



Reporting priorities in focus

ASIC's latest focus areas shaping financial and sustainability reporting for 2026–2027

In a more volatile and uncertain reporting environment, entities should challenge key assumptions, strengthen entity-specific disclosures and ensure reporting is clear, consistent and decision-useful.

- ASIC has [announced](#) its key focus areas for financial reporting, audit and sustainability reporting activities in the 2026-2027 financial year
- ASIC's [enduring focus areas](#) demonstrate continued emphasis on asset values, revenue, provisions, subsequent events and disclosures - areas requiring significant judgement, and increased need for clear and transparent disclosure
- The focus areas remain aligned with the findings of ASIC's annual financial reporting and audit surveillance report ([Report 819](#)) released on 31 October 2025 and highlight the continued surveillance activity relating to disclosures of material business risks in the OFR, asset values and non-IFRS information
- Recent ASIC surveillance activity has focused on cash generating unit identification and deferred tax asset recoverability
- As part of its focus on provisions, ASIC will review disclosures of entities with decommissioning and site-restoration costs in light of the Illustrative Examples recently introduced in AASB 137 by [AASB 2026-1](#) in relation to uncertainties
- The only additional specific financial reporting focus area for 2026-2027 includes financial reporting by registrable superannuation entities
- ASIC will also continue to focus on the non-lodgement of financial reports by large proprietary companies as well as review compliance by registered company auditors with their obligations to lodge their annual statements. Over the past 6 months, late and non-lodgement have resulted in ASIC issuing significant infringement notices
- ASIC separately released [preliminary observations](#) from its surveillance of sustainability reports for December 2025 and provided a summary of 259 lodged sustainability reports, including 34 listed and 225 unlisted entities. In addition to the findings we previously highlighted in our [early insights publication](#), ASIC have also identified inappropriate use of disclaimers as part of their latest observations.

“Our surveillance programs reinforce the importance of high-quality reporting and audit. Reliable financial information is critical to transparency in Australia’s capital markets and informed investment decisions by investors.”

Kate O’Rourke

ASIC Commissioner

Economic uncertainty and judgement increase the importance of high-quality financial reporting

The role of high-quality financial reporting, audit quality and market disclosure is increasingly important in an environment of volatility, economic uncertainty, geopolitical change and rapid technological development, all of which heighten estimation uncertainty and the risk of misstatement.

Against this backdrop, the Australian Securities and Investments Commission (ASIC), in their [media release](#) of their 2026-2027 focus areas, have reemphasised their objective of aiming to support confident and informed participation in Australia's capital markets. ASIC continues to focus its surveillance and enforcement on areas involving significant judgement, including asset values, revenue, provisions, subsequent events and disclosures, to help ensure financial information remains reliable, comparable and decision-useful.



Clarity insights

- Greater volatility increases estimation uncertainty and widens the range of areas requiring judgement
- A commensurate increase in the risk of misstatement makes entity-specific disclosure more important
- ASIC is responding with scrutiny of areas involving significant judgement and the quality of related disclosures.

Geopolitical and broader economic uncertainty continue to affect financial reporting, both directly through operations in impacted regions and indirectly through factors such as energy and fuel price volatility, supply chain disruption, inflation, market instability, higher borrowing costs and banking restrictions.

Other sources of uncertainty, including trade tariffs, cyber threats, extreme weather events and cost-of-living pressures affecting consumer behaviour, may also influence business performance and financial position.

Entities must assess, based on their specific facts and circumstances, how these conditions may affect financial position, performance and the related financial statement disclosures.

Where judgement increases, disclosures should clearly articulate key assumptions, estimation uncertainty and sensitivities to enable informed comparison and decision-making.

Enduring focus areas

ASIC continues to emphasise its enduring focus areas, particularly where significant judgement is applied. Financial report preparers should take extra care when making such judgements especially considering recent capital market volatility.

ASIC continues to emphasise that enduring focus areas should remain front of mind for each reporting season. Refer to [Appendix 1](#) for further enduring focus area considerations.

