

**AASB Exposure Draft**

**ED 2XX**  
XX 2016

# **Reduced Disclosure Requirements for Tier 2 Entities**

Comments to the AASB by XX XX 2017

DRAFT



**Australian Government**

**Australian Accounting  
Standards Board**

## **How to comment on this AASB Exposure Draft**

The AASB is seeking comment by XX XX 2017.

### **Formal submissions**

Submissions should be lodged online via the “Work in progress – Open for Comment” page of the AASB website ([www.aasb.gov.au/comment](http://www.aasb.gov.au/comment)) as a PDF document and, if possible, a Word document (for internal use only).

### **Other feedback**

Other feedback is welcomed and may be provided via the following methods:

E-mail: [standard@aaab.gov.au](mailto:standard@aaab.gov.au)  
Phone: (03) 9617 7600

All submissions on possible, proposed or existing reporting requirements, or on the standard-setting process, will be placed on the public record unless the Chair of the AASB agrees to submissions being treated as confidential. The latter will occur only if the public interest warrants such treatment.

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## CONTENTS

### ***EXPOSURE DRAFT ED 2XX: REDUCED DISCLOSURE REQUIREMENTS FOR TIER 2 ENTITIES***

PREFACE

	<i>Pages</i>
<b>Appendices:</b>	
A. Joint Policy Statement	12-24
B. Tier 2 Disclosures	25-149
C. Example of the New Zealand approach to identifying Tier 2 Disclosures	150-161
[DRAFT] BASIS FOR CONCLUSIONS ON ED 2XX	162

## **PREFACE**

### **Introduction**

#### **Australian Accounting Standards**

The Australian Accounting Standards Board (AASB) develops, issues and maintains Australian Accounting Standards.

The AASB is a Commonwealth entity under the *Australian Securities and Investment Commission Act 2001*.

AASB 1057 *Application of Australian Accounting Standards* identifies the application of Standards to entities and financial statements. AASB 1053 *Application of Tiers of Australian Accounting Standards* establishes a differential reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.

The approach the AASB takes in setting standards, including requirements specific to not-for-profit and public sector entities, is outlined in [AASB Policies and Processes](#).

#### **Exposure Drafts**

The publication of an Exposure Draft (ED) is part of the due process that the AASB follows before making a new Australian Accounting Standard or amending an existing one. EDs are designed to seek public comment on the AASB's proposals for new Australian Accounting Standards or amendments to existing Standards.

#### **What we are proposing**

This ED establishes a new set of principles to be used in determining the level of Tier 2 disclosures that are necessary for meeting user needs, including a Reduced Disclosure Requirements (RDR) decision-making framework and operational guidance. The Tier 2 disclosure requirements identified in this ED are the result of applying those principles. The ED does not change which entities are permitted to report in accordance with Tier 2 accounting requirements and does not change the recognition and measurement requirements applying to Tier 2 entities.

This ED is the outcome of a joint project of the AASB and the New Zealand Accounting Standards Board (NZASB)<sup>1</sup> and:

- (a) is intended to result in a more robust approach to determining disclosure requirements for Tier 2 entities,<sup>2</sup> with a clearer focus on user needs;
- (b) is being undertaken jointly with the NZASB to maintain trans-Tasman harmonisation<sup>3</sup> for Tier 2 entities; and
- (c) from the AASB's perspective, is part of a bigger project to assist in simplifying and improving the financial reporting framework in Australia.

It is intended that the principles, the RDR decision-making framework and its operational guidance, when finalised, will form a joint AASB/NZASB Policy Statement to be used for determining disclosure requirements for Tier 2 entities. The joint Policy Statement would replace the current approach to determining Tier 2 disclosures and is reproduced as Appendix A to this ED.

Although the AASB and the NZASB have undertaken this project jointly, there are some differences in the Australian and New Zealand financial reporting frameworks, which each Board considered when developing the proposals. This has resulted in some differences in how the AASB and the NZASB are proposing to present the disclosure requirements for Tier 2 entities. However, notwithstanding those differences, in practice, it is expected that a Tier 2 for-profit entity applying the Australian Tier 2 requirements would provide substantially the same disclosures as it would have done if it had instead applied the New Zealand Tier 2 requirements.

The approach currently used by the AASB to identify Tier 2 disclosures is by shading in Australian Accounting Standards and Interpretations the disclosures that are not required for Tier 2 entities. This ED proposes a different approach. For each Australian Accounting Standard or Interpretation that contains disclosure requirements, the required Tier 2 disclosures relevant to a particular pronouncement would be contained in an

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<sup>1</sup> In November 2012 the External Reporting Board (XRB) and the NZASB issued a package of standards that introduced reduced disclosures for application to for-profit entities that were harmonised with the equivalent standards in Australia introduced in 2010.

<sup>2</sup> The reference to Tier 2 entities should be read as Tier 2 for-profit entities for New Zealand entities.

<sup>3</sup> In August 2009, the then Prime Ministers of Australia and New Zealand signed the Joint Statement of Intent: Single Economic Markets Outcome Framework. One of the outcomes of that Statement of Intent was that for-profit entities operating in both countries should be able to use only one set of accounting standards and to prepare one set of financial statements that would be acceptable in both countries.

appendix to that pronouncement. Appendix B to this Exposure Draft contains that material.<sup>4</sup> A separate document, the “Draft analysis of standards and interpretations to determine disclosure requirements for Tier 2 entities” maps the application of the joint Policy Statement to the disclosures in each Australian Accounting Standard and Interpretation to produce the material contained in Appendix B.

## Why we are making these proposals

AASB 1053 sets out the application of two tiers of General Purpose Financial Statements (GPFS) both with the same recognition and measurement requirements, but different levels of disclosure. In this context:

- (a) for-profit entities with ‘public accountability’ (such as listed companies) and governments at the federal, state/territory and local; levels must apply Tier 1;
- (b) for-profit entities (other than for-profit entities with public accountability), not-for-profit private sector entities and public sector entities other than governments can apply Tier 2 and have the option to apply Tier 1; and
- (c) the level of Tier 2 disclosures is determined using a set of disclosure principles based on those used by the IASB in determining the level of disclosures for the *IFRS for SMEs*.

While there is a need for GPFS to cater for the information needs of wide range of users, the objective is to find a balance between the benefits of financial information to the users and the costs to the preparers of providing that information. There is also a need to ensure that the relevant users are not overburdened with unnecessary information that makes financial statements less understandable to them.

The second tier of disclosure requirements for GPFS was given effect through AASB 1053 and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*, and are identified in the disclosure requirements of each Australian Accounting Standard, by showing requirements from which entities applying Tier 2 disclosures are exempt as shaded text. Tier 2 disclosure requirements would

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<sup>4</sup> Appendix C to this Exposure Draft illustrates the approach proposed by the NZASB to identify Tier 2 disclosure - to use an asterisk (\*) for disclosures that are not required and explaining partial concessions by means of an RDR paragraph. This approach is a continuation of the current approach to identifying Tier 2 disclosures.

be updated as the underlying Australian Accounting Standards undergo changes or new Australian Accounting Standards are issued.

The AASB has undertaken a post-implementation review. Information was obtained from users of Tier 2 entities' financial statements about their information needs. Users consulted included bankers, specialist practitioners who help businesses to avoid liquidation, business valuers, private equity investors, and funders of not-for-profit entities. The NZASB sought feedback from bankers.<sup>5</sup> In summary, the feedback identified the common information needs of those users in both Australia and New Zealand are those relating to:

- (a) financial performance;
- (b) liquidity and solvency;
- (c) cash balances and cash flows;
- (d) related party transactions and balances;
- (e) accounting policies applied; and
- (f) transactions and events that are significant for the entity.

Other information included an analysis of the financial reporting practices by large proprietary companies in Australia lodging annual financial statements with the Australian Securities and Investment Commission (ASIC), a review of a sample of financial statements lodged with the Australian Charities and Not-for-Profit Commission (ACNC), and also feedback received through general stakeholder engagement.

The review identified:

- (a) that the existing second tier of disclosure requirements determined using the disclosure principles based on those used by the IASB in determining the level of disclosures for the *IFRS for SMEs* had not delivered the benefit expected; and
- (b) a need to refine the principles used in determining the level of RDR to achieve an appropriate balance between the benefits of financial information to the users and the costs to the preparers of providing that information.

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<sup>5</sup> NZASB staff also sought feedback from the Financial Markets Authority, the entity responsible for regulating the capital markets and financial services in New Zealand. The information needs of the FMA are consistent with the needs of users.

## **Who would be affected**

It is proposed that the Tier 2 disclosure requirements in this ED shall apply to the GPFS of the following types of entities:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

These entities may elect to apply Tier 1 reporting requirements in preparing GPFS.

## **What happens next**

Comments are invited on any of the proposals in this ED by XX XX 2017. The AASB will consider constituent feedback at a future meeting with a view to determining how to progress the project.

## **Application Date**

It is proposed that this [draft] Standard be applicable to annual reporting periods beginning on or after 1 January 2019.

It is proposed that early adoption of this [draft] Standard will be permitted, with AASB 101, AASB 107 and AASB 108 as revised by this [draft] Standard applied at the same time an entity first applies a Standard that is revised by this ED.

## **We need your feedback**

Submissions play an important role in the decisions that the AASB will make in regard to a Standard. The AASB would prefer that respondents express a clear overall opinion on whether the proposals, as a whole, are supported and that this opinion be supplemented by detailed comments, whether supportive or otherwise, on the major issues. The AASB regards supportive and non-supportive comments as essential to a balanced review of the issues and will consider all submissions, whether they address some or all specific matters, additional issues or only one issue.

## Specific Matters for Comment

The AASB would particularly value comments on the following:

- 1 Do you agree with the overarching principles on which the proposed RDR decision-making framework identified in the proposed joint Policy Statement is based (that is, user needs and cost-benefit)? If you disagree, please explain why (see Appendix A paragraph 6 to this ED);
- 2 Do you agree with the two Key Disclosure Areas identified in the proposed joint Policy Statement as being essential for meeting user needs? If you disagree with either Key Disclosure Area (including any of the specific disclosures about transactions and other events significant or material to understanding the entity's operations as represented by the financial statements), please explain which one(s) you disagree with and why? (see Appendix A paragraph 8 to this ED);
- 3 Do you agree with the proposed joint Policy Statement as a whole for determining RDR for Tier 2 entities? If you disagree, please explain why (see Appendix A to this ED);
- 4 Do you agree with the outcome of the application of the proposed joint Policy Statement to the disclosure requirements in Australian Accounting Standards to determine the disclosures that Tier 2 entities should be required to provide? (see Appendix B) If you disagree with the outcome, please identify, with reasons:
  - (a) which disclosures that are identified as requirements that you believe Tier 2 entities should not be required to provide; and
  - (b) which disclosures that are identified as concessions that you believe Tier 2 entities should be required to provide;
- 5 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding disclosures about accounting policies? If you disagree, please explain why (see Appendix A paragraph Aus12.1 to this ED);
- 6 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding guidance for disclosure requirements? If you disagree, please explain why (see Appendix A paragraph Aus25.1 to this ED);
- 7 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding cross-references to other standards that are general rather than specific? If you disagree, please explain why (see Appendix A paragraph Aus29.1 to this ED);

- 8 Which approach do you prefer for identifying RDR for Tier 2 entities:
- (a) the approach taken in Appendix B to this ED to include an Australian Appendix in each Australian Accounting Standard that identifies the disclosures that Tier 2 entities are required to provide; or
  - (b) use the approach taken in the New Zealand ED to use an asterisk (\*) for disclosures that are not required and explaining partial concessions by means of an RDR paragraph? The approach taken in the New Zealand ED is illustrated in the Appendix C to this ED;
- 9 Do you agree that when an Australian Accounting Standard does not have separate sections for disclosure and presentation requirements, both presentation and disclosure requirements are included in the Australian Appendix to each Australian Accounting Standard that identifies the disclosures that Tier 2 entities are required to provide? If you disagree, please explain why;
- 10 Do you agree that, once approved, the amended Tier 2 disclosure requirements should be effective for annual periods beginning on or after 1 January 2019 with early application permitted? Early application is permitted with AASB 101, AASB 107 and AASB 108 as revised by this [draft] Standard applied at the same time an entity first applies a Standard that is revised by this ED.
- 11 The Exposure Draft does not propose any specific transition requirements. Do any issues warrant transitional provisions and, if so, which transitional provisions do you suggest?;
- 12 Do you think that when approved, the amended Tier 2 disclosures would encourage eligible entities that currently:
- (a) prepare Special Purpose Financial Statements to prepare Tier 2 General Purpose Financial Statements;
  - (b) prepare Tier 1 General Purpose Financial Statements to prepare Tier 2 General Purpose Financial Statements.

### **General Matters for Comment**

The AASB would particularly value comments on the following:

- 13 Whether:

- (a) there are any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals by not-for-profit entities, including any issues relating to public sector entities, such as GAAP/GFS implications?
  - (b) overall, the proposals would result in reporting that would be useful to users?
  - (c) the proposals are in the best interests of the Australian economy?
- 14 Unless already provided in response to the matters for comment 1-12 above, the costs and benefits of the proposals relative to the current Australian Accounting Standards, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

## APPENDIX A

AASB and NZASB

# **[Draft] Policy for Determining RDR for Tier 2 Entities in Australia and Tier 2 For-profit Entities in New Zealand**

## **Preface**

The Australian Accounting Standards Board (AASB) and the New Zealand Accounting Standards Board (NZASB) apply the RDR decision-making framework, together with its accompanying operational guidance to the disclosure requirements in Australian Accounting Standards/New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) to identify which of those disclosure requirements should be reduced for Tier 2 entities in each jurisdiction.

The framework is based on Key Disclosure Areas which result in information that meets user needs.

The Key Disclosure Areas are:

- (a) current liquidity and solvency of the entity; and
- (b) transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements. This comprises disclosures about:
  - (i) the nature of the transaction or event that makes it significant or material to the entity;
  - (ii) associated risks specific to a transaction or event;
  - (iii) associated accounting policy on recognition or measurement specific to a transaction or event;

- (iv) associated significant estimates and judgements specific to a transaction or event;
- (v) commitments and contingencies;
- (vi) impairment;
- (vii) related parties; and
- (viii) subsequent events.

Judgement is required when applying this framework, and the overarching principles of user needs and cost-benefit are considered when determining the disclosures that relevant Tier 2 entities in each jurisdiction should make.

When it is necessary to identify specific aspects of the RDR process and framework particular to the Australian or New Zealand jurisdiction, this document uses “Aus” and “NZ” prefixed paragraphs.

# 1. Introduction

1. The objective of this Policy Statement is to have accounting requirements for Tier 2 entities<sup>6</sup> in each jurisdiction that result in reduced preparation costs to balance the costs and benefits of financial reporting. This Policy Statement is the result of deliberations by the Australian Accounting Standards Board (AASB) and the New Zealand Accounting Standards Board (NZASB) in determining disclosure requirements for Tier 2 entities in each jurisdiction.

Aus1.1 In accordance with AASB 1053 *Application of Tiers of Accounting Standards*, Tier 2 requirements (otherwise known as Reduced Disclosure Requirements (RDR)) comprise the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. Except for the presentation of a third statement of financial position under Tier 1, the presentation requirements under Tier 1 and Tier 2 are the same.

Aus1.2 Tier 2 reporting requirements, as a minimum, apply to the general purpose financial statements of the following types of entities:

- (a) for-profit private sector entities that do not have public accountability<sup>7</sup>;
- (b) not-for-profit private sector entities; and
- (c) public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

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<sup>6</sup> In New Zealand, the reference to 'Tier 1 entities' and 'Tier 2 entities' in this Policy should be read as 'Tier 1 for-profit entities' and 'Tier 2 for-profit entities' respectively.

<sup>7</sup> Public accountability is defined and explained in Appendices A and B of AASB 1053.

These types of entities may elect to apply Tier 1 reporting requirements in preparing general purpose financial statements.

