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Step forward: Your next move in the reporting landscape

Corporate reporting update

November / December 2024





Acknowledgement of Country



Artwork: Halls Creek, Western Australia
A student of Worawa Aboriginal College



Agenda



Opening moves Preparing for December 2024



Implementing strategy Navigating Australia's new climate reporting framework



Building defences Enhancing the foundation for climate reporting



Anticipating future moves Planning for the new presentation standard

Opening moves

Preparing for December 2024





Opening moves Preparing for December 2024

ASIC surveillance findings



188 financial reports reviewed resulting in 27 findings



| | Resources | Software & services | Construction | Other |
|----------------------|-----------|---------------------|--------------|-------|
| Impairment | ⊛ | ⊛ | | ⊛ |
| Revenue | | ⊛ | ⊛ | ⊛ |
| Capitalised costs | | ⊛ | | ⊛ |
| Expected credit loss | | | | ⊛ |



Continued surveillance of **climate reporting** and **consolidated entity disclosure statement**



Opening moves Preparing for December 2024

Operating segment disclosures



Amounts **included in profit measure** reported to the CODM

Amounts regularly reviewed



Items of material income and expense

Quantitative

Qualitative

Financial statements as a whole



Don't group corporate costs within 'other' segments

Gambit Gear 30 June 2024 board reporting pack

| \$'000 | Luxury luggage | Budget luggage | Bags | Accessories | Corporate | Total |
|--------------------------|----------------|----------------|--------------|--------------|----------------|---------------|
| Revenue | 50,500 | 42,700 | 5,300 | 6,400 | - | 104,900 |
| Cost of sales | (38,600) | (25,700) | (2,600) | (3,400) | - | (70,300) |
| Gross margin | 11,900 | 17,000 | 2,700 | 3,000 | - | 34,600 |
| Underlying profit | 6,600 | 10,900 | 900 | 300 | (8,500) | 10,200 |

Note 5: Segments

| \$'000 | 30 June 2024 | | | |
|-----------------------------|----------------|----------------|--------------|----------------|
| | Luxury luggage | Budget luggage | Other | Total |
| Revenue | 50,500 | 42,700 | 11,700 | 104,900 |
| Cost of sales | (38,600) | (25,700) | (6,000) | (70,300) |
| Gross margin | 11,900 | 17,000 | 5,700 | 34,600 |
| Other expenses | (3,200) | (4,400) | (2,200) | (17,700) |
| Depreciation | (1,300) | (1,100) | (1,400) | (3,800) |
| Interest expense | (800) | (600) | (900) | (2,300) |
| Underlying profit | 6,600 | 10,900 | 1,200 | 18,700 |
| Corporate expenses | | | | (9,300) |
| Interest expense | | | | (400) |
| Interest income | | | | 1,200 |
| Profit before taxes | | | | 10,200 |
| Income taxes | | | | (3,060) |
| Net profit after tax | | | | 7,140 |

Measure of segment profit

Components of segment profit



Opening moves Preparing for December 2024

Amended standards and Pillar two

Non-current liabilities with covenants

Right to defer settlement for $\geq 12m$

Disclose nature and compliance expectations



Supplier finance arrangements

Trade payables vs borrowing judgement

Nature, terms, amounts and payment

dates



Sale and leaseback

No gain or loss for asset retained
Measurement exception for lease liability

Pillar two

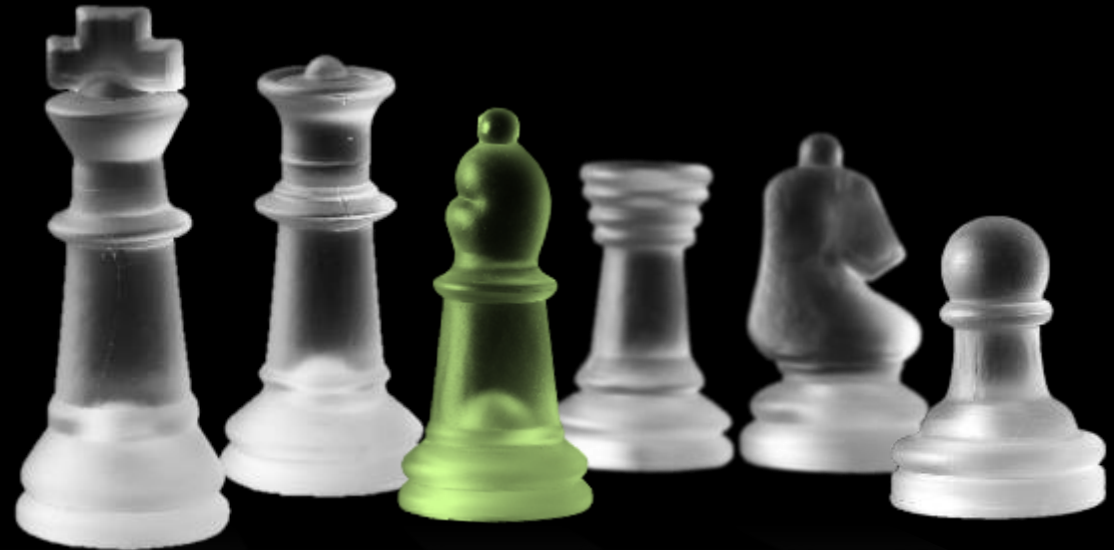
Substantive enactment in Australia before 31 Dec?
Current tax impacts and disclosures



