Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Reduced Disclosure Requirements (Tier 2) Principles**	**Meeting**	AASB April 2016 (M151)
Topic:	**Progressing the AASB/NZASB joint RDR project**	**Agenda Item:**	3.1
Contact(s):	Mark Shying mshying@aasb.gov.au (03) 9617 7645 Ahmad Hamidi ahamidi@aasb.gov.au (03) 9617 7643	**Project Priority:** **Decision-Making:** **Project Status:**	High High Continue deliberations

Actions required

Approve or otherwise recommendations of staff on how to progress the ED.

Please note the AASB and NZASB have made different decisions regarding the way RDR should be revised. Accordingly, a finalised ED has not been provided for this meeting.

Introduction and objective of this paper

1 The objective of this paper is to seek feedback from the Board to enable progress on the AASB/NZASB joint RDR project on the disclosure requirements for Tier 2 entities.

2 At its February 2016 meeting the AASB considered the proposed RDR decision-making framework and the application of the framework to 11 standards. The AASB provided its feedback that was generally supportive of the staff analysis of the 11 standards and recommended some changes. The AASB noted:

(a) although a joint ED would not be issued, it was expected that the only difference in the Australian and New Zealand proposals would be in the approach used to presenting disclosures for Tier 2 entities; and

(b) it expected to vote on an ED at the April 2016 meeting.

3 At the NZASB March meeting the NZASB was asked to provide its feedback on RDR agenda papers that were the same as the AASB February meeting RDR papers updated for the tentative decisions made by the AASB at its February meeting.

4 At its meeting the NZASB expressed its disagreement with some aspects of the framework and the proposed disclosure requirements for Tier 2 entities in some standards.

5 Without common ground this project cannot advance. Therefore, staff have not brought to this meeting an ED to vote on.[1] Instead, staff consider it important for the future of this project to obtain feedback and direction from the AASB on the main issues identified by the NZASB which include;

(a) the keeping of objective and guidance paragraphs;

(b) the reliance on;

(i) NZ IAS 1 (AASB 101) disclosures for accounting policies for the reduction of accounting policies; and

(ii) the disclosure requirements of NZ IAS 1 (AASB 101) and NZ IAS 8 (AASB 108) for the reduction of significant estimates and judgements disclosures specific to a transaction or event;

(c) the reliance placed on the rebuttable presumption, particularly when it should be presumed that the costs of the disclosure are greater than benefits;[2] and

(d) the mechanical nature of the decision-making framework.

6 Staff would also like direction from the AASB on what form the ED should take.

7 This paper is structured as follows:

(a) Summary of staff recommendations (paragraph 7)

(b) Background (paragraph 8)

(c) Issues identified by the NZASB (paragraph 14)

(d) Appendix A Proposed revised RDR decision-making framework and operational guidance

(e) Appendix B Objective/principle paragraphs that might be reduced[3]

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[1] Nonetheless, staff have prepared a draft ED Preface and Basis for Conclusions for those parts of this project that staff consider are not dependent on the discussions here other than some parts of the operational guidance. Agenda Paper 3.2 is to obtain feedback on those parts of the draft ED and is not for voting.

[2] This is the case when a disclosure is about transactions and other events significant or material to understanding the entity's operations as represented by the financial statements that is not disclosure about commitments and contingencies; impairment; related parties; subsequent events; associated risks specific to a transaction or event; an entity's accounting policy on recognition or measurement; or significant estimates and judgements specific to a transaction or event.

[3] An * is used in the Appendices B-E to signify current Tier 2 disclosure requirements.

(f) Appendix C Guidance paragraphs for keeping

(g) Appendix D Accounting policies paragraphs

(h) Appendix E Other paragraphs

Summary of staff recommendations

8 Staff recommend:

(a) that differences in history and the reporting regimes of Australia and New Zealand should not be fundamental obstacles in advancing the RDR project as a joint project;

(b) that the operational guidance be revised to state "Some IFRSs include a paragraph that identifies the disclosure objective/principle for that standard. Disclosure objective/principle paragraphs are reduced when all of the related disclosure requirements are reduced. Judgement is required in determining whether the objective/principle paragraph is reduced when most of the related disclosures are reduced.";

(c) that the operational guidance be revised to state "Ordinarily, the guidance under the IFRSs as adopted in Australia or New Zealand that relates to any disclosure is kept.";

(d) that the AASB reconfirm its current tentative position that an accounting standard paragraph requiring the disclosure of the accounting policy on recognition or measurement is reduced in the RDR version of that standard because of the requirements in the RDR version of AASB 101;

(e) that the AASB spend time on ensuring the quality of the written explanation of the revised RDR decision-making framework, not use acronyms and not spend time on developing a flowchart;

(f) the AASB issue an ED that is consistent with the AASB's tentative approach to date and illustrate the approach taken in the New Zealand ED for a few standards to enable a comparison of the approaches to RDR. Under this option the questions asked in the ED would include questions to establish whether any proposed disclosure reductions should be reversed and therefore kept; and

(g) for those other paragraphs that the NZASB and AASB had different views, that the AASB accept the NZASB assessment.

Background

9 The RDR project is a part of the AASB's bigger project to address constituent concerns about the complexity and effectiveness of the current financial reporting framework and bring about some meaningful reforms to the Australian financial reporting framework. The RDR project is an AASB/NZASB joint project to ensure that Tier 2 for-profit entities continue to be able to use only one set of financial reporting standards and prepare only one set of financial statements for both countries. This is the outcome agreed by the then Prime Ministers of Australia and New Zealand

in the Joint Statement of Intent: Single Economic Markets Outcome Framework (August 2009).

10 As identified in the introduction and objective section, the AASB has expressed its general agreement with the direction of the reduction for Tier 2 disclosures that can be achieved by applying the revised RDR decision-making framework and the operational guidance to the Tier 1 disclosures. In contrast, the NZASB has expressed some concerns.