NZ 1.1 Tier 2 For-profit Accounting Requirements have the same recognition and measurement requirements as Tier 1 For-profit Accounting Requirements but with disclosure concessions (that is, a reduced disclosure regime (RDR)). The Tier 2 For-profit Accounting Requirements are referred to as the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

NZ 1.2 In accordance with the Accounting Standards Framework<sup>8</sup>, for-profit entities that have a statutory obligation to prepare general purpose financial reports and do not have public accountability, as defined for financial reporting purposes, may report in accordance with Tier 2 For-profit Accounting Requirements<sup>9</sup>.

2. This Policy Statement sets out the RDR decision-making framework and its accompanying operational guidance that the AASB and the NZASB apply to develop disclosure requirements for Tier 2 entities in Australia and New Zealand.
3. This Policy Statement was first issued in [date]. It may be reviewed periodically.

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<sup>8</sup> The Accounting Standards Framework was approved by the Minister of Commerce in April 2012. It comprises different sets of accounting standards for for-profit entities and for public benefit entities, together with a formalised tier structure.

<sup>9</sup> A for-profit public sector entity may elect to report in accordance with Tier 2 For-profit Accounting Requirements if it does not have public accountability and it is not large (a for-profit public sector entity is not large if it has total expenses of \$30m or less).

## **2. Basis for Development of RDR Decision-making Framework**

4. The RDR decision-making framework has been developed to provide a consistent basis for determining the minimum disclosure requirements (or the disclosure concessions) for Tier 2 entities.
5. Although judgement is required in applying this framework, it should generally result in similar conclusions when applied by the AASB and the NZASB in determining the disclosure requirements for Tier 2 entities in each jurisdiction.
6. The overarching principles of this framework are that:
  - (a) the information provided by the financial statements meets user needs; and
  - (b) the benefits of providing the disclosures exceed the costs.
7. *AASB 1053 Application of the Tiers of Australian Accounting Standards/XRB A1 Application of the Accounting Standards Framework* sets out the eligibility criteria that entities in each jurisdiction must meet to report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements/NZ IFRS RDR. This RDR decision-making framework does not change those criteria.

## **3. RDR Decision-making Framework**

8. Two Key Disclosure Areas have been identified as being essential for meeting user needs. Those Key Disclosure Areas are:
  - (a) current liquidity and solvency of the entity; and

- (b) transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements. This comprises disclosures about:
  - (i) the nature of the transaction or event that makes it significant or material to the entity;
  - (ii) associated risks specific to a transaction or event;
  - (iii) accounting policy on recognition or measurement specific to a transaction or event;
  - (iv) significant estimates and judgements specific to a transaction or event;
  - (v) commitments and contingencies;
  - (vi) impairment;
  - (vii) related parties; and
  - (viii) subsequent events.
- 9. The disclosures about transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements are categorised broadly into:
  - (a) disclosures of a general nature that apply for all transactions and events (paragraph 8(b)(i)–(iv)); and
  - (b) specific disclosures about particular types of transactions and events (paragraph 8(b)(v)–(viii)).
- 10. The RDR decision-making framework is based on a rebuttable presumption that the benefits of providing the disclosures listed in paragraph 8 exceed the costs. Unless the standard setter rebuts that presumption, Tier 2 entities are required to make those disclosures.

## *Disclosure of Accounting Policies*

11. AASB 101/NZ IAS 1 *Presentation of Financial Statements* and AASB 108/NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* require disclosures about accounting policies and estimates and judgements.
12. Disclosures about accounting policies are also required in some standards dealing with particular types of transactions or topics, for example, AASB 102/NZ IAS 2 *Inventories* requires disclosure of the accounting policies adopted in measuring inventories, including the cost formula used.

Aus12.1 The AASB has decided to rely on the requirement in AASB 101 and AASB 108 for disclosures about accounting policies. To achieve this, the appendix to each standard that contains the disclosure requirements for Tier 2 entities includes a reminder that the disclosure requirements in AASB 101 and AASB 108 about accounting policies apply where relevant. Likewise, AASB 101 and AASB 108 include similar messages.<sup>10</sup> Therefore, disclosures about accounting policies, other than those in AASB 101 and AASB 108, are reduced for Tier 2 entities and are not included in the appendix to each relevant standard.

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<sup>10</sup> *AASB 101 Presentation of Financial Statements would include the following note upfront:*

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

*AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors would include the following note upfront:*

For disclosures requirements relating to changes in accounting policies, Tier 2 entities should refer to this Standard.

NZ 12.1 The NZASB has decided to not rely solely on the requirements in NZ IAS 1 and NZ IAS 8 for disclosures about accounting policies. The NZASB considers that this avoids any confusion that might arise as a consequence of keeping the general disclosure about accounting policies in NZ IAS 1 and NZ IAS 8 while identifying the accounting policy for particular types of transactions or topics as a concession.

### *Benefits and Costs of Providing Disclosures*

13. In some cases, the presumption that the benefits of providing a disclosure exceed the costs might be rebutted. For example, a standard might require extensive disclosures about a topic that is (or relates to) a Key Disclosure Area. In this situation, there could be some specific disclosures that provide little incremental benefit to users of the financial statements of Tier 2 entities, such that the benefits of that particular disclosure do not exceed the costs<sup>11</sup>. In these circumstances, the standard setter does not require Tier 2 entities to provide the disclosures.
14. Where a disclosure is not a Key Disclosure Area, there is a rebuttable presumption that the costs of providing the disclosures exceed the benefits. Unless the presumption is rebutted, Tier 2 entities are not required to make those disclosures.
15. In some cases, the standard setter might rebut the presumption that the costs of providing the disclosure exceed the benefits. 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

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<sup>11</sup> An example would be paragraph 11A(c) in AASB 7/NZ IFRS 7 *Financial Instruments: Disclosures* which is assessed as a Key Disclosure Area (current liquidity and solvency). However, the presumption that the benefits of providing the disclosure exceed the costs is rebutted because this information is included in the carrying amount of financial instruments in accordance with paragraph 8, which is kept for Tier 2 entities. Therefore, Tier 2 entities would not be required to provide the disclosures under paragraph 11A(c).

of that group). In this situation, the disclosure provides information that is beneficial for users of the financial statements of Tier 2 entities, such that the benefits of that particular disclosure exceed the costs. In these circumstances, Tier 2 entities are required to provide the disclosures.

### ***Application of the RDR Decision-making Framework***

16. This framework is applied by the AASB and the NZASB to the disclosure requirements in Australian Accounting Standards/NZ IFRS to determine the second tier of disclosure requirements.
17. Although there are rebuttable presumptions, as discussed above, the overarching principles of user needs and cost-benefit are considered each time this framework is applied for determining the disclosure requirements for Tier 2 entities.

### ***Operational Guidance***

18. This operational guidance is used by the AASB and the NZASB to facilitate the application of the RDR decision-making framework.

### ***Presentation vs Disclosure***

19. An objective of the RDR decision-making framework is that the face of the financial statements of Tier 1 and Tier 2 entities would display the same information. As a consequence of this, the presentation<sup>12</sup> requirements for Tier 1 and Tier 2 entities are the same. The RDR decision-making framework is concerned only with reducing the disclosure burden for Tier 2 entities. Sometimes judgement is required as to whether a particular requirement relates to presentation or disclosure.
20. The following guidance is used to distinguish between presentation and disclosure.

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<sup>12</sup> The standards sometimes used the term presentation interchangeably with the term classification.

- (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 RDR decision-making framework to determine which disclosures, if any, Tier 2 entities are required to make.

#### Disclosure Objective

- 21. Some Australian Accounting Standards/NZ IFRSs include paragraphs that require an entity to disclose information to meet a stated objective.<sup>13</sup> These paragraphs are then followed by paragraphs that require specific disclosures to meet that stated objective.
- 22. In these circumstances, the paragraphs that require specific disclosures to meet the stated objective are subjected to analysis under the RDR decision-making framework and the paragraphs that require an entity to meet a stated disclosure objective are reduced for Tier 2 entities.

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<sup>13</sup> For example, paragraph 44 of AASB 2/NZ IFRS 2 *Share-based Payment*: "An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period."

23. Some Australian Accounting Standards/NZ IFRSs include paragraphs that contain a disclosure objective without requiring an entity to provide any disclosures.<sup>14</sup> These paragraphs are not disclosure requirements so they are not reduced for Tier 2 entities.

### Guidance

24. The disclosure requirements in Australian Accounting Standards/NZ IFRS are often accompanied by guidance which is intended to assist entities in making those disclosures.
25. In general, guidance for disclosures that are required to be provided by Tier 2 entities is kept. However, where the guidance is about the presentation of information “in a tabular format unless another format is more appropriate” it is reduced to provide Tier 2 entities with flexibility on how information is presented.

Aus25.1 The AASB has decided to reduce some of the guidance for disclosures that are kept for Tier 2 entities, in particular where the guidance is considered to be unnecessary for Tier 2 entities in meeting the related disclosure requirement.

NZ 25.1 The NZASB has decided to keep all of the guidance that relates to disclosures that Tier 2 entities are required to provide.

### Disclosures that are Encouraged

26. Where an Australian Accounting Standard/NZ IFRS encourages, rather than requires, a disclosure Tier 2 entities are not required to provide that information.

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<sup>14</sup> For example, paragraph 51 of AASB 16/NZ IFRS 16 *Leases*: “The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. Paragraphs 52–60 specify requirements on how to meet this objective.”

### Reconciliations

27. A reconciliation required under Australian Accounting Standards/NZ IFRS is not required to be prepared by Tier 2 entities. However, the individual items in that reconciliation are assessed against the RDR decision-making framework to determine which items, if any, Tier 2 entities are required to make.

### Cross-referencing in Standards

28. Sometimes a disclosure or guidance in an Australian Accounting Standard/NZ IFRS includes a cross-reference to disclosure requirements in another Australian Accounting Standard/NZ IFRS.
29. Where the cross-referencing is specific (for example, a disclosure in AASB 3/NZ IFRS 3 *Business Combinations* includes a reference to paragraph 85 of AASB 137/NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*), both paragraphs are either kept or reduced for Tier 2 entities. Cross-referencing can be of a general nature.

Aus29.1 The AASB has decided that where the cross-referencing is of a general nature<sup>15</sup> this is reduced in Australian Accounting Standards for Tier 2 entities.

NZ 29.1 The NZASB has decided that where the cross-referencing is of a general nature, this is kept in NZ IFRS for Tier 2 entities.

### **Australian Accounting Standards/NZ IFRSs that are not Applicable to Tier 2 Entities**

30. AASB 8/NZ IFRS 8 *Operating Segments* and AASB 133/NZ IAS 33 *Earnings per Share* do not apply to Tier 2 entities. Paragraphs in other Australian Accounting Standards/NZ IFRSs that refer to these

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<sup>15</sup> For example, paragraph 96 of AASB 16 includes a requirement for a lessor to apply the disclosure requirements in AASB 136, AASB 138, AASB 140 and AASB 141 for assets subject to operating leases.

two standards without establishing any additional disclosure requirements are, therefore, reduced for Tier 2 entities.

## **4. Identifying Tier 2 Disclosure Requirements**

### *Introduction*

32. Although this Policy Statement has been developed jointly by the AASB and the NZASB, the Boards have a different approach to identifying the disclosure requirements for Tier 2 entities. However, the outcome of applying the Policy Statement is expected to generally be the same for Tier 2 entities in Australia and New Zealand.

### *Approach to Identifying Tier 2 Disclosure Requirements*

#### *Australia*

33. The disclosures required to be provided by Tier 2 entities along with the headings relevant to those disclosures, are included in an appendix to each Australian Accounting Standard and Interpretation that contains disclosure requirements.

#### *New Zealand*

34. The disclosures that Tier 2 entities are not required to provide are identified by means of an asterisk (\*) next to the paragraph or subparagraph.
35. Partial concessions are identified by means of an asterisk (\*) next to the paragraph and inclusion of an RDR paragraph which explains the disclosure requirements for Tier 2 entities.

## **APPENDIX B**

### **TIER 2 DISCLOSURES**

#### **CONTENTS**

	Pages
Appendix to AASB 1 <i>First-time adoption of Australian Accounting Standards</i>	
Appendix to AASB 2 <i>Share-based Payment</i>	
Appendix to AASB 3 <i>Business Combinations</i>	
Appendix to AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	
Appendix to AASB 6 <i>Exploration for and Evaluation of Mineral Resource</i>	
Appendix to AASB 7 <i>Financial Instrument</i>	
Appendix to AASB 12 <i>Disclosure of Interests in Other Entities</i>	
Appendix to AASB 13 <i>Fair Value Measurement</i>	
Appendix to AASB 14 <i>Regulatory Deferral Accounts</i>	
Appendix to AASB 15 <i>Revenue from Contracts with Customers</i>	
Appendix to AASB 16 <i>Leases</i>	
Appendix to AASB 101 <i>Presentation of Financial Statements</i>	
Appendix to AASB 102 <i>Inventories</i>	
Appendix to AASB 107 <i>Statement of Cash Flows</i>	
Appendix to AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	

*Appendix to AASB 110 Events after the Reporting Period*  
*Appendix to AASB 112 Income Tax*  
*Appendix to AASB 116 Property, Plant and Equipment*  
*Appendix to AASB 119 Employee Benefits*  
*Appendix to AASB 120 Accounting for Government Grants and Disclosure of Government Assis*  
*Appendix to AASB 121 The Effects of Changes in Foreign Exchange Rates*

*Appendix to AASB 123 Borrowing Cost*  
*Appendix to AASB 124 Related Party Disclosures*  
*Appendix to AASB 127 Separate Financial Statements*  
*Appendix to AASB 129 Financial Reporting in Hyperinflationary Economies*  
*Appendix to AASB 134 Interim Financial Reporting*  
*Appendix to AASB 136 Impairment of Assets*  
*Appendix to AASB 137 Provisions, Contingent Liabilities and Contingent Assets*  
*Appendix to AASB 138 Intangible Assets*  
*Appendix to AASB 140 Investment Property*  
*Appendix to AASB 141 Agriculture*  
*Appendix to AASB 1054 Australian Additional Disclosures*  
*Appendix to Interpretations*  
*AASB 1053 Application of Tiers of Australian Accounting Standards*

**AASB 1 *First-time Adoption of Australian Accounting Standards***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 1 *First-time Adoption of Australian Accounting Standards*.

<b>Appendix – AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> disclosures applying to Tier 2 entities</b>	
<b>Presentation and disclosure</b>	
20	This Standard does not provide exemptions from the presentation and disclosure requirements in other Australian Accounting Standards.
<b>Comparative information</b>	
<b><u>AASB 1</u></b>	
RDR21.1	In respect of entities applying Australian Accounting Standards – Reduced Disclosure Requirements, to comply with AASB 101, an entity’s first Australian-Accounting-Standards-Reduced-Disclosure-Requirements financial statements shall include at least two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

**Appendix – AASB 1 *First-time Adoption of Australian Accounting Standards* disclosures applying to Tier 2 entities**

**Non-Australian-Accounting-Standards comparative information and historical summaries**

- 22 Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with Australian Accounting Standards. This Standard does not require such summaries to comply with the recognition and measurement requirements of Australian Accounting Standards. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by AASB 101. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:
- (a) label the previous GAAP information prominently as not being prepared in accordance with Australian Accounting Standards; and

**Explanation of transition to Australian Accounting Standards**

- 23 **An entity shall explain how the transition from previous GAAP to Australian Accounting Standards affected its reported financial position, financial performance and cash flows.**

**Reconciliations**

- 24 To comply with paragraph 23, an entity's first Australian-Accounting-Standards financial statements shall include:
- (c) if the entity recognised or reversed any impairment losses for the first time in preparing its opening Australian-Accounting-Standards statement of financial position, the disclosures that AASB 136 *Impairment of Assets* would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Australian Accounting Standards.

- 27 AASB 108 does not apply to the changes in accounting policies an entity makes when it adopts Australian Accounting Standards or to changes in those policies until after it presents its first Australian-Accounting-Standards financial statements. Therefore, AASB 108's requirements about changes in accounting policies do not apply in an

**Appendix – AASB 1 *First-time Adoption of Australian Accounting Standards* disclosures applying to Tier 2 entities**

entity's first Australian-Accounting-Standards financial statements.

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### **AASB 2 Share-based Payment**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 2 *Share-based Payment*.

