

Differential Reporting: Further Sweep Issues

1. This paper comprises two parts. Part 1 raises some remaining sweep issues of a general nature that need a decision before finalising the draft Standards. Part 2 sets out disclosures to be retained or excluded from the Reduced Disclosure Regime in respect of which there were diverging views among AASB Differential Reporting Subcommittee members.

Part 1: General sweep issues

The use of 'shading' in Standards that, as a whole, do not apply to Tier 2 entities

2. The Board has previously agreed to using two means of identifying those disclosure requirements that need not be applied by Tier 2 entities:
 - (a) Aus application paragraphs to be included in each relevant Standard specifically identifying the numbers or parts of those disclosure paragraphs that need not be applied; and
 - (b) shading to highlight disclosure requirements in Australian Accounting Standards from which Tier 2 entities are exempt.
3. There are instances where a whole Standard does not apply to Tier 2 entities – for example, AASB 8 *Operating Segments* and AASB 133 *Earnings per Share*. Those Standards include application paragraphs that effectively restrict their applicability to Tier 1 entities. Also, the draft Application Standard lists such Standards and clarifies they do not apply to Tier 2 entities but that, if a Tier 2 entity elects to apply any of these Standards, it shall apply that Standard in full.
4. The question is whether it is necessary to shade the disclosures in such Standards that, as a whole, do not apply to Tier 2 entities.
5. Those who argue for shading disclosures in such Standards see the process of shading as applying to the whole book rather than standard-by-standard, and argue that:
 - for readers it would be user friendly if they see that all disclosures in the standards that do not apply to Tier 2 entities are shaded; and
 - shading the whole disclosure in such Standards would not do any harm.
6. Those who argue for not shading disclosures in such Standards see the shading as only being helpful when a particular Standard contains some disclosure requirements that apply to Tier 2 entities and others that do not. They argue that Standards that, as a whole, do not apply to Tier 2 entities should not include shading because:
 - it is unnecessary since the application Standard has stipulated that such Standards do not apply to Tier 2 entities and if Tier 2 entities were to elect to apply them, they should apply them in full; and
 - it may be misleading in that a Tier 2 entity that elects to apply the Standard may regard them as exemptions for Tier 2 entities and only apply the unshaded parts of the Standard.
7. Staff are of the view that shading the disclosure paragraphs of a Standard that, as a whole, does not apply to Tier 2 entities is unnecessary because the Application Standard lists these Standards and clarifies their status in the two-tier reporting system

and the individual Standards themselves have application paragraphs relating only to Tier 1 entities.

The use of 'shading' in Standards that include whole sections that do not apply to Tier 2 entities

8. A related case is when a Standard includes disclosures that clearly are labelled as applying only to Tier 1 entities – for example, AASB 124 *Related Party Transactions* includes a whole section of disclosure requirements (paragraphs Aus29.1 to Aus29.3) that apply only to disclosing entities. Another example is AASB 3 *Business Combinations* in which a whole section (paragraphs Aus63.1 to Aus63.9) includes disclosures applying only to restructures of local governments.
9. Staff are of the view that shading these Tier 1- specific paragraphs is not necessary because the Application Standard identifies Tier 1 entities, and the relevant sections in the Standards clearly identify the entities to which the sections relate.

Power of regulators over for-profit non-publicly accountable entities

10. The draft Application Standard, paragraph 13 acknowledges that:

“While Tier 2 reporting requirements are available to all not-for-profit private sector entities and public sector entities other than those required to apply Tier 1 reporting requirements, regulators have the power to require the application of Tier 1 reporting requirements by entities they regulate.”

11. Staff note that, it could be argued paragraph 13 should be amended to also refer to other regulators having the power to require for-profit private sector entities to apply Tier 1 reporting requirements.
12. Staff note that the AASB decided to require publicly accountable entities to apply Tier 1 reporting requirements. On this basis, it may be interpreted that the AASB is of the view that the regulation of for-profit private sector entities that are required to prepare GPFSS is being undertaken by the AASB. A corollary of this interpretation may be that other regulators are not expected to amend differential reporting requirements in the for-profit private sector entity, for example by requiring certain non-publicly accountable for-profit entities to apply Tier 1.
13. Staff ask for clarification from members as to whether they consider paragraph 13 of the draft Application Standard should refer to other regulators having the power to require for-profit private sector entities to apply Tier 1 reporting requirements.

**Part 2: Disclosures with no consensus on the treatment
among Subcommittee members**

14. This part includes three schedules which contain disclosure requirements in respect of which the members of the Differential Reporting Subcommittee had different views. Accordingly they are treated as sweep issues and staff seek the Board's view on them.
 - Schedule 1: Disclosure requirements that were not addressed in ED 192.
 - Schedule 2: Disclosure requirements that were proposed to be excluded from the RDR but some constituents consider should be retained in the RDR.
 - Schedule 3: Disclosure requirements that were proposed to be retained in the RDR but some constituents consider should be excluded.

The Schedules include initial staff comments on the issue prior to Subcommittee consideration and final staff comments after reflecting on the views of Subcommittee members.

