

# Australian Additional Disclosures

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This compiled Standard applies to annual periods beginning on or after 1 January 2020 that end before 30 June 2020. Earlier application is permitted for annual periods beginning on or after 1 January 2014 but before 1 January 2020. It incorporates relevant amendments made up to and including 21 November 2019.

Prepared on 2 March 2020 by the staff of the Australian Accounting Standards Board.

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**Australian Government**

**Australian Accounting  
Standards Board**

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### BASIS FOR CONCLUSIONS

### BASIS FOR CONCLUSIONS ON AASB 2019-5

Australian Accounting Standard AASB 1054 *Australian Additional Disclosures* (as amended) is set out in paragraphs 1 – 17. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. AASB 1054 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation of Standards*, which identifies the Australian Accounting Interpretations, and AASB 1057 *Application of Australian Accounting Standards*. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

## **Comparison with IFRS Standards**

AASB 1054 *Australian Additional Disclosures* includes disclosure requirements and definitions which are additional to International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

Compliance with AASB 1054 is not needed for IFRS compliance.

## Accounting Standard AASB 1054

The Australian Accounting Standards Board made Accounting Standard AASB 1054 *Australian Additional Disclosures* under section 334 of the *Corporations Act 2001* on 11 May 2011.

This compiled version of AASB 1054 applies to annual periods beginning on or after 1 January 2020 that end before 30 June 2020. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 21 November 2019 (see Compilation Details).

## Accounting Standard AASB 1054 *Australian Additional Disclosures*

### Objective

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- 1 The objective of this Standard is to set out Australian-specific disclosure requirements that are in addition to disclosure requirements in International Financial Reporting Standards.

### Application

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- 2 [Deleted by the AASB]
- 3 **This Standard applies to annual reporting periods beginning on or after 1 July 2011.**  
[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]
- 4 This Standard, or individual disclosure requirements, may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2011, provided that AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, or its relevant individual amendments, is also adopted early for the same period. When an entity applies this Standard, or individual disclosure requirements, to such an annual reporting period, it shall disclose that fact.
- 5 [Deleted by the AASB]

### Reduced Disclosure Requirements

- 5A **Paragraphs 10-17 of this Standard do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. Entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of these excluded requirements.**
- 5B The requirements that do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements are identified in this Standard by shading of the relevant text.
- 5C **RDR paragraphs in this Standard apply only to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**

### Definitions

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- 6 The following terms are used in this Standard with the meanings specified.
- Annual reporting period* means the financial year or similar period to which annual financial statements relate.
- Special purpose financial statements* are financial statements other than general purpose financial statements.

## Compliance with Australian Accounting Standards

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7 An entity whose financial statements comply with Australian Accounting Standards shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Australian Accounting Standards unless they comply with all the requirements of Australian Accounting Standards.

**RDR7.1 An entity whose financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Australian Accounting Standards – Reduced Disclosure Requirements unless they comply with all the requirements of Australian Accounting Standards – Reduced Disclosure Requirements.**

## Reporting Framework

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8 An entity shall disclose in the notes:

- (a) the statutory basis or other reporting framework, if any, under which the financial statements are prepared; and
- (b) whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.

## General Purpose or Special Purpose Financial Statements

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9 An entity shall disclose in the notes whether the financial statements are general purpose financial statements or *special purpose financial statements*.

## Audit Fees

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10 An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for:

- (a) the audit or review of the financial statements; and
- (b) all other services performed during the reporting period.

11 For paragraph 10(b) above, an entity shall describe the nature of other services.

## Imputation Credits

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12 The term ‘imputation credits’ is used in paragraphs 13-15 to also mean ‘franking credits’. The disclosures required by paragraphs 13 and 15 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

13 An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.

14 For the purposes of determining the amount required to be disclosed in accordance with paragraph 13, entities may have:

- (a) imputation credits that will arise from the payment of the amount of the provision for income tax;
- (b) imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

15 Where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.

## **Reconciliation of Net Operating Cash Flow to Profit (Loss)**

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- 16 When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss).

## **IFRS Standard Not Yet Issued in Australia**

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- 17 When an IFRS Standard has been issued by the International Accounting Standards Board but the equivalent Australian Accounting Standard has yet to be issued by the AASB, an entity intending to comply with IFRS Standards shall disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in relation to that IFRS Standard.

## Compilation details

### Accounting Standard AASB 1054 Australian Additional Disclosures (as amended)

This compiled Standard applies to annual periods beginning on or after 1 January 2020 that end before 30 June 2020. It takes into account amendments up to and including 21 November 2019 and was prepared on 2 March 2020 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 1054 (May 2011) as amended by other Accounting Standards, which are listed in the Table below.

