Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Reduced Disclosure Requirements – Recent Standards**	**Meeting:**	AASB June 2018 (M165)
Topic:	**Summary of responses to ED 284 and staff recommendations**	**Agenda Item:**	6.2
Contact(s):	Shachini Dassanayake sdassanayake@aasb.gov.au (03) 9617 7633 Vanessa Sealy-Fisher (NZASB) Vanessa.Sealy-Fisher@xrb.govt.nz Clark Anstis canstis@aasb.gov.au (03) 9617 7616	**Project Priority:** **Decision-Making:** **Project Status:**	Medium High Redeliberations

Introduction and objective of the paper

1 The objective of this paper is to provide the Board with a summary of the feedback received on ED 284 *Recent Standards – Reduced Disclosure Requirements*. The Board is asked to consider the comments received on Specific Matters for Comment (SMC) 1-5 and General Matters for Comment (GMC) 6-9 and provide feedback on key matters raised in the submissions and Staff recommendations.

2 This summary is a collation of both Australian and New Zealand feedback. The comments from respondents as shown in this memo have been paraphrased or combined. In order to gain a full understanding of respondents' comments it is necessary to read the complete submissions. Staff have provided the full submissions of Australian and New Zealand constituents in the agenda papers 6.3 to 6.8. The Australian submissions are also available on AASB's website[1].

3 AASB Exposure Draft ED 284 had five Specific Matters for Comment (SMC) for respondents. New Zealand Exposure Draft ED NZASB 2018-1 *RDR Proposals for NZ IFRS 16 and NZ IAS 7* had four Specific Matters for Comment – only SMC 1, 3 and 4 are relevant to the AASB's ED 284.

1 http://www.aasb.gov.au/Work-In-Progress/Open-for-comment.aspx?id=2132

Submissions received

Agenda paper	R#	Respondent	Sector
6.3	AR1	EY	Professional Service Firm
6.4	AR2	Australasian Council of Auditors-General (ACAG)	Public Sector Advisory Committee – Auditors
6.5	AR3	Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	Public Sector Advisory Committee – Preparers
6.6	AR4	KPMG	Professional Service Firm
6.7	AR5	PwC	Professional Service Firm
6.8	NZR1	BDO New Zealand	Professional Service Firm

Staff Recommendations

4 Based on the responses received, Staff recommend making the RDR amendments as proposed in ED 284, except for:

(a) retaining paragraph 53(h) of AASB 16 and paragraphs 34, 36 and C7(b) of AASB 1058 for Tier 2 entities; and

(b) reducing paragraph 33 of AASB 1058 for Tier 2 entities.

5 Staff recommend the Board consider the general comments noted in paragraph 10 when finalising revised RDR arising from ED 277 *Reduced Disclosure Requirements for Tier 2 Entities* (which also proposed a revised RDR framework)[2].

Next Steps

6 The AASB's decisions will be notified to the NZASB as this is a joint project of the AASB and the NZASB. The next NZASB Board meeting is scheduled for 27 June 2018.

7 Subsequent to obtaining feedback from the NZASB, Staff anticipate preparing a ballot draft of the amending standards for voting by both Boards at the next respective Board meetings.

Questions for Board members
1. Do Board members agree with the above Staff recommendations (paragraphs 4-5)?
2. Do Board members agree with the proposed next steps outlined (paragraphs 6-7)?

2 A new RDR decision-making framework is being developed jointly with the NZASB – see AASB Exposure Draft ED 277 *Reduced Disclosure Requirements for Tier 2 Entities* (January 2017) . However, the proposed RDR framework has not been finalised and approved by the AASB. In its August 2017 meeting, the AASB decided to conduct further outreach on ED 277 and its financial reporting framework project, to which the RDR decision-making framework is linked. This will likely mean that the proposals in ED 277 will not be finalised in time for the effective date of the three subject Standards. Therefore, the current RDR decision-making framework provides the basis for determining disclosures for Tier 2 entities at this time.

Overview of the feedback received

8 A total of five comment letters were received by the AASB and one comment letter was received by the NZASB.

9 The responses to the EDs indicate general support for the proposed RDR concessions for AASB 16 *Leases*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors*. However, the respondents have concerns over reducing or retaining certain disclosures, as explained in paragraphs 12 to 28.