SCHEDULE 1: Disclosure requirements that were not addressed in ED 192

Text in AASB Standard	Equivalent Text in <i>IFRS for SMEs</i>	Initial Staff Comments
AASB 1		
<p>1 21 To comply with AASB 101, an entity's first Australian-Accounting-Standards financial statements shall include at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.</p>	<p>35.6 Paragraph 3.14 requires an entity to disclose, in a complete set of financial statements, comparative information in respect of the previous comparable period for all monetary amounts presented in the financial statements, as well as specified comparative narrative and descriptive information. An entity may present comparative information in respect of more than one comparable prior period. Therefore, an entity's date of transition to the <i>IFRS for SMEs</i> is the beginning of the earliest period for which the entity presents full comparative information in accordance with this IFRS in its first financial statements that conform to this IFRS.</p>	<p>The <i>IFRS for SMEs</i> equivalent to paragraph 21 effectively refers to only one comparative balance sheet. Accordingly, paragraph 21 would be excluded from the RDR (shaded) and paragraph RDR 21.1 requiring RDR preparers to present only two balance sheets would be included.</p>
<p>Sub-Committee Comments: three sub-committee members commented that treatment of paragraph 21 needs to be consistent with the decision made in AASB 101.</p>		
<p>Final Staff Comments: Staff can confirm subparagraph 10(f) of AASB 101 has been excluded (shaded) from the Reduced Disclosure Requirements and paragraph RDR21.1 requiring RDR preparers to present only two balance sheets, has been included. This treatment is consistent with the treatment of paragraph 21.</p>		
<p>31A If an entity uses the exemption in paragraph D8A(b) for oil and gas assets, it shall disclose that fact and the basis on which carrying amounts determined under previous GAAP were allocated.</p> <p>**31A is only in AASB 1 applicable from 1st January 2010 and therefore was not caught in ED 192 due to ED 192 being based on AASB 1 applicable for periods ending 30 June 2010.**</p>	<p>The <i>IFRS for SMEs</i> does not allow for the recognition and measurement relief in paragraph D8A(b) because the relief was included in IFRS 1 after the issue of <i>IFRS for SMEs</i>.</p>	<p>Applying the 'user need' and 'cost-benefit' principles of the <i>IFRS for SMEs</i>, this relief should also be available to entities applying the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members questioned what we do for other IFRS 1 exemption disclosures and if the treatment Staff has suggested is consistent. One sub-committee member further questioned why we would limit ourselves to the <i>IFRS for SMEs</i> lack of relief when we know it is caused by timing rather than intent. Another sub-committee member questioned whether we want the disclosure in 31A and on balance if from a cost/benefit perspective it is necessary and they should have an accounting policy note which sets out their policy and whether or not they applied the 'exemption' should already be clear.</p>		
<p>Final Staff Comments: The relief itself is provided in paragraph D8A(b), and paragraph 31A relates only to a requirement to disclose if the relief has been used. Consistent with other RDR proposals, paragraph 31A should not be retained in the RDR.</p>		

SCHEDULE 1: Disclosure requirements that were not addressed in ED 192

Text in AASB Standard	Equivalent Text in <i>IFRS for SMEs</i>	Initial Staff Comments
<p>AASB 3</p>		
<p>Local Government Restructure:</p> <p>Aus63.6 Assets and liabilities transferred during the reporting period and recognised in accordance with paragraph Aus63.1 shall be disclosed separately, by class, by way of note or otherwise, and the transferor local government shall be identified.</p> <p>Aus63.7 Any gain or loss recognised in accordance with paragraph Aus63.1 shall be separately disclosed in the statement of comprehensive income.</p> <p>Aus63.8 The disclosures required by paragraph Aus63.6 will assist users to identify the assets and liabilities recognised as a result of a restructure separately from other assets and liabilities and to identify the transferor local government. In addition, the disclosures required by paragraph Aus63.7 will assist users to identify separately the gain or loss which results from a restructure of local governments.</p> <p>Aus63.9 Local governments are not required to apply paragraphs 59 to 63 and the related Appendix B Application Guidance paragraphs of this Standard when disclosing information about restructures of local governments.</p>		<p>Paragraphs Aus63.6-63.9 have no equivalent in the <i>IFRS for SME</i> and relate only to Tier 1 entities.</p> <p>Accordingly paragraphs Aus63.6 – Aus63.9 should all be specifically excluded from the RDR and shaded to indicate that they are not part of the RDR.</p>
<p>Sub-Committee Comments: Four sub-committee members commented they would argue no need to exclude these paragraphs from the RDR as they generally only apply to Tier 1 entities and on the off chance a Tier 2 entity does need to apply these paragraphs they should follow the paragraphs in full. One sub-committee member further questioned whether could potentially apply to a Tier 2 entity, in which case, shouldn't we apply the <i>IFRS for SMEs</i> principles to work out whether the disclosure is necessary.</p>		
<p>Final Staff Comments: Based on the Board's tentative decision, all local governments are Tier 1 entities. Accordingly, these paragraphs apply only to Tier 1. The issue of whether it is necessary or helpful to specifically identify (shade) paragraphs that are not part of the RDR by virtue of only being applicable to Tier 1 entities is the subject of an issue raised in Agenda Paper 15.7.</p>		