Asset values

Recent ASIC surveillance has highlighted deficiencies in asset valuation practices, particularly in cash-generating unit (CGU) identification and deferred tax asset recognition.

- **Appropriate identification of CGUs** is an area receiving increased attention. CGUs should be identified at the lowest possible level at which cash inflows can be independently generated to avoid masking impairment losses within higher-performing cash-generating units. This is particularly relevant for entities with retail operations, where identification of CGUs above the level of individual stores may be open to challenge
- **Deferred tax assets** continue to attract scrutiny, particularly where recoverability relies on long-term growth assumptions that may lack support. Recognition of a deferred tax asset depends on recovery being probable and ASIC is particularly focused on whether long-term growth assumptions can be appropriately supported, noting that the assessment of future profitability becomes more uncertain in later periods of a cash flow model.



Clarity insights

- When identifying CGUs, care is also needed in vertically integrated businesses. Where a market exists for a product within the supply chain, that part of the supply chain may need to be treated as a separate CGU, even if the product is not currently sold externally
- ASIC's observation that profitability becomes more uncertain in later periods is also relevant to other cash flow forecasts used in financial reporting. For example, growth assumptions used in impairment models require careful scrutiny beyond the discrete forecast period, particularly given that detailed forecasts are generally limited to five years because forecasting reliability declines over longer periods.

Clarity in corporate reporting

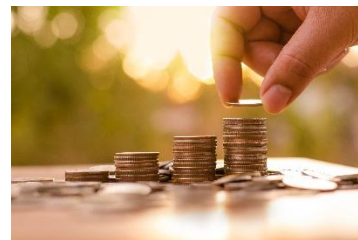
Reporting priorities in focus

Provisions

ASIC is targeting generic disclosures for long-term provisions, with a distinct focus on **decommissioning and restoration liabilities**. This reflects the broader regulatory push to improve the transparency of disclosures relating to judgemental long-term provisions, where disclosures have often been boilerplate and provided limited insight into estimation uncertainty.

Consistent with this focus, ASIC will review disclosures by entities with decommissioning and site-restoration costs. In particular, entities should consider Illustrative Example D introduced into AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* by [AASB 2026-1 Amendments to Australian Accounting Standards – Disclosure of Uncertainties in the Financial Statements](#).

The example shows how an entity might disclose uncertainties relating to plant decommissioning and site-restoration obligations even where the effect on the carrying amount of the provision is immaterial, including where transition to a lower-carbon economy increases the risk that facilities may close earlier than expected. Entities should enhance disclosures of decommissioning obligations, including uncertainty and potential impacts of early closure driven by transition risks.



Focus areas relevant for this reporting period

Registerable superannuation entities and managed investment schemes

Registrable Superannuation Entities (RSEs) remain under active regulatory scrutiny, with ASIC identifying several recurring issues. In addition, ASIC has now broadened its scope to include managed investment schemes (MISs) as a new area of attention, reflecting the regulator's heightened vigilance across both sectors.



Clarity insights

- **Unlisted investment valuations:** ASIC's review found inconsistent classification of unlisted investments within the fair value hierarchy, with insufficient disclosure of methodologies. These different approaches meant it was difficult for a report user to compare investments between RSE financial reports, or to understand how much they could rely on those valuations
- **Advertising and sponsorship expenses:** ASIC's review also found that sponsorship and advertising expenses were not separately disclosed in some financial reports because RSEs took a narrow, quantitative approach to materiality
- **Managed Investment Schemes:** Review of MIS financial reports have been explicitly highlighted by ASIC for the first time. MISs should closely review and comply with their financial reporting and lodgement obligations and remain aware of broader enduring focus areas.

Non-lodgement of financial reports

ASIC has increased its focus on late and non-lodgement of financial reports, with heightened enforcement action. Entities should be aware that non-compliance carries a risk of financial penalties. ASIC has been active in this area, issuing infringement notices to entities that have failed to lodge and comply with their reporting obligations.

