

Technical Accounting Alert

Changes to ASIC class orders

Introduction

The purpose of this alert is to provide information about administrative changes to two ASIC class orders relating to financial reporting.

Overview

There are a number of class orders available to entities which provide relief for entities from lodging financial reports; ASIC has recently made some administrative changes to Class Order 98/98: Small proprietary companies which are controlled by a foreign company and Class Order 98/1418: Wholly-owned entities to allow entities wishing to take advantage of the relief more time to submit an application.

Class Order 98/98: Small proprietary companies which are controlled by a foreign company

CO 98/98 provides relief to small proprietary companies which are controlled by a foreign company from the requirement to prepare and lodge an audited financial report provided they are not part of a large group.

The timeframe for lodgement of the opt-in notice (Form 384) was previously three months prior to the start of the first financial year that the Class Order was being relied upon. This timeframe has now been extended to the 19 month period being three months before commencement of the financial year and four months after the end of the financial year.

The opt-out notice (Form 394) which was previously required, when applicable, within a four month period after the first financial year that the Class Order was no longer being relied upon, can now be lodged at any time in the 19 month period described above for the last financial year.

These dates have been illustrated below:

	Previous timeframe	New timeframe
31 December 2009 year end		
Opt – in	By 31 December 2008	Between 1 September 2008 and 30 April 2010
Opt – out	By 30 April 2010	Between 1 September 2008 and 30 April 2010
30 June 2010 year end		
Opt – in	By 30 June 2009	Between 1 March 2009 and 31 October 2010
Opt – out	By 31 October 2010	Between 1 March 2009 and 31 October 2010

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The expansion of the opt-in/opt-out timeframe has caused ASIC to lose its discretion to provide individual extensions and therefore any application outside these dates will not be accepted.

Class Order 98 / 1418: Wholly-owned entities

CO 98/1418 relieves certain wholly-owned entities from the requirement to prepare and lodge audited financial reports where they satisfy specified criteria for example, entering into a Deed of Cross-Guarantee with their parent.

The deadline for lodging an opt-in notice (Form 389) to take advantage of this relief remains the final date for lodgement of the financial report for the first year the relief is to be relied upon.

ASIC's discretion to grant extensions has been removed and therefore failure to lodge Form 389 on time will mean that the company is required to lodge an audited financial report with ASIC.

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

Reference

[ASIC media release 09-145AD](#)