10 The following general comments were received from the respondents:

(a) two respondents (AR4 and AR5) suggested that the Board should revisit the disclosures in light of the proposed RDR framework sets out in ED 277;

(b) two respondents (AR2 and AR4) commented that they do not support the AASB's approach of reducing disclosures that are already discretionary; and

(c) one respondent (AR2) suggested that when considering potential RDR disclosure exemptions, the AASB should consider not just individual disclosure requirements against RDR criteria but also whether existing disclosures not subject to RDR would be considered as meeting a Tier 2 user's needs.

11 However, the respondents generally agreed that the Board had appropriately applied the current RDR decision-making framework, i.e. the 'user needs' and 'cost-benefit' principles set out in the Tier 2 Disclosure Principles document.

Summary of responses by Specific or General Matter for Comment

Leases **AASB Specific Matter for Comment 1 (NZASB Specific Matter for Comment 1)** Do you agree with the proposed RDR concessions for AASB 16 *Leases*? If not, please provide reasons.

12 All of the Australian and NZ respondents answered this question. The responses have been classified in the table below[3].

Type of response	Australia	#	New Zealand	#
Agree	-	0	NZR1	1
Partially agree	AR1, AR2, AR3, AR4, AR5	5	-	0

13 All Australian respondents expressed their general support for the proposed RDR concessions for AASB 16, subject to the following comments. Therefore, this table does not cover disclosure requirements where RDR proposal was supported by the respondents.

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
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.	One respondent (AR5) recommend using the same approach used in relation to disclosure objectives in AASB 3 and AASB 7, i.e. to not retain the objective paragraph for Tier 2 entities.	This concern was also raised by respondents to ED 277 *Reduced Disclosure Requirements for Tier 2 Entities.* Staff is of the view that the Board should take this into consideration when reviewing the proposed RDR framework. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 51 should be retained for Tier 2 entities. Treated as guidance relating to a disclosure that is retained.

3 Judgement has been used by AASB and NZASB staff to classify each response.

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
53 A lessee shall disclose the following amounts for the reporting period: (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);	One respondent (AR5) commented that this disclosure should be reduced for Tier 2 entities as these are more specific than requiring disclosure of total lease payments that are recognised as expense.	The majority of respondents generally agreed to retain these separate disclosures. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 53 (c) and (d) should be retained for Tier 2 entities.
53 A lessee shall disclose the following amounts for the reporting period: (f) income from subleasing right-of-use assets;	One respondent (AR5) commented that the cost of disclosing this information may exceed the benefits and that sublease payments were reduced under AASB 117/NZ IAS 17 paragraph 31(d) and 35(b).	AASB117/NZ IAS 17 *Leases* paragraphs 31(d) and 35(b) reduce the requirements to disclose the total of future sublease payments expected to be received. Staff is of the view that paragraph 53(f) addresses sublease income recognised for the current reporting period and not future income. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 53(f) should be retained for Tier 2 entities.

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
53 A lessee shall disclose the following amounts for the reporting period: (h) additions to right-of-use assets;	Three respondents (AR1, AR2 and AR5) commented that the disclosure should be retained as reducing this is inconsistent with disclosures required under AASB107.43, AASB 116 and AASB 117.	AASB 116/NZ IAS 16 *Property, Plant and Equipment*, paragraph 73(e) (i) requires disclosure of additions to PPE. Staff agree that proposing a concession is not appropriate, given the lack of concessions for essentially the same requirement in AASB 116, AASB 117 and *IFRS for SME*. **Staff recommendation:** **In contrast to the previous ED 284 analysis, paragraph 53(h) should be retained for Tier 2 entities.**
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. <u>RDR 54.1 The amounts disclosed in accordance with paragraph 53 shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.</u> 91 A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.	Two respondents (AR1 and AR2) commented that removing the 'tabular' format requirement is unhelpful to both preparers and users.	Tabular format requirement is reduced given its non-directive nature. The sentence says only that an appropriate format should be adopted. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraphs 54 and 91 should be reduced for Tier 2 entities.
57 If a lessee measures right-of-use assets at revalued amounts applying AASB 116, the lessee shall disclose the information	One respondent (AR4) commented that paragraph 57 should be amended or clarified that the information required by paragraph 77	In the cross-referenced paragraph 77 of AASB 116, only paragraph (e) is reduced for Tier 2 entities. A cross-reference does not