SCHEDULE 1: Disclosure requirements that were not addressed in ED 192

Text in AASB Standard	Equivalent Text in <i>IFRS for SMEs</i>	Initial Staff Comments
<p>AASB 101</p>		
<p>Complete set of financial statements:</p> <p>2 10A complete set of financial statements comprises:</p> <ul style="list-style-type: none"> (a) a statement of financial position as at the end of the period; (b) a statement of comprehensive income for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; and (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements. <p>An entity may use titles for the statements other than those used in this Standard.</p>	<p>3.17 A complete set of financial statements of an entity shall include all of the follow:</p> <ul style="list-style-type: none"> (a) a statement of financial position as at the reporting date. (b) either: <ul style="list-style-type: none"> (i) a single statement of comprehensive income for the reporting period displaying all items of income and expense recognised during the period including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income; or (ii) a separate income statement and a separate statement of comprehensive income. If an entity chooses to present both an income statement and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income. (c) a statement of changes in equity for the reporting period. (d) a statement of cash flows for the reporting period. (e) notes, comprising a summary of significant accounting policies and other explanatory information. 	<p>Paragraph 10(a)-(e) and paragraph 3.17 of the <i>IFRS for SMEs</i> correspond. Paragraph 10(a)-(e) should be retained in the RDR.</p> <p>Paragraph 10(f) has no equivalent in the <i>IFRS for SMEs</i> and, based on the reasoning in paragraph IN3 of Appendix C, should be excluded from the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members questioned where the requirement for comparatives are if paragraph 10(f) is excluded.</p>		
<p>Final Staff Comments: Paragraph 10 describes what constitutes a complete set of financial statements. Paragraph 38 of AASB 101 deals with the requirement to disclose comparative information for prior periods.</p>		

SCHEDULE 1: Disclosure requirements that were not addressed in ED 192

Text in AASB Standard	Equivalent Text in <i>IFRS for SMEs</i>	Initial Staff Comments
<p>3 91 An entity may present components of other comprehensive income either:</p> <p>(a) (a) net of related tax effects; or</p> <p>(b) (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.</p>		<p>Paragraph 91 relates to paragraph 90 requiring disclosure of tax relating to each component of other comprehensive income. Paragraph 90 is excluded from the RDR, and paragraph 91 has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph IN3 of Appendix C, paragraph 91 should be excluded from the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members commented that we need to be clear how tax is to be presented in comprehensive income. The sub-committee members questioned whether we were leaving it up to preparers as to where they put tax and whether we are saying show tax gross in one line. The three members stated that we need to be clear what we are asking for and then be consistent regarding all the disclosures around this.</p>		
<p>Final Staff Comments: Paragraph 91 relates to the presentation of the tax effects of other comprehensive income and provides guidance on the application of paragraph 90 which has been excluded from the RDR. Accordingly, on the basis of paragraph 90 being excluded and there being no equivalent in the <i>IFRS for SMEs</i> staff recommend paragraph 91 be excluded from the RDR.</p>		

AASB 107		
<p>4 21 An entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in paragraphs 22 and 24 are reported on a net basis.</p>	<p>7.10 An entity shall present separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities. The aggregate cash flows arising from acquisitions and from disposals of subsidiaries or other business units shall be presented separately and classified as investing activities.</p>	<p>The first part of paragraph 21 up to the words “financing activities” corresponds to the first sentence in paragraph 7.10 of the <i>IFRS for SMEs</i>. The first part of paragraph 21 up to the words “financing activities” should be retained in the RDR. Based on the reasoning in paragraph IN3 of Appendix C, the second part of paragraph 21 from “, except to”, should be excluded from the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members commented they see the last part of paragraph 21 as an exemption of sorts and question why we are saying Tier 2 entities can’t follow them.</p>		
<p>Final Staff Comments: The remainder of paragraph 21 relates to being able to report cash flows on a net basis, which is part of the RDR. Accordingly, staff agree with the sub-committee member comments and consider that paragraph 21 should be retained in full in the RDR.</p>		

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 2				
AASB 2.RDR46.1	<p>5 46An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined.</p> <p>6 RDR46.1 For equity-settled share-based payment arrangements, an entity applying the Reduced Disclosure Regime shall disclose information about how it measured the fair value of goods or services received or the value of the equity instruments granted. If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.</p>	26.19 For equity-settled share-based payment arrangements, an entity shall disclose information about how it measured the fair value of goods or services received or the value of the equity instruments granted. If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.	<p>EY: For equity settled share based payment arrangements this paragraph requires that where a valuation methodology is used to measure the fair value of goods or services received or the value of the equity instruments granted, the valuation method and the reason for choosing it are to be disclosed.</p> <p>We do not believe the reason for choosing a valuation method to be particularly decision useful information, and suggest that disclosure of the key assumptions used in the valuation method would provide more useful information. We do not believe disclosure of these inputs would be onerous for Tier 2 entities, since they will have been determined for the valuation process, and as such this disclosure can be justified on cost benefit grounds.</p>	<p>Given that recognition and measurement requirements of AASB 2 and <i>IFRS for SMEs</i> are essentially the same, we acknowledge that a strict application of paragraph IN2 of Appendix C of ED 192 would arguably leads to a conclusion that AASB 2.46 (rather than AASB 2.RDR46.1) should be included in the RDR.</p> <p>However, on balance, we think the proposals in ED 192 should be implemented on the basis that they are consistent with <i>IFRS for SMEs</i>, which was developed by the IASB after considering user needs and making cost/benefit assessments.</p> <p>A requirement to disclose the reason for choosing a valuation method imposes a discipline on management to justify the method chosen, and therefore has the potential to enhance the quality of the method chosen. Therefore, RDR should include a requirement to disclose the reason for choosing a valuation method.</p> <p>Disclosure of key assumptions would add bulk to the financial statements and therefore should not be required by the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members have stated they are not convinced by the argument made by Staff in the last paragraph and would potentially support the respondent’s argument. Another sub-committee member has stated they would go with the paragraph 46 disclosures as it seems that the <i>IFRS for SMEs</i> is adding to paragraph 46 and is not consistent with our principle of not adding to the disclosure burden.</p>				
<p>Final Staff Comments: Staff acknowledge the point made by three sub-committee members that paragraph RDR46.1 appears to be increasing the disclosure requirements. However,</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
overall, the removal of paragraph 46 and the inclusion of paragraph RDR46.1 can be regarded as reducing the disclosure requirements when read in the context of paragraphs 47, 48 and 49. Staff believe that if we reinstate paragraph 46 it may effectively result in having to reinstate paragraphs 47 to 49 which will make the disclosure burden more onerous. Accordingly, staff recommend proceeding with the proposal made in ED 192.				