11 History and the fact that the statutory reporting regimes are different might be reasons for the different positions of the Boards. RDR for for-profit entities was issued in New Zealand in November 2012 and is substantially the same as the RDR developed by the AASB for application by Tier 2 entities in Australia and that has been in place since 2010.

12 Also, many of the New Zealand companies that would qualify to apply RDR have continued to apply the New Zealand differential reporting framework, which contained recognition and measurement concessions as well as disclosure concessions. Those differential reporting concessions have only been withdrawn for reporting periods beginning on or after 1 April 2015. Therefore, the number of New Zealand entities using RDR is low when compared with the number of Australian entities eligible to use RDR (for example about 20,000 Corporations Act entities in 2011). And in Australia the presence of the 'reporting entity concept' to relieve those entities that are not reporting entities from the requirement to report information in their general purpose financial statements is unique along with its effect on the development and operation of RDR.

13 Staff do not consider these differences to be fundamental obstacles to advancing this project as a joint project. Nonetheless, it may be useful that they are acknowledged.

Question 1 for Board members

Do Board members agree with staff that differences in history and reporting regimes should not be fundamental obstacles to advancing this project as a joint project?

Issues identified by the NZASB

Objective/principle paragraphs

14 For the NZASB March meeting, the revised operational guidance was updated and states "Some IFRSs include a paragraph that identifies the disclosure objective/principle for that standard. Disclosure objective/principle paragraphs are kept in Tier 2 requirements."

15 The NZASB position is that a disclosure objective/principle paragraph should be reduced when all or most of the related disclosure requirements are reduced. The NZASB noted that judgment would be required in applying to this principle when most of the related disclosures are reduced. Appendix B lists and analyses the objective/principle paragraphs that might be reduced. AASB 13/NZ IFRS 13 paragraphs 91 is one example.

16 Staff recommend that the operational guidance be revised to state "Some IFRSs include a paragraph that identifies the disclosure objective/principle for that standard. Disclosure objective/principle paragraphs are reduced when all of the related disclosure requirements are reduced. Judgement is required in determining whether the objective/principle paragraph is reduced when most of the related disclosures are reduced."

Question 2 for Board members Do Board members agree with the staff recommendation?

Guidance paragraphs

17 The revised operational guidance considered by the AASB at its February meeting states "Ordinarily, the guidance under the IFRSs as adopted in Australia or New Zealand that relates to any disclosure is reduced. Guidance that relates to a disclosure that is kept in Tier 2 requirements is kept only when doing so is absolutely necessary to operationalise the Tier 2 disclosure requirement. Guidance that relates to a disclosure that is reduced in Tier 2 requirements is also reduced."

18 One outcome of the February meeting was the AASB's tentative decision to keep guidance paragraphs except when they were obviously not necessary (e.g., motherhood statements).

19 The NZASB position is that a guidance paragraph should always be kept. Appendix C lists all the guidance paragraphs that might be kept. AASB 102/NZ IAS 2 paragraph 39 is one example.

20 Staff recommend that the operational guidance be revised to state "Ordinarily, the guidance under the IFRSs as adopted in Australia or New Zealand that relates to any disclosure is kept."

Question 3 for Board members Do Board members agree with the staff recommendation?

Reliance on AASB 101/NZ IAS 1 disclosures for accounting policies

21 The revised RDR decision-making framework states that an accounting standard paragraph requiring the disclosure of the accounting policy on recognition or measurement is reduced because of the requirements in AASB 101/NZ IAS 1. Staff consider that the approach taken by the AASB is that the RDR requirements are a self-contained package of disclosures and that reliance on other parts of the package are fundamental to its construct. This is the approach of the *IFRS for SMEs* standard – "the *IFRS for SMEs* has specific disclosure requirements for accounting policies when a choice of models or methods is permitted because, when the related transaction are material, this would normally mean that the disclosure of the accounting policy applied is important in understanding the financial statements. The IASB thinks that when a choice of accounting policy is not available, the general requirement in paragraph 8.5 of the *IFRS for SMEs* to disclose '…accounting policies used that are

relevant to an understanding of the financial statements' is sufficient." [*IFRS for SMEs* paragraph BC253]

22 *IFRS for SMEs* Section 13 Inventories, Section 14 Investments in Associates, and Section 23 Revenue are the only sections that contain specific requirements for accounting policies. .

23 The NZASB position is that this approach is "a watering down" of the general disclosure requirements and may lead to confusion because the reduction of specific requirements for accounting policies from one standard (e.g., AASB 102/NZ IAS 2 paragraph 36(a)) would means that the RDR version of that standard would require no disclosure of accounting policies but the RDR version of IAS 1 does – which standard prevails? Appendix D lists the accounting policy paragraphs that might be kept.

24 AASB staff are not convinced by these arguments. What would happen if Australia and New Zealand were to take different approaches? AASB staff consider that there would be no difference in the financial reporting outcome as the significant accounting policies would be disclosed under both. The AASB has tentatively decided to include in each standard a paragraph to remind users of the accounting standard that notwithstanding the removal of the accounting policy requirement of an RDR standard there is a need to consider the RDR versions of AASBs 101 (and 108). The AASB has tentatively decided on those words – "With respect to accounting policies, significant judgements and sources of estimation uncertainty disclosures, only the general disclosures in AASB 101 *Presentation of Financial Statements* paragraphs 117-133 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraphs 28-31 and 39-40 apply. The specific disclosures in this Standard may be useful in identifying the required general disclosures if applicable to material transactions and events." The RDR versions of AASBs101 (and 108) would also include a statement to explain their role in this RDR environment.

25 Another approach is to take the approach used in *IFRS for SMEs* – when a choice of accounting policy is not available, the general requirement in AASB 101 (and AASB 108) is sufficient. Therefore for example, the accounting policy paragraph in AASB 102 would continue to apply in the RDR version of this standard.

26 AASB staff recommend that the AASB reconfirm its current tentative position that an accounting standard paragraph requiring the disclosure of the accounting policy on recognition or measurement is reduced in the RDR version of that standard because of the requirements in the RDR version of AASB 101.

