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**Australian Accounting
Standards Board**

AASB Staff Paper: Comparison of Standards for Smaller Entities

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Principal Authors

Stella Yun, *Former Graduate Intern*
Danielius Valuckas, *Graduate Intern*
Christine Helliard, *Research Director*

Enquiries

This AASB staff publication is available on the AASB website.

Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
AUSTRALIA

Tel +61 3 9617 7637
publications@asb.gov.au
www.asb.gov.au

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Executive Summary

This Staff Paper contributes to the Australian Accounting Standards Board's (AASB's) project to simplify and improve the Australian Reporting Framework. It does this by examining the recognition and measurement requirements that could be adopted for alternative tiers of financial reporting in Australia, particularly if introducing a third tier of financial reporting covering all categories of entities.

This Staff Paper benchmarks six international pronouncements for smaller entities of the International Accounting Standards Board (IASB), United Kingdom (UK) and New Zealand (NZ) and explores the options for modified accrual and cash bases of accounting as additional tiers of financial reporting requirements.

All the international alternatives are contained in one relatively small document, effectively a single standard, with only a few cross-references to requirements in other standards in higher tiers. In terms of simplicity and ease of application, the findings suggest that pronouncements in NZ provide the least extensive and complex accounting requirements. However, they also require preparation of a service performance report.

Although the IASB's *IFRS for SMEs* simplifies full IFRS Standards by limiting the accounting policy choices available, it is gradually becoming significantly different from full IFRS Standards. The maintenance process is less frequent and decisions have been made to exclude specific new accounting standards for the latest update in 2015. In addition, the modifications made are not necessarily simpler options and are not necessarily in the areas expected. Notably FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* was originally developed from the *IFRS for SMEs*, but the scope has since been broadened to encompass a more complete IFRS-based solution rather than simply maintaining consistency with the *IFRS for SMEs*.

FRS 102 is more aligned with AASB Standards than with the *IFRS for SMEs* in terms of the entities covered, the options provided and the comprehensive context. FRS 102 is therefore longer than the *IFRS for SMEs* and incorporates extra requirements for public benefit entities (PBE paragraphs equivalent to Australian paragraphs for not-for-profit entities) and additional sections for PBE-specific transactions.

FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime* incorporates the recognition and measurement requirements of FRS 102 with modifications to reflect the legal requirements for micro-entities and with further simplifications to reflect the size and nature of micro-entities.

The UK Charities SORP (FRS 102) *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland* is often cited as an example the AASB should consider. Although not a standard in itself, it provides sector-specific guidance on how to apply FRS 102 and prescribes particular treatments when an accounting policy choice is allowed.

Table 1 below summarises the key differences from AASB Tier 1 (full recognition, measurement and disclosure) for the *IFRS for SMEs*, UK and NZ pronouncements, including the length, bases, maintenance and scope of the pronouncements. In addition, Table 1 depicts the extent of differences in accounting requirements for most common topic areas for small and medium-sized entities, suggesting that NZ Tier 4 PBE Standards (cash accounting) are the simplest, followed by NZ Tier 3 PBE Standards (modified accrual accounting), UK FRS 105, the *IFRS for SMEs*, and UK FRS 102, including the Charities SORP.

This Staff Paper does not make any recommendations on which options should be considered for additional tiers to the current two-tier structure set out in AASB 1053 *Application of Tiers of Australian Accounting Standards*. However, the AASB welcomes input from stakeholders on the options explored in this paper as part of its ongoing efforts to improve financial reporting requirements for smaller sized entities across all sectors.

Table 1. Key Findings

This table summarises the extent of key differences between AASB Tier 1 and the international pronouncements for small and medium-sized entities.

	AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
Standard/Guide	<ul style="list-style-type: none"> Multiple standards 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single guidance 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single standard for NFP entities Single standard for PS entities 	<ul style="list-style-type: none"> Single standard for NFP entities Single standard for PS entities
Length of pronouncements	<ul style="list-style-type: none"> 2,226 pages 	<ul style="list-style-type: none"> 246 pages 	<ul style="list-style-type: none"> 404 pages 	<ul style="list-style-type: none"> 195 pages 	<ul style="list-style-type: none"> 146 pages 	<ul style="list-style-type: none"> 56 pages (NFP) 58 pages (PS) 	<ul style="list-style-type: none"> 31 pages (NFP) 27 pages (PS)
Basis of pronouncements	<ul style="list-style-type: none"> IFRS Standards 	<ul style="list-style-type: none"> IFRS Standards 	<ul style="list-style-type: none"> IFRS for SMEs 	<ul style="list-style-type: none"> FRS 102 	<ul style="list-style-type: none"> FRS 102 	<ul style="list-style-type: none"> NZ Tier 1 PBE Standards (IPSASB) NZ Tier 2 PBE Standards 	<ul style="list-style-type: none"> Research on user needs
Maintenance of pronouncements	<ul style="list-style-type: none"> Amendments Annual review Urgent matters 	<ul style="list-style-type: none"> Amendments not more frequent than every three years Urgent matters 	<ul style="list-style-type: none"> Review every four to five years Interim period updates 	<ul style="list-style-type: none"> Annual review 	<ul style="list-style-type: none"> Not specified 	<ul style="list-style-type: none"> Post-implementation review 	<ul style="list-style-type: none"> Post-implementation review
Type of entities applicable	<ul style="list-style-type: none"> All entities 	<ul style="list-style-type: none"> For-profit entities 	<ul style="list-style-type: none"> All entities 	<ul style="list-style-type: none"> Charitable entities 	<ul style="list-style-type: none"> For-profit entities 	<ul style="list-style-type: none"> Public benefit entities 	<ul style="list-style-type: none"> Public benefit entities
Number of topics (benchmarked against AASB Tier 1) and extent of recognition and measurement differences for 17 topic areas							
– No significant differences		2	3	2	1	1	0
– Simplified		3	1	2	2	0	0
– Modified		5	7	7	5	3	2
– Significant		5	5	5	4	8	7
– Excluded		1	1	0	4	5	8
– N/A		1	0	1	1	0	0
<p>Legend:</p> <ul style="list-style-type: none"> – No significant differences: there are no simplifications or modifications to accounting requirements in relation to those in AASB Tier 1. – Simplified: the accounting policy choice is constrained compared to the one available under AASB Tier 1. – Modified: the differences extend beyond a mere limitation of accounting policy choice available. – Significant: there is a significant difference in accounting methodology compared to AASB Tier 1. – Excluded: certain topics are excluded due to being uncommon, unlikely or restricted by law for small and micro-sized entities. 							

Additional tiers of financial reporting

Introduction

This paper explores what an additional third tier of financial reporting might look like in Australia by benchmarking the recognition and measurement requirements set out in various pronouncements across three different regimes for smaller entities, namely

1. the International Accounting Standards Board's (IASB) *IFRS for SMEs*
2. the United Kingdom (UK) reporting framework regime
3. New Zealand (NZ).

These jurisdictions have set standards for smaller entities, with the UK and NZ specifically setting standards for not-for-profit and public sector entities.

Why is an additional tier important?

This Staff Paper is part of the Australian Financial Reporting Framework project of the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) to achieve a financial reporting framework that is clear, objective and comparable, balancing users' needs and preparers' costs.

Determined in conjunction with government policymakers and regulators, the Australian Financial Reporting Framework should set out objective criteria to determine which entities should prepare financial statements and what financial reporting requirements should apply to such entities. Notably:

- the implementation of the IASB's revised *Conceptual Framework* might result in entities currently preparing special purpose financial statements no longer being able to do so, instead having to prepare general purpose financial statementsⁱ
- constituent feedback on the AASB Discussion Paper *Improving Financial Reporting for Australian Charities*ⁱⁱ indicated three tiers of reporting is generally considered necessary.

General purpose financial statements in Australia currently have two tiers, as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards*:

- Tier 1 – Full Australian Accounting Requirements
- Tier 2 – Reduced Disclosure Requirements.

It is therefore timely to reconsider the need for additional tiers of financial reporting and determine what these might incorporate. Identifying additional reporting requirements and understanding their rationale is useful in establishing an Australian financial reporting framework that encompasses all entities in the for-profit, not-for-profit and public sectors.

Methodology

This Staff Paper benchmarks various modified accrual and cash bases of accounting that are used in different jurisdictions to identify what an additional tier of financial reporting in Australia might look like. The Staff Paper compares financial accounting and reporting requirements and recommendations across a number of areas to draw out the modifications made to accommodate smaller entities in balancing the costs to preparers with the needs of users.

i AASB Consultation Paper *Applying the IASB's Revised Conceptual Framework and Removal of Special Purpose Financial Reporting for Entities Required to Comply with Australian Accounting Standards* will be issued in the near future.

ii Refer to AASB Discussion Paper *Improving Financial Reporting for Australian Charities* here: www.aasb.gov.au/admin/file/content102/c3/ACCDP_IFRAC_11-17.pdf

The Staff Paper considers the *IFRS for SMEs* and the pronouncements in the UK and NZ (refer to Appendix B for a detailed list of pronouncements). These countries have been chosen:

- for their respective pronouncements for smaller entities
- because their entity structures are comparable to those in Australia
- as suggested by Australian constituents.

Specifically, in the UK this Staff Paper covers:

- FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*
- Charities SORP (FRS 102) *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland*
- FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime.*

In NZ this Staff Paper covers the Tier 3 and Tier 4 PBE Standards, both for the public sector and the not-for-profit sector as appropriate bases for an alternative tier of accounting requirements:

- PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)*
- PBE SFR-A (NFP) *Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit)*
- PBE SFR-C (PS) *Public Benefit Entity Simple Format Reporting – Cash (Public Sector)*
- PBE SFR-C (NFP) *Public Benefit Entity Simple Format Reporting – Cash (Not-for-Profit).*

To depict the comprehensiveness and the relative difficulty of pronouncements as at the date of this paper, and to be consistent with the AASB Discussion Paper *Improving Financial Reporting for Australian Charities* as well as AASB Research Report *Financial Reporting Requirements Applicable to Australian Public Sector Entities*ⁱⁱⁱ, an equivalent tier is assigned to selected standards and guidance documents.

Four equivalent tiers are used for such classification:

EQUIVALENT TIERS	PRONOUNCEMENTS CONSIDERED
Tier 1: Full recognition, measurement and disclosures	Australia: AASB Tier 1
Tier 2: Full recognition and measurement, reduced disclosures	Not applicable for this Staff Paper
Tier 3: Reduced recognition, measurement and disclosures	International: <i>IFRS for SMEs</i> ; UK: FRS 102; Charities SORP (FRS 102); FRS 105; NZ: PBE SFR-A (NFP); PBE SFR-A (PS)
Tier 4: Cash basis of accounting	NZ: PBE SFR-C (NFP); PBE SFR-C (PS)

Recognition, measurement and disclosure requirements in different jurisdictions are benchmarked against AASB Tier 1 to identify the extent of potential modifications that could be made if Australian policymakers and regulators introduced a new tier of financial reporting. The scope of the analysis does not include AASB Tier 2 – Reduced Disclosure Requirements and is limited to the pronouncements identified above.

Some standards in Australia are not effective as of the date of this Staff Paper, eg AASB 16 *Leases* is effective from 1 January 2019, however, the accounting requirements of these upcoming standards have been included in the analysis to reflect the upcoming changes and developments to accounting requirements for certain transactions and events.

Table 2 below summarises the characteristics of the benchmarked standards and identifies:

- the bases for developing these standards
- their maintenance
- types of entities affected
- the length and organisation of the documents.

Table 3 summarises the extent of differences between AASB Tier 1 and other pronouncements for 17 of the most common transactions and events that affect smaller and medium-sized entities in all sectors.

Appendix A illustrates the recognition, measurement and disclosure requirements for 19 topics: the 17 topics summarised in Table 3 plus two disclosure-only topics on related party transactions and going concern. Appendix A is in no way exhaustive and focuses only on key differences identified across the pronouncements. To help identify the extent of the recognition and measurement differences, five categories of differences have been used. These include simplifications from removing options only, through to introducing new and different methodologies.

ⁱⁱⁱ AASB Research Report *Financial Reporting Requirements Applicable to Australian Public Sector entities* will be issued in the near future.

The analysis of the extent of differences represented in Table 3 is based on Appendix A and has involved some judgement in classifying the differences into different categories.

What might an additional tier look like?

All the international alternatives are contained in one relatively small document, effectively a single standard, with only a few cross-references to requirements in other Standards in higher Tiers. The simplest and most understandable standards applicable for smaller and medium-sized entities are those in New Zealand – Tier 3 PBE Standards (modified accrual) and Tier 4 PBE Standards (cash) – these standards are also the most different from AASB Tier 1 in terms of accounting requirements for various topic areas.

