

ASIC focus areas for December 2018

Financial Reports

No surprises in the release of ASIC's focus areas for December 2018 with the number one item being the impact of the new accounting standards.

Financial reports for December year-ends and December half-years, are implementing AASB 15 and AASB 9 for the first time. ASIC Commissioner, John Price said, "We are concerned that some companies may not have adequately prepared for the impact of new accounting standards, that can significantly affect results reported to the market by companies, require changes to systems and processes, and affect businesses. We will monitor these areas closely and will take action where required."

Preparers should ensure sufficient disclosure is made regarding the impact of both AASB 15 and AASB 9, as well as ensuring the new disclosure requirements of AASB 15 and AASB 7 are complied with. Adequate disclosures will provide comfort to the reader that the new recognition and measurement requirements have been applied appropriately even if there have been no significant changes. Without sufficient disclosure, readers will not know that the new requirements have been adequately considered.

The other focus areas continue to include the usual suspects that we've seen for the past few reporting periods, showing that ASIC is still identifying issues with fundamental items such as impairment and revenue recognition. A couple of topics have returned including the Operating and Financial Review (OFR) and Non-IFRS financial information, which serve as a reminder to ensure that the OFR should provide meaningful information and be consistent with the financial report, as well as ensuring that any non-IFRS information is not misleading and is presented appropriately. This also serves as a reminder of regulatory guides [RG 247](#) - *Effective disclosure in an operating and financial review*, and [RG 230](#) - *Disclosing non-IFRS financial information*.

ASIC focus areas for December 2018 are:

1. Impact of the new standards
2. Impairment testing and asset values
3. Revenue recognition
4. Expense deferral
5. Off-balance sheet arrangements
6. Tax accounting
7. Operating and financial review
8. Non-IFRS financial information
9. Estimates and accounting policy judgements

Read ASIC's media release [18-364MR](#) for full details on the focus areas for December 2018. The release also includes links to information sheets providing useful information for preparers and directors on financial reporting and impairment of non-financial assets.

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