Proposals for RDR in AASB 1058 *Income of Not-for-Profit Entities*

Proposed RDR in AASB 1058 (shaded) under current RDR framework		**Comments**
Disclosure		
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.**	Paragraph 23 identifies the objective of the disclosure requirements in the Standard. As such, it is not a disclosure requirement so would not be subject to analysis. It refers to paragraphs 24-41 that are, in part, retained for Tier 2 entities. Under current RDR framework, treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 23 for Tier 2 entities.
24	An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.	Paragraph 24 explains the level of detail necessary to meet the disclosure objective. No disclosure requirements to analyse. Under current RDR framework, treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 24 for Tier 2 entities.
25	An entity need not disclose information in accordance with this Standard if it has provided the information in accordance with another Standard.	Paragraph 25 outlines the option available to entities when information has been disclosed in accordance with another Standard. No additional disclosure requirements to analyse. Under current RDR framework, treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 25 for Tier 2 entities.
26	An entity shall disclose income recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors. An entity considers disclosing separately the following categories of income: (a) grants, bequests and donations of cash, other financial assets and goods; (b) recognised volunteer services; and (c) for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation.	Paragraph 26 requires disclosure of disaggregated income. Under current RDR framework, it meets user needs in relation to disaggregations of amounts presented in the financial statements. Therefore retain this paragraph for Tier 2 entities.
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	Paragraph 27 encourages entities to disclose qualitative information by major class of transaction. Under current RDR framework, encouraged disclosures are reduced. Therefore reduce paragraph 27 for Tier 2 entities.

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	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.	
28	**Non-contractual income arising from statutory requirements** An entity shall disclose income arising from statutory requirements (such as taxes, rates and *fines*) recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors.	Paragraph 28 requires disaggregated disclosure of income arising from statutory requirements. Under current RDR framework, it meets user needs in relation to disaggregations of amounts presented in the financial statements. Benefits of disclosure are expected to exceed the costs. Therefore retain paragraph 28 for Tier 2 entities.
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.	Paragraph 29 provides guidance to meet the disclosure objective by considering certain disclosures. Under current RDR framework, treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 29 for Tier 2 entities.
30	Other information that may be appropriate for an entity to disclose includes, for each class of taxation 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.	Paragraph 30 provides guidance to meet the disclosure objective by considering certain disclosures. Under current RDR framework, treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 30 for Tier 2 entities.
31	**Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity** An entity shall disclose the opening and closing balances of financial assets arising from transfers to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity and the associated liabilities arising from such transfers, if not otherwise separately presented or disclosed. An entity shall also disclose income	Paragraph 31 requires disclosure of assets, liabilities and income arising from certain transfers. Under current RDR framework, it meets user needs in relation to the nature of transaction or event that makes it significant or material to

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	recognised in the reporting period arising from the reduction of an associated liability.	the entity. Therefore retain paragraph 31 for Tier 2 entities.
32	An entity shall disclose information about its obligations under such transfers, including a description of when the entity typically satisfies its obligations (for example, as the asset is constructed, upon completion of construction or when the asset is acquired).	Paragraph 32 requires disclosure of obligations under certain transfers. Under current RDR framework, it meets user needs in relation to liquidity and solvency as well as obligations, commitments and contingencies. Therefore retain paragraph 32 for Tier 2 entities.
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.	Paragraph 33 requires disclosure of expected recognition of income arising from unsatisfied obligations. Under current RDR framework, it meets user needs in relation to obligations, commitments and contingencies. Therefore retain paragraph 33 for Tier 2 entities.
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 judgements, and changes in the judgements, made in determining the timing of satisfaction of obligations (see paragraphs 35 and 36).	Paragraph 34 requires disclosure of judgements. Under current RDR framework, it meets user needs in relation to the entity's accounting policy choices and measurement uncertainties. However, the disclosure requirements in AASB 101 cover sources of estimation uncertainty and are retained for Tier 2 entities. The presumption that benefits exceed costs should be rebutted as the disclosures in paragraph 34 are more detailed than is necessary to meet user needs. Therefore reduce paragraph 34 for Tier 2 entities.
35	For obligations that an entity satisfies over time, an entity shall disclose both of the following: (a) the methods used to recognise income (for example, a description of the output methods or input methods used and how those methods are applied); and (b) an explanation of why the methods used provide a faithful depiction of the entity's progress toward satisfying its obligations.	Paragraph 35 requires disclosure of the accounting methods to recognise income from satisfying obligations. Under current RDR framework, it meets user needs in relation to the entity's accounting policy choices. The benefits of disclosure are expected to exceed the costs in paragraph 35(a). However the costs of making the disclosure required by paragraph 35(b) could exceed the benefits. Therefore retain paragraph 35(a) and reduce paragraph 35(b) for Tier 2 entities.
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.	Paragraph 36 requires disclosure of significant judgements in evaluating when obligations are satisfied. Under current RDR framework, it meets user needs in relation to liquidity and solvency. However, given the disclosure requirements in AASB 101 for sources of estimation uncertainty that are retained