When comparing the *IFRS for SMEs* with the pronouncement that was developed from it, i.e. UK FRS 102, the latter is longer and more closely aligned with AASB Tier 1 than the *IFRS for SMEs* itself, raising the question of whether the *IFRS for SMEs* is the best starting point in developing an additional tier in Australia. The amendments following the recent triennial review process in the UK state that a wider source of improvements and clarifications are considered in FRS 102, broadening its scope beyond maintaining consistency with the *IFRS for SMEs*.

FRS 105 is the shortest standard in the UK and provides the most amount of modifications or exclusions when compared with the *IFRS for SMEs* or AASB Tier 1 Standards.

The Charities SORP may seem to represent a very simplified set of requirements, but it builds upon the requirements in FRS 102 and simplifies recognition and measurement requirements through the elimination of options. The Charities SORP is therefore not a standard in itself but a sector-specific guidance.

Where to from here?

The findings show that there is considerable variation across the pronouncements of the jurisdictions that have simplified and modified their accounting and reporting requirements for smaller entities. This research does not make any recommendations and is designed to provide some factual context regarding possible additional tiers.

This research is the beginning of a process through which the AASB will work with stakeholders to reach a clear, effective, broadly accepted framework for financial reporting. This Staff Paper should be read in conjunction with a number of other AASB papers, including AASB Discussion Paper *Improving Financial Reporting for Australian Charities* and forthcoming reports:

- AASB Research Report *Financial Reporting Requirements Applicable to Australian Public Sector Entities*
- AASB Research Report *Financial Reporting Requirements Applicable to Australian For-Profit Sector*
- AASB Staff Paper *Relevance of parent and/or subsidiary financial statements if consolidated financial statements are available*.

Table 2. General characteristics of benchmarked Pronouncements

This table provides a snapshot of the scope, structure, development, maintenance and applicability of the pronouncements.

For details, refer to the Endnotes for Table 2 on pages 6-7 as well as Appendix A.

	AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
Standard/Guide	<ul style="list-style-type: none"> Multiple standards 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single guidance 	<ul style="list-style-type: none"> Single standard 	<ul style="list-style-type: none"> Single standard for NFP entities Single standard for PS entities 	<ul style="list-style-type: none"> Single standard for NFP entities Single standard for PS entities
Equivalent tier	<ul style="list-style-type: none"> Tier 1 	<ul style="list-style-type: none"> Tier 3 	<ul style="list-style-type: none"> Tier 3 	<ul style="list-style-type: none"> Tier 3 	<ul style="list-style-type: none"> Tier 3 	<ul style="list-style-type: none"> Tier 3 	<ul style="list-style-type: none"> Tier 4
Basis of pronouncements	<ul style="list-style-type: none"> IFRS Standards 	<ul style="list-style-type: none"> IFRS Standards 	<ul style="list-style-type: none"> IFRS for SMEs (2009)¹ 	<ul style="list-style-type: none"> FRS 102² 	<ul style="list-style-type: none"> FRS 102 	<ul style="list-style-type: none"> NZ Tier 1 PBE Standards NZ Tier 2 PBE Standards 	<ul style="list-style-type: none"> Research on user needs³
Type of entities applicable	<ul style="list-style-type: none"> All entities 	<ul style="list-style-type: none"> For-profit entities 	<ul style="list-style-type: none"> All entities 	<ul style="list-style-type: none"> Charitable entities 	<ul style="list-style-type: none"> For-profit entities 	<ul style="list-style-type: none"> Public benefit entities⁴ 	<ul style="list-style-type: none"> Public benefit entities⁴
Criteria for entities that fall into this category	<ul style="list-style-type: none"> Publicly accountable reporting entities⁵ Optional for other entities⁶ 	<ul style="list-style-type: none"> Non-publicly accountable, profit-oriented entities that prepare GPFS Depends on a jurisdiction⁷ 	<ul style="list-style-type: none"> Entities that are not 'micro' (see FRS 105) 	<ul style="list-style-type: none"> Non-company charities (with gross income of over £250,000) and all charitable companies⁸ 	<ul style="list-style-type: none"> Companies and LLPs not exceeding two or more criteria (turnover £632,000; balance sheet £316,000; employees 10)⁹ 	<ul style="list-style-type: none"> PBE without public accountability¹⁰ and with expenses ≤ \$2million 	<ul style="list-style-type: none"> PBE without public accountability and not a specified NFP entity (operating payments < \$125,000)¹¹
Maintenance of pronouncements	<ul style="list-style-type: none"> Amendments Annual review Urgent matters 	<ul style="list-style-type: none"> Amendments not more frequent than every three years Urgent matters 	<ul style="list-style-type: none"> Review every four to five years¹² Interim period updates 	<ul style="list-style-type: none"> Annual review¹³ 	<ul style="list-style-type: none"> Not specified¹⁴ 	<ul style="list-style-type: none"> Post-implementation review 	<ul style="list-style-type: none"> Post-implementation review
Requirement to apply other Standards	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> IAS 39 (optional)¹⁵ Full IFRS (optional)¹⁶ 	<ul style="list-style-type: none"> FRS 103, IAS 33, IFRS 8, IFRS 6 IAS 39/IFRS 9 (optional) 	<ul style="list-style-type: none"> FRS 102 precedes the SORP when in conflict¹⁷ 	<ul style="list-style-type: none"> FRS 102 (limited scope)¹⁸ 	<ul style="list-style-type: none"> PBE IPSAS 6,7,8 NZ Tier 2 PBE Standards (optional)¹⁹ 	<ul style="list-style-type: none"> N/A²⁰
Length of pronouncements ²¹	<ul style="list-style-type: none"> 2,226 pages 	<ul style="list-style-type: none"> 246 pages 	<ul style="list-style-type: none"> 404 pages 	<ul style="list-style-type: none"> 195 pages 	<ul style="list-style-type: none"> 146 pages 	<ul style="list-style-type: none"> 56 pages (NFP) 58 pages (PS) 	<ul style="list-style-type: none"> 31 pages (NFP) 27 pages (PS)
Organisation of pronouncements	<ul style="list-style-type: none"> By topics 	<ul style="list-style-type: none"> By topics 	<ul style="list-style-type: none"> By topics 	<ul style="list-style-type: none"> By fin. statements and topics 	<ul style="list-style-type: none"> By topics 	<ul style="list-style-type: none"> By components of performance report 	<ul style="list-style-type: none"> By components of performance report
Presentation of requirements for different entities	<ul style="list-style-type: none"> Additional Aus paragraphs '[deleted]' for removed req. 		<ul style="list-style-type: none"> Additional PBE²² paragraphs '[Not used]' for removed req. 	<ul style="list-style-type: none"> Use wordings: <ul style="list-style-type: none"> All/smaller/larger charities 		<ul style="list-style-type: none"> Required/optional information 	<ul style="list-style-type: none"> Required/optional information

	AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
Ease of use • Technical level of expertise needed	• Technical	• Technical ²³	• Technical	• Simpler	• Technical	• Very simple ²⁴	• Very simple ²⁴
• Examples and Guidance	• Interpretations • Staff FAQs	• IASB Guide for Micro-sized Entities	• Staff Education Notes ²⁵ • 7 SORPs	• Templates (compulsory)	• Templates (compulsory)	• Explanatory Guide ²⁶ • Templates (optional)	• Explanatory Guide ²⁶ • Templates (optional)
Transition Provisions	• Exemptions available ²⁷	• Exemptions available ²⁸	• Prohibits certain exemptions in <i>IFRS for SMEs</i> ²⁹	• Not covered (refer to FRS 102)	• Exemptions available ³⁰	• Significant level of exemptions available ³¹	• Significant level of exemptions available ³¹
Components of financial statements	6	6	6	4	3	5 ³²	4 (NFP) 3 (PS) ³³
• Statement of financial position	√	√	√	√ Balance sheet (retained funds)	√	√	√ Statement of resources and commitments (NFP only) ^{34,35}
• Statement of profit or loss	√ Statement of profit or loss / Statement of comprehensive income	√ Income statement / Statement of comprehensive income	√ Income statement / Statement of comprehensive income	√ Statement of financial activities (fund accounting)	√ Income statement	√ Statement of financial performance	√ Statement of receipts and payments
• Statement of other comprehensive income	√ (can be combined)	√ (can be combined)	√ (can be combined)	N/A	N/A	N/A	N/A
• Statement of changes in equity	√	√ Statement of income and retained earnings ³⁶	√ Statement of income and retained earnings ³⁶				
• Statement of cash flows	√	√	√	√ (large charities only)		√	
• Statement of service performance						√	√
• Notes	√	√	√	√	√	√	√
• Comparative information	√	√	√	√ (also required for fund accounting)	√	√ (significant concessions)	√ (significant concessions)

Table 3. Differences in recognition and measurement from AASB Tier 1 across the benchmarked Pronouncements

This table summarises the extent of key differences in recognition and measurement requirements benchmarked against AASB Tier 1 across a number of topics. As this reports recognition and measurement only, related party transactions and going concern are not covered in this table. The modifications that apply to not-for-profit entities under AASB Tier 1 are excluded from this analysis. Refer to Appendix A for the major differences identified.

	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
1. Property, plant and equipment	NSD	NSD	NSD	Simplified	NSD	Significant
2. Investment property	NSD	NSD	Simplified	NSD	Modified	Significant
3. Complex financial instruments	Modified & new Std	Modified	Modified	Modified	Excluded	Excluded
4. Financial instruments: hedging	Modified & new Std	Modified	Modified	Excluded	Excluded	Excluded
5. Intangibles	Modified	Modified	Modified	Modified	Significant	Significant
6. Impairment testing	Modified	Modified	Modified	Modified	Significant	Excluded
7. Leases	Significant & new Std	Significant	Significant	Significant	Significant	Significant
8. Business combinations	Significant & new Std	Significant	Significant	Significant	Excluded	Excluded
9. Consolidations	Significant & new Std	Significant	Significant	N/A	Significant	Excluded
10. Investments in associates and joint ventures	Significant & new Std	Significant	Significant	Significant	Significant	Excluded
11. Revenue	Modified & new Std	Modified	Modified	Modified	Significant	Significant
12. Borrowing costs	Simplified	NSD	NSD	Simplified	Excluded	Excluded
13. Income taxes	Simplified	Modified	N/A	Modified	Modified	Modified
14. Other comprehensive income	Simplified	Simplified	Simplified	Excluded	Excluded	Excluded
15. Income from other non-exchange transactions	N/A	Modified	Modified	Excluded	Significant	Significant
16. Government grants	Significant	Significant	Significant	Significant	Significant	Significant
17. Fundraising and administration	Excluded	Excluded	Modified	Excluded	Modified	Modified

Legend:

- NSD (no significant differences): there are no simplifications or modifications to accounting requirements in relation to those in AASB Tier 1.
- Simplified: the accounting policy choice is constrained compared to the one available under AASB Tier 1.
- Modified: the differences extend beyond a mere limitation of accounting policy choice available.
- Significant: there is a significant difference in accounting methodology compared to AASB Tier 1.
- Excluded: certain topics are excluded due to being uncommon, unlikely or restricted by law for small and micro-sized entities.
- *new Std: a new IFRS Standard has been issued by the IASB but not incorporated into the *IFRS for SMEs*.