For disclosing entities, including listed entities, ASIC considers non-lodgement significant if the report is not lodged by the due date. For other entities, non-lodgement is generally regarded as significant after 28 days.

Entities should note that ASIC's September 2025 [update](#) to [Regulatory Guide 34 Auditor obligations: Reporting to ASIC](#) clarified that auditors should report observed or suspected non-lodgement of a financial report.

“Large proprietary companies are legally obliged to provide financial reports to ensure that creditors and others dealing with these businesses can make informed decisions.”

Kate O'Rourke
ASIC Commissioner



Clarity insights

- These matters can become more complex in group structures, including where a deed of cross-guarantee has not been properly maintained. ASIC's [Information sheet 24 Deeds of cross-guarantee](#) answers the most frequently asked questions and lists some of the common problems relating to deeds of cross-guarantee
- Large proprietary companies must prepare and lodge a financial report and a directors' report within four months of the end of the financial year unless ASIC has granted relief
- In recent enforcement action, infringement notices have resulted in fines of approximately \$200,000 per entity, although court-imposed penalties could be higher (the maximum penalty a court could impose is currently \$396,000 per entity).

Sustainability reporting

ASIC has published [early observations](#) from its review of sustainability reports lodged for the December 2025 reporting period and has provided the following summary as at 6 May 2026:

- A total of **259 sustainability reports** were submitted for the financial year ended 31 December 2025 and of these, 34 were lodged by listed entities and 225 by unlisted entities
- The 5 most prominent reporting sectors were mining and related activities, construction, materials and manufacturing, financial services and insurance, and oil and gas together with electricity and energy distribution, supply and retail.



ASIC's early review indicates improving disclosure quality compared with prior voluntary reporting. However key gaps remain, including:



Disclaimers: Avoiding the use of disclaimers that are inconsistent with the legislative framework and objectives of mandatory sustainability reporting, as these are not permitted (for example, statements suggesting users should not rely on the report for investment decisions or limiting responsibility for the accuracy or completeness of disclosures)



Use of reasonable and supportable information: Ensuring that the identification of climate-related risks reflect reasonable and supportable assumptions, particularly where past extreme weather events have had financial impacts on the company, but they do not disclose these as risks affecting the entity's prospects over the short, medium or long term time horizons



Disclosure of judgements, assumptions and uncertainties: Providing clear, decision-useful and proximate disclosures of key judgements, assumptions and sources of estimation uncertainty, including how proportionality mechanisms under AASB S2 have been applied. In relation to the 'proximate' aspect, in a [speech](#) following the media release, the ASIC Commissioner emphasised that disclosure of judgements *near* the related information is valuable for users



Voluntary disclosures: Avoiding the obscuring of material climate-related information through additional voluntary disclosures; ASIC notes that tools such as index tables can help users locate relevant information within reports



Cross referencing: Complying with cross-referencing requirements where information is located outside the sustainability report. Specifically, cross references should be to a precise and specific part of a cross-referenced report, not to an entire report. Such information must be released on the same basis and at the same time as the sustainability report. ASIC strongly encourages entities to lodge cross-referenced materials alongside the report and does not permit references to third-party websites or third-party publications. Entities should refer to [Regulatory Guide 280](#) and AASB S2 when applying these requirements



Targets under the Safeguard Mechanism: Noting that the definition of 'climate-related targets' under AASB S2 includes targets required by law or regulation, such as greenhouse gas emission obligations under the Safeguard Mechanism.

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Reporting priorities in focus

These are intended to be non-exhaustive preliminary observations. ASIC will release a full report later in the year, which will provide a more comprehensive analysis of early reports and further detail on the issues identified to date.

Resources



Refer to the Deloitte Clarity in corporate reporting publication [Early insights into Wave 1 of Australian climate reporting](#) for more detailed information of key observations and emerging practice from the first wave of AASB S2 disclosure



ASIC has also updated a number of sustainability reporting resources on its [website](#).