[Global Pillar Two Legislative Tracker](#)

Implementing strategy

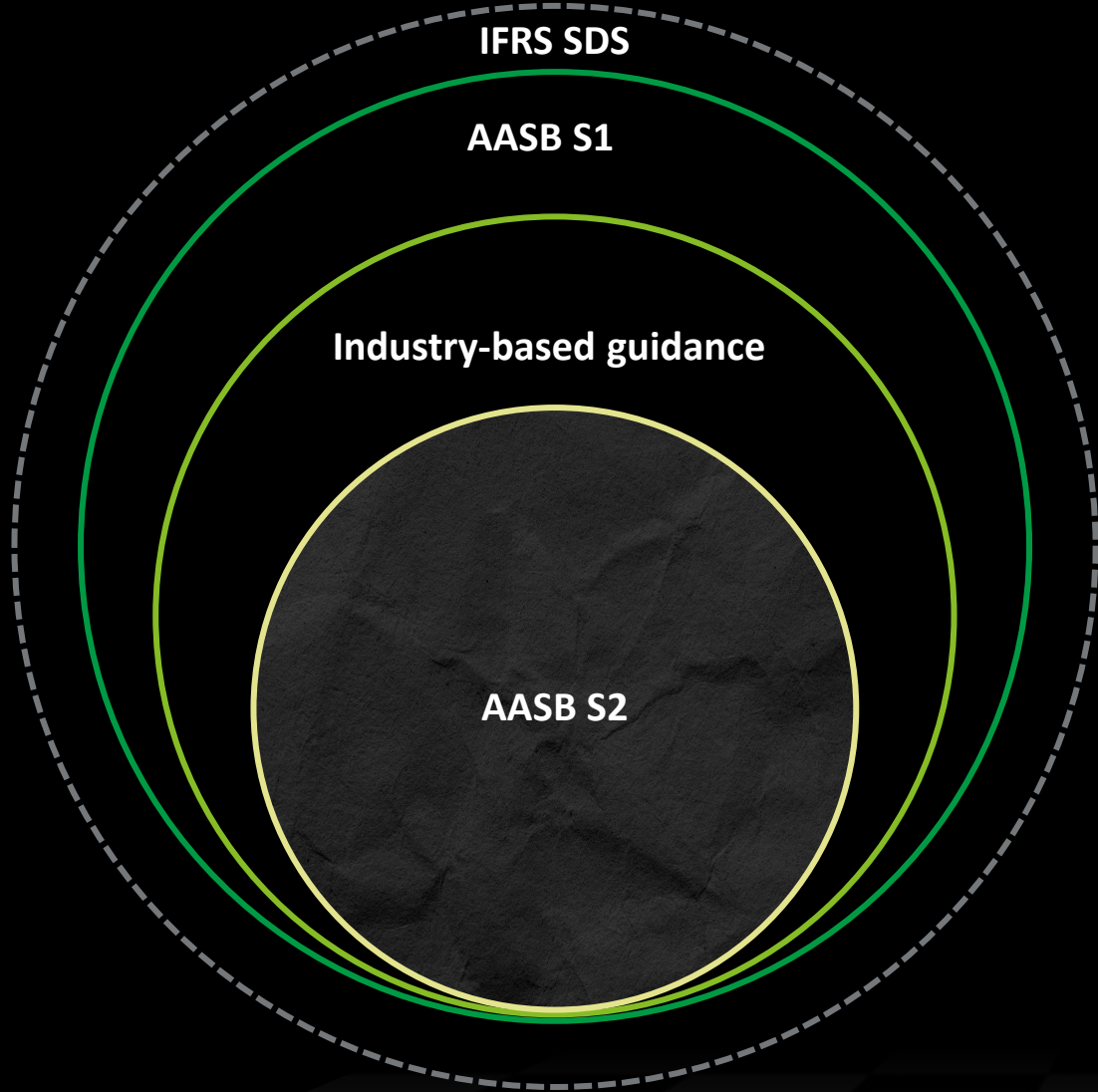
Navigating Australia's new climate reporting framework