<b>Appendix – AASB 2 Share-based Payment disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosures</b>	
45	the entity shall disclose at least the following: <ul style="list-style-type: none"><li>(a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (eg whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information, unless separate disclosure of each arrangement is necessary to satisfy the principle in paragraph 44.</li><li>(d) for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.</li></ul>
47	If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity shall disclose: <ul style="list-style-type: none"><li>(c) for share-based payment arrangements that were modified during the period:<ul style="list-style-type: none"><li>(i) an explanation of those modifications;</li></ul></li></ul>

**Appendix – AASB 2 Share-based Payment disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**RDR 50.1 An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose the following information about the effect of share-based payment transactions on the entity’s profit or loss for the period and on its financial position:**

- (a) the total expense recognised in profit or loss for the period;  
and
- (b) the total carrying amount at the end of the period of liabilities arising from share-based payment transactions.

### **AASB 3 Business Combinations**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 3 *Business Combinations*

<b>Appendix – AASB 3 Business Combinations disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosures (application of paragraphs 59 and 61)</b>	
B64	the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
(a)	the name and a description of the acquiree.
(b)	the acquisition date.
(c)	the percentage of voting equity interests acquired.
(f)	the acquisition-date fair value of the total consideration transferred
(g)	for contingent consideration arrangements and indemnification assets:
(i)	the amount recognised as of the acquisition date;
(ii)	a description of the arrangement and the basis for determining the amount of the payment; and
(i)	the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.
(j)	for each contingent liability recognised in accordance with paragraph 23, the information required in paragraph 85 of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> . If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:
(i)	the information required by paragraph 86 of AASB 137;

**Appendix – AASB 3 *Business Combinations* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

	and
(ii)	the reasons why the liability cannot be measured reliably.
(n)	in a bargain purchase (see paragraphs 34–36):
(i)	the amount of any gain recognised in accordance with paragraph 34
RDR B65.1	For individually immaterial business combinations occurring during the reporting period that are material collectively, a Tier 2 acquirer shall disclose in aggregate the information required by paragraphs B64(g)(i) and (ii), B64(i), B64(j).
B67	the acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:
(c)	for contingent liabilities recognised in a business combination, the acquirer shall disclose the information required by paragraph 85 of AASB 137 for each class of provision.

### ***AASB 5 Non-current Assets Held for Sale and Discontinued Operations***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*

<b>Appendix – AASB 5 Non-current Assets Held for Sale and Discontinued Operations disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Presentation and disclosure</b>	
<b>30</b>	<b>An entity shall present information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).</b>
	<b>Presenting discontinued operations</b>
31	A <i>component</i> of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.
32	A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and <ol style="list-style-type: none"><li>represents a separate major line of business or geographical area of operations,</li><li>is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or</li><li>is a subsidiary acquired exclusively with a view to resale.</li></ol>

**Appendix – AASB 5 Non-current Assets Held for Sale and Discontinued Operations disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

33	An entity shall disclose: <ul style="list-style-type: none"><li>(a) a single amount in the statement of comprehensive income comprising the total of:<ul style="list-style-type: none"><li>(i) the post-tax profit or loss of discontinued operations; and</li><li>(ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.</li></ul></li><li>(c) the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements</li></ul>
33A	If an entity presents the items of profit or loss in a separate statement as described in paragraph 10A of AASB 101, a section identified as relating to discontinued operations is presented in that statement.
34	An entity shall re-present the disclosures in paragraph 33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.
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.

**Appendix – AASB 5 Non-current Assets Held for Sale and Discontinued Operations disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

36 If an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations in accordance with paragraphs 33–35 shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

36A An entity that is committed to a sale plan involving loss of control of a subsidiary shall disclose the information required in paragraphs 33–36 when the subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 32.

**Gains or losses relating to continuing operations**

37 Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations.

**Appendix – AASB 5 Non-current Assets Held for Sale and Discontinued Operations disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Presentation of a non-current asset or disposal group classified as held for sale**

38 An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either in the statement of financial position or in the notes, except as permitted by paragraph 39. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale.

39 If the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition (see paragraph 1), disclosure of the major classes of assets and liabilities is not required.

40 An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented.

**Additional disclosures**

41 An entity shall disclose the 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:

- (a) a description of the non-current asset (or disposal group);
- (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;

**Appendix – AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (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;

42 If either paragraph 26 or paragraph 29 applies, an entity shall disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.

**AASB 6 Exploration for and Evaluation of Mineral Resources**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 6 *Exploration for and Evaluation of Mineral Resources*

<b>Appendix – AASB 6 Exploration for and Evaluation of Mineral Resources disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
24	an entity shall disclose:
	(b) the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.
25	An entity shall treat exploration and evaluation assets as a separate class of assets.

### **AASB 7 Financial Instruments: Disclosures**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 7 *Financial Instruments: Disclosures*

<b>Appendix – AASB 7 Financial Instruments: Disclosures disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Significance of financial instruments for financial position and performance</b>	
<b>Statement of financial position</b>	
<b>Categories of financial assets and financial liabilities</b>	
8	The carrying amounts of each of the following categories, as defined in AASB 9, shall be disclosed either in the statement of financial position or in the notes: <ul style="list-style-type: none"><li>(a) financial assets measured at fair value through profit or loss,</li><li>(e) financial liabilities at fair value through profit or loss,</li><li>(f) financial assets measured at amortised cost.</li><li>(g) financial liabilities measured at amortised cost.</li><li>(h) financial assets measured at fair value through other comprehensive income.</li></ul>
<b>Financial assets or financial liabilities at fair value through profit or loss</b>	
10	If the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of AASB 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it shall disclose: <ul style="list-style-type: none"><li>(b) the difference between the financial liability's carrying amount and the amount the entity would be contractually required to</li></ul>

**Appendix – AASB 7 Financial Instruments: Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

pay at maturity to the holder of the obligation.

10A If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of AASB 9 and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (see paragraphs 5.7.7 and 5.7.8 of AASB 9), it shall disclose:

- (b) the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

**Collateral**

14 An entity shall disclose:

- (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities
- (b) the terms and conditions relating to its pledge.

**Compound financial instruments with multiple embedded derivatives**

17 If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of AASB 132) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

**Defaults and breaches**

18 For *loans payable* recognised at the end of the reporting period, an entity shall disclose:

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (b) the carrying amount of the loans payable in default at the end of the reporting period; and
- (c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.

19 If, during the period, there were breaches of loan agreement terms other than those described in paragraph 18, an entity shall disclose the same information as required by paragraph 18 if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the end of the reporting period).

**Other disclosures**

**Hedge accounting**

21C When paragraphs 22A–24F require the entity to separate by risk category the information disclosed, the entity shall determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity shall determine risk categories consistently for all hedge accounting disclosures.

*The risk management strategy*

22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied.

**Appendix – AASB 7 Financial Instruments: Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 22B To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of:
- (a) the hedging instruments that are used (and how they are used) to hedge risk exposures;
  - (b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness; and
  - (c) how the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are.

*The amount, timing and uncertainty of future cash flows*

23A Unless exempted by paragraph 23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity.

- 23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses:
- (a) a profile of the timing of the nominal amount of the hedging instrument; and
  - (b) if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument.

23C In situations in which an entity frequently resets (ie discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (ie the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long—such as in

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

the example in paragraph B6.5.24(b) of AASB 9) the entity:

- (a) is exempt from providing the disclosures required by paragraphs 23A and 23B.
- (b) shall disclose:
  - (i) information about what the ultimate risk management strategy is in relation to those hedging relationships;
  - (ii) a description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships; and
  - (iii) an indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships.

*The effects of hedge accounting on financial position and performance*

24A An entity shall disclose the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):

- (a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities);
- (d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.

**Fair value**

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 29 Disclosures of fair value are not required:
- (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables;

**Nature and extent of risks arising from financial instruments**

32A Providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks.

**Qualitative disclosures**

- 33 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) the exposures to risk and how they arise;
  - (b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and

**Credit risk**

*Scope and objectives*

35A An entity shall apply the disclosure requirements in paragraphs 35F–35N to financial instruments to which the impairment requirements in AASB 9 are applied.

35C An entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to other statements, such as a

**Appendix – AASB 7 Financial Instruments: Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

management commentary or risk report that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

*The credit risk management practices*

35F An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate:

- (a) how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition;
- (c) how the instruments were grouped if expected credit losses were measured on a collective basis;
- (d) how an entity determined that financial assets are credit-impaired financial assets;
- (e) an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity; and

35G An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of AASB 9. For this purpose an entity shall disclose:

- (c) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

**Appendix – AASB 7 Financial Instruments: Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

*Quantitative and qualitative information about amounts arising from expected credit losses*

35L An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

*Collateral and other credit enhancements obtained*

38 When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (eg guarantees), and such assets meet the recognition criteria in other Standards, an entity shall disclose for such assets held at the reporting date:

- (a) the nature and carrying amount of the assets; and
- (b) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Initial application of IFRS 9**

42I In the reporting period that includes the date of initial application of AASB 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:

(a) the original measurement category and carrying amount determined in accordance with AASB 139 or in accordance with a previous version of AASB 9 (if the entity's chosen approach to applying AASB 9 involves more than one date of initial application for different requirements);

(b) the new measurement category and carrying amount determined in accordance with AASB 9;

In accordance with paragraph 7.2.2 of AASB 9, depending on the entity's chosen approach to applying AASB 9, the transition can involve more than one date of initial application. Therefore this paragraph may result in disclosure on more than one date of initial application. An entity shall present these quantitative disclosures in a table unless another format is more appropriate.

42Q In the reporting period that includes the date of initial application of AASB 9, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in Sections 5.4 and 5.5 of AASB 9) of:

(a) AASB 9 for prior periods; and

(b) AASB 139 for the current period.

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Nature and extent of risks arising from financial instruments (paragraphs 31–42)**

B6 The disclosures required by paragraphs 31–42 shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

**Credit risk management practices (paragraphs 35F–35G)**

B8C Paragraph 35G(a) requires the disclosure of information about the basis of inputs and assumptions and the estimation techniques used to apply the impairment requirements in AASB 9. An entity's assumptions and inputs used to measure expected credit losses or determine the extent of increases in credit risk since initial recognition may include information obtained from internal historical information or rating reports and assumptions about the expected life of financial instruments and the timing of the sale of collateral.

**Quantitative liquidity risk disclosures (paragraphs 34(a) and 39(a) and (b))**

B11 In preparing the maturity analyses required by paragraph 39(a) and (b), an entity uses its judgement to determine an appropriate number of time bands. For example, an entity might determine that the following time bands are appropriate:

- (a) not later than one month;
- (b) later than one month and not later than three months;

**Appendix – AASB 7 *Financial Instruments: Disclosures* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (c) later than three months and not later than one year; and
- (d) later than one year and not later than five years.

**Interest rate risk**

B22 *Interest rate risk* arises on interest-bearing financial instruments recognised in the statement of financial position (eg debt instruments acquired or issued) and on some financial instruments not recognised in the statement of financial position (eg some loan commitments).

**Currency risk**

B23 *Currency risk* (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this Standard, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

## **AASB 12 Disclosure of Interests in Other Entities**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 12 *Disclosure of Interests in Other Entities*

<b>Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Significant judgements and assumptions</b>	
9	an entity shall disclose, for example, significant judgements and assumptions made in determining that: (a) it does not control another entity even though it holds more than half of the voting rights of the other entity. (b) it controls another entity even though it holds less than half of the voting rights of the other entity. (c) it is an agent or a principal (see paragraphs B58–B72 of AASB 10). (d) it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity. (e) it has significant influence even though it holds less than 20 per cent of the voting rights of another entity.
<b>9A</b>	<b>Investment entity status</b> <b>When a parent determines that it is an investment entity in accordance with paragraph 27 of AASB 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more of the typical characteristics of an investment entity (see paragraph 28 of AASB 10), it shall disclose its reasons for concluding that it is</b>

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**nevertheless an investment entity.**

9B When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented.

**Interests in subsidiaries**

**The interest that non-controlling interests have in the group's activities and cash flows**

12 An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:

- (a) the name of the subsidiary.
- (c) the proportion of ownership interests held by non-controlling interests.
- (d) the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held.

**The nature and extent of significant restrictions**

13 An entity shall disclose:

- (a) significant restrictions (eg statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:
  - (i) those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group.

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

(ii) guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group.

(b) the nature and extent to which protective rights of non-controlling interests can significantly restrict the entity’s ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities, or approval of non-controlling interests is required either to access the assets or to settle the liabilities of a subsidiary).

(c) the carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply.

**Nature of the risks associated with an entity’s interests in consolidated structured entities**

14 An entity shall disclose the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support).

15 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (eg purchasing assets of or instruments issued by the structured entity), the entity shall disclose:

(a) the type and amount of support provided, including situations in

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- which the parent or its subsidiaries assisted the structured entity in obtaining financial support; and
- (b) the reasons for providing the support.

16 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a previously unconsolidated structured entity and that provision of support resulted in the entity controlling the structured entity, the entity shall disclose an explanation of the relevant factors in reaching that decision.

17 An entity shall disclose any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support.

**Interests in unconsolidated subsidiaries (investment entities)**

19B For each unconsolidated subsidiary, an investment entity shall disclose:

(a) the subsidiary's name;

19D An investment entity shall disclose:

(a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and

- (b) any current commitments or intentions to provide financial or

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.

19E If, during the reporting period, an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (eg purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose:

- (a) the type and amount of support provided to each unconsolidated subsidiary; and
- (b) the reasons for providing the support.

19F An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support).

19G If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated, structured entity that the investment entity did not control, and if that provision of support resulted in the investment entity controlling the structured entity, the investment entity shall disclose an explanation of the relevant factors in reaching the decision to provide that support.

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Interests in joint arrangements and associates**

**Nature, extent and financial effects of an entity's interests in joint arrangements and associates**

- 21 An entity shall disclose:
- (a) for each joint arrangement and associate that is material to the reporting entity:
    - (i) the name of the joint arrangement or associate.
    - (ii) the nature of the entity's relationship with the joint arrangement or associate.
    - (iv) the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (if applicable).
- 21A An investment entity need not provide the disclosures required by paragraphs 21(b)–21(c).
- 22 An entity shall also disclose:
- (a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Risks associated with an entity's interests in joint ventures and associates**

- 23 An entity shall disclose:
- (a) commitments that it has relating to its joint ventures separately from the amount of other commitments as specified in paragraphs B18–B20.

**Interests in unconsolidated structured entities**

- 25A An investment entity need not provide the disclosures required by paragraph 24 for an unconsolidated structured entity that it controls and for which it presents the disclosures required by paragraphs 19A–19G.

**Nature of interests**

- 26 An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed.

**Nature of risks**

- 29 An entity shall disclose a summary of:
- (c) the amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure to loss is determined. If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities it shall disclose that fact and the reasons.

- 30 If during the reporting period an entity has, without having a

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:

- (a) the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and
- (b) the reasons for providing the support.

31 An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support.

**Commitments for joint ventures (paragraph 23(a))**

B18 An entity shall disclose total commitments it has made but not recognised at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures. Commitments are those that may give rise to a future outflow of cash or other resources.

B19 Unrecognised commitments that may give rise to a future outflow of cash or other resources include:

- (a) unrecognised commitments to contribute funding or resources as a result of, for example:
  - (i) the constitution or acquisition agreements of a joint venture (that, for example, require an entity to contribute funds over a specific period).
  - (ii) capital-intensive projects undertaken by a joint venture.
  - (iii) unconditional purchase obligations, comprising

**Appendix – AASB 12 Disclosure of Interests in Other Entities disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- procurement of equipment, inventory or services that an entity is committed to purchasing from, or on behalf of, a joint venture.
- (iv) unrecognised commitments to provide loans or other financial support to a joint venture.
- (v) unrecognised commitments to contribute resources to a joint venture, such as assets or services.
- (vi) other non-cancellable unrecognised commitments relating to a joint venture.
- (b) unrecognised commitments to acquire another party's ownership interest (or a portion of that ownership interest) in a joint venture if a particular event occurs or does not occur in the future.

B20 The requirements and examples in paragraphs B18 and B19 illustrate some of the types of disclosure required by paragraph 18 of AASB 124 *Related Party Disclosures*.