### Table of Standards

Standard	Date made	FRL identifier	Commence-ment date	Effective date (annual periods ... on or after ...)	Application, saving or transitional provisions
AASB 1054	11 May 2011	F2011L00817	30 Jun 2011	(beginning) 1 Jul 2011	see (a) below
AASB 2011-2	11 May 2011	F2011L00824	30 Jun 2013	(beginning) 1 Jul 2013	see (b) below
AASB 2015-3	28 Jan 2015	F2015L00134	30 Jun 2015	(beginning) 1 Jul 2015	see (c) below
AASB 2019-1	21 May 2019	F2019L00966	31 Dec 2019	(beginning) 1 Jan 2020	see (d) below
AASB 2019-4	21 Nov 2019	F2019L01584	29 Jun 2020	(ending) 30 Jun 2020	not compiled*
AASB 2019-5	21 Nov 2019	F2019L01585	31 Dec 2019	(beginning) 1 Jan 2020	see (d) below

\* The amendments made by this Standard are not included in this compilation, which presents the principal Standard as applicable to annual periods beginning on or after 1 January 2020 that end before 30 June 2020.

- (a) Entities may elect to apply this Standard, or individual disclosure requirements, to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2011, provided that AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, or the relevant individual amendments, is also applied to such periods.
- (b) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013, provided that AASB 1053 *Application of Tiers of Australian Accounting Standards*, AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* are also applied to such periods.
- (c) Entities may elect to apply this Standard to annual periods beginning on or after 1 January 2014 but before 1 July 2015.
- (d) Entities may elect to apply this Standard to annual periods beginning before 1 January 2020.

### Table of amendments

Paragraph affected	How affected	By ... [paragraph/page]
2	deleted	AASB 2019-1 [page 28]
5	deleted	AASB 2015-3 [13, 14]
5A-5C (and preceding heading)	added	AASB 2011-2 [8]
5A	amended	AASB 2019-5 [5]
RDR7.1	added	AASB 2011-2 [8]
17 (and heading)	added	AASB 2019-5 [6]



## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, AASB 1054.*

### Background

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BC1 This Basis for Conclusions summarises the considerations of the Australian Accounting Standards Board and the Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants (NZICA) in reaching the conclusions in AASB 1054. It also provides a context for the Boards' decisions about harmonising the disclosure requirements. It focuses on the issues that the Boards consider to be of greatest significance. Individual Board members gave greater weight to some factors than to others.

### Location of Additional Disclosures

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BC2 The Boards discussed the merits of locating the additional domestic disclosure requirements in a separate disclosure standard compared with locating them within topic-based standards, which is the current practice. Some members supported a separate disclosure standard largely on the basis that it would facilitate the topic-based standards being identical to International Financial Reporting Standards (IFRSs). Other members expressed a preference for locating additional disclosures within topic-based standards for ease of use. On balance, with the benefit of constituent responses to AASB ED 200B / FRSB ED 122 *Proposed Separate Disclosure Standards*, the Boards decided to locate the additional disclosures in separate disclosure standards on the basis that they view bringing the wording of Australian and New Zealand Standards closer to IFRSs as one of the greatest benefits of the Trans-Tasman Convergence project.

### Definitions

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BC3 The definition of 'annual reporting period' has been retained on the basis that it is used in application paragraphs of AASB Standards, consistent with terminology in the Australian *Corporations Act 2001*.

BC4 The definition of 'special purpose financial statements' has been retained on the basis that it is used in a disclosure requirement related to the AASB's differential reporting framework.

### Audit Fees

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BC5 The AASB and the FRSB have relocated and amended the audit fee disclosure requirements contained in AASB 101 *Presentation of Financial Statements* and NZ IAS 1 *Presentation of Financial Statements* to their respective separate disclosure Standards and harmonised the disclosure requirements across both jurisdictions.

BC6 The AASB and the FRSB consider that the disclosure of audit fees is a matter of accountability and, given that the accountability environment is similar in both jurisdictions, they should have the same audit fee disclosure requirements. The Boards also took the opportunity to simplify the disclosure requirements on the basis that in recent times both preparers and users have indicated that disclosures in financial statements have become overly complex.

BC7 The AASB and FRSB noted the usefulness of the notion of 'related practice' in audit fee disclosures in AASB 101 and decided to incorporate a similar notion that is common to both jurisdictions in the harmonised disclosures. Accordingly, the Boards decided to include the notion of 'network firm' from APES 110 *Code of Ethics for Professional Accountants* issued by Accounting and Professional Ethical Standards Board (APESB) (February 2008) and *Code of Ethics: Independence in Assurance Engagements* issued by the NZICA (September 2008). The Boards also decided not to define or provide explanatory material for 'network firm' on the basis that the notion is generally understood and preparers and auditors could refer to the relevant APESB and NZICA pronouncements.

BC8 The AASB and FRSB note that disclosures are made in the context of the scope of the entity reporting. Accordingly, in the case of a group, disclosures made in accordance with paragraph 10 would include fees paid by the parent and its subsidiaries for each of the parent and its subsidiaries.

