with ASIC

3

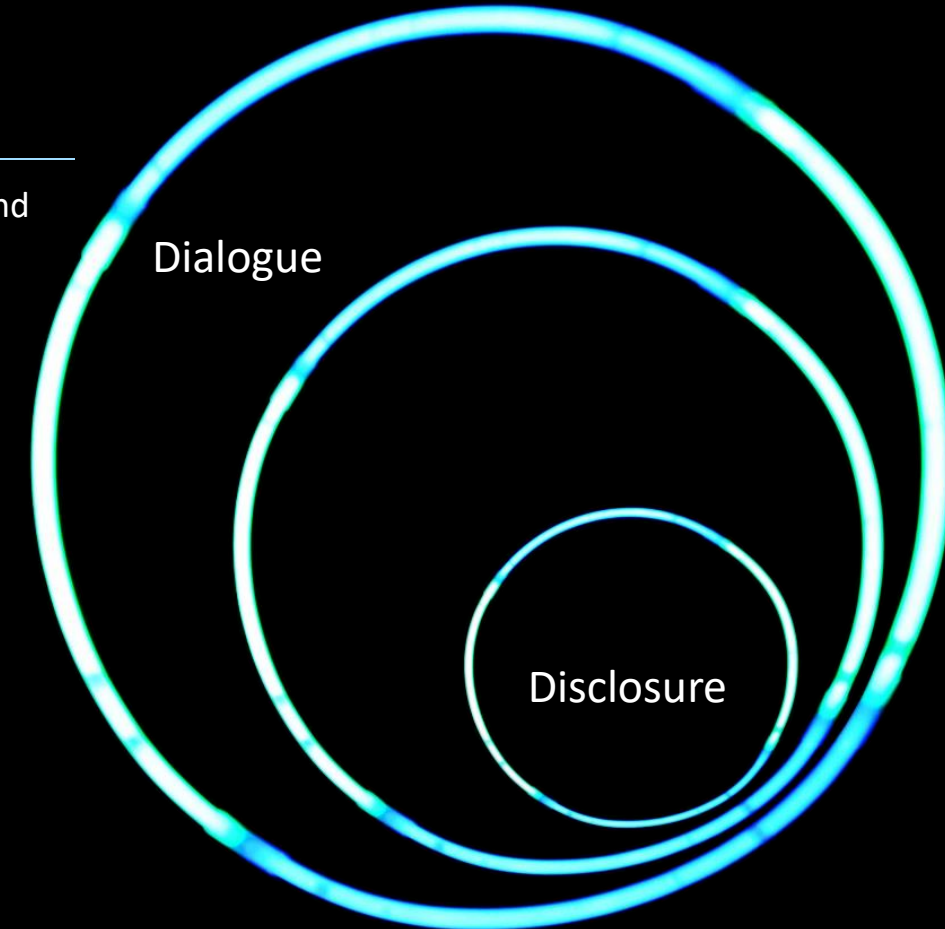
Focusing on revenue and going concern for successful dialogue

4

Tips for reviewing financial reports

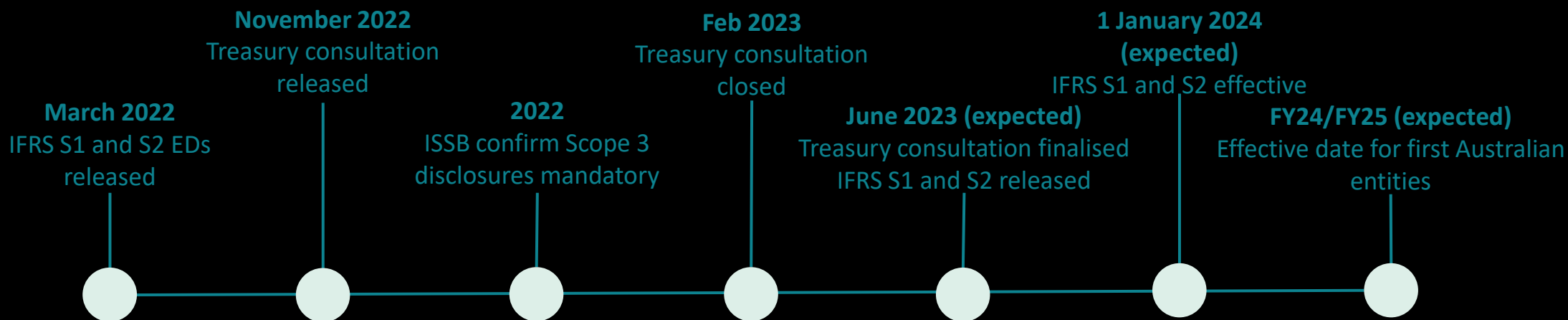
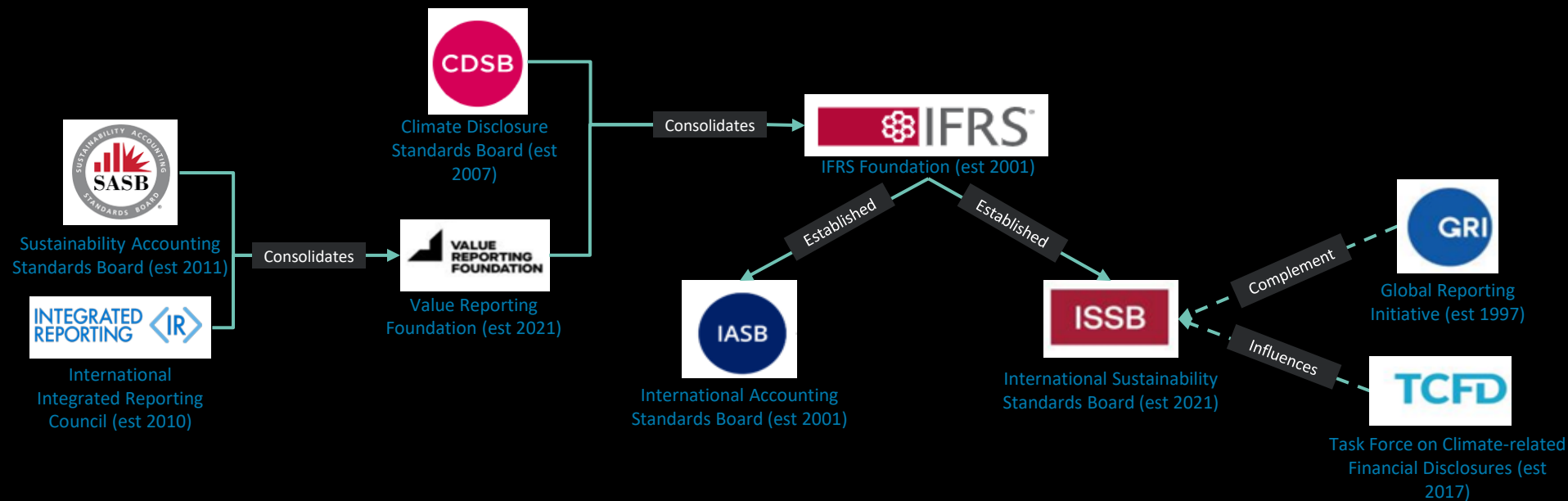
5