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
required by paragraph 77 of AASB 116 for those right-of-use assets.	of AASB 116 for the right-of-use assets is only required to the extent required by Tier 2 entities. Paragraph 77(e) is reduced for Tier 2 entities – disclosure of the carrying amount of each revalued class of PPE that would have been recognised under the cost model.	change the RDR status of the subject paragraph. Therefore, a Tier 2 entity would not be required to disclose the carrying amount under the cost model of each class of revalued right-of-use assets. **Staff recommendation:** Consistent with the previous ED 284 analysis, retain paragraph 57 for Tier 2 entities without amendment.
58 A lessee shall disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of AASB 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.	One respondent (AR1) commented that paragraph 58 should be retained for Tier 2 entities given the potential for AASB 16 to fundamentally change entities' balance sheets.	The rationale behind reducing paragraph 58 for Tier 2 entities was that the cross-referenced paragraphs 39 and B11 of AASB 7 *Financial Instruments: Disclosures* are currently reduced for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraphs 20.13(b) and 20.16(a) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraphs 31(b) and 35(a), which is retained under the current RDR framework. However, there is a stronger precedent in AASB 7/NZ IFRS 7. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 58 should be reduced for Tier 2 entities.

AASB 16 ED proposal		Respondents' comments	Staff comments and recommendation
60	A lessee that accounts for short-term leases or leases of low-value assets applying paragraph 6 shall disclose that fact.	Two respondents (AR2 and AR5) questioned why the requirements to disclose accounting policies in AASB 101 are not sufficient and commented that the ED's analysis is not consistent with the proposed RDR framework.	The current RDR framework does not rely on the general disclosure requirements in AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 60 should be retained for Tier 2 entities.
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.	One respondent (AR3) questions the need for the retention of paragraph 92 as disclosing an entity's risk management strategy is prescriptive and may be costly for entities. Further they commented that extensive disclosures on risk are already required under AASB 7.	The majority of respondents generally agreed to retain the disclosure for Tier 2 entities. The risks covered by paragraph 92(b) relate to leased assets, not financial instruments. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 92 should be retained for Tier 2 entities.
97	A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted	One respondent (AR3) questioned the rationale behind requiring lessors to disclose a	The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.30(a) in relation

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
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.	maturity analysis of lease payments whereas the maturity analysis for lessees (paragraph 58 of AASB 16) is reduced for Tier 2 entities, and recommended that paragraph 97 be reduced for Tier 2 entities.	to lessors. This is consistent with AASB 117/NZ IAS 17 paragraph 56(a), which is retained under the current RDR framework in respect of the maturity analysis of minimum lease payments. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 97 should be retained for Tier 2 entities.
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.	One respondent (AR1) disagreed with reducing paragraph B50(a) for Tier 2 entities as the cost would not exceed the benefits. They consider that this disclosure provides key strategic insights on the stability of an entity's leasing arrangements and the necessity of leasing. One respondent (AR2) commented that disclosure requirements in paragraphs B50-B52 are already optional (as they include the term "could include"). Thus reducing this disclosure, in part, would not be helpful as entities can exercise discretion when applying this guidance. AR2 also questions the absence of public accountability.	Paragraph B50 provides guidance to meet the disclosure objective specified in paragraph 51. However, the cost of providing some of the detailed disclosures would be likely to exceed the benefits. Paragraph B50(c) disclosure – if provided – could highlight significant issues regarding options. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph B50 should be reduced in part for Tier 2 entities.
B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the	One respondent (AR1) disagreed with reducing paragraph B51, in part, for Tier 2 entities based on their view that it is	Paragraph B51 provides guidance to meet the disclosure objective specified in paragraph 51. However, the cost of providing some of the detailed disclosures would be likely to

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
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.	strategically important to understanding the entity's leasing activities. One respondent (AR2) commented in the same way as for paragraph B50.	exceed the benefits. Paragraph B51(c) disclosure – if provided – at least would highlight the use of residual value guarantees. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph B51 should be reduced in part for Tier 2 entities.
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.	One respondent (AR1) disagreed with reducing paragraph B52 for Tier 2 entities based on their view that the information required by this paragraph could be vitally important for matters such as liquidity management. One respondent (AR2) commented in the same way as for paragraph B50.	Paragraph B52 provides guidance to meet the disclosure objective specified in paragraph 51. However, the cost of providing some of the detailed disclosures would be likely to exceed the benefits. If sale and lease back transactions were significant to an entity's liquidity, the entity can still provide disclosures, such as those in paragraph B52 (d). **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph B52 should be reduced in full for Tier 2 entities.
C4 If an entity chooses the practical expedient in paragraph C3, it shall disclose that fact and apply the practical expedient to all of its	One respondent (AR5) commented the general requirements in AASB 108 would be	The current RDR framework does not rely on the general disclosure requirements in AASB 101 and AASB 108. At its December 2017

AASB 16 ED proposal	Respondents' comments	Staff comments and recommendation
contracts. As a result, the entity shall apply the requirements in paragraphs 9–11 only to contracts entered into (or changed) on or after the date of initial application. C13 If a lessee uses one or more of the specified practical expedients in paragraph C10, it shall disclose that fact.	sufficient to cover the disclosure requirements in paragraphs C4 and C13.	meeting, the Board decided to remove the concession proposed for paragraphs C4 and C13 as the policy disclosures are not onerous. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraphs C4 and C13 should be retained for Tier 2 entities.