AASB 7

<p>AASB 7.27, 27A & 27B (<i>paragraph is the same for both AASB 7 compliant with AASB 139 and AASB 9</i>)</p>	<p>7 27An entity shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.</p> <p>8</p> <p>9 27A To make the disclosures required by paragraph 27B an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:</p> <p>(a) (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);</p> <p>(b) (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and</p> <p>(c) (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs)</p>	<p>11.43 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, e.g. quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.</p> <p><i>No direct equivalent in IFRS for SMEs of paragraphs 27A and 27B</i></p>	<p>EY: Paragraph 27 requires disclosure of the methods and assumptions applied in determining fair value. We would support removal of this requirement, which in general we find to be poorly done by entities required to make the disclosure, and support replacing it by retaining key disclosures in paragraphs 27 A and 27B (see below) which present more relevant and reliable information, We presume these latter requirements were not included in the <i>IFRS for SMEs</i> due to overlapping development periods. We believe that paragraph 27A, containing disclosures relating to the fair value hierarchy, and paragraphs 27B (a) and 27B (d) present particularly relevant information that should be retained in the RDR. Most entities that hold financial instruments measured at fair value should also be able to determine the source of the inputs to the valuation, and provide these disclosures. We recommend, however, that the onerous disclosure requirements of paragraph 27B(c), being an</p>	<p>The proposal in ED 192 should be implemented, consistent with the principle in paragraph IN3 of Appendix C of ED 192. Consistent with <i>IFRS for SMEs</i>, RDR excludes AASB 7.27A & .27B.</p> <p>We acknowledge that if <i>IFRS for SMEs</i> is ever updated for IFRS 7.27A & .27B, there is a risk that the IASB will amend, to make more specific, the requirements in <i>IFRS for SMEs</i> paragraph 11.43.</p>
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SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
	<p>(Level 3). The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.</p> <p>10 27B For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:</p> <p>(a) (a) the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in paragraph 27A.</p> <p>(d) the amount of total gains or losses for the period in (c) (i) above included in profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period and a description of where those gains or losses are presented in the statement of comprehensive income or the separate income statement (if presented).</p>		<p>opening and closing balance reconciliation of financial instruments measured at Level 3, and 27B(e), being about changes to Level 3 inputs, should be excluded from the RDR. Paragraph 27B (b) on significant transfers between Levels 1 and 2 could in our view also be excluded on a cost benefit basis.</p>	

Sub-Committee Comments: Two sub-committee members stated they think the respondent has some strong arguments and agrees with their view. Another sub-committee member stated that paragraph 27A provides a more robust framework to present the disclosures, though a preparer following the RDR could choose to use the 27A hierarchy.

Final Staff Comments: Staff have applied the principles in Appendix C of ED 192. Staff remain concerned that if we depart significantly from the principles it may weaken the basis for the Board’s RDR tier of reporting. Therefore, consistent with ED 192, staff recommend, that paragraphs 27A and 27B remain excluded from the RDR.