Question 4 for Board members

Do Board members agree with the staff recommendation?

Reliance on AASB 101/NZ IAS 1 and AASB 108/NZ IAS 8 disclosures for disclosure of significant estimates and judgements specific to a transaction or event;

27 At the AASB February meeting, the AASB concluded the reduction of significant estimates and judgements disclosures specific to a transaction or event because the disclosure requirements of AASB 101 and AASB 108 are sufficient needs to be reconsidered.

28 The NZASB agreed. Disclosures of significant estimates and judgements are not part of the 11 standards and for that reason staff do not yet have a recommendation on this issue.

The rebuttable presumption and the mechanical nature of the decision-making framework

29 Some members of both Boards expressed a dislike for the revised RDR decision-making framework. "Overly complex", the use of acronyms and concerns that the rebuttable presumptions were not always valid and/or easily rebutted were some of the issues identified.

30 Staff experience with applying the revised RDR decision-making framework and the operational guidance was positive as the material provides a discipline for undertaking the process of reducing Tier 1 disclosures. Staff do not consider that discipline to be inconsistent with the use of professional judgement and the fact that the framework includes rebuttable presumptions calls for professional judgement to be used.

31 Staff consider it important that the ED explains the framework and the operational guidance. Appendix A is that draft explanation. Staff had planned for this material to be accompanied by a flowchart that summarised the decision-making framework. Its purpose was to aid understanding. Board feedback suggests that the flowchart is not achieving that outcome. Staff recommend the best way to deal with this feedback is to spend time on ensuring the quality of the written explanation of the framework and not spending time on the flowchart. Staff would not include acronyms.

Question 5 for Board members

Do Board members agree with the staff recommendation?

Form of the Exposure Draft

32 Depending on the decisions of the two Boards we could have EDs that are very similar in content or very different. For example, the two EDs would be very different if the AASB decided to retain reliance on AASBs 101 and 108 for disclosures of accounting policies and significant estimates and judgements and the NZASB did not.

33 Staff consider there are two options. The first option is for the AASB to issue an ED that is identical to that issued in New Zealand and ask questions to establish constituent support for achieving greater reduction through reliance on other parts of the self-contained RDR package. One advantage of this approach is that if greater reduction was supported, that outcome could be characterised as a simplification and re-exposure would not be necessary. One disadvantage of this approach is that it is not consistent with the AASB's messaging throughout this project about the reduction in disclosures for Tier 2 entities.

34 The second option is for the AASB to issue an ED that is consistent with the AASB's tentative approach to date and illustrate the approach taken in the New Zealand ED for a few standards to enable a comparison of the approaches to RDR. Under the second option the questions asked in the ED would include questions to establish whether any proposed disclosure reductions should be reversed and therefore kept. Staff consider

re-exposure might be necessary if the constituent feedback to the ED supported led the Board to reverse a number of its proposals to reduce.

35 Staff note that the outcome of the RDR project must ensure that Tier 2 for-profit entities are able to use only one set of financial reporting standards and prepare only one set of financial statements for both countries. Staff understand this means equivalent outcomes rather than equivalence in all aspects of the RDR requirements. Also, there will always remain the opportunity to come together after the feedback on the ED is considered in the process of finalising the standard.

36 Staff recommend the AASB use the second option as this option is consistent with the messaging of the AASB on this project regarding the quantum of reduction that can be achieved.

Question 6 for Board members

Do Board members agree with the staff recommendation?

Other paragraphs

37 The NZASB did not agree with the analysis of some paragraphs. They are identified in Appendix E. Staff recommend that the Board accept the NZASB assessment.

Question 7 for Board members

Do Board members agree with the staff recommendation?

Appendix A Proposed revised RDR decision-making framework and operational guidance

Revised RDR decision-making framework

The Boards revised their policy to determining disclosures under RDR. The start point remains the disclosures applying to Tier 1 entities. The minimum disclosures required of Tier 2 entities would be the outcome of applying a revised RDR decision-making framework and operational guidance to facilitate its application.

The essential features of the RDR decision-making framework are:

(a) the overarching principles of user needs and cost-benefit; and

(b) disclosure of financial performance, financial position and cash flows.

The Boards identified two Key Disclosure Areas that would meet user needs, which are:

(a) current liquidity and solvency of the entity; and

(b) transactions and other events significant or material to understanding the entity's operations as represented by the financial statements. This is further broken down into disclosures about:

  (i) commitments and contingencies;

  (ii) impairment

  (iii) related parties

  (iv) subsequent events;

  (v) associated risks specific to a transaction or event;

  (vi) accounting policy on recognition or measurement;

  (vii) significant estimates and judgements specific to a transaction or event; and

  (viii) other disclosures.

The Boards determined that there is a rebuttable presumption that the benefits of the disclosure exceed the costs and, therefore, the disclosure is kept in Tier 2 requirements where the disclosure provides information is about (a) and b(i)-(v).

Where the disclosure provides information about b(vi)-(vii) reliance is often, but not always, placed on the disclosure requirements in AASB 101 and AASB 108. Where the disclosure requirements in AASB 101 and AASB 108 are deemed to be sufficient, the disclosure requirements in the standards dealing with particular types of transactions or topics are reduced in Tier 2 requirements.

Sometimes a standard requires disclosure of a specific accounting policy (or part thereof) or the application of judgement in specified circumstances. For example, how under certain circumstances, an entity determines that it controls another entity, or how an entity determines that control of goods or services has passed to a customer for the purposes of recognising revenue. Rather than relying on the general disclosure requirements in AASB 101 and AASB 108, the disclosure requirement in the standard is kept in Tier 2 requirements.

Other disclosures (viii) there is a rebuttable presumption that the benefits of the disclosure do not exceed the costs and, therefore, the disclosure is reduced in Tier 2 requirements.

Some disclosures are not Key Disclosure Areas because they are not about:

(a) current liquidity and solvency of the entity; or

(b) transactions and other events significant or material to understanding the entity's operations as represented by the financial statements.

