

# **Disclosure Initiative**

## **(Proposed amendments to AASB 101)**

Comments to the AASB by 30 June 2014



**Australian Government**

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**Australian Accounting  
Standards Board**

## **Invitation to Comment**

Comments on this Tier 2 Supplement to AASB Exposure Draft ED 249 are requested by 30 June 2014.

Comments should be addressed to:

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA  
E-mail: [standard@asb.gov.au](mailto:standard@asb.gov.au)

All submissions on possible, proposed or existing financial reporting requirements, or on the standard-setting process, will be placed on the public record unless the Chairman of the AASB agrees to those submissions being treated as confidential. The latter will only occur if the public interest warrants such treatment.

## **Obtaining a Copy of this Tier 2 Supplement to AASB Exposure Draft**

This Tier 2 Supplement to ED 249 is available on the AASB website: [www.aasb.gov.au](http://www.aasb.gov.au). Alternatively, printed copies of this Exposure Draft are available by contacting:

The Chairman  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West Victoria 8007  
AUSTRALIA  
E-mail: [standard@asb.gov.au](mailto:standard@asb.gov.au)

Respondents to the IASB are asked to send their comments electronically to the IFRS Foundation website ([www.ifrs.org](http://www.ifrs.org)), using the 'Comment on a proposal' page.

## **Other Enquiries**

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## ANALYSIS OF PROPOSED DISCLOSURES

This Exposure Draft sets out the disclosures proposed in [ED 249 Disclosure Initiative \(Proposed amendments to AASB 101\)](#) which incorporates IASB ED/2014/1 from which it is proposed entities applying Tier 2 reporting requirements should be exempt. The proposal in this Exposure Draft should not be seen as any indication of AASB support or otherwise for the IASB's proposal in IASB ED/2014/1. That will be determined through the ED 249 due process.

ED 249 proposes a number of additional disclosures in AASB 101 *Presentation of Financial Statements*. These disclosures are reproduced on pages 10-15 of IASB ED/2014/1 incorporated in ED 249.

The AASB's conclusions in relation to proposed Tier 2 disclosure requirements in this Exposure Draft have been reached after applying the AASB's usual approach to the analysis of the disclosures proposed in ED 249 compared with disclosures set out in the IASB's *IFRS for SMEs* and application of the AASB's 'Tier 2 Disclosure Principles'. Those principles and that analysis are available on the AASB website under [Work in Progress/Reduced Disclosure Requirements](#). An analysis of each new disclosure requirement in ED 249 is outlined in Appendix A to this Exposure Draft.

### Proposed Reduced Disclosure requirements

IAS 1 paragraph 85B is proposed to be excluded from the Tier 2 disclosure requirements based on paragraph 3(a) of the Tier 2 Disclosure Principles.

### AASB Specific Matters for Comment

The purpose of this Tier 2 Supplement to ED 249 is to seek comment on the proposed disclosure requirements that should apply to Tier 2 entities.

The AASB would particularly value comments on the following:

1. whether you agree with the AASB disclosure proposal to exclude paragraph 85B of ED 249 for Tier 2 entities;
2. whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposal, particularly any issues relating to:
  - (a) not-for-profit entities; and
  - (b) public sector entities;
3. whether, overall, the proposal would result in financial statements that would be useful to users;
4. whether the proposal is in the best interests of the Australian economy; and
5. unless already provided in response to specific matters for comment 1 – 4 above, the costs and benefits of the proposal relative to the current requirements, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposal relative to the existing requirements.

## **APPENDIX**

### **Analysis of Proposed Disclosure Requirements in AASB ED 249 *Disclosure Initiative (Proposed amendments to AASB 101)* with a View to Determining Corresponding Tier 2 Disclosure Requirements**

Only paragraphs that contain new disclosure requirements included in AASB ED 249, which incorporates IASB ED/2014/1 *Disclosure Initiative (Proposed amendments to AASB 101)*, have been included in this Analysis.

IASB ED/2014/1 proposes clarifications to the existing IAS 1 *Presentation of Financial Statements* as a part of the IASB's ongoing disclosure initiative.

Proposed Disclosure Requirements in ED 249	Disclosure requirements in the <i>IFRS for SMEs</i> Section 4	Analysis
<b>Information to be Presented in the Statement of Financial Position</b>		
<p><b>54</b> <del>As a minimum, the</del> <b>The statement of financial position shall include line items that present the following amounts:</b></p> <p>(a) ...</p> <p>...</p> <p><b><u>These line items shall be disaggregated when such presentation is relevant to an understanding of the entity’s financial position. For example, an entity might conclude that disaggregating ‘property, plant and equipment’, specified in paragraph 54(a), into separate line items in the statement of financial position for ‘property’, ‘plant’ and ‘equipment’ is capable of making a difference in the decisions made by users of financial statements.</u></b></p>	<p>4.11 An entity shall disclose, either in the statement of financial position or in the notes, the following subclassifications of the line items presented:</p> <p>(a) property, plant and equipment in classifications appropriate to the entity.</p> <p>(b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties, and receivables arising from accrued income not yet billed.</p> <p>(c) inventories, showing separately amounts of inventories:</p> <p>(i) held for sale in the ordinary course of business.</p> <p>(ii) in the process of production for such sale.</p> <p>(iii) in the form of materials or</p>	<p>The additional wording in paragraph 54 is implicit in the requirements of paragraph 4.11 of the <i>IFRS for SMEs</i>.</p> <p>The additional disclosure requirements in paragraph 54 clarify that the line items listed in paragraph 54 should be disaggregated when doing so would aid interpretation of the financial statements (paragraph BC 11(b)).</p> <p>The additional disclosures in paragraph 54 are new requirements in full IFRSs – they were not included in the requirements of full IFRSs at the time the <i>IFRS for SMEs</i> was issued.</p> <p>The disclosure required by paragraph 54 satisfies the information needs of users in regard to disaggregation of amounts presented in the financial statements without significantly increasing the costs to the reporting entity. Based on paragraph 3(a) of the ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles to new disclosure requirements of the <i>IFRS for SMEs</i>, <b>paragraph 54</b> should be <b>retained</b> in the Tier 2 disclosure requirements.</p>