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
<p>AASB 7.39 (paragraph is the same for both AASB 7 compliant with AASB 139 and AASB 9)</p>	<p>11 7 An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.</p> <p>12 39 An entity shall disclose:</p> <p>(a) (a) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.</p> <p>(b) (b) a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B).</p> <p>(c) (c) a description of how it manages the liquidity risk inherent in (a) and (b).</p>	<p>11.42 An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity).</p>	<p>EY: In removing the liquidity risk disclosure requirements of paragraph 39, there is a risk that key information about the maturity of significant financial liabilities may be omitted. While we support removing this contractual maturity analysis, information about significant loans should be made. We note that the <i>IFRS for SMEs</i> approach to paragraph 7 (see comment in table (i) above) makes this requirement explicit and we therefore recommend this approach.</p>	<p>The proposal in ED 192 should be implemented, consistent with the principle in paragraphs IN3 and IN4 of Appendix C of ED 192, even though we have some sympathy for the respondent’s view given paragraph IN6(a) and (b).</p>
<p>Sub-Committee Comments: Three sub-committee members have stated given <i>IFRS for SMEs</i> is explicit about debt instruments they would make the amendment proposed by the respondent. A further sub-committee member also agreed with the respondent on the basis that the <i>IFRS for SMEs</i> standard is more explicit on what it means and this would be consistent with our principles on guidance.</p>				
<p>Final Staff Comments: Staff have applied the principles in Appendix C of ED 192. Staff remain concerned that if we depart significantly from the principles it may weaken the basis for the Board’s RDR tier of reporting. Therefore, consistent with ED 192, staff recommend, that paragraph 39 should remain excluded from the RDR.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
<p>**AASB 7 APPLICATION GUIDANCE</p>	<p>AASB 7 Application Guidance comprises 11 pages of guidance paragraphs to assist preparers in the requirements of AASB 7.</p>	<p><i>No direct equivalent in IFRS for SMEs</i></p>	<p>Confidential Submission: Request the AASB to reproduce the application guidance to AASB 7 as this is an integral part of the Standard. Each paragraph should be analysed and shading applied to those requirements which are not applicable to an entity eligible to apply the RDR.</p>	<p>We agree with the respondent and think that it would only be necessary to retain application guidance AASB 7.B5 as this relates to AASB 7. 21, which ED 192 proposed retaining in the RDR.</p>
<p>Sub-Committee Comments: Three sub-committee members questioned whether the approach proposed by staff is consistent with the approach on other Standards.</p>				
<p>Final Staff Comments: Consistent with the principles in Appendix C of ED 192, guidance that is an integral part of a Standard should be retained in the RDR. Therefore, if the Board’s conclusion in regards to paragraph 39 is overridden and paragraph 39 is reinstated, consideration would need to be given to the guidance relating to paragraph 39 at paragraphs B10A – B11F.</p>				
<p>AASB 101</p>				
<p>**AASB 101.Aus138.3-138.5</p>	<p>Aus138.3 An entity shall disclose for each class of shares included in equity, where either dividends payable were first recognised as a liability during the reporting period or dividends were paid during the reporting period without previously being recognised as a liability:</p> <p>(a) the amount, in aggregate and per share, of those dividends that have been or will be franked and the tax rate at which those dividends have been or will be franked; and</p> <p>(b) the amount, in aggregate and per share, of those dividends that have not been or will not be franked.</p> <p>Aus138.4 An entity shall disclose the amount of franking credits available for subsequent reporting periods to the equity holders in the entity if it is not a group or the parent in a group, by disclosing the balance of the</p>	<p><i>No direct equivalent in IFRS for SMEs</i></p>	<p>MS: We believe that there should be some level of disclosure relating to the movement in, and the year-end balance of the franking account. Such information may be considered relevant for current and potential ownership interests.</p>	<p>AASB 101.Aus138.3-138.5 have no equivalents in the <i>IFRS for SMEs</i>. Arguably, based on the reasoning in paragraph IN3 of Appendix C of ED 192 the paragraphs should be excluded from the RDR. However, given the domestic tax-law nature of the subject matter of AASB 101.Aus138.3-138.5, we can appreciate the respondent’s comments. Therefore, on reflection, staff think the disclosures should be included in the RDR, on the basis of user needs.</p>

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
	<p>franking account as at the reporting date, adjusted for:</p> <p>(a) franking credits that will arise from the payment of the amount of the provision for income tax;</p> <p>(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and</p> <p>(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.</p> <p>Aus138.5 An entity shall disclose the impact on the franking account of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to equity holders during the period.</p>			
<p>Sub-Committee Comments: All sub-committee members disagree with the approach proposed by staff on the basis of the Australia/New Zealand convergence project under which simplified imputation credit disclosures are to be proposed. A sub-committee member further commented that, if anything, only the proposed new simplified requirements should be part of the RDR.</p>				
<p>Final Staff Comments: Based on the sub-committee members' unanimous views about excluding subparagraphs Aus138.3 –Aus138.5, staff agree the Board should revert to the ED 192 proposal to exclude paragraphs Aus138.3-Aus138.5 from the RDR.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 108				
**AASB 108.28(h)	<p>13 28When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:</p> <p>(h) if retrospective application required by paragraph 19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.</p>	<p>10.13 When an amendment to this IFRS has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the following:</p> <p>(d) an explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c) above.</p>	<p>EY: It is proposed to remove under the RDR the requirement to make disclosure regarding the circumstances and conditions which make retrospective application of an accounting policy upon initial application of an Australian Accounting Standard impracticable. A similar, although not identical disclosure, is required by <i>IFRS for SMEs</i> paragraph 10.13(d). Therefore exclusion of disclosure relating to this matter from the RDR would appear to be a violation of the principle used to determine which disclosures should be required under the RDR.</p> <p>No explanation for this is provided in the Exposure Draft; it is however noted that the AASB Staff Analysis: Draft Proposed Disclosures under RDR posted on the AASB website in December 2009 noted 'In relation to similar wording in paragraph 28(h), staff think the full IFRS wording is suitable because its wording is more precise than the <i>IFRS for SMEs</i>'</p> <p>No justification has been provided for the change of view leading to exclusion of paragraph 28(h) from the RDR. Given that similar disclosure is required by <i>IFRS for SMEs</i> and does not arise from recognition and measurement differences we do not believe its</p>	<p>AASB 108.28(h) and paragraph 10.13(d) of the <i>IFRS for SMEs</i> cover similar issues. However, the difference in wording implies a more significant disclosure burden under AASB 108.28(h).</p> <p>Given the more burdensome nature of the disclosure required by AASB 108.28(h), compared with paragraph 10.13 of the <i>IFRS for SMEs</i>, an RDR paragraph should be added using the wording in paragraph 10.13 of the <i>IFRS for SMEs</i>.</p> <p>We acknowledge that our view might be regarded as being inconsistent with paragraph IN2 of Appendix C of ED 192. However, we think our approach can be justified on the basis of the second sentence of paragraph IN3 of Appendix C of ED 192.</p>