However, those disclosures sometimes provide information that meets user needs. For example, some disclosure requirements provide information about the reporting framework under which the financial statements are prepared, or information about the structure of the entity reporting (that is, whether the reporting entity is a group and the composition of that group). In these circumstances, there is also a rebuttable presumption that the benefits of the disclosure exceed the costs and, therefore, the disclosure is kept in Tier 2 requirements.

For all other disclosures, the rebuttable presumption is that the benefits of the disclosure do not exceed the costs. The disclosure is, therefore, reduced in Tier 2 requirements.

Operational guidance

The Boards also developed operational guidance to facilitate the application of the RDR decision-making framework.

Presentation Vs Disclosure

The revised RDR decision-making framework does not involve amending the presentation (sometimes used interchangeably with classification) requirements of Tier 1. It is concerned only with reducing the disclosure burden. Sometimes judgement is required as to whether a particular requirement relates to presentation or disclosure.

The following guidance is used to distinguish between presentation and disclosure:

(a) Presentation requirements are requirements that specify, for the current and the comparative period, the broad structure of financial statements including the basis of classification of items.

(b) Requirements addressing additional line items, disaggregation and subclassification of line items on the face of the primary financial statements are considered to be presentation requirements.

(c) Specifications relating to additional line items and disaggregation to be disclosed in the notes are treated as matters of disclosure.

(d) Where a standard provides an option for disclosure of information either on the face of the financial statements or in the notes, this is considered a disclosure requirement and is assessed against the revised RDR decision-making framework to determine which disclosures, if any, are kept in Tier 2 requirements.

Disclosure objective/principle

Some Australian Accounting Standards include a paragraph that identifies the disclosure objective/principle for that standard. The following paragraph then requires disclosures about specific matters to meet that objective/principle.

Disclosure objective/principle paragraphs are generally kept in Tier 2 requirements. However, where most of the specific matters to be disclosed to meet that objective/principle are reduced in Tier 2 requirements, the related objective/principle is also reduced in Tier 2 requirements.

Guidance

Guidance in Australian Accounting Standards that relates to a disclosure that is kept in Tier 2 requirements is also kept.

Guidance that relates to a disclosure that is reduced in Tier 2 requirements is also reduced.

Guidance that includes a cross-reference to disclosure requirements in another standard is also kept in Tier 2 requirements where the disclosure that is referred to in the other standard is kept. Where the guidance includes a cross-reference to disclosure requirements that are reduced in Tier 2 requirements, the paragraph that includes the cross-reference is also reduced in Tier 2 requirements.

Disclosure Encouraged

Where a disclosure is encouraged in Australian Accounting Standards, it is reduced in Tier 2 requirements.

Reconciliation

A reconciliation required in Australian Accounting Standards is also reduced in Tier 2 requirements. However, the individual items that together form the reconciliation are assessed against the revised RDR decision-making framework to determine which disclosures, if any, are kept in Tier 2 requirements.

Other Standards

Sometimes, the disclosure required by one Australian Accounting Standard is covered by the requirements of another Australian Accounting Standard. Some standards also contain cross-references to other standards. In both of these situations, the disclosure requirements are either kept in both standards or reduced in both standards in Tier 2 requirements.

Two Standards do not apply in Tier 2 requirements – AASB 8/NZ IFRS 8 *Operating Segments* and AASB 133/NZ IAS 33 *Earnings per share*. References to either Standard are reduced in Tier 2 requirements.

Appendix B Objective/principle paragraphs that might be reduced

Paragraph Disclosures			
Disclosure **AASB 13.91 An entity shall disclose information that helps users of its financial statements assess both of the following:** **(a) for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.** ***(b) for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.**	Disclosure objective\principles rather than specific disclosure requirements. Therefore keep for Tier 2.	**Disclosure** **NZ IFRS 13.91 An entity shall disclose information that helps users of its financial statements assess both of the following:** **(a) for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.** ***(b) for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.**	Disclosure objective\principles reduced as most of the related disclosure paragraphs are reduced. Therefore reduce for Tier 2.
AASB 13.92 To meet the objectives in paragraph 91, an entity shall consider all the following: (a) the level of detail necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various	Paragraph 92 is guidance that is not needed. Therefore, paragraph 92 is reduced for Tier 2 entities (OG-R).	NZ IFRS 13.92 To meet the objectives in paragraph 91, an entity shall consider all the following: (a) the level of detail necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various	Paragraph 92 is guidance relating to paragraph 91 which is not kept. Therefore, paragraph 92 is reduced for Tier 2 entities.

Paragraph Disclosures			
requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this Standard/NZ IFRS and other Australian Accounting Standards/NZ IFRSs are insufficient to meet the objectives in paragraph 91, an entity shall disclose additional information necessary to meet those objectives.		requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this Standard/NZ IFRS and other Australian Accounting Standards/NZ IFRSs are insufficient to meet the objectives in paragraph 91, an entity shall disclose additional information necessary to meet those objectives.	
AASB 13.93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this Standard/NZ IFRS) in the statement of financial position after initial recognition:…		NZ IFRS 13.93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this Standard/NZ IFRS) in the statement of financial position after initial recognition:....	

Comment [SM1]: AASB staff after NZASB March meeting: reduce paragraph 93 to be consistent with the decision to reduce paragraph 91. (not discussed at NZASB meeting – AASB staff identified)

Paragraph Disclosures			
Disclosure **AASB 15.110 The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve that objective, an entity shall disclose qualitative and quantitative information about all of the following:…** **(b) the significant judgements, and changes in the judgements, made in applying this Standard to those contracts (see paragraphs 123–126); and** **(c) any assets recognised from the costs to obtain or fulfil a contract with a customer in accordance with paragraph 91 or 95 (see paragraphs 127–128).**	Disclosure objective/principles rather than specific disclosure requirements. Therefore keep for Tier 2.	**Disclosure** **NZ IFRS 15.110 The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve that objective, an entity shall disclose qualitative and quantitative information about all of the following:…** **(b) the significant judgements, and changes in the judgements, made in applying this Standard to those contracts (see paragraphs 123–126); and** **(c) any assets recognised from the costs to obtain or fulfil a contract with a customer in accordance with paragraph 91 or 95 (see paragraphs 127–128).**	Disclosure objective/principles rather than specific disclosure requirements. Therefore keep for Tier 2. Paragraph 110(b) and (c) are guidance relating to paragraphs that are reduced. Therefore, paragraph 110(b) and (c) are reduced for Tier 2 entities.