Endnotes for Table 2. General characteristics of benchmarked pronouncements

- 1 “FRS 102 is an IFRS-based solution that was developed from the *IFRS for SMEs*. Therefore amendments to the *IFRS for SMEs* remain a useful source for considering the development and maintenance of FRS 102. However, the scope of FRS 102 is wider than the scope of the *IFRS for SMEs* and the FRC takes into account the size and range of entities applying FRS 102 when considering potential amendments. This means changes in IFRS are also relevant to FRS 102 and the FRC seeks an overall IFRS-based solution, when relevant, rather than simply maintaining consistency with the *IFRS for SMEs*.” (para.A35)
- 2 “Where FRS 102 allows an accounting policy choice, the SORP will identify whether a particular treatment is required or whether charities can exercise a choice.” (para.4 of Charities SORP)
- 3 “... The NZASB relied heavily on research funded by the then Charities Commission to assist it in identifying which transactions need to be addressed in the Standard ...” (para.BC6 of NZ Tier 4 PBE Standard (NFP))
“... The NZASB relied heavily on information in public sector financial statements prepared under previous requirements to assist it in identifying which transactions needed to be addressed in the Standard ...” (para.BC6 of NZ Tier 4 PBE Standard (PS))
- 4 Public benefit entities (PBEs) in New Zealand are defined as “reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders”. (para.6 of XRB A1)
- 5 “Tier 1 reporting requirements shall apply to the general purpose financial statements of the following types of entities: (a) for-profit private sector entities that have public accountability; and (b) the Australian Government and State, Territory and Local Governments. Subject to AASB 1049, GGSs of the Australian Government and State and Territory Governments shall apply Tier 1 reporting requirements.” (para.11-12 of AASB 1053)
- 6 “The following types of entities shall, as a minimum, apply Tier 2 reporting requirements in preparing general purpose financial statements: (a) for-profit private sector entities that do not have public accountability; (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. These types of entities may elect to apply Tier 1 reporting requirements in preparing general purpose financial statements.” (para.13 of AASB 1053)
- 7 *IFRS for SMEs* applies to “general purpose financial statements of, and other financial reporting by, entities that in many countries are referred to by a variety of terms, including small and medium-sized entities (SMEs), private entities and non-publicly accountable entities” (para.P9 of *IFRS for SMEs*). The Standard is available for any jurisdiction to adopt, whether or not it has adopted full IFRS Standards. Each jurisdiction must determine which entities should use the Standard. The [IASB] Board's only restriction is that entities that have public accountability should not use it.
- 8 For the qualifying conditions of charities, refer to relevant guidance (www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d).
- 9 For the qualifying conditions of micro-entity companies, refer to Sections 384A to 384B of the Companies Act 2006 (www.legislation.gov.uk/ukpga/2006/46/contents).
- 10 For the meaning of public accountability, refer to paragraphs 7–13 of the XRB A1.
- 11 For the meaning of specified NFP entity, refer to Section 46 of the Financial Reporting Act 2013 (www.legislation.govt.nz/act/public/2013/0101/latest/DLM4632962.html) and paragraphs 14–16 of XRB A2 *Meaning of Specified Statutory Size Thresholds*.
- 12 “FRS 102 will continue to be subject to periodic reviews to consider stakeholder feedback, minor changes in IFRS and the *IFRS for SMEs* and other issues. These periodic reviews are likely to take place every four to five years, to allow time for experience of the most recent edition of FRS 102 to develop before seeking stakeholder feedback. However, the FRC will continue to assess emerging issues as they arise to determine whether action needs to be taken. When necessary this will include issuing amendments to standards outside regular review cycles. (para.A45)
- 13 The UK FRC’s policy on developing SORPs states: “In promulgating a SORP, the SORP-making body undertakes to review on an annual basis each SORP for which it is responsible.” There have been two amendments to the Charities SORP since it was issued in July 2014: Update Bulletin 1 issued in February 2016 and draft Update Bulletin 2 exposed in February 2018.
- 14 There have been two amendments to UK FRS 105 since it was issued in July 2015: first in May 2016 and second in December 2017.

- 15 “An entity shall choose to apply either: (a) the requirements of both [*IFRS for SMEs*] Sections 11 and 12 in full; or (b) the recognition and measurement requirements of IAS 39 *Financial Instruments: Recognition and Measurement* and the disclosure requirements of Sections 11 and 12 to account for all of its financial instruments.” (para.11.2, para.12.2 of *IFRS for SMEs*)
- 16 “Until the *IFRS for SMEs* is amended, any changes that the IASB may make or propose with respect to full IFRS do not apply to the *IFRS for SMEs* ... unless, in the absence of specific guidance in the *IFRS for SMEs*, an SME chooses to apply guidance in full IFRS and those principles do not conflict with requirements in the hierarchy in paragraphs 10.4–10.5.” (para.P17 of *IFRS for SMEs*)
- 17 “This SORP provides guidance on how to apply FRS 102 to charity accounts and it should be noted that in the hierarchy established in accounting standards, FRS 102 requirements and legal requirements take precedence over the SORP.” (para.3 of Charities SORP)
- 18 A micro-sized entity shall apply FRS 102 to account for transfers of non-cash collateral (para.9.24); a trade and asset acquisition (para.14.1); goodwill on a trade and asset acquisition (para.14.2); impairment for a cash-generating unit (para.22.3); and additional impairment for goodwill acquired in a business combination (para.22.4). (paragraphs from FRS 105)
- 19 “The NZASB is aware that some entities may prefer not to apply certain simplifications [in NZ Tier 3 PBE Standards] or may wish to use an option that is available in Tier 1 and Tier 2 PBE Accounting Standards. Accordingly, the NZASB included an option that permits entities to elect to use the recognition and measurement requirements of a Tier 2 PBE Accounting Standard for a specific type of transaction as long as the entity applies that same requirement to all transactions of that type.” (para.BC13 of NZ Tier 3 PBE Standards)
- 20 NZ Tier 4 PBE Standards are “... fundamentally different from the standards based on the accrual basis of accounting. Therefore, there is no ability for an entity to elect to use some of the accounting treatments that are applied by entities in the other Tiers.” (para.BC7 of NZ Tier 4 PBE Standards)
- 21 The length of pronouncements does not include amendments or updates that were not compiled at the time.
- 22 Public benefit entity (PBE) in the UK is defined as “an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity’s primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.” (Glossary of FRS 102)
- 23 “Compared with full IFRS, the IFRS for SMEs has been written in clear, easily translatable language.” (as stated on the back cover of the Standard)
- 24 The NZASB decided to have a “short and relatively simple standard written in less technical language than is normally found in accounting standards” (para.BC6 of NZ Tier 3 and Tier 4 PBE Standards).
- 25 There are fifteen Staff Education Notes (SEN) issued by the UK FRC to assist entities using or thinking about using FRS 102 as a basis of preparation for their financial statements, although they do not have any authoritative status.
- 26 The NZ Tier 3 and Tier 4 PBE Standards are accompanied by an Explanatory Guide containing optional templates and guidance notes to assist entities in applying the standard (para.BC38 of XRB A1).
- 27 When reporting under AASB Standards for the first time, entities must apply AASB 1 *First-time Adoption of Australian Accounting Standards*, which is consistent with IFRS 1. AASB 1 lists the exceptions to the retrospective application of other Australian Accounting Standards (Appendix B of AASB 1) and the exemptions from other Australian Accounting Standards (Appendix D of AASB 1). For instance, an entity may designate an investment in an equity instrument as at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 on the basis of the facts and circumstances that exist at the date of transition to Australian Accounting Standards.
- 28 When adopting *IFRS for SMEs* for the first time, entities need to apply the procedures specified in Section 35 *Transition to the IFRS for SMEs*. Notably, an entity that had previously been compliant with the full IFRS Standards are treated as a first-time adopter. Several exemptions apply for first-time adoption. For instance, “a first-time adopter may elect to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to the *IFRS for SMEs* (ie a ‘fresh start’).” Refer to paragraph 35.10 of *IFRS for SMEs* for more exemptions.

- 29 The transition criteria for first-time adopters are generally consistent with *IFRS for SMEs* as discussed above. Nonetheless, some amendments are made. For instance, the ‘fresh start’ cumulative translation differences for all foreign operations discussed under *IFRS for SMEs* are not an option under FRS 102. Refer to paragraph 35.10 of FRS 102 for details.
- 30 The transition criteria for first-time adopters under FRS 105 are more flexible compared with those in FRS 102 and *IFRS for SMEs*. For instance, there are more things that a micro entity can retrospectively change. Refer to paragraphs 28.7–28.12 of FRS 105 for procedures for preparing financial statements at the date of transition.
- 31 Transitional arrangements under NZ Tier 3 and Tier 4 PBE Standards are similar for both Tier 3 and Tier 4 entities. These arrangements are less onerous and more flexible compared with other Standards discussed in this staff paper, especially in relation to reporting prior period comparatives. As stated in the Bases for Conclusion, these concessions were made based on cost and benefit considerations. The general provisions require entities to apply the Standard from the beginning of the earliest comparative period presented with all assets and liabilities recorded at the beginning of the earliest comparative period. However, if the amounts are not readily obtainable, the entity is not required to record the assets but to disclose that fact in notes. For new entities or entities that apply the Standards for the first time (ie previously applying any Standards except Tier 2 PBE Standards), the comparatives are not required. For Tier 3 entities that previously applied Tier 2 PBE Standards, entities can elect to use the information prepared under the Tier 2 requirements as comparatives. Refer to Appendix B of NZ Tier 3 and Tier 4 PBE Standards.
- 32 Entity information and Statement of accounting policies are listed as the required components of the performance report under NZ Tier 3 PBE Standards (para.A8), but for the purposes of this staff paper these components are regarded as part of Notes (just as this information is included as part of notes in the statements under other jurisdictions).
- 33 Entity information is listed as the required component of the performance report under NZ Tier 4 PBE Standards (para.A8), but for the purposes of this staff paper this component is regarded as part of Notes.
- 34 NZ Tier 4 PBE Standard (NFP): “Resources comprise items owned by the entity and available for the entity to use in the future (commonly referred to as assets). They may have been purchased or donated.” (para.A75)
 “Commitments comprise amounts owed by the entity (commonly referred to as liabilities) and legal obligations to make payments at a future date.” (para.A89) “This category shall comprise any significant contractual commitments (both operating and capital).” (para.A95)
- 35 NZ Tier 4 PBE Standard (PS): “If an entity does have significant resources, significant commitments and resources used as security for assets (the three key elements of the statement of resources and commitments), these are required to be disclosed in the notes to the performance report.” (para.BC11). See also paragraphs A79 to A81.
- 36 “If the only changes to equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, the entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity.” (para.3.18 of *IFRS for SMEs* and FRS 102)

Appendix A: Recognition, measurement and disclosure requirements

This appendix summarises the differences across the pronouncements in terms of recognition, measurement and disclosure requirements. The summary tables are in no way exhaustive and illustrate only the key characteristics and differences identified. This understanding can help standard setters decide which topics to incorporate and what requirements to modify in respect of different entity sizes.

To facilitate comparison, the tables below present differences between the subject pronouncements and their bases for preparation. This approach is different to the one in Table 3, where the benchmark used is AASB Tier 1. Comparing each pronouncement to its basis, as done in this Appendix, illustrates the developments of each standard and highlights the unique features only. This means that:

- *IFRS for SMEs* Standard is compared with AASB Tier 1;
- FRS 102 is compared with *IFRS for SMEs*;
- Charities SORP is compared with FRS 102; and
- FRS 105 is compared with FRS 102.

Where IFRS Standards are not the ultimate basis for preparation, comparisons are made to AASB Tier 1 or a higher tier in the respective jurisdiction. That is:

- NZ Tier 3 PBE Standards are compared with AASB Tier 1; and
- NZ Tier 4 PBE Standards are compared with NZ Tier 3 PBE Standards.

AASB Tier 1

AASB Standards are most comprehensive as they cover the full suite of IFRS Standards as well as the additional requirements and modifications for not-for-profit private and public sector entities.

Australia transitioned to adopting IFRS Standards in 2005 and Australian Accounting Standards (including Interpretations) have hence been issued using IFRS Standards as a basis. The AASB issues accounting standards that require like transactions and events to be accounted for in a like manner for all types of entities. This is referred to as ‘transaction neutrality’^{iv}.

In implementing transaction neutrality the AASB considers *The AASB’s Not-for-Profit Entity Standard-Setting Framework*^v. As a result, the AASB issues domestic standards and adds modifications to IFRS Standards^{vi}. Australian-specific modifications, applying to the public and not-for-profit sectors, are labelled ‘Aus’ paragraphs. Other minor amendments include Australian terminology and punctuation.

The AASB Standards comprise a full suite of standards and consist of 61 individual AASB Standards that are numbered in the following way:

AASB STANDARDS	CORRESPONDING IASB STANDARDS
Numbered from 1	International Financial Reporting Standards
Numbered from 101	International Accounting Standards
Numbered from 1001	No IFRS equivalent (some based on IPSASs)

AASB Standards are self-contained and adopt the same rules as full IFRS Standards when specific guidance for a transaction or an event is absent.

IFRS for SMEs

The *IFRS for SMEs* is based on full IFRS with modifications to reflect the needs of users of SMEs’ financial statements and cost-benefit considerations.