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
			exclusion from the RDR has been suitably justified. We also note that similar disclosure in relation to voluntary changes in accounting policies required by AASB 108.29(e) has been retained in the RDR, which would seem inconsistent with the exclusion of paragraph 28(h). Confidential Submission: it is inconsistent with <i>IFRS for SMEs</i> .	
Sub-Committee Comments: Three sub-committee members stated they were not convinced with the approach proposed by staff.				
Final Staff Comments: Staff believe that it is a matter of judgement as to whether the principle in paragraph IN2 or the second sentence of paragraph IN3 of Appendix C of ED 192 should prevail. On balance, Staff continue to, consider it appropriate to add an RDR paragraph based on paragraph 10.13 of the <i>IFRS for SMEs</i> .				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 110				
**AASB 110.19-20	<p>14 19If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to these conditions, in the light of the new information.</p> <p>15 20In some cases, an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognises in its financial statements. One example of the need to update disclosures is when evidence becomes available after the reporting period about a contingent liability that existed at the end of the reporting period. In addition to considering whether it should recognise or change a provision under AASB 137, an entity updates its disclosures about the contingent liability in the light of that evidence.</p>	No direct equivalent in <i>IFRS for SMEs</i>	EY: While we recognise that the requirements of these paragraphs to update disclosures about conditions that existed at the end of the reporting period are not included in the <i>IFRS for SMEs</i> , in our view such disclosures would provide useful information to the users of Tier 2 financial statements and would not be unduly costly to prepare. We therefore believe these paragraphs should be retained in the RDR.	Exclusion of AASB 110.19 & .20 from the RDR would be consistent with paragraph IN3 of Appendix C of ED 192. However, on reflection, we are of the view that if disclosures are not updated, the obsolete information may become misleading. Therefore, we concur that, on cost benefit grounds, this disclosure should be implemented in the RDR.
<p>Sub-Committee Comments: Three sub-committee members expressed concern that the cost of making this disclosure could be very high. Two subcommittee members have further concerns with adding this disclosure as, though it is useful, it is not in the <i>IFRS for SMEs</i>. Another sub-committee member disagreed with the staff proposition on the basis that leaving it out is consistent with our principles for the RDR.</p>				
<p>Final Staff Comments: On reflection, staff concur with the majority of subcommittee members and applying the principle in paragraph IN3 of Appendix C of ED 192. Accordingly, paragraphs 19 and 20 should, as proposed in ED 192, be excluded from the RDR.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 112				
**AASB 112.81(a) and (ab)	<p>81 The following shall also be disclosed separately:</p> <p>(a) the aggregate current and deferred tax relating to items that are charged or credited directly to equity (see paragraph 62A);</p> <p>(ab) the amount of income tax relating to each component of other comprehensive income (see paragraph 62 and AASB 101 (as revised in 2007));</p>	<p>29.32 An entity shall disclose the following separately:</p> <p>(a) the aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income.</p> <p><i>No direct equivalent in IFRS for SMEs of 112.81(ab)</i></p>	<p>Confidential Submission: The current shading is inconsistent with <i>IFRS for SMEs</i> which requires disclosure of tax relating to items recognised in OCI (i.e. paragraph (ab)), but not tax relating to items recognised directly in equity (i.e. Paragraph (a))</p> <p>Further to comment above, we note that tax on amounts recognised directly in equity refers, for example, to deferred tax on share buy-backs or tax applicable to adjustments made to retained earnings on retrospective application of an accounting Standard. This is different to tax relating to amounts recognised in OCI. Under AASB 112, both tax amounts must now be disclosed separately however the IASB did not mandate disclosure for SME entities. Our preference is for both amounts to be disclosed for RDR entities.</p>	<p>On reflection, we think AASB 112.81(a) should be shaded and AASB 112.81(ab) unshaded, because AASB 112.81(ab) more closely aligns with paragraph 29.32 of <i>IFRS for SMEs</i>.</p> <p>We acknowledge that AASB 112.81(ab) would be more onerous than paragraph 29.32 of <i>IFRS for SMEs</i> because of the ‘each component’ requirement. However, retaining AASB 112.81(ab) in the RDR is consistent with paragraph IN2 of Appendix C of ED 192.</p>
<p>Sub-Committee Comments: Three sub-committee members commented that we needed to ensure that the proposed treatment is consistent with AASB 101.</p>				
<p>Final Staff Comments: On reflection, staff believe that neither paragraph 81(a) nor paragraph 81(ab) closely align with paragraph 29.32 of the <i>IFRS for SMEs</i>. Paragraph 81(a) relates to items charged/credited to equity [rather than other comprehensive income] whilst paragraph 81(ab) relates to items charged/credited to each component of other comprehensive income [rather than an aggregate]. Accordingly, staff propose excluding both paragraphs from the RDR and including an RDR paragraph which reflects the requirements of the <i>IFRS for SMEs</i>. The proposal is consistent with the treatment proposed in AASB 101. Paragraph 90 of AASB 101 requires an entity to disclose the amount of income tax relating to each component of other comprehensive income. This paragraph has been excluded from the RDR on the basis that the <i>IFRS for SMEs</i> has no equivalent.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 119				
<p>**AASB 119.120A(e)</p>	<p>16 120A An entity shall disclose the following information about defined benefit plans:</p> <p>(e) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset in accordance with paragraph 104A showing separately, if applicable, the effects during the period attributable to each of the following:</p> <ul style="list-style-type: none"> (i) expected return on plan assets; (ii) actuarial gains and losses; (iii) foreign currency exchange rate changes on plans measured in a currency different from the entity's presentation currency; (iv) contributions by the employer; (v) contributions by plan participants; (vi) benefits paid; (vii) business combinations; and (viii) settlements; 	<p>28.41 An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful:</p> <p>(f) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, if applicable:</p> <ul style="list-style-type: none"> (i) contributions; (ii) benefits paid; and (iii) other changes in plan assets. 	<p>Confidential Submission: Recommend that a new category "other movements" for RDR entities be included, otherwise it is not clear how to reconcile the opening and closing positions when specific categories are removed.</p>	<p>For completeness and for the sake of clarity we agree with the respondent that a separate subparagraph 'other movements' should be inserted below AASB 119.120(e)(vi) for the purpose of the RDR.</p>
<p>Sub-Committee Comments: One sub-committee member disagreed with the approach proposed in regards to paragraph 120A(e) on the basis that they do not believe we need to add 'other' and that how you choose to do a reconciliation is up to the preparer. Another sub-committee member stated they would have thought any preparer would have worked this out.</p>				
<p>Final Staff Comments: Staff do not regard this as a significant issue but on reflection accept the minority view of sub-committee members that it is not necessary to specify an 'other movements' category for the reconciliation. This approach has an advantage of not adding another RDR paragraph to Tier 2.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 138				
<p>**AASB 138.118(e)(v) & (vii)</p>	<p>17 118 An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(v) impairment losses reversed in profit or loss during the period in accordance with AASB 136 (if any);</p> <p>(vii) net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and</p>	<p>No direct equivalent in <i>IFRS for SMEs</i> of 138.118(e)(v)&(vii)</p>	<p>Confidential Submission: How would paragraph 118 work if (v) and (vii) are removed – would they be disclosed in ‘other’? Preference to retain (v) as the amount of impairment reversals should be disclosed as per AASB 136 above.</p>	<p>We note that ED 192 proposes to retain in the RDR the corresponding disclosure requirements for property, plant and equipment (AASB 116.73(e)(vi) & (viii)). For consistency, we consider that AASB 138.118(e)(v) & (vii) should be retained (ie unshaded) in the RDR.</p>
<p>Sub-Committee Comments: One sub-committee member was not convinced on the approach adopted by the staff. Another sub-committee member questioned whether we want to retain roll forward disclosures. A third sub-committee member disagreed with the approach adopted based on it not being required by the <i>IFRS for SMEs</i> and requested it be compared to the treatment of similar paragraphs in AASB 116. In addition, the sub-committee member requested a check be made to ensure the RDR is not asking for comparative period disclosure.</p>				
<p>Final Staff Comments: For consistency with the sub-committees’ view on AASB 116.73(e) in Schedule 3, paragraph 118(e)(vii) should be excluded from the RDR and paragraph 118.38(e)(v) should be retained in the RDR. Staff can confirm that an RDR paragraph has been included to provide relief from the requirement to prepare the reconciliations required by paragraph 118(e) for prior periods.</p>				

