



To:	AASB members	Date:	26 November 2013
From:	Shaun Steenkamp and Nikole Gyles	Agenda Item:	10.2 (M135)
Subject:	Tier 2 Leases Comment Letter Analysis	File:	

Action

Consider submissions received on Tier 2 Supplement to ED 242 *Leases* with a view to tentatively finalising Tier 2 reduced disclosure requirements, subject to any substantive changes made by the IASB to the disclosure requirements in IASB ED/2013/6 *Leases*.

Attachments

- Agenda paper 10.2.1 Tier 2 Supplement to ED 242: Comment Letter Analysis
- Agenda paper 10.2.2 Comment letters received in response to Tier 2 Supplement to ED 242 [subs 1 – 2]

Background

- 1 In September 2013 the AASB issued [Tier 2 Supplement to ED 242 *Leases*](#). Comments were requested by 15 November 2013.

Submissions received

- 2 Two submissions were received in response to the Tier 2 Supplement (Agenda Paper 10.2.2).¹ Neither submission identified any regulatory issues, decrease in usefulness to users or issues associated with the best interests of the Australian economy arising from the Tier 2 proposals. Further, neither submission gave a negative response to Questions 3 or 4 of the ED, which asked:
 - (a) Whether, overall, these proposals would result in financial statements that would be useful to users?
 - (b) Whether these proposals are in the best interest of the Australian economy?

1 PricewaterhouseCoopers and KPMG

Furthermore, neither submission raised any additional costs and benefits of the proposals not already raised in their specific comments² (Question 5).

- 3 One submission (PwC) agreed with the proposals; however, the other submission (KPMG) noted some concerns, which are outlined in Agenda Paper 10.2.1.

Staff analysis

- 4 Staff analysis of the comments received from constituents is outlined in Agenda Paper 10.2.1.

Staff recommendations

- 5 Based on the analysis in Agenda Paper 10.2.1, and *consistent* with the proposals in ED 242, staff recommend the following for Tier 2 disclosure requirements:
- (a) retaining paragraph 60(b); and
 - (b) retaining paragraphs 60(c) and 100(b).
- 6 Based on the analysis outlined in Agenda Paper 10.2.1, *in contrast* to the proposals in the Tier 2 Supplement to ED 242, staff recommend excluding paragraphs 67, 106 and 109 in their entirety for Tier 2 disclosure requirements.

Question 1 to Board members:

Does the Board agree with the staff recommendation in paragraphs 5 and 6 above?

Process

- 7 Given the limited changes recommended in paragraph 5 above from the proposals in the Tier 2 Supplement to ED 242, staff do not consider that there is a need for re-exposure or further RDR Subcommittee review at this stage. Staff recommend that the Board tentatively finalise the Tier 2 Reduced Disclosure Requirements for *Leases*, subject to any substantive changes made by the IASB to the disclosure requirements in IASB ED/2013/6 *Leases*.

Question 2 to Board members:

Does the Board agree with the staff recommendation in paragraph 7 above?

2 Specific comments are analysed in Agenda Paper 10.2.1.