The *IFRS for SMEs* was developed by “extracting the fundamental concepts from the IASB *Framework for the Preparation and Presentation of Financial Statements* (IASB Framework) and the principles and related

iv Refer to AASB Policies and Processes document here: www.aasb.gov.au/admin/file/content102/c3/Policy_Statement_03-11.pdf

v *The AASB’s Not-for-Profit Entity Standard-Setting Framework* will be issued in the near future.

vi Refer to AASB Staff Paper *Modifications to Australian Accounting Standards for Not-for-Profit Entities* here: www.aasb.gov.au/admin/file/content102/c3/AASB_Staff_Paper_Modification_to%20Australian_Accounting_Standards_for_NFP_Entities.pdf

mandatory guidance from full IFRS; and considering the modifications that are appropriate on the basis of users' needs and cost-benefit considerations." (p.241 Derivation table of the *IFRS for SMEs*)

The disclosures required by AASB Tier 2 and the disclosures required by the *IFRS for SMEs* are similar. However, Tier 2 requirements and the *IFRS for SMEs* are not directly comparable as a consequence of Tier 2 recognition and measurement requirements corresponding to those in IFRS Standards, whereas the *IFRS for SMEs* has modifications to those requirements.

The recognition, measurement and disclosure requirements for Tier 2 entities are revised in line with Australian Accounting Standards (p.6 of AASB 1053), whereas the *IFRS for SMEs* is revised only periodically.

The *IFRS for SMEs* is organised by topic, with each topic presented in a separate numbered section. There are 246 pages and 35 sections.

The *IFRS for SMEs* is a self-contained Standard and adopts the same rules as the full IFRS Standards when specific guidance for a transaction is absent, except referring to its own corresponding standard numbers and Framework (para.10.4–10.6 of the *IFRS for SMEs*).

When comparing the *IFRS for SMEs* with the **AASB Standards**, the key differences are:

- Simplified recognition, measurement and disclosure requirements;
- No modifications for not-for-profit and public sector entities; and
- No incorporation of recent standards (eg IFRSs 15-17).

For example, the revenue section of the *IFRS for SMEs* is based on the old revenue standard IAS 18 *Revenue* and the lease section is based on the old leases standard IAS 17 *Leases* rather than IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* respectively. There is no indication when the IASB will update the *IFRS for SMEs*, and entities cannot elect to apply new IFRS Standards when using the *IFRS for SMEs*.

Many principles for recognising and measuring assets, liabilities, income and expenses in full IFRS Standards are simplified or modified. The simplifications eliminating more complex options provided in full IFRS Standards are meant to reduce the professional judgement required. For example, the *IFRS for SMEs* requires entities to amortise goodwill, recognise all borrowing and development costs as expenses; allows cost, equity and fair value methods to be used for associates and jointly-controlled entities, and allows applying undue cost or effort exemptions for specific requirements. Significantly fewer disclosures are required (roughly a 90 per cent reduction).

UK FRS 102

FRS 102 is based on the *IFRS for SMEs (2009)* with substantial modification to "the scope of entities eligible to apply it and the accounting treatments provided" (para.(iv) of FRS 102). As stated in FRS 102, it is "designed to apply to the general purpose financial statements and financial reporting of entities including those that are not constituted as companies and those that are not profit-oriented" (para.(v) of FRS 102).

"As the scope of FRS 102 is wider than the scope of the *IFRS for SMEs*, there are areas not addressed in the *IFRS for SMEs* that might be relevant to the broader group of entities applying FRS 102." (para.A13 of FRS 102)

FRS 102 signposts different requirements through the following methods:

- Section that applies to entities eligible for "Small-entity regime"
Section 34 applies to "Specialised Activities". Many of these activities are relevant to the specific transactions of financial institutions and public benefit entities that do not have a separate section in the *IFRS for SMEs*, such as "Heritage Assets" and "Incoming Resources from Non-exchange Transactions"
- Prefix "PBE" is used to identify PBE-specific requirements

There are 404 pages and 35 sections. It is 160 pages more than the *IFRS for SMEs* mainly due to the added requirements for public benefit entities, for example "Public Benefit Entity Concessionary Loans".

FRS 102 is a self-contained Standard and adopts the same rules as the *IFRS for SMEs* when specific guidance for a transaction is absent, except when referring to its own corresponding standard numbers and Framework. If the Standard "does not specifically address a transaction, other event or condition, an

entity's management shall use its judgement in developing and applying an accounting policy" (para.10.4 of FRS 102).

In making this judgement, "management shall refer to and consider the applicability of the following sources in descending order: (a) the requirements and guidance in an FRS dealing with similar and related issues; (b) where an entity's financial statements are within the scope of a Statement of Recommended Practice (SORP) the requirements and guidance in that SORP dealing with similar and related issues; and (c) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses and the pervasive principles in Section 2 *Concepts and Pervasive Principles*" (para.10.5 of FRS 102)

In making this judgement, "management may also consider the requirements and guidance in EU-adopted IFRS dealing with similar and related issues. Paragraphs 1.4 to 1.7 require certain entities to apply IAS 33 *Earnings per Share* (as adopted in the EU), IFRS 8 *Operating Segments* (as adopted in the EU) or IFRS 6 *Exploration for and Evaluation of Mineral Resources* (as adopted in the EU)" (para.10.6 of FRS 102).

When comparing **FRS 102** with the **IFRS for SMEs**, the main differences come from:

- Modifications for public benefit entities (PBE);
- Modifications to align with the old UK GAAP; and
- Simplified language in the financial instruments sections.

FRS 102 is aligned with AASB Standards more than with the *IFRS for SMEs* in terms of the entities covered, the options provided and the comprehensive context. FRS 102 is therefore longer than the *IFRS for SMEs* and incorporates extra requirements for public benefit entities (PBE paragraphs) and additional sections for PBE-specific transactions. For instance, sections such as service concession arrangements and concessionary loans have been added to provide guidance that is absent in the *IFRS for SMEs*.

In addition, there are also modifications to align FRS 102 with the old UK GAAP. There are cases where some options that had been removed by the *IFRS for SMEs* were added back to FRS 102 to reduce the differences from the old reporting requirements. FRS 102 is therefore closer to full IFRSs than to the *IFRS for SMEs*.

The other difference is the redrafting of the financial instruments sections as UK standard setters considered the classification conditions in the *IFRS for SMEs* as too restrictive, hence simplifying the application of hedge accounting.

Charities SORP (FRS 102)

Unique to UK, the FRC also approves Statements of Recommended Practice (SORPs). SORPs are sector-driven recommendations on financial reporting, auditing practices and actuarial practices for specialised industries, sectors or areas of work, or which supplement UK FRC standards and other legal and regulatory requirements in the light of special factors prevailing or transactions undertaken in that particular industry, sector or area of work that are not addressed in UK FRC standards. SORPs also address matters that are addressed in UK FRC standards, but about which additional guidance is considered necessary. There are currently seven SORPs in use for:

- Charities
- Further and higher education
- Registered providers of social housing
- Authorised funds
- Investment trust companies and venture capital trusts
- Limited liability partnerships
- Pension schemes.

It is stated in the SORP that users of this SORP will be familiar with accounting concepts, principles and terminology and possess a reasonable knowledge of accounting practice. However, throughout the SORP, more detailed explanation and clarification using language of a simpler nature are provided to assist the application. One of the objectives of the document is to provide clarification, explanation and interpretation of accounting standards and their application to charities and to sector specific transactions.

The Charities SORP (FRS 102) is a Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102. The SORP provides guidance for charities on how to apply FRS 102 and identify whether a particular treatment is required or whether charities can exercise a choice, where choices are provided under FRS 102.

The Charities SORP also adds additional charity-specific requirements including the trustees' annual report, fund accounting, the format of the statement of financial activities and additional disclosures aimed at providing a high level of accountability and transparency to donors, funders, financial supporters and other stakeholders. Where additional disclosures are required, the phrase 'this SORP requires' is used to distinguish the requirements. The SORP also offers advice on how a charity may disclose particular issues, or provides examples or suggested layouts of particular notes which a charity may choose to follow. (para.30 of Charities SORP)

The Charities SORP is covered in a single document but is not stand-alone as it does not contain all requirements that may be applicable under FRS 102. Charities applying the SORP need to refer back to FRS 102 where certain situations are not covered or if extra disclosures are needed to provide a true and fair view.

The SORP is 195 pages long and contains 14 core modules to which all charities must refer when preparing their accounts and report. Supplementing these core modules, there are four additional modules that apply only when a charity:

- undertakes a specific type of transaction;
- needs to recognise, measure or disclose a specific asset or liability in a particular way;
- has particular forms of investment; or
- adopts a particular legal form or group structure. (para.27)

Within the Core module section, the 14 modules are organised by topic and statements. That is, some modules are topic-based such as recognition of income and expenditures; whereas some modules are based on different statements such as Statement of financial activities and Balance sheet. This can be challenging when identifying the relevant sections when charities prepare their accounts. The Charities SORP applies to charities of various sizes and is not a Standard.

Within the charities SORP, a set of templates are provided to assist charities to prepare their accounts. It is required under the SORP to follow the structure, format and headings of these templates, where available. The last column of financial statement templates headed 'Further details' provides references to later sections that set out those activities and transaction(s) falling within each of the template's headings. There are 20 formats/tables in total.

The UK **Charities SORP** provides guidance when applying **FRS 102**, including:

- Extensive guidance and explanations;
- Elimination of some options and sections; and
- Extra disclosures for additional accountability.

Extra guidance and explanations are provided to tailor the SORP to smaller charities that do not have the resources or the level of expertise to use technically complex accounting. For instance, rather than just presenting the requirements for consolidation, the SORP explains the difference between business combination, consolidation and merger accounting, and the purpose of doing so before presenting the requirements. Similarly, in the financial instrument module, the principles in FRS 102 are translated into specific common examples and how charities should account for them. There is also additional guidance around charities' specific situations to help charities identify the terms and conditions attached to grants received and their impact on recognition and measurement.

Some modules such as hedge accounting and complex financial instruments have been reduced in length or removed as it is considered not relevant to charities. An example of an option that is not permitted is the 'accrual model' to recognise grants over time to match the corresponding expenses.

Additional disclosures are required to reflect the special nature of charities where there is higher public interest in knowing how funds and donations are used. Therefore, additional fund accounting is included to show the financial statements with reserved and unreserved funding identified separately. It is also the only pronouncement that covers accounting for support costs (ie administration costs).

UK FRS 105

FRS 105 is based on FRS 102, but its accounting requirements are adapted to satisfy the legal requirements applicable to micro entities and to reflect the simpler nature and smaller size of micro entities (para.(iii)). The micro-entities regime specifies certain minimum presentation and disclosure requirements and financial statements that include the prescribed minimum accounting items that are presumed in law to give a true and fair view and no further disclosures need to be made (para.BC14 of FRS 105).

The micro-entities regime prohibits the use of the Alternative Accounting Rules or the Fair Value Rules set out in company law and therefore micro entities are not permitted to revalue or subsequently measure assets or liabilities at fair value. This affects in particular financial instruments and investment properties which a micro entity has to measure at depreciated cost (para.BC15 of FRS 105).

FRS 105 is a stand-alone document and unlike FRS 102 applies only to the for-profit sector. There are 146 pages and 28 sections. It contains significantly less pages compared with FRS 102, which reflects the simpler nature and smaller size of micro entities as well as the reduced scope of application (only companies). Eight sections in FRS 102 have been removed as they are not as relevant or common to micro-sized entities such as “Consolidated and Separate Financial Statements”, “Investments in Associates” and “Investment Property”.

The requirement for transactions to be complete in all material respects and the consideration of requirements and guidance in other Standards (ie FRS 102 or EU-based IFRS) are not mandatory in FRS 105.

FRS 105 is significantly shorter than **FRS 102**. A number of key differences, such as the scope and the absence of revaluation/fair value, are driven by law. If any topic that an entity needs is not in the standard, FRS 105 cannot be used at all and FRS 102 has to be used in its entirety. The combined approach to FRS 105 and FRS 102 is precluded because another standard might include accounting requirements that conflict with the legal framework for micro-entities. An accounting policy can be determined using the Concepts and Principles in FRS 105. In the other standards, preparers can refer back to higher tier standards, but still use a lower tier standard, but under FRS 105 this is not the case. The key differences between FRS 102 and FRS 105 are:

- Only for-profit entities are covered, so it is reduced in scope;
- Only entities that do not need to consolidate are able to use it;
- Options for some items are reduced; and
- Complex topics are removed.

Complex topics that are less common or prohibited by law for micro-sized entities and thus reduced include accounting for joint venture and associates, other comprehensive income, and impairment of goodwill. There are also options that are excluded under FRS 105, for example in accounting for government grants.