### **AASB 13 Fair Value Measurement**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 13 *Fair Value Measurement*

<b>Appendix – AASB 13 Fair Value Measurement disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
93	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) in the statement of financial position after initial recognition:  (a) for recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of assets or liabilities are those that other Australian Accounting Standards require or permit in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of assets or liabilities are those that other Australian Accounting Standards require or permit in the statement of financial position in particular circumstances (eg when an entity measures an asset held for sale at fair value less costs to sell in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> because the asset's fair value less costs to sell is lower than its carrying amount).
	(i) for recurring and non-recurring fair value measurements, if the highest and best use of a non-financial asset differs from its

**Appendix – AASB 13 Fair Value Measurement disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

- 94 An entity shall determine appropriate classes of assets and liabilities on the basis of the following:
- (a) the nature, characteristics and risks of the asset or liability; and
  - (b) the level of the fair value hierarchy within which the fair value measurement is categorised.

The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair value measurements should be provided requires judgement. A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another Standard specifies the class for an asset or a liability, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.

### **AASB 14 Regulatory Deferral Accounts**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 14 *Regulatory Deferral Accounts*

<b>Appendix – AASB 14 Regulatory Deferral Accounts disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>Explanation of activities subject to rate regulation</b>	
30	To help a user of the financial statements assess the nature of, and the risks associated with, the entity's rate-regulated activities, an entity shall, for each type of rate-regulated activity, disclose: <ul style="list-style-type: none"><li>(a) a brief description of the nature and extent of the rate-regulated activity and the nature of the regulatory rate-setting process;</li><li>(c) how the future recovery of each class (ie each type of cost or income) of regulatory deferral account debit balance or reversal of each class of regulatory deferral account credit balance is affected by risks and uncertainty, for example:<ul style="list-style-type: none"><li>(i) demand risk (for example, changes in consumer attitudes, the availability of alternative sources of supply or the level of competition);</li><li>(ii) regulatory risk (for example, the submission or approval of a rate-setting application or the entity's assessment of the expected future regulatory actions); and</li><li>(iii) other risks (for example, currency or other market risks).</li></ul></li></ul>
31	The disclosures required by paragraph 30 shall be given in the financial statements either directly in the notes or incorporated by

**Appendix – AASB 14 Regulatory Deferral Accounts disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. If the information is not included in the financial statements directly or incorporated by cross-reference, the financial statements are incomplete.

**Explanation of recognised amounts**

RDR 33.1 An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose impairment losses recognised for regulatory deferral account balances.

36 When an entity concludes that a regulatory deferral account balance is no longer fully recoverable or reversible, it shall disclose that fact, the reason why it is not recoverable or reversible and the amount by which the regulatory deferral account balance has been reduced.

### **AASB 15 Revenue from Contracts with Customers**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 15 Revenue from Contracts with Customers

<b>Appendix – AASB 15 Revenue from Contracts with Customers disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>Contracts with customers</b>	
113	An entity shall disclose all of the following amounts for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards: (a) revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue; and
	(b) any impairment losses recognised (in accordance with AASB 9) on any receivables or contract assets arising from an entity's contracts with customers, which the entity shall disclose separately from impairment losses from other contracts.
<b>Disaggregation of revenue</b>	
114	An entity shall disaggregate revenue recognised 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. An entity shall apply the guidance in paragraphs B87–B89 when selecting the categories to use to disaggregate revenue.

**Appendix – AASB 15 Revenue from Contracts with Customers disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Contract balances**

- 116 An entity shall disclose all of the following:
- (a) the closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;

**Performance obligations**

- 119 An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:

- (a) when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service), including when performance obligations are satisfied in a bill-and-hold arrangement;

- (b) the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56-58);

- (d) obligations for returns, refunds and other similar obligations; and

- (e) types of warranties and related obligations.

**Significant judgements in the application of this Standard**

- 123 An entity shall disclose the judgements, and changes in the judgements, made in applying this Standard that significantly affect the determination of the amount and timing of revenue from contracts

**Appendix – AASB 15 Revenue from Contracts with Customers disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

with customers. In particular, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:

- (a) the timing of satisfaction of performance obligations (see paragraphs 124–125); and
- (b) the transaction price and the amounts allocated to performance obligations (see paragraph 126).

**Determining the timing of satisfaction of performance obligations**

125 For performance obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when a customer obtains control of promised goods or services.

**Assets recognised from the costs to obtain or fulfil a contract with a customer**

127 An entity shall describe both of the following:

- (a) the judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95); and

128 An entity shall disclose all of the following:

- (a) the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95); and

**Disclosure of disaggregated revenue**

B87 Paragraph 114 requires an 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

**Appendix – AASB 15 Revenue from Contracts with Customers disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

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.

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.

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);
- (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-

**Appendix – AASB 15 Revenue from Contracts with Customers disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 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).

## AASB 16 Leases

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 16 *Leases*

<b>Appendix – AASB 16 Leases disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Lessee</b>	
<b>51</b>	<b>Disclosure</b> <b>The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. Paragraphs 52–60 specify requirements on how to meet this objective.</b>
53	A lessee shall disclose the following amounts for the reporting period: (a) depreciation charge for right-of-use assets;
	(b) interest expense on lease liabilities;
	(c) the expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less;
	(d) the expense relating to leases of low-value assets accounted for applying paragraph 6;
	(e) the expense relating to variable lease payments not included in the measurement of lease liabilities;
	(f) income from subleasing right-of-use assets;

**Appendix – AASB 16 Leases disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

(g) total cash outflow for leases;

(i) gains or losses arising from sale and leaseback transactions; and

(j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.

55 A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 53(c) relates.

56 If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in AASB 140. In that case, a lessee is not required to provide the disclosures in paragraph 53(a), (f), (h) or (j) for those right-of-use assets.

57 If a lessee measures right-of-use assets at revalued amounts applying AASB 16, the lessee shall disclose the information required by paragraph 77 of AASB 16 for those right-of-use assets.

59 In addition to the disclosures required in paragraphs 53–58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51 (as described in paragraph B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:

(a) the nature of the lessee's leasing activities;

(b) future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.

This includes exposure arising from:

**Appendix – AASB 16 Leases disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (i) variable lease payments (as described in paragraph B49);
  - (ii) extension options and termination options (as described in paragraph B50);
  - (iii) residual value guarantees (as described in paragraph B51); and
  - (iv) leases not yet commenced to which the lessee is committed.
- (c) restrictions or covenants imposed by leases; and
- (d) sale and leaseback transactions (as described in paragraph B52).

**Appendix – AASB 16 Leases disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Lessor**

**Disclosure**

**89 The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor. Paragraphs 90–97 specify requirements on how to meet this objective.**

90 A lessor shall disclose the following amounts for the reporting period:

- (a) for finance leases:
  - (i) selling profit or loss;
  - (ii) finance income on the net investment in the lease; and
  - (iii) income relating to variable lease payments not included in the measurement of the net investment in the lease.

(b) for operating leases, lease income.

92 A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

- (a) the nature of the lessor's leasing activities; and
- (b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in

**Appendix – AASB 16 Leases disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

**Finance leases**

93 A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

94 A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

**Operating leases**

97 A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

**Lessee disclosures (paragraph 59)**

B49 Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (a) the lessee's reasons for using variable lease payments and the prevalence of those payments;
- (b) the relative magnitude of variable lease payments to fixed payments;

**Appendix – AASB 16 Leases disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (c) key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and
- (d) other operational and financial effects of variable lease payments.

B50 Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and

B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (c) the nature of underlying assets for which those guarantees are provided; and

## **AASB 101 Presentation of Financial Statements**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 101 *Presentation of Financial Statements*

<b>Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities</b>	
In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.	
<b>10</b>	<b>Complete set of financial statements</b> <b>A complete set of financial statements comprises:</b> <b>(a) a statement of financial position as at the end of the period;</b> <b>(b) a statement of profit or loss and other comprehensive income for the period;</b> <b>(c) a statement of changes in equity for the period;</b> <b>(d) a statement of cash flows for the period;</b> <b>(e) notes, comprising significant accounting policies and other explanatory information;</b> <b>(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and</b> <b>An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.</b>
<b>General features</b> <b>Fair presentation and compliance with IFRSs</b>	
<b>RDR 15.1 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity applying Australian Accounting Standards – Reduced Disclosure Requirements. Fair presentation requires the faithful representation of the effects of transactions, other events and</b>	

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of the Australian Accounting Standards Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**

**RDR 16.1 Entities applying Australian Accounting Standards – Reduced Disclosure Requirements would not be able to state compliance with IFRSs.**

**17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable Australian Accounting Standards. A fair presentation also requires an entity:**

- (a) to select and apply accounting policies in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. AASB 108 sets out a hierarchy of authoritative guidance that management considers in the absence of an Australian Accounting Standard that specifically applies to an item.**
- (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.**
- (c) to provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.**

**18 An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.**

**19 In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the Framework,**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.**

**Aus19.1 In relation to paragraph 19, the following shall not depart from a requirement in an Australian Accounting Standard:**

- (a) entities required to prepare financial reports under Part 2M.3 of the Corporations Act;
- (b) private and public sector not-for-profit entities; and
- (c) entities applying Australian Accounting Standards – Reduced Disclosure Requirements.

**23 In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the Framework, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:**

- (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Framework; and
- (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.

*Change in accounting policy, retrospective restatement or reclassification*

**41 If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**comparative amounts, it shall disclose:**

- (a) **the nature of the reclassification;**
- (b) **the amount of each item or class of items that is reclassified; and**
- (c) **the reason for the reclassification.**

**42 When it is impracticable to reclassify comparative amounts, an entity shall disclose:**

- (a) **the reason for not reclassifying the amounts;**

**Statement of financial position**

**Information to be presented in the statement of financial position**

**Current/non-current distinction**

**60 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 66–76 except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.**

**61 Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:**

- (a) **no more than twelve months after the reporting period, and**
- (b) **more than twelve months after the reporting period.**

**65 Information about expected dates of realisation of assets and liabilities is useful in assessing the liquidity and solvency of an entity.**

*AASB 7 Financial Instruments: Disclosures* requires disclosure of the maturity dates of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

recovery of non-monetary assets such as inventories and expected date of settlement for liabilities such as provisions is also useful, whether assets and liabilities are classified as current or as non-current. For example, an entity discloses the amount of inventories that are expected to be recovered more than twelve months after the reporting period.

- 76 In respect of loans classified as current liabilities, if the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with AASB 110 *Events after the Reporting Period*:
- (a) refinancing on a long-term basis;
  - (b) rectification of a breach of a long-term loan arrangement; and
  - (c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement ending at least twelve months after the reporting period.

**Information to be presented either in the statement of financial position or in the notes**

- 77 **An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.**

- 79 **An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:**

- (a) **for each class of share capital:**
  - (ii) **the number of shares issued;**
  - (v) **the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**RDR 80.1 An entity applying Australian Accounting Standards – Reduced Disclosure Requirements without share capital, such as a partnership or trust, shall disclose the rights, preferences and restrictions attaching to its equity capital.**

**80A If an entity has reclassified**

- (a) a puttable financial instrument classified as an equity instrument, or
- (b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument

between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and reason for that reclassification.

**Statement of profit or loss and other comprehensive income**

**81A The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections:**

- (a) profit or loss;
- (b) total other comprehensive income;
- (c) comprehensive income for the period, being the total of profit or loss and other comprehensive income.

**If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.**

**Information to be presented in the profit or loss section of the statement of profit or loss**

**82 In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**loss shall include line items that present the following amounts for the period:**

- (a) revenue, presenting separately interest revenue calculated using the effective interest method;
- (aa) gains and losses arising from the derecognition of financial assets measured at amortised cost;
- (b) finance costs;
- (ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;
- (c) share of the profit or loss of associates and joint ventures accounted for using the equity method;
- (ca) if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in AASB 9);
- (cb) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;
- (d) tax expense;
- (ea) a single amount for the total of discontinued operations (see AASB 5).

85B An entity shall present line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in Australian Accounting Standards for such statement(s).

**Other comprehensive income for the period**

**RDR 90.1 An entity applying Australian Accounting Standards –**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**Reduced Disclosure Requirements shall disclose the aggregate amount of income tax relating to items recognised in other comprehensive income.**

**Information to be presented in the statement(s) of profit or loss and other comprehensive income or in the notes**

**97 When items of income or expense are material, an entity shall disclose their nature and amount separately.**

98 Circumstances that would give rise to the separate disclosure of items of income and expense include:

- (a) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;
- (b) restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;
- (c) disposals of items of property, plant and equipment;
- (d) disposals of investments;
- (e) discontinued operations;
- (f) litigation settlements; and
- (g) other reversals of provisions.

**Information to be presented in the statement of changes in equity or in the notes**

**107 An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period**

**Disclosure of accounting policies**

**117 An entity shall disclose its significant accounting policies comprising:**

- (a) the measurement basis (or bases) used in preparing the financial statements; and
- (b) the other accounting policies used that are relevant to an

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**understanding of the financial statements.**

118 It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.

119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Australian Accounting Standards. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see AASB 140 *Investment Property*). Some Australian Accounting Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, AASB 116 requires disclosure of the measurement bases used for classes of property, plant and equipment.

121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by Australian Accounting Standards/NZ IFRSs but the entity selects and applies in accordance with AASB 108.

**122 An entity shall along with its significant accounting policies or**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**

123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:

- (b) when substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities;
- (c) whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue.
- (d) whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

124 Some of the disclosures made in accordance with paragraph 122 are required by other Australian Accounting Standards. For example, AASB 12 *Disclosure of Interests in Other Entities* requires an entity to disclose the judgements it has made in determining whether it controls another entity. AASB 140 requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, when classification of the property is difficult.

**Sources of estimation uncertainty**

**125 An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall**

**Appendix – AASB 101 Presentation of Financial Statements disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

**include details of:**

- (a) **their nature, and**
- (b) **their carrying amount as at the end of the reporting period.**

**Capital**

135 the entity discloses the following:

- (a)
  - (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and
  - (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The entity bases these disclosures on the information provided internally to key management personnel.

Aus136.1 The application of paragraphs 134–136 is limited to each entity that is required to prepare financial reports in accordance with Part 2M3 of the Corporations Act and that is a reporting entity.

**Puttable financial instruments classified as equity**

**136A For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):**

- (c) **the expected cash outflow on redemption or repurchase of that class of financial instruments; and**
- (d) **information about how the expected cash outflow on redemption or repurchase was determined.**

**Other disclosures**

**137 An entity shall disclose in the notes:**

- (a) **the amount of dividends proposed or declared before the financial statements were authorised for issue but not**

**Appendix – AASB 101 *Presentation of Financial Statements* disclosures applying to Tier 2 entities**

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

- recognised as a distribution to owners during the period;  
and**
- (b) the amount of any cumulative preference dividends not recognised.**

**138 An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:**

- (d) if it is a limited life entity, information regarding the length of its life.**

## AASB 102 Inventories

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 102 *Inventories*

<b>Appendix – AASB 102 Inventories disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>36</b>	<b>The financial statements shall disclose:</b>
(b)	<b>the total carrying amount of inventories;</b>
(d)	<b>the amount of inventories recognised as an expense during the period;</b>
(e)	<b>the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34;</b>
(f)	<b>the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period in accordance with paragraph 34;</b>
(g)	<b>the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph 34; and</b>
(h)	<b>the carrying amount of inventories pledged as security for liabilities.</b>
<b>Aus36.1 Notwithstanding paragraph 36, in respect of not-for-profit entities, the financial statements shall disclose:</b>	
(b)	<b>the total carrying amount of inventories held for</b>

**Appendix – AASB 102 Inventories disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**distribution;**

- |    |  |
|----|--|
| 38 | The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, such as distribution costs.   |
| 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. |

### **AASB 107 Statement of Cash Flows**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 107 *Statement of Cash Flows*

<b>Appendix – AASB 107 Statement of Cash Flows disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Changes in ownership interests in subsidiaries and other businesses</b>	
<b>39</b>	<b>The aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses shall be presented separately and classified as investing activities</b>
<b>40</b>	<b>An entity shall disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period each of the following:</b> <b>(a) the total consideration paid or received;</b> <b>(b) the portion of the consideration consisting of cash and cash equivalents;</b> <b>(c) the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and</b> <b>(d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, summarised by each major category.</b>
40A	An investment entity, as defined in AASB 10 <i>Consolidated Financial Statements</i> , need not apply paragraphs 40(c) or 40(d) to an investment in a subsidiary that is required to be measured at fair value through profit or loss.