Income of Not-for-Profit Entities **AASB Specific Matter for Comment 2** Do you agree with the proposed RDR concessions for AASB 1058 *Income of Not-for-Profit Entities*? If not, please provide reasons.

14 All of the Australian respondents answered this question. The responses have been classified in the table below.

Type of response	Australia	#
Agree	AR3	1
Partially agree	AR1, AR2, AR5	3
Disagree	AR4	1

15 Four out of five Australian respondents expressed their general support for the proposed RDR concessions for AASB 1058, subject to the following comments. One respondent (AR4) disagreed with reducing any disclosure requirements for Tier 2 entities given the types of entities that will be applying AASB 1058. This table does not cover disclosure requirements where the proposed retention for Tier 2 entities was supported by all respondents.

AASB 1058 ED proposal	Respondents' comments	Staff comments and recommendation
23 The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the effects of volunteer services and other transactions where an entity acquires an asset for consideration that is significantly less than fair value principally to enable the entity to further its objectives on the financial position, financial performance and cash flows of the entity. Paragraphs 24–41 specify requirements relating to this objective.	One respondent (AR5) commented that they recommend using the same approach used in relation to disclosure objectives in AASB 3 and AASB 7, i.e. to not retain the objective paragraph for Tier 2 entities.	This concern was also raised by respondents to ED 277 *Reduced Disclosure Requirements for Tier 2 Entities.* Staff is of the view that the Board should take this into consideration when reviewing the proposed RDR framework. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph 23 should be retained for Tier 2 entities. Treated as guidance relating to a disclosure that is retained.

AASB 1058 ED proposal	Respondents' comments	Staff comments and recommendation
27 To assist users to make informed judgements about the contribution of volunteer services and inventories to the achievement of the entity's objectives during the reporting period, and the entity's dependence on such contributions for the achievement of its objectives in the future, an entity is encouraged to disclose qualitative information, by major class of transaction, about the nature of the entity's dependence arising from: (a) volunteer services it receives, including those not recognised; and (b) inventories held but not recognised as assets during the period. 37 An entity is encouraged to disclose information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used. For example, an entity may elect to disclose an explanation of the judgements used in determining whether funds are restricted and any of, or any combination of, the following: (a) assets to be used for specified purposes; (b) components of equity divided into restricted and unrestricted amounts; and	Two respondents (AR2 and AR4) commented that they do not support reducing disclosures that are already discretionary. AR4 concluded no Tier 2 entity will consider providing these disclosures as a result.	As per the current RDR framework, when a particular disclosure is only encouraged, it will be reduced for Tier 2 entities. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraphs 27 and 37 should be reduced for Tier 2 entities.

AASB 1058 ED proposal	Respondents' comments	Staff comments and recommendation
(c) total comprehensive income divided into restricted and unrestricted amounts – either on the face of the statement of profit or loss and other comprehensive income or in the notes.		
29 To meet the objective in paragraph 23, an entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with this Standard, including the amounts of: (a) receivables that are not a financial asset as defined in AASB 132 *Financial Instruments: Presentation* (eg income tax receivable from a taxpayer), and: (i) interest income recognised in relation to such receivables during the period; and (ii) impairment losses recognised in relation to such receivables during the period; and (b) financial liabilities relating to prepaid taxes or rates for which the taxable event has yet to occur, and the future period(s) to which those taxes or rates relate. 30 Other information that may be appropriate for an entity to disclose includes, for each class of taxation	One respondent (AR1) commented that the disclosures in paragraphs 29 and 30 should be reduced as the language lacks imperative (ie an entity shall consider disclosing and may be appropriate for an entity to disclose) in order to be consistent with the approach for 'encouraged' disclosures. AR1 also commented that RDR relief should be provided for paragraph 29(b), since similar relief is given for disclosure requirements in paragraphs 116(b) and 120(b) of AASB 15.	Paragraphs 29 and 30 provide guidance in meeting the disclosure objective specified in paragraph 23, which is retained for Tier 2 entities. The AASB 15 disclosures noted by AR1 relate to revenue recognised in a later period once the performance obligations are satisfied. However, AASB 1058 paragraph 29(b) relates to liabilities, rather than when the revenue arising from the liabilities will be recognised. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraphs 29 and 30 should be retained for Tier 2 entities.