ASIC will be engaging with Treasury following recent developments [announced](#) in the **2026-2027 Federal Budget** relating to the Federal Government's consultation on proposed reforms aimed at reducing compliance burden while maintaining the integrity of core reporting requirements. Specifically, these initiatives include:

- **Increasing monetary reporting thresholds:** Doubling the large proprietary company consolidated revenue and assets thresholds, impacting the thresholds for Group 3 sustainability reporting. As a result, ASIC estimates that at least 1535 Group 3 entities will no longer have to report
- **Reducing the compliance burden:** Improving the efficiency of sustainability reporting by focusing on improved consistency in the application of reporting requirements, adjusting assurance settings and setting clearer boundaries on supplier information requests.

ASIC's previous observations on voluntary sustainability reporting

In addition to the latest early observations, ASIC had previously also noted the following observations from the review of voluntary reports under the TCFD prior to 31 December 2025 when the regime became effective, and we expect these to be areas that ASIC will continue to give attention to:

- Repetitive disclosures, with key information about the management of climate-related risks and opportunities sometimes obscured
- Lack of detail in scenario analysis disclosures about the underlying assumptions and dependencies
- Where reporting entities had a transition plan, inadequate linkages to the entity's targets, actions and strategies
- Forward-looking statements were predominantly qualitative in nature and lacked detail about how they translate into financial impacts.

Clarity in corporate reporting

Reporting priorities in focus

Key findings of ASIC's program of work

ASIC's oversight of financial reporting and audit 2024-25

Key outcomes

The focus areas outlined above remain aligned with the findings of ASIC's most recent annual financial reporting and audit surveillance report ([Report 819](#)) released on 31 October 2025. This report sets out the results from ASIC's program of work on financial reporting and audit from 1 July 2024 to 30 June 2025 (the surveillance period)¹.

In conducting their surveillance program, ASIC used a range of data sources to make a selection of financial reports, including reported financial information, market data, ASX announcements, ASIC intelligence, section 311 notices lodged by auditors, external party misconduct reports and specific industry considerations.

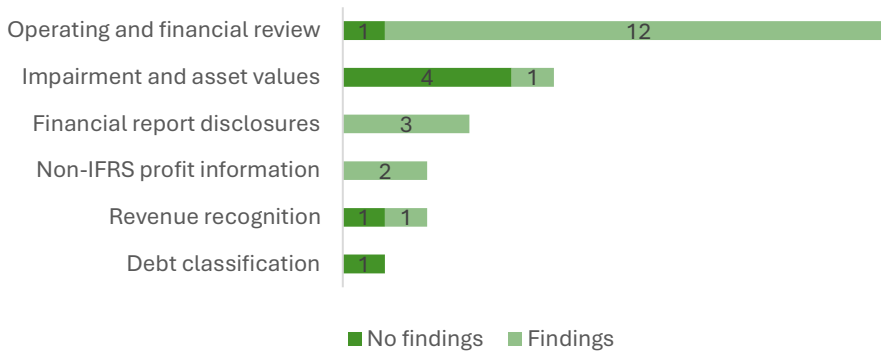
Key surveillance findings

During the surveillance period, ASIC reviewed **254 financial reports**, including 220 listed entities and 34 large unlisted entities considered to be of public interest. As a result, ASIC conducted surveillance on the financial reports of 22 companies and most surveillances related to disclosure in the Operating and Financial Review (OFR), impairment testing and non-IFRS information. As a result, 18 entities made or agreed to make changes relating to 19 areas of concern to in their financial reports.

Key industries that were reviewed included materials, financial services, transportation, food, beverage and tobacco, consumer services and telecommunications.



Financial reporting surveillances by areas of concern



Source: [Report 819](#) ASIC's oversight of financial reporting and audit 2024-25.

¹ Note that the surveillance period ended 30 June 2025 is the most recent surveillance period communicated by ASIC. We anticipate the findings for the period up to 30 June 2026 will be released in October/November 2026.