**Appendix – AASB 107 Statement of Cash Flows disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

41 The separate presentation of the cash flow effects of obtaining or losing control of subsidiaries or other businesses as single line items, together with the separate disclosure of the amounts of assets and liabilities acquired or disposed of, helps to distinguish those cash flows from the cash flows arising from the other operating, investing and financing activities. The cash flow effects of losing control are not deducted from those of obtaining control.

42 The aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents acquired or disposed of as part of such transactions, events or changes in circumstances.

42A Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in AASB 10, and is required to be measured at fair value through profit or loss.

42B Changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions (see AASB 10), unless the subsidiary is held by an investment entity and is required to be measured at fair value through profit or loss. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners described in paragraph 17.

**Non-cash transactions**

**43 Investing and financing transactions that do not require the use of**

**Appendix – AASB 107 Statement of Cash Flows disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.**

- 44 Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:
- (a) the acquisition of assets either by assuming directly related liabilities or by means of a finance lease;
  - (b) the acquisition of an entity by means of an equity issue; and
  - (c) the conversion of debt to equity.

**Components of cash and cash equivalents**

- 45 **An entity shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in the statement of financial position.**

- 46 In view of the variety of cash management practices and banking arrangements around the world and in order to comply with AASB 101 *Presentation of Financial Statements*, an entity discloses the policy which it adopts in determining the composition of cash and cash equivalents.

**Appendix – AASB 107 Statement of Cash Flows disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 47 The effect of any change in the policy for determining components of cash and cash equivalents, for example, a change in the classification of financial instruments previously considered to be part of an entity's investment portfolio, is reported in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

**Other disclosures**

- 48 An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.**

- 49 There are various circumstances in which cash and cash equivalent balances held by an entity are not available for use by the group. Examples include cash and cash equivalent balances held by a subsidiary that operates in a country where exchange controls or other legal restrictions apply when the balances are not available for general use by the parent or other subsidiaries.

**AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

<b>Appendix – AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors disclosures applying to Tier 2 entities</b>	
For disclosures requirements relating to changes in accounting policies, Tier 2 entities should refer to this Standard.	
<b>Accounting policies</b>	
<b>Disclosure</b>	
<b>28</b>	<p><b>When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:</b></p> <p>(a) the title of the Australian Accounting Standard;</p> <p>(c) the nature of the change in accounting policy;</p> <p>(f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:</p> <p>(i) for each financial statement line item affected; and</p>
Financial statements of subsequent periods need not repeat these disclosures.	
<b>29</b>	<p><b>When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:</b></p> <p>(a) the nature of the change in accounting policy;</p> <p>(b) the reasons why applying the new accounting policy provides reliable and more relevant information;</p> <p>(c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:</p>

**Appendix – AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors disclosures applying to Tier 2 entities**

For disclosures requirements relating to changes in accounting policies, Tier 2 entities should refer to this Standard.

	<b>(i) for each financial statement line item affected; and</b>
<b>(e)</b>	<b>if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.</b> <b>Financial statements of subsequent periods need not repeat these disclosures.</b>
<b>Changes in accounting estimates</b>	
	<b>Disclosure</b>
<b>39</b>	<b>An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.</b>
<b>40</b>	<b>If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.</b>
<b>Errors</b>	
	<b>Disclosure of prior period errors</b>
<b>49</b>	<b>In applying paragraph 42, an entity shall disclose the following:</b>
	<b>(a) the nature of the prior period error;</b>
	<b>(b) for each prior period presented, to the extent practicable, the amount of the correction:</b>
	<b>(i) for each financial statement line item affected; and</b>
	<b>(d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.</b> <b>Financial statements of subsequent periods need not repeat these disclosures.</b>

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### **AASB 110 Events after the Reporting Period**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 110 *Events after the Reporting Period*

<b>Appendix – AASB 110 Events after the Reporting Period disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Dividends</b>	
13	If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time.
<b>Disclosure</b>	
<b>Date of authorisation for issue</b>	
17	<b>An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.</b>
<b>Updating disclosure about conditions at the end of the reporting period</b>	
19	<b>If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.</b>
20	In some cases, an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognises in its financial statements. One example of the need to update disclosures is when evidence becomes available after the reporting period about a contingent liability that existed at the end of

**Appendix – AASB 110 Events after the Reporting Period disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

the reporting period. In addition to considering whether it should recognise or change a provision under AASB 137, an entity updates its disclosures about the contingent liability in the light of that evidence.

**Non-adjusting events after the reporting period**

**21 If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:**

- (a) (a) the nature of the event; and
- (b) (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

22 The following are examples of non-adjusting events after the reporting period that would generally result in disclosure:

- (a) a major business combination after the reporting period (AASB 3 *Business Combinations* requires specific disclosures in such cases) or disposing of a major subsidiary;
- (b) announcing a plan to discontinue an operation;
- (c) major purchases of assets, classification of assets as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by government;
- (d) the destruction of a major production plant by a fire after the reporting period;
- (e) announcing, or commencing the implementation of, a major restructuring (see AASB 137);
- (g) abnormally large changes after the reporting period in asset prices or foreign exchange rates;
- (h) changes in tax rates or tax laws enacted or announced after the

**Appendix – AASB 110 Events after the Reporting Period disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

reporting period that have a significant effect on current and deferred tax assets and liabilities (see AASB 112 *Income Taxes*);

- (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and
- (j) commencing major litigation arising solely out of events that occurred after the reporting period.

## AASB 112 *Income Taxes*

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 112 *Income Taxes*

<b>Appendix – AASB 112 <i>Income Taxes</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>81</b>	<b>The following shall also be disclosed separately:</b>
	(a) the aggregate current and deferred tax relating to items that are charged or credited directly to equity (see paragraph 62A);
	(c) an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms: (i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or (ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed;
	(d) an explanation of changes in the applicable tax rate(s) compared to the previous reporting period;
<b>RDR 81.1</b>	<b>An entity applying Australian Accounting Standards –</b>

**Appendix – AASB 112 *Income Taxes* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Reduced Disclosure Requirements shall disclose the aggregate amount of current and deferred income tax relating to items recognised in other comprehensive income.**

**82A In the circumstances described in paragraph 52A, an entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders.**

84 The disclosure required by paragraph 81(c) enables users of financial statements to understand whether the relationship between tax expense (income) and accounting profit is unusual and to understand the significant factors that could affect that relationship in the future. The relationship between tax expense (income) and accounting profit may be affected by such factors as revenue that is exempt from taxation, expenses that are not deductible in determining taxable profit (tax loss), the effect of tax losses and the effect of foreign tax rates.

85 In explaining the relationship between tax expense (income) and accounting profit, an entity uses an applicable tax rate that provides the most meaningful information to the users of its financial statements. Often, the most meaningful rate is the domestic rate of tax in the country in which the entity is domiciled, aggregating the tax rate applied for national taxes with the rates applied for any local taxes which are computed on a substantially similar level of taxable profit (tax loss). However, for an entity operating in several jurisdictions, it may be more meaningful to aggregate separate reconciliations prepared using the domestic rate in each individual jurisdiction. The following example illustrates how the selection of the applicable tax rate affects the presentation of the numerical reconciliation.

86 The average effective tax rate is the tax expense (income) divided by the accounting profit.

**Appendix – AASB 112 *Income Taxes* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

87A Paragraph 82A requires an entity to disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. An entity discloses the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends.

88 An entity discloses any tax-related contingent liabilities and contingent assets in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Contingent liabilities and contingent assets may arise, for example, from unresolved disputes with the taxation authorities. Similarly, where changes in tax rates or tax laws are enacted or announced after the reporting period, an entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities (see AASB 110 *Events after the Reporting Period*).

### **AASB 116 Property, Plant and Equipment**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 116 *Property, Plant and Equipment*

<b>Appendix – AASB 116 Property, Plant and Equipment disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>73</b>	<b>The financial statements shall disclose, for each class of property, plant and equipment:</b>
	(d) <b>the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and</b>
	(e)(vii) <b>depreciation;</b>
<b>74</b>	<b>The financial statements shall also disclose:</b>
	(a) <b>the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;</b>
	(c) <b>the amount of contractual commitments for the acquisition of property, plant and equipment; and</b>
<b>76</b>	In accordance with AASB 108 an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to: (a) residual values; (b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;

**Appendix – AASB 116 Property, Plant and Equipment disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (c) useful lives; and
- (d) depreciation methods.

**77 If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by AASB 13:**

- (f) **the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.**

## **AASB 119 Employee Benefits**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 119 *Employee Benefits*

<b>Appendix – AASB 119 Employee Benefits disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Multi-employer plans</b>	
<b>33</b>	<b>If an entity participates in a multi-employer defined benefit plan, unless paragraph 34 applies, it shall:</b> (a) account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan; and (b) disclose the information required by paragraphs 135–148 (excluding paragraph 148(d)).
<b>34</b>	<b>When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity shall:</b> (a) account for the plan in accordance with paragraphs 51 and 52 as if it were a defined contribution plan; and (b) disclose the information required by paragraph 148.
<b>Defined benefit plans that share risks between entities under common control</b>	
<b>42</b>	Participation in such a plan is a related party transaction for each individual group entity. An entity shall therefore, in its separate or individual financial statements disclose the information required by paragraph 149.

**Appendix – AASB 119 Employee Benefits disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Post-employment benefits: defined contribution plans**

**53 An entity shall disclose the amount recognised as an expense for defined contribution plans.**

**Characteristics of defined benefit plans and risks associated with them**

139 An entity shall disclose:

- (a) information about the characteristics of its defined benefit plans, including:
  - (ii) a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (see paragraph 64).
- (b) a description of the risks to which the plan exposes the entity, focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments, eg property, the plan may expose the entity to a concentration of property market risk

**Explanation of amounts in the financial statements**

141 shall show each of the following, if applicable:

- (c) remeasurements of the net defined benefit liability (asset),
- (f) contributions to the plan,
- (g) payments from the plan

142 An entity shall disaggregate the fair value of the plan assets into

**Appendix – AASB 119 Employee Benefits disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in AASB 13 *Fair Value Measurement*) and those that do not.

143 An entity shall disclose the fair value of the entity's own transferable financial instruments held as plan assets, and the fair value of plan assets that are property occupied by, or other assets used by, the entity.

144 An entity shall disclose the significant actuarial assumptions used to determine the present value of the defined benefit obligation (see paragraph 76).

**Amount, timing and uncertainty of future cash flows**

146 An entity shall disclose a description of any asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk.

147 To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:

- (a) a description of any funding arrangements and funding policy that affect future contributions.
- (b) the expected contributions to the plan for the next annual reporting period.
- (c) information about the maturity profile of the defined benefit obligation.

**Multi-employer plans**

148 If an entity participates in a multi-employer defined benefit plan, it shall disclose:

**Appendix – AASB 119 Employee Benefits disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- |     |   |
|-----|---|
| (a) | a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.  |
| (b) | a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.  |
| (c) | a description of any agreed allocation of a deficit or surplus on:<br>(i) wind-up of the plan; or<br>(ii) the entity's withdrawal from the plan.  |
| (d) | if the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, it shall disclose the following, in addition to the information required by (a)–(c) and instead of the information required by paragraphs 139–147:<br>(i) the fact that the plan is a defined benefit plan. |
|     | (ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.   |
|     | (iii) the expected contributions to the plan for the next annual reporting period.  |
|     | (iv) information about any deficit or surplus in the plan that may affect the amount of future contributions,   |

**Appendix – AASB 119 Employee Benefits disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Defined benefit plans that share risks between entities under common control**

- 149 If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose:
- (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy.

**AASB 120 Accounting for Government Grants and Disclosure of Government Assistance**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 120 Accounting for Government Grants and Disclosure of Government Assistance

<b>Appendix – AASB 120 Accounting for Government Grants and Disclosure of Government Assistance disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>39</b>	<b>The following matters shall be disclosed:</b>
(b)	<b>the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and</b>
(c)	<b>unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.</b>

**AASB 121 *The Effects of Changes in Foreign Exchange Rates***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 121 *The Effects of Changes in Foreign Exchange Rates*

<b>Appendix – AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>51</b>	<b>In paragraphs 53 and 55–57 references to ‘functional currency’ apply, in the case of a group, to the functional currency of the parent.</b>
<b>52</b>	<b>An entity shall disclose:</b> <b>(a) the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with AASB 9; and</b>
<b>53</b>	<b>When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency.</b>
<b>RDR 55.1</b>	<b>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 – Reduced Disclosure Requirements only if they comply with all the requirements of Australian Accounting Standards – Reduced Disclosure Requirements including the</b>

**Appendix – AASB 121 *The Effects of Changes in Foreign Exchange Rates* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**translation method set out in paragraphs 39 and 42.**

**RDR 57.1 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 RDR 55.1 are not met, it shall clearly identify the information as supplementary information to distinguish it from the information that complies with Australian Accounting Standards – Reduced Disclosure Requirements.**

### **AASB 123 *Borrowing Costs***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 123 *Borrowing Costs*

<b>Appendix – AASB 123 <i>Borrowing Costs</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>26</b>	<b>An entity shall disclose:</b>
	<b>(a) the amount of borrowing costs capitalised during the period; and</b>

### **AASB 124 Related Party Disclosures**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 124 *Related Party Disclosures*

<b>Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosures</b>	
<b>All entities</b>	
<b>13</b>	<b>Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.</b>
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.
15	The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127 and AASB 12 <i>Disclosure of Interests in Other Entities</i> .
<b>17</b>	<b>An entity shall disclose key management personnel compensation in total.</b>
<b>17A</b>	<b>If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required</b>

**Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**to apply the requirements in paragraph 17 to the compensation paid or payable by the management entity to the management entity's employees or directors.**

- 18** If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:
- (a) the amount of the transactions;
  - (b) the amount of outstanding balances, including commitments, and:
    - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
    - (ii) details of any guarantees given or received;
  - (c) provisions for doubtful debts related to the amount of outstanding balances; and
  - (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

**18A** Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

**Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 19** The disclosures required by paragraph 18 shall be made separately for each of the following categories:
- (a) the parent;
  - (b) entities with joint control of, or significant influence over the entity;
  - (c) subsidiaries;
  - (d) associates;
  - (e) joint ventures in which the entity is a joint venturer;
  - (f) key management personnel of the entity or its parent; and
  - (g) other related parties.

20 The classification of amounts payable to, and receivable from, related parties in the different 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.

**Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 21 The following are examples of transactions that are disclosed if they are with a related party:
- (a) purchases or sales of goods (finished or unfinished);
  - (b) purchases or sales of property and other assets;
  - (c) rendering or receiving of services;
  - (d) leases;
  - (e) transfers of research and development;
  - (f) transfers under licence agreements;
  - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
  - (h) provision of guarantees or collateral;
  - (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts [footnote omitted] (recognised and unrecognised); and
  - (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.

- 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.

**Government-related entities**

- 25 A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and**

**Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**outstanding balances, including commitments, with:**

- (a) a government that has control or joint control of, or significant influence over, the reporting entity; and
- (b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

**26 If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:**

- (a) the name of the government and the nature of its relationship with the reporting entity (ie control, joint control or significant influence);
- (b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:
  - (i) the nature and amount of each individually significant transaction; and
  - (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 21.

**Appendix – AASB 124 Related Party Disclosures disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- 27 In using its judgement to determine the level of detail to be disclosed in accordance with the requirements in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:
- (a) significant in terms of size;
  - (b) carried out on non-market terms;
  - (c) outside normal day-to-day business operations, such as the purchase and sale of businesses;
  - (d) disclosed to regulatory or supervisory authorities;
  - (e) reported to senior management;
  - (f) subject to shareholder approval.

