



Corporations Amendment Regulations 2006 (No. 4)

Select Legislative Instrument 2006 No. 126

I, PHILIP MICHAEL JEFFERY, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Corporations Act 2001*.

Dated 1 June 2006

P. M. JEFFERY
Governor-General

By His Excellency's Command

CHRIS PEARCE
Parliamentary Secretary to the Treasurer

1 Name of Regulations

These Regulations are the *Corporations Amendment Regulations 2006 (No. 4)*.

2 Commencement

These Regulations commence on the day after they are registered.

3 Amendment of *Corporations Regulations 2001*

Schedule 1 amends the *Corporations Regulations 2001*.

Schedule 1 Amendments

(regulation 3)

[1] Paragraph 2M.3.03 (1) (d)

substitute

(d) the components mentioned in paragraph Aus25.4 of the AASB 124 for the financial year.

[2] Paragraph 2M.3.03 (2) (b)

substitute

(b) the details mentioned in the following paragraphs of AASB 124 for the financial year:

- (i) paragraph Aus25.5(d)(iv);
- (ii) if there has been an alteration mentioned in paragraph Aus25.6 — paragraph Aus25.6;

[3] Paragraph 2M.3.03 (2) (c)

omit

paragraph 7.5 of the accounting standard:

insert

paragraph Aus25.5 of AASB 124:

[4] Subparagraph 2M.3.03 (2) (c) (iv)

omit

section 6 of the accounting standard;

insert

applicable accounting standards;

[5] Subregulation 2M.3.03 (4), definition of *accounting standard*

substitute

AASB 124 means Accounting Standard AASB 124, *Related Party Disclosures*, as in force from time to time.

[6] After regulation 2M.6.04

insert

2M.6.05 Conduct of auditor — relevant relationships

The operation of Chapter 2M of the Act in relation to:

- (a) all companies; and
 - (b) all registered schemes; and
 - (c) all disclosing entities;
- is modified as set out in Schedule 5C.

[7] After subregulation 10.5.01 (2)

insert

- (3) Each standard mentioned in subregulation (1) ceases to have effect in relation to a financial reporting period that ends after 29 June 2007.

[8] Schedule 5B, clause 1, definition of AASB 1046

substitute

AASB 124 means Accounting Standard AASB 124, *Related Party Disclosures*, as in force from time to time.

[9] Schedule 5B, clause 3

substitute

3 Modification of Chapter 2M of the Act

The annual financial report for a listed company for a financial year does not have to contain the information required by paragraphs Aus25.4 to Aus25.7.2 of AASB 124 if:

- (a) that information is contained in the annual directors' report; and
- (b) the requirements set out in clause 4 are met.

[10] Schedule 5B, paragraph 4 (b)

substitute

- (b) the information must relate to each person:
 - (i) who, at any time during the financial year, held a position in the company mentioned in paragraph 300A (1) (c) of the Act; or
 - (ii) to whom the definition of **key management personnel** in AASB 124 applied at any time during the financial year;

[11] Schedule 5B, paragraph 4 (c)

omit both mentions of

AASB 1046

insert

AASB 124

[12] Schedule 5B, subparagraph 4 (d) (iv)*omit*

paragraph 7.5 of AASB 1046:

insert

paragraph Aus25.5 of AASB 124:

[13] Schedule 5B, sub-subparagraph 4 (d) (iv) (D)*omit*

section 6 of AASB 1046; and

insert

applicable accounting standards; and

[14] After Schedule 5B*insert***Schedule 5C Conduct of auditor — relevant relationships**

(regulation 2M.6.05)

1 Money owed — debt

- (1) Subclause (2) applies in relation to audit activity in relation to a financial year that ends on or after the commencement of this Schedule.
- (2) The operation of Chapter 2M of the Act is modified by omitting subsection 324CH (5) of the Act (including the subheading) and substituting the following subheading and subsection:

Ordinary course of business exception

- (5) For the purposes of item 15 of the table in subsection (1):
 - (a) disregard a debt owed by an individual to a body corporate or entity if:

- (i) the body corporate or entity is:
 - (A) an Australian ADI; or
 - (B) a body corporate registered under the *Life Insurance Act 1995*; and
- (ii) the debt arose because of a loan that the body corporate or entity made to the person in the ordinary course of its ordinary business; and
- (iii) the person used the amount of the loan to pay the whole or part of the purchase price of premises that the person uses as their principal place of residence; and
- (b) disregard a debt owed by the person or firm to a body corporate or entity if:
 - (i) the debt is on normal terms and conditions, and arises from the acquisition of goods or services on normal trading terms from:
 - (A) the audited body; or
 - (B) an entity that the audited body controls; or
 - (C) a related body corporate; and
 - (ii) the goods or services will be used by the person or firm:
 - (A) for the personal use of the person or firm; or
 - (B) in the ordinary course of business of the person or firm.

2 Money owed — deposit account

- (1) Subclause (2) applies in relation to audit activity in relation to a financial year that ends on or after the commencement of this Schedule.
- (2) The operation of Chapter 2M of the Act is modified by omitting subsection 324CH (6) of the Act (including the subheading) and substituting the following subheading and subsection:

Loans by immediate family members and amounts on call

- (6) For the purposes of item 16 of the table in subsection (1):
 - (a) disregard a debt owed to a person by a body corporate or entity if:
 - (i) the item applies to the person because the person is an immediate family member of:

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- (A) a professional member of the audit team conducting the audit of the audited body; or
 - (B) a non-audit services provider; and
 - (ii) the debt is incurred in the ordinary course of business of the body corporate or entity; and
 - (b) disregard an amount owed to the person or firm by the audited body, a related body corporate or an entity that the audited body controls if:
 - (i) the body, body corporate or entity is an Australian ADI; and
 - (ii) the amount is in a basic deposit product (within the meaning of section 761A of the Act) provided by the body, body corporate or entity; and
 - (iii) the amount was deposited in the ordinary course of the business of the audited body, body corporate or entity, and on the terms and conditions that normally apply to basic deposit products provided by the body, body corporate or entity.

3 Public company auditor (annual appointments at AGMs to fill vacancies)

- (1) Subclause (2) applies to:
 - (a) all companies; and
 - (b) all registered schemes; and
 - (c) all disclosing entities;only in relation to audit activity that is conducted on or after the commencement of this Schedule.
- (2) The operation of Chapter 2M of the Act is modified by omitting from subsections 327B (2A), (2B) and (2C) of the Act “21 days” and inserting “21 days, or such longer period as ASIC allows,”.