



**Issue:** Number 134  
**Date:** 18 May 2010  
**Subject:** AASB Meeting 107, 17 May 2010

## Differential Reporting

The Board considered the submissions and Roundtable discussions on ED 192 *Revised Differential Reporting Framework* and the related AASB Consultation Paper *Differential Financial Reporting – Reduced Disclosure Requirements*. These documents were issued on 26 February 2010 for comment by 23 April 2010.

The Board tentatively decided that the revised differential reporting framework should be established in two stages. In the first stage, the Reduced Disclosure Regime (RDR) should be introduced as a second Tier of reporting requirements for preparing general purpose financial statements. The aim of this stage is to attend to the immediate reporting needs of entities that currently apply full IFRSs as adopted in Australia but which find the disclosures under full IFRSs as adopted in Australia burdensome.

The Board tentatively agreed that in preparing general purpose financial statements:

- (a) the following entities would continue to be required to apply full IFRSs as adopted in Australia:
  - (i) for-profit private sector entities that have public accountability; and
  - (ii) Federal, State, Territory and Local governments, including at the level of whole of government and the general government sector; and
- (b) the following entities could apply the RDR (or, if they chose, full IFRSs as adopted in Australia):
  - (i) for-profit private sector entities that do not have public accountability;
  - (ii) all not-for-profit private sector entities; and
  - (iii) public sector entities other than those in (a)(ii).

The vast majority of entities would fall under (b). Most for-profit entities would not be publicly accountable. Publicly accountable entities include, for example, listed companies and other disclosing entities.

The reporting entity concept will continue to be used for differential reporting purposes and a separate Application Standard will clarify the application of the two Tiers. Accordingly, in Stage 1, the focus of the application of Standards will remain unchanged.

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In the second stage of the project, the Board agreed further research should be carried out on the potential impact on those entities currently preparing special purpose financial statements if they were to be required to produce general purpose financial statements.

The Board noted that constituents' comments have confirmed that the IASB's *IFRS for SMEs* is not a suitable set of requirements for Tier 2 entities in Australia in the current circumstances. However, the Board noted it will monitor development regarding the *IFRS for SMEs* and will endeavour to help shape those changes in the interests of making the IASB's *IFRS for SMEs* more relevant to the needs of Australian preparers and users.

The Board will continue its deliberations at the June 2010 meeting with a view to dealing with remaining technical issues relating to the first stage of revising the differential reporting framework.

The Board tentatively agreed that any mandatory application of its revisions for the differential reporting framework should be annual reporting periods beginning on or after 1 July 2013.

## AASB Work Program

The Board agreed it was timely to update its Work Program in light of the recent updating of the IASB Work Plan. The revised AASB Work Program will be posted on the AASB website shortly.

The Board decided that a summary Work Program should also be posted on the website, to highlight the number of documents expected to be released as either final or proposed amendments to Standards in the short term, which includes those on topics relating to financial instruments, financial statement presentation, leases, revenue recognition and insurance contracts.

## Minutes

The Board approved the minutes of Meeting 106, held on 28-29 April 2010. These are now available on the website.

## Documents Open for Comment

The following documents are open for comment.

AASB submissions to the IASB, IFRIC or IPSASB are published on the AASB website.

Originating Organisation	Topic	AASB No	AASB Due Date	IASB/IFRIC/IPSASB Due Date
IASB	Measurement of Liabilities in IAS 37	ED 191	Closed	19 May 2010
IASB	Financial Instruments: Amortised Cost and Impairment	ED 189	Closed	30 Jun 2010

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Originating Organisation	Topic	AASB No	AASB Due Date	IASB/IFRIC/IPSASB Due Date
IPSASB	Service Concession Arrangements: Grantor	ED 194	24 May 2010	30 Jun 2010
IPSASB	Improvements to IPSASs	N/A	N/A	30 Jun 2010
IASB	Conceptual Framework for Financial Reporting: The Reporting Entity	ED 193	21 Jun 2010	16 Jul 2010
IASB	Fair Value Option for Financial Liabilities	ED 196	2 Jul 2010	16 Jul 2010
IASB	Extractive Activities	ITC 23	2 Jul 2010	30 Jul 2010
IASB	Defined Benefit Plans	ED 195	3 Aug 2010	6 Sep 2010

## Next Meeting on 9-10 June 2010

It is anticipated that the Board will deal with the following items:

- Differential Reporting
- Superannuation
- Financial Instruments
- Service Concession Arrangements
- Extractive Activities

## 2010 Meeting Dates

Remaining 2010 meeting dates are:

- Jul 28-29
- Sep 1-2
- Oct 27-28 (Wellington, NZ)
- Dec 8-9

Unless indicated otherwise, meetings are held in Melbourne.

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