Clarity in corporate reporting

Reporting priorities in focus

Focus on superannuation entities

In addition, during the surveillance period, ASIC reviewed 60 financial reports of RSEs and made inquiries with 17 superannuation trustees about their financial reporting and reviewed 5 audit files for RSEs audits. Findings related to the financial reporting and audit surveillances of RSEs are [reported](#) separately in [Report 816](#) (*Accounting for your super: ASIC's review into the financial reporting and audit of super funds*). As previously discussed, the review of RSE financial reports continues to be a focus for 2026-2027.

Key takeaways

ASIC's latest focus areas reinforce that high quality corporate reporting remains critical in an environment of economic uncertainty, market volatility and increasing scrutiny of both financial and sustainability reporting disclosures. Overall, the message for preparers is clear: strengthen entity specific judgements and improve transparency thereof.

Top actions for 30 June 2026

- Challenge accounting policies adopted and significant judgements made over areas covered by ASIC's areas of focus including asset values, provisions, revenue and subsequent events. Ensure they are defensible under the accounting standards and backed by reasonable and supportable evidence
- Strengthen the consistency and quality of disclosures across financial and sustainability reporting by clearly explaining key inputs, assumptions and sources of estimation uncertainty and the basis for entity-specific judgements
- Strengthen governance over reporting mandates to ensure compliance with regulatory lodgement requirements.

Appendix 1: Enduring focus areas

While ASIC's enduring focus areas have remained broadly consistent, they continue to highlight areas involving significant judgement and regulatory attention. This appendix highlights key considerations drawn from those areas, together with our observations.

Focus area	Key considerations
Asset values	<p>Impairment of non-financial assets</p> <ul style="list-style-type: none">• Volatile macroeconomic conditions require entities to assess whether an indication of impairment exists. For example, tariffs or changes in inflation may impact forecast cash flows, noting that inflation may differ between forecast revenues and costs due to price sensitivity of consumers or the inability to pass costs on• Goodwill, indefinite useful life intangibles and assets not yet available for use are tested annually, with appropriate identification of indicators of impairment for other assets, including right-of-use assets• Recoverable amounts, estimates of cash flow forecasts and discount rates reflect current economic conditions and are based on reasonable and supportable expectations as at the reporting date, including probability weighted scenarios if appropriate• Significant judgement and estimation uncertainties, including the use of sensitivities are disclosed• Consistent assumptions are used across models for other purposes, e.g. going concern and deferred tax asset recoverability• Market capitalisation and external valuation metrics (like revenue multiples) are used, where appropriate, as valuation cross-checks only, with clear understanding of their limitations• CGUs and segments should be appropriately identified as the lowest level at which cash inflows can be generated, and goodwill tested for impairment at a level no higher than the operating segment. <p>Property assets</p> <ul style="list-style-type: none">• Property valuations reflect current market conditions, including tenant demand (e.g. hybrid work), online retail trends, tenant's financial condition and broader economic conditions impacting tenants. <p>Expected credit losses (ECLs)</p> <ul style="list-style-type: none">• ECL models incorporate reasonable and supportable forward-looking information, including borrower financial conditions, liquidity constraints and macroeconomic outlook• Ageing of receivables is accurate• Key assumptions, uncertainties and sensitivities are transparently disclosed• Historical loss experience is appropriately adjusted for current and forecast conditions, including probability-weighted scenarios• For financial institutions, governance over data, assumptions, modelling and significant increase in credit risk (SICR) assessment is robust. <p>Financial asset classification</p> <ul style="list-style-type: none">• Classification of financial assets (amortised cost, FVOCI, FVTPL) reflects both the business model and SPPI characteristics of contractual cash flows. <p>Other asset values</p> <ul style="list-style-type: none">• Inventory is measured at the lower of cost and net realisable value, including all costs to complete and sell• Deferred tax assets are recognised only where recovery is probable, supported by robust evidence• Investments in unlisted entities are valued using appropriate techniques with supportable inputs and adequate disclosures.