Changes to the disclosure landscape



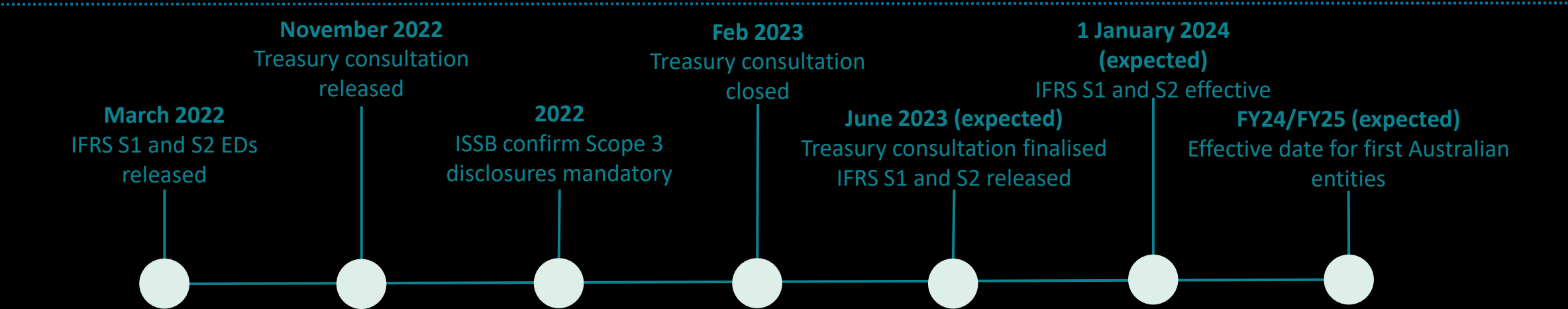
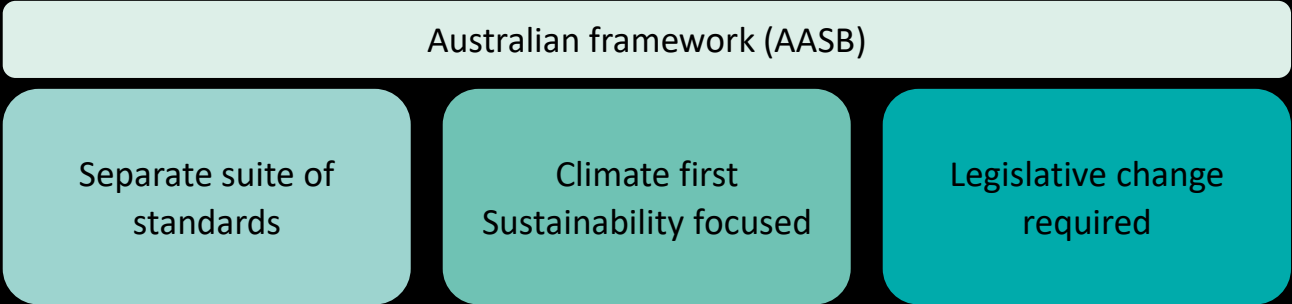
Disclosure to dialogue