### **AASB 127 *Separate Financial Statements***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 127 *Separate Financial Statements*

<b>Appendix – AASB 127 <i>Separate Financial Statements</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>15</b>	<b>An entity shall apply all applicable Australian Accounting Standards when providing disclosures in its separate financial statements, including the requirements in paragraphs 16–17.</b>
<b>16</b>	<b>When a parent, in accordance with paragraph 4(a) of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:</b>
	(a) <b>the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used;</b>
	(b) <b>a list of significant investments in subsidiaries, joint ventures and associates, including:</b>
	(i) <b>the name of those investees.</b>
	(iii) <b>its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.</b>
<b>16A</b>	<b>When an investment entity that is a parent (other than a parent covered by paragraph 16) prepares, in accordance with</b>

<b>Appendix – AASB 127 Separate Financial Statements disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>paragraph 8A, separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by AASB 12 <i>Disclosure of Interests in Other Entities</i>.</b>	
<b>17</b>	<b>When a parent (other than a parent covered by paragraphs 16–16A) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with AASB 10, AASB 11 or AASB 128 to which they relate. The parent or investor shall also disclose in its separate financial statements:</b>
	<b>(a) the fact that the statements are separate financial statements</b>
	<b>(b) a list of significant investments in subsidiaries, joint ventures and associates, including:</b>
	<b>(i) the name of those investees.</b>
	<b>(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.</b>

## **AASB 129 *Financial Reporting in Hyperinflationary Economies***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 129 *Financial Reporting in Hyperinflationary Economies*

### **Appendix – AASB 129 *Financial Reporting in Hyperinflationary Economies* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

#### **Disclosures**

**39** The following disclosures shall be made:

- (a) the fact that the financial statements and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period;
- (b) whether the financial statements are based on a historical cost approach or a current cost approach; and
- (c) the identity and level of the price index at the end of the reporting period and the movement in the index during the current and the previous reporting period.

### **AASB 134 Interim Financial Reporting**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 134 *Interim Financial Reporting*

<b>Appendix – AASB 134 Interim Financial Reporting disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Significant events and transactions</b>	
15	An entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.
15B	The following is a list of events and transactions for which disclosures would be required if they are significant: the list is not exhaustive. <ul style="list-style-type: none"><li>(a) the write-down of inventories to net realisable value and the reversal of such a write-down;</li><li>(b) recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, assets arising from contracts with customers, or other assets, and the reversal of such an impairment loss;</li><li>(c) the reversal of any provisions for the costs of restructuring;</li><li>(d) acquisitions and disposals of items of property, plant and equipment;</li><li>(e) commitments for the purchase of property, plant and equipment;</li><li>(f) litigation settlements;</li></ul>

**Appendix – AASB 134 Interim Financial Reporting disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (g) corrections of prior period errors;
- (h) changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
- (i) any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period;
- (j) related party transactions;
- (k) transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments;
- (l) changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and
- (m) changes in contingent liabilities or contingent assets.

15C Individual Australian Accounting Standards provide guidance regarding disclosure requirements for many of the items listed in paragraph 15B. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an explanation of and an update to the relevant information included in the financial statements of the last annual reporting period.]

**Appendix – AASB 134 Interim Financial Reporting disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Other disclosures**

**16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial statements or elsewhere in the interim financial report. The following disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete. The information shall normally be reported on a financial year-to-date basis.**

(a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.

(b) explanatory comments about the seasonality or cyclical nature of interim operations.

(c) the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

(d) the nature and amount of changes in estimates of amounts

**Appendix – AASB 134 Interim Financial Reporting disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

	<b>reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.</b>
(e)	<b>issues, repurchases and repayments of debt and equity securities.</b>
(f)	<b>dividends paid (aggregate) separately for ordinary shares and other shares.</b>
(h)	<b>events after the interim period that have not been reflected in the financial statements for the interim period.</b>
(i)	<b>the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by AASB 3 <i>Business Combinations</i>.</b>
(k)	<b>for entities becoming, or ceasing to be, investment entities, as defined in AASB 10 <i>Consolidated Financial Statements</i>, the disclosures in AASB 12 <i>Disclosure of Interests in Other Entities</i> paragraph 9B.</b>
(l)	<b>the disaggregation of revenue from contracts with customers required by paragraphs 114 of AASB 15 <i>Revenue from Contracts with Customers</i>.</b>
	<b>Disclosure of compliance with Australian Accounting Standards</b>
	<b>RDR19.1 If an entity's interim financial report is in compliance with this</b>

**Appendix – AASB 134 Interim Financial Reporting disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Standard as it applies to entities applying the Australian Accounting Standards – Reduced Disclosure Requirements, that fact shall be disclosed. An interim financial report shall not be described as complying with Australian Accounting Standards – Reduced Disclosure Requirements unless it complies with all of the requirements of Australian Accounting Standards – Reduced Disclosure Requirements.**

**Disclosure in annual financial statements**

**26 If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note to the annual financial statements for that financial year.**

27 AASB 8 requires disclosure of the nature and (if practicable) the amount of a change in estimate that either has a material effect in the current period or is expected to have a material effect in subsequent periods. Paragraph 16A(d) of this Standard requires similar disclosure in an interim financial report. Examples include changes in estimate in the final interim period relating to inventory write-downs, restructurings, or impairment losses that were reported in an earlier interim period of the financial year. The disclosure required by the preceding paragraph is consistent with the AASB 8 requirement and is intended to be narrow in scope—relating only to the change in estimate. An entity is not required to include additional interim period financial information in its annual financial statements.

### AASB 136 *Impairment of Assets*

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 136 *Impairment of Assets*

<b>Appendix – AASB 136 <i>Impairment of Assets</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>126</b>	<b>An entity shall disclose the following for each class of assets:</b> <ul style="list-style-type: none"><li>(a) <b>the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are included.</b></li><li>(b) <b>the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are reversed.</b></li><li>(c) <b>the amount of impairment losses on revalued assets recognised in other comprehensive income during the period.</b></li><li>(d) <b>the amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period.</b></li></ul>
127	A class of assets is a grouping of assets of similar nature and use in an entity's operations.
128	The information required in paragraph 126 may be presented with other information disclosed for the class of assets.

**Appendix – AASB 136 *Impairment of Assets* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

<b>130</b>	<b>An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:</b>
(a)	<b>the events and circumstances that led to the recognition or reversal of the impairment loss.</b>
(b)	<b>the amount of the impairment loss recognised or reversed.</b>
(c)	<b>for an individual asset:</b>
(i)	<b>the nature of the asset</b>
(d)	<b>for a cash-generating unit:</b>
(i)	<b>a description of the cash-generating unit</b>
(ii)	<b>the amount of the impairment loss recognised or reversed by class of assets</b>
(f)	<b>if the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:</b>
(iii)	<b>for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash-generating unit's) recoverable amount is most sensitive. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.</b>

**Appendix – AASB 136 *Impairment of Assets* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (g) **if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.**

**Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives**

**134 An entity shall disclose the information required for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:**

- (d) **if the unit's (group of units') recoverable amount is based on value in use:**
- (i) **each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.**
  - (ii) **a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.**

**Appendix – AASB 136 *Impairment of Assets* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (iii) **the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.**
- (iv) **the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.**
- (v) **the discount rate(s) applied to the cash flow projections.**

**AASB 137 Provisions, Contingent Liabilities and Contingent Assets**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

<b>Appendix – AASB 137 Provisions, Contingent Liabilities and Contingent Assets disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
75	A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period: (a) started to implement the restructuring plan; or (b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.
<b>Disclosure</b>	
85	<b>An entity shall disclose the following for each class of provision:</b> (a) <b>a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;</b> (b) <b>an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48; and</b> (c) <b>the amount of any expected reimbursement, stating the</b>

**Appendix – AASB 137 Provisions, Contingent Liabilities and Contingent Assets disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**amount of any asset that has been recognised for that expected reimbursement.**

**86 Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:**

**(a) an estimate of its financial effect, measured under paragraphs 36–52;**

**(b) an indication of the uncertainties relating to the amount or timing of any outflow; and**

**(c) the possibility of any reimbursement.**

87 In determining which provisions or contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfil the requirements of paragraphs 85(a) and (b) and 86(a) and (b). Thus, it may be appropriate to treat as a single class of provision amounts relating to warranties of different products, but it would not be appropriate to treat as a single class amounts relating to normal warranties and amounts that are subject to legal proceedings.

88 Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the disclosures required by paragraphs 84–86 in a way that shows the link between the provision and the contingent liability.

**89 Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an**

**Appendix – AASB 137 Provisions, Contingent Liabilities and Contingent Assets disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**estimate of their financial effect, measured using the principles set out for provisions in paragraphs 36–52.**

90 It is important that disclosures for contingent assets avoid giving misleading indications of the likelihood of income arising.

**91 Where any of the information required by paragraphs 86 and 89 is not disclosed because it is not practicable to do so, that fact shall be stated.**

**92 In extremely rare cases, disclosure of some or all of the information required by paragraphs 84–89 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.**

### **AASB 138 Intangible Assets**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 138 *Intangible Assets*

<b>Appendix – AASB 138 Intangible Assets disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>General</b>	
<b>118</b>	<b>An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</b>
	(a) <b>whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used;</b>
	(c) <b>the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period;</b>
119	A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include:
	(a) brand names;
	(b) mastheads and publishing titles;
	(c) computer software;
	(d) licences and franchises;
	(e) copyrights, patents and other industrial property rights, service and operating rights;
	(f) recipes, formulae, models, designs and prototypes; and

<b>Appendix – AASB 138 Intangible Assets disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
	(g) intangible assets under development. The classes mentioned above are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.
121	AASB 108 requires an entity to disclose the nature and amount of a change in an accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods. Such disclosure may arise from changes in: (a) the assessment of an intangible asset's useful life; (b) the amortisation method; or (c) residual values.
<b>122</b>	<b>An entity shall also disclose:</b>
	(d) <b>the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities.</b>
	(e) <b>the amount of contractual commitments for the acquisition of intangible assets.</b>
	<b>Intangible assets measured after recognition using the revaluation model</b>
<b>124</b>	<b>If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:</b>
	(b) <b>the amount of the revaluation surplus and any restrictions on the distribution of the balance to shareholders.</b>

**Appendix – AASB 138 *Intangible Assets* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Research and development expenditure**

**126 An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period**

127 Research and development expenditure comprises all expenditure that is directly attributable to research or development activities (see paragraphs 66 and 67 for guidance on the type of expenditure to be included for the purpose of the disclosure requirement in paragraph 126).

## AASB 140 *Investment Property*

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 140 *Investment Property*

<b>Appendix – AASB 140 <i>Investment Property</i> disclosures applying to Tier 2 entities (Paragraphs 74, 77 and 78 are amended and paragraph 75(b) deleted by AASB 16 <i>Leases</i>)</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>Fair value model and cost model</b>	
74	The disclosures below apply in addition to those in <del>AASB 117</del> AASB 16. In accordance with <del>AASB 117</del> AASB 16, the owner of an investment property provides lessors' disclosures about leases into which it has entered.
75	<b>An entity shall disclose:</b>
	(f) <b>the amounts recognised in profit or loss for:</b>
	(i) <b>rental income from investment property;</b>
	(g) <b>the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.</b>
	(h) <b>contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.</b>
<b>Fair value model</b>	
78	<b>In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in</b>

**Appendix – AASB 140 *Investment Property* disclosures applying to Tier 2 entities (Paragraphs 74, 77 and 78 are amended and paragraph 75(b) deleted by AASB 16 *Leases*)**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**AASB 116 or in accordance with AASB 16, an entity shall disclose:**

- (a) a description of the investment property;
- (b) an explanation of why fair value cannot be measured reliably;

**Cost model**

**79 In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:**

- (a) the depreciation methods u
- (c) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
- (iv) depreciation;

## **AASB 141 Agriculture**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 141 Agriculture

<b>Appendix – AASB 141 Agriculture disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
<b>General</b>	
<b>40</b>	<b>An entity shall disclose the aggregate gain or loss arising during the current period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets.</b>
<b>41</b>	<b>An entity shall provide a description of each group of biological assets.</b>
42	The disclosure required by paragraph 41 may take the form of a narrative or quantified description.
<b>46</b>	<b>If not disclosed elsewhere in information published with the financial statements, an entity shall describe:</b> <b>(a) the nature of its activities involving each group of biological assets; and</b>
<b>49</b>	<b>An entity shall disclose:</b> <b>(a) the existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities;</b> <b>(b) the amount of commitments for the development or acquisition of biological assets; and</b>

**Appendix – AASB 141 Agriculture disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- (c) **financial risk management strategies related to agricultural activity.**

**Additional disclosures for biological assets where fair value cannot be measured reliably**

**54 If an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30) at the end of the period, the entity shall disclose for such biological assets:**

- (b) **an explanation of why fair value cannot be measured reliably;**

- (f) **the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.**

**55 If, during the current period, an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30), an entity shall disclose any gain or loss recognised on disposal of such biological assets and the following amounts included in profit or loss related to those biological assets:**

- (c) **depreciation.**

**56 If the fair value of biological assets previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measurable during the current period, an entity shall disclose for those biological assets:**

- (a) **a description of the biological assets;**  
(b) **an explanation of why fair value has become reliably**

**Appendix – AASB 141 Agriculture disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

- measurable; and
- (c) the effect of the change.

**Government grants**

**57 An entity shall disclose the following related to agricultural activity covered by this Standard:**

- (a) the nature and extent of government grants recognised in the financial statements;
- (b) unfulfilled conditions and other contingencies attaching to government grants; and
- (c) significant decreases expected in the level of government grants.

### **AASB 1054 Australian Additional Disclosures**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – AASB 1054 *Australian Additional Disclosures*

<b>Appendix – AASB 1054 Australian Additional Disclosures disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Compliance with Australian Accounting Standards</b>	
RDR 7.1	An entity whose financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Australian Accounting Standards – Reduced Disclosure Requirements unless they comply with all the requirements of Australian Accounting Standards – Reduced Disclosure Requirements.
<b>Reporting Framework</b>	
8	An entity shall disclose in the notes: (a) the statutory basis or other reporting framework, if any, under which the financial statements are prepared; and (b) whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.
<b>General Purpose or Special Purpose Financial Statements</b>	
9	An entity shall disclose in the notes whether the financial statements are general purpose financial statements or <i>special purpose financial statements</i> .

**Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*

**Appendix – Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Disclosure**

- |    |  |
|----|--|
| 13 | When a change in the redemption prohibition leads to a transfer between financial liabilities and equity, the entity shall disclose separately the amount, timing and reason for the transfer. |
|----|--|

**Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

<b>Appendix – Interpretation 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Disclosure</b>	
11	A contributor shall disclose the nature of its interest in a fund and any restrictions on access to the assets in the fund.
12	When a contributor has an obligation to make potential additional contributions that is not recognised as a liability (see paragraph 10), it shall make the disclosures required by paragraph 86 of AASB 137.
13	When a contributor accounts for its interest in the fund in accordance with paragraph 9, it shall make the disclosures required by paragraphs 85(c) of AASB 137.

**Interpretation 14—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – Interpretation 14—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

**Appendix – Interpretation 14—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* disclosures applying to Tier 2 entities**

With respect to accounting policies, the disclosure requirements for Tier 2 entities 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 where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

**Consensus**

**Availability of a refund or reduction in future contributions**

- 10 In accordance with AASB 101, the entity shall disclose information about the key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of the net asset or liability recognised in the statement of financial position. This might include disclosure of any restrictions on the current realisability of the surplus or disclosure of the basis used to determine the amount of the economic benefit available.