Implementing strategy Navigating Australia's new climate reporting framework

A new era of sustainability reporting



ASRS effective 1 January 2025

| | IFRS SDS consistent | Australia specific |
|--|-------------------------------------|-------------------------------------|
| AASB S2 Climate-related Disclosures | | |
| Back to baseline | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| GHG protocol prioritised | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| NGER methodology exception | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Defined scenarios (enabling legislation) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Industry-based guidance & SASB standards | | |
| Consideration encouraged not required | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Separate AASB research project | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information | | |
| Beyond climate only | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Enables voluntary compliance with IFRS SDS | <input type="checkbox"/> | <input checked="" type="checkbox"/> |



Implementing strategy Navigating Australia's new climate reporting framework

The reporting boundary for climate reporting



Consolidation relief available for subsidiaries included in a consolidated climate report



Identification of risk and opportunities

Same reporting entity as financial report

Excludes:

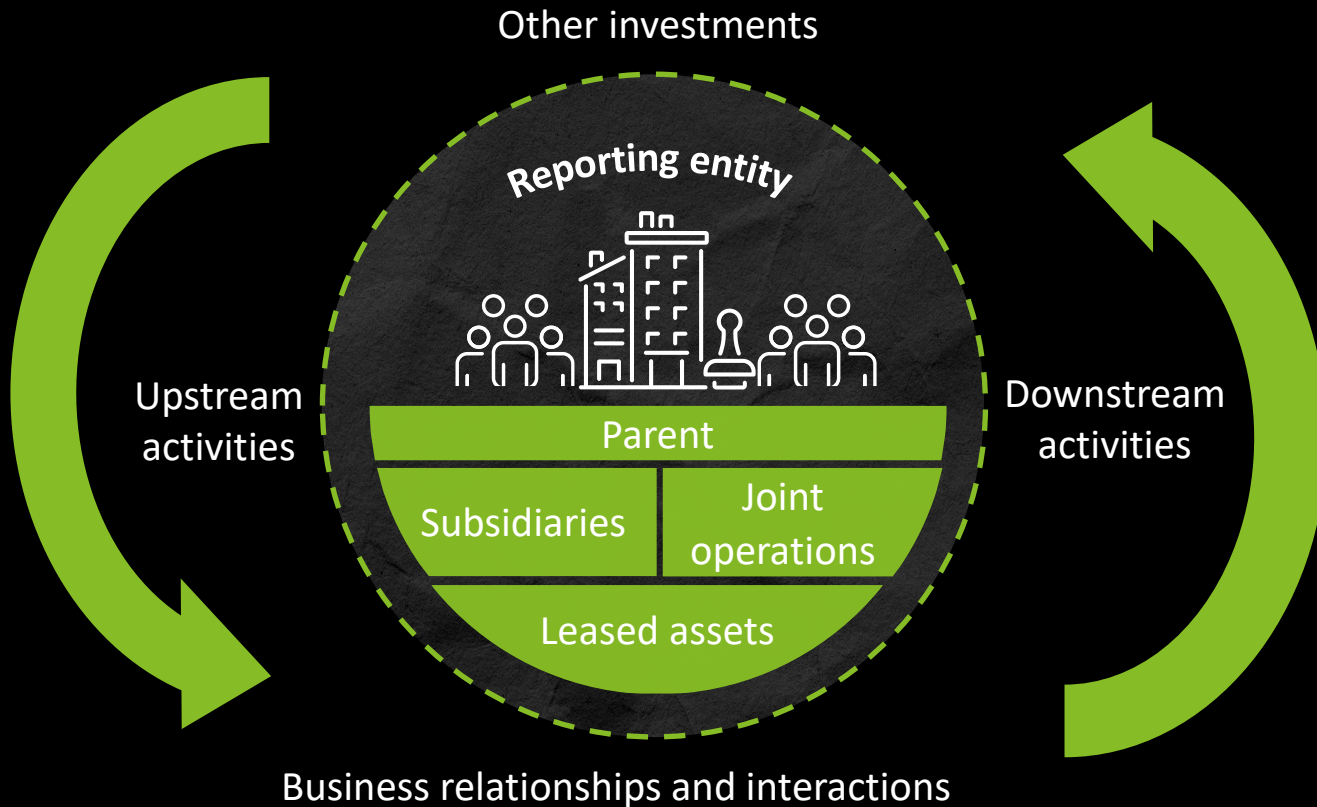
- Pre-acquisition periods
- **Joint ventures, associates**
- Other investments