Comment [SM2]: NZASB staff after NZASB March meeting: reduce, because paragraphs referred to are all reduced (not discussed at NZASB meeting – NZASB staff identified)

Comment [SM3]: NZASB staff after March meeting: reduce, because paragraphs referred to are all reduced (not discussed at NZASB meeting – NZASB staff identified)

Appendix C Guidance paragraphs for keeping

Paragraph Disclosures			
AASB 102.39 Some entities adopt a format for profit or loss that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period.	Paragraph 39 is guidance that is not needed. Therefore, paragraph 39 is reduced for Tier 2 entities.	NZ IAS 2.39 Some entities adopt a format for profit or loss that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period.	Paragraph 39 is guidance relating to paragraph 36(d) which is kept for Tier 2 entities. Therefore, paragraph 39 is kept for Tier 2 entities.
AASB 110.18 It is important for users to know when the financial statements were authorised for issue, because the financial statements do not reflect events after this date.	Paragraph 18 is guidance that is not needed. Therefore, paragraph 18 is reduced for Tier 2 entities.	NZ IAS.18 It is important for users to know when the financial statements were authorised for issue, because the financial statements do not reflect events after this date.	Paragraph 18 is guidance relating to paragraph 17 which is kept for Tier 2 entities. Therefore, paragraph 18 is kept for Tier 2 entities.
*AASB 121.56 An entity sometimes presents its financial statements or other financial information in a currency that is not its functional currency without meeting the requirements of paragraph 55. For example, an entity may convert into another currency only selected items from its financial statements. Or, an entity whose functional currency is not the currency of a hyperinflationary	Paragraph 56 is guidance that is not needed. Therefore, paragraph 56 is reduced for Tier 2 entities.	*NZ IAS 21.56 An entity sometimes presents its financial statements or other financial information in a currency that is not its functional currency without meeting the requirements of paragraph 55. For example, an entity may convert into another currency only selected items from its financial statements. Or, an entity whose functional currency is not the currency of a	Paragraph 56 is guidance relating to paragraph 55 that is kept for Tier 2 entities. Therefore, paragraph 56 is kept for Tier 2 entities.

Paragraph Disclosures			
economy may convert the financial statements into another currency by translating all items at the most recent closing rate. Such conversions are not in accordance with Australian Accounting Standards and the disclosures set out in paragraph 57 are required.		hyperinflationary economy may convert the financial statements into another currency by translating all items at the most recent closing rate. Such conversions are not in accordance with NZ IFRS and the disclosures set out in paragraph 57 are required.	
AASB 124.14 To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.	Paragraph 14 is guidance that is not needed. Therefore, paragraph 14 is reduced for Tier 2 entities.	NZ IAS 24.14 To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.	Paragraph 14 is relating to paragraph 13 which is kept for Tier 2 entities. Therefore, paragraph 14 is kept for Tier 2 entities.
AASB 124.15 The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127and AASB 12 *Disclosure of Interests in Other Entities*.	Paragraph 15 is guidance that is not needed. Therefore, paragraph 15 is reduced for Tier 2 entities (OG-R).	NZ IAS 24.15 The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in NZ IAS 27 and NZ IFRS 12 *Disclosure of Interests in Other Entities*.	Paragraph 15 is relating to paragraph 13 which is kept for Tier 2 entities. Therefore, paragraph 15 is kept for Tier 2 entities.
AASB 124.16 Paragraph 13 refers to the next most senior parent. This is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.	Paragraph 16 is guidance that is not needed. Therefore, paragraph 16 is reduced for Tier 2 entities.	NZ IAS 24.16 Paragraph 13 refers to the next most senior parent. This is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.	Paragraph 16 is relating to paragraph 13 which is kept for Tier 2 entities. Therefore, paragraph 16 is kept for Tier 2 entities.
AASB 124.20 The classification of amounts payable to, and receivable from, related parties in the different	Paragraph 20 is guidance that is not needed. Therefore, paragraph 20 is	NZ IAS 24.20 The classification of amounts payable to, and receivable from, related parties in the different	Paragraph 20 is relating to paragraph 19 and NZ IAS 1 which are kept for Tier 2

Paragraph Disclosures			
categories as required in paragraph 19 is an extension of the disclosure requirement in AASB 101 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.	reduced for Tier 2 entities.	categories as required in paragraph 19 is an extension of the disclosure requirement in NZ IAS 1 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.	entities. Therefore, paragraph 20 is kept for Tier 2 entities.
AASB 124.23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.	Paragraph 23 is guidance that is not needed. Therefore, paragraph 23 is reduced for Tier 2 entities.	NZ IAS 24.23 Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.	Paragraph 23 is guidance that is relevant to Tier 2 entities. Therefore, paragraph 23 is kept for Tier 2 entities.
AASB 14.28 If any of the disclosures set out in paragraphs 30–36 are not considered relevant to meet the objective in paragraph 27, they may be omitted from the financial statements. If the disclosures provided in accordance with paragraphs 30–36 are insufficient to meet the objective in paragraph 27, an entity shall disclose additional information that is necessary to meet that objective.	Paragraph 28 is not a key disclosure (KDA1 assessment of current liquidity and solvency or KDA2 transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore, paragraph 28 is reduced for Tier 2 entities (KDA2-R).	NZ IFRS 14.28 If any of the disclosures set out in paragraphs 30–36 are not considered relevant to meet the objective in paragraph 27, they may be omitted from the financial statements. If the disclosures provided in accordance with paragraphs 30–36 are insufficient to meet the objective in paragraph 27, an entity shall disclose additional information that is necessary to meet that objective.	Paragraph 28 is guidance relating to paragraph 27 which is kept. Therefore, paragraph 28 is kept for Tier 2 entities
AASB 14.29 To meet the disclosure	Paragraph 29 is not a key	NZ IFRS 14.29 To meet the disclosure	Paragraph 29 is guidance