Proposed Disclosure Requirements in ED 249	Disclosure requirements in the <i>IFRS for SMEs</i> Section 4	Analysis
	<p>supplies to be consumed in the production process or in the rendering of services.</p> <p>(d) trade and other payables, showing separately amounts payable to trade suppliers, payable to related parties, deferred income and accruals.</p> <p>(e) provisions for employee benefits and other provisions.</p> <p>(f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by this IFRS, are recognised in other comprehensive income and presented separately in equity.</p>	
<p><u>55A</u> When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:</p> <p>(a) <u>be made up of items recognised and measured in accordance with</u></p>		<p>Paragraph 55A has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements. Based on paragraph 7 of the ‘Tier 2 Disclosure Principles’, <b>paragraph 55A</b> should be <b>retained</b> in the Tier 2 disclosure</p>

Proposed Disclosure Requirements in ED 249	Disclosure requirements in the <i>IFRS for SMEs</i> Section 4	Analysis
<p><u>IFRS</u>;</p> <p>(b) <u>be presented and labelled in a manner that makes what constitutes the subtotal understandable; and</u></p> <p>(c) <u>be consistent from period to period.</u></p>		requirements.
<b>Information to be Presented in the Profit or Loss Section or the Statement of Profit or Loss</b>		
<p><b>82 In addition to items required by other IFRSs, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:</b></p> <p>(a) ...</p> <p>...</p> <p><b><u>These line items shall be disaggregated when such presentation is relevant to an understanding of the entity’s financial performance.</u></b></p>		<p>The additional disclosure in paragraph 82 has no equivalent in the <i>IFRS for SMEs</i>. It clarifies that the line items listed in paragraph 82 should be disaggregated when doing so would aid interpretation of the financial statements. (BC11(b) and BC12)</p> <p>The additional disclosure in paragraph 82 is a new requirement in full IFRSs – it was not included in the requirements of full IFRSs at the time the <i>IFRS for SMEs</i> was issued.</p> <p>The disclosure required by paragraph 82 satisfies the information needs of users in regard to disaggregation of amounts presented in the financial statements without significantly increasing the costs to the reporting entity. Based on paragraph 3(a) of the ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles to new disclosure requirements of the <i>IFRS for SMEs</i>, <b>paragraph 82</b> should be <b>retained</b> in the Tier 2 disclosure requirements.</p>

Proposed Disclosure Requirements in ED 249	Disclosure requirements in the <i>IFRS for SMEs</i> Section 4	Analysis
<b>Information to be Presented in the Other Comprehensive Income Section</b>		
<p><u>85A</u> When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:</p> <p>(a) be made up of items recognised and measured in accordance with IFRS;</p> <p>(b) be presented and labelled in a manner that makes what constitutes the subtotal understandable;</p> <p>(c) be consistent from period to period; and</p> <p>(d) not be displayed with more prominence than the subtotals and totals specified in this IFRS.</p>		<p>Paragraph 55A has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements. Based on paragraph 7 of the ‘Tier 2 Disclosure Principles’, <b>paragraph 85A</b> should be <b>retained</b> in the Tier 2 disclosure requirements.</p>
<p><u>85B</u> An entity shall reconcile any subtotals presented in accordance with paragraph 85 to the subtotals or totals required by this IFRS by presenting each excluded item in the statement(s) of profit or loss and other comprehensive income.</p>		<p>Paragraph 85B has no equivalent in the <i>IFRS for SMEs</i>. Paragraph 85B requires an entity to reconcile the subtotals presented in accordance with paragraph 85 with those required by IAS 1 paragraph 82.</p> <p>The disclosure required in paragraph 85B is a new requirement in full IFRS – it was not included in the requirements of full IFRSs at the time the <i>IFRS for SMEs</i> was issued.</p> <p>The disclosure required by paragraph 85B satisfies the information needs of users in regard to the disaggregation of amounts presented in the financial statements. However, the cost to entities</p>

Proposed Disclosure Requirements in ED 249	Disclosure requirements in the <i>IFRS for SMEs</i> Section 4	Analysis
		<p>of disclosures required by paragraph 85B would be expected to exceed the benefits to users. Based on paragraph 3(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles to new disclosure requirements of the <i>IFRS for SMEs</i>, <b>paragraph 85B</b> should be <b>excluded</b> from the Tier 2 disclosure requirements</p>