AASB 1058 ED proposal	Respondents' comments	Staff comments and recommendation
income that the entity cannot measure reliably during the period in which the taxable event occurs (see paragraphs B28–B31): (a) information about the nature of the tax; (b) the reason(s) why that income cannot be measured reliably; and (c) when that uncertainty might be resolved.		
33 An entity shall disclose an explanation of when it expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period. An entity may disclose this information in either of the following ways: (a) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining obligations; or (b) through qualitative information.	Two respondents (AR1 and AR2) commented that paragraph 33 should be reduced for Tier 2 entities similar to the Tier 2 relief for AASB 15.120, on which this disclosure is based.	The equivalent disclosure required by paragraph 120 of AASB 15 *Revenue from Contracts with Customers* is reduced for Tier 2 entities as the cost of making this disclosure was expected to exceed the benefits – see ED 251 *Revenue from Contracts with Customers – Tier 2 proposals.* **Staff recommendation:** **In contrast to the previous ED 284 analysis, paragraph 33 should be reduced for Tier 2 entities in order to be consistent with the approach in AASB 15.**
34 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 income arising from transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. In particular, an entity shall explain the	One respondent (AR1) disagreed with reducing the disclosure required by paragraph 36 as they do not agree that such judgements would be captured by AASB 101. One respondent (AR2) commented that reducing paragraph 34 is not consistent with the approach taken for AASB 15.123 where	The equivalent disclosures required by AASB 15.123 and 125 are not reduced for Tier 2 entities as the cost of making this disclosure was not expected to exceed the benefits – see ED 251 *Revenue from Contracts with Customers – Tier 2 proposals.*

AASB 1058 ED proposal	Respondents' comments	Staff comments and recommendation
judgements, and changes in the judgements, made in determining the timing of satisfaction of obligations (see paragraphs 35 and 36). 36 For obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when it has satisfied its obligations.	the AASB retained these disclosures for Tier 2 entities. One respondent (AR4) commented that the rationale in the analysis around paragraphs 34 and 36 is that AASB 101 *Presentation of Financial Statements* requires disclosure for sources of estimation uncertainty and therefore any disclosures required by virtue of paragraphs 34 and 36 would be required by AASB 101 in any event. As these disclosures (those in paragraphs 34 and 36) were specifically defined when the Board issued the standard, there was a decision that they would be important in some specific scenario, particularly if the view is that such disclosures would be required by AASB 101 in any event.	**Staff recommendation:** **In contrast to the previous ED 284 analysis, paragraphs 34 and 36 should be retained for Tier 2 entities in order to be consistent with the approach in AASB 15.**
C7 For the reporting period that includes the date of initial application, an entity shall provide both of the following additional disclosures if this Standard is applied retrospectively in accordance with paragraph C3(b): (a) the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 1004 Contributions before the change; and	Two respondents (AR1 and AR2) suggested retaining the paragraph C7(b) disclosure for Tier 2 entities as equivalent disclosure in AASB 15.C8 was not reduced.	The equivalent disclosure required by AASB 15.C8 is retained for Tier 2 entities as the cost of making this disclosure was not expected to exceed the benefits – see ED 251 *Revenue from Contracts with Customers – Tier 2 proposals.* **Staff recommendation:** **In contrast to the previous ED 284 analysis, paragraph C7(b) should be retained for Tier 2 entities in order to be consistent with the approach in AASB 15.**

AASB 1058 ED proposal	Respondents’ comments	Staff comments and recommendation
(b) an explanation of the reasons for significant changes identified in paragraph C7(a).		

Service Concession Arrangements: Grantors
AASB Specific Matter for Comment 3
Do you agree that RDR concessions are not required for AASB 1059 *Service Concession Arrangements: Grantors*? If not, please provide reasons.

16 All of the Australian respondents answered this question. The responses have been classified in the table below.

Type of response	Australia	#
Agree	AR1,AR2,AR3,AR4	4
Partially agree	AR5	1

17 Four out of five Australian respondents agreed that RDR concessions are not required for AASB 1059. One respondent suggested a few disclosure reliefs for Tier 2 entities as shown in the table below. This table does not cover disclosure requirements where the proposed retention for Tier 2 entities was supported by all respondents.