Creating sustainable conversations: Pathway to mandatory climate reporting



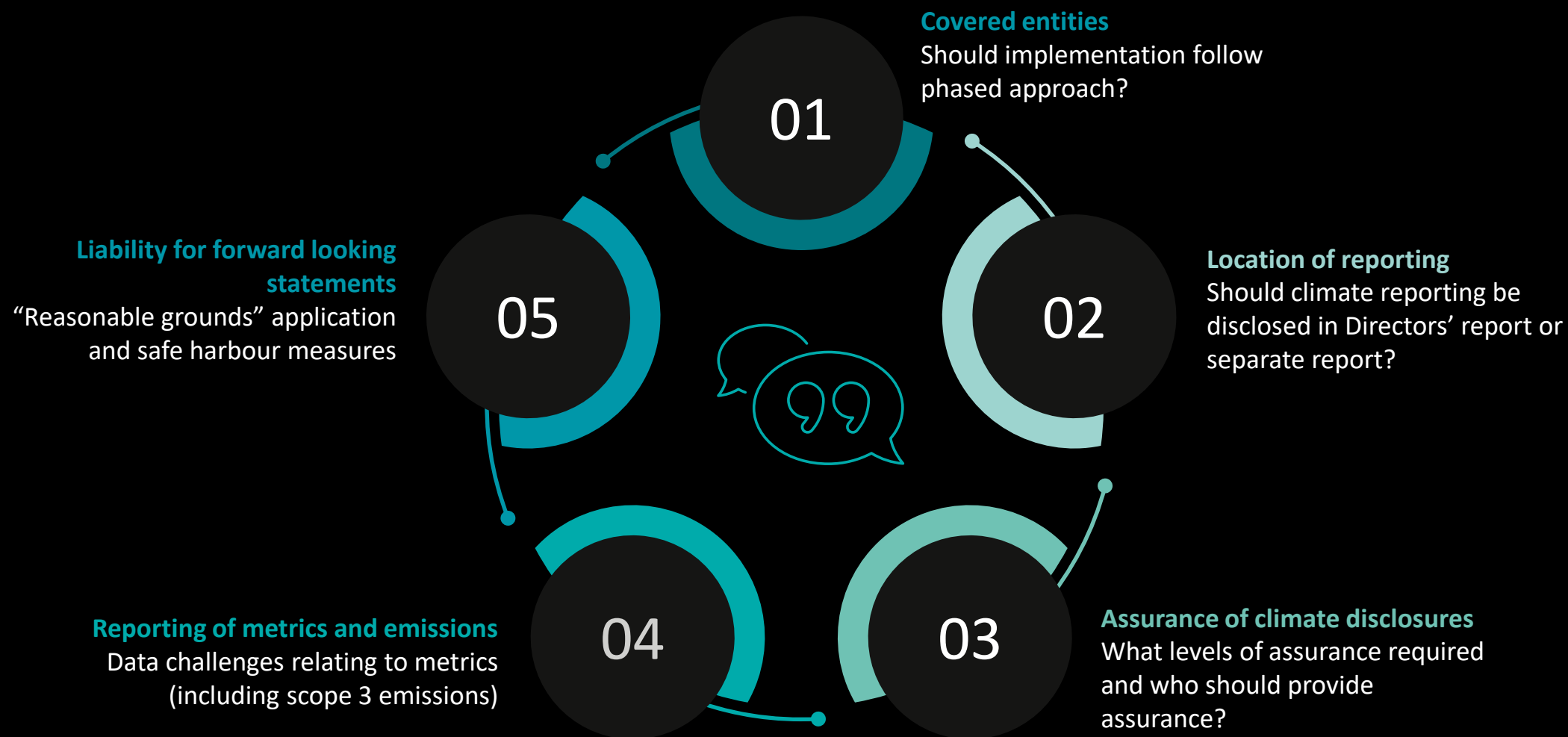
Disclosure to dialogue

Creating sustainable conversations: Pathway to mandatory climate reporting



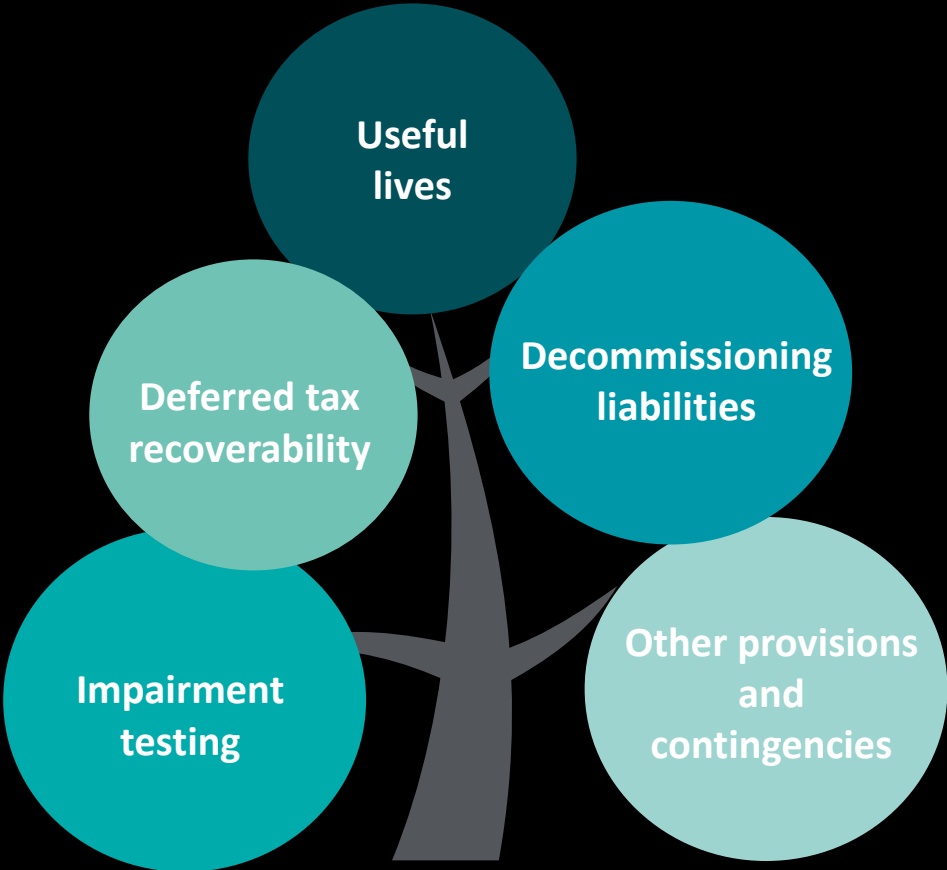
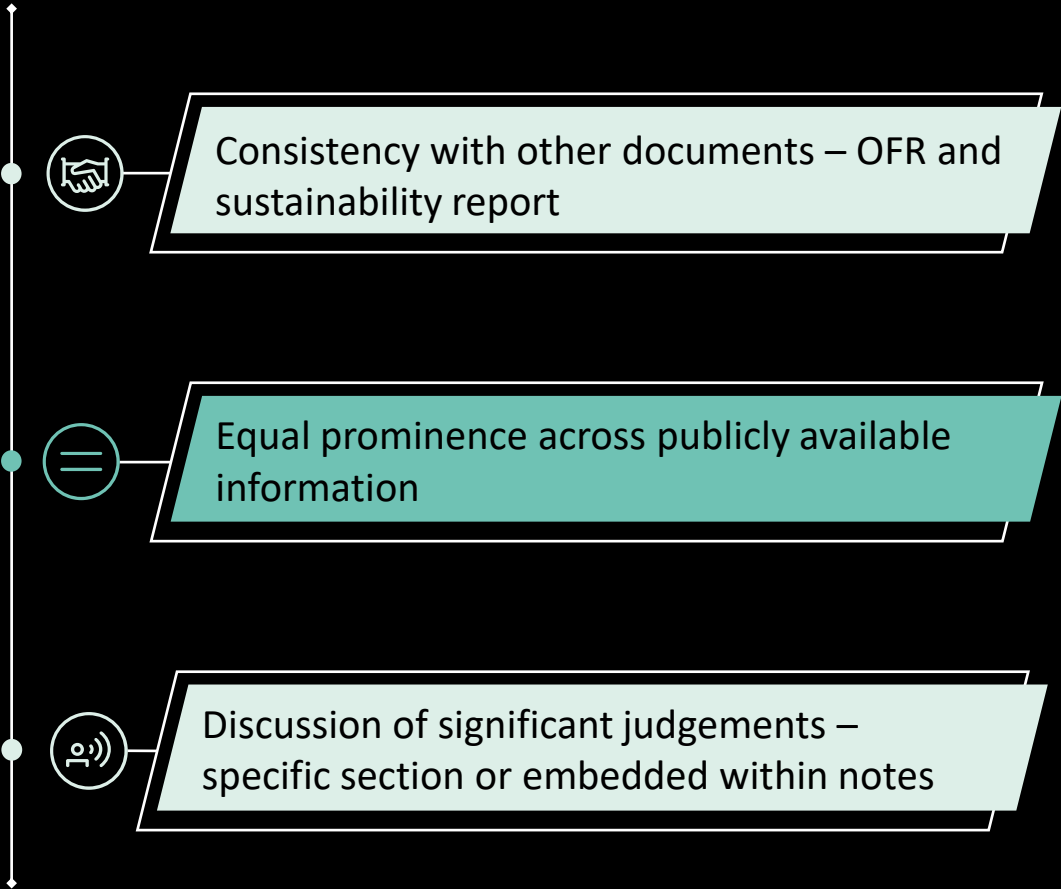
Disclosure to dialogue