Implementing strategy Navigating Australia's new climate reporting framework

The impact of the value chain on climate reporting



Value chain

Interactions, resources and relationships related to business model and external environment

Identification of risk and opportunities

Upstream exposure to drought

Current and anticipated effects of risks and opportunities

Short term increase in raw materials to reduce long term price risk exposure

GHG reporting boundary

Equity method, financial control, operational control
Differs from reporting entity



Implementing strategy Navigating Australia's new climate reporting framework

Materiality in climate reporting



Two step approach

Step 1 – Identify risks and opportunities

Step 2 – Identify material information that influences decisions of primary users



Example – Anticipated events

One in 50 year flood event

High impact, low likelihood

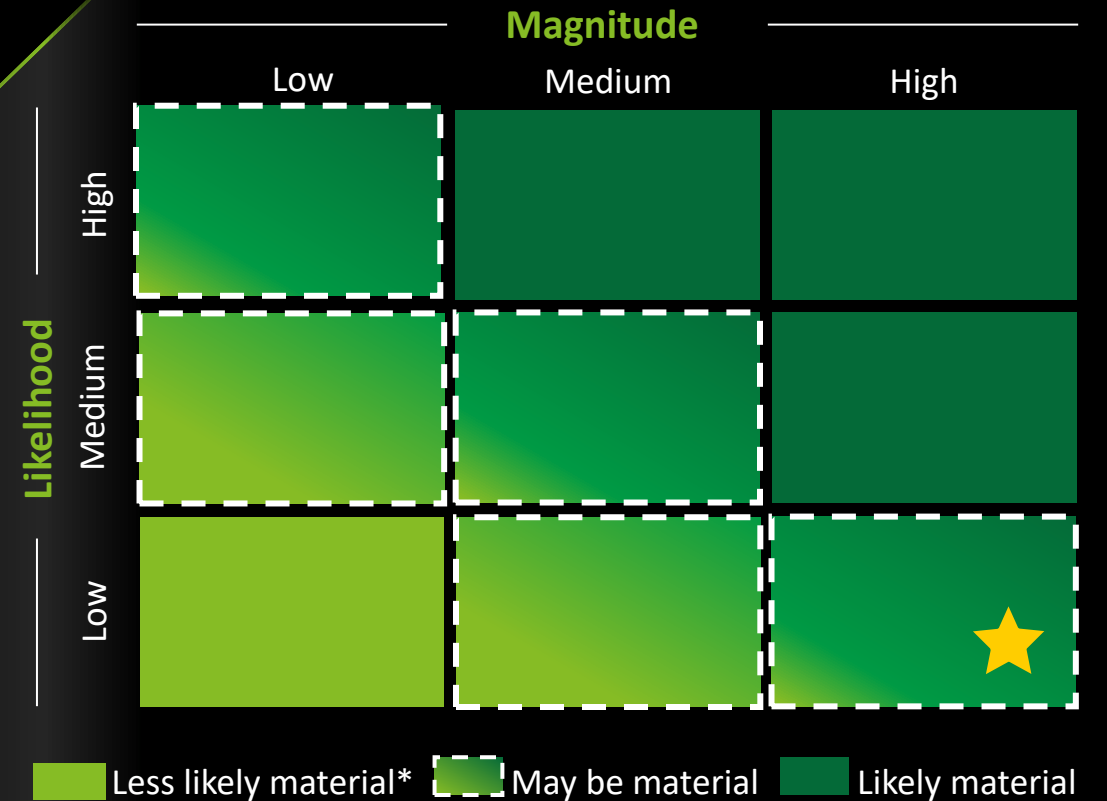
Beyond past and current



Example - Time horizons

2050 transition from thermal coal

Timing impacts asset impairment



*subject to influence on primary users

Building defences

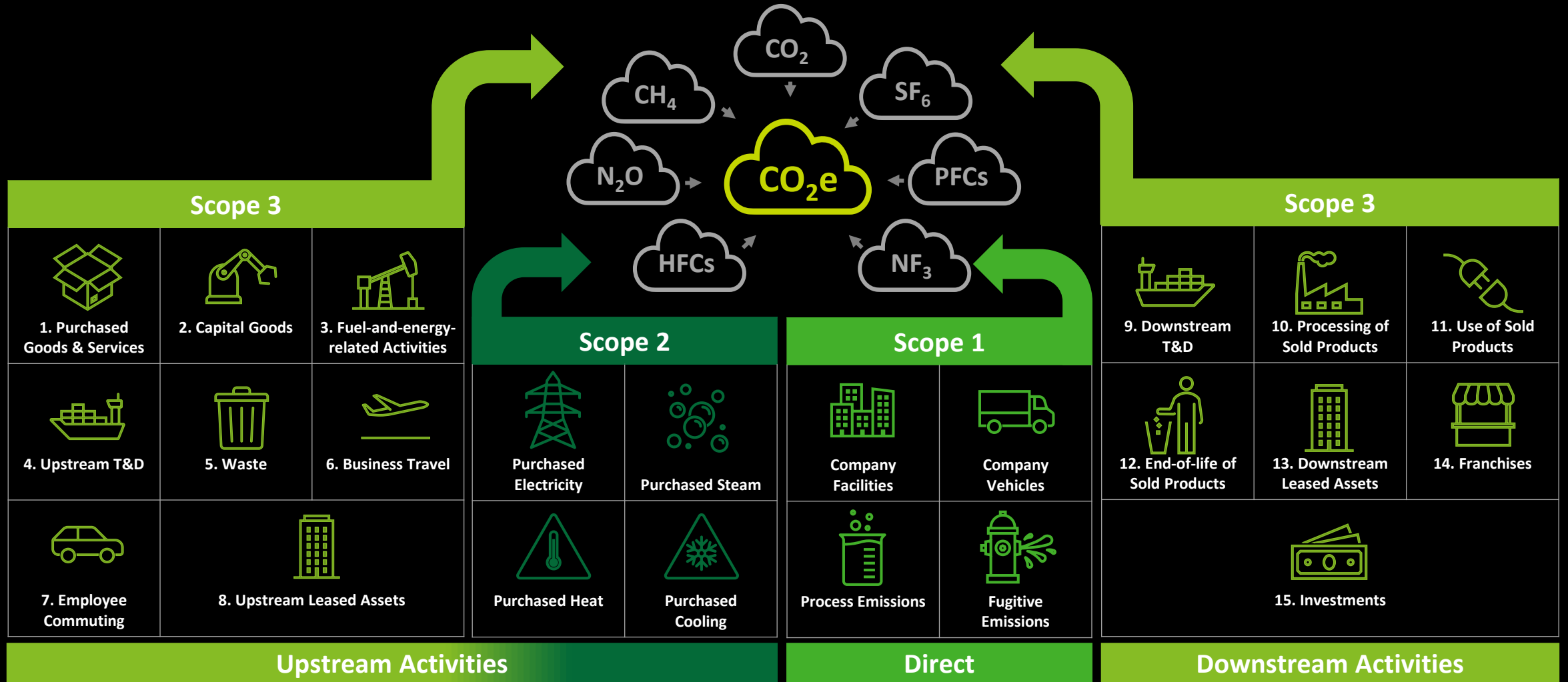
Enhancing the foundation for climate reporting





