

7 July 2026

Australian Securities & Investments Commission

By email: rri.consultation@asic.gov.au

Dear Sir/Madam,

CS 54 Proposed consolidation of financial reporting and auditing instruments

We appreciate the opportunity to provide our comments on the proposals contained in CS 54 *Proposed consolidation of financial reporting and auditing instruments* ("CS 54").

We support ASIC's goal to "simplify regulation and ease regulatory burden" described in ASIC Report 813 by streamlining 17 financial reporting and auditing relief instruments into:

1. ASIC Corporations (Annual and Half-year Reporting) Instrument 2026/XXX (the draft Financial Reporting Instrument), and
2. ASIC Corporations (Auditing) Instrument 2026/XXX (the draft Auditing Instrument).

We suggest that it would be helpful to respondents for ASIC to provide their rationale or basis for conclusions for proposed changes in future consultations.

We have no concerns regarding ASIC's proposed consolidation of the existing individual Instruments referred to in CS 54. However, we make the following comments on the draft replacement instruments.

Application of ASIC Corporations (Audit Relief) Instrument 2016/784

i) Amendments to Instrument 2016/784 reflected in CS 54

We note that amendments to extant ASIC Corporations (Audit Relief) Instrument 2016/784 have been made in the corresponding provisions in the draft Auditing Instrument.

Clause 6(r) of the Instrument has been retained requiring the directors to facilitate the compilation of the company's financial report by a prescribed accountant in accordance with APES 315 *Compilation of Financial Information*. However, clause 6(s) of Instrument 2016/784 has been deleted in the draft Auditing Instrument. We are unaware of ASIC's rationale for this change.

In our opinion, it is appropriate that a compilation report prepared in accordance with APES 315 is attached to the financial report and included with the financial report lodged with ASIC or provided to any other person.

ii) Extension of relief to sustainability reports

Instrument 2016/784 relieves a large proprietary company and a small proprietary company to which paragraph 292(2)(b) of the Act applies from various obligations relating to the audit of that company's financial report.

Advisory. Tax. Audit.

However, that relief does not extend to the audit of the company's sustainability report under subsections 301A and 314(1)(a)(iv) of the Act.

The application of ASIC Corporations (Audit Relief) Instrument 2016/784 will cause:

- i) the sustainability auditor not having access to information normally obtained during the audit of a financial report to assist in the sustainability assurance engagement;
- ii) The imposition of additional regulatory burden on those entities arising from the costs of preparing and auditing a standalone sustainability report;
- iii) an inconsistency in the legislative treatment of the financial report and the sustainability report; and
- iv) an increased likelihood of modified audit opinions on those standalone sustainability reports.

We note that ASIC Corporations (Audit Relief) Instrument 2016/784 is due to sunset during 2026.

We recommend that ASIC extends the scope of the draft Financial Reporting Instrument to the include sustainability report ahead of the extant Instrument's expiry.

Should you wish to discuss any aspects of this submission, please contact [REDACTED].

Yours faithfully

Nexia Australia Pty Ltd

Nexia Australia