## Imputation Credits

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- BC9 The AASB and the FRSB have relocated the imputation credit disclosure requirements contained in AASB 101 and NZ IAS 12 *Income Taxes* to their respective separate disclosure Standards and to harmonise the disclosure requirements across both jurisdictions.
- BC10 The AASB and the FRSB noted that Australia and New Zealand are among a limited number of jurisdictions that have an imputation tax regime and acknowledge the decision usefulness of information about imputation credits to users of financial information. Accordingly, the AASB and the FRSB decided that these disclosure requirements should be retained.
- BC11 Given that both jurisdictions have disclosure requirements about imputation credits, and that the imputation regimes in each jurisdiction are highly similar, the Boards have harmonised the wording across both jurisdictions. The Boards also took the opportunity to simplify the disclosure requirements on the basis that in recent times both preparers and users have indicated that disclosures in financial statements have become overly complex.

## Reconciliation of Net Operating Cash Flow to Profit (Loss)

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- BC12 The AASB and the FRSB have relocated the requirement to disclose a reconciliation of net operating cash flow to profit or loss when an entity uses the direct method to present its statement of cash flows [that were contained in AASB 107 *Statement of Cash Flows* and NZ IAS 7 *Statement of Cash Flows*] to their respective separate disclosure standards and to harmonise the disclosure requirements across both jurisdictions.
- BC13 The Boards, in forming the view to retain the requirement for a reconciliation of net operating cash flow to profit or loss, acknowledged the weight of comments received on AASB ED 200B / FRSB ED 122 from constituents who opposed the proposal to remove this requirement.
- BC14 The Boards noted that the IASB has recently considered requiring a reconciliation of net operating cash flow to profit or loss in the context of its Financial Statement Presentation project.

## Basis for Conclusions on AASB 2019-5

*This Basis for Conclusions accompanies, but is not part of, AASB 1054. The Basis for Conclusions was originally published with AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*

### Introduction

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BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board’s considerations in reaching the conclusions in this Standard. It sets out the reasons why the Board developed the Standard, the approach taken to developing the Standard and the key decisions made. In making decisions, individual Board members gave greater weight to some factors than to others.

### Reasons for issuing this Standard

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BC2 In line with the Board’s Key Performance Indicators, when an IFRS Standard is issued by the International Accounting Standards Board (IASB), the Board aims to issue an equivalent Australian Accounting Standard within two months of the release of the IFRS Standard. The Board’s intention is that for-profit publicly accountable entities that comply with Australian Accounting Standards should be able to assert compliance with IFRS Standards.

BC3 The Board noted that, without these amendments, this would not be possible in a situation where an entity’s reporting date falls between the date of the IASB issuing an IFRS Standard and the AASB issuing the corresponding Australian Accounting Standard, as the AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* disclosure requirements would not apply in relation to that IFRS Standard. Under these circumstances, an entity would not be able to assert compliance with IFRS Standards unless it elected to make the disclosures set out in paragraphs 30 and 31 of AASB 108 in relation to that IFRS Standard.

BC4 The Board decided to add an additional disclosure requirement to AASB 1054 *Australian Additional Disclosures* requiring an entity that intends to comply with IFRS Standards to disclose the information in paragraphs 30 and 31 of AASB 108 on the potential effect on the entity’s financial statements of an IFRS Standard that has not yet been issued by the Board. This disclosure requirement will be particularly relevant to for-profit publicly accountable entities seeking IFRS compliance. Not-for-profit entities need not provide the disclosures if they are not able to or are not seeking to comply with IFRS Standards.

BC5 The disclosures set out in paragraphs 30 and 31 are not required of Tier 2 entities under Australian Accounting Standards – Reduced Disclosure Requirements. Similarly, these disclosures are not proposed to be required of Tier 2 entities in Exposure Draft ED 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Therefore, the Board decided it would be appropriate not to require Tier 2 entities to provide the disclosures in relation to new IFRS Standards not yet issued in Australia. Tier 2 entities preparing general purpose financial statements under the Reduced Disclosure Requirements will not be in compliance with IFRS Standards, and so such entities could not intend to comply with IFRS Standards. Although the disclosure requirement therefore would not apply to Tier 2 entities, the Board decided to make explicit the non-application to Tier 2 entities.

BC6 The Board also noted that the New Zealand equivalent of AASB 1054, Financial Reporting Standard FRS 44 *New Zealand Additional Disclosures*, has been amended similarly in relation to IFRS Standards that have not yet been issued in New Zealand. *The AASB’s For-Profit Entity Standard-Setting Framework* requires that, wherever possible, differences between accounting standards issued in Australia and New Zealand should be minimised to reduce costs for entities operating trans-Tasman.

### Issue of Fatal-Flaw Review version

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BC7 In October 2019, the Board issued a Fatal-Flaw Review version of the amendment for public comment with a two-week comment period. The Board decided to provide only a short comment period as it considered the matter was straightforward and not controversial. The Board received one submission on the Fatal-Flaw Review version. The Board considered the feedback received and decided that the proposed amending Standard did not require amendment and that further due process was not needed. Accordingly, the Board finalised the amending Standard to add the disclosure requirement to AASB 1054.