Building defences Enhancing the foundation for climate reporting

Categorising emissions under the GHG protocol





Building defences Enhancing the foundation for climate reporting

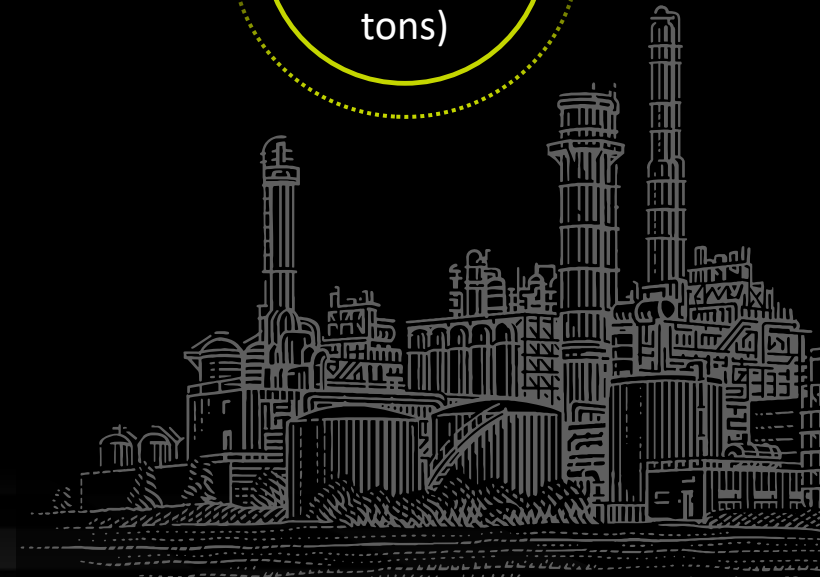
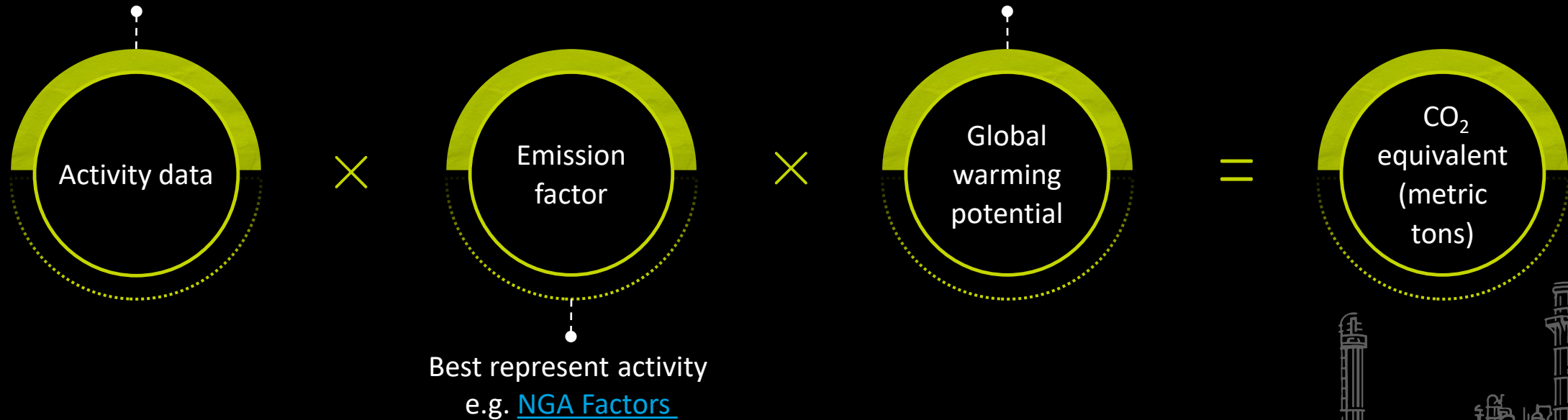
Quantifying emissions under the GHG protocol

Examples

Scope 1 Fuel quantities

Scope 2 Metered electricity

Scope 3 Passenger miles





Building defences Enhancing the foundation for climate reporting

Quantifying scope 2 emissions

Rook Ops operates in QLD
Electricity consumption
100,000 kWh

| Species | Lifetime (Years) | Radiative Efficiency (Wm ⁻² ppb ⁻¹) | GWP-20 | GWP-100 |
|-----------------|------------------|--|--------|---------|
| CO ₂ | Multiple | 1.33±0.16x10 ⁻⁵ | 1.000 | 1.000 |

Source: IPCC AR6



Australian National Greenhouse Accounts Factors

<https://www.dcceew.gov.au>

| State, Territory or grid description | Scope 2 Emission Factors (kg CO ₂ -e/kWh) | Scope 2 Emission Factors (kg CO ₂ -e/GJ) |
|--------------------------------------|--|---|
| NSW and ACT | 0.68 | 188 |
| Victoria | 0.79 | 220 |
| Queensland | 0.73 | 204 |

Source: 2023 NGA Factors

73 metric tons
 (100,000 x 0.73 kg CO₂-e/kWh) = 73,000 kg
 73,000 kg ÷ 1,000 = 73 metric tons

Anticipating future moves

Planning for the new presentation standard





Anticipating future moves Planning for the new presentation standard

AASB 18 Presentation and Disclosure in Financial Statements



Revised presentation

- Categories for profit and loss classification
- New defined profit and loss subtotals
- (Dis)aggregation guidance



Management-defined performance measures

- Public communications
- Management view
- Reconcile, describe, changes, comparability