Creating sustainable conversations: Key feedback requested in the Treasury consultation and Deloitte’s response



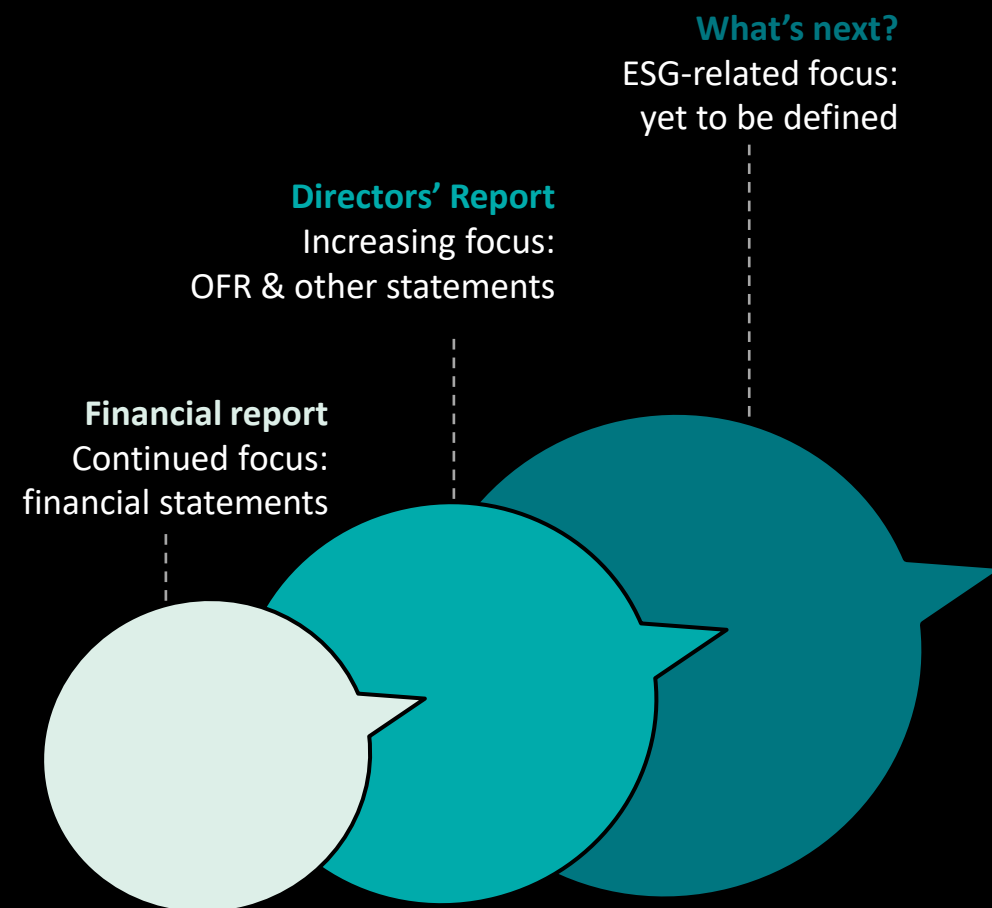
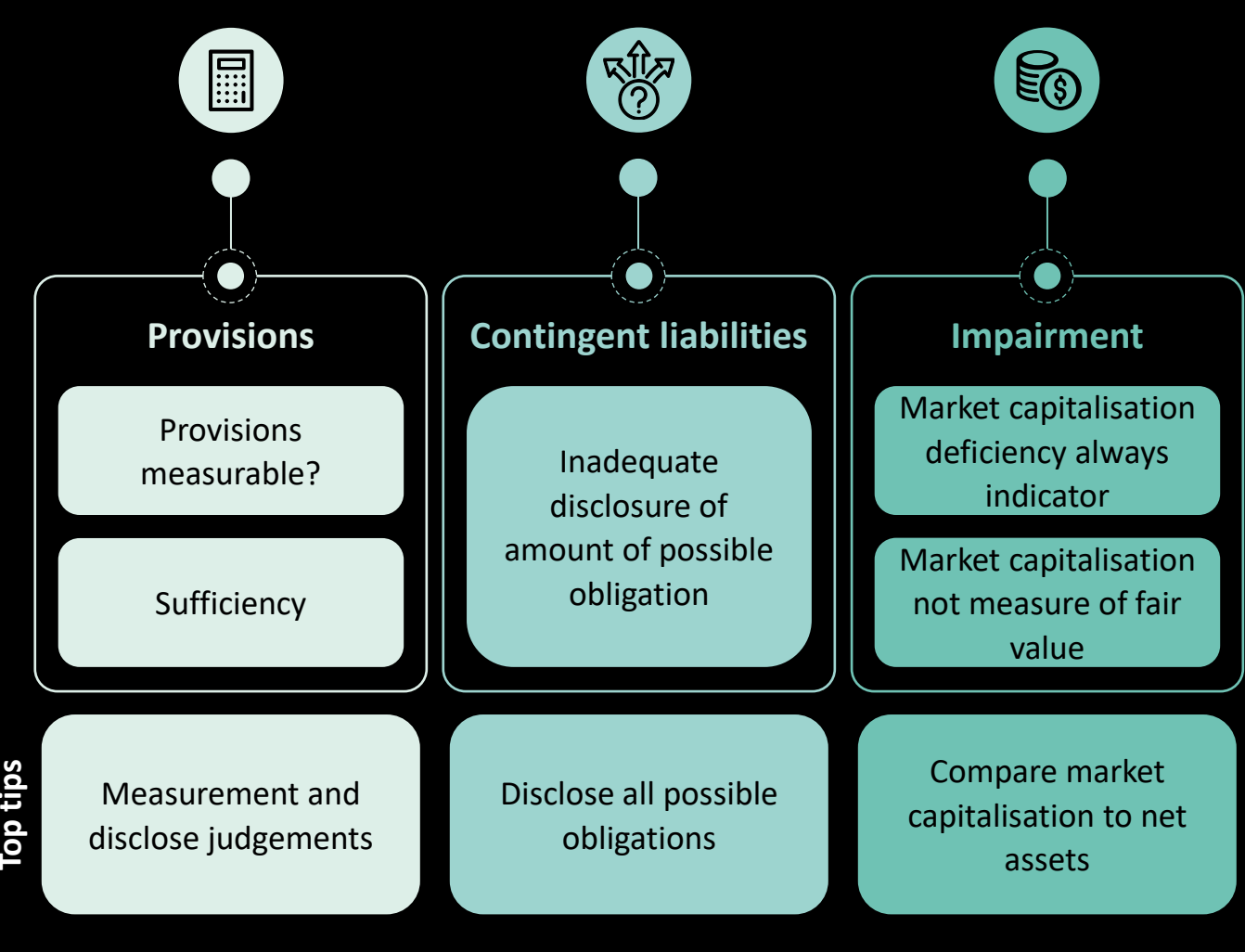
Disclosure to dialogue