### **Interpretation 17 *Distributions of Non-cash Assets to Owners***

The following are the disclosures to be required under Tier 2 as identified in the Appendix – Interpretation 17 *Distributions of Non-cash Assets to Owners*

<b>Appendix – Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i> disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Presentation and disclosures</b>	
15	An entity shall present the difference described in paragraph 14 as a separate line item in profit or loss.
17	If, after the end of the reporting period but before the financial statements are authorised for issue, an entity declares a dividend to distribute a non-cash asset, it shall disclose:
	(a) the nature of the asset to be distributed;
	(b) the carrying amount of the asset to be distributed as of the end of the reporting period; and

**Interpretation 129 Service Concession Arrangements: Disclosures**

The following are the disclosures to be required under Tier 2 as identified in the Appendix – Interpretation 129 *Service Concession Arrangements: Disclosures*

<b>Interpretation 129 Service Concession Arrangements: Disclosures disclosures applying to Tier 2 entities</b>	
With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 <i>Presentation of Financial Statements</i> paragraphs 117-133 and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> paragraphs 28-31 and 39-40 apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.	
<b>Consensus</b>	
6	All aspects of a service concession arrangement shall be considered in determining the appropriate disclosures in the notes. An operator and a grantor shall disclose the following in each period: <ul style="list-style-type: none"><li>(a) a description of the arrangement;</li><li>(b) significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (eg the period of the concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined);</li><li>(c) the nature and extent (eg quantity, time period or amount as appropriate) of:<ul style="list-style-type: none"><li>(i) rights to use specified assets;</li><li>(ii) obligations to provide or rights to expect provision of services;</li><li>(iii) obligations to acquire or build items of property, plant and equipment;</li><li>(iv) obligations to deliver or rights to receive specified assets at the end of the concession period;</li><li>(v) renewal and termination options; and</li><li>(vi) other rights and obligations (eg major overhauls);</li></ul></li></ul>

**AASB 1053 *Application of Tiers of Australian Accounting Standards***

**Disclosure**

- 24 An entity applying paragraph 19B(e) shall disclose:
- (a) ~~the reason it stopped applying Tier 2 reporting requirements:~~  
~~and~~
  - (b) the reason it is resuming the application of Tier 2 reporting requirements.

## APPENDIX C

### EXAMPLES OF THE NEW ZEALAND APPROACH TO IDENTIFYING TIER 2 DISCLOSURES

#### NZ IFRS 16 *Leases*

##### Lessee

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##### Disclosure

- 51 **The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. Paragraphs 52–60 specify requirements on how to meet this objective.**
- 52 A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.
- 53 A lessee shall disclose the following amounts for the reporting period:
- \*(a) depreciation charge for right-of-use assets by class of underlying asset;
  - (b) interest expense on lease liabilities;
  - (c) the expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less;
  - (d) the expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c);

- (e) the expense relating to variable lease payments not included in the measurement of lease liabilities;
- (f) income from subleasing right-of-use assets;
- (g) total cash outflow for leases;
- \* (h) additions to right-of-use assets;
- (i) gains or losses arising from sale and leaseback transactions; and
- (j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.

RDR 53.1 A Tier 2 entity shall disclose the total depreciation charge for right-of-use assets.

\*54 A lessee shall provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.

55 A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 53(c) relates.

56 If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in NZ IAS 40. In that case, a lessee is not required to provide the disclosures in paragraph 53(a), (f), (h) or (j) for those right-of-use assets.

57 If a lessee measures right-of-use assets at revalued amounts applying NZ IAS 16, the lessee shall disclose the information required by paragraph 77 of NZ IAS 16 for those right-of-use assets.

\*58 A lessee shall disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of NZ IFRS 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.

59 In addition to the disclosures required in paragraphs 53–58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51 (as described in paragraph B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- (a) the nature of the lessee's leasing activities;

- (b) future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
    - (i) variable lease payments (as described in paragraph B49);
    - (ii) extension options and termination options (as described in paragraph B50);
    - (iii) residual value guarantees (as described in paragraph B51); and
    - (iv) leases not yet commenced to which the lessee is committed.
  - (c) restrictions or covenants imposed by leases; and
  - (d) sale and leaseback transactions (as described in paragraph B52).
- 60 A lessee that accounts for short-term leases or leases of low-value assets applying paragraph 6 shall disclose that fact.
- ...

## Lessor

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### Disclosure

- 89 **The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor. Paragraphs 90–97 specify requirements on how to meet this objective.**
- 90 A lessor shall disclose the following amounts for the reporting period:
- (a) for finance leases:
    - (i) selling profit or loss;
    - (ii) finance income on the net investment in the lease; and
    - (iii) income relating to variable lease payments not included in the measurement of the net investment in the lease.

- \* (b) for operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

RDR 90.1A Tier 2 entity shall disclose for the reporting period lease income from operating leases.

\*91 A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.

92 A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

- (a) the nature of the lessor's leasing activities; and
- (b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

### **Finance leases**

93 A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

\*94 A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.

RDR 94.1A Tier 2 lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

## Operating leases

- 95 For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of NZ IAS 16. In applying the disclosure requirements in NZ IAS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by NZ IAS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.
- 96 A lessor shall apply the disclosure requirements in NZ IAS 36, NZ IAS 38, NZ IAS 40 and NZ IAS 41 for assets subject to operating leases.
- 97 A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.
- ...

## Lessee disclosures (paragraph 59)

- B48 In determining whether additional information about leasing activities is necessary to meet the disclosure objective in paragraph 51, a lessee shall consider:
- (a) whether that information is relevant to users of financial statements. A lessee shall provide additional information specified in paragraph 59 only if that information is expected to be relevant to users of financial statements. In this context, this is likely to be the case if it helps those users to understand:
    - (i) the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions.
    - (ii) restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios.
    - (iii) sensitivity of reported information to key variables. Reported information may be sensitive to, for example, future variable lease payments.

- (iv) exposure to other risks arising from leases.
  - (v) deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio.
- (b) whether that information is apparent from information either presented in the primary financial statements or disclosed in the notes. A lessee need not duplicate information that is already presented elsewhere in the financial statements.
- B49 Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- (a) the lessee's reasons for using variable lease payments and the prevalence of those payments;
  - (b) the relative magnitude of variable lease payments to fixed payments;
  - (c) key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and
  - (d) other operational and financial effects of variable lease payments.
- B50 Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- \*(a) the lessee's reasons for using extension options or termination options and the prevalence of those options;
  - \*(b) the relative magnitude of *optional lease payments* to lease payments;
  - (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and
  - \*(d) other operational and financial effects of those options.
- B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- \* (a) the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees;
- \* (b) the magnitude of a lessee's exposure to residual value risk;
  - (c) the nature of underlying assets for which those guarantees are provided; and
- \* (d) other operational and financial effects of those guarantees.

\*B52 Additional information relating to sale and leaseback transactions that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:

- (a) the lessee's reasons for sale and leaseback transactions and the prevalence of those transactions;
- (b) key terms and conditions of individual sale and leaseback transactions;
- (c) payments not included in the measurement of lease liabilities; and
- (d) the cash flow effect of sale and leaseback transactions in the reporting period.

## NZ IAS 38 *Intangible Assets*

### Disclosure

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#### General

- 118 An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:
- (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used;
  - (b) the amortisation methods used for intangible assets with finite useful lives;
  - (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period;
  - \* (d) the line item(s) of the statement of comprehensive income in which any amortisation of intangible assets is included;
  - \* (e) a reconciliation of the carrying amount at the beginning and end of the period showing:
    - (i) additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;
    - (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with NZ IFRS 5 and other disposals;
    - (iii) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 and from impairment losses recognised or reversed in other comprehensive income in accordance with NZ IAS 36 (if any);
    - (iv) impairment losses recognised in profit or loss during the period in accordance with NZ IAS 36 (if any);

- (v) **impairment losses reversed in profit or loss during the period in accordance with NZ IAS 36 (if any);**
- (vi) **any amortisation recognised during the period;**
- (vii) **net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and**
- (viii) **other changes in the carrying amount during the period.**

**RDR 118.1 A Tier 2 entity shall disclose for each class of intangible assets:**

- (a) **impairment losses recognised or reversed in other comprehensive income in accordance with NZ IAS 36 (if any);**
- (b) **impairment losses recognised in profit or loss in accordance with NZ IAS 36 (if any);**
- (c) **impairment losses reversed in profit or loss in accordance with NZ IAS 36 (if any); and**
- (d) **any amortisation recognised during the period.**

119 A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include:

- (a) brand names;
- (b) mastheads and publishing titles;
- (c) computer software;
- (d) licences and franchises;
- (e) copyrights, patents and other industrial property rights, service and operating rights;
- (f) recipes, formulae, models, designs and prototypes; and
- (g) intangible assets under development.

The classes mentioned above are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.

- 120 An entity discloses information on impaired intangible assets in accordance with NZ IAS 36 in addition to the information required by paragraph 118(e)(iii)–(v).
- 121 NZ IAS 8 requires an entity to disclose the nature and amount of a change in an accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods. Such disclosure may arise from changes in:
- (a) the assessment of an intangible asset’s useful life;
  - (b) the amortisation method; or
  - (c) residual values.
- 122 **An entity shall also disclose:**
- \*(a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.**
  - \*(b) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity’s financial statements.**
  - \*(c) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44):**
    - (i) the fair value initially recognised for these assets;**
    - (ii) their carrying amount; and**
    - (iii) whether they are measured after recognition under the cost model or the revaluation model.**
  - (d) the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities.**
  - (e) the amount of contractual commitments for the acquisition of intangible assets.**
- \*123 When an entity describes the factor(s) that played a significant role in determining that the useful life of an intangible asset is indefinite, the entity considers the list of factors in paragraph 90.

## **Intangible assets measured after recognition using the revaluation model**

- \*124 **If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:**
- (a) **by class of intangible assets:**
    - (i) **the effective date of the revaluation;**
    - (ii) **the carrying amount of revalued intangible assets; and**
    - (iii) **the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74; and**
  - (b) **the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.**
  - (c) **[deleted by IASB]**

**RDR 124.1 If intangible assets are accounted for at revalued amounts, a Tier 2 entity shall disclose the amount of the revaluation surplus and any restrictions on the distribution of the balance to shareholders.**

- 125 It may be necessary to aggregate the classes of revalued assets into larger classes for disclosure purposes. However, classes are not aggregated if this would result in the combination of a class of intangible assets that includes amounts measured under both the cost and revaluation models.

## **Research and development expenditure**

- 126 **An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.**
- 127 Research and development expenditure comprises all expenditure that is directly attributable to research or development activities (see paragraphs 66 and 67 for guidance on the type of expenditure to be

included for the purpose of the disclosure requirement in paragraph 126).

### **Other information**

- \*128 An entity is encouraged, but not required, to disclose the following information:
- (a) a description of any fully amortised intangible asset that is still in use; and
  - (b) a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria in this Standard. [Reference to IAS 38 Intangible Assets issued in 1998 in paragraph 128(b) deleted in NZ IAS 38.]

## BASIS FOR CONCLUSIONS

*This Basis for Conclusions accompanies, but is not part of, ED 2XX*

### Background

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's (AASB) considerations in reaching the conclusions in the Exposure Draft (ED). Individual Board members gave greater weight to some factors than to others.
- BC2 Two tiers of General Purpose Financial Statements (GPFS) with the same recognition and measurement requirements, but different levels of disclosures, is a cornerstone of the existing Australian Financial Reporting Framework. With the issue of AASB 1053 *Application of Tiers of Australian Accounting Standards*, Tier 2 disclosures have been available in Australia for annual reporting periods beginning on or after 1 July 2009.
- BC3 Prior to the issue in June 2010 of AASB 1053 and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*, a reporting burden that is less than compliance with full Australian Accounting Standards was only available to non-reporting entities in the preparation of financial statements that are not GPFS. Australian Accounting Standards had included only one tier of reporting requirements for entities preparing GPFS. One concern expressed to the AASB by entities that prepare GPFS with this differential reporting framework was that the disclosure requirements of Australian Accounting Standards are onerous for some entities. It has been argued that the costs of preparing GPFS for some entities were greater than benefits for the users of those GPFS, because the framework resulted in requirements for GPFS that were overly burdensome for many entities.
- BC4 While there is a need for GPFS to cater for the information needs of wide range of users, the objective is to find a balance between the benefits of financial information to the users and the costs to the preparers of providing that information. There is also a need to ensure that the relevant users are not overburdened with unnecessary information that makes financial statements less understandable to them.

- BC5 The Basis for Conclusions to AASB 1053 articulates the then Board's approach to determining disclosure requirements under RDR (Reduced Disclosure Regime), specifically, "...that satisfying the objective of general purpose financial statements should be the overriding basis for determining the disclosures under the RDR..." (paragraph BC76). Paragraph BC78 states "...the AASB concluded that users of general purpose financial statements of non-publicly accountable for-profit entities [typically, private companies] are particularly interested in information about:
- (a) short-term cash flows and about obligations, commitments or contingencies, whether or not recognised as liabilities;
  - (b) liquidity and solvency;
  - (c) measurement uncertainties;
  - (d) the entity's accounting policy choices;
  - (e) disaggregation of amounts presented in the financial statements; and
  - (f) transactions and other events and conditions encountered by such entities."
- BC6 The current policy to determining Tier 2 disclosures is based on starting with the disclosure applying to Tier 1 entities and reducing them for Tier 2 entities by applying the 'user need' and 'cost-benefit' principles that underlie the disclosure requirements in the International Accounting Standards Board International Financial Reporting Standard for Small and Medium-sized Entities (*IFRS for SMEs*). Operational guidance was developed to facilitate the application of those principles. Therefore, the disclosures under the current RDR are determined by:
- (a) drawing directly on the *IFRS for SMEs* when the RDR recognition and measurement requirements are the same as those under the *IFRS for SMEs*; and
  - (b) using the 'user need' and 'cost-benefit' principles applied by the IASB in developing its *IFRS for SMEs* when the RDR recognition and measurement requirements are not the same as those available under the *IFRS for SMEs*.
- BC7 In August 2009 the then Prime Ministers of Australia and New Zealand signed the Joint Statement of Intent: Single Economic Market Outcomes Framework. Under the proposals in that Joint

Statement of Intent, for-profit entities were to be able to use only one set of financial reporting standards and prepare only one set of financial statements for both countries.

- BC8 RDR for for-profit entities was issued by the New Zealand Accounting Standards Board (NZASB) in November 2012 and is substantially the same as the RDR developed by the AASB. The key difference is that in Australia, the same disclosure requirements for Tier 2 for-profit entities also apply to Tier 2 not-for-profit entities.
- BC9 At the time of issuing the second tier of disclosure requirements the AASB decided that the Tier 2 disclosures should be subject to review and revision taking account of implementation experience and international developments.

## The need for change

BC10 The AASB has undertaken a post-implementation review of the second tier of requirements for GPFS. Information from bankers, specialist practitioners who help businesses to avoid liquidation, business valuers, private equity investors, and funders of not-for-profit entities on the information needs of users of Tier 2 entities' financial statements. Notwithstanding the difference in the application of RDR in Australia and New Zealand described in paragraph BC8, the AASB and the NZASB (the Boards) undertook this project to review RDR jointly. The NZASB sought feedback from bankers.<sup>16</sup> In summary, the feedback identified the common information needs of those users in both Australia and New Zealand are those relating to:

- (a) financial performance;
- (b) liquidity and solvency;
- (c) cash balances and cash flows;
- (d) related party transactions and balances;
- (e) accounting policies applied; and
- (f) transactions and events that are significant for the entity.

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<sup>16</sup> NZASB staff also sought feedback from the Financial Markets Authority, the entity responsible for regulating the capital markets and financial services in New Zealand. The information needs of the FMA are consistent with the needs of users.

- BC11 The information needs of users identified in paragraph BC10 are not the same as the information needs of users previously identified by the AASB and listed in paragraph BC5.
- BC12 Other information included an analysis of the financial reporting practices by large proprietary companies in Australia lodging annual financial statements with the Australian Securities and Investment Commission (ASIC), a review of some financial statements lodged with the Australian Charities and Not-for-Profit Commission (ACNC), and also feedback received through general stakeholder engagement.
- BC13 Consultation indicates that for entities that prepare GPFS and eligible to use the Tier 2 disclosures:
- (a) the level of adoption of Tier 2 GPFS requirements among companies limited by guarantee (not-for-profit entities) and subsidiaries of Tier 1 entities is reasonably widespread. Anecdotal evidence in the form of a non-random sample of 15 charities lodging GPFS to the ACNC identified 80 percent using Tier 2 disclosures. There is also some anecdotal evidence that the increasing reporting requirements established under the various state and territory associations incorporation acts may increase the take up of RDR by other private not-for-profit sector entities;
  - (b) the level of adoption among other types of companies, including large proprietary companies is very low – with the likely reason being that the general level of disclosure is still viewed as burdensome. In relation to this point, an analysis of the financial reporting practices by a sample of large proprietary companies in Australia lodging annual financial statement with ASIC identifies that less than 10 percent of companies preparing GPFS using Tier 2 disclosures.
- BC14 The review identified:
- (a) that the existing second tier of disclosure requirements determined using the disclosure principles based on those used by the IASB in determining the level of disclosures for the *IFRS for SMEs* had not delivered the benefit expected; and
  - (b) a need to refine the principles used in determining the level of RDR to achieve an appropriate balance between the benefits of financial information to the users and the costs to the preparers of providing that information.

