

EXPLANATORY STATEMENT for

ASIC Corporations (Related Scheme Reports) Instrument 2015/839

Prepared by the Australian Securities and Investments Commission

Corporations Act 2001

The Australian Securities and Investments Commission (ASIC) makes *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* under subsection 341(1) of the *Corporations Act 2001* (the Corporations Act). Subsection 341(1) provides that ASIC may make an order in writing in respect of a specified class of companies, registered schemes or disclosing entities, relieving any of the directors, the companies, registered schemes or disclosing entities themselves, or the auditors of the companies, registered schemes or disclosing entities from all or specified requirements of Parts 2M.2, 2M.3 and 2M.4 (other than Division 4) of the Corporations Act.

1. Background

Subsections 295(2) and 303(2) of the Corporations Act only allow annual and half-year financial reports to include those financial statements specified by the accounting standards. An entity's financial report is not permitted to include the financial statements of another entity.

When an entity is a responsible entity for a number of registered schemes, there is a significant duplication of effort to produce individual financial reports for each registered scheme in separate documents.

It has been the practice of some responsible entities to include the financial statements of different registered schemes for which they are the responsible entity in adjacent columns in a single financial report. This practice has also been adopted by different responsible entities with a common beneficial owner in relation to the schemes for which they are responsible entities.

2. Purpose of the instrument

ASIC Corporations (Related Scheme Reports) Instrument 2015/839 allows responsible entities to continue the practice of including the financial statements of related registered

schemes that have a common responsible entity (or related responsible entities) in adjacent columns in a single financial report. The relief applies to annual financial reports, concise financial reports and half-year financial reports.

Class Order [CO 06/441] is repealed by Schedule 2 to the *ASIC Corporations (Amendment and Repeal) Instrument 2015/843*.

3. Operation of the instrument

A registered scheme and its directors can include the financial statements, notes to the financial statements and the directors' declaration of a related registered scheme (an included scheme) in the financial report of the registered scheme. Similarly, the directors' report of a registered scheme can include the directors' reports of an included scheme. Registered schemes are related if they have the same responsible entity or the responsible entities are wholly beneficially owned by the same entity.

The relief applies where the financial report of each registered scheme is a financial report for the same financial year or the same half-year or for a financial year or half-year ending no more than 6 months before or after the end of the financial year or half-year of the registered scheme taking relief. The schemes must be audited by the same audit company, audit firm or individual auditor.

The financial statements of the registered scheme and included schemes must be presented in adjacent columns in the financial report. Each column must specify the period covered by the financial statements. In a concise report, the consolidated financial statements must be presented but the single entity financial statements for the registered scheme and included schemes need not be presented.

If an included scheme does not have the same responsible entity as the registered scheme the financial statements must include a prominent statement that only the responsible entity of a scheme takes responsibility for the financial report of that scheme. There must also be a separate directors' declaration and directors' report from each responsible entity covering the schemes the responsible entity operates.

If a directors' declaration or directors' report covers more than one registered scheme each declaration or information in the directors' report is presented in a way that enables each scheme to which it applies to be readily identified.

The financial report for a registered scheme must include statements about any facilities in place for the proceeds of withdrawal from the registered scheme to be invested in an included scheme, whether further interests in the scheme may be issued and, if so, whether proceeds of a withdrawal from an included scheme can be applied to acquire an interest in the registered scheme.

4. Consultation

ASIC has consulted with stakeholders through Consultation Paper 233 which was issued on 16 June 2015 and was open for comment to 17 August 2015.

ASIC has assessed that a Regulatory Impact Statement is not necessary for this instrument as it is operating effectively and efficiently, as informed by the consultation process, and is being remade without significant changes.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

ASIC Corporations (Related Scheme Reports) Instrument 2015/839

ASIC Corporations (Related Scheme Reports) Instrument 2015/839 is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview

The objective of the legislative instrument is to allow the inclusion of the directors' reports and the presentation of the financial statements of related registered schemes in a single financial report.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.

Australian Securities and Investments Commission