AASB 1059 ED proposal	Respondents' comments	Staff comments and recommendation
28 The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements. To achieve this, an entity shall consider disclosing qualitative and quantitative information about its service concession arrangements, including the following: (a) a description of the arrangements; (b) significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows (eg the period of the arrangement, re-pricing dates	One respondent (AR5) suggested reducing paragraph 28 for Tier 2 entities – if it is meant to be guidance, then reducing it will avoid the implication that the paragraph represents the minimum disclosures.	The majority of the respondents agreed with not proposing RDR concessions for AASB 1059. **Staff recommendation:** Consistent with the previous ED 284 analysis, the Board should proceed with not providing any RDR concessions for AASB 1059.

AASB 1059 ED proposal	Respondents' comments	Staff comments and recommendation
and the basis upon which re-pricing or renegotiation is determined); (c) the nature and extent (eg quantity, time period, or amount, as appropriate) of: (i) rights to receive specified services from the operator; (ii) the carrying amount of service concession assets as at the end of the reporting period, including separate disclosure for existing assets of the grantor reclassified as service concession assets during the reporting period; (iii) rights to receive specified assets at the end of an arrangement; (iv) renewal and termination options; (v) other rights and obligations (eg major overhaul of service concession assets); and (vi) obligations to provide the operator with access to service concession assets or other revenue-generating assets; and (d) changes in arrangements occurring during the reporting period.		
C4 If a grantor elects to apply this Standard retrospectively in accordance with paragraph C3(b), the grantor shall: (e) disclose that it has applied this transition approach and information relating to the measurement of the assets and liabilities in support of the disclosure objective in paragraph 28.	One respondent (AR5) questions whether the general requirements in AASB 108 should be sufficient.	The current RDR framework does not rely on the general disclosure requirements in AASB 101 and AASB 108. **Staff recommendation:** Consistent with the previous ED 284 analysis, paragraph C4(e) should be retained for Tier 2 entities.

Effective date
AASB Specific Matter for Comment 4 (NZASB Specific Matter for Comment 3)
Do you agree with the proposed effective date of annual reporting periods beginning on or after 1 January 2019 (with early adoption permitted)? If not, please explain why.

18 Five out of the six Australian and NZ respondents answered this question. The responses have been classified in the table below.

Type of response	Australia	#	New Zealand	#
Agree	AR1,AR2,AR3,AR4	4	NZR1	1
No Response	AR5	1		

19 All respondents who provided a response agreed with the proposed effective date of annual reporting periods beginning on or after 1 January 2019.

Other comments
AASB Specific Matter for Comment 5 (NZASB Specific Matter for Comment 4)
Do you have any other comments on the ED proposals?

20 Three out of six respondents (AR1, AR3 and NZR1) did not have any other comments on the ED proposal.

21 Two respondents (AR4 and AR5) suggested that the Board should revisit the disclosures in light of the ED 277 *Reduced Disclosure Requirements for Tier 2 Entities*. Staff recommend to consider these comments in the future as ED 284 is based on the current RDR decision-making framework.

22 One respondent (AR2) suggested that when considering potential RDR disclosure exemptions, the AASB should consider not just individual disclosure requirements against RDR criteria but also whether existing disclosures not subject to RDR would be considered as meeting a Tier 2 user's needs.

Any regulatory issues?
AASB General Matter for Comment 6
Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to: (a) not-for-profit entities; and (b) public sector entities.

23 Three of the five Australian respondents (AR1, AR2 and AR3) stated that they are not aware of any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals. Two respondents (AR4 and AR5) did not provide any response.

Proposals useful?
AASB General Matter for Comment 7
Whether, overall, the proposals would result in financial statements that would be useful to users.

24 Two of the five Australian respondents (AR1 and AR3) agreed that the proposals would result in financial statements that would be useful to users.

25 Three respondents did not provide any response.

Best interest?
AASB General Matter for Comment 8
Whether the proposals are in the best interests of the Australian economy.

26 Four of the five Australian respondents (AR2, AR3, AR4 and AR5) did not provide any response.

27 One respondent (AR1) commented that they would not consider the interests of the Australian economy would be detrimentally impacted by the proposals made in the context of the existing framework for determining reduced disclosure requirements for Tier 2 entities.

Cost versus benefits
AASB General Matter for Comment 9
Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, 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.

28 None of the Australian respondents responded to this question.