NZ PBE Standards

Tier 1 and Tier 2 PBE Standards use International Public Sector Accounting Standards (IPSASs) as their basis, but are modified for any recognition, measurement or disclosure matters that are considered inappropriate in a NZ context^{vii}. As IPSASs were developed for public sector entities, there are also modifications to make them relevant, applicable and understandable to not-for-profit sector preparers and users, and to enhance their usefulness in the not-for-profit context. For some topics that are not covered in any IPSAS, the NZASB has developed Tier 1 and Tier 2 PBE Standards based on IFRS Standards or its existing domestic New Zealand Financial Reporting Standards (FRSs). The NZ PBE standards include four tiers.

The requirements in Tier 3 PBE Standards have been simplified compared to Tier 1 and Tier 2 PBE Standards. The simplifications include whether grants or donations are recorded, timing of recognition (only for NFP Standards) and treatment of donation/grant revenue (para.BC8 of Tier 3 PBE Standards). There are also a number of other simplifications to reduce the amount of professional judgement required and to make the Standards simpler to apply. For instance, allowing the statement of cash flows to be based on cash rather than cash equivalents (para.BC12 of Tier 3 PBE Standards). Tier 4 PBE Standards are applicable for very small entities and essentially adopt cash-based accounting. They are not directly comparable to Tier 1 and Tier 2 PBE Standards and are much simpler than Tier 3 requirements.

Tier 3 and Tier 4 PBE Accounting Requirements each contain two Standards, one for public sector PBEs and one for not-for-profit PBEs. This is to reflect the different user needs within these two PBE sub-sectors.

vii To further understand the differences between the AASB's and IPSASB's pronouncements refer to AASB Staff Report *Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements – A Comparison*, which illustrates the differences between the AASB's and IPSASB's pronouncements.

Tier 3

The Tier 3 PBE Standard (PS) contains 58 pages and 11 sections and the Tier 3 PBE Standard (NFP) contains 56 pages and 11 sections. The significantly fewer number of pages, compared to Tier 1 and Tier 2 PBE Standards, reflects simplifications to recognition, measurement, presentation and disclosures (para.BC37–BC38 of XRB A1).

For Tier 3 entities, when the Tier 3 PBE Standards do not provide guidance on a specific type of transaction or event, the entity shall “use its judgement to determine an appropriate method of accounting for that transaction type that results in the performance report providing relevant and reliable information. The entity shall refer to, and consider the applicability of, the following in descending order: (a) The principles and requirements in this Standard dealing with similar and related transactions or events; and (b) The definitions and concepts in the PBE *Framework* to the extent that they do not conflict with this Standard. In making the judgement described above, the entity might also consider (but is not required to apply) the relevant requirements in the Tier 2 PBE Accounting Requirements dealing with the same, similar or related transactions or events” (para.6 of Tier 3 PBE Standards).

In addition, an eligible Tier 3 entity can elect to opt-up to apply Tier 2 PBE Accounting Requirements to a specific type of transaction, as long as it applies that option to all transactions of that type (para.6 of Tier 3 PBE Standards).

The requirements in **NZ Tier 3 PBE Standards** for public benefit entities are very different from the **AASB requirements**. Some key differences are:

- Preparation of a performance report containing both financial and non-financial information (for example, service performance information);
- Very simple language;
- Reduced recognition and measurement for very small entities;
- Limited disclosures; and
- More guidance and examples specific to the sector.

The requirements in Tier 3 Accounting Standards are tailored for small PBEs that do not have the resources or accounting knowledge to apply Tier 1 or Tier 2 PBE Standards. The NZASB was cognisant of the fact that some Tier 3 PBE preparers, as well as users of their performance report, may have limited access to professional accounting expertise. The Tier 3 PBE Standards require the preparation of a performance report which contains both financial and non-financial information. The requirements in the standards are organised not by topics or line items but by components of the financial report. The Tier 3 PBE Standards address only those transactions that are commonly undertaken by these smaller PBEs. In addition, many requirements in the Tier 3 PBE Standards are based on a cost and benefit consideration so that if it is too hard or too costly to obtain the information, then recognition and measurement is not required.

The Tier 3 PBE Standards usually explain the concepts in plain language, and the lists of common examples show exactly how transactions should be accounted for, which is different from the other Accounting Standards.

Tier 4

The Tier 4 PBE Standards are prepared on a stand-alone cash basis. The Tier 4 PBE Standard (PS) contains 27 pages and 8 sections and the Tier 4 PBE Standard (NFP) contains 29 pages and 9 sections.

The Tier 4 PBE Standards are fundamentally different from the standards based on the accrual basis of accounting. Therefore, there is no ability for an entity to elect to use some of the accounting treatments that are applied by entities in the other tiers. For the same reason, there is also no cross reference to other PBE Standards.

When comparing the requirements in **Tier 4 PBE Standards** with the requirements in **Tier 3 PBE Standards**, the key difference is the underlying assumption of accrual accounting. As Tier 4 PBE Standards are cash-based non-GAAP Standards, many topics are not covered as they only exist if accrual accounting is adopted. The Tier 4 PBE Standards compensate for this by asking entities to disclose some information instead, for example significant expenditure that has been spent to secure future income.

A1 Property, Plant and Equipment (PPE)

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Probable future economic benefits • Measured reliably 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Tangible fixed assets that provide an on-going economic benefit 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Recognise when purchased or donated unless value not readily available • Includes heritage assets 	<ul style="list-style-type: none"> • When PPE = significant other resource (refer to Other Resources^{viii}) <ul style="list-style-type: none"> – Disclose in the statements (NFP) – Disclose in the notes (PS)
<ul style="list-style-type: none"> • Initial: at cost <ul style="list-style-type: none"> – NFP: at fair value if consideration is significantly less than fair value • Subsequent: at cost or revaluation <ul style="list-style-type: none"> – Depreciation: review at least annually – Impairment: annual review (AASB 136) – Current replacement cost approach allowed for fair value 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – No NFP modifications – Depreciation: review when indications – Impairment: review when indications (Section 27) 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 <ul style="list-style-type: none"> – Depreciation: recommended five-yearly review of land and buildings – Impairment: extra guidance on FV assets with restrictions and VIU for assets held for service potential 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Subsequent: at cost only 	<ul style="list-style-type: none"> • Initial: at cost for purchased assets; at current value for donated assets • Subsequent: cost or revaluation <ul style="list-style-type: none"> – Depreciation: review frequency not discussed – Impairment: review when indications – Revaluations under PBE IPSAS 17 (may use current rateable or government valuation) 	<ul style="list-style-type: none"> • Disclosure required
<ul style="list-style-type: none"> • Extensive disclosures with optional extra disclosures 	<ul style="list-style-type: none"> • Less onerous disclosures and no optional extra disclosures 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 <ul style="list-style-type: none"> – Format in SORP to follow 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures (breakdowns of the categories) 	<ul style="list-style-type: none"> • Disclose cost or current value (purchased) or current value (donated) • Unless not practicable

viii NFP: Other Resources “shall comprise the non-cash resources owned by the entity and available to use in the future.

For each significant purchased resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) either the cost or current value of the resource. This requirement applies only where the cost is available or it is practicable to obtain a current value – for example, using the latest rates valuation as a current value for land and buildings. Where a current value is reported the source and date of that value shall be disclosed.

For each significant donated resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) a current value, where such a value can be practicably obtained. Where a current value is reported the source of that value shall be disclosed.” (para.A83-A85 of NZ Tier 4 PBE Standard (NFP))

A2 Investment Property

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Probable future economic benefits • Reliable measurement 	<ul style="list-style-type: none"> • Reliable measurement of fair value without undue cost • Otherwise Section 17 <ul style="list-style-type: none"> – Probable future economic benefits – Reliable measurement 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – No reference to undue cost or effort 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Same as PPE 	<ul style="list-style-type: none"> • Not specifically covered (refer to PPE) 	<ul style="list-style-type: none"> • Not specifically covered (refer to Other Resources^{ix})
<ul style="list-style-type: none"> • Initial: at cost <ul style="list-style-type: none"> – NFP: at fair value if consideration is significantly less than fair value • Subsequent: at fair value if reliable on an ongoing basis; else use cost 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – No NFP modification 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Where property held for the provision of social benefits by a PBE or property rented to another group, classify as PPE in Section 17 	<ul style="list-style-type: none"> • Initial: at cost • Subsequent: at fair value only <ul style="list-style-type: none"> – Cost measurement not permitted – Depreciation not provided • Additional Module for “Social investments” 	<ul style="list-style-type: none"> • Same as PPE 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Separate standard for properties held for sale • Extensive disclosures for subsequent measurements 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except disclosures under cost model are not required 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Same as PPE 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A

ix Other Resources “shall comprise the non-cash resources owned by the entity and available to use in the future.

For each significant purchased resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) either the cost or current value of the resource. This requirement applies only where the cost is available or it is practicable to obtain a current value – for example, using the latest rates valuation as a current value for land and buildings. Where a current value is reported the source and date of that value shall be disclosed.

For each significant donated resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) a current value, where such a value can be practicably obtained. Where a current value is reported the source of that value shall be disclosed.” (para.A83-A85 of NZ Tier 4 PBE Standard (NFP))

A3–A4 Financial Instruments and Hedging

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Three measurement categories (as per AASB 9): <ul style="list-style-type: none"> – FVTPL – FVTOCI – Amortised cost 	<ul style="list-style-type: none"> • Option to apply IAS 39^x but not allowed to use IFRS 9 <ul style="list-style-type: none"> – Excludes FVTOCI – Restricted application of amortised costs to basic instruments – Limited scope of hedge accounting 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Option to apply IAS 39 or IFRS 9 – Amendments for PBEs – Changed conditions for classification as basic – Hedge accounting based on IFRS 9 – New directors' loan exemption 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Include concessionary loans 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Equity component of compound financial instruments not covered 	<ul style="list-style-type: none"> • Not covered other than payables, receivables and term deposits 	<ul style="list-style-type: none"> • Not covered other than cash
<ul style="list-style-type: none"> • Initial: at fair value and transaction costs • Subsequent: for amortised cost use effective interest rate or fair value 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Initial designation of financial liabilities to FVTPL is permitted 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Extra guidance provided (list of common examples) 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Initial recognition at cost – Subsequent measure at fair value not permitted; only amortised cost – Effective interest method not used – Hedge accounting not covered 	<ul style="list-style-type: none"> • At amounts receivable or payable <ul style="list-style-type: none"> – Effective interest method not used 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Extensive disclosures • Forward-looking disclosures 	<ul style="list-style-type: none"> • Less disclosures • Disclosures only required for certain financial instruments and hedge accounting 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> • Offsets allowed 	<ul style="list-style-type: none"> • Presentation and disclosures must follow the SORP module 	<ul style="list-style-type: none"> • Significantly reduced disclosures (only two paragraphs) • Offsets allowed 	<ul style="list-style-type: none"> • No disclosures in notes 	<ul style="list-style-type: none"> • N/A

x An entity shall apply the version of IAS 39 that applied immediately prior to IFRS 9 superseding IAS 39 (refer to paragraph 11.2 of *IFRS for SMEs*).

A5 Intangibles

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Separable or arises from contractual or other legal rights • Research cost expensed; development costs can be capitalised if conditions met 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Development costs and all internally generated intangibles expensed 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Development costs can be capitalised if conditions met 	<ul style="list-style-type: none"> • Similar to FRS 102 • Identifiable and controlled by the charity 	<ul style="list-style-type: none"> • Separately acquired can be recognised • Research and development costs expensed 	<ul style="list-style-type: none"> • Not specifically covered (refer to Other Assets) <ul style="list-style-type: none"> – Recognise when acquired – When reliably measurable 	<ul style="list-style-type: none"> • Not specifically covered (refer to Other Resources^{xi})
<ul style="list-style-type: none"> • Initial: at cost <ul style="list-style-type: none"> – NFP: at fair value if consideration is significantly less than fair value • Subsequent: at cost or revaluation <ul style="list-style-type: none"> – Useful life: finite or indefinite – Amortisation: review annually – Revaluation: regular 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – No NFP modification – Subsequent: cost model only – Useful life: finite ≤10 years – Amortisation: review when indications 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Subsequent: revaluation model allowed – Revaluation: regular 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Useful life: finite ≤5 years – Residual values considered zero unless evidenced – Subsequent revaluation: not covered 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Initial: at cost – Subsequent: cost model only 	<ul style="list-style-type: none"> • Other Assets <ul style="list-style-type: none"> – Initial: at amount paid or other value that can be measured reliably – Subsequent: not covered – Impairment: when indications 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Extensive disclosures • Optional extra disclosures 	<ul style="list-style-type: none"> • Less onerous disclosures; only R&D to be disclosed • No optional disclosures 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures • If significant donated assets are difficult to value, disclose instead 	<ul style="list-style-type: none"> • N/A

xi Other Resources “shall comprise the non-cash resources owned by the entity and available to use in the future.