Clarity in corporate reporting

Reporting priorities in focus

Focus area	Key considerations
Revenue	<ul style="list-style-type: none">Revenue recognition policies appropriately reflect the substance of underlying transactions and the satisfaction of performance obligationsEntity-specific disclosure of revenue accounting policies and the level of disaggregation of material revenue streams should be sufficiently clear to give stakeholders an informed understanding of how revenue is earned and recognisedCommunication of business models in the OFR, segment information, sustainability reports and other market communication should be consistent with the level of disclosures of disaggregated revenueSignificant judgements and assumptions (e.g. variable consideration, principal versus agent considerations, timing of recognition) are reasonable, supportable and clearly disclosed.
Provisions	<ul style="list-style-type: none">The consideration of whether a provision exists needs to be grounded in the existence of a present legal, contractual or constructive obligationEntities should assess whether any contracts are currently or may become unprofitable and recognise onerous contract provisions where requiredConsider economic, regulatory or contractual changes that may give rise to changes in expected timing and amount of environmental, decommissioning, restoration or lease make good obligationsThe timing of when a provision is recognised can require significant judgement. Consider the impact of Illustrative Example D introduced by AASB 2026-1 on the disclosure of uncertainties related to, for example, decommissioning, restoration and other obligations.
Subsequent events	<ul style="list-style-type: none">Financial statements are updated for adjusting events where they provide evidence of conditions existing at reporting date. Non-adjusting events are disclosed where material, including the nature and estimated financial impactConsider whether new developments after the reporting period provide further information in relation to forward-looking estimates at year end, for example, impairment and expected credit losses (ECLs), and whether these reflect reasonably estimable conditions at the reporting dateConsideration should be given to the going concern assumption in light of the impacts of material uncertainties and current economic conditions, for example, tariffs, inflation, supply chain disruptions, geopolitical risks and climate-related risk.
Presentation and disclosure	<p>General principles</p> <ul style="list-style-type: none">Disclosures are entity-specific and designed to meet the needs of investorsKey estimation uncertainties, assumptions and sensitivities - including changes from prior periods - are clearly explained to enable comparability and understanding of potential future impacts. <p>Financial statement disclosures</p> <ul style="list-style-type: none">Reporting in uncertain times may lead to a wider range of judgements and the financial report should disclose the uncertainties in a way that reflects the entity's assumptions and individual circumstancesConnectivity between climate assumptions in sustainability reports and financial statement estimates (e.g. impairment, provisions) are appropriately considered and disclosed where materialAppropriate classification of assets and liabilities between current and non-current is assessed, including consideration of maturity, contractual terms and debt covenants. <p>Operating and Financial Review (OFR)</p> <ul style="list-style-type: none">The OFR provides a clear, balanced and understandable narrative of the entity's financial performance, position and prospects. Underlying drivers of results, financial position and cash flows are explainedAn issue consistently identified by ASIC is absent or inadequate disclosure about material business risks. Disclose the most significant business risks that could affect the achievement of the disclosed financial performance or outcomes, potential impacts and mitigation strategies within management's controlNarrative disclosures are consistent with financial statement assumptions and other public communicationsSustainability-related information, including climate-related matters, is disclosed in the OFR where relevant to investors' assessment of performance, position and prospects (refer to RG280 par 119-129).

Clarity in corporate reporting

Reporting priorities in focus

Focus area	Key considerations
	<p data-bbox="284 324 662 358">Non-IFRS financial information</p> <ul data-bbox="284 358 1495 521" style="list-style-type: none"><li data-bbox="284 358 1495 425">• Unexpected events often encourage an increased use of non-IFRS profit measures. Any non-IFRS profit measure in the OFR or market announcements should not be presented in a misleading manner<li data-bbox="284 425 1495 459">• Ensure non-IFRS measures are clearly defined and reconciled to IFRS measures<li data-bbox="284 459 1495 521">• Take the opportunity to reconsider the use of non-IFRS measures as part of your assessment in relation to management-defined performance measures (MPMs) under AASB 18.

Clarity in corporate reporting

Reporting priorities in focus

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