

### RDR Analysis – New Transition Disclosures for AASB 9

Comparison of the disclosures in new paragraph 7.2.34 of IFRS 9 with the similar disclosures in AASB 7, and the current and proposed RDR concessions in respect of those disclosures. The comment in red font is a response from Australian constituents to the proposal in the RDR ED.

New paragraph 7.2.34 of IFRS 9	Current RDR in AASB 7	Proposed RDR in AASB 7	Comments in RDR EDs
<p><b>Transition</b></p> <p><b>Transition for <i>Prepayment Features with Negative Compensation</i></b></p> <p>7.2.34 In the reporting period that includes the date of initial application of these amendments, the entity shall disclose the following information as at that date of initial application for each class of financial assets and financial liabilities that were affected by these amendments:</p> <p>(a) the previous measurement category and carrying amount determined immediately before applying these amendments;</p>	<p><b>Initial application of IFRS 9</b></p> <p>42I In the reporting period that includes the date of initial application of AASB 9/NZ IFRS 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:</p> <p>(a) the original measurement category and carrying amount determined in accordance with AASB 139/NZ IAS 39 or in accordance with a previous version of AASB 9/NZ IFRS 9 (if the entity’s chosen approach to applying AASB 9/NZ IFRS 9 involves more than one date of initial application for different requirements);</p>	<p><b>Initial application of IFRS 9</b></p> <p>42I In the reporting period that includes the date of initial application of AASB 9/NZ IFRS 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:</p> <p>(a) the original measurement category and carrying amount determined in accordance with AASB 139/NZ IAS 39 or in accordance with a previous version of AASB 9/NZ IFRS 9 (if the entity’s chosen approach to applying AASB 9/NZ IFRS 9 involves more than one date of initial application for different requirements);</p>	<p>Paragraph 42I(a) is a Key Disclosure Area (current liquidity and solvency, and the nature of the transaction or event that makes it significant or material to the entity) – the benefits of providing the disclosure exceed the costs. Therefore, paragraph 42I(a) is kept for Tier 2 entities.</p> <p><b>Respondent AR5 to the RDR EDs questions why information about reclassification of financial instruments on adoption of AASB 9 is relevant for the assessment of liquidity and solvency of the entity, or otherwise necessary for an understanding of the financial statements of Tier 2 entities.</b></p> <p><b>Respondent AR7 is of the view that the general requirements regarding the disclosures of changes in accounting policies in AASB 108 should be sufficient for Tier 2 entities in this regard.</b></p>

New paragraph 7.2.34 of IFRS 9	Current RDR in AASB 7	Proposed RDR in AASB 7	Comments in RDR EDs
<p>(b) the new measurement category and carrying amount determined after applying these amendments;</p>	<p>(b) the new measurement category and carrying amount determined in accordance with AASB 9/NZ IFRS 9;</p>	<p>(b) the new measurement category and carrying amount determined in accordance with AASB 9/NZ IFRS 9;</p>	<p>Paragraph 42I(b) is a Key Disclosure Area (current liquidity and solvency,) – the benefits of providing the disclosure exceed the costs. Therefore, paragraph 42I(b) is kept for Tier 2 entities.</p>
<p>(c) the carrying amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated; and</p>	<p>(c) the amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, distinguishing between those that AASB 9/NZ IFRS 9 requires an entity to reclassify and those that an entity elects to reclassify at the date of initial application.</p> <p>In accordance with paragraph 7.2.2 of AASB 9/NZ IFRS 9, depending on the entity’s chosen approach to applying AASB 9/NZ IFRS 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.</p>	<p>(c) the amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss but are no longer so designated, distinguishing between those that AASB 9/NZ IFRS 9 requires an entity to reclassify and those that an entity elects to reclassify at the date of initial application.</p> <p>In accordance with paragraph 7.2.2 of AASB 9/NZ IFRS 9, depending on the entity’s chosen approach to applying AASB 9/NZ IFRS 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.</p>	<p>Paragraph 42I(c) is not a Key Disclosure Area – the costs of providing the disclosure exceed the benefits. Therefore, paragraph 42I(c) is reduced for Tier 2 entities.</p> <p><b>Respondent AR7 to the RDR EDs is of the view that this disclosure would be required where there is a material impact to meet the requirements of AASB 108, in which case there is no reduced burden.</b></p>

New paragraph 7.2.34 of IFRS 9	Current RDR in AASB 7	Proposed RDR in AASB 7	Comments in RDR EDs
<p>(d) the reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss.</p>	<p>42J In the reporting period that includes the date of initial application of AASB 9/NZ IFRS 9, an entity shall disclose qualitative information to enable users to understand:</p> <p>(a) how it applied the classification requirements in AASB 9/NZ IFRS 9 to those financial assets whose classification has changed as a result of applying AASB 9/NZ IFRS 9.</p> <p>(b) the reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss at the date of initial application.</p> <p>In accordance with paragraph 7.2.2 of AASB 9/NZ IFRS 9, depending on the entity's chosen approach to applying AASB 9/NZ IFRS 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.</p>	<p>42J In the reporting period that includes the date of initial application of AASB 9/NZ IFRS 9, an entity shall disclose qualitative information to enable users to understand:</p> <p>(a) how it applied the classification requirements in AASB 9/NZ IFRS 9 to those financial assets whose classification has changed as a result of applying AASB 9/NZ IFRS 9.</p> <p>(b) the reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss at the date of initial application.</p> <p>In accordance with paragraph 7.2.2 of AASB 9/NZ IFRS 9, depending on the entity's chosen approach to applying AASB 9/NZ IFRS 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.</p>	<p>Paragraph 42J is not a Key Disclosure Area – the costs of providing the disclosure exceed the benefits.</p> <p>Therefore, paragraph 42J is reduced for Tier 2 entities.</p>