Creating sustainable conversations: What can be done now?



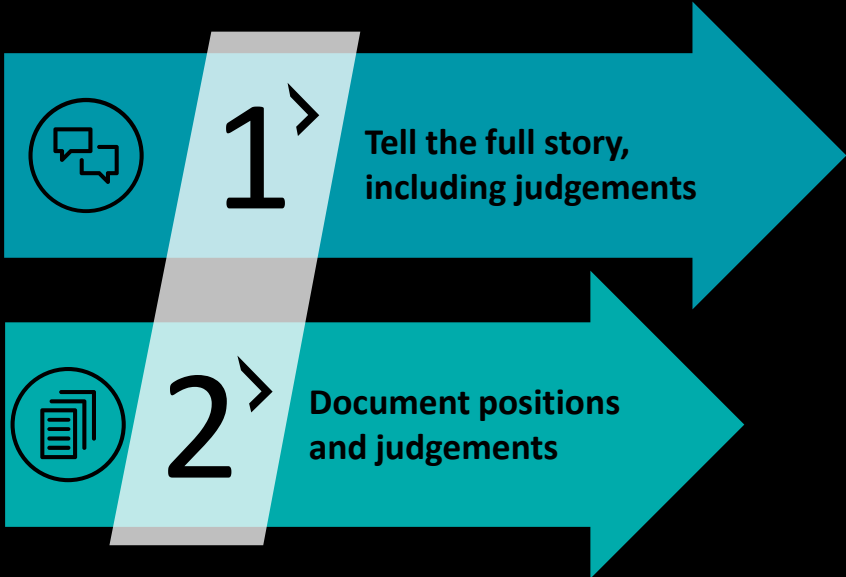
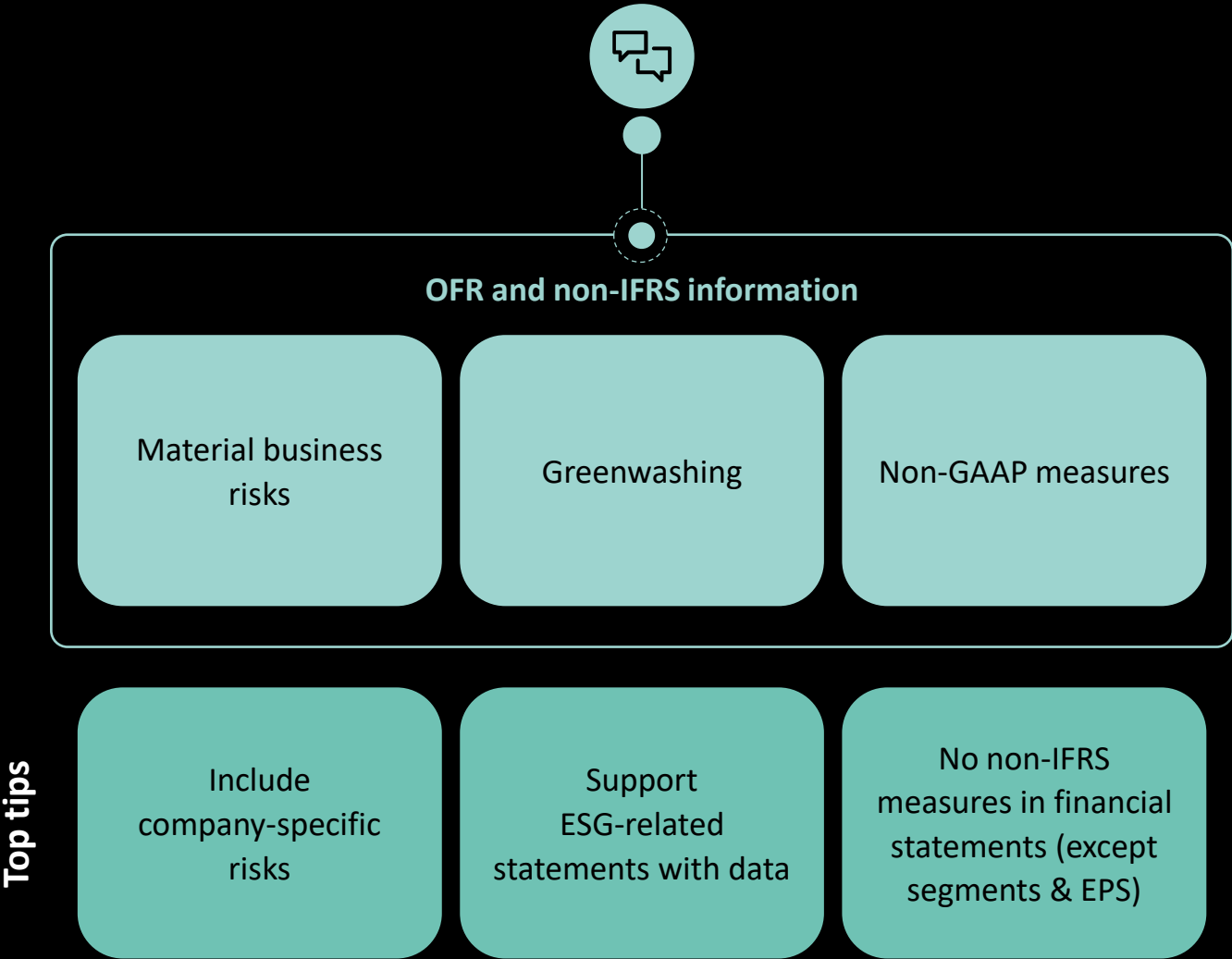
Disclosure to dialogue

Enhancing transparency and engagement with ASIC: Focus areas



Disclosure to dialogue

Enhancing transparency and engagement with ASIC: Focus areas



Disclosure to dialogue

Focusing on revenue for successful dialogue



Understand the commercials

The story of the performance obligations will follow!



