

Consolidated entity disclosure statement

Addendum to Quality Holdings (Australia) Limited

June 2024



Changes to the *Corporations Act 2001* require all public companies (listed and unlisted) to include a new statement in their annual financial report, the consolidated entity disclosure statement, disclosing an entity's subsidiaries and their country of tax residency, along with directors declaring whether the statement is 'true and correct'. Changes are effective for financial years commencing on or after 1 July 2023.

Introduction

On 27 March 2024, the Treasury Laws Amendment (Making Multinationals Pay Their Fair Share—Integrity and Transparency) Bill 2023 was passed by parliament which, among other things, introduces changes to the *Corporations Act 2001* (sections 295 and 295A) requiring all public companies (listed and unlisted) to include a new statement in their annual financial report, the consolidated entity disclosure statement. The statement will include disclosures of an entity's subsidiaries and their country of tax residency, along with directors declaring whether the statement is 'true and correct'. Changes are effective for financial years commencing on or after 1 July 2023 (e.g., first effective for 30 June 2024 year ends).

The requirements are in response to international tax reforms seeing a shift towards public reporting as a means of enhancing public scrutiny of multinational tax arrangements.

The appendices to this publication illustrate the new disclosures that are applicable at 30 June 2024.

Consolidated Entity Disclosure Statement

A consolidated entity disclosure statement is required for all public companies reporting under the *Corporations Act*.

Detailed disclosures are required where accounting standards require a company to prepare consolidated financial statements. The statement should include the following information for each entity that was, at the end of the financial year, part of the consolidated entity:

- (i) The entity's name (if any) at that time
- (ii) Whether, at that time, the entity was a body corporate, partnership, or trust
- (iii) Whether, at that time, the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity

- (iv) If the entity is a body corporate—the place at which the entity was incorporated or formed
- (v) If the entity is a body corporate with a share capital—the percentage of the entity's issued share capital (excluding any part that carries no right to participate beyond a specified amount in a distribution of either profits or capital) that was held, directly or indirectly, by the public company at that time
- (vi) Whether, at that time, the entity was an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) or a foreign resident (within the meaning of that Act)
- (vii) If the entity was a foreign resident as described in subparagraph (vi) – a list of each foreign jurisdiction in which the entity was, at that time, a resident for the purposes of the law of the foreign jurisdiction relating to foreign income tax (within the meaning of that Act)

If a public company is not required to prepare consolidated financial statements, they are still required to disclose in the consolidated entity disclosure statement that the detailed disclosures are not required. This may apply where an entity has no subsidiaries or is an investment entity exempt from preparing consolidated financial statements under AASB 10 *Consolidated Financial Statements* (and measures subsidiaries at FVTPL rather than consolidation).

Directors' Declaration

For all public companies, the directors' declaration will need to include an additional opinion on whether the consolidated entity disclosure statement is true and correct.

For listed public companies, the declaration provided by the chief executive officer and chief financial officer under section 295A of the *Corporations Act* will also now need a similar opinion. This will not require a change to the directors' declaration.

Appendix 1 - Consolidated entity disclosure statement (where consolidated financial statements are prepared)

as at 30 June 2024

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence	s.295(3A)(a)(i) s.295(3A)(a)(ii) s.295(3A)(a)(iv) s.295(3A)(a)(v) s.295(3A)(a)(vi) s.295(3A)(a)(vii)
Quality Holdings (Australia) Limited	Body corporate	Australia		Australia	
Extinguishers Limited	Body corporate	Euroland	80	Euroland	
Bright Sparks Limited	Body corporate	Euroland	95	Euroland	
Fire Equipment Test Lab Limited	Body corporate	Euroland	100	Euroland	
Wireworks Inc.	Body corporate	United States	98	United States	
Sprinklers Inc.	Body corporate	United States	100	United States	
Lightbulbs Limited	Body Corporate	Euroland	87.4	Euroland	
Hose Limited (i)	Body corporate	Australia	100	Australia	
Electronics Limited	Body corporate	Euroland	48	Euroland and Asialand	
Bubbler Trust	Trust	N/A	N/A	Australia	
Cable Partnership	Partnership	N/A	N/A	Australia	

(i) Trustee of a trust in the consolidated entity.

s.295(3A)(a)(iii)

Appendix 2 - Consolidated entity disclosure statement (where consolidated financial statements are not prepared)

Disclosure of subsidiaries and their country of tax residency, as required by the Corporations Act 2001, does not apply to the company as the company is not required by accounting standards to prepare consolidated financial statements.

s.295(3A)(b)

Appendix 3 - Directors' declaration (additional wording)

In accordance with a resolution of the directors of Quality Holdings (Australia) Limited (the Company), I state that:

1. In the opinion of the directors:

(a) ..

(c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;

s.295(4)(da)

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