Readiness considerations

- Business model reassessment
- Systems, processes, controls

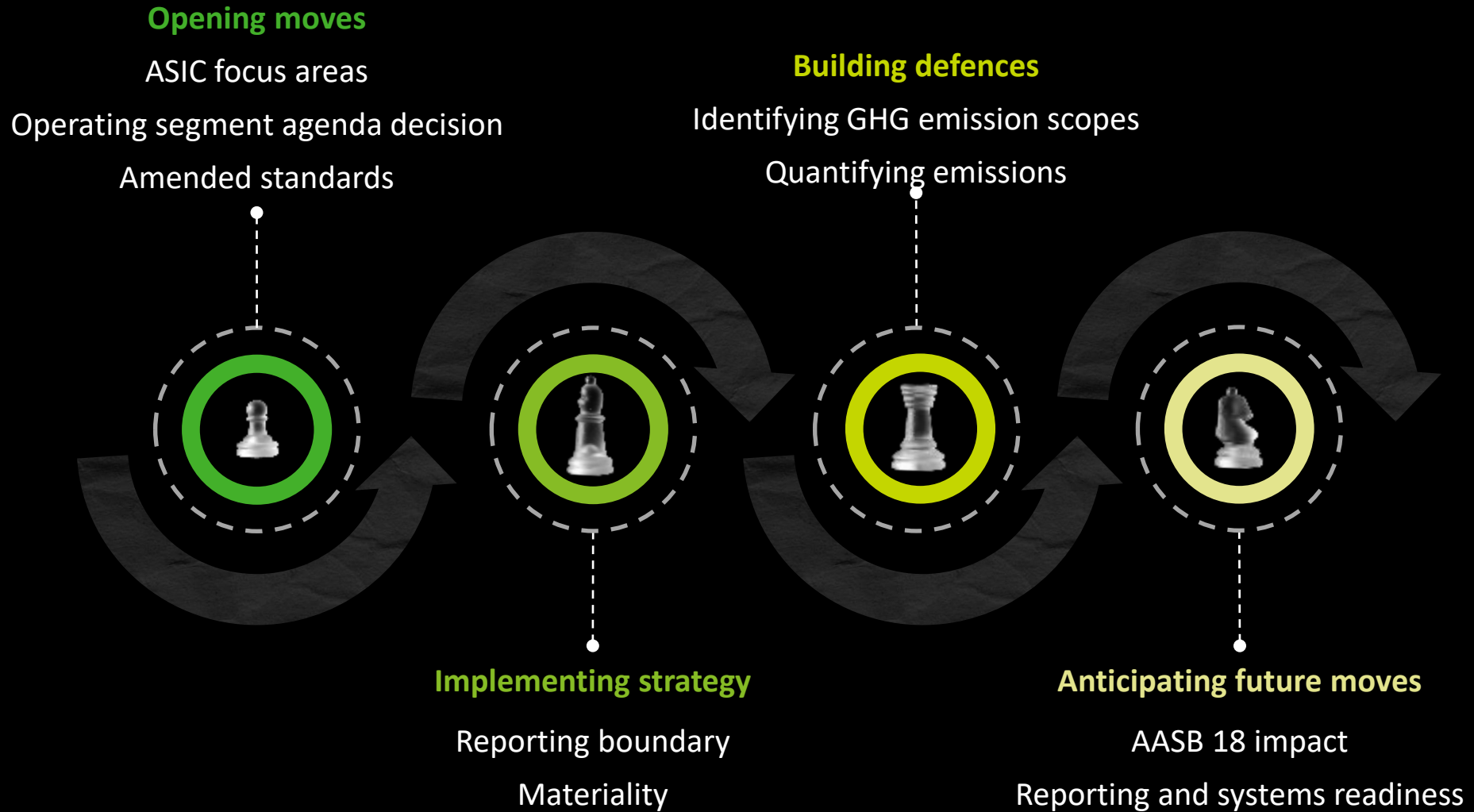
| Statement of profit and loss | Categories |
|---|------------|
| Revenue | Operating |
| Cost of sales | |
| Gross profit | |
| Impairment | |
| Other income | |
| Other expenses | |
| Operating profit | |
| Gain on disposal of PPE | Investing |
| Profit before financing and income tax | |
| Interest on borrowings and lease liabilities | Financing |
| Profit before income tax | |
| Income tax expense | Income tax |
| Net profit after tax | |

Effective 1 January 2027 (1 January 2028 for not-for-profit and superannuation entities)



Checkmate Strategies for success

Closing out



Q&A



Resources





Resources

Useful publications - financial reporting

| Section | Useful links |
|--|--|
| ASIC focus areas | Clarity publication ASIC's first integrated surveillance program and December 2023 focus areas Clarity publication Navigating ASIC's regulatory expectations |
| Deloitte model financial statements | Tier 1 Tier 2 Superannuation entities (new!) Australian financial reporting guide Other models (half years & SPFS) |
| Consolidated entity disclosure statement | Clarity publication New consolidated entity disclosure statement |
| Pillar two | Clarity publication Responding to Pillar Two Global Pillar Two legislative tracker |
| IFRS 18 | iGAAP in Focus publication |
| Monthly newsletter | Subscribe to our monthly Clarity in corporate reporting newsletter |
| Previous corporate reporting updates | Corporate reporting updates webpage |