Third party involvement

Be cautious of principal/agent when a third party is involved



Variable pricing

Ground estimates with evidence



Contract modifications

Be sure to consider the impacts of any and all modifications



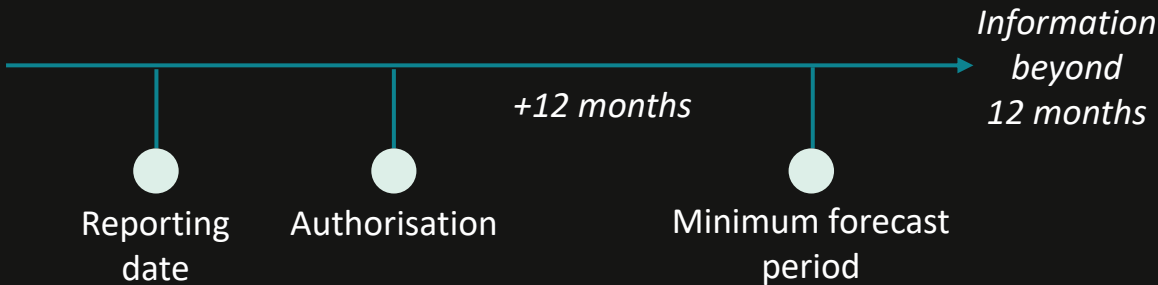
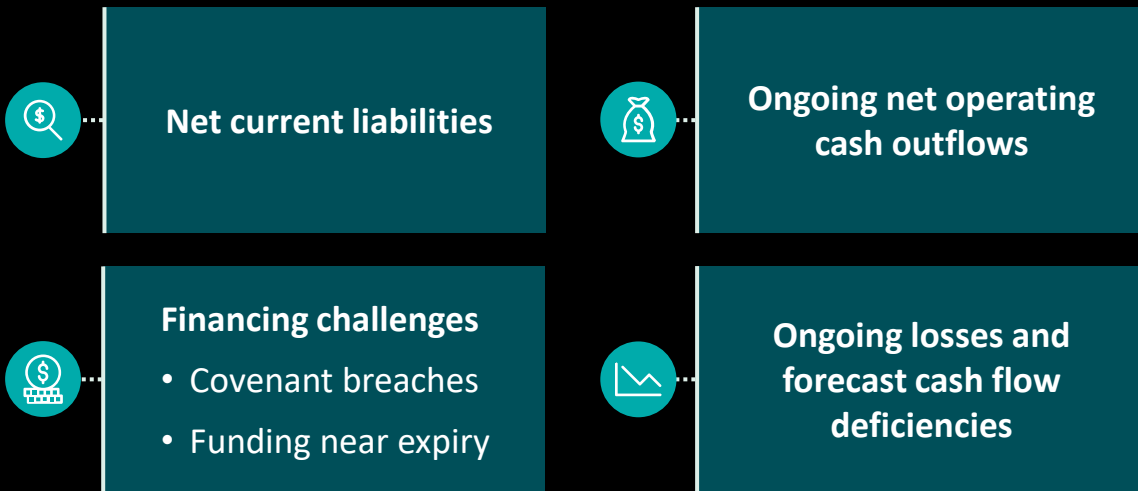
Provide the dialogue

Are the disclosures representative of the journey?

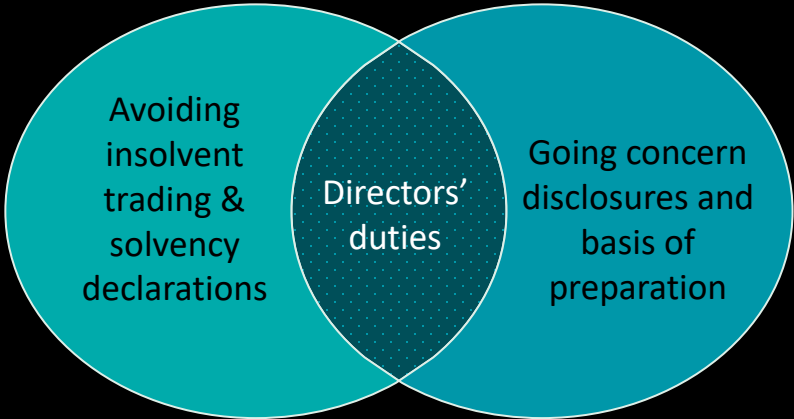
Disclosure to dialogue

Focusing on going concern for successful dialogue

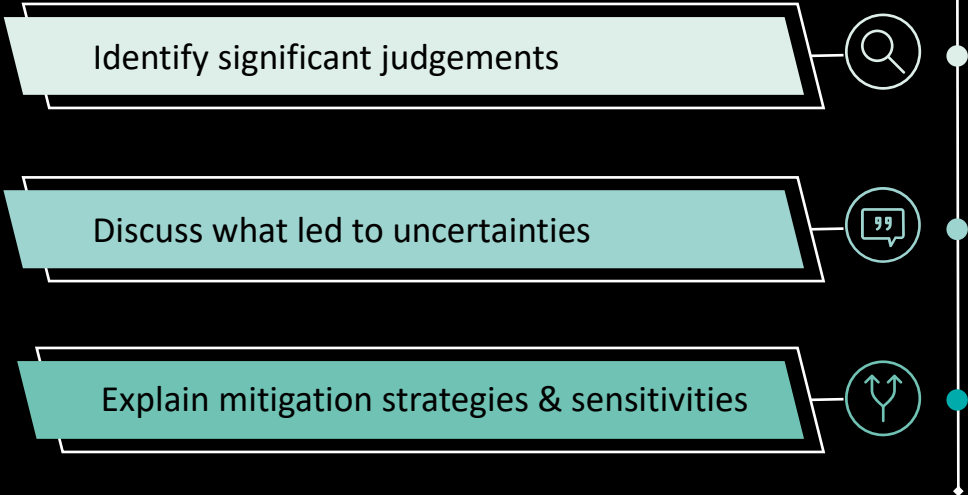
When to give added attention to going concern?



Why does it matter?



How do we tell a story?



