



**ASIC**  
Australian Securities &  
Investments Commission

# Explanatory Statement

## ***ASIC Corporations (Post Balance Date Reporting) Instrument 2025/437***

This is the Explanatory Statement for *ASIC Corporations (Post Balance Date Reporting) Instrument 2025/437*.

The Explanatory Statement is approved by the Australian Securities and Investments Commission (**ASIC**).

### **Summary**

1. *ASIC Corporations (Non-Reporting Entities) Instrument 2025/437* (the **Instrument**) allows entities to disclose a balance sheet showing the financial effect of significant acquisitions or disposals after the balance date in the notes to the financial statements.

### **Purpose of the instrument**

2. Subsections 295(2) and 303(2) of the *Corporations Act 2001* (**Corporations Act**) require financial reports to be prepared in accordance with accounting standards.
3. The accounting standards prevent an entity from disclosing the financial effect of a material acquisition or disposal of entities or businesses that occurs after the end of a reporting period in the notes to their financial statements in the form of a pro forma balance sheet.
4. The Instrument allows pro forma balance sheet to be included in the notes to the financial statements to explain the financial effect of material acquisitions and disposals of entities and businesses after the end of a reporting period. Such a presentation may be the most meaningful way to explain the effect of the transaction.
5. Disclosing entities could provide similar information in separate announcements to the market; however, we consider that stakeholders are better served if the information is disclosed and read in the context of the entity's financial report.
6. Relief to allow post balance date reporting was previously provided by ASIC through ASIC Class Order [CO 05/644]. This relief was continued on substantially the same terms in *ASIC Corporations (Post Balance Date Reporting) Instrument 2015/842*, which sunsets on 1 October 2025.

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## Consultation

7. ASIC consulted publicly on our proposal to remake the relief through CS 24 *Proposed remake of financial reporting-related legislative instruments*. We received one submission which supported remaking the instrument.

## Operation of the instrument

8. Section 4 provides a simplified outline for the instrument. Its purpose is to assist readers in understanding the substantive provisions. However, the outline is not intended to be comprehensive, and readers should rely on the substantive provisions when considering the instrument's effect.
9. Subsection 6(1) of the instrument allows a company, registered scheme, registrable superannuation entity or disclosing entity, or a retail CCIV in relation to a sub-fund, to include a balance sheet in a note to the financial statements, explaining the financial effect of acquisitions or disposals which occur after the reporting date.
10. Subsection 6(2) provides that the relief is available where the transactions have a material impact on the entity or sub-fund or, if consolidated financial statements are included in the financial report, the transactions have a material effect on the consolidated entity.
11. A single entity or consolidated balance sheet must be included in the notes to the financial statements that is either:
  - a. an actual balance sheet drawn up to a point in time after the transactions have occurred, or
  - b. a pro forma balance sheet drawn up on the basis of the entity's or sub-fund's (or consolidated entity's, as the case may be) actual balance sheet drawn up at the end of the reporting period or a later date.
12. If a pro forma balance sheet is included in a note to the financial statements,
  - a. it must be prepared on a basis consistent with the accounting standards
  - b. the basis of preparation and key underlying assumptions must be disclosed, and
  - c. any other material transactions or events after balance date must be reflected in the note to ensure the pro forma balance sheet is not misleading.

## Legislative instrument and primary legislation

13. The subject matter and policy implemented by the Instrument is more appropriate for a legislative instrument than primary legislation because it provides relief where strict compliance with the primary legislation produces anomalous outcomes that would be inconsistent with the intent of the primary law.

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14. If the matters in the Instrument were to be inserted into the primary legislation, they would insert, into an already complex statutory framework, a set of specific provisions that would apply only to a relatively small group of entities. This would result in additional cost and unnecessary complexity for other users of the primary legislation.
  15. It will be a matter for the Government and for Parliament to consider whether the primary legislation may need to be amended in the future to include the substance of the relief in the Instrument in legislation.

#### **Duration of the instrument**

16. The duration of the Instrument is 5 years.

#### **Legislative authority**

17. The Instrument is made under subsection 341(1) of the Corporations Act.
18. The Instrument is a disallowable legislative instrument.

#### **Statement of Compatibility with Human Rights**

19. The Explanatory Statement for a disallowable legislative instrument must contain a Statement of Compatibility with Human Rights under subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A Statement of Compatibility with Human Rights is in the Attachment.

## **Statement of Compatibility with Human Rights**

This Statement of Compatibility with Human Rights is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### ***ASIC Corporations (Post Balance Date Reporting) Instrument 2025/437***

#### Overview

1. *ASIC Corporations (Post Balance Date Reporting) Instrument 2025/437* allows entities to disclose a balance sheet showing the financial effect of significant acquisitions or disposals after the balance date in the notes to the financial statements.

#### Assessment of human rights implications

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

#### Conclusion

3. This instrument 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*.