Resources

Useful publications - sustainability reporting

| Section | Useful links |
|-------------------------|--|
| Local resources | Clarity Publication: A new era of sustainability reporting Deloitte co-authored publication <i>A director's guide to mandatory climate reporting version 2</i> |
| International resources | iGAAP in Focus Sustainability reporting: ISSB publishes first IFRS Sustainability Disclosure Standards Deloitte 2024 CxO Sustainability Report: Signs of a shift in business climate action |
| Other resources | Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 Australian Sustainability Reporting Standards ASIC's sustainability reporting page Australian National Greenhouse Accounts Factors Intergovernmental Panel on Climate Change Sixth Assessment Report |



| Key terms | Definition |
|----------------|---|
| ASRS standards | The ASRS (Australian Sustainability Reporting Standards) are the draft standards released by the AASB to propose climate-related financial disclosure requirements which uses the ISSB standards as a basis. The AASB determined that Australian reporting would be limited to climate-related disclosures. The exposure draft relating to this, ED SR1 <i>Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information</i> was issued in October 2023 and is open for comment until March 2024. |
| DCCEEW | The Department of Climate Change, Energy, the Environment and Water (DCCEEW) was established on 1 July 2022 to deliver on the Government's climate change and energy agenda and to protect Australia's environment and water resources. |
| GHG Protocol | The Greenhouse gas (GHG) protocol provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions. |
| GWP | Global Warming Potential (GWP) describes the degree of harm to the atmosphere caused by one unit of a given Greenhouse Gas relative to one unit of CO ₂ . |
| IFRS SDS | The IFRS SDS (IFRS Sustainability Disclosure Standards) issued by the ISSB consists of IFRS S1 and IFRS S2. IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used together with IFRS S1. The TCFD recommendations are fully incorporated in the ISSB standards. |
| IPCC | The Intergovernmental Panel on Climate Change (IPCC) is a United Nations body dedicated to enhancing the scientific understanding of climate change caused by human activities. The IPCC produces comprehensive Assessment Reports that review the current scientific, technical, and socio-economic knowledge on climate change, its impacts, future risks, and strategies for mitigating its progression. Additionally, the IPCC releases Special Reports on subjects agreed upon by its member governments and Methodology Reports that offer guidelines for preparing greenhouse gas inventories. |
| IPCC AR6 | The Intergovernmental Panel on Climate Change report – assessment 6 report (IPCC AR6) is the latest report published by the IPCC and consists of three Working Group contributions and a Synthesis Report. Entities are required under AASB S2 to convert metric tons of emissions into a CO ₂ equivalent using GWP values based on a 100-year time horizon, using the latest IPCC report - IPCC AR6. |
| ISSB | The International Sustainability Standards Board (ISSB) was established in 2021 to develop a comprehensive global baseline of sustainability disclosures for capital markets. |



Resources

Sustainability reporting - glossary

| Key terms | Definition |
|-------------------------------|--|
| NGER Act | The National Greenhouse and Energy Reporting Act 2007 (NGER Act) establishes the legislative framework for the NGER Scheme which is a national framework for reporting greenhouse gas emissions, greenhouse gas projects and energy consumption and production by corporations in Australia. |
| NGA Factors | National Greenhouse Accounts (NGA) Factors provides publicly available GHG emission factors published by the DCCEEW. |
| NGER Reporting Entity | An entity required to lodge financial reports under Chapter 2M of the Corporations Act (2001) (Cth) that is registered as a 'Controlling Corporation', reporting under the National Greenhouse and Energy Reporting Act 2007 (Cth). |
| NGER Scheme | The National Greenhouse and energy reporting (NGER) scheme is single national framework for reporting and disseminating company information about greenhouse gas emissions , energy production and energy consumption |
| Scope 1, 2, and 3 (emissions) | Scope 1 covers direct greenhouse gas emissions from owned or controlled sources. Scope 2 covers indirect greenhouse gas emissions from purchased or acquired electricity and energy consumed by the entity. Scope 3 includes all other greenhouse gas emissions that occur upstream and downstream in an entity's value chain. |
| TCFD | The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the Financial Stability Board (FSB). In 2017, the TCFD released climate-related financial disclosure recommendations. |



Resources

Sustainability reporting - who is required to report, and when?

| | Periods ending | Category 1 | | | Category 2 | Category 3 |
|----------------|--------------------------|------------|---|----------------------|---|----------------------------------|
| | | Employees | At least two of: Consolidated assets | Consolidated revenue | National Greenhouse and Energy Reporting (NGER) Reporters | Asset owners |
| Group 1 | 31 Dec 2025/30 June 2026 | ≥ 500 | ≥ \$1b | ≥ \$500m | Above NGER publication threshold | Scope out of Group 1 |
| Group 2 | 30 June 2027/31 Dec 2027 | ≥ 250 | ≥ \$500m | ≥ \$200m | All other NGER reporters | ≥\$5b assets under management |
| Group 3 | 30 June 2028/31 Dec 2028 | ≥ 100 | ≥ \$25m | ≥ \$50m | N/A | Apply thresholds from Category 1 |

Corporations Act entities applying Chapter 2M



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