



To:	AASB Members	Date:	23 November 2010
From:	Dean Ardern	Agenda Item:	7.1
Subject:	<i>ED 179 Superannuation Plans and Approved Deposit Funds</i>	File:	P19

Action

Consider staff proposals in relation to:

- constituents' comments regarding the proposal to require a superannuation plan or approved deposit fund (ADF) to present a statement of changes in equity;
- disaggregated financial disclosures by a plan or ADF;
- transitional provisions for the replacement Standard for AAS 25 *Financial Reporting by Superannuation Plans*;
- reduced disclosure requirements for ED 2XX *Superannuation Plans and Approved Deposit Funds*; and
- a sub-committee of Board members to assist in finalising ED 2XX prior to final Board deliberation.

Matters (a), (b) and (c) are dealt with in the attached Agenda papers.

Tier 2 superannuation entities

At its meeting held on 25 June 2010, the Board decided to defer a decision on possible reductions in disclosure requirements of AAS 25 *Financial Reporting by Superannuation Plans* pending the application of normal due process, including public exposure of proposed reductions. This was because ED 192 *Revised Differential Reporting Framework* did not include proposed reduced disclosures under AAS 25. The Board, however, noted that if there are any Tier 2 superannuation entities, they would still receive relief from some disclosure requirements by virtue of the reduced disclosures in other Australian Accounting Standards.

In response to the proposals in ED 192, a number of constituents raised concerns about the breadth of the publicly accountable definition in respect of entities that hold assets in a fiduciary capacity, particularly the expectation that all APRA-regulated entities would be publicly

accountable. Specifically, the respondents noted that the phrase ‘superannuation plans registered with APRA’ could be interpreted to mean all APRA Registrable Superannuation Entities, including small APRA funds (SAFs).

SAFs are defined by APRA as superannuation entities regulated by APRA with less than five members that have an Extended Public Offer Entity Licence. As such, the members of a SAF appoint a trustee with an APRA public offer entity licence that manages the fund on their behalf. While SAFs are required to lodge APRA returns that include information reported in their financial statements, this information is not publicly available for individual SAFs. In addition:

- (a) many SAFs would not be considered publicly accountable or reporting entities on the basis of their size, nature, number of users and the close relationship between the members and the trustee; and
- (b) APRA does not require SAFs to prepare general purpose financial statements.

Accordingly, SAFs normally prepare special purpose financial statements.

Staff consider that superannuation entities are currently divided between Tier 1 entities (including public offer plans, public sector plans, retail plans, corporate plans and ADFs) and non-reporting entities [self-managed superannuation plans (SMSFs) and SAFs].

It is also relevant to note that none of the respondents to ED 192 suggested that SAFs are either Tier 1 or Tier 2 reporting entities.

Staff views

Staff consider that ED 2XX should:

- (a) **not include** a supplement that sets out the proposed Tier 2 disclosure requirements under the replacement Standard for AAS 25; and
- (b) **include** a question asking constituents whether there are any superannuation plans or approved deposit funds (as defined in ED 2XX) that would meet the criteria for applying Tier 2 reporting requirements in AASB 1053 *Application of Tiers of Australian Accounting Standards*.

Sub-committee to assist in finalising ED 2XX

To date, staff have been working to a timetable that anticipates a Board sub-committee will be formed to review the draft replacement Standard prior to final deliberation by the Board and public exposure. As the Board is likely to substantively complete its redeliberations on the proposals in ED 179 at this (its December 2010) meeting, staff request that the Board form a sub-committee at this meeting.

Attachments

- Agenda paper 7.2 An issues paper discussing industry feedback on the proposed format of financial statements under a replacement Standard for *AAS 25 Financial Reporting by Superannuation Plans*
- Agenda paper 7.3 An issues paper discussing:
- (a) the potential implications of a superannuation plan or approved deposit fund applying the principles and requirements in *AASB 8 Operating Segments* to provide disaggregated information;
 - (b) how the principles and requirements in *AASB 8* might be applied to a plan or fund under a replacement Standard for *AAS 25 Financial Reporting by Superannuation Plans*; and
 - (c) the types of disaggregated financial disclosures that a plan might provide under a revised set of segregated financial disclosure proposals
- Agenda paper 7.4 An issues paper discussing proposed transition arrangements and application date for the replacement Standard for *AAS 25 Financial Reporting by Superannuation Plans*