SCHEDULE 2: Disclosure requirements that were excluded from the RDR but some constituents consider should be retained in the RDR

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASON FOR RETAINING	Initial Staff Comments
AASB 140				
**AASB 140.75(f)(i)	18 75An entity shall disclose: (f) the amounts recognised in profit or loss for: (i) rental income from investment property;	<i>No direct equivalent in IFRS for SMEs of 140.75(f)(i)</i>	EY: We note that the RDR retains the disclosure of each significant category of revenue required by AASB 118.35(b). As a consequence, we consider it appropriate that the RDR retains disclosure of the amount recognised in profit or loss for rental income from investment property as required by AASB 140.75(f)(i).	On reflection, for consistency with ED 192’s proposal to include AASB 118.35(b) in the RDR, we think AASB 140.75(f)(i) should be retained (ie unshaded) in the RDR.
Sub-Committee Comments: Three sub-committee members noted they were not convinced by the initial staff comments made in relation to paragraph 75(f)(i), whilst a fourth member disagreed on the basis that it is not consistent with the principles.				
Final Staff Comments: Staff note that, although the disclosure might be regarded as being covered by AASB 118, we have some concern that by explicitly excluding it from the RDR in AASB 140 it might be interpreted by some as implying that it is no longer required under AASB 118 for RDR entities. However, staff acknowledge the majority of the sub-committee views and accept it not being retained in the RDR.				

SCHEDULE 3: Disclosures requirements that were retained in the RDR but some constituents consider should be excluded

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASONING FOR EXCLUSION	Initial Staff Comments
AASB 7				
AASB 7.16	19 16When financial assets are impaired by credit losses and the entity records the impairment in a separate account (e.g. an allowance account used to record individual impairments or a similar account used to record a collective impairment of assets) rather than directly reducing the carrying amount of the asset, it shall disclose a reconciliation of changes in that account during the period for each class of financial assets.	Paragraph 16 has no equivalents in the <i>IFRS for SMEs</i>.	EY: It is proposed to retain under the RDR the requirement to disclose a reconciliation of changes in an allowance for credit losses account, where such an account is used to record impairments of a financial asset rather than directly reducing the carrying amount of the asset. Such a disclosure is not required under the <i>IFRS for SMEs</i> . Therefore its inclusion in the RDR would appear to be a violation of the principle used to determine which disclosures should be required under the RDR. No explanation for this is provided in the Exposure Draft; it is however noted that the AASB Staff Analysis: Draft Proposed Disclosures under RDR posted on the AASB website in December 2009 noted the view that 'The benefits of disclosing this information outweighs the cost to preparers and users of the financial statements and is a key (and mandatory) disclosure proposed under the ED Financial instruments: Amortised Cost and Impairment .. .' As all disclosures are mandatory under full IFRS we do not believe that this provides a satisfactory justification for violating the general principle of only including disclosures required under <i>IFRS for SMEs</i> unless they arise from recognition and measurement differences. Further, in our view using an allowance account rather than writing down the carrying value of the asset directly already provides	Staff disagree with respondent. Paragraph 16 can be regarded as offering an accounting policy choice of presentation and an entity can choose a presentation that would obviate the need to disclose a reconciliation of changes. Accordingly, based on reasoning in paragraph IN6(d) of Appendix C of ED 192, paragraph 16 should be retained in the RDR.