Paragraph Disclosures			
objective in paragraph 27, an entity shall consider all of the following: (a) the level of detail that is necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed.	disclosure (KDA1 assessment of current liquidity and solvency or KDA2 transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore, paragraph 29 is reduced for Tier 2 entities (KDA2-R).	objective in paragraph 27, an entity shall consider all of the following: (a) the level of detail that is necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed.	relating to paragraph 27 which is kept. Therefore, paragraph 29 is kept for Tier 2 entities.
AASB 15.111 An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.	Paragraph 111 is guidance that is not needed. Therefore, paragraph 111 is reduced for Tier 2 entities.	NZ IFRS 15.111 An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.	Paragraph 111 is guidance about the level of detail that is needed. Therefore, paragraph 111 is kept for Tier 2 entities
Appendix B Application Guidance **Disclosure of disaggregated revenue** AASB 15.B87 Paragraph 114 requires an entity to disaggregate revenue from contracts		**Appendix B Application Guidance** **Disclosure of disaggregated revenue** NZ IFRS 15.B87 Paragraph 114 requires an	

Comment [SM4]: AASB staff after AASB February meeting: the Appendix B Application Guidance paragraphs were not included in the analysis presented to the AASB. For the reasons given, keep paragraphs B87 and B89 and reduce paragraph B88 (not discussed at AASB meeting – AASB staff identified)

Paragraph Disclosures			
with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Consequently, the extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers. Some entities may need to use more than one type of category to meet the objective in paragraph 114 for disaggregating revenue. Other entities may meet the objective by using only one type of category to disaggregate revenue.	Paragraph B87 provides guidance about the requirement to disaggregate revenue in paragraph 114, which is kept for Tier 2 entities. Therefore, paragraph B87 is kept for Tier 2 entities	entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Consequently, the extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers. Some entities may need to use more than one type of category to meet the objective in paragraph 114 for disaggregating revenue. Other entities may meet the objective by using only one type of category to disaggregate revenue.	Paragraph B87 provides guidance about the requirement to disaggregate revenue in paragraph 114, which is kept for Tier 2 entities. Therefore, paragraph B87 is kept for Tier 2 entities

Paragraph Disclosures			
AASB 15.B88 When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following: (a) disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations); (b) information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and (c) other information that is similar to the types of information identified in paragraph B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decisions.	Paragraph B88 is guidance that is not needed for Tier 2 entities. Therefore, paragraph B88 is reduced for Tier 2 entities.	NZ IFRS 15.B88 When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following: (a) disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations); (b) information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and (c) other information that is similar to the types of information identified in paragraph B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decisions.	Paragraph B88 is guidance that is not needed for Tier 2 entities. Therefore, paragraph B88 is reduced for Tier 2 entities.
AASB 15.B89 Examples of categories that might be appropriate include, but are not limited to, all of the following: (a) type of good or service (for example, major product lines);	Paragraph B89 provides guidance about the categories of revenue that might be appropriate for an entity to use for the disaggregation of revenue in accordance with	NZ IFRS 15.B89 Examples of categories that might be appropriate include, but are not limited to, all of the following: (a) type of good or service (for	Paragraph B89 provides guidance about the categories of revenue that might be appropriate for an entity to use for the disaggregation of revenue in accordance with

Paragraph Disclosures			
(b) geographical region (for example, country or region); (c) market or type of customer (for example, government and non-government customers); (d) type of contract (for example, fixed-price and time-and-materials contracts); (e) contract duration (for example, short-term and long-term contracts); (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and (g) sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).	paragraph 114, which is kept for Tier 2 entities. Therefore, paragraph B89 is kept for Tier 2 entities	example, major product lines); (b) geographical region (for example, country or region); (c) market or type of customer (for example, government and non-government customers); (d) type of contract (for example, fixed-price and time-and-materials contracts); (e) contract duration (for example, short-term and long-term contracts); (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and (g) sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).	paragraph 114, which is kept for Tier 2 entities. Therefore, paragraph B89 is kept for Tier 2 entities

Appendix D Accounting policies paragraphs

Paragraph Disclosures			
Disclosure **AASB 102.36 The financial statements shall disclose:** **(a) the accounting policies adopted in measuring inventories, including the cost formula used;**	Paragraph 36(a) is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement of AASB 101 paragraph 117 is sufficient. Therefore, paragraph 36(a) is reduced for Tier 2 entities	**Disclosure** **NZ IAS 2.36 The financial statements shall disclose:** **(a) the accounting policies adopted in measuring inventories, including the cost formula used;**	Paragraph 36(a) is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement is necessary as NZ IAS 1 paragraph 117 is not sufficient. Therefore, paragraph 36(a) is kept for Tier 2 entities.
***AASB 127.16 When a parent, in accordance with paragraph 4(a) of AASB 10/NZ IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:…** **(c) a description of the method used to account for the investments listed under (b).**	The final words in paragraph 16 are a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement of AASB 101/NZ IAS 1 paragraph 117 is sufficient. Therefore, the final words in paragraph 16 are reduced for Tier 2 entities.	***NZ IAS 27.16 When a parent, in accordance with paragraph 4(a) of AASB 10/NZ IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:…** **(c) a description of the method used to account for the investments listed under (b).**	The final words in paragraph 16 are a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement is necessary as NZ IAS 1 paragraph 117 is not sufficient. Therefore, the final words in paragraph 16 are kept for Tier 2 entities.