For each significant purchased resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) either the cost or current value of the resource. This requirement applies only where the cost is available or it is practicable to obtain a current value – for example, using the latest rates valuation as a current value for land and buildings. Where a current value is reported the source and date of that value shall be disclosed.

For each significant donated resource, the entity shall report (either in the schedule of resources or in the notes to the performance report) a current value, where such a value can be practicably obtained. Where a current value is reported the source of that value shall be disclosed.” (para.A83-A85 of PBE Tier 4 NFP)

A6 Impairment Testing

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • If carrying amount exceeds recoverable amount • Recognise as an expense • Inventory not covered under impairment 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Inventory included in impairment 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Market price or net realisable value (depends on asset type) 	<ul style="list-style-type: none"> • Not covered
<ul style="list-style-type: none"> • At individual or CGU levels • Recoverable amount is the higher of fair value less costs to sell and its value in use • Value in use calculated differently for NFP entities 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – No NFP modification – Less guidance on how to estimate future cash flows and determine the discount rate to calculate value in use 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Value in use calculated differently for assets held for their service potential 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Similar to FRS 102 • Refer to FRS 102 for impairment loss of CGU and goodwill 	<ul style="list-style-type: none"> • Types covered: prepayments, inventories, PPEs, debtors, investments and other assets • Measurement depends on asset type 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Extensive disclosures • Additional disclosures for operating segments • Disclosure of events causing impairment 	<ul style="list-style-type: none"> • Limited disclosures • No segmental reporting • No disclosure of events 	<ul style="list-style-type: none"> • Limited disclosures • No disclosure by segments • Disclosure of events causing impairment 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Disclose impairment expense for each class PPE 	<ul style="list-style-type: none"> • N/A

A7 Leases

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Lessee: all capitalised unless low value or short term • Lessor: finance lease as asset; operating lease as income 	<ul style="list-style-type: none"> • Lessee: finance lease capitalised; operating lease expensed • Lessor: similar to AASB Tier 1 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Additional guidance on determining a lease arrangement 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – The additional guidance removed again 	<ul style="list-style-type: none"> • Revenue: straight-line basis over the term of agreement • Expenses: when incurred 	<ul style="list-style-type: none"> • Cash receipts and payments
<ul style="list-style-type: none"> • Lessee: at PV of lease payments; then cost model (unless FV or RV models) <ul style="list-style-type: none"> – NFP: fair value if significantly below-market terms and conditions • Lessor: finance leases at implicit interest rate 	<ul style="list-style-type: none"> • Lessee: finance leases at FV or PV of min. payments; then use effective interest method • Lessee: operating lease payments exclude service costs • Lessor: similar to AASB Tier 1 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Cash/receivable 	<ul style="list-style-type: none"> • Cash
<ul style="list-style-type: none"> • Judgement and enhanced disclosures 	<ul style="list-style-type: none"> • Less disclosures 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Disclose commitment to lease or rent assets 	<ul style="list-style-type: none"> • Disclose significant commitments

A8 Business Combinations

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Apply the four-step acquisition method • Additional requirements for local governments 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Merger accounting covered – PBE requirements in Section 34 	<ul style="list-style-type: none"> • Not specifically covered other than merger accounting 	<ul style="list-style-type: none"> • Refers to FRS 102 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Not covered
<ul style="list-style-type: none"> • Assets and liabilities assumed at fair values • Transaction costs are expensed • NCI at either fair value or proportionate share method • Contingent consideration at fair value regardless of probability 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Assets and liabilities at cost allocation method – Direct costs not expensed – NCI at proportionate share method only – Contingent considerations recognised only when probable – Step acquisitions and share-based payments not included 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Share-based payments included – Separate line item for negative goodwill 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • No recognition of <ul style="list-style-type: none"> – Intangible assets – Deferred tax – Share-based payments 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • No disclosures 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A

A9 Consolidations

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Parent to present consolidated statements (exemptions apply) • Principle based • Definition of control with extensive guidance <ul style="list-style-type: none"> – Power; exposure to variable returns; ability to use power to affect the amount of returns 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Bright line definition of control (>50% votes) with limited guidance 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – More explicit that control consists of power and benefit – More guidance for charities 	<ul style="list-style-type: none"> • N/A <ul style="list-style-type: none"> – Entities that need to consolidate are not allowed to apply FRS 105 	<ul style="list-style-type: none"> • When control, apply PBE IPSAS <ul style="list-style-type: none"> – Concept of control 	<ul style="list-style-type: none"> • Not covered
<ul style="list-style-type: none"> • 3-step process • Control to be continuously assessed • Time difference in reporting periods is maximum three months 	<ul style="list-style-type: none"> • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Continuous assessment of control not required – Time difference in reporting periods allowed (no limit) – No investment entities exemption from consolidation 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Time difference in reporting periods is three months or use interim report if same reporting date – Additional requirements on exchanges of businesses and intermediate payment arrangements – Included investment entities exemption 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – NCI not accounted for if minority shareholders waived their right to benefit 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Extensive disclosure on consolidation and five paragraphs on separate financial statements • Additional disclosures for interests in unconsolidated structured entities 	<ul style="list-style-type: none"> • Limited disclosures (two paragraphs for consolidation and one for separate financial statements) • Unconsolidated structured entities not covered 	<ul style="list-style-type: none"> • Limited disclosures (one paragraph for consolidation and one for separate financial statements) 	<ul style="list-style-type: none"> • Five disclosure paragraphs in total • Additional disclosures for acquiring subsidiaries that are non-charitable 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Tier 2 PBE Standards RDR (reduced disclosures) 	<ul style="list-style-type: none"> • N/A

A10 Investments in Associates and Joint Ventures

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Use equity method • AASB 5 applies if held for sale • If interest reduced, gain or loss to be classified from OCI to P/L 	<ul style="list-style-type: none"> • Based on IAS 28 and IAS 31 (not IFRS 11) • Option to use cost, equity method, or fair value • If a published price must use fair value and includes transaction costs 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> – Equity method not allowed in individual financial statements – Parents can use FV in the consolidated financial statements for certain types of investments 	<ul style="list-style-type: none"> • Equity method if consolidates • Otherwise, use cost or fair value if available 	<ul style="list-style-type: none"> • Account in accordance with Section 9 <i>Financial Instruments</i> 	<ul style="list-style-type: none"> • When interest in associate, apply PBE IPSAS • When interest in joint venture, apply PBE IPSAS • Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Joint ventures can be proportionately consolidated 	<ul style="list-style-type: none"> • Not covered
<ul style="list-style-type: none"> • Extensive disclosures • Separate standard for disclosures • Disclosures about significant judgements and assumptions re control 	<ul style="list-style-type: none"> • Less disclosures • Accounting policy selected • Additional disclosures to justify the choice 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 • Additional disclosure for each material associate that is a charity • Disclosure of the name of the associate 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Tier 2 PBE Standards RDR (reduced disclosures) 	<ul style="list-style-type: none"> • N/A

A11 Revenue

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Five-step framework • Revenue only recognised when control of goods and services passes • Requires a lot of judgement <ul style="list-style-type: none"> – No specific discussion of risks and rewards • Two model contingent revenue approach 	<ul style="list-style-type: none"> • Based on IAS 11 and IAS 18, not IFRS 15 • Four categories of revenue • Easier to apply <ul style="list-style-type: none"> – Transfer significant risks and rewards 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – Risks and rewards are specified – for example control becomes entitlement 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Legal right to receive cash • List of 24 common revenue examples <ul style="list-style-type: none"> – Similar outcomes to AASB Tier 1 	<ul style="list-style-type: none"> • Recorded on the receipt of cash
<ul style="list-style-type: none"> • Transaction price • Contract by contract • Many judgement and estimates 	<ul style="list-style-type: none"> • Fair value of consideration • Apply to all similar transactions • Relatively straightforward 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Measure at amount receivable • Fair value of consideration is not required 	<ul style="list-style-type: none"> • Measure at amount receivable • Three-page list of common sources of revenue 	<ul style="list-style-type: none"> • Measured by cash received
<ul style="list-style-type: none"> • Extensive disclosures 	<ul style="list-style-type: none"> • Relatively less disclosures 	<ul style="list-style-type: none"> • Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Limited disclosures • Specific income headings 	<ul style="list-style-type: none"> • No disclosures 	<ul style="list-style-type: none"> • Required to report minimum categories of revenue 	<ul style="list-style-type: none"> • Required to report minimum categories of revenue (disclose significant cash received relating to a future period)

A12 Borrowing Costs

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Capitalise if directly attributable; expense otherwise • Public sector entities can expense all 	<ul style="list-style-type: none"> • All borrowing costs expensed 	<ul style="list-style-type: none"> • Options to capitalise or expense 	<ul style="list-style-type: none"> • Option to capitalise or expense construction of tangible fixed assets 	<ul style="list-style-type: none"> • All borrowing costs expensed 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Not covered
<ul style="list-style-type: none"> • Measurement differs depending on whether funds borrowed specifically for the qualifying assets or in general 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Similar to AASB Tier 1, not <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • Interest expense as per Section 9 <i>Financial Instruments</i> 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
<ul style="list-style-type: none"> • Limited disclosures <ul style="list-style-type: none"> – Public sector specific disclosures – Disclosure when capitalised 	<ul style="list-style-type: none"> • No disclosures 	<ul style="list-style-type: none"> • Similar to AASB Tier 1, not <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • No disclosures 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A

A13 Income Taxes

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> Deferred tax recognised Uncertain tax recognised <ul style="list-style-type: none"> – Uncertainty reflected in measurement 	<ul style="list-style-type: none"> Deferred tax recognised Uncertain tax not specifically covered (refer to <i>Provisions and Contingencies</i> for recognition criteria) 	<ul style="list-style-type: none"> Deferred tax recognised Covers UK specific taxes Uncertain tax not specifically covered (refer to <i>Provisions and Contingencies</i> for recognition criteria) 	<ul style="list-style-type: none"> Not covered 	<ul style="list-style-type: none"> Accrue tax payable next year and tax paid Deferred tax not recognised Covers UK specific taxes 	<ul style="list-style-type: none"> Current tax only Deferred tax not recognised Uncertain tax not covered 	<ul style="list-style-type: none"> Only when paid Uncertain tax not covered
<ul style="list-style-type: none"> Use tax rates expected to be effective Temporary differences for deferred tax 	<ul style="list-style-type: none"> Similar to AASB Tier 1 	<ul style="list-style-type: none"> Similar to AASB Tier 1 except <ul style="list-style-type: none"> – Use 'timing differences plus' approach for deferred tax 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Similar to FRS 102 	<ul style="list-style-type: none"> No specific requirements 	<ul style="list-style-type: none"> Amount paid
<ul style="list-style-type: none"> Extensive disclosures 	<ul style="list-style-type: none"> Less disclosures 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> No disclosures 	<ul style="list-style-type: none"> If entity pays income tax, separate disclosure on face (NFP) 	<ul style="list-style-type: none"> If entity pays income tax, separate disclosure on face (PS)

A14 Other Comprehensive Income

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> Items of income and expense that are not recognised in P/L as required or permitted 	<ul style="list-style-type: none"> Similar to AASB Tier 1 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> Similar to FRS 102 but wording is different 	<ul style="list-style-type: none"> Not covered 	<ul style="list-style-type: none"> Not covered 	<ul style="list-style-type: none"> Not covered
<ul style="list-style-type: none"> Nine types of OCI under five Standards 	<ul style="list-style-type: none"> Four types of OCI under four Sections 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> Similar to FRS 102 Referred as Other recognised gains/ (losses) 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
<ul style="list-style-type: none"> Share of associates and joint ventures are classified by nature and grouped into those that will or will not be reclassified subsequently to P/L Reclassify some OCI through P/L 	<ul style="list-style-type: none"> Share of associates and jointly controlled entities not grouped depending on whether it will be reclassified to P/L Reclassification permitted only for hedging instruments 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> except disclosure on tax 	<ul style="list-style-type: none"> Disclosure requirements scattered across each related module 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A