Disclosure to dialogue

Tips for reviewing financial reports

Revenue
disaggregation ≠
segments ≠
OFR?



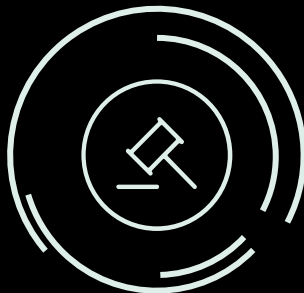
Accounting policies
unclear for complex
areas, e.g. revenue?



Market capitalisation
deficiency?



Net liability or net current
liability position? Going
concern?



Judgements related to ECLs
unclear? (e.g. loss rates applied,
changes to expectations)



Non-performing
segments not captured
for impairment testing?



Costs capitalised where
going concern, DTA
recoverability or
impairment issue?

Disclosure to dialogue

Tips for reviewing financial reports

Non-IFRS measures been included on the face of the primary statements?



Current/ non-current split on the balance sheet incorrect?



Cashflow movements illogical?



Gross profit calculated ignoring certain costs? e.g. depreciation



Tax rate reconciliations don't make sense or have large prior year adjustments?



Discount rates used in recoverable amount decreased?



Parent entity net assets more than consolidated net assets?

Disclosure to dialogue

Changes to the disclosure landscape: Pillar II tax reforms



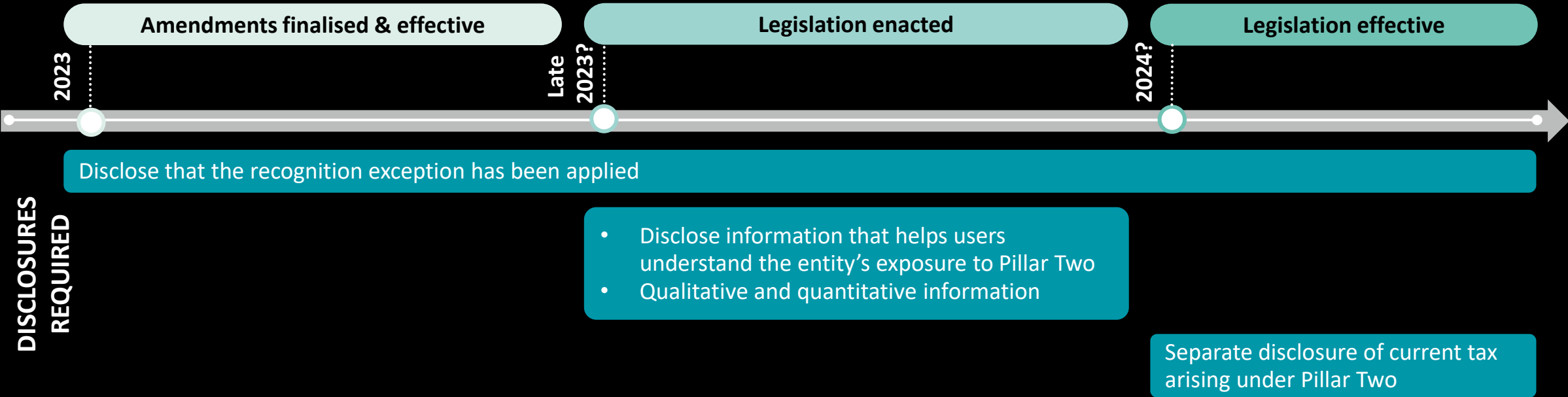
Effective: Immediately on issue



15% minimum tax rate on worldwide profits if global revenue €750 million+



- Start with accounting profit
- Complex adjustments
- Biggest impact for large multinational groups



Disclosure to dialogue

Changes to the disclosure landscape: Self insurance

 **Effective: Periods beginning on/after 1 Jan 2023**

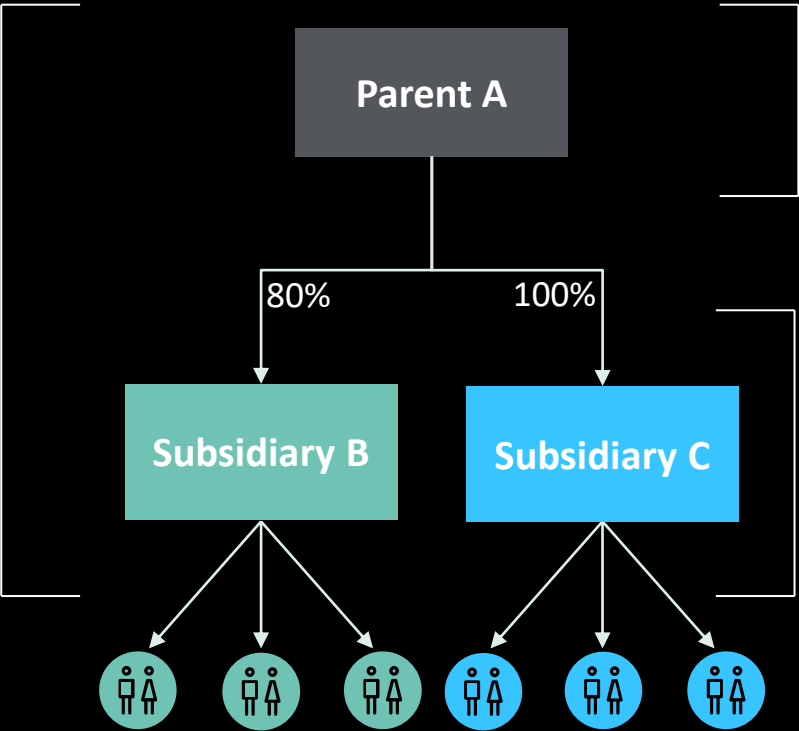
Workers compensation scheme

- Subsidiaries B & C required to insure workers compensation risk
- Parent A decides to insure the risk of the Group’s employees

Is it insurance?

- ✓ Significant insurance risk transferred to parent
- ✓ Subsidiaries compensated on occurrence of workers compensation claims

Consolidated financial statements
No – insuring group’s own risk



Parent’s separate financial statements
Yes – insuring risk of subsidiaries B & C

Subsidiaries’ separate financial statements
No – insured party

Watch out for!