Paragraph Disclosures			
AASB 6.24 To comply with paragraph 23, an entity shall disclose: (a) its accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets.	Paragraph 24(a) is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement of AASB 101 paragraph 117 is sufficient. Therefore, paragraph 24(a) is reduced for Tier 2 entities.	NZ IFRS 6.24 To comply with paragraph 23, an entity shall disclose: (a) its accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets.	Paragraph 24(a) is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement is necessary as NZ IAS 1 paragraph 117 is not sufficient. Therefore, paragraph 24(a) is kept for Tier 2 entities.
AASB 13.96 If an entity makes an accounting policy decision to use the exception in paragraph 48[*], it shall disclose that fact.	Paragraph 96 is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement of AASB 101 paragraph 117 is sufficient. Therefore, paragraph 96 is reduced for Tier 2 entities.	NZ IFRS 13.96 If an entity makes an accounting policy decision to use the exception in paragraph 48[*], it shall disclose that fact.	Paragraph 96 is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement is necessary as NZ IAS 1 paragraph 117 is not sufficient. Therefore, paragraph 96 is kept for Tier 2 entities.
*AASB 13.98 For a liability measured at fair value and issued with an inseparable third-party credit	Paragraph 98 is a supporting disclosure (accounting policy on recognition or	*NZ IFRS 13.98 For a liability measured at fair value and issued with an inseparable third-party credit	Paragraph 98 is a supporting disclosure (accounting policy on recognition or

[*] An entity that holds a group of financial assets and financial liabilities is exposed to market risks (as defined in NZ IFRS 7) and to the credit risk (as defined in NZ IFRS 7) of each of the counterparties. If the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the entity is permitted to apply an exception to this NZ IFRS for measuring fair value. That exception permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (ie an asset) for a particular risk exposure or paid to transfer a net short position (ie a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions. Accordingly, an entity shall measure the fair value of the group of financial assets and financial liabilities consistently with how market participants would price the net risk exposure at the measurement date.

Paragraph Disclosures			
enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.	measurement) – the disclosure requirement of AASB 101 paragraph 117 is sufficient.key disclosure. Therefore, paragraph 98 is reduced for Tier 2 entities.	enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.	measurement) – the disclosure requirement of NZ IAS 1 paragraph 117 is not sufficient. Therefore, paragraph 98 is kept for Tier 2 entities
Contract balances AASB 15.116 An entity shall disclose all of the following:… *(b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and *(c) revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).	Paragraph 116(b) and (c) is a supporting disclosure (accounting policy on recognition or measurement) – the disclosure requirement of AASB 101/ paragraph 117 is sufficient. Therefore, paragraph 116(b) and (c) is reduced for Tier 2 entities.	**Contract balances** NZ IFRS 15.116 An entity shall disclose all of the following:… *(b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and *(c) revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).	Paragraph 116(b) and (c) is an other disclosure, the benefits of the disclosure do not exceed the costs. Therefore, paragraph 116(b) and (c) is reduced for Tier 2 entities.

Comment [SM5]: NZASB March meeting: The NZASB agreed with reduction but not the reason. NZASB staff after NZASB March meeting: reduce, because the paragraph is an other disclosure, benefits do not exceed the costs (NZASB staff)

Comment [SM6]: NZASB March meeting: the NZASB agreed with reduction but not the reason change reason . NZASB staff after NZASB March meeting: NZASB staff after NZASB March meeting: reduce, because the paragraph is an other disclosure, benefits do not exceed the costs (NZASB staff)

Appendix E Other

Paragraph Disclosures			
***AAS B 121.55 When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with Australian Accounting Standards (and IFRSs) only if they comply with all the requirements of Australian Accounting Standards and IFRS including the translation method set out in paragraphs 39 and 42.**	Paragraph 55 is similar requirement to paragraph 16 of AASB 101, which requires compliance with all the requirements of Australian Accounting Standards/ and IFRSs for an entity to assert compliance with IFRSs. The Tier 2 equivalent paragraphs are paragraph RDR 7.1 of AASB 1054. Therefore, paragraph 55 is reduced for Tier 2 entities.	***NZ IAS 21.55 When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with NZ IFRS (and IFRSs) only if they comply with all the requirements of each applicable NZ IFRS and IFRS including the translation method set out in paragraphs 39 and 42.**	Paragraph 55 is a requirement to disclose compliance with NZ IFRS when presentation currency is different from functional currency. Therefore, paragraph 55 is kept for Tier 2 entities
***AASB 121.57 When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph 55 are not met, it shall:** **(a) clearly identify the information as supplementary information to distinguish it from the information that complies with Australian Accounting Standards/IFRSs;** **(b) disclose the currency in which the supplementary**	Paragraph 57 relates to paragraph 57 which is not kept for Tier 2 entities. Therefore, paragraph 57 is not kept for Tier 2 entities. The disclosure exceeds the costs. Therefore, the start of paragraph 55(c) is kept for Tier 2 entities (KDA1-K). The rest of paragraph 55(c) requires information that is not needed. Therefore, the rest of paragraph 55(c) is reduced for	***NZ IAS 21.57 When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph 55 are not met, it shall:** **(a) clearly identify the information as supplementary information to distinguish it from the information that complies with Australian Accounting Standards/IFRSs;** **(b) disclose the currency in**	Paragraphs 57(a) and 57(b) are not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – however, the presumption that the benefits of the disclosure do not exceed the costs is rebutted as information about information that does not comply with accounting standards is useful

Paragraph Disclosures			
information is displayed; and (c) disclose the entity's functional currency and the method of translation used to determine the supplementary information.	Tier 2 entities (OG-R).	which the supplementary information is displayed; and (c) disclose the entity's functional currency and the method of translation used to determine the supplementary information.	information. Therefore, paragraphs 57(a) and (b) are kept for Tier 2 entities. Paragraph 57(c) is a key disclosure (assessment of current liquidity and solvency) – the benefits of the disclosure exceed the costs. Therefore, paragraph 57(c) is kept for Tier 2 entities.
***AASB 127.16 When a parent, in accordance with paragraph 4(a) of AASB 10/NZ IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:…** **(b) a list of significant investments in subsidiaries, joint ventures and associates, including:…**		***NZ IAS 27.16 When a parent, in accordance with paragraph 4(a) of AASB 10/NZ IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:…** **(b) a list of significant investments in subsidiaries, joint ventures and associates, including:...**	
(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.	Paragraph 16(b) (iii) is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by	**(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.**	Paragraph 16(b (iii) is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by

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	the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore, paragraph 16(b)(iii) is reduced for Tier 2 entities.		the financial statements) – the benefits of the disclosure do not exceed the costs is rebutted as information about ownership interests is useful information. Therefore, paragraph 16(b (iii) are kept for Tier 2 entities.

