

Financial reporting guide

Consolidated entity disclosure statement

This publication provides a high-level summary of the amendments to the *Corporations Act 2001* requiring public companies to prepare a 'consolidated entity disclosure statement'.

Although called a 'consolidated entity disclosure statement', the statement must be prepared by all public companies reporting under Part 2M.3 of the *Corporations Act 2001* (the Corporations Act) irrespective of whether the company is required to prepare consolidated financial statements.

When does the new requirement apply?

The new requirement applies to annual financial reports prepared for a financial year commencing on or after 1 July 2023. Accordingly, for many entities, the new requirement will apply for the first time at 30 June 2024.

Does the new requirement apply to all entities reporting under the Corporations Act?

The new requirement to prepare a 'consolidated entity disclosure statement' applies only to public companies reporting under Part 2M.3 of the Corporations Act. This includes both listed and non-listed public companies, and both 'for-profit' and 'not-for-profit' public companies.

What information is included in the 'consolidated entity disclosure statement'?

The content of the 'consolidated entity disclosure statement' differs depending on whether the public company is required to prepare consolidated financial statements.

If Australian Accounting Standards require the public company to prepare consolidated financial statements, the 'consolidated entity disclosure statement' must include the following information about each entity that was part of the consolidated entity at the end of the financial year:

- the entity's name (if any);
- whether the entity was a body corporate, partnership, or trust;
- whether the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity;
- if the entity is a body corporate - the place at which the entity was incorporated or formed;
- if the entity is a body corporate with share capital - the percentage of the entity's issued share capital that was held, directly or indirectly, by the public company;
- whether the entity was an Australian resident or a foreign resident for income tax purposes. And, if the entity was a foreign resident - a list of each foreign jurisdiction in which the entity was a resident for income tax purposes.

If Australian Accounting Standards do not require the public company to prepare consolidated financial statements (e.g., the public company does not have subsidiaries, the public company is an 'investment entity' or the public company is eligible to apply the exemption from preparing consolidated financial statements in AASB 10 *Consolidated Financial Statements*), the 'consolidated entity disclosure statement' must include a statement to that effect.



Does the introduction of the ‘consolidated entity disclosure statement’ impact the wording of the directors’ declaration on the financial report?

The directors must declare (as part of their section 295 declaration on the financial report) whether, in the directors’ opinion, the ‘consolidated entity disclosure statement’ is true and correct. In addition, for listed entities, declarations required to be made to the board of directors by the CEO and CFO will need to include a statement that the ‘consolidated entity disclosure statement’ is true and correct.

Is the ‘consolidated entity disclosure statement’ subject to audit?

The ‘consolidated entity disclosure statement’ is subject to audit, because the statement forms part of the annual financial report under subsection 295(1) of the Corporations Act.

Illustrative examples

For a public company that is required to prepare consolidated financial statements:

| Consolidated Entity Disclosure Statement as at 30 June 2024 | | | | | |
|--|----------------|------------------------------|--|---|--|
| Name of entity | Type of entity | Place formed or incorporated | Percentage of share capital held (if applicable) | Australian tax resident or foreign tax resident | Foreign tax jurisdiction (if applicable) |
| PP Focus Limited | Body corporate | Australia | n/a | Australian | n/a |
| A Pty Ltd | Body corporate | Australia | 100% | Australian | n/a |
| B Pty Ltd | Body corporate | New Zealand | 100% | Foreign | New Zealand |

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

For a public company that is not required to prepare consolidated financial statements:

| Consolidated Entity Disclosure Statement as at 30 June 2024 |
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| PP Focus Limited is not required by Australian Accounting Standards to prepare consolidated financial statements. In accordance with subsection 295(3A) of the <i>Corporations Act 2001</i> , no further information is required to be disclosed in this consolidated entity disclosure statement. |

Further information and assistance

Contact Pitcher Partners for further information and assistance on the preparation of the consolidated entity disclosure statement by public companies.



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