

Technical Accounting Alert

ASIC Class Order CO 98/100: Rounding of amounts in the financial report

Introduction

The purpose of this alert is to provide information for entities regarding their ability to round the figures in the financial report.

Overview

ASIC C098/100 dated 10 July 1998 permits an entity or consolidated entity with total assets in excess of \$10 million to round amounts in their financial report and directors' report as follows:

- Total assets > \$10 million but < \$1 billion can be rounded to the nearest thousand dollars
- Total assets > \$1 billion but < \$10 billion can be rounded to the nearest hundred thousand dollars
- Total assets > \$10 billion can be rounded to the nearest million dollars

The Class Order has been varied by Class Order 05/641 (effective 28 July 2005) to refer to the transition to International Financial Reporting Standards and changes made by CLERP 9 legislation' however the level of rounding permitted by the Class Order was not changed.

Exceptions from the rounding provisions

The amended version of the Class Order excludes the following disclosures from the rounding provisions, requiring them to be rounded to the nearest:

- \$1 where total assets are > \$10 million but < \$1 billion and
- \$1,000 where total assets are in excess of \$1 billion:

Applicable Legislation	Disclosure requirements
The Corporations Act 2001	Amounts disclosed in respect to: <ul style="list-style-type: none"> • Directors' and executives' remunerations under S300A(1)(c) & (e) • Options under S300(1)(d), • Indemnification and insurances for officers or auditors under S300(1)(g), S300(8) & (9) • Directors interests under S300(11) & (12) • Amounts of fees paid by a registered scheme to the responsible entity and it's associates out of scheme property under S300 (13)(a) • Payments to auditors for non-audit services provided to listed companies under S300(11B) & (11C) • Options disclosed in accordance with S300(6)(c), (7)(d) and (7)(e) must not be rounded further than the nearest one cent

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Applicable Legislation	Disclosure requirements
AASB 124 Related Party Disclosures	Amounts disclosed in respect to: <ul style="list-style-type: none"> • Compensation paid to key management personnel under paragraph 16 • Related party transactions under paragraphs 17-18
AASB 2 Share Based Payments	Amounts required to be disclosed under paragraphs 44, 46 and 51, i.e. information in relation to the nature and extent of share based payments and methods of determining the fair value of the transactions.
AASB 101 Presentation of Financial Statements	Amounts required to be disclosed in respect to remuneration of auditors
The Corporations Regulations 2001	Information disclosed in accordance with Regulation 2M.6.04 and Schedule 5B

In addition:

- earnings per share disclosures must not be rounded further than the nearest one-tenth of a cent
- there is a restriction on the rounding of amounts where rounding would result in the loss of important information

Lesser amount of rounding

A lesser level of rounding may be used provided that the lower amount is:

- one-tenth of one cent, one cent, \$1, \$1,000 or \$100,000;
- less than the original prescribed amount; and
- applied for all amounts in the financial report and directors' report to which the original prescribed amount otherwise applied.

For example an entity with total assets > \$10 billion may choose to round to the nearest hundred thousand dollars or thousand dollars, rather than the amount disclosed in the class order.

Disclosures relating to the application of the Class Order

Companies taking advantage of this Class Order must state in the directors' report or the financial report that the Company is of a kind referred to in Class Order 98/100 and that the amounts have been rounded off in accordance with the Class Order.

The financial report and directors' report must clearly disclose on each page where amounts have been rounded, the extent to which those amounts have been rounded, for example, "\$'000".

Further information

For further information on any of the information included in this TA alert, please contact your local Grant Thornton Australia contact or a member of the National Audit Support team at NAS@grantthornton.com.au