Paragraph Disclosures			
AASB 5.35 Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. *The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following: *(a) the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser. *(b) the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller. *(c) the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.	Paragraph 35 is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore, paragraph 35 is reduced for Tier 2 entities.	NZ IFRS 5.35 Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. *The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following: *(a) the resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser. *(b) the resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller. *(c) the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.	The first sentence of paragraph 35 is a presentation requirement and therefore not analysed. The remainder of paragraph 35 is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore except for the first sentence, paragraph 35 is reduced for Tier 2 entities.
Additional disclosures AASB 5.41 An entity shall disclose the		**Additional disclosures** NZ IFRS 5.41 An entity shall disclose the following information in the notes in	

Paragraph Disclosures			
following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:…		the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:...	
(c) the gain or loss recognised in accordance with paragraphs 20–22* and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss;	Paragraph 41(c) is a core disclosure (impairment) – however, the presumption that the benefits of the disclosure exceed the costs is rebutted as the disclosure requirements of AASB 136 is sufficient Therefore, paragraph 41(c) is reduced for Tier 2 entities.	(c) the gain or loss recognised in accordance with paragraphs 20–22* and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss;	Paragraph 41(c) is a core disclosure (impairment) – the benefits of the disclosure exceed the costs. The disclosure requirements of NZ IAS 36 are not sufficient as non-current assets (or disposal groups) classified as held for sale in accordance with NZ IFRS 5 are scoped out of NZ IAS 36. Therefore, paragraph 41(c) is kept for Tier 2 entities.

* Paras 20-22 Recognition of impairment losses and reversals

Paragraph Disclosures			
Disclosure **Objective** **AASB 14.27 An entity that elects to apply this Standard shall disclose information that enables users to assess:** **(a) the nature of, and the risks associated with, the rate regulation that establishes the price(s) that the entity can charge customers for the goods or services it provides; and** **(b) the effects of that rate regulation on its financial position, financial performance and cash flows.**	Disclosure objective/principles rather than specific disclosure requirements. Therefore keep for Tier 2.	**Disclosure** **Objective** **NZ IFRS 14.27 An entity that elects to apply this Standard shall disclose information that enables users to assess:** **(a) the nature of, and the risks associated with, the rate regulation that establishes the price(s) that the entity can charge customers for the goods or services it provides; and** **(b) the effects of that rate regulation on its financial position, financial performance and cash flows.**	This is not disclosure objective/principles as it requires disclosure of information. . Paragraph 27 is a key disclosure (assessment of current liquidity and solvency) – the benefits of the disclosure do exceed the costs. Therefore keep for Tier 2.
*AASB 15.118 An entity shall provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following: (a) changes due to business combinations; (b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract	Paragraph 118 is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore, paragraph 118 is reduced for Tier 2 entities.	*NZ IFRS 15.118 An entity shall provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following: (a) changes due to business combinations; (b) cumulative catch-up adjustments to revenue that affect the corresponding	Except for paragraph 118 (c). Paragraph 118 is not a key disclosure (assessment of current liquidity and solvency or transactions and other events significant or material to understanding the entity's operations as represented by the financial statements) – the benefits of the disclosure do not exceed the costs. Therefore except for paragraph 118 (c), paragraph 118 is reduced for Tier 2 entities. Paragraph 118 (c) is a core

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liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification; (c) impairment of a contract asset; (d) a change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable); and (e) a change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability).		contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification; (c) impairment of a contract asset; (d) a change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable); and (e) a change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability).	disclosure area (impairment) – the benefits of the disclosure exceed the costs. Therefore, paragraph 118(c) is kept for Tier 2 entities.
AASB 15.128 An entity shall disclose all of the following:…	Paragraph 128(a) up to the punctuation is a key disclosure assessment of current liquidity and solvency) – the benefits of the disclosure exceed the costs. Therefore, paragraph 128(a) up to the punctuation is kept for Tier 2 entities. However, benefits are not	NZ IFRS 15.128 An entity shall disclose all of the following:…	Paragraph 128(a) up to the punctuation is a key disclosure (assessment of current liquidity and solvency) – the benefits of the disclosure exceed the costs. Therefore, paragraph 128(a) up to the punctuation is kept for Tier 2 entities. However, benefits are not

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	expected to exceed costs in respect of the disaggregation of the balances Therefore reduce that requirement.		expected to exceed costs in respect of the disaggregation of the balances Therefore reduce that requirement.
(b) the amount of amortisation and any impairment losses recognised in the reporting period.	Paragraph 128(b) is in part a core disclosure (impairment) – the benefits of the disclosure exceed the costs. Therefore, that part of paragraph 18(b) is kept for Tier 2 entities. The amount of amortisation would be part of the entity's accounting policy, which would be disclosed in accordance with paragraph 117 of AASB 101/NZ IAS 1 Therefore reduce the disclosure of amortisation	(b) the amount of amortisation and any impairment losses recognised in the reporting period.	Paragraph 128(b) is a core disclosure (impairment) – the benefits of the disclosure exceed the costs. The disclosure requirements of NZ IAS 36 are not sufficient as NZ IFRS 15 is scoped out of NZ IAS 36. Therefore, paragraph 128(b) is kept for Tier 2 entities.