BC15 The proposals in the ED include that change.

## **Policy for determining RDR**

BC16 The Boards determined to revise their policy to determining disclosures under RDR. The Boards noted that:

- (a) The application of the RDR decision-making framework is not intended to amend the presentation (sometimes used interchangeably with classification) requirements of Tier 1 and is concerned only with reducing the disclosure burden. Tier 1 and Tier 2 entities should have the presentation requirements in relation to the face of the primary financial statements for the current and comparative periods only.
- (b) The RDR decision-making framework would establish a minimum but that just as for Tier 1 entities there may need to be additional disclosures to provide a true and fair view. In addition, Tier 2 disclosures should always be a subset of Tier 1 disclosures.
- (c) 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.

BC17 The Boards observed that, application of the current Tier 2 Disclosure Principles do not result in the same line items and subclassifications on the face of the primary financial statements of Tier 1 and Tier 2 entities. The reason for this difference is how the current principles distinguish presentation from disclosure:

Presentation requirements are limited to requirements that specify the broad structure of financial statements including the basis of classification of items. Specifications relating to subclassifications or line items to be shown on the face of financial statements, or in the notes, are treated as matters of disclosure (paragraph 9).

BC18 The Boards determined that the operating guidance included amend the description of presentation in the Tier 2 Disclosure Principles to better distinguish presentation from disclosure.

BC19 The Boards initially explored the following principles for determining RDR:

- (a) financial performance, financial position and cash flows [this is achieved by presenting the relevant statements];
- (b) liquidity (ability to meet current obligations) and solvency (ability to meet obligations over the long term) [and are achieved by providing information about short-term cash flows and obligations, debt repayment terms, commitments and contingencies, whether or not recognised as liabilities, including tax obligations];
- (c) the entity's accounting policy choices and any changes in those policies;
- (d) transactions and other events that are significant to the entity in its operations, including significant subsequent events that affect future cash flows; and
- (e) risks to which the entity is exposed (for example, related party transactions, assets used as security for debt, impairments and estimates and judgements).

BC20 The Boards initially decided the essential features of its RDR decision-making framework are:

- (a) the overarching principles of user needs and cost-benefit;
- (b) disclosure of financial performance, financial position and cash flows;
- (c) to meet user needs there are two key disclosure areas (KDAs):
  - (i) current liquidity at an entity level and solvency (or funding position if a public sector entity) and associated key risks; and
  - (ii) transactions and other events significant or material to understanding the entity's operations as represented by financial performance, financial position and cash flows including:

#### CORE DISCLOSURE AREAS (CDAs)

- (a) commitments and contingencies;
- (b) impairment;

- (c) related parties; and
- (d) subsequent events;

#### SUPPORTING DISCLOSURE AREAS (SDAs)

- (a) nature of transaction or event;
  - (b) accounting policy on when to recognise and how to measure;
  - (c) significant estimates and judgements specific to a transaction or event; and
  - (d) associated key risks specific to a transaction or event; and
- (d) some guidance to be developed to complement the RDR decision-making framework. An example of guidance considered by the Boards related to CDAs and SDAs:
- (i) CDAs: there is a rebuttable presumption that the benefits of disclosure exceed the costs; and
  - (ii) SDAs: there is a rebuttable presumption that the benefits of disclosure *do not* exceed the costs.

**BC21** The Boards applied their RDR decision-making framework and the guidance for CDAs and SDAs to some accounting standards to enable the Boards to assess whether the RDR decision-making framework is appropriate, prior to proceeding with full analysis of all relevant Standards for the purposes of developing this ED.

**BC22** Following that assessment the Boards tentatively decided:

- (a) that for the SDAs, to remove the rebuttable presumption that costs exceed benefits and to clarify that SDAs need to provide a user with a basic level of understanding of significant transactions and events;
- (b) to include an additional category of disclosure areas – Other Disclosure Areas (ODAs). ODAs would be subjected to a rebuttable presumption that the benefits of disclosure do not exceed the costs; and
- (c) to take different approaches to disclosures in relation to significant judgements and estimates and accounting policies.

The approach of the AASB was to articulate the principle that the disclosures in relation to significant judgements and estimates and accounting policies required for Tier 2 entities are located in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and that this principle would be used to evaluate the need to retain for Tier 2 entities similar disclosures in other Standards.

- BC23 The AASB noted that, in 2010, when the initial Tier 2 reporting requirements were determined, the AASB did not specifically consider the interaction between the Tier 2 disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the requirement for entities preparing special purpose financial statements (SPFS) in accordance with Part 2M.3 of the *Corporations Act* (2001). Entities preparing financial reports in accordance with Part 2M.3 of the *Corporations Act* (2001) (including those preparing SPFS) are required to comply with all of the requirements of AASB 101, 107 and 108. However, Tier 2 entities (preparing general purpose financial statements) have a number of disclosure reductions within these Standards.
- BC24 The AASB and the NZASB decided to apply the RDR decision-making framework to AASB 101/NZ IAS 1, AASB 107/NZ IAS 7 and AASB 108/NZ IAS 8. The AASB noted that this decision may result in less disclosure than for SPFS for these standards.

### **Policy Statement**

- BC25 The Boards decided to develop one policy document that sets out Tier 2 principles and identifies any differences in those principles. Therefore, the proposed RDR framework will form a Policy Statement issued jointly by the NZASB and the AASB and that policy will be applied for determining disclosure requirements for Tier 2 for-profit entities in New Zealand and Tier 2 entities in Australia.
- BC26 The Boards noted that although judgement is required in applying the proposed RDR framework, it should generally come to similar conclusions when applied by the AASB and the NZASB in determining the disclosure requirements for Tier 2 for-profit entities in each jurisdiction.
- BC27 The overarching principles of the RDR decision-making framework are that:

- (a) the information provided by the financial statements meets user needs; and
- (b) the benefits of providing the disclosures exceed the costs.

BC28 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 that are significant or material to an understanding the entity's operations as represented by the financial statements. This comprises disclosures about:
  - (i) the nature of the transaction or event that makes it significant or material to the entity;
  - (ii) associated risks specific to a transaction or event;
  - (iii) accounting policy on recognition or measurement specific to a transaction or event;
  - (iv) significant estimates and judgements specific to a transaction or event;
  - (v) commitments and contingencies;
  - (vi) impairment;
  - (vii) related parties; and
  - (viii) subsequent events.

The Boards determined that there is a rebuttable presumption that the benefits of providing the disclosure listed in paragraph BC28 exceed the costs. Unless that presumption is rebutted, Tier 2 entities are required to provide those disclosures. Similarly, there is a rebuttable presumption that the cost of providing a disclosure exceed the benefits when the disclosure is not a Key Disclosure Area. Unless the presumption is rebutted, Tier 2 entities are not required to provide those disclosures.

BC29 The AASB decided to rely on the requirements in AASB 101 and AASB 108 for disclosures about accounting policies. Therefore, disclosures about accounting policies, other than those in AASB 101 and AASB 108, are reduced for Tier 2 entities.

BC30 The reasons for the AASB's position are:

- (a) The note in the financial statements about accounting policies is often a repeat of the requirements of the standard dealing with that type of transaction.
- (b) The RDR requirements are a self-contained package of disclosures and reliance on other parts of the package are fundamental to its construct. This is the approach of the IASB's *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 transactions 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]
- (c) The AASB proposes to include in the AASB appendix to each standard that contains disclosure requirements a paragraph that the disclosure requirements in AASB 101 and AASB 108 about accounting policies apply where relevant. Likewise, AASB 101 and AASB 108 would include similar messages.

BC31 The NZAB noted that as the disclosure of accounting policies traditionally was not a concession under the New Zealand Differential Reporting it would propose to continue with that approach and put to its constituents the AASB alternative.

BC32 The reasons for the NZASB position are:

- (a) A concern that confusion could arise if disclosures about accounting policies are required by NZ IAS 1 but are identified as a disclosure concession in a standard dealing with a specific type of transaction or event. Constituents could question which standard prevails – NZ IAS 1, under which a Tier 2 for-profit entity is required to provide the disclosure, or the other standard, under which the inclusion of an RDR concession might give the impression that a Tier 2 for-profit entity is not required to provide the disclosure.
- (b) Disclosures about accounting policy standards other than NZ IAS 1 are included in the context of the disclosures about a specific type of transaction. Relying on the general

requirement in NZ IAS 1 could result in inadequate or non-disclosure of accounting policies that are material for that entity in the context of the transaction which the standard is dealing with.

BC33 The AASB and NZASB reconsidered whether to rely on the requirements in AASB 101 and AASB 108 for disclosures about significant estimates and judgements specific to a transaction or event. The Boards agreed that this information was important and therefore reliance on AASB 101 and AASB 108 would not suffice.

## **Policy Statement and operational guidance**

BC34 The Boards also developed operational guidance to facilitate the application of the RDR decision-making framework.

## **Presentation Vs Disclosure**

BC35 The Boards decided that an objective of the proposed RDR decision-making framework is that the face of the financial statements of Tier 1 and Tier 2 entities should display the same information. As a consequence the RDR 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.

BC36 Requirements are considered to be presentation requirements if they:

- (a) specify the broad structure of the financial statements, including the basis of classification of items; and
- (b) address additional line items, disaggregation and subclassification of line items on the face of the primary financial statements.

BC37 Presentation requirements are not subjected to analysis under the proposed RDR framework.

BC38 Requirements are considered to be disclosure requirements if they:

- (a) specify additional line items and disaggregation to be disclosed in the notes; and
- (b) may be provided either on the face of the financial statements or in the notes.

BC39 Disclosure requirements are subjected to analysis under the proposed RDR framework.

### **Disclosure objective/principle**

BC40 The Boards noted that some Accounting Standards include a paragraph that require an entity to disclose information to meet a stated objective. These paragraphs are then followed by more specific disclosure requirements to meet that objective.

BC41 The Boards decided that in these circumstances, the paragraphs that require specific disclosures are subjected to analysis under the proposed RDR framework and the paragraphs that require an entity to meet a stated disclosure objective are reduced for Tier 2

### **Guidance**

BC42 The Boards noted that the disclosure requirements in Accounting Standards are often accompanied by guidance which is intended to assist entities in providing those disclosures. Initially the Boards proposed to reduce all guidance. The Boards reconsidered this tentative decision when guidance paragraphs that relate to a Tier 2 disclosure requirements with the result that this guidance is generally kept for Tier 2 entities. However, guidance about the presentation of information “in a tabular format, unless another format is more appropriate” is reduced to provide Tier 2 entities with more flexibility on how information is presented.

BC43 The AASB decided to further reduce some of the guidance that would otherwise be kept for Tier 2 entities, in particular where the guidance is of a general nature, the AASB considered that guidance is unnecessary for Tier 2 entities in meeting the related disclosure requirement.

BC44 The NZASB proposes to keep all guidance related to disclosure requirements because the guidance is intended to assist preparers in providing the disclosures.

### **Disclosure Encouraged**

BC45 The Boards decided that as encouraged disclosures are not needed to meet the needs of user, Tier 2 entities would not be required to provide disclosures that are encouraged (rather than required).

## Reconciliation

- BC46 The Boards decided that reconciliations of opening balances to closing balances are not needed to meet the needs of users. Therefore, Tier 2 entities are not required to provide reconciliations of opening balances to closing balances. 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.

## Cross-referencing in other Standards

- BC47 Sometimes a disclosure requirement or guidance includes a cross-reference to disclosure requirements or guidance in another Accounting Standard.
- BC48 The Boards decided that where the cross-referencing is specific, both paragraphs are either kept for, or not required to be considered by, Tier 2 entities.
- BC49 Sometimes the cross-referencing is of a general nature. These paragraphs are kept for Tier 2 entities. The AASB decided to reduce the disclosure when the cross-referencing is of a general nature. This is because, in these circumstances, the AASB considers the cross-reference to be a duplication of disclosure requirements (that is, entities would apply the disclosure requirements in the other standards in any event). Hence, the removal of the cross-reference is intended to remove what the AASB considers to be a duplication of requirements.
- BC50 The NZASB proposes to keep all paragraphs that contain a cross-reference to another standard. This is because reducing the paragraphs containing the cross-references to other standards might be misinterpreted as implying that Tier 2 for-profit entities are not required to comply with the disclosure requirements in those other standards.
- BC51 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*. The Boards decided that requirements in other Accounting Standards that refer to these two standards without establishing any additional disclosure requirements are, therefore, not required to be provided by Tier 2 for-profit entities.

## **Application of the RDR decision-making framework**

BC52 The Boards considered three options that the Boards might use when applying the RDR decision-making framework, they being:

- (a) Option 1: Explain the RDR decision-making framework and leave it to the preparers of financial statements to decide for themselves the disclosures to be made to ‘tell their story’.
- (b) Option 2: Start with the disclosure applying to Tier 1 entities and reduce them for Tier 2 entities by applying the RDR decision-making framework to identify the disclosures required of Tier 2 entities.
- (c) Option 3: The AASB and NZASB identify the minimum disclosures required, with preparers applying the RDR decision-making framework to determine whether any entity-specific disclosures significant to the entity are required (that is a combination of Options 1 and 2).

BC53 The Boards noted the arguments for Option 1 include that it would provide a framework for preparers of financial statements to tell their own story without being subjected to minimum disclosure requirements as articulated in the accounting standards. The Boards decided that comparable financial statements are important and only Option 2 was capable fully achieving this outcome. Therefore, the Boards decided to proceed with Option 2.

## **Approach to setting out the Tier 2 disclosures**

BC54 The Boards having decided to identify the disclosures required of Tier 2 entities then considered how to distinguish those disclosures from the disclosures applying to Tier 1 entities. The Boards considered four options, they being:

- (a) Option 1: The current AASB approach of shading disclosures that Tier 2 entities are not required to make and, where necessary, including RDR paragraphs for clarification or to establish a disclosure requirement that is not identical to the Tier 1 requirement;
- (b) Option 2: The current NZASB approach of asterisking (\*) disclosures that Tier 2 entities are not required to make and, where necessary, including RDR paragraphs for clarification or to establish a disclosure requirement that is not identical to

the Tier 1 requirement. Partial concessions are identified by means of an asterisk (\*) next to the paragraph and inclusion of an RDR paragraph which explains the disclosure requirements for Tier 2 entities;

- (c) Option 3: Issuing a separate standard that contains all the disclosures required of Tier 2 entities; or
- (d) Option 4: The disclosures required for that standard to be provided by Tier 2 entities are included in an appendix to that standard.

BC55 The Boards noted the arguments for Options 1 and 2 included that the preparers in each jurisdiction are familiar with this method of setting out the disclosures required of Tier 2 entities and the disclosure that apply to Tier 2 entities are located in the same standard as the recognition, measurement and presentation requirements. The Boards noted that the arguments for Option 3 do not include location but do introduce flexibility in amending RDR and would enable users of accounting standards to more clearly understand IFRS compliance for Tier 1 entities. The Boards noted that the arguments for Option 4 included those for Option 3 and that the disclosures would be located in the same standard as the recognition, measurement and presentation requirements.

BC56 The AASB decided to include, in an AASB appendix to each standard that contains disclosure requirements, those disclosure requirements that Tier 2 entities would be required to provide (Option 4). This would replace the current approach of shading disclosures that Tier 2 entities are not required to provide (Option 1). The AASB considered that the location of the disclosures that apply to Tier 2 entities is important to preparers and their inclusion in the same standard as the recognition, measurement and presentation requirements for a particular topic/type of transaction recognises that. In the context of Tier 2 disclosures, Option 4 provides a flexibility to the AASB in the way it deals with amendments by the IASB to the disclosure requirements of IFRS.

BC57 The NZASB decided to continue with its current approach (Option 2).