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	for Tier 2 entities, the costs to make the disclosures required by paragraph 36 exceed the benefits. Therefore reduce paragraph 36 for Tier 2 entities.
Restrictions 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 (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.	Paragraph 37 encourages entities to disclose information about externally imposed restrictions. No disclosure requirements to analyse. Under current RDR framework, encouraged disclosures are reduced. Therefore reduce paragraph 37 for Tier 2 entities.
Compliance with parliamentary appropriations and other related authorities for expenditure **38 Paragraphs 39–41 apply only to government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation. The amounts disclosed in accordance with paragraphs 39–41 include any amounts appropriated in respect of which the entity recognises revenue or other income in accordance with another Australian Accounting Standard.**	Paragraph 38 provides guidance to disclosures required in paragraphs 39-41, which are retained for Tier 2 entities. Under current RDR framework, treated as guidance to disclosure requirements that are retained. Therefore retain paragraph 38 for Tier 2 entities.
39 An entity shall disclose: **(a) a summary of the recurrent, capital or other major categories of amounts authorised for expenditure (including parliamentary appropriations), disclosing separately:** **(i) the original amounts appropriated; and** **(ii) the total of any supplementary amounts appropriated and amounts authorised other than by way of appropriation (eg by the Treasurer, other Minister or other legislative authority);** **(b) the expenditures in respect of each of the items disclosed in (a) above; and** **(c) the reasons for any material variances between the amounts appropriated or otherwise authorised and the resulting associated expenditures, and any financial consequences for the entity of unauthorised expenditure.**	Paragraph 39 requires disclosure of information about authorised expenditure. AASB 1055 *Budgetary Reporting* requires governments and not-for-profit entities within the general government sector to disclosure information in regard to budgetary reporting, to which the disclosures here in paragraph 39 are related. Under current RDR framework, paragraph 39 would also meet the user needs. Therefore retain paragraph 39 for Tier 2 entities.

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40 For the purposes of resource allocation decisions, including assessments of accountability, this Standard requires that users of financial statements of government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation be provided with information about the amounts appropriated or otherwise authorised for the entity's use, and whether the entity's expenditures were as authorised. This information may be based on acquittal processes applied by an entity. When spending limits imposed by parliamentary appropriation or other authorisation have not been complied with, information regarding the amount of, and reasons for, the non-compliance is relevant for assessing the performance of management, the likely consequences of non-compliance, and the ability of the entity to continue to provide services at a similar or different level in the future.	Paragraph 40 provides guidance in relation to meeting the disclosure requirements in paragraph 39. Under current RDR framework, treated as guidance relating to disclosures that are retained. Therefore retain paragraph 40 for Tier 2 entities.
41 Broad summaries of the major categories of appropriations and associated expenditures, rather than detailed reporting of appropriations for each activity or output, is sufficient for most users of such an entity's financial statements. Determining the level of detail and the structure of the summarised information is a matter of judgement. To develop effective disclosures, entities also subject to AASB 1055 *Budgetary Reporting* might consider the variance disclosure requirements in that Standard at the same time.	Paragraph 41 provides guidance to general disclosure requirements. Under current RDR framework, treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 41 for Tier 2 entities.
Appendix C: Effective date and transition **Effective date** C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided that entities apply AASB 15 *Revenue from Contracts with Customers* to the same period. If an entity applies this Standard earlier, it shall disclose that fact.	Paragraph C1 requires disclosure of an earlier application of the Standard. Under current RDR framework, it meets user needs in relation to the entity's accounting policy choices. Therefore retain paragraph C1 for Tier 2 entities.
Transition C5 When applying this Standard retrospectively in accordance with paragraph C3(a), as a practical expedient an entity need not restate completed contracts or transactions that: (a) begin and end within the same annual reporting period; or (b) are completed contracts or transactions at the beginning of the earliest period presented. If an entity applies this expedient, it shall do so consistently to all completed contracts or transactions within all reporting periods presented and shall disclose the use of this expedient.	Paragraph C5 provides recognition and measurement requirements as well as requires disclosure of applying a practical expedient. However, paragraph 28(d), which requires a description of the transitional provisions, is identified as an RDR concession in AASB 108. Therefore, under current RDR framework, reduce for Tier 2 entities the requirement to disclose that the entity has applied the practical expedient in paragraph C3(a).

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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 (b) an explanation of the reasons for significant changes identified in paragraph C7(a).	Paragraph C7 requires disclosure of a retrospective application of the Standard. Under current RDR framework, it meets user needs in relation to measurement uncertainties. The benefits of disclosure are expected to exceed the costs in paragraph C7(a). However the costs of making the disclosure required by paragraph C7(b) could exceed the benefits. Therefore retain paragraph C7(a) and reduce paragraph C7(b) for Tier 2 entities.