Joint and several liability over other group members’ obligations

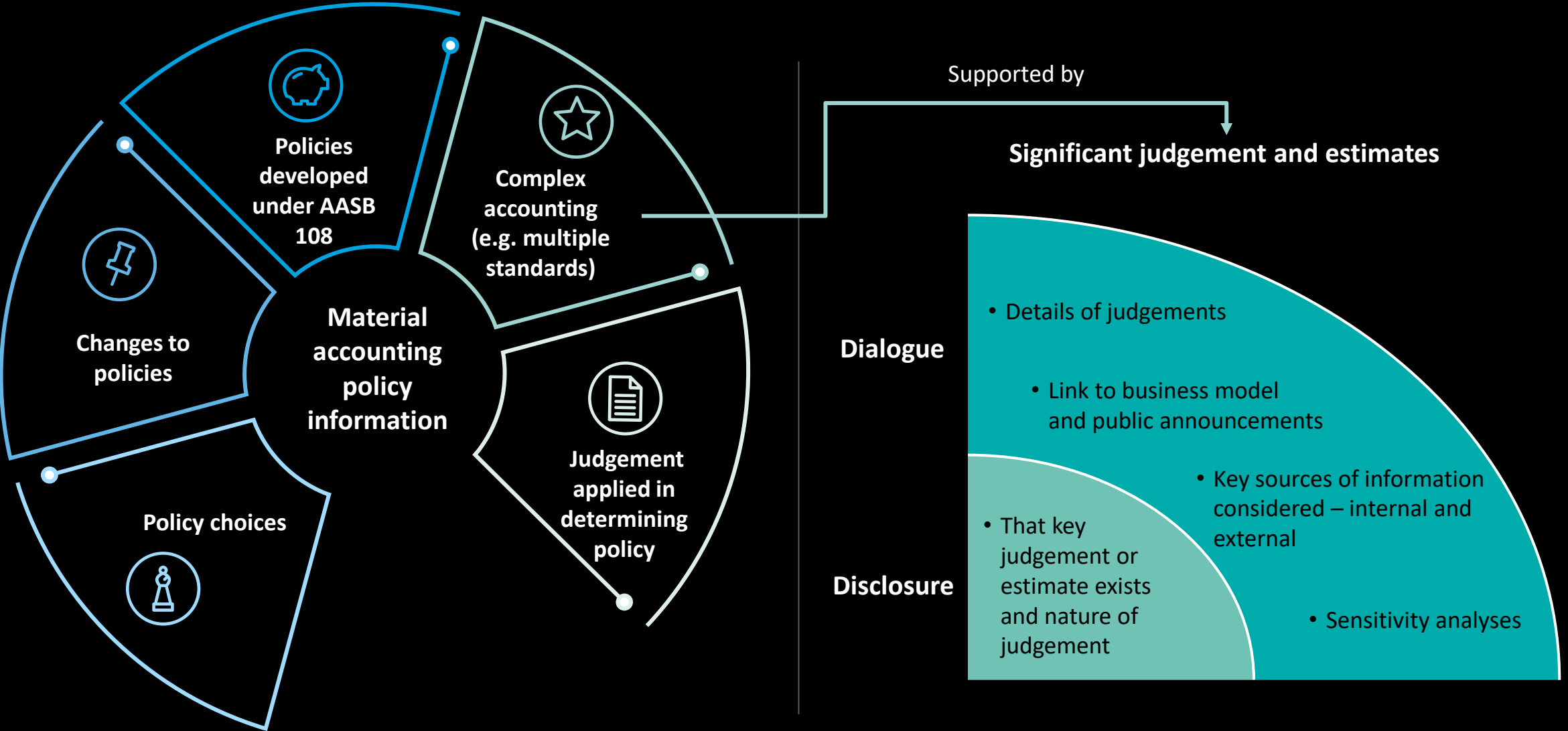


[A Closer Look: IFRS 17 for Non-insurers](#)

Disclosure to dialogue

Changes to the disclosure landscape: Accounting policy information

 **Effective: Periods beginning on/after 1 Jan 2023**



Disclosure to dialogue

Changes to the disclosure landscape: Significant judgements and estimates

Note X – Significant accounting policies

Property, Plant and Equipment

Property, Plant and Equipment is recognised on the statement of financial position when its costs be reliably measured it is probable that future economic benefits will flow to the entity.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

- Buildings – 20 years
- Plant and machinery – 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Primarily repetitive of the standards

Note Y – Significant accounting estimates and judgements

Useful life of plant and machinery

The Group uses judgement in determining the useful life of plant and machinery. The Group determines the number of years over which to depreciate the plant and equipment based on the assessment of how long the Group expects to be able to derive economic benefits from the plant and machinery.

Disjointed and not insightful

Policy disclosed

Other policies embedded

Focussed discussion

Key source of judgement

Specific judgement made

Data sources and consistency

Sensitivities

Linkage to other issues

Note Z – Property, Plant and Equipment

At cost – 30 June 2023

	Buildings	Plant and Machinery
Useful life	20 years	10 years
Cost	200	100
(Accumulated depreciation)	(100)	(40)
Carrying amount	100	60
Carrying amount at start of year	110	70
Additions	-	-
Disposals	-	-
Depreciation	(10)	(10)
Carrying amount at end of year	100	60

Significant judgement – useful life of plant and machinery

There is judgement in determining the useful life of the plant and machinery, because it is unclear whether the fuel needed to operate the plant and machinery will be available to the Group on an ongoing basis.

The Group has determined that the fuel is expected to be available until 2035, whereas the plant and machinery will be mechanically obsolete after 10 years of use. The plant and machinery is 4 years of age, and therefore the availability of fuel has no impact on the useful life.

The Group has based this assessment on the information it has received from its supplier, as well as leading industry reports. This also aligns with the Group’s strategy to reduce its consumption of the fuel by 2030.

However, the useful life would need to be accelerated if:

- The suppliers of fuel made a decision to end its production before 2029.
- The fuel prices were expected to rise so significantly that it would uneconomical to continue using the assets in the long term.

As disclosed in note A, the value in use calculation for the CGU to which the Plant and Machinery relates includes the Group’s expectations of future fuel prices.

Q & A





This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the “Deloitte Network”) is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 286,000 people make an impact that matters at www.deloitte.com.

About Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities provide services in Australia, Brunei Darussalam, Cambodia, East Timor, Federated States of Micronesia, Guam, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Palau, Papua New Guinea, Singapore, Thailand, The Marshall Islands, The Northern Mariana Islands, The People’s Republic of China (incl. Hong Kong SAR and Macau SAR), The Philippines and Vietnam, in each of which operations are conducted by separate and independent legal entities.

About Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 8,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

© 2023 Deloitte Touche Tohmatsu.

Designed by CoRe Creative Services. RITM01338184