SCHEDULE 3: Disclosures requirements that were retained in the RDR but some constituents consider should be excluded

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASONING FOR EXCLUSION	Initial Staff Comments
			additional information, and a reconciliation of this account does not provide particularly relevant information (especially when not provided by class) compared to the impairment gain/loss in the income statement. We consider this disclosure requirement should be excluded from the RDR.	
<p>Sub-Committee Comments: Two sub-committee members have supported the respondent's view that the disclosure requirements seem too onerous for a Tier 2 entity. One sub-committee member has further noted that the reconciliation disclosure is not particularly useful, especially when the allowance account is managed by resetting it to a required balance at period end rather than flowing specific amounts in and out of the account.</p>				
<p>Final Staff Comments: Staff continue to support the view that, because an entity can choose a presentation that obviates the need for the disclosure, and the principle the Board has adopted on disclosures around policy choices, paragraph 16 should be retained in the RDR.</p>				

AASB 118				
AASB 118.35(c)	<p>20 35 An entity shall disclose:</p> <p>(c) the amount of revenue arising from exchange of goods or services included in each significant category of revenue.</p>		<p>EY: It is proposed to retain under the RDR the requirement to disclose the amount of revenue arising from exchanges of goods or services in each significant category of revenue. Such a disclosure is not required under <i>IFRS for SMEs</i>. Therefore its inclusion in the RDR would appear to be a violation of the principle used to determine which disclosures should be required under the RDR.</p> <p>No explanation for this is provided in the Exposure Draft; it is however noted that the AASB Staff Analysis: Draft Proposed Disclosures under RDR posted on the AASB website in December 2009 noted that the omission of paragraph 35 (c) ' ... does</p>	<p>The <i>IFRS for SMEs</i> adds to the recognition requirements of AASB 118 a 'commercial substance' criterion for the recognition of revenue in transactions involving exchanges of goods or services. Related to this, the <i>IFRS for SMEs</i> excludes the disclosure requirement in paragraph 35(c) of AASB 118.</p> <p>Because the recognition requirements in AASB 118 and the <i>IFRS for SMEs</i> differ, the principles in paragraphs IN5 and IN6 of Appendix C of ED 192 were applied. Paragraph 35(c) provides useful information about</p>

SCHEDULE 3: Disclosures requirements that were retained in the RDR but some constituents consider should be excluded

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASONING FOR EXCLUSION	Initial Staff Comments
			<p>not reflect a recognition or measurement difference between the Standards ... the staff considers that omitting the requirement will not deny users information vital for decision making. For cost-benefit reasons. the staff recommends omitting paragraph 35(c) disclosure from the RDR.'</p> <p>No justification has been provided for the change of view leading to inclusion of paragraph 35(c) in the RDR. Given that the disclosure is not required by <i>IFRS for SMEs</i> and does not arise from recognition and measurement differences we do not believe its inclusion in the RDR has been suitably justified.</p>	<p>disaggregations of amounts presented in the financial statements and about the entity's transactions.</p> <p>Consistent with the principles in paragraphs IN6(e) and IN6(f) of Appendix C of ED 192, paragraph 35(c) should be retained in the RDR.</p>

SCHEDULE 3: Disclosures requirements that were retained in the RDR but some constituents consider should be excluded

STANDARD	TEXT IN AASB STANDARD	Equivalent Text in <i>IFRS for SMEs</i>	RESPONDENT REASONING FOR EXCLUSION	Initial Staff Comments
<p>Sub-Committee Comments: Three sub-committee members have agreed with the respondent on the basis that it may be useful but is not consistent with principles of <i>IFRS for SMEs</i>.</p>				
<p>Final Staff Comments: Since paragraph 35(c) relates to recognition and measurement that is different from the IFRS for SMEs, whether or not it is retained in the RDR is a matter of how the relative costs to benefits are addressed. Staff continue to believe that the benefits of the disclosure would outweigh the costs because the character of variance from exchange of goods/services is fundamentally different from variances resulting from exchange for cash/credit.</p>				

AASB 138				
AASB 138.124(b)	<p>21 124 If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:</p> <p>(b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders; and</p>	<p><i>IFRS for SMEs has no equivalent to AASB 138.124(b) as it only permits the cost model.</i></p>	<p>MS: We do not believe that disclosing the amount of a revaluation surplus that relates to intangible assets is a relevant consideration for users.</p>	<p>Paragraph 124 has no equivalent in the <i>IFRS for SMEs</i>, which permits only the cost model to be applied to intangible assets after initial recognition. Because paragraph 124(b) requires the disclosure of useful information about disaggregation of amounts presented in the financial statements (as referred to in paragraphs IN6 (e) of Appendix C of ED 192), it should be retained in the RDR.</p>
<p>Sub-Committee Comments: Two sub-committee members have disagreed with the Staff's proposed approach to this disclosure and believe it could be removed, based on the impact of the new Corporations Act 2010 Bill which changes the basis of dividends distribution from profit to solvency.</p>				
<p>Final Staff Comments: Staff considers that paragraph 124(b) should be retained until the outcome of the revisions for the Corporations law is known.</p>				