A15 Income of Not-for-Profit Entities

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Treat differences between fair value of assets received and other liabilities (incl. performance obligations under AASB 15) recognised as revenue 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Recognised in revenue if all conditions met • Otherwise, recognised as liability and asset 	<ul style="list-style-type: none"> • Similar to FRS 102 except <ul style="list-style-type: none"> – More guidance – Additional requirements on restricted fund accounting 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Recognised as revenue in Table 2.10 • Other non-exchange-similar as for government grants 	<ul style="list-style-type: none"> • Other non-exchange transactions as per Tier 4 government grants
<ul style="list-style-type: none"> • Volunteer services recognised as asset by public sector (other entities: optional) 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Volunteer services not recognised but disclosed 	<ul style="list-style-type: none"> • Similar to FRS 102 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • NFP private entities: disclose reliance on volunteer services • All entities: optional to quantify volunteer contributions 	<ul style="list-style-type: none"> • Volunteer services consistent with Tier 3
<ul style="list-style-type: none"> • Extensive disclosures 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Limited disclosures 	<ul style="list-style-type: none"> • Limited disclosures

A16 Government Grants

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> For-profit entities <ul style="list-style-type: none"> Recognise as revenue when reasonable that conditions will be met and grants will be received Accrual model to match revenue with expenses 	<ul style="list-style-type: none"> Recognise in revenue when no future performance conditions outstanding else recognise as asset and liability Accrual model not allowed 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> except <ul style="list-style-type: none"> Accrual model option allowed 	<ul style="list-style-type: none"> More guidance in identifying terms and conditions Accrual model under FRS 102 prohibited For fund accounting treated as restricted funds if any conditions 	<ul style="list-style-type: none"> Recognise as revenue when reasonable that conditions will be met and grants will be received Accrual model required 	<ul style="list-style-type: none"> Specified accounting for different types of grants <ul style="list-style-type: none"> Record as revenue on receipt If a 'use or return' condition attached then record an asset and a liability 	<ul style="list-style-type: none"> On receipt of cash record as revenue Grants with conditions attached need to be disclosed only
<ul style="list-style-type: none"> Grants of assets recorded at fair value An asset's carrying value can be reduced by grant 	<ul style="list-style-type: none"> Grants of assets recorded at fair value An asset's carrying value cannot be reduced by grant 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> Similar to FRS 102 	<ul style="list-style-type: none"> Similar to FRS 102 	<ul style="list-style-type: none"> Measured at amount receivable 	<ul style="list-style-type: none"> Measured at cash received
<ul style="list-style-type: none"> Limited disclosures 	<ul style="list-style-type: none"> Limited disclosures 	<ul style="list-style-type: none"> Limited disclosures 	<ul style="list-style-type: none"> Limited disclosures 	<ul style="list-style-type: none"> No disclosures 	<ul style="list-style-type: none"> Limited disclosures 	<ul style="list-style-type: none"> Limited disclosures

A17 Fundraising and Administration Costs

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Fundraising revenues and expenses reported in P/L • Disclosures of <ul style="list-style-type: none"> – objective vs. performance of material fundraising activities – material expenditures incurred to raise income in the future 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Fundraising revenues and expenses reported if not difficult to obtain • Disclosures of: <ul style="list-style-type: none"> – main methods used to raise funds – breakdown of fundraising revenue by type (optional) 	<ul style="list-style-type: none"> • Similar to NZ Tier 3 PBE Standards
<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Support costs are defined and must be apportioned across the activities • Disclosures of total amount and analysis of support costs (prescribed template) • Amount of support costs apportioned to each significant activities 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Not covered

A18 Related Party Disclosures (including Key Management Personnel)

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> Definition <ul style="list-style-type: none"> Person (3 conditions) Entity (8 conditions) Implementation guidance for NFP public sector Section on government related entities Aus para on extra disclosure of group entities 	<ul style="list-style-type: none"> Similar to AASB Tier 1 except <ul style="list-style-type: none"> NFP public sector, government related entities and extra Aus paragraphs 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> Similar to IFRS 102 except <ul style="list-style-type: none"> 3 classes of persons: trustees, donors of land and other Entities: 7 classes – excludes entities that provide KMP services 	<ul style="list-style-type: none"> Not covered 	<ul style="list-style-type: none"> Definition: people, close family members and other entities with significant influence over the entity 	<ul style="list-style-type: none"> Similar to NZ Tier 3 PBE Standards
<ul style="list-style-type: none"> Disclose KMP compensation in total and for different categories 	<ul style="list-style-type: none"> Disclose KMP compensation only in total 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> 	<ul style="list-style-type: none"> KMP mentioned as related party 	<ul style="list-style-type: none"> Not covered 	<ul style="list-style-type: none"> Not required to disclose KMP compensation 	<ul style="list-style-type: none"> Not required to disclose KMP compensation

A19 Going Concern

AASB TIER 1	IFRS FOR SMES	UK FRS 102	CHARITIES SORP (FRS 102)	UK FRS 105	NZ TIER 3 PBE STANDARDS (ACCRUAL)	NZ TIER 4 PBE STANDARDS (CASH)
<ul style="list-style-type: none"> Foreseeable future minimum of 12 months from end of reporting period 	<ul style="list-style-type: none"> Similar to AASB Tier 1 Foreseeable future minimum of 12 months from reporting date 	<ul style="list-style-type: none"> Similar to <i>IFRS for SMEs</i> Foreseeable future minimum of 12 months from date authorised 	<ul style="list-style-type: none"> Similar to FRS 102 Foreseeable future minimum of 12 months from date approved 	<ul style="list-style-type: none"> Similar to FRS 102 except no disclosures required Foreseeable future minimum of 12 months from date authorised 	<ul style="list-style-type: none"> Similar to AASB Tier 1 Foreseeable future minimum of 12 months from balance date 	<ul style="list-style-type: none"> Going concern not mentioned but asks a question Foreseeable future not defined Disclose how, if at all, the entity's continuing viability is affected

Appendix B: Relevant pronouncements

Tier 1 equivalent Standards:

- AASB 1–99 and AASB 101–199 – standards based on full IFRS Standards with modifications specific to Australia, covering public and not-for-profit sectors;
- AASB 1001–X – standards developed domestically.
 - Some AASBs, such as AASB 15 *Revenue from Contracts with Customers* (for NFP entities), AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities* are not yet effective, but can be early adopted. Detailed comparisons for the superseded AASBs are not provided.

Tier 3 equivalent Standards and guidance documents:

- *The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)*, issued by the International Accounting Standards Board (IASB) in 2015;
 - *A Guide for Micro-sized Entities Applying the IFRS for SMEs (2009)*, issued by the IFRS Foundation in 2013 is not analysed in this paper as it does not provide any simplifications or modifications to the *IFRS for SMEs Standard*^{xii};
- FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, issued by the UK Financial Reporting Council (UK FRC) in March 2018;
 - Section 1A *Small Entities* of FRS 102 is not analysed in this paper as it does not provide any recognition and measurement simplifications to FRS 102;
- FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*, issued by the UK FRC in March 2018;
- Charities SORP (FRS 102) *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland*, issued by a SORP-making body in July 2014 and amended in February 2016;
- In New Zealand, XRB A1 *Application of the Accounting Standards Framework* establishes the accounting standards framework for for-profit and public benefit entities (both not-for-profit and public sector entities) required, or opting, to prepare general purpose financial reports. The Tier 3 PBE Accounting Requirements are set out in Appendix D of XRB A1 and comprise two separate standards and the *Public Benefit Entities' Conceptual Framework*. The two standards are:
 - PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)*, issued by the New Zealand Accounting Standards Board (NZASB) in November 2013; and
 - PBE SFR-A (NFP) *Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit)*, issued by the NZASB in November 2013.

For ease of reference in this paper staff will refer to the above standards as “NZ Tier 3 PBE Standards” when referring to both or “NZ Tier 3 PBE Standard (NFP)” or “NZ Tier 3 PBE Standard (PS)” when referring to the single standard.

Tier 4 equivalent Standards:

- The Tier 4 PBE Accounting Requirements for NZ are set out in Appendix E of XRB 1 and comprise two separate standards. The two standards are:
 - PBE SFR-C (PS) *Public Benefit Entity Simple Format Reporting – Cash (Public Sector)*, issued by the NZASB in December 2013;
 - PBE SFR-C (NFP) *Public Benefit Entity Simple Format Reporting – Cash (Not-for-Profit)*, issued by the NZASB in December 2013.

For ease of reference in this paper staff will refer to the above standards as “NZ Tier 4 PBE Standards” when referring to both or “NZ Tier 4 PBE Standards (NFP)” or “NZ Tier 4 PBE Standards (PS)” when referring to the single standards.

xii “[A Guide for Micro-sized Entities Applying the IFRS for SMEs (2009)] extracts requirements from the *IFRS for SMEs* without modifying any of the principles for recognising and measuring assets, liabilities, income, and expenses, and without changing any of the presentation or disclosure requirements. This Guide includes only those requirements of the *IFRS for SMEs* that are likely to be necessary for a typical micro entity. If an entity encounters a transaction in the current period or any comparative period presented in the financial statements (or that occurred in an earlier period but still affects those periods) that is not dealt with in this Guide, the entity is required, by the Guide, to refer to the applicable requirements in the *IFRS for SMEs*.” (para.IN5 of the Guide)

B1 Property, Plant and Equipment

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> AASB 116 <i>Property, Plant and Equipment</i> AASB 1058 <i>Income of Not-for-Profit Entities</i> Appendix D: Amendments to other Standards – AASB 116
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> Section 17 <i>Property, Plant and Equipment</i>
UK FRS 102	<ul style="list-style-type: none"> Section 17 <i>Property, Plant and Equipment</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> Module 10 <i>Balance sheet</i> A2: Tangible fixed assets (para.10.25–10.38)
UK FRS 105	<ul style="list-style-type: none"> Section 12 <i>Property, Plant and Equipment and Investment Property</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> Section 6 <i>Statement of Financial Position</i> Assets (para.A93–A119) Section 9 <i>Notes to the Performance Report</i> Property, Plant and Equipment (para.A192–A193)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> Section 6 <i>Statement of Financial Position</i> Assets (para.A91–A117) Section 9 <i>Notes to the Performance Report</i> Property, Plant and Equipment (para.A190–A191)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Notes to the Performance Report</i> Significant Resources and Commitments (para.A79–A81)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Statement of Resources and Commitments</i> Schedule of Resources (para.A75–A88)

B2 Investment Property

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> AASB 140 <i>Investment Property</i> AASB 1058 <i>Income of Not-for-Profit Entities</i> Appendix D: Amendments to other Standards – AASB 140
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> Section 16 <i>Investment Property</i>
UK FRS 102	<ul style="list-style-type: none"> Section 16 <i>Investment Property</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> Module 10 <i>Balance Sheet</i> A4: Investments (para.10.41–10.56)
UK FRS 105	<ul style="list-style-type: none"> Section 12 <i>Property, Plant and Equipment and Investment Property</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Statement of Financial Position</i> Assets (para.A93–A119)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Statement of Financial Position</i> Assets (para.A91–A117)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Notes to the Performance Report</i> Significant Resources and Commitments (para.A79–A81)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> Not specifically covered: Section 6 <i>Statement of Resources and Commitments</i> Schedule of Resources (para.A75–A88)

B3–B4 Financial Instruments and Hedging

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 9 <i>Financial Instruments</i> • AASB 7 <i>Financial Instruments: Disclosures</i> • AASB 132 <i>Financial Instruments: Presentation</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 11 <i>Basic Financial Instruments</i> • Section 12 <i>Other Financial Instrument Issues</i> • Section 22 <i>Liabilities and Equity</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 11 <i>Basic Financial Instruments</i> • Section 12 <i>Other Financial Instrument Issues</i> • Section 22 <i>Liabilities and Equity</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 11 <i>Accounting for financial assets and financial liabilities</i>
UK FRS 105	<ul style="list-style-type: none"> • Section 9 <i>Financial Instruments</i> • Section 17 <i>Liabilities and Equity</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered except payables, receivables and term deposits: Section 6 <i>Statement of Financial Position</i> Assets (para.A93–A119) Liabilities (para.A120–A139)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not covered except payables, receivables and term deposits: Section 6 <i>Statement of Financial Position</i> Assets (para.A91–A117) Liabilities (para.A118–A137)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Not specifically covered: Section 6 <i>Notes to the Performance Report</i> Significant Resources and Commitments (para.A79–A81)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not specifically covered: Section 6 <i>Statement of Resources and Commitments</i> Schedule of Resources (para.A75–A88) Schedule of Commitments (para.A89–A100)

