Article Information

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UPDATE: ASIC's Financial Reporting Blitz

In our previous Insight, we flagged that ASIC had launched an unprecedented enforcement blitz on companies that fail to lodge their financial statements on time. Since then, ASIC has made good on its promise, and the penalties have been significant.

Key themes emerging from the enforcement actions

Several themes stand out from ASIC's campaign:

Data-driven surveillance is the engine. As we predicted in our earlier article, ASIC's data analytics capability is what makes this enforcement wave possible. ASIC has confirmed it uses "targeted, data-driven surveillance" to identify non-compliant companies. In 2025, ASIC engaged with 217 companies as part of its surveillance and identified 151 that were non-compliant. This is no longer a matter of waiting for complaints; ASIC is proactively finding non-lodgers at scale.

Foreign-owned subsidiaries are squarely in the crosshairs. The Zara, H&M, Sephora, and Mainfreight actions (see below) all involve Australian subsidiaries of foreign-owned groups. As we noted in our earlier article, foreign-owned companies, particularly US-headquartered groups, often mistakenly believe that their Australian subsidiaries are exempt or that reporting obligations are less stringent than they are. That is a costly misconception.

Repeat and persistent non-lodgers face court prosecution. The infringement notice regime is used for companies that are late but ultimately lodge. Companies that have failed to lodge for multiple consecutive years (such as Hudson Global Resources, which missed three years running) are being prosecuted in court, resulting in criminal convictions and larger fines. This two-track approach gives ASIC flexibility: cooperate and lodge late, and you may resolve the matter with an infringement notice; ignore the obligation entirely, and you face the court.

Headline enforcement actions

In the last 12 months, ASIC has issued 27 infringement notices totalling more than $5 million for alleged financial reporting breaches. Recent enforcement actions that have made headlines include:

- **Mecca** (Mecca Brands Pty Ltd, Mecca Brands NZ Pty Ltd, and RTCH Pty Ltd): $594,000 in infringement notices for allegedly failing to lodge FY24 audited financial reports by the due date of 28 April 2025. The companies lodged their reports shortly after ASIC made inquiries in July 2025.
- **Canva** (Canva Pty Ltd, Canva Operations Pty Limited, Canva Trading Pty Ltd, and Fusion Books Pty Ltd): $792,000 in infringement notices ($198,000 per entity) for allegedly failing to lodge FY24 financial reports by the 30 April 2025 due date. Canva Pty Ltd ultimately lodged its consolidated report on 27 March 2026.
- **Zara, H&M, and Sephora** (Inditex Australia Pty Ltd, H&M Hennes & Mauritz Pty Ltd, and Sephora Australia Pty Ltd): $596,000 in infringement notices. These are all foreign-owned Australian subsidiaries operating major consumer retail brands, precisely the category of company we identified in our earlier article as frequently tripping up on these obligations.
- **Mainfreight Group** (Mainfreight Distribution Pty Limited, Owens Group Australia Pty Limited, and Mainfreight Holdings Pty Ltd): $594,000 in infringement notices for allegedly failing to lodge FY25 financial reports by the 31 July 2025 deadline.
- **Hudson Global Resources (Aust) Pty Ltd**: Fined $270,000 at the Downing Centre Local Court on 21 July 2026 for failing to lodge audited financial reports for the 2022, 2023, and 2024 financial years.

Practical implications for companies and their directors

Any company that has not lodged financial reports, or has been lodging late, should treat this as an urgent compliance issue. The risk of detection is no longer theoretical.

Corporate groups with multiple subsidiaries that separately qualify as “large” proprietary companies face a penalty for *each* entity that is non-compliant. Groups should map which entities within the structure have standalone reporting obligations.

Our recommendations from our earlier article remain, and are now more urgent than ever:

1. For companies with a financial year ended 30 June 2026, the deadlines are imminent: disclosing entities and registered schemes must lodge by 30 September 2026, and large proprietary companies and foreign-controlled small proprietary companies must lodge by 31 October 2026. If your reports are not already with your auditors, you should treat this as a matter of urgency.
2. Check whether your company, or any entity within your corporate group, is required to lodge financial reports with ASIC. Remember that the “large” proprietary company thresholds are: consolidated revenue of $50 million or more; consolidated gross assets of $25 million or more; or 100 or more employees, and only two of the three need to be met.
3. If you identify past non-compliance, obtain legal advice promptly. Voluntary lodgment and early engagement with ASIC may mitigate the enforcement outcome.
4. If your company receives an infringement notice or ASIC commences inquiries, seek legal advice immediately. The distinction between resolving a matter through an infringement notice (no admission of guilt) and being prosecuted in court (a criminal conviction) is significant.
5. Foreign-owned groups operating in Australia should pay particular attention. The “small” proprietary company exemption does not apply to companies controlled by a foreign company. If your Australian subsidiary meets the reporting thresholds, it must lodge, regardless of whether the parent jurisdiction requires public filing.

Our team can assist with advice on financial reporting obligations, compliance health checks for corporate groups, and advice in responding to ASIC investigations and enforcement actions.