B5 Intangibles

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 138 <i>Intangible Assets</i> • AASB 1058 <i>Income of Not-for-Profit Entities</i> Appendix D: Amendments to other Standards – AASB 138
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 18 <i>Intangible Assets other than Goodwill</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 18 <i>Intangible Assets other than Goodwill</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 10 <i>Balance sheet</i> A1: Intangible fixed assets (para.10.18–10.24)
UK FRS 105	<ul style="list-style-type: none"> • Section 13 <i>Intangible Assets other than Goodwill</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Not specifically covered: Section 6 <i>Statement of Financial Position</i> Assets (para.A93–A119)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not specifically covered: Section 6 <i>Statement of Financial Position</i> Assets (para.A91–A117)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Not specifically covered Section 6 <i>Notes to the Performance Report</i> Significant Resources and Commitments (para.A79–A81)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not specifically covered Section 6 <i>Statement of Resources and Commitments</i> Schedule of Resources: Other Resources (para.A83–A85)

B6 Impairment Testing

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 136 <i>Impairment of Assets</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 27 <i>Impairment of Assets</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 27 <i>Impairment of Assets</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 12 <i>Impairment of assets</i>
UK FRS 105	<ul style="list-style-type: none"> • Section 22 <i>Impairment of Assets</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance</i> Expenses (para.A71–A82) • Section 6 <i>Statement of Financial Position</i> Accounting for Assets (para.A109)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance</i> Expenses (para.A69–A80) • Section 6 <i>Statement of Financial Position</i> Accounting for Assets (para.A107)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • N/A
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • N/A

B7 Leases

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 16 <i>Leases</i> • AASB 1058 <i>Income of Not-for-Profit Entities</i> Appendix D: Amendments to other Standards – AASB 16
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 20 <i>Leases</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 20 <i>Leases</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 10 <i>Balance Sheet</i> A2: Tangible fixed assets – Accounting for hire purchase and leasing arrangements (para.10.27-10.28)
UK FRS 105	<ul style="list-style-type: none"> • Section 15 <i>Leases</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance</i> Revenue (para.A61, para.A64) Expenses (para.A79, para.A82) • Section 9 <i>Notes to the Performance Report</i> Commitments (para.A200)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance</i> Revenue (para.A59, para.A62) Expenses (para.A77, para.A80) • Section 9 <i>Notes to the Performance Report</i> Commitments (para.A198)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments</i> Receipts (para.A53) • Section 6 <i>Notes to the Performance Report</i> Significant Resources and Commitments (para.A79–A81)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments</i> Receipts (para.A50) Payments (para.A63) • Section 6 <i>Statement of Resources and Commitments</i> Schedule of Commitments (para.A95, para.A98)

B8 Business Combinations

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> IFRS 3 <i>Business Combinations</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> Section 19 <i>Business Combinations and Goodwill</i>
UK FRS 102	<ul style="list-style-type: none"> Section 19 <i>Business Combinations and Goodwill</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> Selection 4 <i>Accounting for branches, charity groups and combinations</i> Module 24 <i>Accounting for groups and the preparation of consolidated accounts</i> Accounting for charity combinations (para.24.30) Module 27 <i>Charity mergers</i>
UK FRS 105	<ul style="list-style-type: none"> Section 14 <i>Business Combinations and Goodwill</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> Not covered
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> Not covered
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> Not covered
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> Not covered

B9 Consolidations

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> AASB 10 <i>Consolidated Financial Statements</i> AASB 12 <i>Disclosure of Interests in Other Entities</i> AASB 127 <i>Separate Financial Statements</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> Section 9 <i>Consolidated and Separate Financial Statements</i>
UK FRS 102	<ul style="list-style-type: none"> Section 9 <i>Consolidated and Separate Financial Statements</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> Selection 4 <i>Accounting for branches, charity groups and combinations</i> Module 24 <i>Accounting for groups and the preparation of consolidated accounts</i>
UK FRS 105	<ul style="list-style-type: none"> N/A
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> PBE IPSAS 6 (PS) <i>Consolidated and Separated Financial Statements (Public Sector)</i>
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> PBE IPSAS 6 (NFP) <i>Consolidated and Separate Financial Statements (Not-for-profit)</i>
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> Not covered
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> Not covered

B10 Investments in Associates and Joint Ventures

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> AASB 128 <i>Investments in Associates and Joint Ventures</i> AASB 11 <i>Joint Arrangements</i> AASB 12 <i>Disclosure of Interests in Other Entities</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> Section 14 <i>Investments in Associates</i> Section 15 <i>Investments in Joint Ventures</i>
UK FRS 102	<ul style="list-style-type: none"> Section 14 <i>Investments in Associates</i> Section 15 <i>Investments in Joint Ventures</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> Selection 4 <i>Accounting for branches, charity groups and combinations</i>
UK FRS 105	<ul style="list-style-type: none"> Section 7 <i>Subsidiaries, Associates, Jointly Controlled Entities and Intermediate Payment Arrangements</i> Section 11 <i>Investments in Joint Ventures</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> PBE IPSAS 7 <i>Investments in Associates</i> PBE IPSAS 8 <i>Interests in Joint Ventures</i>
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> PBE IPSAS 7 <i>Investments in Associates</i> PBE IPSAS 8 <i>Interests in Joint Ventures</i>
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> Not covered
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> Not covered

B11 Revenue

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 15 <i>Revenue from Contracts with Customers</i> • AASB 1058 <i>Income of Not-for-Profit Entities</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 23 <i>Revenue</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 23 <i>Revenue</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 5 <i>Recognition of income, including legacies, grants and contract income</i>
UK FRS 105	<ul style="list-style-type: none"> • Section 18 <i>Revenue</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance Revenue</i> (para.A52–A70)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance Revenue</i> (para.A50–A68)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments Receipts</i> (para.A42–A55)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5: <i>Statement of Receipts and Payments Receipts</i> (para.A39–A52)

B12 Borrowing Costs

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 123 <i>Borrowing Costs</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 25 <i>Borrowing Costs</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 25 <i>Borrowing Costs</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 10 <i>Balance Sheet A2: Tangible fixed assets</i> (para.10.26, para.10.37)
UK FRS 105	<ul style="list-style-type: none"> • Section 20 <i>Borrowing Costs</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not covered
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not covered

B13 Income Taxes

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 112 <i>Income Taxes</i> • AASB Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 29 <i>Income Tax</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 29 <i>Income Tax</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Not covered
UK FRS 105	<ul style="list-style-type: none"> • Section 24 <i>Income Tax</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • N/A
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance</i> Format of Statement of Financial Performance (para.A47) Accounting for Expenses (para.A80)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • N/A
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments</i> Format of Statement of Receipts and Payments (para.A36)

B14 Other Comprehensive Income

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 101 <i>Presentation of Financial Statements</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 5 <i>Statement of Comprehensive Income and Income Statement</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 5 <i>Statement of Comprehensive Income and Income Statement</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 4 <i>Statement of financial activities</i> D: Other recognised gains/(losses) (para.4.62–4.66)
UK FRS 105	<ul style="list-style-type: none"> • Not required
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not covered
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Not required
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Not required

B15–B16 Non-Exchange Transactions (including Government Grants)

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 120 <i>Government Grants</i> (applicable to FP entities only) • AASB 1004 <i>Contribution by Owners</i> (public sectors only) • AASB 1058 <i>Income of Not-for-Profit Entities</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 24 <i>Government Grants</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 24 <i>Government Grants</i> • Section 34 <i>Specialised Activities – Incoming Resources from Non-exchange Transactions</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 5 <i>Recognition of income, including legacies, grants and contract income</i> • Module 6 <i>Donated goods, facilities and services, including volunteers</i>
UK FRS 105	<ul style="list-style-type: none"> • Section 19 <i>Government Grants</i>
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance Accounting for Revenue</i> (para.A64–A70)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Financial Performance Accounting for Revenue</i> (para.A62–A68)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments Receipts</i> (para.A47, A55) • Section 6 <i>Notes to the Performance Report Unused Grants or Donations with Conditions</i> (para.A82)
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 5 <i>Statement of Receipts and Payments Receipts</i> (para.A42, para.A44) • Section 6 <i>Statement of Resources and Commitments Schedule of Other Information</i> (para.A101–A103)

B17 Fundraising and Administration Costs

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • Not covered
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Not covered
UK FRS 102	<ul style="list-style-type: none"> • Not covered
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Covered in various sections
UK FRS 105	<ul style="list-style-type: none"> • Not covered
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Covered in various sections
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Not covered
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Covered in various sections

B18 Related Party Disclosures (including Key Management Personnel)

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 124 <i>Related Party Disclosures</i>
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 33 <i>Related Party Disclosures</i>
UK FRS 102	<ul style="list-style-type: none"> • Section 33 <i>Related Party Disclosures</i>
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Section 1 <i>Trustee’s Annual Report</i> The additional content required of larger charities – Structure, governance and management (para.1.51) • Section 4 <i>Statement of Financial Activities</i> Presentation of information – Structure of the SoFA – smaller charities below the charity audit threshold (para.4.26) • Section 9 <i>Disclosure of trustee and staff remuneration, related party and other transactions</i> • Refers to FRS 102 Section 33 for more information
UK FRS 105	<ul style="list-style-type: none"> • Not covered
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 9 <i>Notes to the Performance Report</i> Related Party Transactions (para.A204–A209) • Section 10 <i>Illustrative Examples</i> Example 5. Related Parties
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 9 <i>Notes to the Performance Report</i> Related Party Transactions (para.A202–A207) • Section 10 <i>Illustrative Examples</i> Example 10. Related Parties
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 6 <i>Notes to the Performance Report</i> Related Party Transactions (para.A85–A90) • Section 7 <i>Illustrative Examples</i> Example 5. Related Parties
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 7 <i>Notes to the Performance Report</i> Related Party Transactions (para.A109–A114) • Section 8 <i>Illustrative Examples</i> Example 6. Related Parties

B19 Going Concern

PRONOUNCEMENTS	SECTIONS
AASB Standards	<ul style="list-style-type: none"> • AASB 101 <i>Presentation of Financial Statements</i> Going Concern (para.25–26) • AASB 110 <i>Events after the Reporting Period</i> Going Concern (para.14–16) • AASB 1039 <i>Concise Financial Reports</i> Specific Disclosures (para.28)
<i>IFRS for SMEs</i>	<ul style="list-style-type: none"> • Section 3 <i>Financial Statement Presentation</i> Going Concern (para.3.8–3.9)
UK FRS 102	<ul style="list-style-type: none"> • Section 3 <i>Financial Statement Presentation</i> Going Concern (para.3.8–3.9) • Section 32 <i>Events after the End of the Reporting Period</i> Going Concern (para.32.7A–32.7B)
Charities SORP (FRS 102)	<ul style="list-style-type: none"> • Module 1 <i>Trustee’s annual report</i> The content of the trustee’s annual report required for all charities (para.1.23) • Module 3 <i>Accounting standards, policies, concepts and principles, including the adjustment of estimates and errors</i> Going concern (para.3.14) Disclosure of accounting policies, changes in estimation techniques and prior period errors (para.3.38–3.39) • Module 13 <i>Events after the end of the reporting period</i> Adjusting events occurring after the end of the reporting period (para.13.4–13.6)
UK FRS 105	<ul style="list-style-type: none"> • Section 3 <i>Financial Statement Presentation</i> Going Concern (para.3.3) • Section 26 <i>Events after the End of the Reporting Period</i> Going Concern (para.26.8–26.9)
NZ Tier 3 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 2 <i>Objective of Reporting and Overview of Reporting Requirements</i> Objective of Reporting (para.A6(h)) • Section 8 <i>Statement of Accounting Policies</i> Accounting Policies Applied, Basis of Preparation (para.A177(c), A178) • Section 9 <i>Notes to the Performance Report</i> Events After the Balance Date (para.A210(c)) Ability to Continue Operating (para.A212–A213)
NZ Tier 3 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 2 <i>Objective of Reporting and Overview of Reporting Requirements</i> Objective of Reporting (para.A6(h)) • Section 8 <i>Statement of Accounting Policies</i> Accounting Policies Applied, Basis of Preparation (para.A175(c), A176) • Section 9 <i>Notes to the Performance Report</i> Events After the Balance Date (para.A208(c)) Ability to Continue Operating (para.A210–A211)
NZ Tier 4 PBE Standard (PS)	<ul style="list-style-type: none"> • Section 2 <i>Objective of Reporting and Overview of Reporting Requirements</i> Objective of Reporting (para.A6(h)) • Section 7 <i>Notes to the Performance Report</i> Events after the Balance Date (para.A92(c))
NZ Tier 4 PBE Standard (NFP)	<ul style="list-style-type: none"> • Section 2 <i>Objective of Reporting and Overview of Reporting Requirements</i> Objective of Reporting (para.A6(h)) • Section 7 <i>Notes to the Performance Report</i> Events after the Balance Date (para.A116(c))